

**MINUTES
CITY OF GAINESVILLE
CITY COUNCIL MEETING
200 South Rusk
Gainesville, Texas 76240
October 7, 2008**

The City Council of the City of Gainesville, Texas met in regular session on October 7, 2008 at 6:30 p.m. with the following persons in attendance:

MEMBERS PRESENT: Mayor Glenn Loch
Council Members Charles Draper, Jim Goldsworthy, Carolyn Hendricks, Ray Nichols, Vince Rippy, Beverly Snuggs

STAFF PRESENT: Barry Sullivan, City Manager; Kay Lunnon, City Secretary; Bill Harris, City Attorney;

OTHERS PRESENT: Kaycia Gleaton, Brad Strickland, Josh Cagle, Ron Melugin, Jeff Hellman, Jack Hanna, Rod Tyler, Stephan Monahan, Kevin Phillips, Rod Tyler, Natalia Jones, Stephen Monahans, Wayne Becker, Milton Ward, Pam Robinson

CALL TO ORDER

Mayor Loch called the meeting to order at 6:30 p.m. with all members present.

INVOCATION & PLEDGE OF ALLEGIANCE

Pastor Scott Sundbye, Faith Lutheran Church, gave the invocation. Mayor Loch led the pledge to the flag.

APPROVAL OF MINUTES

Council reviewed the Minutes of the Regular City Council Meeting of September 16, 2008 and approved them as written.

Councilmember Nichols moved to **approve the minutes**, and was seconded by Councilmember Goldsworthy. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008 – WAIVE BUILDING PERMIT FEES FOR COOKE COUNTY FAIRGROUND ASSOCIATION

A RESOLUTION AUTHORIZING WAIVER OF BUILDING PERMIT FEES FOR COOKE COUNTY FAIRGROUND ASSOCIATION.

The City Manager was authorized to waive the cost of building permit fees, as requested by the Cooke County Fairground Association, on the construction of a new approximately 40,000 s.f. multipurpose facility and arena at the Cooke County Fairgrounds on West Hwy 82.

Councilmember Goldsworthy moved to **approve the resolution**, and was seconded by Councilmember Rippy. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008A – WAIVE FEES FOR CERTIFICATES OF OCCUPANCY FOR RELOCATED COOKE COUNTY COURTHOUSE OFFICES

A RESOLUTION AUTHORIZING WAIVER OF CERTIFICATE OF OCCUPANCY FEES FOR RELOCATION OF COOKE COUNTY COURTHOUSE OFFICES.

The City Manager was authorized to waive the fees for Certificates of Occupancy as necessary for the relocation of Cooke County Courthouse offices during renovation of the courthouse.

Councilmember Draper moved to **approve the resolution**, and was seconded by Councilmember Snuggs. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008B - APPROVE GEDC INFRASTRUCTURE ASSISTANCE FOR NEW APARTMENT PROJECT FM 3092 AND FM 678

A RESOLUTION APPROVING ACTIONS OF THE GAINESVILLE ECONOMIC DEVELOPMENT CORPORATION WHICH VOTED TO APPROVE INFRASTRUCTURE ASSISTANCE FOR A NEW APARTMENT PROJECT TO BE LOCATED AT THE NE CORNER OF FM 3092 AND FM 678.

Council approved the Gainesville Economic Development Corporation's action to provide funding for infrastructure assistance for a new apartment project to be located at the NE corner of FM 3092 and FM 678. The City Manager said the project would be economically beneficial for the city, by expanding the water and sewer system on the east part of the city, creating a loop in the water system and expanding the sewer line, and improving the City's water infrastructure for the entire area. The EDC approved an amount up to \$500,000 that also includes an assisted living complex, and an apartment complex of approximately 225 units, to be constructed in phases.

Councilmember Goldsworthy moved to **approve the resolution**, and was seconded by Councilmember Nichols. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008C – APPROVE GEDC REVENUE SHARE AGREEMENT WITH SELECT ENERGY

A RESOLUTION OF THE CITY COUNCIL APPROVING ACTIONS OF THE GAINESVILLE ECONOMIC DEVELOPMENT CORPORATION, WHICH VOTED TO APPROVE A REVENUE SHARE AGREEMENT BETWEEN THE GAINESVILLE EDC AND SELECT ENERGY.

The decision of the Gainesville Economic Development Corporation to enter into a revenue sharing agreement between the Gainesville EDC and Select Energy was approved by the City Council on second reading. GEDC will rebate to Select Energy 50% the 4B local economic development sales tax (.25%) generated by Select Energy Services' proposed location of its telephone sales office in Gainesville.

Councilmember Snuggs moved to **approve the resolution**, and was seconded by Councilmember Draper. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008D – APPROVE GEDC EXTENSION OF EXECUTIVE DIRECTOR EMPLOYMENT CONTRACT

A RESOLUTION APPROVING ACTIONS OF THE GAINESVILLE ECONOMIC DEVELOPMENT CORPORATION WHICH VOTED TO EXTEND THE CONTRACT OF THE EXECUTIVE DIRECTOR, KENT SHARP.

The Gainesville Economic Development Corporation's extension of the employment contract for Executive Director, Kent Sharp, for an additional two years, to October 1, 2010, was approved.

Councilmember Goldsworthy moved to **approve the resolution**, and was seconded by Councilmember Draper. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008E – AWARD BID TO BJ CONTRACTORS FOR CONSTRUCTION OF EQUIPMENT STORAGE BUILDING

A RESOLUTION AWARDED BID NO. 2008-06 FOR CONSTRUCTION OF AN EQUIPMENT STORAGE BUILDING AT 104 WEST HIRD STREET.

Bid No. 2008-06 was awarded to B J Contractors, LLC, for construction of an equipment storage building at the Public Services Building, 104 West Hird Street. Only two bids were received in response to the advertised request for sealed bids. The bid of B J Contractors was recommended for the lowest dollar amount (\$142,120) and a construction period of 120 days.

Councilmember Draper moved to **approve the resolution**, and was seconded by Councilmember Goldsworthy. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008F – AWARD BID TO MAJOR RIG FOR (4) ACRES OF LAND IN EDWARD WINGATE SURVEY

A RESOLUTION AWARDED BID NO. 2008-7 FOR THE SALE OF FOUR (4) ACRES OF LAND IN THE EDWARD WINGATE SURVEY.

Bid No. 2008-7, Sale of four (4) acres of land in the Edward Wingate Survey, was awarded to Major Rig Company. Two bids were received in response to the advertised request for sealed bids. The property was independently appraised. Major Rig Company bid \$102,500 for the property. Their bid was the highest bid and was in the range of appraised value for the property. The City Manager said the proceeds of the sale will be deposited into the Airport Fund and can be used only for projects benefiting the airport.

Councilmember Nichols moved to **approve the resolution**, and was seconded by Councilmember Snuggs. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008G – AGREEMENT FOR WINGPOINTS PROGRAM AT MUNICIPAL AIRPORT

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH KRS REWARDS SYSTEM TO ADMINISTER AND SUPPORT THE CONOCO/PHILLIPS WINGPOINTS PROGRAM AT THE GAINESVILLE MUNICIPAL AIRPORT.

The City Manager was authorized to execute an agreement with KRS Rewards System to administer and support the Conoco/Phillips WingPoints Program at the Gainesville Municipal Airport. WingPoints is an aviation customer loyalty program that allows enrolled customers using a Conoco/Phillips branded credit card for aviation fuel purchases at the Municipal Airport to earn points at no additional cost to the City. Customers utilizing the branded credit card could save the City up to \$0.10 per gallon in credit card fees.

Councilmember Hendricks moved to **approve the resolution**, and was seconded by Councilmember Draper. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008H – ASSIGNMENT OF AIRPORT GROUND LEASE FROM CIRCUIT BREAKER SALES TO B-29 UPS AND DOWNS

A RESOLUTION AUTHORIZING THE CITY MANAGER, FOR AND ON BEHALF OF THE CITY OF GAINESVILLE, TO EXECUTE ASSIGNMENT OF THE GROUND LEASE AT THE GAINESVILLE MUNICIPAL AIRPORT KNOWN AS CIRCUIT BREAKER SALES COMPANY, INC., TO B-29 UPS AND DOWNS, L.L.C.

Council approved assignment of the ground lease at the Gainesville Municipal Airport from Circuit Breaker Sales Company, Inc., to B-29 Ups and Downs, L.L.C. Circuit Breakers requested the assignment. The lease will carry the same terms and conditions of the original lease, which runs to November 1, 2025.

Councilmember Draper moved to **approve the resolution**, and was seconded by Councilmember Snuggs. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008 I – RAMP GRANT 2009 FOR MUNICIPAL AIRPORT

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH THE TEXAS DEPARTMENT OF TRANSPORTATION FOR A GRANT FOR THE ROUTINE AIRPORT MAINTENANCE PROGRAM (RAMP) 2009, PROVIDING FOR THE CITY OF GAINESVILLE MATCHING FUNDS UP TO \$50,000 FROM THE GAINESVILLE MUNICIPAL AIRPORT FUND.

Participation was approved with the Texas Department of Transportation for the Routine Airport Maintenance Program (RAMP) 2009. The City of Gainesville will provide matching funds up to \$50,000 from the Airport Fund. The program is an opportunity for the City to receive match funding for annual maintenance projects including pavements repairs, general maintenance, and miscellaneous maintenance for the automated weather observation system (AWOS). TXDOT/AV provides \$50,000 in funding for completion of approved projects.

Councilmember Snuggs moved to **approve the resolution**, and was seconded by Councilmember Rippy. Motion carried by vote of 7 Ayes, 0 Nays.

RESOLUTION NO. 10-07-2008 J – GREAT HANGING COMMEMORATION EVENT AT BASS PARK

A RESOLUTION OF THE CITY OF GAINESVILLE ALLOWING A COMMEMORATION EVENT IN GEORGIA BASS PARK IN THE CITY OF GAINESVILLE AS REQUESTED BY RON MELUGIN.

A request by Ron Melugin was approved for a commemoration event in the Georgia Bass Park, to memorialize the anniversary of the Great Hanging event. Cooke County Historical Society recommended approval of the event. Temporary crosses will be placed in the park and a brief ceremony held on October 11 in remembrance of those who were hanged in October 1862.

Councilmember Draper moved to **approve the resolution**, and was seconded by Councilmember Hendricks. Motion carried by vote of 7 Ayes, 0 Nays.

FIRST READING OF AN ORDINANCE REGARDING LONG-TERM POWER PURCHASE AGREEMENT

AN ORDINANCE OF THE CITY OF GAINESVILLE, TEXAS APPROVING AN ELECTRIC POWER CONTRACT WITH CITIES AGGREGATION POWER PROJECT, INC. (“CAPP”) FOR ELECTRIC CAPACITY AND ENERGY, PROVIDING CAPACITY PAYMENTS AS PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS OF THE CITY, PLEDGING AND LEVYING AN AD VALOREM TAX TO SUCH PAYMENTS, PROVIDING FOR ENERGY PAYMENTS FOR ELECTRIC ENERGY SUBJECT TO ANNUAL APPROPRIATION BY THE CITY, PROVIDING FOR THE ASSIGNMENT OF SUCH CAPACITY PAYMENTS TO SUPPORT DEBT ISSUED BY CAPP INCURRED TO ACQUIRE ELECTRIC CAPACITY RIGHTS FROM LUMINANT GENERATION COMPANY AND RELATED ENTITIES PURSUANT TO A 24-YEAR POWER PURCHASE AGREEMENT (“PPA”); AUTHORIZING THE CITY MANAGER OR OTHER APPROPRIATE CITY OFFICER OR EMPLOYEE TO EXECUTE AND DELIVER THE MEMBER CONTRACT; FURTHER AUTHORIZING THE CITY MANAGER OR OTHER APPROPRIATE CITY OFFICER OR CITY EMPLOYEE TO SIGN ADDITIONAL AGREEMENTS ARRANGED BY CAPP FOR ELECTRIC POWER NEEDED BY THE CITY IN THE PERIOD 2009-2011 IN EXCESS OF THE AMOUNT OBTAINED UNDER THE MEMBER CONTRACT; ACKNOWLEDGING, AUTHORIZING AND DIRECTING THE

CITY MANAGER OR APPROPRIATE CITY OFFICER OR CITY EMPLOYEE TO SIGN AND RETURN CAPP'S DISCLOSURE LETTER; FURTHER AUTHORIZING THE CITY MANAGER OR APPROPRIATE CITY OFFICER OR OTHER CITY EMPLOYEE TO ACCEPT CONFORMING CHANGES TO THE MEMBER CONTRACT DEPENDENT ON THE FINAL TERMS OF THE CAPP PPA; PROVIDING FOR VALIDITY AND SUFFICIENCY OF CITY EMPLOYEE'S OR CITY OFFICER'S SIGNATURE IF THE OFFICER OR EMPLOYEE LEAVES OFFICE OR EMPLOYMENT PRIOR TO THE DELIVERY OF THE MEMBER CONTRACT; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT.

First reading of an Ordinance was approved for City of Gainesville participation in a long-term purchase agreement between Big Brown Power Company, LLC; Oak Grove Management Company, LLC; Luminant Generation Company, LLC; and Cities Aggregation Power Project, Inc. (CAPP) for purchase of electric energy. The City of Gainesville is a member city of CAPP.

The agreement requires CAPP to prepay three-fifths of the total contract price for the energy purchase. CAPP would issue bonds, backed by individual member City contracts, to raise the capital necessary for the prepayment. Participating member cities would pledge ad valorem tax revenues (as collateral) proportionally to their electric demand. The long-term agreement is expected to serve about 60% of the participating members' power needs in 2009, and CAPP will arrange for a separate contract for a wrap agreement to fulfill the remaining supply needs in excess of the baseload power provided under the long term contract.

The ordinance, if adopted, commits the City to purchasing electric power to satisfy a portion of its annual energy needs (approximately 60%) through the CAPP Power Purchase Agreement (PPA) for up to 24 years from CAPP and to pay a capacity payment equal to its proportionate amount of the debt service obligation associated with CAPP's prepayment of PPA capacity costs. Under the agreement, the City is obligated to pledge ad valorem taxes to pay for its portion of the capacity payment that CAPP is paying to acquire energy capacity over the 24 year term of the PPA.

The City Manager said the purchase is expected to save the City about 2 cents per kilowatt hour, about \$300,000 in savings over the next year.

Second reading of the ordinance will be on October 21.

Councilmember Draper **moved to approve first reading of the ordinance**, seconded by Councilmember Rippy. The motion carried by vote of 7 Ayes, 0 Nays.

DISCUSSION REGARDING FORMATION OF GROUNDWATER DISTRICT

DISCUSSION REGARDING THE FORMATION OF A GROUNDWATER DISTRICT THAT INCLUDES COOKE COUNTY.

City Manager Barry Sullivan presented the options for the City of Gainesville in the formation of a Groundwater District that includes Gainesville/Cooke County, stating that Cooke County will be forced into a groundwater district by the Texas Commission on Environmental Quality (TCEQ) for management of water resources. Four options for Cooke County were discussed. The first option is for Cooke County to form a single member district. This option is thought not likely to be approved by TCEQ and will also cost more for the citizens of Gainesville. The second option is to join with Fannin and Grayson Counties. The City already has a working relationship with Grayson and Fannin Counties and would have representation on the board.

The third option is to join with Montague, Wise, Parker and Hood Counties. These counties have already formed a groundwater district, and Cooke County may not be able to join. The fourth option is to let the TCEQ place Cooke County in a district, which could be with larger counties to the south. The City Manager requested Council's direction and preference. Council consensus was that joining with Fannin and Grayson Counties to form a district would be their preference.

EXECUTIVE SESSION

At 7:30 p.m. Mayor Loch announced that Council would convene into closed Executive Session for discussion under Government Code §551.072 Real Property.

RECONVENE INTO OPEN SESSION

Mayor reconvened the meeting into open session at 7:56 p.m., announcing that no action had been taken during Executive Session.

No further action taken following executive session.

ADJOURN

With no further business to come before the City Council, the meeting adjourned at 7:47 p.m.

/S/
Glenn Loch, Mayor

Attest:

/S/
Kay Lunnon, City Secretary