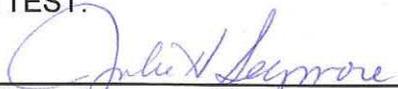


32. ITEMS FOR FUTURE AGENDAS – Julie Seymore said she would add on the next agenda an item regarding discounts on building permit fees for taxing entities.
33. ADJOURN - There being no further business to come before the Council, the meeting adjourned at 8:48 p.m. upon motion by Councilmember Hilliard and second by Councilmember Deibert.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

REGULAR WORK SESSION OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, JANUARY 15, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Ron Sanford and William Hilliard. Councilmember Elaine Gothard was absent. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone and Jim Stephens were also in attendance, as well as Interim Fire Chief Coy Prather and Police Chief Mike Echols. City Attorney Richard Davis was also present.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:31 p.m. and declared a quorum present.
2. INVOCATION - None during work session.
3. PLEDGE OF ALLEGIANCE - None during work session.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None during work session.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None during work session.

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM DECEMBER 18, 2007 CITY COUNCIL MEETING – There were no comments or suggested changes.

8. CONSIDER APPROVAL OF DECEMBER 2007 FINANCIAL STATEMENTS - Andy McCuistion stated the \$1.3 million from the Etheridge Road Certificates of Obligation had been deposited since the last financial statement. He said the ad valorem taxes were lower than predicted but the sales taxes were a little higher, and First Monday was slow for December.
9. CONSIDER AUTHORIZATION TO PROCEED WITH ANNEXATION OF 16-ACRE TRACT LOCATED IN D. TOWNS SURVEY, A-845, KNOWN AS CYRA BALLPARK, OWNED BY THE CITY OF CANTON – Mr. McCuistion reported the title to the CYRA ballpark property had been transferred to the City. Two public hearings were necessary in order to annex the property. Mayor Wilson set the first hearing on February 14, 2008, and the second on February 19, 2008. He noted the annexation would be voted on at the regular monthly meeting in March.
10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-01 REPEALING AND REPLACING ORDINANCE NO. 2007-29 REDUCING FROM VOLUNTARY ANNEXATION OF THREE TRACTS TO VOLUNTARY ANNEXATION OF ONE 3.27-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED SOUTHEAST OF AMY STREET, OWNED BY J.W. AND M.J. BURNETT LIVING TRUST – Julie Seymore explained the ordinance would make an administrative correction by dropping two of the three tracts which were improperly described in the original ordinance.
11. CONSIDER ACCEPTANCE OF PETITION FOR VOLUNTARY ANNEXATION OF 1.299-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 19 SOUTH OWNED BY J.W. AND M.J. BURNETT LIVING TRUST – Ms. Seymore explained that in conjunction with Item 10, the annexation for the improperly described tracts, which involved the easement to CEDC's sixty acres off Highway 19, would be redone. She suggested the same public hearing dates of February 14 and 19, 2008.

INDIVIDUAL CONSIDERATION

12. CONSIDER BUILDING PERMIT FEES FOR TAXING ENTITIES – Rick Malone said he had informally surveyed several cities and most did not discount permit fees. He suggested charging an hourly rate. Mr. McCuistion said the easiest way administratively would be to cut the fees in half. Councilmember Sanford agreed with that method. Councilmember Hilliard said he would like to charge no more than it cost the City for the project. Mayor Wilson instructed Mr. Malone to log the hours and expenses spent on the current project so an hourly rate could be determined for future consideration.
13. CONSIDER APPROVAL OF CONTRACT WITH ATLAS ENTERPRISES, INC. FOR JULY 4TH FIREWORKS DISPLAY – Julie Seymore explained the cost of the fireworks show was increasing from \$12,500 to \$14,750 for a choreographed show as produced in the past. She said the cost would remain the same if it were electronically fired, rather than choreographed. She noted the special events budget could accommodate the increase. Mayor Wilson suggested trying the electronically-fired show one year to see if it made a difference in the quality of the show. The suggested rain-out date was July 5 since that would be First Monday weekend.
14. CONSIDER APPOINTMENT TO FILL A VACANCY ON THE PLANNING & ZONING

COMMISSION – Mayor Wilson instructed Julie Seymore to advertise for volunteers interested in serving on city boards and commissions. He also suggested an article be included in the City newsletter.

REPORTS

15. MAYOR'S REPORT - None.
16. CITY MANAGER'S REPORT – Mr. McCuiston reported interview panels had been selected to review the applications for the Fire Chief and Parks Supervisor positions, and that interviews for grounds supervisor would start the next day. He also reported having advertised a Request for Qualifications for the construction on an Expo Center. Jim Stephens distributed information from the Texas Engineering Extension Service regarding a feasibility study on the proposed Expo Center to cost an estimated \$16,000. He said the City was eligible for a grant that would pay half the cost. The feasibility study was expected to be completed by February 4, 2008. Mr. Malone reported a wire in the pump of the new water well burned up a few weeks prior, but repairs were made and the well was back on line by the end of the weekend. He added the clean-up work around the spillway of the Old City Lake had begun and once the spillway was repaired, they would do a little concrete work in front which would solve the last of the deficiencies from the inspection. He said the two tanks and a few buildings would be torn down and it would then have to be maintained. He also noted the State requested the City do more to clean out the toe of the dam. Mr. Malone said he had been searching for someone to take care of the beaver problem at both lakes. He also reported the State had not yet determined what they would restock the lake with since the fish kill or who would pay for replacement of the fish. Mr. Malone mentioned the speed humps on Cherry Creek were being painted; Shady Lane and Tower Streets were 98-99% completed, one ditch still had to be redone; and the area in front of the dry cleaners on Elliott would be next. Some councilmembers were interested in resurfacing the entire road. Mr. McCuiston said it could be redone after Etheridge Road was completed with remaining funds from that project, or it could begin sooner by paying for it with the \$80,000 budgeted for some other streets. Julie Seymore reported services were ordered to begin accepting credit card payments for water bills and building permits at City Hall. Mr. McCuiston said the cost was \$195.00 for installation of the equipment. Ms. Seymore said the transaction fee would be passed on to the customer. Mr. McCuiston reminded the Council of the Kid Fish program on February 9, 2008, from 12 noon to 3:00 p.m. Mr. Malone reported the work on FM 859 started that day. Chief Echols said crime was down for the second year in a row. The only areas that had not decreased were suicides and attempted suicides. The department had almost 100 cases solved and sent to the District Attorney's office. Chief Echols said they would be hiring a new dispatcher soon and the new patrol officer just finished her FTO training.

Coy Prather said the men were working on the sidewalk on Buffalo between Dallas and Terrell. He noted it had been difficult to get a level sidewalk in front of the Chamber office with the 2% slope as required by ADA, and the sidewalk had been altered to have a two and one-half inch lip on either side of the Chamber in order to be level. He said the contractor would do a brick stencil on the sidewalk from the dress shop to the front of the Chamber as they did on the sidewalk further south, and three street lights would be put on that section. He also noted the project would stop at the dress shop and not continue to the city's parking lot. Mr. McCuiston suggested the rest of the block on Dallas Street could be included in the City's next budget. Mr. Prather said there would not be as much savings by not doing the section in front of Hilliard's as originally

anticipated due to a mathematical error on the part of the engineer. He noted the project was currently approximately \$30,000 over budget, but there should be some money returned by TxDOT at the completion of the project which would make the project break even. Mr. Stephens said CEDC still had \$60,000 they had not yet transferred into the project. Mr. Prather said an eighteen-inch drain would be placed in front of the Chamber. Mr. Malone said to replace the electric poles in front of the dress shop and down Dallas Street in front of the courthouse would cost an estimated \$55-65,000. He was checking the pricing on fiberglass poles.

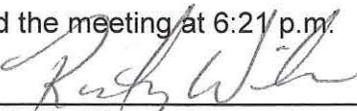
EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.072.

- 17. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (SECTION 551.072) – None during work session.

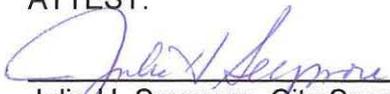
RETURN TO OPEN SESSION

- 18. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
- 19. CONSIDER ACQUISITION AND PURCHASE OF 0.022-ACRE TRACT SITUATED IN J. STOCKWELL SURVEY, VAN ZANDT COUNTY, TEXAS FOR WIDENING AND IMPROVEMENT OF ETHERIDGE ROAD – Not discussed in work session.
- 20. ITEMS FOR FUTURE AGENDAS – Not discussed in work session.
- 21. ADJOURN - Mayor Wilson adjourned the meeting at 6:21 p.m.



Rusty Wilson, Mayor

ATTEST:



Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:30 P.M., TUESDAY, JANUARY 15, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Ron Sanford and William Hilliard. Councilmember Elaine Gothard was absent. City Manager Andy

McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone and Jim Stephens were also in attendance, as well as Interim Fire Chief Coy Prather and Police Chief Mike Echols. City Attorney Richard Davis was also present.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:30 p.m. and declared a quorum present.
2. INVOCATION was given by Jim Stephens.
3. PLEDGE OF ALLEGIANCE was led by Mayor Rusty Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None
5. PROCLAMATIONS AND ANNOUNCEMENTS - None

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – Ron Perkins expressed kudos to Jim Stephens and his efforts on behalf of downtown Canton. Mr. Perkins also expressed his position against a new expo center and suggested the money would be better spent constructing overhead walkways across Highway 19 at First Monday or correcting traffic problems at the Wynne Road entrance. David Watson, a First Monday vendor, requested the City reconsider its \$40 electric charge on climate-controlled vehicles. He felt the charge put an unjust burden on the vendors.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM DECEMBER 18, 2007 CITY COUNCIL MEETING
8. CONSIDER APPROVAL OF DECEMBER 2007 FINANCIAL STATEMENTS
9. CONSIDER AUTHORIZATION TO PROCEED WITH ANNEXATION OF 16-ACRE TRACT LOCATED IN D. TOWNS SURVEY, A-845, KNOWN AS CYRA BALLPARK, OWNED BY THE CITY OF CANTON
10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-01 REPEALING AND REPLACING ORDINANCE NO. 2007-29 REDUCING FROM VOLUNTARY ANNEXATION OF THREE TRACTS TO VOLUNTARY ANNEXATION OF ONE 3.27-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED SOUTHEAST OF AMY STREET, OWNED BY J.W. AND M.J. BURNETT LIVING TRUST
11. CONSIDER ACCEPTANCE OF PETITION FOR VOLUNTARY ANNEXATION OF 1.299-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 19 SOUTH OWNED BY J.W. AND M.J. BURNETT LIVING TRUST

Councilmember Sanford made a motion to approve the consent agenda.

Councilmember Fuller seconded, and all voted in favor.

INDIVIDUAL CONSIDERATION

12. CONSIDER BUILDING PERMIT FEES FOR TAXING ENTITIES – Mayor Wilson mentioned an hourly rate might be determined at a later date after more research was done. Councilmember Sanford made a motion to cut building permit fees in half for all taxing entities. Councilmember Hilliard seconded and all voted in favor.
13. CONSIDER APPROVAL OF CONTRACT WITH ATLAS ENTERPRISES, INC. FOR JULY 4TH FIREWORKS DISPLAY – Councilmember Deibert made a motion to approve the contract with Atlas Enterprises, Inc. for the electronically-fired July 4th fireworks display at a price of \$12,500 with an alternate date of July 5, 2008. Councilmember Fuller seconded and all voted in favor.
14. CONSIDER APPOINTMENT TO FILL A VACANCY ON THE PLANNING & ZONING COMMISSION – Mayor Wilson instructed Mr. McCuiston to ask all members whose terms are up in May if they would be willing to serve again and to advertise for citizens willing to serve on committees.

REPORTS

15. MAYOR'S REPORT
16. CITY MANAGER'S REPORT

EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.072.

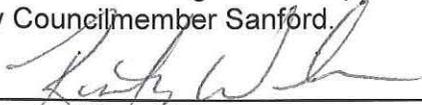
17. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (SECTION 551.072)

The Council convened in closed session at 6:50 p.m. for consultation with its attorney and for deliberations regarding the potential purchase, lease or sale of real property.

RETURN TO OPEN SESSION

18. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION - The Council reconvened in open session at 7:22 p.m. with no action taken.
19. CONSIDER ACQUISITION AND PURCHASE OF 0.022-ACRE TRACT SITUATED IN J. STOCKWELL SURVEY, VAN ZANDT COUNTY, TEXAS FOR WIDENING AND IMPROVEMENT OF ETHERIDGE ROAD – A motion was made by Councilmember Hilliard to approve the acquisition and purchase from the Dawsons of the 0.022-acre tract situated in the J. Stockwell Survey, Van Zandt County, Texas, for widening and improvement of Etheridge Road. Councilmember Sanford seconded and all voted in favor.

20. ITEMS FOR FUTURE AGENDAS – None.
21. ADJOURN - Mayor Wilson adjourned the meeting at 7:24 p.m. upon motion by Councilmember Hilliard and second by Councilmember Sanford.


 Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
4:00 P.M., TUESDAY, FEBRUARY 14, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers in a joint session with the Canton Economic Development Corporation. Council members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Elaine Gothard, and Ron Sanford. Councilmember William Hilliard was absent. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone and Jim Stephens were also in attendance, as well as Interim Fire Chief Coy Prather. City Attorney Richard Davis was also present.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 4:01 p.m. and declared a quorum present.
2. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None

CITIZEN'S FORUM

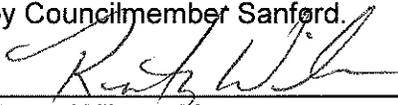
3. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – None
4. PRESENTATION BY TEXAS ENGINEERING EXTENSION SERVICE ON PROPOSED EXPO CENTER FEASIBILITY STUDY – Chad Burke from Texas Engineering Extension Service gave a presentation on the feasibility study for the Expo Center. He said 80-85% of the people who use equestrian centers come from out of town. Events typically last three to four days. All groups who have built equestrian centers stress they must be multi-purpose facilities capable of handling rodeos, banquets, concerts, etc. New markets should be continuously tapped. A strategic marketing plan should be prepared and the center professionally marketed and managed by someone who knows the industry. The City, County and CEDC could all help to pay the salary of the manager. It was imperative to have a manager who knew what they were doing.

Mr. Burke presented statistics on fourteen different facilities. The average attendance annually for all the facilities was approximately 180,000 people per year, which may be a little more than Canton could expect. If Canton's facility has 320 stalls and a seating capacity of 2,000, it could expect 82,047 annually. It could expect between 80,000-140,000 people annually if the market were properly marketed. Approximately 45-50 weekends per year could be booked. In the model used, there were four measures of economic impact – sales, personal income, value added and jobs. If 82,047 visitors came, the total spending captured annually would be about \$8 million, not including the money the facility would generate. The net effect would be about \$20 million locally. If the scenario was used with 183,520 visiting town, the total economic impact would be about \$34 million. Mr. Burke cautioned that the facility itself would probably not operate in the black. Even good facilities only met 60% of the operating budget. There would be a positive economic impact to the city measured in millions. Mr. Burke said other buildings could be added to the facility for local events. He added that if once a month during First Monday no events were booked, it would impact the amount of revenue generated. He said the hotel industry followed this type of development closely and would most likely have additional hotels built before the center was completed. Mr. Burke said the A&M model says a dollar turns over seven times every time it comes into the community through wages paid, salaries, new jobs created and the linkage of distribution line when you talk about restaurants and increasing the number of patrons. Mr. Burke said even if the City looked at the conservative end and only brought in 80,000 people each year, it might bring in \$15 million and spend \$5 million to subsidize the facility. He has not seen any other businesses that could generate that type of revenue for a town like this. He has not seen any of these type facilities go out of business. Most of the cities the size of Canton subsidize the facilities with the increased revenue from the hotel/motel tax. Mr. Burke felt Canton was in a good location geographically because of its proximity to Dallas/Fort Worth and Houston. He recommended using a builder who knew what they were doing in building these facilities. Mr. Burke could not predict the saturation point for the equestrian arenas. Right now, there were not enough facilities. He said Canton was probably a little ahead of the curve in building one now. Mr. Burke emphasized customer service was key in getting repeat business. He felt the Expo Center would be a logical choice for Canton to make. He recommended increasing the number of seats in order to accommodate larger concert venues. He felt selling sponsorships to skyboxes would also be a good idea for concerts. Mayor Wilson felt the CEDC should consider a minimum of 3000 seats and 400 stalls and to include the capacity to grow. Mr. Burke said almost all the new construction had the ability to grow, either be adding a pavilion or expo center. He said Brazos County's facility was on forty acres, which included their RV hookups. Mayor Wilson asked the CEDC to also consider adding meeting rooms which could be utilized in the community. He felt Canton needed to have another source of revenue besides First Monday to bring additional infrastructure into the community. Mayor Wilson explained that Canton has received preliminary approval from the North Texas water district to do a study for additional land surface water and well water and to look into reclaiming water. The necessary study would cost approximately \$130,000 and would cover the best possible places to build a new reservoir, the reclaiming of discharge and for additional wells. Mayor Wilson said the City would see what grants were available to cover the cost of the studies.

5. **CONSIDER CONFIRMATION OF NEW FIRE CHIEF** – Andy McCuiston reported a five-member committee had reviewed the applicants and recommended Charles Bazhaw for the position of fire chief. Councilmember Sanford made a motion to confirm the hiring of Mr. Bazhaw as the new fire chief. Councilmember Deibert

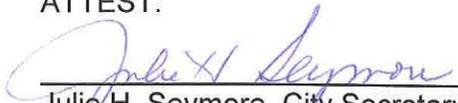
seconded and all voted in favor.

6. CONSIDER ADOPTION OF ORDINANCE NO. 2008-02 CALLING THE MAY 10, 2008 CITY OF CANTON GENERAL ELECTION TO ELECT THREE COUNCILMEMBERS AND DESIGNATING THE POLLING PLACES AND TIMES FOR EARLY VOTING AND ELECTION DAY – Julie Seymore explained the ordinance designated the polling times and places for early voting and election day and called the election. Early voting would be at City Hall from April 28 to May 2 from 8:00 a.m. to 5:00 and on May 5-6 from 7:00 a.m. to 7:00 p.m. The election day polling place was changed to the Junior High library to accommodate a larger crowd anticipated with the election being held in conjunction with the School Board election. The library was approximately 7/10 of a mile from City Hall. Councilmember Gothard made a motion to adopt Ordinance No. 2008-02 calling the May 10, 2008 City of Canton General Election to elect three councilmembers and designating the polling places and times for early voting and election day. Councilmember Fuller seconded and all voted in favor.
7. CONSIDER APPROVAL OF JOINT ELECTION AGREEMENT WITH CANTON INDEPENDENT SCHOOL DISTRICT FOR MAY 10, 2008 GENERAL ELECTION – Julie Seymore said the agreement set out the duties of each party during the election. The City would be obligated to pay the school district \$150 if their election was cancelled. Councilmember Deibert made a motion to approve the Joint Election Agreement with Canton Independent School District for the May 10, 2008 general election. Councilmember Sanford seconded and all voted in favor.
8. FIRST PUBLIC HEARING ON VOLUNTARY ANNEXATION OF 16-ACRE TRACT OF LAND IN D. TOWNS SURVEY, A-845, KNOWN AS CYRA BALLPARK OWNED BY THE CITY OF CANTON – A public hearing was opened at 5:03 p.m. on the voluntary annexation of the 16-acre tract of land in the D. Towns Survey, A-845, known as CYRA ballpark owned by the City of Canton. Andy McCuistion reported CYRA deeded the property to the City and it needed to be annexed into the city limits. Hearing no further comments, the public hearing was closed at 5:04 p.m. Julie Seymore announced a second public hearing was scheduled for February 19, 2008 and a vote on the annexation would be taken at the regular council meeting in March.
9. FIRST PUBLIC HEARING ON VOLUNTARY ANNEXATION OF 1.299-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 19 SOUTH OWNED BY J.W. AND M.J. BURNETT LIVING TRUST – A public hearing was opened at 5:04 p.m. on the voluntary annexation of the 1.299-acre tract situated in the J. Douthit Survey, A-198, located on Highway 19 South, owned by the J.W. and M.J. Burnett Living Trust. Julie Seymore explained the property was the easement to the CEDC Expo Center property. The public hearing was closed at 5:05 p.m. Julie Seymore announced a second public hearing was scheduled for February 19, 2008 and a vote on the annexation would be at the regular council meeting in March.
10. ITEMS FOR FUTURE AGENDAS - None
11. ADJOURN - Mayor Wilson adjourned the meeting at 5:05 p.m. upon motion by Councilmember Deibert and second by Councilmember Sanford.



Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

REGULAR WORK SESSION OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, FEBRUARY 19, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Elaine Gothard, Ron Sanford and William Hilliard. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck, Rick Malone and Jim Stephens were also in attendance, as well as Fire Chief Charles Bazhaw and Police Chief Mike Echols. City Attorney Richard Davis was also present.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present.
2. INVOCATION - None during work session.
3. PLEDGE OF ALLEGIANCE - None during work session.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None during work session.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None during work session.

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM JANUARY 15, 2008 CITY COUNCIL MEETINGS – There were no questions or comments regarding the minutes.
8. CONSIDER APPROVAL OF JANUARY 2008 FINANCIAL STATEMENTS – Andy McCuiston pointed out an old item of \$109,000 in the budget was spent during the month, \$1.355 million had been allocated to the Etheridge Road project, and there was approximately \$3 million in the bank.
9. CONSIDER RATIFICATION OF MUTUAL AID FIRE PROTECTION AGREEMENT WITH AREA FIRE DEPARTMENTS – This matter was taken out of order at 5:39 p.m. Chief Bazhaw stated the agreement was made several months prior but was never

ratified by the Council. He said it was an inter-local agreement with the surrounding communities for fire aid and it stipulated there would be no financial responsibility on the part of the community receiving assistance. He also noted a thirty-day back-out clause in the agreement. Chief Bazhaw said he had no knowledge of any problems with this agreement to date.

10. CONSIDER REQUEST FROM MONTEEN BULLARD FOR SOLICITATION PERMIT TO DISTRIBUTE LITERATURE PROMOTING GREAT AMERICAN TRASH-OFF MAY 12-17, 2008, AND TEXAS RECYCLES DAY NOVEMBER 15, 2008. – Monteen Bullard requested permission to distribute literature promoting the Great American Trash-Off on May 12-17, 2008 and Texas Recycles Day on November 15, 2008, at Brookshires and WalMart to get the information out to more people. Jim Stephens offered to place an article in the city newsletter regarding the events.

INDIVIDUAL CONSIDERATION

11. SECOND PUBLIC HEARING ON ANNEXATION OF 16-ACRE TRACT LOCATED IN D. TOWNS SURVEY, A-845, KNOWN AS CYRA BALLPARK, OWNED BY THE CITY OF CANTON -
12. SECOND PUBLIC HEARING ON VOLUNTARY ANNEXATION OF 1.299-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 19 SOUTH OWNED BY J.W. AND M.J. BURNETT LIVING TRUST
13. CONSIDER APPROVAL OF AGREEMENT WITH GARY BURTON ENGINEERING, INC. FOR LONG-TERM SURFACE WATER SUPPLY STUDY, WATER DISTRIBUTION SYSTEM AND ELEVATED STORAGE IMPROVEMENTS, AND FIRST MONDAY FLOOD RETENTION STUDY – Mayor Wilson read the substance of the agreement with Mr. Burton's company. Mr. Burton explained he would evaluate the flood retention options on the creek that came through the Old City Lake and Dry Creek to see if they could build a series of retention structures in that basin to reduce the magnitude of flooding. Burton Engineering would take into consideration the relocation of any sewer lines found when computing the cost estimates. Councilmember Hilliard suggested having a series of town lakes.
14. CONSIDER SCHOOL RESOURCE OFFICER – This matter was taken out of order at 5:41 p.m. Mayor Wilson explained the school had requested the City apply for the COPS grant to have a full-time police officer on staff at the schools. Chief Echols said he was not in favor of operating a school resource officer through the Police Department. He said resource officers paid by the school had differences in the state laws and school codes of conduct than police officers. He said one of the problems with the previous SRO was they could not enforce the school's code of conduct. Police officers did not have the same privileges regarding investigations as a teacher, administrator or resource officer. He advised that resource officers should be involved with discipline, policies, school safety, emergency management planning and crime prevention and should be a specialist in school-related laws. He felt the school board should commission an officer to enforce their rules and regulations and that one officer could not give the security the school desired throughout all the buildings and outbuildings. Chief Echols felt the school did not want the responsibility and liability that came with hiring an officer. He felt the Canton ISD was capable of hiring its own SRO. He noted Eustace, Athens and Van had their own SRO's, while Grand Saline and Wills Point both had police on campus. Councilmember Sanford recalled the school

requested this previously and the Council asked them to do it on their own. He felt the school should apply for a grant. Councilmember Hilliard said he felt the City should work with the school district.

15. CONSIDER REQUEST FROM ROAD TO HOPE MINISTRIES, EAST TEXAS AREA AGENCY ON AGING, AND CENTER FOR HOUSING RESOURCES FOR WAIVER OF WATER TAP FEES AT 1755 ELLIOTT STREET - Rick Malone explained Earl Post requested a water tap for one of the outbuildings so it could be taken off the main building to prevent freezing and leakage. He asked for a waiver of the water tap fees. Mr. Post said they took possession of the property in September 2007. He said they were going to partner with the East Texas Agency on Aging and the Center for Housing Resources. Richard Davis pointed out there could be an issue with the City making contributions to any person or group, even if it was a non-profit. Mr. McCuiston suggested cutting the fees in half as the City did for the school building permit. Mr. Post said they would have to tunnel under concrete quite a distance in order to relocate the tap to the building they wanted. Mr. Post said they received no assistance from the County. Rick Malone estimated the cost for materials would be \$239.00. He advised it might be less expensive for Mr. Post to run a line around the building. Mayor Wilson instructed Mr. Malone to meet with Mr. Post at the building and assess the situation.
16. CONSIDER RECOMMENDATIONS ON PROPOSED EXPO CENTER AND AUTHORIZATION TO PROCEED
17. CONSIDER APPROVAL OF INTERGOVERNMENTAL AGREEMENT WITH CANTON ECONOMIC DEVELOPMENT CORPORATION (CEDC) FOR CEDC TO FUND THE DEBT SERVICE ON PROPOSED EXPO CENTER AND CONVEY A SIXTY-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, TO CITY
18. CONSIDER SELECTION OF DESIGN-BUILD TEAM FOR EXPO CENTER PROJECT
19. CONSIDER APPOINTMENT TO FILL A VACANCY ON THE PLANNING & ZONING COMMISSION – Mayor Wilson announced Chris Howard had resigned after moving outside the city limits. Mr. McCuiston said several individuals had indicated their desire to be appointed to board positions, among them were Bud Surles, Donald Spence, Brad Williams, Susan Gummert and Wyvonne Pitts. Mr. McCuiston said Jim Stephens planned on requesting the CEDC revise its Bylaws so that all members were not required to be residents of Canton.
20. CONSIDER ANIMAL CONTROL ENFORCEMENT – Councilmember Fuller expressed his concerns about the animal control ordinance. He wanted the ordinance to prohibit any animal from being tethered at any time for any reason. He was also concerned about aggressive animals and wanted the city to impose regulations requiring insurance coverage for those animals. Mr. Fuller also wished to prohibit the sale of animals in the WalMart parking lot. Mayor Wilson instructed Mr. Malone to meet with Mr. Fuller to develop a new animal control ordinance.
21. CONSIDER HEALTH CODE ENFORCEMENT – Mr. Fuller expressed his concerns about the health code enforcement in the city. He said pest control treatment certificates should be posted on the wall and there should be a certified food handler on duty at all times. Mr. Fuller felt the Council owed it to the people who eat out in Canton that the food was clean. Mr. Fuller offered to work on a committee to prepare a more stringent health code ordinance. Mayor Wilson said it would be wise for the City to

create a health department. Mayor Wilson said the only thing that could be done at First Monday was to do monthly inspections. Councilmember Fuller said the worst offenders were not the First Monday concessions but restaurants open throughout the month. Julie Seymore said City Hall did not receive many complaints about the condition of the city's restaurants. Mr. McCuiston pointed out there was a licensed health inspector who did inspections in town and at First Monday.

22. CONSIDER ADOPTION OF FIRST MONDAY MASTER PLAN

REPORTS

23. MAYOR'S REPORT
24. CITY MANAGER'S REPORT

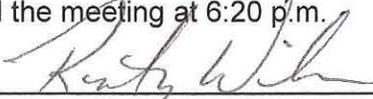
EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Sections 551.074, 551.071 and 551.072.

25. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING PERSONNEL MATTERS (SECTION 551.074) - EMPLOYMENT GRIEVANCE FILED BY STEVE RISNER
26. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY (SECTION 551.071) - ASSIGNMENT OF FIRST MONDAY LEASE FROM SCOTT PERKINS TO FIRST NATIONAL BANK OF CANTON
27. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (SECTION 551.072)

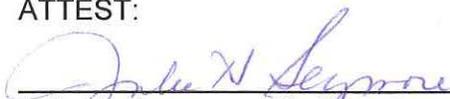
RETURN TO OPEN SESSION

28. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
29. ITEMS FOR FUTURE AGENDAS
30. ADJOURN - Mayor Wilson adjourned the meeting at 6:20 p.m.



Rusty Wilson, Mayor

ATTEST:



Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:30 P.M., TUESDAY, FEBRUARY 19, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Elaine Gothard, Ron Sanford and William Hilliard. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck, Rick Malone and Jim Stephens were also in attendance, as well as Fire Chief Charles Bazhaw, Police Chief Mike Echols, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:31 p.m. and declared a quorum present.
2. INVOCATION was led by Jim Stephens.
3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None
5. PROCLAMATIONS AND ANNOUNCEMENTS - None

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – Vincent Gerard of Ranch & Golf Construction addressed the Council regarding the selection of the design-build team for the Expo Center. He felt the CEDC misunderstood his company's willingness to obtain a bond for the project and requested they reconsider their recommendation to the Council. He said his company thought they were dealing with the EDC and not the City and that a bond would not be required.

David Watson, a First Monday vendor, said he still had concerns about the drainage problem at First Monday and the water that came toward his lots from the RV area behind the Log Cabin. He said the culverts acted as a dam and water backed up in that area and caused flooding. Mr. Watson proposed a wide ditch be dug and that the culverts be opened up to take off the excess water. He said that would allow rentable spaces for twenty to thirty more dealers. Mr. Watson also asked the Council to reconsider the \$40 electric fee for thermostatically-controlled vehicles. He said he had taken a poll of vendors who said they would give \$5 more if the electric fee could be eliminated. Mayor Wilson said he felt those issues would be dealt with in the master plan.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM JANUARY 15, 2008 CITY COUNCIL MEETINGS
8. CONSIDER APPROVAL OF JANUARY 2008 FINANCIAL STATEMENTS

9. CONSIDER RATIFICATION OF MUTUAL AID FIRE PROTECTION AGREEMENT WITH AREA FIRE DEPARTMENTS
10. CONSIDER REQUEST FROM MONTEEN BULLARD FOR SOLICITATION PERMIT TO DISTRIBUTE LITERATURE PROMOTING GREAT AMERICAN TRASH-OFF MAY 12-17, 2008, AND TEXAS RECYCLES DAY NOVEMBER 15, 2008.

Councilmember Sanford made a motion to approve items 7 through 10 on the consent agenda. Councilmember Gothard seconded, and all voted in favor.

INDIVIDUAL CONSIDERATION

11. SECOND PUBLIC HEARING ON ANNEXATION OF 16-ACRE TRACT LOCATED IN D. TOWNS SURVEY, A-845, KNOWN AS CYRA BALLPARK, OWNED BY THE CITY OF CANTON – A public hearing was opened at 6:43 p.m. regarding the annexation of the 16-acre tract located in the D. Towns Survey, A-845, known as the CYRA ballpark owned by the City of Canton. There being no comments, the public hearing was closed at 6:44 p.m.
12. SECOND PUBLIC HEARING ON VOLUNTARY ANNEXATION OF 1.299-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 19 SOUTH OWNED BY J.W. AND M.J. BURNETT LIVING TRUST – A public hearing was opened at 6:44 p.m. on the voluntary annexation of the 1.299-acre tract situated in the J. Douthit Survey, A-198, located on Highway 19 South owned by J.W. and M.J. Burnett Living Trust. There being no comments, the public hearing was closed at 6:44 p.m.
13. CONSIDER APPROVAL OF AGREEMENT WITH GARY BURTON ENGINEERING, INC. FOR LONG-TERM SURFACE WATER SUPPLY STUDY, WATER DISTRIBUTION SYSTEM AND ELEVATED STORAGE IMPROVEMENTS, AND FIRST MONDAY FLOOD RETENTION STUDY – This matter was taken out of order at 7:07 p.m. Mr. Malone wanted to clarify the cost of obtaining a permit was not included in the contract price. Mr. Burton estimated it would take four to six months to complete the study. Mr. Malone said it would take thirty to forty-five days to get a stamped response from the Neches River Authority. Mr. McCuiston said he met with the North East Texas Water District administrator and Canton was well received. He said he received a letter saying they would consider whatever plan the city could develop into their long-range planning. Mr. Malone said the permit would cost approximately \$30,000. He said one result of the study would be a working computer model that could grow with the City. Councilmember Hilliard made a motion to approve the agreement with Gary Burton Engineering, Inc. for a long-term surface water supply study, water distribution system and elevated storage improvements and the First Monday flood retention study. Councilmember Gothard seconded and all voted in favor.
14. CONSIDER SCHOOL RESOURCE OFFICER – Mr. McCuiston recommended finding out what the school had done and giving them information about the Van school district. Mayor Wilson tabled the item until a further date in order to gather more information from the school district.
15. CONSIDER REQUEST FROM ROAD TO HOPE MINISTRIES, EAST TEXAS AREA AGENCY ON AGING, AND CENTER FOR HOUSING RESOURCES FOR WAIVER OF WATER TAP FEES AT 1755 ELLIOTT STREET – Mayor Wilson tabled the item to allow Mr. Malone to follow up with Mr. Post.

16. CONSIDER RECOMMENDATIONS ON PROPOSED EXPO CENTER AND AUTHORIZATION TO PROCEED – Ross Maris explained the CEDC and Expo Center Committee did an independent study regarding the Expo Center and the recent feasibility study confirmed most of their findings. He said the CEDC recommended the funding for the facility be increased from \$5 million to \$6 million, that the number of stalls be increased from 200 to 400, and that the seating include the original 2,000, an additional 2,000 seating capacity on the floor with the capacity to add 2,000 seats in the future, as needed. He said CEDC would make payments on the \$6 million certificates of obligation from its sales tax revenue and it was ready to deed the sixty acres to the City. He added they had reviewed the credentials of the design builders who responded to the request for qualifications and wanted to recommend Arena Design Consultants. Mr. Maris said the CEDC felt the Expo Center fit the bill perfectly as far as a way to increase economic development. Mr. McCuiston added that hotel/motel tax revenue would also increase. Councilmember Sanford made a motion to proceed with the proposed Expo Center as recommended by the CEDC. Councilmember Fuller seconded. All voted in favor except for Councilmember Hilliard, who was opposed.
17. CONSIDER APPROVAL OF INTERGOVERNMENTAL AGREEMENT WITH CANTON ECONOMIC DEVELOPMENT CORPORATION (CEDC) FOR CEDC TO FUND THE DEBT SERVICE ON PROPOSED EXPO CENTER AND CONVEY A SIXTY-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, TO CITY – Councilmember Gothard made a motion to approve the intergovernmental agreement with the Canton Economic Development Corporation (CEDC) for the CEDC to fund the debt service on the proposed Expo Center and to have the CEDC convey the sixty-acre tract in the J. Douthit Survey, A-198, to the City. Councilmember Sanford seconded. All except Councilmember Hilliard voted in favor. Councilmember Hilliard stated his whole objection was that it needed to be put in front of the people. He said it was a good intention, but it was a lot of tax money the Council would be tying down without the taxpayer approval. If it were something minor, he would approve the project. He wanted to hear what the people had to say. Councilmember Hilliard felt the City needed a hospital more than it needed an Expo Center. He felt a hospital would grow the area immensely. The Expo Center would be just for special events. Councilmember Hilliard said a vote should be taken of the citizens. Councilmember Hilliard made a motion that the Expo Center project be put to a vote of the citizens of the City of Canton. The motion failed for lack of a second.
18. CONSIDER SELECTION OF DESIGN-BUILD TEAM FOR EXPO CENTER PROJECT – Mayor Wilson said the recommendation for a design-builder from the CEDC was Arena Design Consultants. Mr. McCuiston explained the Expo Center Committee met on Sunday and originally decided on Ranch & Golf Construction, but he did not receive a positive answer from Ranch & Golf on obtaining a bond. On Monday, Ranch & Golf conveyed to Mr. McCuiston they did not feel they were required to be bonded. Since the city attorney and city engineer both felt the company should be bonded for the construction, the Committee felt Ranch & Golf Construction was unwilling to bond and recommended Arena Design Consultants, which was how Mr. McCuiston felt the Council should proceed. Mr. McCuiston said he did not speak to Ranch & Golf after receiving their letter on Monday. He felt the letter was an indication they were unwilling or unable to obtain a bond. Councilmember Gothard pointed out the letter said Ranch & Golf would do whatever the City wanted and felt someone should have called to clarify the intent of the letter. She said both companies were comparable as far as their designs and requirements. Mr. McCuiston agreed both companies had the ability to

perform and Ranch & Golf was the company the CEDC originally wanted to recommend. Councilmember Gothard questioned whether the City had acted in good faith and given Ranch & Golf the benefit of the doubt. She noted Mr. Gerard had stated that evening that Ranch & Golf would be willing to obtain a bond. Mayor Wilson reiterated that it was required to have a bond on the project. Mr. Gerard stated he did not know there was a misunderstanding until two hours before the Council met on Tuesday. He felt that as of Sunday they had a deal with the CEDC to do the work. Mr. Corky Warren stated the Request for Qualifications published in the paper stated that the party involved was the City of Canton and that a bond would be needed. Councilmember Sanford made a motion to accept the recommendation from the CEDC to select Arena Design Consultants as the design-build team for the expo center project. The motion failed for lack of a second. Mr. McCuistion said the Committee would come up with another recommendation. Councilmember Deibert asked if everything were equal on the table, who would have been the first choice of the CEDC. He did not want to use a second choice because of a misunderstanding. Mr. McCuistion said the idea at first was to go with Ranch & Golf. He added that both firms had nice RFQ's and had the ability to do a good job. Mayor Wilson pointed out the RFQ did state a bond was necessary and it should have been taken into consideration and looked at more diligently than it was. Councilmember Gothard said Ranch & Golf had brought to the Committee some ideas not brought to them by Arena Design. Ranch & Golf seemed to implement their ideas more effortlessly. Mr. McCuistion pointed out the reason a meeting was called on Monday was to get started on the processing for the funding in order to get the funds by April 25. He suggested that the CEDC look at the matter again and come up with another recommendation. Mayor Wilson tabled the item until Monday's Council meeting to allow time for the CEDC to discuss the matter.

19. CONSIDER APPOINTMENT TO FILL A VACANCY ON THE PLANNING & ZONING COMMISSION – Julie Seymore said the appointment would be for Chris Howard's unexpired term which ended May 31, 2009. Councilmember Deibert made a motion to appoint Bud Surles to fill the vacancy. Councilmember Hilliard seconded and all voted in favor.
20. CONSIDER ANIMAL CONTROL ENFORCEMENT – Item tabled to a future meeting.
21. CONSIDER HEALTH CODE ENFORCEMENT – Item tabled to a future meeting.
22. CONSIDER ADOPTION OF FIRST MONDAY MASTER PLAN – This matter was taken out of order at 6:45 p.m. Mr. McCuistion introduced the master plan for First Monday. He said revenue had been stagnant and they looked at ideas on how to generate more revenue and bring in more vendors. Mr. McCuistion requested the Council adopt the guidelines and appoint him as the person responsible for implementation of the plan. He said he wanted to eliminate the transfer fees on the lots because he felt they hindered development. Revenue would be generated when people built on the lots. He suggested the City look at buildings on the grounds on a per lot basis to see what it would gain or lose. He did not think vendors should pay to purchase and transfer fees on the buildings themselves but revenue could be generated from the rental and vendor's use of the property. He pointed out the plan allowed private interests to construct buildings on Row 11 for antiques and home décor. The vendors would pay taxes, utilities and maintenance on the buildings. He also suggested that those buildings would be lock-and-leave. Step 4 was to improve the creekway and make it a focal point. Once Gary Burton completed his study, improvements could be made to prevent flooding of the creek. At some point after the additional buildings are built, Mr.

McCuistion suggested Trade Center IV could be made a lock-and-leave building with the option of doing the same with Trade Center III in the future. He then noted the Deen lease expired in 2010 with a ten-year option. Not renewing the lease would save the City \$1.6 million. Mr. McCuistion suggested moving the RV park to the high point by the oak tree and the Log Cabin. There would be room to accommodate all the RV spaces currently on the Deen property. Mr. McCuistion hoped to obtain an easement to continue using Flea Market Road as the entrance to the Civic Center. Otherwise, FM 859 would be used. The creek would be somewhat straightened and the bridges improved and/or relocated. The plan called for the elimination of reserved lots altogether and making them all unreserved. The open lot market would be tightened up and parking would be provided elsewhere. During small months, the lots could be tightened and a closer parking area designated. That could help eliminate all the parking on the unrented spaces. Councilmember Hilliard said there was an old road right of way on the east side of the Civic Center that went from Groves Street and ended up in the Wynne Community that hit around the northwest corner of the Civic Center. Because some of these moves would destabilize a lot of the vendors, Mr. McCuistion suggested reducing electrical rates on the open air lots and at the Civic Center. Raising all lot rents by \$5.00 each lot would generate \$107,160 per year. A delivery service was proposed to eliminate the excessive number of vehicles on the grounds. Shoppers could pick up merchandise at each of the main gates as they leave. The merchandise would be stored in the locked buildings already located at each gate. Mr. McCuistion said the new bathroom could have showers added to accommodate the RV spaces on the grounds. He would like to wait to see what Mr. Burton's study said about the creekway before knowing what he would ask of Mr. Lewis. Mr. Lewis might be asked to contribute some property in order to allow retention ponds to be built. Mayor Wilson said the plan called for a landscaped walkway along the creek. Councilmember Gothard felt Mr. Lewis should pay for any improvements made to the creek on his property. Mr. McCuistion said Mr. Lewis' creek area was so overgrown it caught a lot of debris. He believed Mr. Lewis would allow community service workers and trustees to clean up the creek. Councilmember Hilliard said until the creek was straightened out, it did not matter how many dams were constructed, it would still flood. Mayor Wilson commended the First Monday Committee for their efforts in the master plan development. Mr. McCuistion said the plan should be kept flexible. Councilmember Hilliard stated the demise of First Monday came when the City started letting others make more than the City. He encouraged a feasibility study be done on First Monday. He felt we had to reset the lot rentals to have success. Mr. McCuistion said the new RV areas would be done in stages. 2010 would be the best time for the City to opt out of the Deen contract. Kevin Deibert made a motion to accept the initial document to move forward with the master plan for First Monday. Councilmember Fuller seconded. All but Councilmember Hilliard voted in favor.

REPORTS

23. MAYOR'S REPORT –
24. CITY MANAGER'S REPORT – Rick Malone turned everyone's attention to the proposal from the State behind Tab 27 which gave the timeline for restocking the Canton City Lake. He said money had been approved and a private hatchery had been contacted to start on the bluegill and sunfish. He said the City had started the process of getting the sterile grass permit to reintroduce the sterile carp into the lake to keep down vegetation. Mr. Malone said crappie would not be stocked until the coming years.

EXECUTIVE SESSION

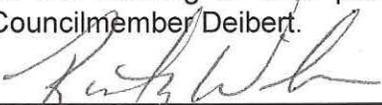
A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Sections 551.074, 551.071 and 551.072.

25. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING PERSONNEL MATTERS (SECTION 551.074) - EMPLOYMENT GRIEVANCE FILED BY STEVE RISNER
26. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY (SECTION 551.071) - ASSIGNMENT OF FIRST MONDAY LEASE FROM SCOTT PERKINS TO FIRST NATIONAL BANK OF CANTON -
27. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (SECTION 551.072) -

The Council convened in closed session at 7:50 p.m. for consultation with its attorney, for deliberations regarding personnel matters, and for deliberations regarding real property.

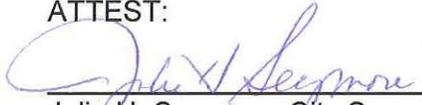
RETURN TO OPEN SESSION

28. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION - The Council reconvened in open session at 8:13 p.m. Mayor Wilson said Mr. Risner had questioned the way vacation, comp and holiday time was handled as far as incorporating overtime hours that fell into a pay period. He explained the City's policy had been the same for several years as far as vacation and comp time and it had been followed in Mr. Risner's case. He said the City would take into consideration some of the issues Mr. Risner had with the policy in the revision of the new personnel policy. Mayor Wilson said all future changes to the policy manual would be posted at designated locations. Mr. McCuiston said when the new policy was issued all employees would sign for their receipt of same. The policies would be reviewed with each department at that time.
29. ITEMS FOR FUTURE AGENDAS - Mr. McCuiston suggested the CEDC's recommendation on the design-build team be on the agenda for Monday as well as a resolution regarding advertising for the certificates of obligation to initiate the funding process. He said on April 1 there would be a special meeting to vote on the issuance of the certificates of obligation. Julie Seymore reminded the Council that all members needed to be present for the vote on April 1. The meeting for February 25, 2008, was scheduled for 5:00 p.m.
30. ADJOURN - Mayor Wilson adjourned the meeting at 8:19 p.m. upon motion by Councilmember Hilliard and second by Councilmember Deibert.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
5:00 P.M., MONDAY, FEBRUARY 25, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

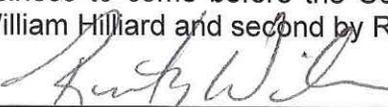
MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Elaine Gothard, William Hilliard and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone and Jim Stephens were also in attendance. City Attorney Richard Davis was not present.

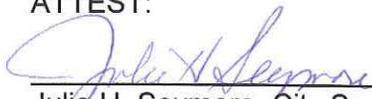
Discussion and action were as follows:

1. **CALL TO ORDER** – Mayor Rusty Wilson called the meeting to order at 5:03 p.m. and declared a quorum present.
2. **CONSIDER SELECTION OF DESIGN-BUILD TEAM FOR EXPO CENTER PROJECT** – Mayor Wilson reported the CEDC met that morning and their recommendation was to go with Ranch & Golf. He noted a credibility issue with the other company, Arena Design Consultants, had come up. He said there were some reported issues on one job and that one city was less than happy with the way the project had gone. Jim Stephens said there were a couple of stipulations--one was the requirement of a performance bond and the other was to have a clear understanding of how payments would be made. He said Gary Burton addressed them both and was satisfied they understood. He said Mr. Burton had talked to both parties that day. Mayor Wilson explained the first stipulation was that they would be required to give a performance bond and the second was that they had requested 10% payment be made up front, but that was not the way the City did business. He said they had accepted that the City would pay as it went. Mr. Stephens stated that Mr. Burton would develop a contract. Upon the recommendation of the Canton Economic Development Corporation, Jim Fuller made the motion to select Ranch & Golf, including Arena Steel as a member of the team, as the design-build team for the Expo Center, with the two stipulations noted above. Elaine Gothard seconded, William Hilliard abstained, and all others voted in favor.
3. **CONSIDER RESOLUTION AUTHORIZING PUBLICATION OF NOTICE OF INTENT TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION** – Mayor Wilson recommended the description of the project be changed from equestrian arena to multi-purpose arena and facilities. Ron Sanford made the motion to approve the resolution with the noted change in description authorizing the publication of the notice of intent to issue combination tax and revenue certificates of obligation. Jim Fuller seconded, William Hilliard voted against, and all others voted in favor.
4. **CONSIDER REQUEST FROM ROAD TO HOPE MINISTRIES, EAST TEXAS AREA AGENCY ON AGING, AND CENTER FOR HOUSING RESOURCES FOR WAIVER OF WATER TAP FEES AT 1755 ELLIOTT STREET** – Rick Malone reported it would be more cost effective to install a new tap than to run a line around the building which would require cutting too much concrete. He recommended discounting the water tap fee to \$270, the cost of materials. Kevin Deibert so moved. Elaine Gothard seconded, and all voted in favor.

5. ADJOURN – There being no further business to come before the Council, the meeting adjourned at 5:12 p.m. upon motion by William Hilliard and second by Ron Sanford.


 Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

WORK SESSION FOR REGULAR MEETING OF THE CANTON CITY COUNCIL

5:30 P.M., TUESDAY, MARCH 18, 2008

City Hall Council Chambers

290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Elaine Gothard, Ron Sanford and William Hilliard. Councilmember Kevin Deibert was absent. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck, Rick Malone and Jim Stephens were also in attendance, as well as Police Chief Mike Echols, Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present.
2. INVOCATION - None during work session.
3. PLEDGE OF ALLEGIANCE - None during work session.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None during work session.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None during work session.

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM FEBRUARY 14, 19, AND 25, 2008 CITY COUNCIL MEETINGS – There were no questions or comments regarding the minutes.

8. CONSIDER APPROVAL OF FEBRUARY 2008 FINANCIAL STATEMENTS – Andy McCuiston reported the City had \$6,127,000 in the bank and revenues were rising. He said the budget process would start shortly and he planned on changing the format of the financial statements. He also said the general fund had a \$1 million carryover.
9. CONSIDER ADOPTION OF ORDINANCE NO. 2008-03 ANNEXING 16-ACRE TRACT LOCATED IN D. TOWNS SURVEY, A-845, KNOWN AS CYRA BALLPARK, OWNED BY THE CITY OF CANTON – Mayor Wilson reported two public hearings had been held on the matter and the annexation would be voted on in regular session.
10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-04 ANNEXING 1.299-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 19 SOUTH OWNED BY J.W. AND M.J. BURNETT LIVING TRUST – Julie Seymore explained the property was the entry easement to the 60-acre tract for the Expo Center. Mayor Wilson said the two public hearings had been held and the annexation would be voted on during the regular meeting. Rick Malone explained the road was put in before the property was annexed because the CEDC was trying to have the road done before a new regulation went into effect that would restrict access from the highway.
11. CONSIDER APPROVAL OF AMENDED BY-LAWS OF CANTON ECONOMIC DEVELOPMENT CORPORATION – Jim Stephens said several years prior the state approved allowing a member on the committee who lived outside the city limits. He recommended it be someone who was active in the city. Councilmember Hilliard felt someone who did not pay taxes in the city should not be allowed to serve.
12. CONSIDER ADOPTION OF ORDINANCE NO. 2008-05 PROVIDING CHARGES AND A PERMIT FEE FOR HAULED-IN HOUSEHOLD AND PORTABLE SEWAGE – Rick Malone explained the ordinance would reduce the cost from \$20 to \$10 per 100 gallons to generate more interest in dumping at the City's facility. He said the main source was from septic tanks and port-a-potties. The sewage was currently being taken to Tyler at \$3-7 per 100 gallons. Mr. McCuiston said it would help the haulers in this area due to the high cost of fuel. Mayor Wilson stated if the City got in a bind with handling the City's sewage, this would be the first thing dropped.
13. CONSIDER ADOPTION OF RESOLUTION 2008-02 APPOINTING ELECTION JUDGE, ALTERNATE JUDGE, AND EARLY VOTING BALLOT BOARD FOR MAY 10, 2008 GENERAL ELECTION - Julie Seymore reported the resolution appointed Don Bullard election judge and early voting ballot board judge for the May General Election.
14. CONSIDER CONTRACT FOR ELECTION SERVICES WITH VAN ZANDT COUNTY FOR MAY 10, 2008 GENERAL ELECTION – Julie Seymore said the contract had not yet been provided by the County. She advised the City had given the County free building permits on the jail and the County was offering free rental of election equipment up to the amount of waived building fees.
15. CONSIDER ADOPTION OF RESOLUTION NO. 2008-03 APPOINTING DEBRA JOHNSON, RITA RAGSDALE AND TERESA GIRDLEY DEPUTY CITY SECRETARIES – Julie Seymore said the resolution allowed full-time employees who lived outside the city limits to serve as early voting election clerks. Vicky Hall would also be a clerk but she lived inside the city limits.

16. CONSIDER APPROVAL OF ALLIED WASTE SERVICES RATE INCREASE – Mr. McCuiston explained the contract was originally signed in 1989 and there had been rate increases over the years. The 4.3% increase requested was in line with the Consumer Price Index. He also said the increase would affect commercial customers at this time but the City would wait to look at the residential rate increases during the budget process. Julie Seymore said for commercial customers a two-yard container would increase from \$39 to \$40 and big industrial containers would increase a little over \$3.
17. CONSIDER APPROVAL OF COMMUNICATIONS SITE LEASE AGREEMENT WITH METROPCS TEXAS, LLC – There was a general discussion on whether or not the proposal would be a good decision for the City. Mayor Wilson tabled the item until more information could be obtained. He requested the City be able to opt out of the agreement with a thirty-day notice and the equipment needed to all be on city-owned property.
18. CONSIDER APPROVAL OF AMENDMENT TO CONTRACT WITH JDR CONTRACTING LP FOR WATERLINE IMPROVEMENTS IN ASSOCIATION WITH TEXAS CAPITAL FUND PROJECT, TXCDBG CONTRACT NO. 726222, FOR NEW 10" WATER LINE ON FM 859 – Gary Burton proposed a contract amendment as a result of delays the City had in acquiring easements on the project and due to changes made as a result of not getting some easements and having to move pipe to the right-of-way. The contractor suffered cost increases and was not able to start during the mandatory sixty days. Mr. Burton reviewed the increases and felt they were reasonable. A good percentage of the increase would come from grant money. Burton Engineering recommended the contract amendment be approved. Mr. Malone said the contractor was delayed approximately four months on the project due to the lack of easements. Mr. Malone believed 43% of the increase would come from the grant. Mr. Burton said the contractor had also encountered more rock than anticipated. The cost of steel casing had risen as well as the cost of concrete. One property owner made the contractor bore under their property which increased his cost. Fire hydrants provided for by the grant were of a lesser quality than Mr. Burton felt was necessary and those were upgraded. Mr. Burton said some of the money could come from the amount budgeted for easements because less was paid on those than anticipated. The contractor also had to rent special equipment to work around the fiber optics in the right-of-way.
19. CONSIDER RELEASE OF RIGHT-OF-WAY EASEMENT THROUGH SHOPPING CENTER AT SOUTHEAST CORNER OF HIGHWAYS 19 AND 243 – Mr. Malone said before Traders Village was constructed, the sewer line came from Sides Circle and Forrest, but had to be moved to build the original shopping center. He said the unused easement clouded the title to the property and the City had been asked for a release since it was no longer needed.

INDIVIDUAL CONSIDERATION

20. PUBLIC HEARING AND CONSIDER ORDINANCE NO. 2008-07 EFFECTING A ZONING CHANGE FROM SINGLE FAMILY DETACHED RESIDENTIAL (R-1) TO SINGLE FAMILY DETACHED RESIDENTIAL (R-3) FOR THAT 2.339-ACRE TRACT LOCATED ON LL4 ON EAST FOSTER STREET, CANTON, TEXAS, OWNED BY AMERICAN NATIONAL BANK – Mr. Malone said the owner requested a zoning

change from R-1 to R-3 on Foster Street to construct homes. Julie Seymore explained R-1 had a minimum lot size of 10,000 square feet while R-3 only required 6,000 square feet. Mr. Malone said the lots would be approximately 120 feet long. Julie Seymore pointed out other homes in the area were on small lots. Mr. Malone said the homes would be at least 75% brick. Julie Seymore said the Planning & Zoning Commission felt the larger houses under R-1 would be difficult to sell in that area and they recommended the change. She said thirty-six property owners had been notified. Two responded in favor and seven against. Those in opposition did not represent more than 20% of the property area.

21. CONSIDER APPROVAL OF PRELIMINARY PLAT FOR WEST COLLEGE DUPLEXES LOCATED AT 1301 WEST COLLEGE STREET, CANTON, TEXAS, OWNED BY TEQUILA MOON INC. – Rick Malone presented a copy of the plat. He said the City staff and Burton Engineering reviewed the plat. The duplexes would be located west of the apartments on College Street on Mr. Jameson's property. Councilmember Hilliard felt there should be a street coming off College in that area. Mr. Malone reported the zoning for the property had already been changed. Calvin Carter was the developer. He said there would be approximately twenty-six vehicles in the subdivision and should not have much affect on traffic.
22. CONSIDER APPROVAL OF FINAL PLAT OF DEER MEADOW SUBDIVISION AND ACCEPTANCE OF STREETS, PUBLIC UTILITIES AND EASEMENTS – Mr. Malone reported the Deer Meadows subdivision was basically completed and he recommended approval of the final plat contingent upon a couple of pending items. He said Mr. McCuistion could hold the plat until the items were complete and a time limit would be set for May. Perry Marker, the builder, said he had been delayed and the only thing left was the outfall of storm sewer on the Slaughter property. He had been waiting for the area to dry out to finish. He requested the City sign the plat so houses could be sold. He did not want the developer to lose potential sales because the plat was not signed. Councilmember Hilliard remarked he did not want to have the same drainage problems with Deer Meadow as they did with Etheridge Farms.
23. CONSIDER ADOPTION OF ANIMAL CONTROL ORDINANCE NO. 2008-06 – No discussion.
24. CONSIDER RESCINDING PRIOR AWARD AND SELECTING NEW DESIGN-BUILD TEAM FOR EXPO CENTER PROJECT – No discussion.
25. CONSIDER APPOINTMENTS TO CANTON ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS – No discussion.

REPORTS

26. MAYOR'S REPORT – None
27. CITY MANAGER'S REPORT - None

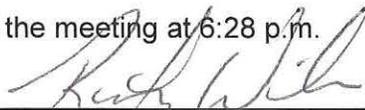
EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.072.

28. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (SECTION 551.072) - Not held during work session.

RETURN TO OPEN SESSION

29. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
30. ITEMS FOR FUTURE AGENDAS
31. ADJOURN - Mayor Wilson adjourned the meeting at 6:28 p.m.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, MARCH 18, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Elaine Gothard, Ron Sanford and William Hilliard. Councilmember Kevin Deibert was absent. City Manager Andy McCuistion, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck, Rick Malone and Jim Stephens were also in attendance, as well as Police Chief Mike Echols, Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:32 p.m. and declared a quorum present.
2. INVOCATION was given by Jim Stephens.
3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – Jim Fuller declared a conflict of interest regarding Item 12 on hauled in sewage.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES

ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON
THE REGULAR AGENDA

CONSENT AGENDA

Mayor Wilson moved Items 11 and 12 from the consent agenda to items for individual consideration. He also tabled Item 17 to allow time for more information to be gathered.

7. CONSIDER APPROVAL OF MINUTES FROM FEBRUARY 14, 19, AND 25, 2008 CITY COUNCIL MEETINGS
8. CONSIDER APPROVAL OF FEBRUARY 2008 FINANCIAL STATEMENTS
9. CONSIDER ADOPTION OF ORDINANCE NO. 2008-03 ANNEXING 16-ACRE TRACT LOCATED IN D. TOWNS SURVEY, A-845, KNOWN AS CYRA BALLPARK, OWNED BY THE CITY OF CANTON
10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-04 ANNEXING 1.299-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 19 SOUTH OWNED BY J.W. AND M.J. BURNETT LIVING TRUST
11. CONSIDER APPROVAL OF AMENDED BY-LAWS OF CANTON ECONOMIC DEVELOPMENT CORPORATION – This matter was addressed under individual consideration at 6:36 p.m. Mayor Wilson reiterated that the current CEDC By-Laws required all board members to live within the city limits. He explained the law had changed to allow the CEDC to have members who reside in the county. The CEDC requested a change to their By-Laws whereby only one member could live outside the city limits. Councilmember Sanford made a motion to approve the amended By-Laws of the Canton Economic Development Corporation as proposed which allowed one member on the board to reside in the county and to change the annual meeting date to the second Tuesday in April. Councilmember Fuller seconded. Motion passed with Councilmember Hilliard opposed and all others in favor.
12. CONSIDER ADOPTION OF ORDINANCE NO. 2008-05 PROVIDING CHARGES AND A PERMIT FEE FOR HAULED-IN HOUSEHOLD AND PORTABLE SEWAGE – Councilmember Fuller excused himself from the meeting at 6:43 p.m. Mayor Wilson explained the ordinance reduced the fee for hauled-in household and portable sewage from \$20 to \$10 per 100 gallons and reinforced the annual permit fee of \$30. Councilmember Sanford made a motion to adopt Ordinance No. 2008-05 as proposed providing charges and a permit fee for hauled-in household and portable sewage. Councilmember Gothard seconded. Motion passed with Councilmembers Sanford, Gothard and Deibert in favor and Councilmember Hilliard opposed. Councilmember Fuller returned to the meeting following the vote.
13. CONSIDER ADOPTION OF RESOLUTION 2008-02 APPOINTING ELECTION JUDGE, ALTERNATE JUDGE, AND EARLY VOTING BALLOT BOARD FOR MAY 10, 2008 GENERAL ELECTION
14. CONSIDER CONTRACT FOR ELECTION SERVICES WITH VAN ZANDT COUNTY FOR MAY 10, 2008 GENERAL ELECTION
15. CONSIDER ADOPTION OF RESOLUTION NO. 2008-03 APPOINTING DEBRA

JOHNSON, RITA RAGSDALE AND TERESA GIRDLEY DEPUTY CITY SECRETARIES

16. CONSIDER APPROVAL OF ALLIED WASTE SERVICES RATE INCREASE
17. CONSIDER APPROVAL OF COMMUNICATIONS SITE LEASE AGREEMENT WITH METROPCS TEXAS, LLC
18. CONSIDER APPROVAL OF AMENDMENT TO CONTRACT WITH JDR CONTRACTING LP FOR WATERLINE IMPROVEMENTS IN ASSOCIATION WITH TEXAS CAPITAL FUND PROJECT, TXCDBG CONTRACT NO. 726222, FOR NEW 10" WATER LINE ON FM 859
19. CONSIDER RELEASE OF RIGHT-OF-WAY EASEMENT THROUGH SHOPPING CENTER AT SOUTHEAST CORNER OF HIGHWAYS 19 AND 243

Upon motion by Councilmember Gothard and second by Councilmember Sanford, Items 7, 8, 9, 10, 13, 14, 15, 16, 18 and 19 on the Consent Agenda were unanimously approved by the Council. Item 17 was tabled to allow time to obtain additional information.

INDIVIDUAL CONSIDERATION

20. PUBLIC HEARING AND CONSIDER ORDINANCE NO. 2008-07 EFFECTING A ZONING CHANGE FROM SINGLE FAMILY DETACHED RESIDENTIAL (R-1) TO SINGLE FAMILY DETACHED RESIDENTIAL (R-3) FOR THAT 2.339-ACRE TRACT LOCATED ON LL4 ON EAST FOSTER STREET, CANTON, TEXAS, OWNED BY AMERICAN NATIONAL BANK – A public hearing was opened at 6:45 p.m. regarding Ordinance No. 2008-07. Mayor Wilson noted the matter had been reviewed by and was recommended by the Planning & Zoning Commission. There being no additional comments, the public hearing was closed at 6:45 p.m. Councilmember Fuller made a motion to adopt the ordinance changing the zoning on that 2.339-acre tract located on LL4 on East Foster Street in Canton, Texas, currently owned by American National Bank from Single Family Detached Residential (R-1) to Single Family Detached Residential (R-3). Councilmember Sanford seconded and all voted in favor.
21. CONSIDER APPROVAL OF PRELIMINARY PLAT FOR WEST COLLEGE DUPLEXES LOCATED AT 1301 WEST COLLEGE STREET, CANTON, TEXAS, OWNED BY TEQUILA MOON INC. – Mayor Wilson said the Planning & Zoning Commission had reviewed the preliminary plat and recommended its approval. Councilmember Gothard made a motion to approve the preliminary plat for the West College Duplexes located at 1301 West College Street, Canton, Texas, owned by Tequila Moon, Inc. Councilmember Sanford seconded and all voted in favor. Councilmember Hilliard felt there should be a street between Hwy. 243 and College. Mr. Malone said the future land-use and thoroughfare plans included a street by Ms. Towles' place straight into College Street.
22. CONSIDER APPROVAL OF FINAL PLAT OF DEER MEADOW SUBDIVISION AND ACCEPTANCE OF STREETS, PUBLIC UTILITIES AND EASEMENTS – Councilmember Sanford made a motion to approve the final plat of Deer Meadow Subdivision and accept the streets, public utilities and easements and authorizing Andy McCuiston to administer the withholding or recording of the plat until the final work had

been completed. Councilmember Gothard seconded and all voted in favor.

23. **CONSIDER ADOPTION OF ANIMAL CONTROL ORDINANCE NO. 2008-06** – Councilmember Fuller expressed his gratitude for the work the staff did on preparing the ordinance. He said the ordinance prohibits people from giving away animals on the side of the road and at Wal-Mart's parking lot and from tethering animals. He felt the ordinance was something the Animal Control Officer and Police Department could enforce. Mr. Malone said the ordinance also addressed vicious animals. Mr. Malone said the Animal Control Officer was getting a good feel of the animal grounds and had established a rapport with the animal vendors. Mr. Fuller said the ordinance was patterned after those in Irving, Waxahachie and Fort Worth. Julie Seymore said the notice about the ordinance would be published in the paper. She also suggested preparing a press release to see if the paper would do a story. Mr. Malone suggested placing an article in the newsletter. Councilmember Fuller made a motion to adopt Animal Control Ordinance No. 2008-06 as proposed. Councilmember Gothard seconded and all voted in favor.
24. **CONSIDER RESCINDING PRIOR AWARD AND SELECTING NEW DESIGN-BUILD TEAM FOR EXPO CENTER PROJECT** – Gary Burton said he had been in contact all week with the design-build team as well as their attorney and architect. They have proposed bringing in another contractor who was bigger and had bonding capability to join them and help them obtain the bond. Mr. Burton recommended acceptance of this arrangement. Mike Sims of Ranch & Golf stated he had difficulty obtaining a bond because they had not done bonded work for fifteen years. Mr. McCuiston said he hoped to have the contract signed soon and requested the Council approve the award contingent upon him receiving a signed contract by 10:00 a.m. Monday. Councilmember Sanford made a motion to rescind the prior award and select Ranch & Golf as the new design-build team for the Expo Center project contingent upon receipt of a signed contract by Monday, March 24, 2008, at 10:00 a.m. In the event a contract has not been received, Mr. McCuiston had the authority to start negotiating with another firm. Councilmember Fuller seconded. Councilmember Hilliard abstained, all others voted in favor.
25. **CONSIDER APPOINTMENTS TO CANTON ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS** – Jim Stephens reported all members with terms expiring had agreed to serve another term. The members were Ernie Barbee, Ross Maris, Beth Whitaker and Joe Groves. Councilmember Gothard suggested new members be allowed to serve on the various boards and commissions at some point. Mayor Wilson said term limits should be considered. Mayor Wilson requested a copy of the CEDC Bylaws for review. Councilmember Sanford made a motion to appoint Ernie Barbee, Ross Maris, Beth Whitaker and Joe Groves for additional terms on the Canton Economic Development Corporation Board of Directors. Councilmember Fuller seconded and he and Councilmember Sanford voted in favor while Councilmembers Gothard and Hilliard opposed. Motion passed with Mayor Wilson voting in favor to break the tie.

REPORTS

26. **MAYOR'S REPORT** - None
27. **CITY MANAGER'S REPORT** - None

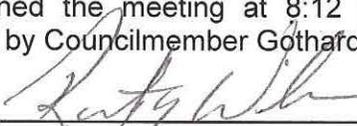
EXECUTIVE SESSION

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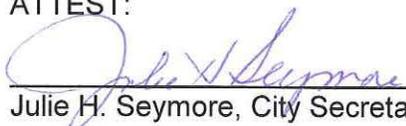
28. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (SECTION 551.072) – Andy McCuistion reported an executive session was not necessary. None was held.

RETURN TO OPEN SESSION

29. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
30. ITEMS FOR FUTURE AGENDAS – Mayor Wilson requested a copy of the CEDC By-Laws and wanted to address the issue of term limits. Councilmember Fuller said he and Mr. Malone were reviewing the restaurant ordinance. Julie Seymore said the April 1, 2008, meeting was scheduled for 5:30 p.m. Mr. McCuistion reported the TxDot property matter had been sent to the State. Mayor Wilson said he would like to know what the law said regarding term limits on boards and commissions.
31. ADJOURN - Mayor Wilson adjourned the meeting at 8:12 p.m. upon motion by Councilmember Sanford and second by Councilmember Gothard.


 Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL

5:30 P.M., TUESDAY, APRIL 1, 2008

City Hall Council Chambers

290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Elaine Gothard, Ron Sanford and William Hilliard. City Manager Andy McCuistion, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone and Jim Stephens were also in attendance, as well as Police Chief Mike Echols.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present. Bud Surles gave the invocation.
2. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None

3. **MAYOR'S PRESENTATION ON EXPO CENTER PROJECT** – Mayor Wilson thanked everyone in attendance and said he wanted to start by giving everyone the facts about the Expo Center. It was a heated and cooled 2,000 seat arena with a second covered warm-up arena with 400 stalls, meeting rooms, food service facilities, and RV hookups. The facility could be used for equestrian events, cattle shows, rodeos, concerts, community events, etc. The estimated cost of the facility was \$6 million. The estimated rate of interest was 4.25% payable at \$400,000 per annum for thirty years. The debt payment would be made by the CEDC. Mayor Wilson said the Council did not anticipate raising property taxes because of this facility. The CEDC received one-half per cent of the two per cent sales tax of which twenty-five per cent must be used for community enhancements. Over the last three years, CEDC's sales tax revenue has been \$608,623, \$639,542 and \$661,190. This year was projected to be \$761,000. Texas law prevented those funds from being used for street repair and/or existing water and sewer maintenance. It can be used for economic development infrastructure such as water or sewer lines to the Expo Center. Mayor Wilson said if anyone signed the petition because they were told taxes would increase, they were misinformed. Canton had to do something to diversify itself from First Monday. Most of the businesses in the town wanted to bring in additional dollars. The revenue generated from the Expo Center would be mostly from the outside and turned over in the community four to seven times. Mayor Wilson cautioned this was a long-term investment with the biggest payback in ten to twenty years. An independent study was done by TEEEX in association with Texas A&M which presented high and low levels of anticipated returns. The biggest revenue increase would be hotel/motel taxes which were estimated to increase by \$373,402 to \$627,661. The numbers given by A&M were adjusted by 25% to discount for First Monday weekends. There was anticipated to be an increase in sales tax receipts from retail sales of \$56,000. Most of the revenue from the facility itself would be from stall rentals. The estimated income was \$955,000 if 200 stalls were rented. Operational expenses would be \$1,181,200 which left a shortfall of \$225,940. However, the amount of revenue brought in from sales tax and hotel/motel tax should more than compensate for that shortfall. The City should have \$200,000 for street improvements, water and sewer improvements, etc. Mayor Wilson said he was not trying to sway anyone, he was just going through the process the Council did when making its decision. He opened up the floor for discussion. He said the study was done by TEEEX. He has seen studies for other facilities which were pretty much in line with the one done for Canton. Mayor Wilson said a petition was circulated and, if the petition could be verified to have ninety or more signatures, the matter would go to a city-wide vote of the citizens. Mayor Wilson said the City would hire someone with expertise in this field to manage operations. Mayor Wilson said the city had to market itself better and plan better. The Council has been trying to support First Monday more and to re-energize First Monday. The Expo Center would probably not be completed until the next summer. The country should be at the tail end of the recession at that time and Mayor Wilson expected a period of growth. He added that gas prices were an issue but the people in this business tended to have more money to spend. Mayor Wilson said there would be impact in overall jobs coming in from jobs at the Expo Center and the additional businesses which would come to the City. Most of the people coming to town to spend money would not be from this area. Mayor Wilson said the inside of the arena would be 44,000 square feet. The property was sixty acres, which included the parking and RV area. The persons doing the feasibility study said the minimum number of acres was forty. The TEEEX representative said Canton would be ahead of the curve as far as the market saturation point in this area. He told the Council the location of Canton was a plus because it was near Dallas/Fort Worth and close to an interstate. Canton businesses were already experienced in dealing with large groups of people. Mayor Wilson said Highway 19 would eventually need to have the four lanes

extended and a light in the vicinity of the Expo Center to alleviate traffic problems. He said street repairs would be the end result of the extra revenue brought in from sales tax. Virginia Jones said there appeared to be no negotiations or contracts for events at the facility. She said the Civic Center was built and not used to capacity even now. Mayor Wilson said booking of the Expo Center would have to be managed professionally. There were no contracts at this time because a final decision on construction had not been made. Ms. Jones said the Oil Palace in Tyler had a 100,000 seating capacity and sat empty for years.

CITIZEN'S FORUM

4. **CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA -**

Jerry Till, 4436 Etheridge Circle, felt that CEDC might falter on its commitment and leave the taxpayers with the responsibility of paying for the Expo Center. He felt a vote should go to the citizens on the matter. Gary Bonner, P.O. Box 1333, Van, said he was a promoter and looked forward to having this type facility in the area. He felt Canton had a unique opportunity to become well known for large livestock and educational events. Mr. Bonner said the events would impact Canton's economy and bring in millions of dollars on an annual basis and additional jobs to Canton. He provided a list of events he would book at the center. Glen Thompson said something like this was needed in the community because of the deterioration of First Monday. He said Canton had to move forward or they would be going backward. Cary Hilliard had gathered 155 signatures for the petition which requested that an election be held. Lou Ann Everitt, 652 Sides Circle, was concerned over the long-term indebtedness. She said the decision for this had come down to five people, one of whom was moving from Canton. She wanted assurance the contractor would not use illegal aliens and would use local contractors and suppliers. Candace Benson, 875 S. Buffalo, had nothing against the City making money but did not think the Expo Center was a feasible concept. She said Chad Burke told the Council that the facilities which did well only made sixty per cent of their budget. Ms. Benson wanted to know what kind of groups would come to a dry county for events. If the building sat empty, there would be no sales tax revenue. She did not feel the project was a good idea for Canton. Bud Surles, 229 Chester Drive, lived in various towns throughout the country which were against change and were suffering for their decision not to grow. Mr. Surles felt the Expo Center was destined to bring people into Canton for Canton's sake and the citizens should embrace First Monday and every other way to bring in more tax revenue. He wanted to make Canton more financially attractive to medical facilities and schools. He said it was a question about the future of the community and the decision was not to grow or to die. Mr. Surles said the Council was elected to vote for the life of the community. Johnny Blevins, Splash Kingdom, spent \$6-7 million on an endeavor he was not sure would work. His facility now had 100,000 or more visitors every year, ninety-five per cent of whom were from out of town which brought in approximately \$200,000 - \$300,000 tax revenue into the city. He was excited about investing heavily in this community for restaurants, hotels, movie theaters, etc. to enhance the overall use of Canton when people came to visit. The citizens voted for the councilmembers and should let them make the decision. Don Barrier said an expo center would not help his business at all but would help hotels and restaurants in the area. It was a no-lose situation which would be good for Canton. If Canton had a good facility, it could draw the crowds from the facility in Athens. Jamie Andrish, 2060 Lisa Circle, questioned why Canton needed such a facility when Athens and Terrell both had them. She felt other

businesses should be brought to Canton. She said if Canton was dry it would affect the number of events held here. Ms. Andrish requested a vote be held. Virginia Jones, 349 Billy Street, said she chose to move to Canton because of its genealogical library. She was very much in favor of growth. She lived in Longview and the Schlitz Brewery building was now a vacant building after the company used up all the water and left. Ms. Jones said if the expo center was a success, it would be wonderful. If it was not, the citizens would be in a lot of debt. She had heard several complaints about the Council. Everyone thought the City owned the entire First Monday grounds and was rich. She felt the Council should do a better job of disclosure. Ms. Jones said she understood the difference between income and budgeted income and expense and proposed expense. The Council did not do a good job with its tax dollars. This was an issue on which there should be an election. The citizens had a right to complain. She said if the expo center went through she asked each councilmember to personally guarantee the amount if it was not successful. Ron Perkins said he tried to keep an open mind and felt it was down to common sense on what to do with the monies. Mr. Perkins thanked the Council for allowing an open forum. He knew of no one who signed the petition who was totally for or against the facility. They unofficially had 560 signatures on the petition. Mr. Perkins felt Mayor Wilson brought up salient points about attending city council meetings. He felt people were not able to hear at council meetings and suggested a PA system. He also said there was insufficient seating capacity in the council chambers. He felt the numbers on the Expo Center were only soft numbers and not enough to base a decision of such a great amount of money. Mr. Perkins said if the citizens were signed up for a debt service of \$1.7-2 million, the idea better work. Mayor Wilson responded the focus had to be on the end result. Dollars coming into the CEDC could not be used for streets. The City could do the project less expensively than the CEDC because the City could be bonded at a lesser cost. Cary Hilliard requested a comment from each councilmember. Councilmember Sanford felt if the petition were valid and the requisite number of signatures gathered, an election should be held. Councilmember Gothard thanked everyone for attending and expressed her hope that more people would attend the regular monthly meetings. She questioned why there was such an outcry at this time when the Council had been discussing the Expo Center for over a year. She felt Canton needed to grow and was in support of the Expo Center. She was not sure if she would change her mind about an election until she knew if the proper number of signatures had been obtained. Mayor Wilson suggested the agenda be posted on the website when the City had that capability. He said the agenda could not be prepared earlier due to the volume of information that went into its preparation. Councilmember Fuller said he was disappointed the situation had become so toxic. He expressed his appreciation for the interest everyone had shown. He was not sure if his mind had changed about the center. Councilmember Deibert said risk was a part of everyday life of a business owner. The country was built on people taking risks. The expo center was a gamble. Six people on the Council and seven on the CEDC, all with numerous years of business experience, had reviewed the numbers on the project. They even had an outside source verify the decision. Councilmember Deibert said he had to be convinced the project was more than a fifty-fifty chance or he would not have voted for it. He was the last holdout. He had a problem with citizens voting because of all the misinformation that had been circulated. He heard the people who circulated the petition had told citizens their taxes would be instantly raised and that was not true. Mr. Perkins felt that was an inflammatory statement and misinformation had not been distributed. Councilmember Deibert was discouraged the right information did not get out to everyone. Citizens did not attend the numerous budget meetings held and he was also discouraged by that. Councilmember Hilliard said he preferred something like a hospital rather than an expo center. The community should be unified. Councilmember Hilliard said his reason for holding out was

the citizens needed to vote. Ethel Sanders, 1430 Forrest Drive, said the title of expo center was misleading when it was meant to be an equine expo center. She wanted to know why nothing had been in the paper about the location of the facility. Mayor Wilson said the location had only been decided within the last month. Utilities were run to the sixty-acre site because they would be needed regardless of the type of business.

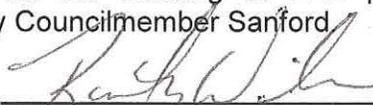
INDIVIDUAL CONSIDERATION

5. CONSIDER ADOPTION OF ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF CANTON, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2008, AND OTHER MATTERS RELATED THERETO – Julie Seymore exited the room to verify the petition presented to the Council. Mayor Wilson reminded everyone the signatures had to have either a birth date or voter registration number. Ron Perkins said the Secretary of State did not require an identification number. Mayor Wilson said his information from the Secretary of State stated the signature had to be in the signer's handwriting and the date of birth or voter registration number had to be present. Virginia Jones said the citizens had a right to be there to let the Council know their position. Councilmember Deibert stated it was more difficult for the Council to make decisions for the citizens when they did not attend meetings and let their wishes be known. John Marshall felt the Council had done a great job of researching the expo center and it was a good investment for the city. Mayor Wilson said the CEDC was established in 1991.

Mayor Wilson recessed the meeting at 7:28 p.m. and reconvened at 7:38 p.m.

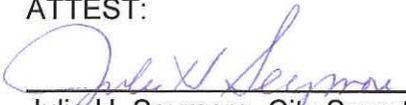
Councilmember Hilliard made a motion not to adopt the ordinance authorizing the issuance of City of Canton, Texas combination tax and revenue certificates of obligation, Series 2008. Councilmember Sanford seconded and all voted in favor. Mayor Wilson said the Council listened to the citizens in voting because the petition was determined to be invalid under the laws of the State of Texas. He expected the matter would be brought to an election and invited all citizens to come to meetings and express their opinions. He thanked everyone for attending.

6. ADJOURN - Mayor Wilson adjourned the meeting at 7:42 p.m. upon motion by Councilmember Hilliard and second by Councilmember Sanford.



Rusty Wilson, Mayor

ATTEST:



Julie H. Seymore, City Secretary

WORK SESSION FOR REGULAR MEETING OF THE CANTON CITY COUNCIL

5:30 P.M., TUESDAY, APRIL 15, 2008

City Hall Council Chambers

290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Ron

Sanford and William Hilliard. Councilmember Elaine Gothard was absent. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone and Jim Stephens were also in attendance, as well as Police Chief Mike Echols, Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present.
2. INVOCATION - None during work session.
3. PLEDGE OF ALLEGIANCE - None during work session.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None during work session.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None during work session.

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM MARCH 18, 2008 CITY COUNCIL MEETINGS – There were no comments regarding the March 18, 2008, minutes.
8. CONSIDER APPROVAL OF MARCH 2008 FINANCIAL STATEMENTS – Andy McCuiston reported cash in bank of \$5,500,000 and total cash of \$6,030,000. He said the City was in good financial shape at this time. He reminded Council a debt payment of \$944,000 was due July 1, 2008, and there was \$1,248,000 in the fund.

INDIVIDUAL CONSIDERATION

9. CONSIDER REQUEST FROM JOHN DAVID CROW FOR WATER TAP OUTSIDE CITY LIMITS AT 1545 VZCR 2205 – Mayor Wilson said the staff recommended approval of the request for a water tap contingent on the execution of an agreement that the owner would annex once the property became eligible.
10. CONSIDER APPROVAL OF PRELIMINARY PLAT FOR 7.972-ACRE TRACT LOCATED AT INTERSECTION OF HWYS. 243 AND 64 IN J. DOUTHIT SURVEY, A-198, CANTON, TEXAS, CURRENTLY OWNED BY BROOKSHIRE GROCERY CO. – Rick Malone presented the official plat for the Brookshire's building. He said Brian Ballard, who was engineer for the project, was available to answer questions. Mr. Malone reported the plan met the required specifications for parking. The building was approximately 39,000 square feet. A gas station would also be located on the site. There would be a pharmacy with a drive-through and some room left for other retail stores.

11. CONSIDER ADOPTION OF RESOLUTION NO. 2008-04 AUTHORIZING CITY MANAGER TO PURCHASE 4.0-ACRE TRACT LOCATED ON HIGHWAY 64 EAST IN D. TOWNS SURVEY, A-845, AND TO BORROW FUNDS FOR SAID PURCHASE AND PROPERTY IMPROVEMENTS – Mayor Wilson explained the City had a unique opportunity to purchase the old TxDOT property on Highway 64. He explained the property had a tower to hold radio equipment, room for the police department and some non-essential personnel from City Hall to be located there and adequate parking. The State's original asking price was \$600,000. The City had two appraisals done which came in at \$350,000 and \$380,000 and an offer of \$400,000 was made. Rent currently paid by the City for the police department and a portion of City Hall would pay for the debt on the property. Mr. McCuiston said the property was not in the city limits but could be annexed. Mayor Wilson said there was also room for a future water tower and the elevation was appropriate. Mr. McCuiston said the State had taken more time to respond than anticipated and it was not possible to give Mr. Spruiell the sixty days required to terminate the City Hall lease. He would try to negotiate an agreement whereby the City could rent month-by-month until the buildings were remodeled or the City Hall personnel would have to stay another year. Mayor Wilson said the lease on the Police Department building was up September 30 and they could move at that time. Councilmember Hilliard questioned where Mr. Stephens' office would be located. Mr. McCuiston said that office was on a separate lease and the City could retain that office for him. It had not yet been decided.
12. CONSIDER AUTHORIZATION TO REALLOCATE FUNDS FOR CAPITAL STREET IMPROVEMENTS FROM SEAL COATING PROJECTS TO ELLIOTT STREET PROJECT – Rick Malone said the City would do the digging and removal of the road in-house and then contract out the asphalt work. There would be 1-1/2 inches of compacted asphalt on the road at an approximate cost of \$20,000. Mr. Malone said excess funds would be available after Etheridge Road was completed to use on other road projects. He said Elliott Street would be an easy street to work because there were no utilities to relocate and water and sewer were in the alley. Mr. Malone reported Verizon was finished on Etheridge Road and East Texas Cable should start next week. Ray Brumley said the Etheridge Road project could be completed in three to five months if the weather was good. One hundred twenty days had been scheduled for the job. Councilmember Hilliard cautioned the type of surface used on recent street projects was a problem for people to walk on and shouldn't be used in the downtown area. Mayor Wilson agreed the road surface should be as good as the City could get.
13. CONSIDER APPROVAL OF COMMUNICATIONS SITE LEASE AGREEMENT WITH METRO PCS TEXAS, LLC – Mr. McCuiston requested the item be removed from the agenda.
14. CONSIDER APPROVAL OF AGREEMENT WITH CARTER ENERGY CONSULTING TO NEGOTIATE ELECTRICAL SERVICES FOR CITY OF CANTON – Mr. McCuiston said he reviewed the current contract with Cirro negotiated in 2006 and the City had been paying 10.43 cents per kilowatt hour under its terms. He said he contacted Bill Carter, a retired engineer he knew, and would like to try to negotiate a better rate through his company. The contract with Cirro would not expire until 2009, but Mr. Carter felt he could help the City sell the load sooner and change over. Mr. Carter would help negotiate with both TXU and Cirro for better rates. The potential savings on utility bills for the City would be \$80,000-100,000 if the City's rate dropped from 27 cents to 9 cents per kilowatt. Mr. Carter's rate would be included in the contract and

not be a continuous rate.

15. CONSIDER APPOINTMENTS TO PLANNING & ZONING COMMISSION – Mayor Wilson said Scott Brooks and Lynn Etheridge's terms both expired May 31, 2008. Ms. Etheridge had expressed a willingness to continue to serve. Mr. Brooks was moving out of the city limits and would no longer be eligible to serve. He noted several members of the community had expressed a willingness to serve in some capacity. Donald Spence, Yvonne Pitts, Sandra Perry, Chris Smetak and Susan Gummolt were some of the individuals interested. The City had solicited interested citizens in the newspaper and newsletter. Councilmember Sanford expressed his desire to make the appointment tonight rather than wait.
16. CONSIDER APPOINTMENTS TO BOARD OF ADJUSTMENTS – Julie Seymore said there was a five-member board with one alternate. The positions which expired in May were those of Alton Smith, Bob Moore and Walter Clemments as alternate.

REPORTS

17. MAYOR'S REPORT
18. CITY MANAGER'S REPORT – Rick Malone reported the Parks Department had been working at First Monday and the CYRA field, as well as removing brush from the cemetery. One ball field was completed but the ground was too wet to drive a dump truck to move dirt. Mr. Malone said the State had stocked Old City Lake one time and would continue stocking through October 2009 pursuant to the schedule. He had been attempting to acquire an upgrade for sterile grass carp without costing the City any money. The Streets Department had been doing a lot of patching and sewer and water work. They had also been removing trees from the First Monday creek. The Wastewater Treatment plant had a few mechanical issues and the Water Plant was operating well. Mr. McCuistion said one bridge failed at First Monday and would be removed. Mr. Malone said the work on FM 859 was almost completed. They were working their way from the hospital back to town and were tying into the existing lines. They hoped to finish within thirty days. Alton Smith inquired about the status of building on the First Monday grounds. Mr. McCuistion noted it had been opened back up and anyone interested in building could contact him directly. Councilmember Deibert said a new standardized lease agreement had been finalized and they were ready to proceed with the building plans which had been on hold. Councilmember Hilliard mentioned there were fire hydrants behind private fences on FM 859 which should be relocated to the right-of-way. One fire hydrant was in a hole and would be under water during a big rain. Mayor Wilson agreed the fire hydrants should not be on private property. Ray Brumley said he tried to get the hydrants in the right-of-way but the State wanted them on a private easement. Mayor Wilson requested Mr. Malone readdress the matter with TxDOT and see if the hydrants could be moved out a bit. Councilmember Hilliard said there was water leaking from the new wall at Hillcrest Cemetery and might need a drain installed. Mayor Wilson requested Messrs. McCuistion, Malone and Prather look into that matter.

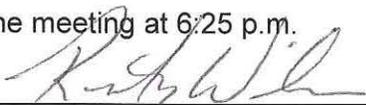
Chief Echois reported some citizens had requested a neighborhood watch for Athens Street. When they investigated the possibility, they found officers were required to be certified; therefore Sgt. Allison and Josh Young would start the two-week training soon. He hoped to use this as a pilot program which could spread city-wide. He said Narcotics had made a lot of arrests. Wal-Mart donated a \$400 camera to the police

department. The Police Department would budget for a video camera in the next budget. The crime rate currently was the same as last year at this time.

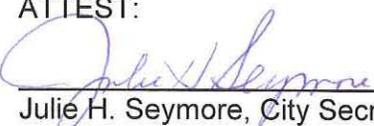
Judge Durham said the Municipal Court was doing well. They were upgrading their software and it would be completed by the end of the month. Jim Stephens reported the sidewalk project would be completed in approximately two weeks. There would be a dedication in May for the thirty-four lampposts purchased through donations. He invited the Council to attend. Julie Seymore reported the annual audit was in progress and the budget process was started for the next year's budget. Mr. McCuiston said Ms. Seymore had just completed a finance class in Austin.

19. ITEMS FOR FUTURE AGENDAS

20. ADJOURN - Mayor Wilson adjourned the meeting at 6:25 p.m.


 Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:30 P.M., TUESDAY, APRIL 15, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, Ron Sanford and William Hilliard. Councilmember Elaine Gothard was absent. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone and Jim Stephens were also in attendance, as well as Police Chief Mike Echols, Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:31 p.m. and declared a quorum present.
2. INVOCATION was given by Jim Stephens.
3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – None
5. PROCLAMATIONS AND ANNOUNCEMENTS – None

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – Lou Ann Everett suggested an information sheet be passed out to all new water customers which explained the rules regarding animal control. Mayor Wilson requested the item be brought up at a later date for further discussion. J.B. Copeland suggested the sewage rate be based on winter usage as a more equitable way for the majority of citizens since water used on yards did not go into the sewer system. Mayor Wilson agreed there might be a better way to determine the rate.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM MARCH 18, 2008 CITY COUNCIL MEETINGS
8. CONSIDER APPROVAL OF MARCH 2008 FINANCIAL STATEMENTS

Upon motion by Councilmember Sanford and second by Councilmember Deibert, Items 7 and 8 were unanimously approved by the Council.

INDIVIDUAL CONSIDERATION

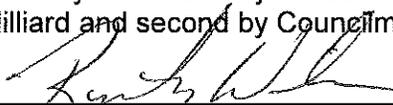
9. CONSIDER REQUEST FROM JOHN DAVID CROW FOR WATER TAP OUTSIDE CITY LIMITS AT 1545 VZCR 2205 – Mayor Wilson announced Mr. Crow had agreed to execute an agreement to annex into the City when eligible. Councilmember Fuller made a motion to grant the request from John David Crow for a single-family residential water tap outside the city limits at 1545 VZCR 2205. Councilmember Hilliard seconded and all voted in favor.
10. CONSIDER APPROVAL OF PRELIMINARY PLAT FOR 7.972-ACRE TRACT LOCATED AT INTERSECTION OF HWYS. 243 AND 64 IN J. DOUTHIT SURVEY, A-198, CANTON, TEXAS, CURRENTLY OWNED BY BROOKSHIRE GROCERY CO. – Councilmember Sanford made a motion to approve the preliminary plat for the 7.972-acre tract located at the intersection of Hwys. 243 and 64 in the J. Douthit Survey, A-198, Canton, Texas, currently owned by Brookshire Grocery Co. Councilmember Fuller seconded and all voted in favor.
11. CONSIDER ADOPTION OF RESOLUTION NO. 2008-04 AUTHORIZING CITY MANAGER TO PURCHASE 4.0-ACRE TRACT LOCATED ON HIGHWAY 64 EAST IN D. TOWNS SURVEY, A-845, AND TO BORROW FUNDS FOR SAID PURCHASE AND PROPERTY IMPROVEMENTS – After speaking with several local banks, Mr. McCuiston felt the City could get a loan with an interest rate of 4-3/8% or lower. Councilmember Deibert made a motion to adopt Resolution No. 2008-04 authorizing the City Manager to purchase a 4.0-acre tract located on Highway 64 East in the D. Towns Survey, A-845, and to borrow \$500,000 for said purchase and property improvements. Councilmember Hilliard seconded and all voted in favor.
12. CONSIDER AUTHORIZATION TO REALLOCATE FUNDS FOR CAPITAL STREET IMPROVEMENTS FROM SEAL COATING PROJECTS TO ELLIOTT STREET PROJECT – Rick Malone said he would compile a spreadsheet on the different coatings available for use and the estimated costs. Councilmember Hilliard said he did not care for the way Woodland, Prairieville and Shady Lane were done. Mayor Wilson

said alternative methods for streets located in town would be considered at a later date. Councilmember Hilliard made a motion to authorize the reallocation of up to \$35,500 for capital street improvements from seal coating projects to the Elliott Street project. Councilmember Sanford seconded and all voted in favor.

13. CONSIDER APPROVAL OF COMMUNICATIONS SITE LEASE AGREEMENT WITH METRO PCS TEXAS, LLC – Upon the city manager's request, Mayor Wilson removed the item from the agenda.
14. CONSIDER APPROVAL OF AGREEMENT WITH CARTER ENERGY CONSULTING TO NEGOTIATE ELECTRICAL SERVICES FOR CITY OF CANTON – Mayor Wilson said the City would not opt out of any existing agreement until it was brought before the Council. Councilmember Sanford made a motion to approve the agreement with Carter Energy Consulting to negotiate electrical services for the City of Canton. Councilmember Fuller seconded and all voted in favor.
15. CONSIDER APPOINTMENTS TO PLANNING & ZONING COMMISSION – Mayor Wilson reiterated Scott Brooks was moving outside the city limits and Lynn Etheridge was interested in continuing her seat on the board. Councilmember Deibert made a motion to appoint Lynn Etheridge and Don Spence to the two two-year positions on the Planning & Zoning Commission. Councilmember Sanford seconded and all voted in favor.
16. CONSIDER APPOINTMENTS TO BOARD OF ADJUSTMENTS – Mayor Wilson said Alton Smith and Bob Moore were both willing to serve again on the Board of Adjustment. Councilmember Hilliard made a motion to re-appoint Bob Moore, Alton Smith to the Board of Adjustment and Walter Clemments as alternate. Councilmember Sanford seconded and all voted in favor.

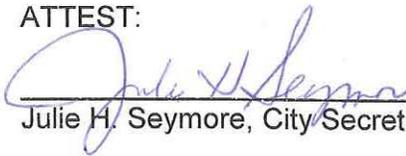
REPORTS

17. MAYOR'S REPORT
18. CITY MANAGER'S REPORT
19. ITEMS FOR FUTURE AGENDAS – Councilmember Fuller said the health ordinance would be ready to review at the next regular meeting. He also requested councilmembers volunteer to cook at the upcoming Bluegrass Festival. Julie Seymore announced early voting would be held at City Hall from April 28 to May 2 from 8:00 a.m. to 5:00 p.m. and on May 5 and 6 from 7:00 a.m. to 7:00 p.m. The election would be held in conjunction with the School District on May 10, 2008, at the Junior High Library from 7:00 a.m. to 7:00 p.m.
20. ADJOURN - Mayor Wilson commended Mr. McCuiston for the time and effort he spent researching new electrical rates. Mayor Wilson adjourned the meeting at 7:53 p.m. upon motion by Councilmember Hilliard and second by Councilmember Fuller.



 Rusty Wilson, Mayor

ATTEST:


Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
12:30 P.M., TUESDAY, MAY 13, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Kevin Deibert, Jim Fuller, and Ron Sanford. Councilmembers Elaine Gothard and William Hilliard were absent. Also present were City Manager Andy McCuiston and Secretary/Finance Officer Julie Seymore.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 12:30 p.m. and declared a quorum present.

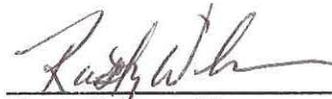
INDIVIDUAL CONSIDERATION

2. OFFICIAL CANVASS OF MAY 10, 2008 GENERAL ELECTION RETURNS – Mayor Wilson announced 367 people voted in the May 10, 2008 General Election—156 during early voting and 211 on election day. He read the following election results for three council positions:

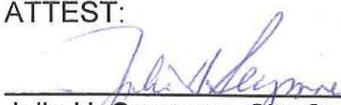
Candidate	Early Voting Votes	Election Day Votes	Total Votes
William F. Hilliard	55	102	157
Raymond Pruitt	52	41	93
Ross Maris	84	75	159
Kevin L. Deibert	67	88	155
Clay Nicklas	73	131	205
Charles Huddle	80	114	194

Ron Sanford made the motion to accept the canvass. Jim Fuller seconded and all voted in favor.

3. CONSIDER ADOPTION OF RESOLUTION NO. 2008-05 DECLARING RESULTS OF MAY 10, 2008 GENERAL ELECTION – Resolution No. 2008-05 declaring the election of Clay Nicklas, Charles Huddle and Ross Maris to the Canton City Council was unanimously adopted upon motion by Ron Sanford and second by Jim Fuller.
4. ADJOURN – There being no further business to discuss, the meeting was adjourned at 12:33 p.m. upon motion by Kevin Deibert and second by Ron Sanford.


Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL

5:15 P.M., TUESDAY, MAY 20, 2008

City Hall Council Chambers

290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas, and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck, Rick Malone and Jim Stephens were also in attendance, as well as Police Chief Mike Echols, Fire Chief Charles Bazhaw, Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:16 p.m. and declared a quorum present. He explained there would be no work session that evening.
2. INVOCATION was given by Jim Stephens.
3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.

AWARDS / PROCLAMATIONS / ANNOUNCEMENTS

4. ISSUE CERTIFICATES OF ELECTION, ADMINISTER STATEMENTS OF ELECTED OFFICER AND OATH OF OFFICE TO NEWLY ELECTED COUNCILMEMBERS – Judge Durham administered the Oath of Office to newly-elected Councilmembers Clay Nicklas, Charles Huddle and Ross Maris.
5. PRESENTATION TO OUTGOING COUNCILMEMBERS RECOGNIZING THEIR DEDICATED SERVICE TO THE CITY OF CANTON AND ITS CITIZENS – Mayor Wilson presented plaques to outgoing Councilmembers Elaine Gothard and Kevin Deibert and expressed his gratitude and appreciation to them and William Hilliard for their service to the City.
6. PRESENTATION TO RECIPIENTS OF CITY OF CANTON FIRST MONDAY SCHOLARSHIP AND RAYFORD HUTCHERSON MEMORIAL SCHOLARSHIP – Mayor Wilson announced he didn't want to pre-empt the scholarship awards ceremony at the high school that week so the presentation would be made at a later meeting.
7. DECLARATIONS REGARDING CONFLICTS OF INTEREST – None

REPORTS

8. **MAYOR'S REPORT AND PRESENTATION** – Mayor Wilson requested the City Manager and department heads update the new councilmembers on the status of current projects and future goals of the City. He said at the beginning of his term, he set two priorities for the City. One was to completely reduce the current debt to zero by 2015, which was the earliest possible time the new certificates of obligation could be paid down. He wanted that to be a top priority for any future council. He said any new debt incurred should be paid off by 2020, barring any unforeseen circumstances. Mayor Wilson acknowledged there was a necessity for a new city hall and improvements to the water and wastewater treatment plants. He said he would like proceeds from First Monday to be used to pay down debt at a faster rate. Another key goal was to prepare Canton for the future by planning additional water resources, be it additional water wells, water discharge reuse, or a potential new reservoir.

9. **ORIENTATION OF NEW COUNCILMEMBERS** – Andy McCuiston presented a list of 2008-2009 Goals and Objectives for consideration by the Council. Goal 1 was to improve communication with citizens with the objectives of developing a new website, installing a sound system in council chambers, and posting meeting agendas in multiple locations. Goal 2 was to review and adopt new financial policies with objectives to include using bond sales instead of certificates of obligations to fund long-term debt and developing a multi-year plan to use First Monday funds for capital improvements rather than to fund City operational funds. Goal 3 was to address organizational issues with objectives to improve credibility of staff and the Council with citizens, to improve customer service throughout the organization, and to realign levels of workload. Goal 4 was to promote a positive environment for economic development in the community. Goal 5 was to enhance the quality of life in Canton with the objectives to continue to fund capital expenditures for infrastructure improvements and to pursue recreational, cultural and aesthetic improvements in the community.

Julie Seymore pointed out handbooks were created for new councilmembers giving them information about the procedures and the duties of the office. She reminded each new councilmember they were required to complete the training on the open meeting act within ninety days. Also included in the packets was the 2004 Comprehensive Plan for Canton which gave the framework for the City's objectives and growth. Mr. McCuiston stated this would be an excellent time to review the comprehensive plan for any possible adjustments.

Julie Seymore reported field work was finished on the 2005-2006 audit and they had started on the 2008-2009 budget process. She enrolled in a government finance program. An audit was done at the animal shelter. A bank reconciliation program had been purchased so bank reconciliations could be done in-house. Credit card payments were being taken at City Hall. The process for codification of ordinances had begun. A general election and recount had been completed. Additional press releases were issued during the year. The materials provided to the Council for meetings had improved. A new method for informing councilmembers of community events had been developed. Mr. McCuiston added he was making progress in reviewing personnel policies and he should be completed by year end.

Jim Stephens expressed his gratitude for working in the City of Canton and with the great staff. He said the volunteer base in the City continued to grow. The new sidewalks would soon be completed. The light posts were installed and would be

dedicated within a few weeks. CEDC had actively marketed Canton as a premiere location for targeted industries and retail to create new jobs and new sales tax dollars. It had distributed \$104,500 in community enhancement grants to worthy projects in the community and had assisted the Reclamation Station in securing a chipper/shredder and baler to recycle cardboard and paper in the community. The City had also taken an active role in the Welcome Home Soldier Program. Mayor Wilson announced Jim Stephens was leaving Canton to become the City Manager in Wills Point and a reception for him would be held May 22 at 5:00 p.m. at the Plaza Museum.

Judge Durham reported the status of the Court Clerk had changed from part-time to full-time. A new fines schedule had been created. New court software was purchased and installed and they were being trained to work the new program. Mandatory training for the judge and clerk was completed. Past-due cases had been disposed of in a timely manner and various payment plans were now being offered. A warrant list was provided to the Police Department to work during regular patrol hours. They were in the process of looking for a part-time bailiff. Research was being done regarding collection of fines on-line.

Chief Echols reported the police department bought a new vehicle which was being equipped and on the street. His goal was to expand the relationship between the community and the police department. Two officers had been trained in the Neighborhood Watch Program. He hoped to make the program city wide. Participants would be able to obtain discounts on their home insurance. The main goal was to keep crime down. Chief Echols reported major crimes had decreased every year over the past few years. They implemented a VistaCom recorder system to record all telephone and radio lines. A mapping system was in place to enable them to pinpoint addresses. Mr. McCuiston said the City acquired the TxDOT property for the relocation of the police department and they were in the process of developing the layout of the building.

Chief Bazhaw reported the Fire Department obtained eight sets of PPE bunker gear as well as twenty-five sets of Wildland Firefighting Gear through special grants. It had also been awarded a grant from the Texas Commission on Fire Protection for PPE gloves, hoods and SCBA bottles and a grant from FM Global Company to obtain a hydrocarbon detector for the investigation of fires. The fire department also received a Department of Homeland Security grant to receive a HAZMAT detection device called DEFENDER. A Citizens Fire Academy program was implemented through a \$2000 grant from WalMart. The first class was almost finished and was a success. Chief Bazhaw said in 2001 the Council passed a revenue recovery program which allowed the fire department to recover some of its costs incurred when answering calls outside the city limits. The expenses could be calculated and passed on at an hourly rate. The program was not being utilized at this time, but he wanted to reinstate it to recoup some of the lost expenses.

Rick Malone reported the City had a new city-wide e-mail system which could be checked anywhere. All councilmembers could use the e-mail. He also developed a GIS mapping system through an ETCOG grant. The wastewater treatment plant upgraded its UV system with new automatic timing and new flow. They started performing experiments on the digesters using activated bacteria and were saving \$1500-1800 per month in electrical costs. A new permit was obtained to upgrade the plant to 1.3 million gallons per day. The water treatment plant had installed a new air-scour system and filters. The plant now conducted tests every fifteen minutes, twenty-four hours a day, to comply with the new laws. The Etheridge Road project was begun. Shady Lane and

part of Tower Street had been resurfaced. A new drainage structure was installed on Amy Street as well as a six-inch water line on Athens Street. The FM 859 water line was 85% complete. The Hwy. 19 water and sewer lines were installed. The Parks Department was reorganized due to the acquisition of the CYRA property.

Lonny Cluck reported a First Monday Master Plan had been developed. The senior citizens parking lot had been resurfaced. Two bridges were being rebuilt. Areas for the Hill Parking and VIP parking were designated. Signage on the grounds and the rest areas were improved. Outside gates had been keyed and a program implemented to allow emergency access. A new program for recycling cardboard boxes was implemented. Mr. McCuiston reported he was developing a standard master lease for everyone. The lease had stronger language on people paying sales tax. The vendors would pay for the buildings and the utilities, not the City. They started a plan for flood retention to alleviate flooding on the grounds.

Mr. McCuiston pointed out a budget calendar with proposed meeting dates and deadlines which must be met in the budget process. Council would see the proposed budget July 26, 2008, at a work session scheduled at Mill Creek RV park. A tour for new councilmembers would be given Thursday to tour the community and see certain projects in progress.

CITIZEN'S FORUM

10. **CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA** – Jason Bennett requested the Council review the new animal ordinance and its restriction on tethering animals on a trolley or pulley system. He felt it caused problems for individuals who wanted to contain their animals in their yard. The trolley system was allowed by state law. Other cities were not so restrictive. Councilmember Fuller said he was not inclined to reconsider the language in the ordinance. He suggested Mr. Bennett build a higher fence or have an electric fence. Mayor Wilson said the Council could not act on the matter at that time because it was not on the agenda, but said the Council would look into the matter.

CONSENT AGENDA

11. **CONSIDER APPROVAL OF MINUTES FROM APRIL 1 AND 15, 2008 CITY COUNCIL MEETINGS** – The minutes of the City Council meeting from April 1 and 15, 2008, were unanimously approved upon motion by Councilmember Sanford and second by Councilmember Fuller.
12. **CONSIDER APPROVAL OF APRIL 2008 FINANCIAL STATEMENTS** – Mr. McCuiston reported the cash balance in the bank was over \$5 million, which included the \$1.4 million for Etheridge Road repairs. Julie Seymore reminded the Council the bond payment was due July 1 and was approximately \$900,000. The April 2008 financial statements were unanimously approved upon motion by Councilmember Fuller and second by Councilmember Maris.
13. **CONSIDER ADOPTION OF RESOLUTION NO. 2008-06 AUTHORIZING SIGNERS ON ALL CITY OF CANTON ACCOUNTS WITH FRANKLIN BANK** – Mr. McCuiston informed the Council the signers on the accounts with Franklin Bank needed to be changed due to Mr. Stephens' resignation. Ms. Seymore said all checks required two

signatures. Rick Malone would be substituted for Mr. Stephens on the resolutions. Councilmember Sanford made a motion to adopt Resolution No. 2008-06 authorizing signers on all City of Canton accounts with Franklin Bank as any two of Mayor Wilson, Andy McCuiston, Julie Seymore, and Rick Malone. Councilmember Fuller seconded and all voted in favor.

14. CONSIDER ADOPTION OF RESOLUTION NO. 2008-07 AUTHORIZING SIGNERS ON ALL CITY OF CANTON ACCOUNTS WITH TEXPOOL – Mr. McCuiston said the situation was the same with TexPool Accounts. Mr. Malone was replacing Mr. Stephens as a signer. Councilmember Maris made a motion to adopt Resolution No. 2008-07 authorizing Mayor Wilson, Andy McCuiston, Julie Seymore, Debbie Phillips and Rick Malone as signers on all City of Canton accounts with TexPool. Charles Huddle seconded and all voted in favor.
15. CONSIDER ADOPTION OF RESOLUTION NO. 2008-08 AUTHORIZING APPLICATION TO TCEQ FOR AUTHORIZATION TO REUSE RETURN FLOWS – Mr. Malone stated the Sabine River Authority had the paperwork to get all current and future water rights on the Sabine River. Canton was trying to obtain the future discharges which would give the City a bargaining chip when it built a new lake. The City would own the future rights for water discharge in the future. It would give the City a bargaining tool if it had to buy water. Mr. Malone said if the City built a lake in the future and water went in or out of the Sabine River, the City had to buy the water. Councilmember Maris made a motion to adopt Resolution No. 2008-08 authorizing the application to TCEQ for the authorization to reuse return flows. Councilmember Huddle seconded and all voted in favor.
16. CONSIDER ADOPTION OF RESOLUTION NO. 2008-09 AUTHORIZING CONTINUED PARTICIPATION WITH STEERING COMMITTEE OF CITIES SERVED BY ONCOR; AND AUTHORIZING PAYMENT OF 10 CENTS PER CAPITA MEMBERSHIP FEE – Mr. McCuiston reported a proposed rate increase from Oncor. He said a group of cities had united to take these type cases to court. He felt it was a worthwhile investment and had been advantageous to the City in the past. Councilmember Sanford made a motion to adopt Resolution No. 2008-09 authorizing the continued participation with the steering committee of cities served by Oncor and authorizing a 10 cent per capita membership fee. Councilmember Fuller seconded and all voted in favor.
17. CONSIDER ADOPTION OF ORDINANCE NO. 2008-08 AUTHORIZING THE PLACEMENT AND ENFORCEMENT OF STOP SIGNS AT FORREST DRIVE AND SIDES CIRCLE – Mr. McCuiston said several complaints had been received concerning speeding on Forrest Drive. Various options were considered and the best one seemed to be to place stop signs at one of the intersections with Sides Circle. The ordinance authorized the placement of signs at both intersections but, for now, only one intersection would have the signs. Councilmember Huddle made a motion to adopt Ordinance No. 2008-08 authorizing the placement and enforcement of stop signs at Forrest Drive and Sides Circle. Councilmember Sanford seconded and all voted in favor. At the suggestion of Ron Perkins, Mayor Wilson instructed a notice be published in the paper and notices be distributed to make all citizens aware of the change and maybe even place a warning flag on the pole to bring attention to the sign.

INDIVIDUAL CONSIDERATION

18. CONSIDER APPOINTMENT OF MAYOR PRO TEM – Councilmember Fuller made a

motion to appoint Ross Maris as Mayor Pro Tem. Councilmember Huddle seconded and all voted in favor.

19. CONSIDER ADOPTION OF RESOLUTION NO. 2008-10 ESTABLISHING GUIDELINES FOR COUNCIL INTERACTION WITH CITY STAFF – Mayor Wilson said councilmembers should go through the city manager and not give instructions to employees directly. Mr. McCuiston said this would not prohibit the Council from interfacing with the staff but, if they felt something could be done differently or better, it would be better to go through him to avoid confusion. Councilmember Sanford made a motion to adopt Resolution No. 2008-10 establishing guidelines for council interaction with city staff. Councilmember Nicklas seconded and all voted in favor.
20. CONSIDER APPROVAL OF AGREEMENT WITH CANTON INDEPENDENT SCHOOL DISTRICT (CISD) ALLOWING CISD TO INSTALL FIBER OPTIC TELECOMMUNICATIONS SYSTEM IN CITY RIGHT-OF-WAY – Dr. Jerome Stewart of Canton ISD stated the agreement would save them a great deal of cable and gave the City \$50,000 worth of cabling to use in the future. It allowed the CISD to have shorter routes for their fiber optics. CISD takes on all the liability and cost. It would be a benefit to the City. Mayor Wilson questioned whether or not they had looked at using poles rather than going underground. Dr. Stewart said they had investigated that possibility but felt going underground would be the best way. Dr. Stewart also said if something was torn up in the process of burying the cable, it would be repaired at the expense of CISD. Rick Malone said there would be a problem on Hwy. 243 when TxDOT widened the road in the next few years and utilities had to be relocated. Richard Davis requested the agreement be redrafted to include language that CISD would bear the cost for any repairs to their system if the City damaged it during its normal operations in the rights-of-way. Mr. Malone suggested putting the cable on the south side of Hwy. 243 even though the road would have to be bored. Councilmember Huddle suggested the cable be placed outside TxDOT's right-of-way so it would not have to be relocated later. Mr. Malone said everything had just been relocated at the intersection and some lines were put on private property. TxDOT might also take a little more than fifteen feet for their right-of-way. John Norman suggested going on Elm Street. Mr. Malone said going from Park to Elm down the sewer right-of-way on Towles and through the woods would be an improvement for the City and a shorter route. Councilmember Huddle made a motion to approve the agreement with Canton Independent School District allowing CISD to install a fiber optic telecommunications system in the City's right-of-way with the stipulation that the agreement be amended to state CISD would pay for any changes or repairs caused by the City and on the determination of a mutually-agreeable route. Councilmember Maris seconded and all voted in favor. Mr. Malone and Dr. Stewart would meet to agree on the path the cable would be installed.
21. CONSIDER APPROVAL OF COMMUNICATIONS SITE LEASE AGREEMENT WITH METRO PCS TEXAS, LLC – Mr. McCuiston said an exit clause had been added to the agreement and the equipment would be placed on city property. Councilmember Maris pointed out MetroPCS Texas had the option to leave at any time but the City was obligated for twenty years. He felt the lease was too one-sided. Mr. Davis agreed the contract was not in the City's favor. Mayor Wilson instructed Mr. McCuiston to attempt to reach a different type of arrangement with MetroPCS.
22. CONSIDER ADOPTION OF ORDINANCE NO. 2008-09 AMENDING ATMOS ENERGY FRANCHISE FEES – Mr. McCuiston explained the franchise agreement with Atmos was executed in the 1980's. The City currently received 3% of gross revenues but due to a

stipulation of a recent settlement agreement now had the option to raise the franchise fee to 5%. Revenues would increase from \$18,000 to \$30,000 but would only amount to approximately 19 cents a month for each customer. The 5% would be in effect until the agreement was renegotiated in 2010. Councilmember Sanford made a motion to adopt Ordinance No. 2008-09 amending the Atmos Energy franchise fee to 5%. Councilmember Fuller seconded and all voted in favor.

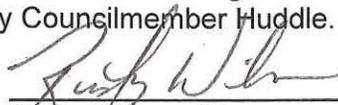
23. CONSIDER ADOPTION OF ORDINANCE NO. 2008-10 AMENDING ORDINANCE NO. 2007-38 REGULATING MINIMUM EXTERIOR STANDARDS FOR ALL STRUCTURES INSIDE CITY LIMITS TO REDUCE RESTRICTION OF EIFS ON BUILDING EXTERIORS – Mr. McCuiston said the current ordinance required a minimum of four feet above ground level for the installation of EIFS and a maximum of 50% EIFS on any side. The new ordinance reduced the minimum above ground level to three feet and eliminated the 50% requirement. Debra Johnson advised the Planning & Zoning Commission had reviewed the request and recommended the change. Councilmember Fuller made a motion to Adopt Ordinance No. 2008-10 amending Ordinance No. 2007-38 regulating the minimum exterior standards for all structures inside the city limits to reduce the restriction on EIFS on building exteriors. Councilmember Maris seconded and all voted in favor.
24. CONSIDER APPROVAL OF PRELIMINARY PLAT FOR PROPOSED SUBDIVISION ON FOSTER STREET – Mr. McCuiston advised the Planning & Zoning Commission recommended the approval of the plat. Councilmember Huddle made a motion to approve the preliminary plat for the proposed subdivision on Foster Street. Councilmember Sanford seconded and all voted in favor.
25. CONSIDER APPOINTMENT TO PLANNING & ZONING COMMISSION – Julie Seymore advised a vacancy was created with Mr. Huddle's election to the Council. Rusty Williams said some proposed candidates were Yvonne Pitts and Brad Williams. Julie Seymore said Mr. Williams preferred to serve on CEDC. Susan Gummelt also requested CEDC. The individual had to reside within the city limits. Councilmember Huddle recommended Mike Phillips. Mayor Wilson tabled this matter until the next council meeting and instructed that Mr. Phillips be contacted and another ad be placed in the newspaper. He asked that a short list of candidates be provided at the next regular meeting.

EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.072.

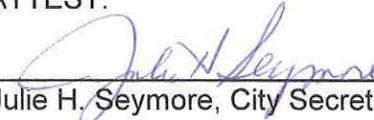
26. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) – PROPERTY LEASE WITH BILLY JACK DEEN – Following a short recess at 7:03 p.m., the Council convened in closed session at 7:07 p.m. for deliberations regarding the potential purchase, lease or sale of real property.
27. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION – The Council reconvened in open session at 7:27 p.m. Mayor Wilson announced no action would be taken on the Billy Jack Deen lease at that time.

- 28. CONSIDER APPROVAL OF LEASE AGREEMENT WITH BILLY JACK DEEN
- 29. ITEMS FOR FUTURE AGENDAS – Mayor Wilson said he would make committee appointments at the next Council meeting.
- 30. ADJOURN - Mayor Wilson adjourned the meeting at 7:29 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

REGULAR WORK SESSION OF THE CANTON CITY COUNCIL
5:30 P.M., MONDAY, JUNE 16, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Clay Nicklas, Ross Maris and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore and Director Rick Malone were also in attendance, as well as Linda Hatfield, Police Chief Mike Echols, Fire Chief Charles Bazhaw, and City Attorney Richard Davis.

Discussion and action were as follows:

- 1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present.
- 2. INVOCATION - None during work session
- 3. PLEDGE OF ALLEGIANCE - None during work session
- 4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None during work session
- 5. PROCLAMATIONS AND ANNOUNCEMENTS
 - A. PRESENTATION TO RECIPIENTS OF 2008 CITY OF CANTON FIRST MONDAY SCHOLARSHIP AND RAYFORD HUTCHERSON MEMORIAL SCHOLARSHIP

CITIZEN'S FORUM

- 6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM MAY 13 AND 20, 2008 CITY COUNCIL MEETINGS – There were no comments regarding the May 13 and 20, 2008, minutes.
8. CONSIDER APPROVAL OF MAY 2008 FINANCIAL STATEMENTS – Andy McCuiston reported the cash balance was \$112,000 higher than the previous month and First Monday had taken in \$80,000 more than the previous year at this time. Julie Seymore stated the bond payments would be made the last day of June in the amount of \$944,000. Mayor Wilson cautioned about increasing sales tax revenue in the upcoming year's budget due to the uncertainty of the economy.
9. CONSIDER AWARDED CONTRACT FOR GRANT ADMINISTRATION OF TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) – Mr. McCuiston explained the contract for grant administration was with GrantWorks for the Wynne Road water line project. Ms. Seymore explained the company prepared the original grant application and was the sole respondent to an RFP for services to oversee and administer the grant.

INDIVIDUAL CONSIDERATION

10. PRESENTATION BY CONWAY COMPANY, CPAS REGARDING 2006-2007 FISCAL YEAR AUDIT – Mr. McCuiston explained Mr. Conway was unable to attend because of the change in the meeting date and requested items 10 and 11 be tabled until the next meeting.
11. CONSIDER ACCEPTANCE OF 2006-2007 FISCAL YEAR AUDIT
12. CONSIDER ADOPTION OF ORDINANCE NO. 2008-11 REGULATING OUTDOOR BURNING WITHIN THE CITY OF CANTON – Chief Bazhaw noted the City had a current ordinance banning all burning inside the city limits and presented a proposed ordinance allowing for the regulation of the burning of leaves and limbs inside the city limits. The ordinance required a distance of fifty feet from any structure for outdoor burning. It also required a permit be obtained and an inspection made of the burn site prior to burning. The ordinance continued the ban on burning rubbish. Ms. Seymore explained the caption of the ordinance would be published in the newspaper. Mayor Wilson also suggested a notice be placed in the newsletter and on the website. Chief Bazhaw said there would be a \$200 fine for violation of the ordinance. After a brief discussion regarding whether or not fifty feet was the best distance to use from a structure, Mayor Wilson instructed Mr. McCuiston to do more research into the matter and present the ordinance at the next meeting. Councilmember Maris suggested language in the ordinance regarding the size of the fire.
13. CONSIDER AMENDMENT OF ANIMAL CONTROL ORDINANCE NO. 2008-06 – Mayor Wilson suggested some type of middle ground be discussed regarding the tethering of dogs on a dog run or trolley. Councilmembers Fuller and Huddle both expressed dislike of having dogs tethered.
14. CONSIDER AMENDMENT TO ORGANIZATIONAL STRUCTURE – Mr. McCuiston suggested moving the Parks Department, currently under the Public Works Director, to under Director of First Monday Lonny Cluck because the activities needed to be coordinated between First Monday, the parks and the ballpark. It also helped readjust the

level of the staff load under Public Works. Mr. McCuistion said it was hard to determine whether or not each department could handle the workload because a full year had not passed since the Parks Department was enlarged and he might request additional help in next year's budget. There was no objection from the Council to the change.

15. **CONSIDER COUNCIL'S GOALS AND OBJECTIVES FOR FY 2008-2009 BUDGET** – Mr. McCuistion requested any comments or changes to the list of goals he had presented at the previous meeting. He added he planned to take the office administration out from under the direction of the EDC/Main Street Director and place the receptionist and water clerk positions under the direction of Julie Seymore. He was also considering removing the marketing and advertising from the First Monday Department and combining it with advertising for the City, although First Monday would retain responsibility for the content of the ads. Mr. McCuistion said \$25,000 had been budgeted for the First Monday website. He was not sure how much it would cost to redo the City website. He said the City planned to make its own routine updates for the website by the end of the current year. He anticipated using one First Monday person and one City person; however, Mayor Wilson suggested it might be best to have one person handling all updates.
16. **CONSIDER APPOINTMENT TO FILL A VACANCY ON THE PLANNING & ZONING COMMISSION** – There was a short discussion regarding the qualifications for applicants for various boards and commissions and the procedure followed. Charles Huddle proposed Kerry Huddle's name as a possibility for the Planning & Zoning Commission. Mayor Wilson instructed the staff to obtain background information on individuals interested in any positions. He also instructed staff to contact Mike Phillips and Kerry Huddle about their interest on serving on the Planning & Zoning Commission.
17. **CONSIDER APPOINTMENT TO CANTON ECONOMIC DEVELOPMENT CORPORATION** – Mayor Wilson tabled the item.
18. **MAYOR'S REPORT**
 - A. **REPORT ON COUNCIL COMMITTEE APPOINTMENTS**
19. **CITY MANAGER'S REPORT** – Mr. McCuistion reported local banks had been contacted and bids requested on financing for the TxDOT property. Based on RFP's, he selected the best bid from First National Bank who proposed 4.35% for the first five years. Mr. McCuistion reported there was an opportunity to refund some of the 1995 certificates of obligation and save approximately \$100,000 by doing so. Julie Seymore informed Council a special meeting would be necessary to adopt a resolution authorizing the action. She said John Martin had assured them the \$100,000 savings was inclusive of all fees. Mr. McCuistion also stated the cost of building the type of Expo Center Canton desired was approximately \$10 million. He said even building the project in stages would be cost-prohibitive at this time unless a private investor wished to partner with the City. Mr. McCuistion recommended shelving the project until such time as prices came down or a private investor came forward.

EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.072.

20. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (SECTION 551.072)

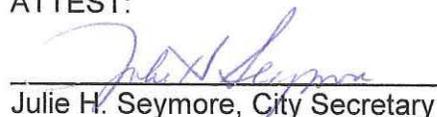
RETURN TO OPEN SESSION

21. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
22. CONSIDER APPROVAL OF LEASE AGREEMENT WITH BILLY JACK DEEN
23. ITEMS FOR FUTURE AGENDAS
24. ADJOURN - Mayor Wilson adjourned the meeting at 6:16 p.m.



Rusty Wilson, Mayor

ATTEST:



Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL

6:30 P.M., MONDAY, JUNE 16, 2008

City Hall Council Chambers

290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Clay Nicklas, Ross Maris and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Director Rick Malone were also in attendance, as well as Linda Hatfield, Police Chief Mike Echols, Fire Chief Charles Bazhaw, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:31 p.m. and declared a quorum present.
2. INVOCATION was led by Rick Malone.
3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None
5. PROCLAMATIONS AND ANNOUNCEMENTS
 - A. PRESENTATION TO RECIPIENTS OF 2008 CITY OF CANTON FIRST MONDAY SCHOLARSHIP AND RAYFORD HUTCHERSON MEMORIAL SCHOLARSHIP – Mayor Wilson presented the 2008 First Monday Scholarship to

Craig Walters and the Rayford Hutcherson scholarship to Brandy Everett. He explained the scholarships were for \$1000 each year for four years. He expressed his appreciation for the quality of the applicants received.

CITIZEN'S FORUM

6. **CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA** – Ron Perkins expressed an interest in having transportation systems put in place for students attending Tyler Junior College in Tyler or for elderly individuals who might need assistance to and from doctors' appointments. He suggested providing carpooling or gas rations. Kay Murphree questioned why all meeting agendas were not published in the newspaper or in three separate locations and how the selection was made of the official newspaper. Julie Seymore informed Ms. Murphree it was her understanding that public hearings had to be published in the newspaper but general meeting agendas did not. Virginia Jones commended the individual who mowed the soccer fields and the north side of city lake. She requested trimming be done on either side of the bridge on Kaufman Road. She also asked that the ravine by the soccer field be cleaned up because of the number of children who played in the area. She said one of the railings on the bridge had broken off and was a dangerous place for children. Mayor Wilson said that repair would be completed in the next day or so. Mrs. Jones also said there was an area in her neighborhood where garbage bags had been dumped. She said the garbage had been there six years and requested the area be cleared out. She also requested some of the dead trees on Billy Street be taken out because they were dangerous. Mrs. Jones suggested a nature trail be made from the path from Cherry Creek to the park. Mayor Wilson said that had been in the original plan for the park but the matter was tabled and never revisited. Mrs. Jones encouraged the placement of more picnic tables at the boat ramp rather than by the ravine so trash would not be scattered in so many areas. She felt people who used the soccer field should pick up the area when they were finished.

CONSENT AGENDA

7. **CONSIDER APPROVAL OF MINUTES FROM MAY 13 AND 20, 2008 CITY COUNCIL MEETINGS**
8. **CONSIDER APPROVAL OF MAY 2008 FINANCIAL STATEMENTS**
9. **CONSIDER AWARDED CONTRACT FOR GRANT ADMINISTRATION OF TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

Items 7, 8 and 9 on the Consent Agenda were unanimously approved upon motion by Ross Maris and second by Ron Sanford.

INDIVIDUAL CONSIDERATION

10. **PRESENTATION BY CONWAY COMPANY, CPAS REGARDING 2006-2007 FISCAL YEAR AUDIT** – Items 10 and 11 were tabled until the next meeting due to Mr. Conway's inability to attend the meeting.
11. **CONSIDER ACCEPTANCE OF 2006-2007 FISCAL YEAR AUDIT** – Tabled

12. CONSIDER ADOPTION OF ORDINANCE NO. 2008-11 REGULATING OUTDOOR BURNING WITHIN THE CITY OF CANTON – Item 12 was tabled to allow Chief Bazhaw to research the basis for the regulation requiring allowable burns be fifty feet from any structure.
13. CONSIDER AMENDMENT OF ANIMAL CONTROL ORDINANCE NO. 2008-06 – There was a brief discussion regarding the enforcement of the existing ordinance. Ross Maris suggested people did not comply with ordinances because the citizens were not educated in what ordinances existed. Julie Seymore informed Council that the Welcome to Canton brochure given to all new water customers had been revised to include information about some of the ordinances on animals and weeds. Mayor Wilson suggested highlighting some of the basics of the ordinances in the newsletter. Mrs. Jones expressed dissatisfaction with the way complaints were handled and wanted phone numbers for supervisors in order to communicate problems. Mr. McCuistion said he was developing a complaint process whereby he could review all complaints received and how they were handled. No motion was made to amend Animal Control Ordinance No. 2008-06.
14. CONSIDER AMENDMENT TO ORGANIZATIONAL STRUCTURE – Mr. McCuistion recommended moving the Parks Department under Lonny Cluck's supervision at First Monday to facilitate the coordination of the two departments and to level the staff load. Councilmember Maris made a motion to amend the organizational structure moving the Parks Department from under the supervision of Public Works to the supervision of Lonny Cluck in the First Monday Department. Clay Nicklas seconded and all voted in favor.
15. CONSIDER COUNCIL'S GOALS AND OBJECTIVES FOR FY 2008-2009 BUDGET – Councilmember Maris requested a committee be formed to determine the location of a new city hall. He said a site should be determined now in the event property needed to be obtained. The committee might even take into consideration what should be contained inside the city hall, such as meeting rooms. Mayor Wilson instructed everyone to make recommendations on who could serve on the committee. Councilmember Nicklas suggested tying this committee into the one which would review the Comprehensive Plan. Mayor Wilson suggested a questionnaire be developed to determine the needs and wants of the citizens regarding city hall. Virginia Jones urged the Council to build for future growth of the city. Mr. McCuistion said he had spoken to Dr. Eberhart about the annexation of the rodeo arena property. Annexation of that property would facilitate bringing the TxDOT property into the city.
16. CONSIDER APPOINTMENT TO FILL A VACANCY ON THE PLANNING & ZONING COMMISSION – Mayor Wilson instructed staff to contact at least two individuals to recommend.
17. CONSIDER APPOINTMENT TO CANTON ECONOMIC DEVELOPMENT CORPORATION – Mayor Wilson tabled Item 17 until such time there was a vacancy on the board.
18. MAYOR'S REPORT
 - A. REPORT ON COUNCIL COMMITTEE APPOINTMENTS – Item 18 was taken out of order at approximately 8:23 p.m. Mayor Wilson appointed the following committees:

First Monday Committee – Clay Nicklas and Jim Fuller (other members shall remain the same); and
Public Safety Committee – Ron Sanford and Ross Maris; and

Streets/Public Works Committee – Charles Huddle and Jim Fuller.

Mayor Wilson said the Streets/Public Works Committee gave recommendations as to what streets needed attention. Mr. McCuistion said Rick Malone and Jerry Shamlin were developing a list of streets and the condition and size of each to determine the cost of repair. There was a general discussion about the conditions of streets and the repairs done in the City. Mr. McCuistion said he hoped to budget for a street patching machine that could make better repairs on potholes. He said he was not sure at this time how much could be allocated in next year's budget for road repair.

19. CITY MANAGER'S REPORT – Rick Malone reported they were about to start installing water taps on Etheridge Road. They will then work on the storm sewer and the street itself would probably start in sixty days. He felt the project could be completed by October 1, 2008. Mr. Malone said the FM 859 project was in the clean-up stage. They were hydro-mulching and planting grass. The old water lines were left in and they would start phasing those out as the city grew, starting with the AC line. Mr. Malone said they were shooting profiles on storm water in preparation of a First Monday storm water study. They were working on the water pressure on Etheridge and deciding whether to boost or raise the existing water tower. A hydrology report was being prepared to assist in the planning of a possible new reservoir. Work began on the First Monday bridges and would be completed by First Monday. Mr. Malone said the strip center was progressing. Brookshires was getting its construction permits. Julie Seymore informed Council the groundbreaking at Brookshires was Friday at 11:00 a.m. Mr. Malone said Mr. Burton would be in Canton that week to finalize the water planning on I-20. He said everything was going well in the Parks, Water, Utilities and Wastewater Treatment departments.

Chief Echols reported everything was running smoothly. He said the crime in surrounding towns was increasing because of the economy. The police department was taking steps to change the way they patrolled. They were short one police officer due to health problems. The department was reimbursed \$13,950 for the new equipment that recorded all their calls. They also had received forfeiture money. Chief Echols said there was an error in the number of citations issued due to the new software in the municipal court. The number was short by 41. This year was a training year and his personnel would be attending mandatory training.

Chief Bazhaw reported he was spending a lot of time planning and trying to organize the department to determine which direction to go. The department had done a good job in obtaining available grants and had saved the City a significant amount of money. He was starting a recruitment drive for volunteers this fall. He was developing an application and training procedure for new employees. A new diesel pump was installed at the fire department so they could obtain diesel fuel at a lower cost. A replacement program for the fleet needed to be put in place. Chief Bazhaw said he was in the process of developing a fire flow analysis, starting with the downtown area, to get an idea of what kind of equipment might be needed. A rescue revenue program from 2001 was being implemented to recoup costs for calls out in the county. Mr. McCuistion said he hoped enough money could be raised to pay the debt service on any new equipment purchased. There was a brief discussion regarding the number of calls in the county and whether or not it left the city unprotected. Councilmember Maris suggested the development of a fire district. He wanted to give other cities in the county notice that Canton was going to protect its citizens first and not give free service out in the county. Chief Bazhaw discussed the emergency plan in place in the city and the NIMS training done for all key personnel. Mayor Wilson recognized Chief Bazhaw and his department's fast response

during the recent tornado on the First Monday grounds. Councilmember Maris also commended Chief Bazhaw on the great job he had done in the short time he had been in Canton.

Linda Hatfield reported Lonny Cluck was on vacation and crews were cleaning up mud in the buildings from the previous week's flooding. Ms. Hatfield hoped the work being done on the grounds could help the drainage situation. The Children's Advocacy Walk was held on the First Monday grounds and Lewis property the prior weekend and raised \$20,000. Mayor Wilson recognized the level of cooperation present that helped make the event a success. June 13 had already been reserved to hold the event next year. Ms. Hatfield said the whole First Monday department completed CPR and First Aid training and were provided by Canton EMS bags to keep on the golf carts to handle minor emergencies. She said the Bluegrass Festival was coming up and the men were working on the grounds to prepare for that.

Mr. McCuiston said interviews were scheduled for June 24 for three candidates for the EDC and Main Street position. Julie Seymore reminded everyone about the parade at 10 a.m. and fireworks about 9:00 p.m. on July 4. A concert was scheduled at the Todd Berry building immediately following the fireworks. She added that the annual water confidence report would be going out by July 1. The budget process was ongoing and a conservation plan for the city was being developed. Ms. Seymore advised a called meeting needed to be scheduled to discuss refunding the 1995 certificates of obligation, the annual audit and the appointment to the Planning & Zoning Commission. June 30 at 5:30 was set as the time for the special meeting. Ms. Seymore said a Request for Proposal was being developed for medical insurance quotes as part of the budget process.

Jim Fuller announced the 31st Bluegrass Festival started June 25. He encouraged the councilmembers to be there at 1:00 p.m. to help with the fish fry. He expected a large turnout this year.

EXECUTIVE SESSION

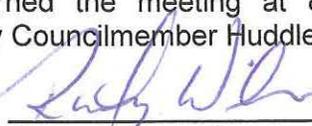
A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.072.

20. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (SECTION 551.072) - Following a short recess at 8:01 p.m., the Council convened in closed session at 8:13 p.m. for deliberations regarding the potential purchase, lease or sale of real property.

RETURN TO OPEN SESSION

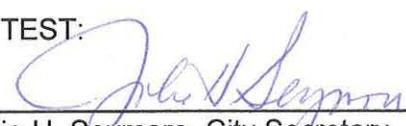
21. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION -- The Council reconvened in open session at 8:22 p.m.
22. CONSIDER APPROVAL OF LEASE AGREEMENT WITH BILLY JACK DEEN -- Councilmember Huddle made a motion to approve the lease agreement with Billy Jack Deen. Councilmember Sanford seconded and all voted in favor.

23. ITEMS FOR FUTURE AGENDAS – Julie Seymore reminded everyone the meeting on June 30 would cover the audit, the certificates of obligation from 1995 and the appointment to the Planning & Zoning Commission. She said the investment policy also needed to be reviewed at some point. She also reminded everyone of the groundbreaking at Brookshires on the following Friday at 11:00 a.m.
24. ADJOURN - Mayor Wilson adjourned the meeting at 8:35 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.



Rusty Wilson, Mayor

ATTEST:



Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., MONDAY, JUNE 30, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Clay Nicklas, Ross Maris and Ron Sanford. City Manager Andy McCuiston and City Secretary/Finance Officer Julie Seymore, were also in attendance, as well as Fire Chief Charles Bazhaw, Building Inspector Coy Prather, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present. Edith Elliott requested the 50-foot minimum requirement on burning inside the city limits be reduced because most lots in the city could not comply with that requirement.

INDIVIDUAL CONSIDERATION

2. PRESENTATION BY CONWAY COMPANY, CPAS REGARDING 2006-2007 FISCAL YEAR AUDIT – Mike Conway of Conway Company, CPA's gave a brief report on the audit for the 2006-2007 fiscal year. He said Conway Company tried to ensure the internal controls were operating inside the city. Total assets for the City were \$23.3 million versus \$22.6 million the prior year. Total net assets for 2007 were \$17,181,324 versus approximately \$14,869,811 million for the previous year. He said the improvements were due to changes in the assets from investments in capital assets less any related debt outstanding. He said the city had been paying down debt so the net assets had increased, which was a good trend to have. Mr. Conway said there was a slight increase in total revenue from \$9.9 million in 2006 to \$9.97 million in 2007. Expenses had increased slightly from \$8.2 million to \$8.4 million. He noted contractual services were higher in 2007 than in 2006 although he did not feel that was a trend. Mr. Conway said looking at debt service numbers was a good way to establish the interest and sinking fund rates. He

forewarned of the change in the law that will require a city to book the pension fund payment as a total actuarial liability and charged directly to the operating budget. Mr. Conway said overall the City had a very good year. The financial strength of the City increased every year over the past several years. He had been happy with the progress made by the Council. In response to a question from Councilmember Maris, Mr. Conway explained the property tax increase was one of the better actions the City had taken in achieving financial strength. The increased revenue helped the City lower its debt. Mr. Conway said Canton's tax rate was fairly average. First Monday allowed the rate to be lower because of the sales tax revenue. Mr. Conway said it was also good to have each department reported on its own so it was evident where it stood financially. He did not think it was advisable for First Monday to subsidize the water and wastewater operations. First Monday revenue should be used to pay down debt and finance extra projects without incurring an excessive debt load. There was a brief discussion regarding the reason contractual expenses increased and how various items might have been booked. Mr. McCuiston estimated the City needed to fund an additional \$60,000 per year for the TMRS liability.

3. CONSIDER ACCEPTANCE OF 2006-2007 FISCAL YEAR AUDIT – Councilmember Maris made a motion to accept the 2006-2007 fiscal year audit. Councilmember Sanford seconded and all voted in favor.
4. CONSIDER ADOPTION OF ORDINANCE NO. 2008-12 AUTHORIZING THE ISSUANCE OF REFUNDING BONDS – John Martin of Southwest Securities announced the City had an opportunity to save money through the refinancing of 1995 outstanding bonds which were eligible for redemption. There was a possibility \$25,000-30,000 could be saved over the next five years. Mr. Martin said the new bonds would be delivered July 29 and the old bonds called on August 9. The refinancing would be for less than \$10 million for a five-year period. They gave local financial institutions the opportunity to bid. The results were as follows:
 - a. American National Bank bid - 4.52% with no penalty or "make whole" provision;
 - b. TIB bid - 3.7% with no penalty or "make whole" provision;
 - c. Houston Community Bank bid - 3.880% with no penalty or "make whole" provision;
 - d. Wells Fargo bid - 3.89% with no "make whole" provision;
 - e. Bank of America Option 1 - 3.099% with a "make whole" provision;
 - f. Bank of America Option 2 - 3.176% with no penalty after 7/1/2011;
 - g. JP Morgan Chase Option 1 - 3.51% at a premium of 1% times number of years remaining;
 - h. JP Morgan Chase Option 2 - 3.510% with no penalty or "make whole" provision;
 - i. JP Morgan Chase Option 3 - 3.510% with no penalty after 7/1/2009; and
 - j. JP Morgan Chase Option 4 - 3.510% with no penalty after 7/1/2011.

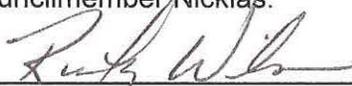
Mr. Martin said the option recommended by Southwest Securities was Bank of America Option 2. Mayor Wilson questioned what the down side would be with Bank of America Option 1, which would save an additional \$5000. Mr. Martin said there would be flexibility and less risk to the City in Option 2. Mr. McCuiston pointed out there would only be two years left on the bond after 2011. Mr. Martin said pursuant to the schedule, the City would be out of debt in 2018. The City was exchanging a debt of \$2,819,715 for a debt of \$2,460,000 for a savings of approximately \$126,000. The total debt was reduced from \$8,090,228 to \$7,963,589, including principal and interest. There was a brief discussion on the fees involved in the bond redemption. Mayor Wilson pointed out if Bank of America Option 1 was chosen, the actual savings would be closer to \$132,294. Mr. Martin said

there was no reason they could not prepare the documents with that change. Mr. McCuistion said he did not foresee paying the debt off in the last two years. If anything could be paid off, it would be a debt with a higher interest rate. Councilmember Maris made a motion to adopt Ordinance No. 2008-12 authorizing the issuance of refunding bonds and accepting Option 1 from Bank of America. Councilmember Sanford seconded and all voted in favor.

5. CONSIDER AUTHORIZATION FOR DOWNTOWN STREETSCAPE EXPENDITURE – Mr. McCuistion requested the item be tabled until a later date.

6. CONSIDER ADOPTION OF ORDINANCE NO. 2008-11 REGULATING OUTDOOR BURNING WITHIN THE CITY OF CANTON – Coy Prather explained he drafted the ordinance at the request of former Chief Gothard. He said a lot of cities violated the state law on outdoor burning and were now being fined by TCEQ. Outdoor burning was prohibited in the State of Texas in incorporated municipalities with a mandatory trash service. Cities were allowed to pass burn permit ordinances which met the rules of the Clean Air Act. Mr. Prather drafted the proposed ordinance based on Texas Administrative Code 111.219, No. 2. The minimum 50-foot requirement came from the International Fire Code, which was previously adopted by the City. Mr. Prather believed an amendment could be made to the Fire Code reducing the minimum requirement to 25 feet. When talking about trash filling up the landfill, Julie Seymore explained the City no longer had a landfill but operated a transfer station. Mr. McCuistion said there were many liabilities in running a landfill and the City had gotten out of that business. Chief Bazhaw said the State told him Van Zandt County was a designated burn county. Individuals were allowed to burn outside the city limits and inside if the incorporated city had an ordinance in place regulating same. He said outdoor burning had been a problem lately in the city limits and individuals had left fires unattended. An ordinance allowed fines to be assessed against individuals who violated the rules. Chief Bazhaw believed most resident's yards could accommodate the 50-foot rule. He advised everyone that the ordinance would only allow the burning of yard waste, not trash. Mayor Wilson recommended reducing the minimum requirement to 25 feet and having a grace period so residents could be educated about the new law. Chief Bazhaw said the Fire Department would do a site inspection prior to issuing a permit. The fire had to be attended at all times and the wind speeds and atmospheric conditions had to be met. A fire extinguisher or other fire fighting equipment, such as a hose, had to be available and no plastic, tires, or other hazardous materials could be burned. Burning was allowed on weekdays only from 8:00 a.m. to 5:00 p.m. and a particular time frame would be set out on the permit. The permit had to be displayed during the burning. Coy Prather said the fire code allowed exceptions to the 50-foot rule if the fire was in an approved container or was less than three feet in diameter. Chief Bazhaw said adding the exceptions would not change the fact that only yard waste could be burned. The penalty was \$200 for each occurrence. Chief Bazhaw said the law stated the property owner could burn yard waste on his property only. Leaves could not be taken elsewhere to burn. Professional tree trimmers should remove the limbs as part of their service. Councilmember Huddle made a motion to adopt Ordinance 2008-11 with the suggested amendments requiring a distance of 25 feet from a structure if the fire was contained in an approved container or outside a container and not more than three feet in diameter. The ordinance would include a five-day limit on the permit and the fee would be non-refundable. Councilmember Nicklas seconded. The motion was passed with Councilmembers Maris, Sanford, Nicklas and Huddle voting in favor and Councilmember Fuller opposed.

7. CONSIDER APPOINTMENT TO FILL A VACANCY ON THE PLANNING & ZONING COMMISSION – Councilmember Huddle recused himself from the discussion on this item. Debra Johnson explained she contacted both candidates and both were willing to serve. After a brief discussion, Councilmember Fuller made a motion to appoint Kerry Huddle to fill the vacancy on the Planning & Zoning Commission. Councilmember Sanford seconded, Councilmember Huddle abstained, and all others voted in favor.
8. REPORTS – Mr. McCuiston requested the work session scheduled for July 26 be rescheduled for two sessions on July 21 and 22, 2008, at city hall from 5:30-8:30 p.m. each night. Public Works would be discussed one night and all other departments on the other. There was a brief discussion regarding the capability of putting the budget in a PowerPoint presentation. Mr. McCuiston reminded everyone of the July 4th parade at 10:00 a.m. with a festival immediately following. The fireworks would begin about 9:00 p.m. There was limited space on the First Monday grounds for parking due to First Monday parking and the amount of clearance required by the fireworks company. Councilmember Fuller requested barricades on Thursday night to allow him room to bring in the stage for the festivities on Friday. Mr. McCuiston also reminded everyone of the 9:30 concert in the Todd Berry Building at the rodeo grounds. Jeb Hensarling would be at the Fire Department at 9:30 a.m. the next day to address the rising cost of fuel. Julie Seymore said there would be a Welcome Home Soldier event the following Monday night.
9. ADJOURN - Mayor Wilson adjourned the meeting at 6:55 p.m. upon motion by Councilmember Maris and second by Councilmember Nicklas.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

WORK SESSION FOR REGULAR MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, JULY 15, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Pro Tem Ross Maris, Jim Fuller, Charles Huddle, and Ron Sanford. Mayor Wilson and Councilmember Clay Nicklas were absent. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck and Rick Malone were also in attendance, as well as Police Chief Mike Echols, Fire Chief Charles Bazhaw and Judge Lilia Durham. City Attorney Richard Davis was also present.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Pro Tem Ross Maris called the meeting to order at 5:30 p.m. and declared a quorum present.

2. INVOCATION was led by Rick Malone.
3. PLEDGE OF ALLEGIANCE was led by Mayor Pro Tem Ross Maris.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST
5. PROCLAMATIONS AND ANNOUNCEMENTS

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM JUNE 16 AND 30, 2008 CITY COUNCIL MEETINGS – There were no comments or changes to the minutes.
8. CONSIDER APPROVAL OF JUNE 2008 FINANCIAL STATEMENTS – Julie Seymore reported there was almost \$5.1 million cash on hand, including the certificates of obligations and grant funds in place. She pointed out the new debt service amount, after refunding the 1995 certificates of obligation and making a July debt service payment of \$900,000+, was approximately \$6.7 million. The total debt service would be paid off in 2018. Ms. Seymore also mentioned the short term debt originally was \$852,193 and was now \$280,990.34, which would be paid off early in the next fiscal year.
9. CONSIDER RESOLUTION NO. 2008-11 SUSPENDING DATE OF ONCOR ELECTRIC DELIVERY COMPANY REQUESTED RATE CHANGE AND APPROVING COOPERATION WITH ONCOR CITIES STEERING COMMITTEE TO HIRE LEGAL AND CONSULTING SERVICES AND TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS - Mr. McCuiston said the suspension of rates was required by the Steering Committee because the City had joined in a lawsuit to decrease those rates. Mr. McCuiston clarified that Oncor handled the wire and transmission and TXU Electric was the electric provider.
10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-13 AMENDING REGULATION OF FIRE ARMS ORDINANCE NO. 2006-23 TO ALLOW CEREMONIAL USE – Mr. McCuiston said during the last Fourth of July celebration, Judge Koches requested a “big bang” as part of the festivities. It was not allowed under the current firearms ordinance which did not have an exception for re-enactments or ceremonies. The new language would allow for such things. Chief Echols felt the change to the ordinance was a good one.

INDIVIDUAL CONSIDERATION

11. CONSIDER APPROVAL OF CANTON ECONOMIC DEVELOPMENT CORPORATION'S \$50,000 INCENTIVE AGREEMENT WITH MILL CREEK RANCH RV PARK AND COTTAGE RESORT – Mr. McCuiston requested this item be removed from the agenda. He said he initially thought it would be a good way to improve communications between the CEDC and Council but has decided to submit a report at

the meetings rather than ask for approval on the CEDC's actions and it was not required by law.

12. MAYOR'S REPORT – Mayor Pro Tem Maris had no report.
13. CITY MANAGER'S REPORT – Rick Malone reported the two bridges on the creek at First Monday on the Creek were finished. They have started the third walkbridge on Row 48. He said the water on Etheridge Road would be cut off Monday to move the water over for drainage where it crosses the highway north to the creek. Mr. Burton was working on a punch list for the FM 859 project and hoped to close the project out this month. The water line for Brookshires would probably be started next week. Judge Durham had nothing to report for the Municipal Court. Lonny Cluck reported the trees and hedges were trimmed at the library and the lights and sprinkler system were repaired. The volleyball court has been repaired. The drinking fountain heads were back in working order. The wires on two aerators in the old lake were removed. The Parks Department had weed-eated the dam and the front of the lake and treated some trees which looked stressed. They cleaned the fence line at the soccer field and repaired the bridge. The crew mowed and cleaned out the ditch by the bridge. They removed the old playground equipment which was in disrepair at the back of the tennis court, sprayed the tennis courts for weeds and replaced the net. The sprinkler system at the Blackwell house was repaired. A new utility pole was installed at CYRA ball park. Mr. Cluck asked Gary Burton for an estimate on a water drainage study at the ball park. The roads and sidewalks four blocks out from the downtown square were sprayed for weeds. The four poles were damaged at the RV park were repaired and a telephone cable put underground. They were running the electric line for the walk-in freezer at the Civic Center concession. The flower beds were redone around the Civic Center. Four new dolleys were made for vendor use during First Monday. Someone was working on new maps of the First Monday grounds. All First Monday employees attended first aid training and kits were carried on all golf carts to help in minor emergencies. Mr. Cluck was working on an Operations Manual. Letters were sent to all vendors regarding the sales tax ID numbers.

Chief Echols said the stop signs were installed on Forrest. They have not been up long enough to see if they alleviated the speeding problem. The police department was giving a grace period before ticketing. The department was two officers and one dispatcher short. They would be testing for patrol officers next week. An officer who has been on medical leave would return Saturday. Senior Patrolman Young was being promoted to Corporal in two weeks. The Police Department had 587 calls this month, 39 incidents, 48 arrests and wrote 168 citations.

Chief Bazhaw stated they have billed \$20,249 in the rescue revenue program but have not yet collected any money yet. He has started investigating the possibility of an Emergency Services District. He made contact with an attorney who might be able to help. Since beginning the recruitment drive, they have taken in seven applications. The physical agility test has been given to four thus far. A new part-time fireman has been hired. The Fire Department responded to 66 calls since last Council meeting. He has been working on a permit book to use for the fire burning permits. Julie Seymore mentioned a display ad would be in Thursday's paper. Chief Bazhaw reported he had two employees in training to get their minimum certification. Three were going to the Texas A&M Fire School, two for medical training and one to learn pump operations.

Ms. Seymore stated residents in the area of the stop signs on Forrest were notified by hand delivery of the sign and a legal notice was put in the paper at the end of May. There would be a display ad regarding the sign this week requesting drivers to be cautious in the area. Rick Malone said flags have been ordered to draw attention to the sign. Mr. McCuiston said they were in the process of interviewing for the EDC/Main Street Director and a decision should be made next week. Problems have arisen with the bank regarding the environmental issue on the TxDot property. Mr. McCuiston has contacted an environmental attorney to advise us on the procedure to clear up the matter, which could take up to sixty days. His intention was to contact Mt. Pisgah about going month to month until the property could be financed and renovated. Another option would be to pay cash now and do the renovations and continue the process to get the certification. Mr. McCuiston reported the First Monday website was online. The staff has been working on the proposed budget. The budget workshops were scheduled for July 21 and 22, 2008 from 5:30 to 8:30 p.m. Several staff members attended time management training last Friday. Mayor Pro Tem Maris noted the City has done a lot lately to clean up city-owned property and it was a good example for the residents. Mr. McCuiston pointed out the canopy for the trees in the parks would be raised when the weather was cooler.

Mr. McCuiston explained some time ago Mill Creek Ranch & RV Resort requested assistance from EDC who agreed to provide them \$50,000 toward building a \$400,000 levee. At the first meeting, there was a closed session to discuss the matter but the board failed to take action. It was voted on recently and he was bringing it to the Council for their information only. No action was required by the State. Mr. McCuiston presented information regarding the impact the resort has had and would have on the community. He said First Monday debris has floated down to the resort after a big rain and the City has made an effort to prevent that from happening in the future.

EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.074.

14. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING PERSONNEL MATTERS (Section 551.074) – CITY MANAGER'S EVALUATION – Mr. McCuiston requested this item be tabled until the next regular meeting when the full council was present.

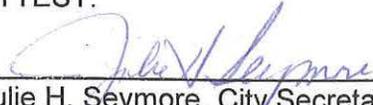
RETURN TO OPEN SESSION

15. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
16. ITEMS FOR FUTURE AGENDAS
17. ADJOURN - Mayor Pro Tem Maris adjourned the meeting at 6:07 p.m.



 Rusty Wilson, Mayor

ATTEST:


Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:30 P.M., TUESDAY, JULY 15, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Pro Tem Ross Maris, Jim Fuller, Charles Huddle, and Ron Sanford. Mayor Wilson and Councilmember Clay Nicklas were absent. City Manager Andy McCuistion, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck and Rick Malone were also in attendance, as well as Police Chief Mike Echols, Fire Chief Charles Bazhaw and Judge Lilia Durham. City Attorney Richard Davis was also present.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Pro Tem Ross Maris called the meeting to order at 6:30 p.m. and declared a quorum present.
2. INVOCATION
3. PLEDGE OF ALLEGIANCE
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST
5. PROCLAMATIONS AND ANNOUNCEMENTS

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – Edward Sanders requested the speed zone on Forrest Drive be posted. He also suggested anyone who had an animal be required to have a fence tall enough to contain the animal. If the animal dug out, a cement barrier should be set so it could not continue to do so. Mr. Sanders felt everyone should be on the lookout for individuals who dump animals so they could be prosecuted. Mike Echols advised Mr. Sanders the speed zone for all residential streets was 30 mph. A sign could be installed as a reminder for drivers. Mayor Pro Tem Maris said a lot of others cities were adopting similar animal ordinances regarding tethering and he felt Canton was ahead of the trend with its ordinance. He felt we had one of the best animal control facilities in the area. Kay Murphree suggested the information about the tethering ordinance be put in the next newsletter.

Ron Perkins expressed concern that the EDC had given \$20,000 to the TrailRiders who advertised they were sponsored by the City of Canton and then held an event six miles

outside of Tyler. He felt the City should not give money to organizations who were holding events that did not benefit Canton. Mayor Pro Tem Maris said the CEDC had sponsored the group because of the annual event they held at the Austin Arena in Myrtle Springs and the business it brought to Canton. He said they looked at the requests as they are presented and the effect the group has in the community. He said he could provide Mr. Perkins with the date of the last Austin Arena event and the amount of money brought into the area.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM JUNE 16 AND 30, 2008 CITY COUNCIL MEETINGS
8. CONSIDER APPROVAL OF JUNE 2008 FINANCIAL STATEMENTS
9. CONSIDER RESOLUTION NO. 2008-11 SUSPENDING DATE OF ONCOR ELECTRIC DELIVERY COMPANY REQUESTED RATE CHANGE AND APPROVING COOPERATION WITH ONCOR CITIES STEERING COMMITTEE TO HIRE LEGAL AND CONSULTING SERVICES AND TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS
10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-13 AMENDING REGULATION OF FIRE ARMS ORDINANCE NO. 2006-23 TO ALLOW CEREMONIAL USE

Agenda Items 7-10 were unanimously approved upon motion by Councilmember Sanford and second by Councilmember Huddle.

INDIVIDUAL CONSIDERATION

11. CONSIDER APPROVAL OF CANTON ECONOMIC DEVELOPMENT CORPORATION'S \$50,000 INCENTIVE AGREEMENT WITH MILL CREEK RANCH RV PARK AND COTTAGE RESORT – This matter was removed from the agenda upon the request of Andy McCuistion.
12. MAYOR'S REPORT
13. CITY MANAGER'S REPORT

EXECUTIVE SESSION

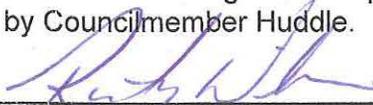
A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.074.

14. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING PERSONNEL MATTERS (Section 551.074) – CITY MANAGER'S EVALUATION – The item was tabled until the next regular meeting when all members could be present.

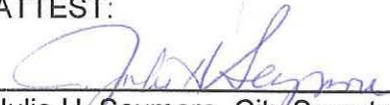
RETURN TO OPEN SESSION

15. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION

16. ITEMS FOR FUTURE AGENDAS
17. ADJOURN - Mayor Pro Tem adjourned the meeting at 6:48 p.m. upon motion by Councilmember Sanford and second by Councilmember Huddle.


 Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., MONDAY, JULY 21, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas and Ron Sanford. City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone were also in attendance, as well as Police Chief Mike Echols, Fire Chief Charles Bazhaw and Judge Lilia Durham.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present.
2. COUNCIL AND STAFF WORK SESSION FOR FISCAL YEAR 2008-2009 PROPOSED BUDGET – Mayor Wilson said the proposed budget had a \$500,000 shortfall and some decisions would have to be made as to what cuts should be made and how revenue could be increased. Julie Seymore explained how the budget was developed. Department heads were instructed to develop zero-based budgets from the ground up. Fuel was based on how much was used last year based on the discounted rate. The overhead in administration would no longer be split across three funds. The departments would now pay administration through a transfer of some sort to be implemented later. The Police Department had a 5% salary increase built in across the board. Last year the Council considered 3% for cost of living and 2% for merit or for those underpaid per their job description. Operations for the PD decreased quite a bit because of the \$33,000 lease they have been paying for the building rent. Chief Echols explained the 24% increase in supplies was the increased cost of gasoline and vehicle maintenance. He also included refurbishing an SUV for the canine unit. Ms. Seymore said the Police Department received approximately \$12,000 from seizures of property this year. The money was held in a separate balance and could only be used for law enforcement. Chief Echols said the funds were mainly used for equipment. There was a brief discussion on the status of the purchase of the TxDot property. Chief Echols explained the need for the purchase of a DVR camera for use in narcotics. He advised the District Attorney would contribute \$1400

towards the purchase. Chief Echols planned to send more prisoners to the Sheriff's Department and keeping Class C violators in the city jail, which would lower the cost for meals by approximately \$2000. There was a brief discussion about fuel efficiency and placement of a fuel tank on the new property. Ms. Seymore explained each department was to develop energy savings plans. Judge Durham advised that the County was going to charge \$35 per day for Class C inmates transferred to its facility. She suggested allowing acceptance of partial payments and offering community service to avoid transferring inmates to the County. She discussed the problem she was having with the County releasing the city's prisoners without notification.

Chief Bazhaw said he wanted to add an additional full-time fireman to be able to have someone at the station 24/7. It would help with walk-ins who came in with minor injuries and would reduce response times. It would also help someone be accountable for the fire equipment. Currently, no one was consistently at the fire station in the evenings. There was a discussion regarding the part-time employees and volunteers and the training for each. Ms. Seymore advised the County now paid \$400 per month for coverage outside the city. The City planned to request \$1600 per month for one-quarter of the gasoline used. Chuck Allen advised Chief Bazhaw he would ask the County to increase its monthly payment. Chief Bazhaw said he was still attempting to recoup money for fires fought in the county. He also wanted to have some fund raising events, such as a fish fry. There was a discussion re the volunteer drive and the difficulty in keeping volunteers. Chief Bazhaw advised his volunteers they had until 2010 to get the required number of training hours or they would no longer be paid. He also built stipends into his budget in order to pay volunteers. Ms. Seymore said the plan was to pay for the stipends with the \$1600 from the County and pass it through to the association. The City would increase its payment to the association from \$400 to \$600 per month. If the County did not pay more, the Fire Department would have to raise the money itself. There was also a discussion about establishment of a fire district. Ms. Seymore explained the Fire Department planned on installing its own diesel tank and buying in bulk. She also said the increase in the contractual amount was higher due to stipends, utilities and an increase in workers comp premiums. Sundry expense increased from \$1700 to \$4200 for volunteer association awards, fire association awards and a banquet. If he had to choose between manpower or equipment, Chief Bazhaw said he would choose new equipment. He covered the usefulness of the various vehicles in the fleet. An engine with a deck gun, 1250 pump, 1000 gallon tank and foam system could be leased for ten years for \$45,208.43 annually or purchased for \$360,000-365,000. Ms. Seymore stated the Fire Department budgeted \$3000 for a radio for the new engine and \$15,000 to remodel the station to accommodate a 24-hour shift with a visitor's entrance.

Mayor Wilson recessed the meeting at 7:28 p.m. and the meeting resumed at 7:43 p.m.

Ms. Seymore said the Municipal Court budget included a 5% raise and \$10,000 more in the technology fund. Judge Durham explained that was because of the court software that was purchased. Judge Durham requested a security camera for the new municipal court as well as a silent alarm. She would like to utilize an off-duty officer to serve as bailiff. The salary would be paid by the Police Department. She said office equipment maintenance increased slightly as well as maintenance for computers. Judge Durham contacted a law firm in Tyler to help collect old fines. There would be a 30% charge for that service. Ms. Seymore said revenue from fines was estimated to be \$200,000.

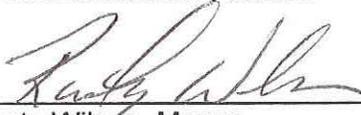
Ms. Seymore reported the Animal Shelter was asking to change the one part-time position to full-time to allow extended hours. Rick Malone said he would like to stay open

Saturdays. There was a brief discussion regarding the number of animals adopted and the need for extended hours. Mr. Malone said County wanted to use Canton's building for their animal shelter. The County would have to have its own staff. Supplies were reduced by 13% because they did not need any new office equipment or furniture. Contractual expenses increased 5% due to adding a fax line and a phone allowance for the Animal Control Officer. Workers comp increased \$300. Utilities decreased because they would no longer buy propane for the incinerator but would freeze the animals. Building and grounds maintenance decreased 29%. Overall, there was only a 7% increase over last year's budget. Most of that amount was for salaries, but the shelter had been understaffed part of last year. The amount budgeted for capital decreased this year.

Rick Malone said he and Jerry Shamlin prepared a list of every street in the city limits and the condition of each one. They have rated them as far as the necessity of repairs. Julie Seymore pointed out a lot of routine overlays have been delayed in the last few years in favor of some major street projects. Mayor Wilson instructed Councilmembers Fuller and Huddle to review the list with Mr. Malone and decide which street repairs needed to be given priority. Mr. Malone pointed out which streets could be done by the city. He said the mat used on the street going into the wastewater treatment facility had helped them sustain the road longer. Streets Department decreased supplies by 4%. Contractual increased 2% and maintenance 8%. Ms. Seymore said \$40,000 was again budgeted for street maintenance. Mr. Malone said that might have to increase another \$20,000. Streets requested a \$3000 new overhead door for the utility center, a split zero turn mower to care for the water plant, animal shelter and utilities (to be split with water department), and a quick disconnect for the backhoe. Mr. Malone asked for direction in how to use the remainder of the certificate of obligation funds from the Etheridge Road project. There was a brief discussion regarding various street repairs and methods to be used.

Ms. Seymore said the administration salary was budgeted for a 7% increase. TMRS went up significantly. More overtime has been budgeted. Supplies and postage have increased quite a bit because of the way they have been previously split across three funds. Contractual has increased because general liability was not split out. The \$10,000 contingency fund was all moved to administration. \$9100 was budgeted for council laptops. Julie Seymore pointed out the debt service pages for the council to review. She said Gary Burton would be present Tuesday night to provide information on water, sewer, streets, etc. Rick Malone said he would present some information on options for water resources.

3. ADJOURN – Mayor Wilson adjourned the meeting at 9:16 p.m. upon motion by Councilmember Huddle and second by Councilmember Nicklas.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, JULY 22, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas and Ron Sanford. City Manager Andy McCuistion, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck and Rick Malone were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Rusty Wilson called the meeting to order at 5:30 p.m. and declared a quorum present.

2. COUNCIL AND STAFF WORK SESSION FOR FISCAL YEAR 2008-2009 PROPOSED BUDGET – Andy McCuistion reported a meeting he and Rick Malone held with the City of Tyler's Mayor at Gary Burton's office regarding long-range planning for water. Ray Brumley said they have been looking at alternate sites for a new water supply reservoir for the city. They have narrowed the search to three locations. They tried to determine the sites with the lowest relocation costs. Joe Harle, a consultant specializing in water resources, explained there were two sites in the Sabine Basin and one in the Neches Basin. The Sabine Basin only had 25-50% water availability, which made those sites less desirable. Kickapoo Creek in the Neches Basin had 75% water availability and the City would be more likely to get water rights from it. Mr. Harle said he would determine costs on building the reservoir in preparation for application for a permit. He said the City had a permit to divert 1500 feet out of the lake, but the yield from the Mill Creek was only half that. Mill Creek only generated 600-700 gallons per day. Mr. McCuistion said the City would have to acquire a local partner in order to build the reservoir. He also said the City needed to start researching the cost of another well as early as next year. Mayor Wilson pointed out Canton was not in the same basin as Kickapoo. Mr. Harle said there could be an inter-basin transfer. He said Region D advised having the whole county included in the lake project. Mr. Malone said raising the water tower would help later when building another tower because the City could serve a wider area because both would be on the same pressure plan. The estimated cost for raising the tower 18-20 feet was \$400,000-500,000. A study was needed to determine the best location for a second tower in the future. It needed to be on the other side of the city from the water plant, probably on the north side of the interstate or perhaps at the TxDOT site. A 500,000 gallon water tower would cost approximately \$1.7 million. Mr. Harle said a new lake would have several times the capacity of Lake Canton and could carry the City 30-40 years. Councilmember Maris suggested building a new lake then draining and revamping the existing one. Mr. Harle said they were trying to determine which of the three sites would be the least expensive option with the lowest relocation expenses. They would have to convince the State there was unappropriated water in the Sabine upper basin available for permitting. If they could not, we would have to pay to use the water. Mr. Harle advised the City to move quickly because the Sabine River Authority had a pending permit application with TCEQ that would tie up all water rights in the upper basin. Then we would need a contract with SRA to obtain water. Mr. Harle reiterated one of the main issues with the northernmost locations was they were upstream of Cedar Creek reservoir and that watershed was fully appropriated. There

were also a lot of roadways. Mr. Harle said the drainage study on the First Monday grounds showed a lot of that property was in the flood plain. The study was to determine if anything could be done to lessen the frequency of flooding, such as storm water detention ponds upstream. The ponds would release the water at a lower rate. Creek channel improvements could also be done to carry away the water more quickly. Mr. Harle said the Hwy. 19 bridge contributed to the 100-year flooding on the property. He said nothing could really be done about the five-year flood plain. If you enlarged the opening and allowed more water to pass through, it would increase flooding downstream. Mr. McCuiston reminded the Council there were levees being built to alleviate flooding at Mill Creek RV Park. Mr. Malone explained the Water Plant was required by the State to eliminate the use of the sanitation ponds and pump the backwash into the sewer system. One option was to run a twelve-inch line from the Water Plant to Highway 243 and install a 30,000 gallon tank to detain water and release it into the sewer system at a controlled pace at an approximate cost of \$200,000. Another issue was pressure. One resolution was a pressure station with a storage tank and another was a well.

Julie Seymore said \$55,000 was budgeted as revenue from the sidewalk grant next year. That was the amount CEDC owed the City on the project. Mr. McCuiston said \$54,000 was the amount owed by the City on the project. The State wanted to retain \$108,000 for administrative expenses and he wanted to meet with them to attempt to negotiate a larger refund to the City. Mr. Malone said the Parks Committee wanted to build two pavilions and volleyball courts through the grants for Cherry Creek Park. A bathroom and a sewer system were budgeted. The lights and water feature were pulled until a later date. \$15,000 was budgeted for the dirt work on the amphitheater and path. Next year would have \$75,000 for the balance.

Mr. Malone said they had applied for a \$250,000 grant for the Wynne Road water line from Hwy. 19 to FM 859. The City would have to match \$271,000 to cover the 53% of the budget as required. The FM 859 project would hopefully close out in July. Because Mother Frances has created more jobs than anticipated, the City hoped to receive a \$170,000 refund on the project. Ray Brumley added those funds would be available to transfer to the general fund and the Wynne Road project.

Ms. Seymore said the water fund included a salary increase of 12%. More overtime was built in to accommodate the weekend schedule and the plant was underemployed part of the year. The supplies were increased 35% due to rising cost of chemicals. There was a \$5800 increase in workers comp coverage offset by the decrease in general liability insurance covered under administration. \$200,000 was added to eliminate ponds and put in a new system. Ms. Seymore explained revenues were projected to be \$1.3 million by end of year. Mayor Wilson said he would like to avoid a rate increase. Mr. McCuiston said this fund was losing almost \$500,000 because of additional capital improvements. He said he would transfer as much as he could out of First Monday. Ms. Seymore said last year the water fund was able to supplement the Wastewater Treatment plant but could not this year because it was also losing money. Ms. Seymore said the TML survey for water and sewer rates indicated we were average on water rates and low on sewer. Ms. Seymore explained the water distribution department increased salaries by 25% because it added one man. Another man would be moved from wastewater treatment to wastewater collections. Ms. Seymore said out of the total budget, animal control proposed changing an employee from part-time to full-time, the Fire Department wanted to add one full-time firefighter, the Streets Department wanted to add one part-time employee. Mr. McCuiston said he

advised Chief Bazhaw to hire the full-time employee and look for a grant to purchase a new engine. He also asked Chief Bazhaw to approach the County about an ESD. Mayor Wilson cautioned about adding new positions in today's economy. Ms. Seymore said water distribution decreased the contractual amount \$95,780 because last year there was a water study included. Workers comp increased \$6000. \$200,000 was contributed to capital for the pressure problem, including \$6000 for the Billy Street water line and \$47,000 for the loop from Hwy. 64 to Tyler Street. Ms. Seymore said there were \$305,760 set aside for water plant improvements they would try to pay for with bond money.

Ms. Seymore said one position was removed from the WWTP. Supplies increased by \$26,000 due to increased chemical costs. That amount was offset \$16,000 by a reduction in contractual utilities. \$37,500 was budgeted to reseal the road and \$5000 for a new roof. Mayor Wilson said he was reluctant to spend that much on a private city road when city streets needed attention. Ms. Seymore said collection salaries increased due to the addition of a new employee. Collection's professional and engineering fees were \$8000. Last year \$178,000 was budgeted for the West Outfall project but the money was used for the Etheridge Road change order and \$71,000 for the sewer project on Wynne Road. Mr. McCuiston said he planned to ask CEDC for \$300,000 for the East Outfall project. He said the Etheridge Road project should be completed by October 15 and the funds would be moved to the other project.

Mr. McCuiston said he did not intend to raise sewer rates at this time, but did not want to lower them. They were currently at a \$305,000 loss.

Ms. Seymore said sanitation salaries increased 12% to include insurance and retirement. Supplies were increased \$2500 for a computer and diesel and fuel. Contractual included a rate increase from Allied which would be passed through to the customer. She said last year Allied had a rate increase which was passed through to commercial customers only. There was an \$11,000 increase in capital for concrete work and a mower. Mr. McCuiston advised the rates probably needed to be increased because the fund increasingly operated at a loss.

Mr. McCuiston proposed an equipment replacement fund as a better budgeting tool. He started to do an inventory of equipment but the lists were inaccurate. He was in the process of auditing the equipment to make adjustments to determine how much he would need to fund the account.

Mayor Wilson called a recess at 7:42 p.m. and resumed the meeting at 7:55 p.m.

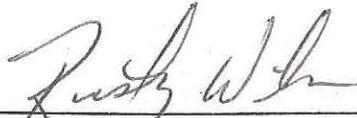
Mr. McCuiston explained the proposed revenues from First Monday were projected to be \$3.5 million, which was slightly lower than last year. Ms. Seymore said the revenue projections across the board were more conservative. She did note the timing of First Monday sometimes had an effect on the revenue reported for a particular year. Outdoor reservations showed a clear pattern of decline and were budgeted for \$100,000 less revenue this year. Overall, First Monday budgeted a 6% reduction in revenues over last year. Mayor Wilson instructed Mr. McCuiston to obtain information regarding an audit on the hotel/motel taxes received. Mr. McCuiston reported the First Monday Committee was in the process of reviewing plans for several buildings to be added to the grounds. The City would receive building impact fees, taxes and save electrical costs from the buildings. He said he might pay for an engineering study for the building area and request those interested in building share in that cost. One

individual would probably not be able to obtain the study without assistance. Mr. McCuistion said he also considered reducing lot rents as an incentive in those areas in certain size buildings for a five-year period, particularly in areas where rent revenue was now down. Ms. Seymore said salaries were projected to be 4% higher but looked larger because part-time employees had been included in the TMRS increase figure. There was also a change in the way supervisory and hourly rates were handled. Contractual was reduced 9% because the cost for the Master Plan was omitted. Mr. McCuistion said the next area which needed to be addressed was improvements along the creek by David Harmon and Phil Graham's buildings. He was waiting for the engineer's report on flood retention before contacting Mr. Lewis about cleaning out his side of the creek. Mr. McCuistion said he would like to restrict the use of the impact fees collected for improvements to the First Monday grounds. Two bridges have been completed and there was one more to improve. Julie Seymore said the antique show would be dropped and would reduce the contractual budget by \$20,000. Maintenance overall increased 37% due to the City taking over management of the ballpark and funds being transferred from First Monday to Parks. \$15,000 was included for an electrical upgrade to the RV park and \$45,000 to widen and resurface Row 1. Also included was \$50,000 for creek improvements and \$3000 to replace trees.

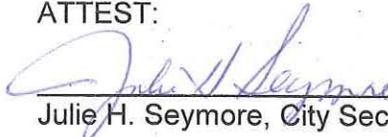
Ms. Seymore explained salaries for Parks were increased slightly less than 5%. \$6000 was added for chemicals to maintain grounds. She did not include anything the Parks Committee might receive from CEDC. There was a 10% reduction in maintenance. \$12,500 was budgeted for paint and flooring and regular maintenance at Blackwell House. The Plaza Museum budget increased from \$11,000 to \$18,000. This year's expenses were projected to be \$14,400. The library budget included property insurance and \$5000 to replace ceiling tiles for a total of \$6500. Senior Citizens was transferred from the First Monday budget and projected to be \$17,500. The CYRA maintenance budgeted \$20,000 rather than the \$62,000 this year. Mr. Malone mentioned it would be good to make the fields larger to be eligible for tournament play. Mr. Cluck said there was also an issue regarding the drainage on the fields and he suggested contacting Mr. Burton about a drainage plan. Mr. McCuistion suggested we do some work on the fields ourselves, such as building swells, to help with the drainage. Mr. Malone also suggested cutting a drain across the first field. Ms. Seymore said the Blackwell Museum requested \$5000 to place a picket fence around the field. She also said \$7500 was included for an electrical upgrade at the Plaza museum. The library needed to replace the air conditioning unit and \$15,000 was budgeted for that. Ms. Seymore said \$7300 was included in the Park budget for engineering on Cherry Creek and an aerobic system. Mr. Cluck said a truck which had been deleted from the budget might have to be added in again.

Mr. McCuistion said the 2008 effective tax rate was .40515. Currently, the City was at .42523. He suggested leaving the tax rate where it was. Mayor Wilson said that, with the assessed value of property being increased, there would still be a tax increase. Ms. Seymore said a tax rate would need to be determined at the August regular meeting. She said the one-half cent sales tax was dedicated to reducing property taxes and, without that, our tax rate would be around 72%. Ms. Seymore added that insurance bids would be opened July 24. Mayor Wilson requested documentation of what changes were made in the budget. He scheduled the next budget meeting for August 5 at 5:30.

3. ADJOURN – Mayor Wilson adjourned the meeting at 9:06 p.m. upon motion by Councilmember Huddle and second by Councilmember Nicklas.


 Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
4:30 P.M., WEDNESDAY, JULY 30, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Clay Nicklas, Ross Maris and Ron Sanford. City Manager Andy McCuiston City Secretary/Finance Officer Julie Seymore, and Director Rick Malone were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 4:30 p.m. and declared a quorum present.

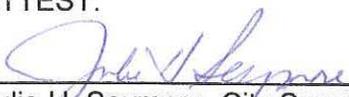
A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Sections 551.074.

2. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING PERSONNEL MATTERS (Section 551.074) – ECONOMIC DEVELOPMENT / MAIN STREET DIRECTOR AND ALL MATTERS RELATED THERETO – The Council convened in closed session at 4:30 p.m. to discuss candidates for the Economic Development Executive Director's position.
3. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION – The Council reconvened in open session at 5:10 p.m. Mayor Wilson made the recommendation to hire Mercy Rushing as the CEDC Executive Director, Main Street Manager and Marketing Director. He said if the CEDC Board agreed, she would be hired in accordance with the memorandum of understanding with the exception of adding the allowance for administrative leave. Ron Sanford so moved. Ross Maris seconded, and all voted in favor. Mayor Wilson said Ms. Rushing had been the economic development director and Main Street manager at Mineola for fourteen years. He said of all the candidates, she by far stuck out the most. She had the most experience and was a better fit. She is from a small town and wanted a greater challenge. He added she was looking forward to the challenge of marketing Canton. When asked about applicants, Mr. McCuiston said they received approximately 25 with a wide range in experience.
4. ADJOURN – There being no further business to discuss, the meeting adjourned at 5:14 p.m. upon motion by Charles Huddle and second by Clay Nicklas.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., THURSDAY, JULY 31, 2008
 City Hall Council Chambers, 290 East Tyler Street
 Canton, Texas 75103

MINUTES

1. CALL TO ORDER – Cancelled prior to meeting time.
2. CONSIDER AMENDMENT TO ORDINANCE NO. 96-06 AMENDING 2003 STANDARD BUILDING CODES REGARDING REGULATION OF RADIO AND COMMUNICATIONS TOWERS IN THE CITY LIMITS AND ITS EXTRATERRITORIAL JURISDICTION
3. ADJOURN



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, AUGUST 5, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck and Rick Malone were also in attendance, as well as Police Chief Mike Echols, Fire Chief Charles Bazhaw, Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Pro Tem Ross Maris called the meeting to order at 5:30 p.m. and declared a quorum present.
2. CONSIDER ADOPTION OF RESOLUTION AUTHORIZING DESIGNATED SIGNATORS FOR TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM CONTRACT

728030 – Julie Seymore explained Rusty Wilson was named Chief Financial Officer on the grant. The Resolution allowed he, Andy McCuiston or Julie Seymore to sign for reimbursement requests for the Wynne Road project. A motion to adopt the Resolution authorizing Mayor Rusty Wilson, Andy McCuiston and Julie Seymore as designated signators for the Texas Community Development Block Grant Program Contract was made by Councilmember Sanford. The motion was seconded by Councilmember Fuller and all voted in favor.

3. **CONSIDER AWARDING BID FOR MAJOR MEDICAL AND ANCILLARY INSURANCE FOR CITY EMPLOYEES** – Debra Johnson explained a Request for Proposal was issued to obtain bids for both medical and ancillary insurance coverage for employees. She presented information pertaining to each of the top bids. Councilmember Maris made a motion to accept the following insurance coverage for employees:
 - A. for medical Insurance, the BlueCross/Blue Shield M08A plan with a \$1000 deductible and co-insurance amount of 90% in the Blue Choice PPO network;
 - B. for dental and vision coverage, Guardian Dental Select and Vision Select;
 - C. Guardian for life insurance and long-term disability and the flex plan; and
 - D. Allstate for cancer coverage.

Councilmember Sanford seconded the motion, and all voted in favor.

EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.071.

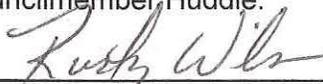
4. **EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY** (Section 551.071) - Council convened in closed session at 5:46 p.m. for consultation with the city attorney.
5. **RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION** - The Council reconvened in open session at 6:22 p.m. with no action taken.
6. **CONSIDER ALL MATTERS RELATED TO TEXAS CELLNET TOWER** – Mayor Wilson announced no action would be taken at this time regarding the Texas Cellnet Tower.
7. **CONSIDER ADOPTION OF RESOLUTION NO. 2008-12 REGARDING REIMBURSEMENT OF EXPENSES RELATED TO THE PURCHASE OF LAND AND IMPROVEMENTS FOR CITY OFFICES FROM THE PROCEEDS OF TAX EXEMPT OBLIGATIONS** – Mayor Wilson read Resolution No. 2008-12 regarding reimbursement of expenses related to the purchase of land and improvements for city offices from the proceeds of tax exempt obligations into the record. He explained the City would pay cash for the property and then buy tax exempt obligations to reimburse the City. Councilmember Sanford made a motion to adopt Resolution No. 2008-12. Councilmember Huddle seconded and all voted in favor.
8. **COUNCIL AND STAFF WORK SESSION FOR FISCAL YEAR 2008-2009 PROPOSED BUDGET** – Julie Seymore said the main change in the budget since the last review was the movement from each department's budget a total of \$174,200 into an equipment replacement fund for capital purchases. \$62,500 revenue from the sale of surplus equipment was also moved to that fund from Fire Department miscellaneous revenue. The

requested increase of one man in the water department budget and the increase of one position from part-time to full-time in the animal shelter's budget were cut. The additional firefighter was left in the Fire Department as was an additional part-time dispatcher at the Police Department. The tanker and building renovations were removed from the Fire Department. A \$21,000 adjustment was made to the 5010 account for the EDC Director's salary. Mr. McCuiston said that would only be a net increase of \$2400 to the City since CEDC reimbursed the City for 75% of the salary. \$5000 was added for a night watchman at First Monday. \$10,000 was allocated for a city website. The extra funds from the County to the Fire Department were removed. The Utility Account for Streets was increased \$12,400. The \$170,000 returned on the FM 859 water line grant would be used to match the Wynne Road grant. Ms. Seymore said Allied Waste was increasing rates 4.6%. That contract expired in 2009 and the City would probably have another increase at that time. An additional \$3000 was included for an audit of the hotel/motel tax receipts. Also included were transfers from First Monday to sanitation, water and wastewater funds to bring fund balances up to zero. Mr. McCuiston recapped that the City should have \$835,000 at the end of the year in the General Fund. The debt service would increase from \$552,000 to \$593,000 next year. The Water Fund was at a negative \$379,000, some of which was due to capital outlay for mandated projects. Money would be transferred from First Monday to cover the deficit. First Monday was also transferring \$412,000 to the Wastewater Fund to cover its deficit. The Sanitation Fund was also in the negative and needed \$58,000 from First Monday. Mr. McCuiston said he would explore options on financing future new water resources. He recommended an increase in the water, sewer and sanitation fees to meet the inflationary rate. He felt it was wiser to make small incremental increases rather than one large one. Mayor Wilson said he did not believe rates should be increased this year. He felt the City should try to absorb the increases. Mr. McCuiston said health permit fees were being researched to see if they could be increased. Coy Prather was to become supervisor of animal control and health and would target restaurants which need inspections on a more regular basis. Julie Seymore explained the effective tax rate was .40515, but the proposed budget was based on continuing at the current tax rate of .42523. Mr. McCuiston pointed out the tax rate would generate \$796,000 to be applied to debt service and \$248,000 would go toward operations. He said the tax rate was below average for other cities in the area. Ms. Seymore said the effective tax rate took the sales tax rate into consideration. Mr. McCuiston explained the City had a one-half cent sales tax used to reduce ad valorem taxes. He also mentioned the TMRS retirement percentage would be increased to 15% to accommodate their policy changes. He proposed across-the-board raises of 3% plus an additional 2% for merit raises in January.

Rick Malone reported the Etheridge Road project was behind due to a setback with drainage that was improperly laid. Improvements were being made to Slaughter and Elliott streets. Water and wastewater treatment plants were operating smoothly. Judge Durham reported the Municipal Court was in the process of negotiating a contract for delinquent fee collections. Lonny Cluck reported a community service worker would be used to pick up trash and clean park bathrooms on Saturday and Sunday. He was working with the Reclamation Station to recycle cardboard from First Monday vendors. The new footbridge was not completed yet but was functional. Chief Echols said the Police Department had been short two officers and one dispatcher. They recently hired replacements for all positions. Chief Bazhaw said the Fire Department received a \$4000 grant from Assistance to Firefighters to purchase a defragmentation chamber to fill air bottles. They purchased a new antenna to improve radio communications. Ground ladders and air packs were tested the previous week and passed. The recruiting drive yielded six new volunteers and three part-time employees. They would focus on training them before resuming the drive. He was also still investigating the option of forming an ESD.

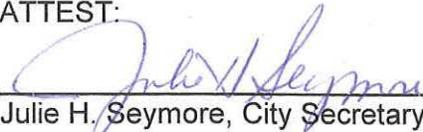
Mr. McCuiston announced the next meeting was scheduled for August 19, 2008. The tax rate had to be published by August 15. The Council advised they wanted to maintain the tax rate at its current rate of .42523. Ms. Seymore advised Council the first public hearing on the budget was scheduled September 2 and the second public hearing on the tax rate and budget for September 8, 2008. Adoption of the tax rate and budget would be at the September 16 regular meeting.

9. ADJOURN - Mayor Wilson adjourned the meeting at 7:18 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

WORK SESSION FOR REGULAR MEETING OF THE CANTON CITY COUNCIL.
5:30 P.M., TUESDAY, AUGUST 19, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, Directors Rick Malone, Lonny Cluck and Mercy Rushing, Police Chief Mike Echols and City Attorney Richard Davis were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER - Mayor Wilson called the meeting to order at 5:31 p.m. and declared a quorum present.
2. INVOCATION - None during work session.
3. PLEDGE OF ALLEGIANCE - None during work session.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None during work session.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None during work session.

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA - None during work session.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM JULY 15, 21, 22, 30 AND 31, 2008 CITY COUNCIL MEETINGS – There were no comments regarding the minutes.
8. CONSIDER APPROVAL OF JULY 2008 FINANCIAL STATEMENTS – Andy McCuiston reported some of the accounts were showing a deficit at the time. The current bank balance was \$5,026,000.
9. CONSIDER APPROVAL OF BURTON ENGINEERING TASK ORDER FOR 2008 WYNNE ROAD WATER SYSTEM IMPROVEMENTS (TCDP CONTRACT NO. 728030) – Gary Burton said the Task Order was for the most recent Texas Community Development Block Grant received by the City two years prior to run a ten-inch water line from FM 859 down Wynne Road to Highway 19.
10. CONSIDER REALLOCATION OF FUNDS FROM FM 859 WATER MAIN (TCF PROJECT NO. 726222) TO 2008 WYNNE ROAD WATER SYSTEM IMPROVEMENTS (TCDP CONTRACT NO. 728030) – Julie Seymore reported the City was to receive an approximate \$170,000 credit on the FM 859 water line project and staff was proposing \$131,700 be reallocated to pay the match on the Wynne Road project.
11. CONSIDER ADOPTION OF RESOLUTION NO. 2008 – 14 PROVIDING FOR A FEE TO DEFRAY COSTS OF COLLECTING DELINQUENT FINES, FEES, AND OTHER DEBTS – Sue Glover of Perdue, Brandon, Fielder, Collins & Mott, LLP gave a synopsis of the proposal. Their firm would take delinquent fines and fees, which would include ordinance violations and traffic violations delinquent at least sixty-days. A 30% collection fee would be added which would be paid by the Defendant. Their firm would make every effort to collect the delinquent amounts. Ms. Glover said prior to June 2003, the Attorney General did not allow the 30% fee to be added on cases that were not adjudicated. If any of those older cases were collected, the fee would be paid by the City. There were fewer of those type cases as time passed. She presented a modified agreement which stated no funds would be charged to the city to anything collected dated later than 2003.

INDIVIDUAL CONSIDERATION

12. CONSIDER REQUEST BY JOEL DE SANTIS FOR SOLICITOR'S PERMIT – Julie Seymore advised Mr. DeSantis was not present. If he did not appear for the meeting, the matter did not need to be addressed.
13. CONSIDER APPROVAL OF FINAL PLAT FOR FOSTER GARDENS SUBDIVISION LOCATED ON SOUTH SIDE OF FOSTER STREET, CANTON, TEXAS, CURRENTLY OWNED BY JOHN NORMAN – Rick Malone presented the final plat. He indicated Lot 8 had a 35-foot easement with existing water and sewer lines. A concrete road would have to be built to access that lot. He said that was an extension of the old Live Oak Street and would have to be curbed and guttered. Lots 1-7 were on Foster Street.
14. REPORT ON PARK PROJECTS – Andy Reese reported the Parks was awarded a \$400,000 grant in January 2007. Part of that grant was to pay for Cherry Creek Park. \$95,000 was allocated for two pavilions, a sand volleyball court and an amphitheater and they were currently obtaining bids. They also anticipate spending \$90,000 for upgrades to the soccer fields at Old City Park. New lights and a splash pad would be deferred for now due to cost. A restroom would be constructed over by the trees by end of this fiscal year.

The amphitheater would be started but maybe not covered. They hoped to have the park benches, nature trails, boardwalk and sidewalks to the various areas completed by the end of next year. A bridge was planned to link the old and new parks. Boy Scouts would be used to install bridges between the Frisbee golf holes. He said most of the cost for contracting fees with Land Design Partners was included in this year's budget.

15. CONSIDER ADOPTION OF ORDINANCE NO. 2008-14 REPEALING ORDINANCE NO. 99-03 REGULATING THE OPERATION OF TAXI SERVICES – Mr. McCuiston requested this item be tabled until the next meeting.
16. CONSIDER ADOPTION OF POLICE DEPARTMENT POLICIES – Chief Echols explained the police policies and procedures were revised due to changes in the laws. The disciplinary actions were fine tuned. The biggest differences were the elimination of the use of the ten-code as requested by Homeland Security and amendment of the organizational chart. The smoking policy was changed, as well as the authorization procedure in emergency situations. The stinger spike policy was also added. This policy better identified job descriptions for Chief, sergeants, corporal and senior patrolman. There was a brief discussion regarding the procedure for searching vehicles. Mr. McCuiston requested this matter be tabled for further review with relation to existing personnel policies.
17. CONSIDER APPOINTMENT TO CANTON ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS – Mayor Wilson announced the following individuals had submitted their names for consideration: Mike Phillips, Gregory Blanchard, Lou Ann Everett, Brad Williams and Susan Gummelt.
18. PUBLIC HEARING AND CONSIDER RESOLUTION NO. 2008 – 15 AMENDING ALLOCATION OF SECTION 4B SALES TAX PROCEEDS – Mr. McCuiston introduced the new EDC Director, Mercy Rushing. He said she would also be responsible for marketing and advertising. Mr. McCuiston said instead of having community enhancement projects, they would now be classified as community development and some would be paid from the hotel/motel taxes. He said they initially discussed the allocation of 40% for economic development and 50% for community development. Mr. McCuiston said \$110,000 was spent last year, \$20,000 of which went to CYRA. Since that was now being budgeted out of the general fund, it could not be funded by CEDC.
19. COUNCIL AND STAFF WORK SESSION FOR FISCAL YEAR 2008-2009 PROPOSED BUDGET – Julie Seymore explained the revenue from CEDC was increased \$3400 due to the change in the director's salary and for insurance and liability insurance. The sales tax revenue was increased \$56,500 based on the current year's projected end with a 5% increase. The Fire Department budget increased in motor vehicles by \$5500 and motor vehicle maintenance by \$7500 because they were not replacing any vehicles and would have higher maintenance costs. The Fire Department also budgeted \$7000 for fire station renovations to accommodate a washing machine. Mr. McCuiston reminded Council the sales tax should be increasing with the addition of the new strip center, the new Brookshires and the new First Monday additions. Julie Seymore continued by saying the Parks budget increased \$40,000 to construct a parking lot at Cherry Creek Park. Revenues for the water plant and WWTP were projected to be lower at year end which affected the revenue projection for next year and decreased the beginning fund balance for the year. That required a transfer from First Monday in order to have a positive fund balance. There was a similar circumstance in the garbage rates with the Allied rate increase. \$131,500 was added to Cherry Creek Park Phase II because some of the

projects would not be completed in this fiscal year. The sale of surplus equipment was reduced because one piece of fire equipment would be kept and not sold. Mr. McCuiston added that, after the readjustment of the water and sewer rates, the First Monday fund would be transferring \$1.5 million. One of the City's goals was to use First Monday funds to either pay down the debt service or fund capital improvement projects. He suggested a utility rate increase of 5%. The certificate of obligation money was running out and projects had to be paid from operations, which affected the bottom line. The City's goal was to be debt free. He thought it might be more prudent to accrue debt so utility rates did not go up and things could be paid off over time. He did not anticipate adding on debt unless there was an unanticipated emergent situation such as any mandates imposed on the City by the State. Mayor Wilson felt it was alright to have First Monday subsidize some of the various funds. The citizens should not have to suffer through First Monday and not get anything in return. Mr. McCuiston noted the General Fund was declining by \$400,000. No additional money was being added to the Equipment Replacement fund. The water, wastewater and sanitation funds were not generating what was anticipated. The City could not anticipate any audit adjustments that might be made, but they affected the cash balance. First Monday has declined by \$600,000. The overall fund balance has declined by about \$1 million. The water department needed \$673,000 transferred in to handle its deficit. The First Monday fund could not be used to sustain the various departments for more than one additional year without the City having to take on additional debt. The long-term goal set by the City was to establish prudent fiscal policies. One of those was for each fund to stand on its own. The longer the decision to increase rates was delayed, the harder it would be for the citizens because the increases would be larger. Mr. McCuiston reviewed the list of streets to be repaired categorized in order of necessity. Any money left after the Etheridge Road project was completed could be applied to street repair. Some of the repairs would be contracted out and some done in-house.

20. DISCUSS TAX RATES, TAKE RECORD VOTE ON PROPOSED TAX RATE AND SCHEDULE PUBLIC HEARINGS
21. MAYOR'S REPORT
22. CITY MANAGER'S REPORT

EXECUTIVE SESSION

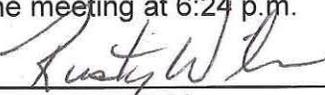
A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.071.

23. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY (Section 551.071)

RETURN TO OPEN SESSION

24. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
25. CONSIDER ALL MATTERS RELATED TO TEXAS CELLNET TOWER
26. ITEMS FOR FUTURE AGENDAS

27. ADJOURN – Mayor Wilson adjourned the meeting at 6:24 p.m.


 Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL

6:30 P.M., TUESDAY, AUGUST 19, 2008

City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Clay Nicklas, Ross Maris and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, Directors Lonny Cluck, Rick Malone and Mercy Rushing, Police Chief Mike Echols, and City Attorney Richard Davis were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:32 p.m. and declared a quorum present.
2. INVOCATION was given by Bud Surles.
3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None
5. PROCLAMATIONS AND ANNOUNCEMENTS – Mayor Wilson indicated an interest in asking students from Canton ISD to lead the pledge each month.

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA - Charles Lide expressed his concern over the new stop signs at Forrest Drive. He felt they were unnecessary and should not be used in an attempt to slow down traffic. The purpose of a stop sign should be safety. He has lived in the area for years and has not seen speeders on that street. Mr. Lide requested the signs be removed.

John Stone addressed the Council regarding an incident on the First Monday grounds. He was asked by First Monday staff to stop swearing on the grounds. When he failed to do so and could not promise that the bad language would stop, Lonny Cluck asked him to leave the grounds and would not allow him to renew his lots. Mr. Stone said he has apologized to Mr. Cluck and requested he be allowed to renew his lots. He paid \$1800 to

First Monday over the past year. He said it had been a bad year for him and it was extremely hot outside. He was just trying to make a living. Mr. McCuistion felt the First Monday Director should make the decision. Mayor Wilson requested the First Monday Committee review the matter and said the Council would follow its recommendation.

The Council skipped to Items 23, 24, and 25. They convened in closed session at 6:46 p.m. for consultation with the city attorney. The Council reconvened in open session at 7:14 p.m.

Mayor Wilson announced the red tags would be removed from the Texas Cellnet cell tower in the morning and building permits would not be required.

Bobby Anderson said he felt Forrest Drive was being used as a race track. The situation was getting worse every day. He was concerned for the safety of his children. People were running the stop signs and he requested officers monitor the area. Mayor Wilson said the matter of the stop sign would be discussed with the City Manager and Police Chief.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM JULY 15, 21, 22, 30 AND 31, 2008 CITY COUNCIL MEETINGS
8. CONSIDER APPROVAL OF JULY 2008 FINANCIAL STATEMENTS
9. CONSIDER APPROVAL OF BURTON ENGINEERING TASK ORDER FOR 2008 WYNNE ROAD WATER SYSTEM IMPROVEMENTS (TCDP CONTRACT NO. 728030)
10. CONSIDER REALLOCATION OF FUNDS FROM FM 859 WATER MAIN (TCF PROJECT NO. 726222) TO 2008 WYNNE ROAD WATER SYSTEM IMPROVEMENTS (TCDP CONTRACT NO. 728030)
11. CONSIDER ADOPTION OF RESOLUTION NO. 2008 – 14 PROVIDING FOR A FEE TO DEFRAY COSTS OF COLLECTING DELINQUENT FINES, FEES, AND OTHER DEBTS

Items 7, 8, 9, 10 and 11 on the Consent Agenda were unanimously approved upon motion by Councilmember Maris and second by Councilmember Nicklas.

INDIVIDUAL CONSIDERATION

12. CONSIDER REQUEST BY JOEL DE SANTIS FOR SOLICITOR'S PERMIT – Due to the absence of Mr. DeSantis, no action was taken on this matter.
13. CONSIDER APPROVAL OF FINAL PLAT FOR FOSTER GARDENS SUBDIVISION LOCATED ON SOUTH SIDE OF FOSTER STREET, CANTON, TEXAS, CURRENTLY OWNED BY JOHN NORMAN – Mayor Wilson indicated the Council had reviewed the plat. He said approval was recommended by the Planning & Zoning Commission. Councilmember Huddle made a motion to approve the final plat for Foster's Garden Subdivision owned by John Norman. Councilmember Fuller seconded and all voted in favor.

14. REPORT ON PARK PROJECTS – Mayor Wilson stated the item was covered during the workshop.
15. CONSIDER ADOPTION OF ORDINANCE NO. 2008-14 REPEALING ORDINANCE NO. 99-03 REGULATING THE OPERATION OF TAXI SERVICES – Mayor Wilson tabled the item until the next meeting.
16. CONSIDER ADOPTION OF POLICE DEPARTMENT POLICIES – Mayor Wilson tabled this item until the next meeting to allow further review.
17. CONSIDER APPOINTMENT TO CANTON ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS – Councilmember Sanford made a motion to appoint Susan Gummelt to fill the position vacated by Beth Whitaker on the Canton Economic Development Corporation Board of Directors with a term ending March 2009. Councilmember Huddle seconded, and all voted in favor.
18. PUBLIC HEARING AND CONSIDER RESOLUTION NO. 2008 – 15 AMENDING ALLOCATION OF SECTION 4B SALES TAX PROCEEDS – Mr. McCuistion requested the item be tabled.
19. COUNCIL AND STAFF WORK SESSION FOR FISCAL YEAR 2008-2009 PROPOSED BUDGET – Mr. McCuistion reported the proposed 5% increases in the water and sewer rates would generate approximately \$60,000 and \$20,000 respectively. Julie Seymore added a 5% increase for a residential user with 4000 gallon usage meant an increase of \$1.77 per month for water and sewer. She said most commercial users were between 0-10,000 gallons for an increase of \$3.39 per month. Mayor Wilson expressed his opposition to any increase. Councilmember Huddle said he was also against any increase. Ms. Seymore clarified the increase was 5% on the base amount and \$.20 per 1000 gallons. Councilmember Sanford cautioned if rates were not raised now, the City would get further and further behind. Councilmember Nicklas said the rates probably should have been increased a long time ago. Councilmember Maris mentioned the First Monday money should be used for streets and other projects for the citizens, not subsidizing other departments. He added the auditor had been complimentary of the progress the City made in getting balance in the budget. Mr. McCuistion said the long-term goal was to have First Monday fund capital projects and not subsidize other departments. If we did not want to follow those goals, they should be changed. Mr. Malone explained impact fees and how they were collected. He said \$150,000-170,000 was raised in impact fees this year. Mr. McCuistion said \$140,000 of that was from Mill Creek RV Park. Julie Seymore cautioned to change the impact fees would not be a simple process. Mr. McCuistion said those funds would be restricted to water and sewer capital improvements going forward.
20. DISCUSS TAX RATES, TAKE RECORD VOTE ON PROPOSED TAX RATE AND SCHEDULE PUBLIC HEARINGS – Ms. Seymore said there would be a vote on the tax rate on September 16 with public hearings on September 2 and 8. The proposed rate was the current rate of .42523 while the effective tax rate was .40515. Taxes were based on \$243 million property values last year and projected to be \$252 million for the coming year. Approximately 47% was residential and 53% commercial taxable value. Councilmember Maris made a motion to propose a budget based on the tax rate at .42523 and schedule public hearings for September 2 and 8, 2008. Councilmember Sanford seconded. Councilmembers Fuller, Maris, Sanford, Nicklas and Huddle all voted in favor. Ms. Seymore explained the tax rate could be set no higher than .42523.

21. MAYOR'S REPORT

22. CITY MANAGER'S REPORT – Mr. McCuiston reported Mr. Carter with Energy Consultants bid out for the TXU energy portion of the electric bill and got a rate of \$.8.2 cents per KW hour. He said the City had been paying \$.166. and the new rate would result in a savings of \$44,000 over an eight-month period. At the end of the eight months, the contract would expire and both loads would be negotiated. He anticipated rates would come down after the winter. He reported the employees who took cars home were Rick Malone, Mercy Rushing, Michael King and Sgt. Hall from the Police Department. The Animal Control Officer and Chief Bazhaw took vehicles home at night. Charles Stone from the water department took a truck home every day, and Ron Fields took one home when he was on call. Jerry Shamlin, Joe Adams, and John Prough took vehicles home at night because they were on call. Carlos Mora, the water meter reader, took one home to do connects and disconnects. Charles Fugate from the wastewater plant and the person on call took home vehicles. The First Monday Director also took home a vehicle. Mayor Wilson requested Mr. McCuiston review the necessity of each individual taking home a vehicle. He also instructed Mr. McCuiston to make sure the individuals were not using the vehicles for personal use. Mr. McCuiston said he would also research a better way to track how much fuel was being used by a department or individual. Rick Malone reported Etheridge Road had no serious flooding with the heavy rain. The work was halfway completed. The sewer line was two-thirds done. The roadwork was expected to go quickly. The First Monday flood study was 95% complete. The First Monday benches were ready to be painted. The new police department building renovations were going well. They were about to start on the roof. The Streets Department was finishing up on some taps and doing repairs on Athens Street. They would finish Elliott soon. Mercy Rushing said she had been reviewing the files in the office. She made a few calls on businesses in town. Lonny Cluck reported Burton Engineering completed a topography at the CYRA ballpark. It was determined a good ditch and some dirt work could help to control drainage. They were installing a new perimeter fence at the Old Kaufman Road park. They began the electrical upgrade at the Civic Center RV park and budgeted to do more next year. Chief Echols said the stop sign on Forrest had been up five weeks and they had issued twenty-two verbal warnings, written four citations and made two arrests in a thirty-day period. Although there have been mixed feelings from citizens, he felt the signs had been a success and had helped the police department. There was a brief discussion about the possibility of using road humps to slow traffic. Rona Watson made a presentation about the Chamber of Commerce and its accomplishments. She said Canton was now a destination place for more than just First Monday. She felt their decision to do travel shows rather than lawn and garden shows made a difference in the number of tourists coming to Canton. They had decided to do RV shows closer to home this year. Membership dues covered Chamber duties and 30% of the tourism budget. She requested an increase in the City's contribution from \$40,000 to \$60,000. She said their website was still hosted by Darnell Smith because he did the site for free. They did not develop a new website this year although \$11,000 was budgeted for that. There was a new look to their website.

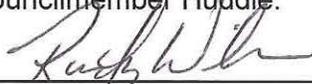
EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.071.

- 23. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY (Section 551.071)

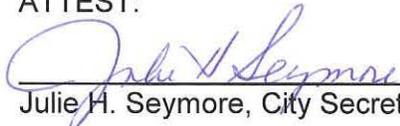
RETURN TO OPEN SESSION

- 24. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
- 25. CONSIDER ALL MATTERS RELATED TO TEXAS CELLNET TOWER
- 26. ITEMS FOR FUTURE AGENDAS – No items were mentioned.
- 27. ADJOURN – Mayor Wilson adjourned the meeting at 8:08 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.



Rusty Wilson, Mayor

ATTEST:



Julie H. Seymore, City Secretary

**CALLED MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, SEPTEMBER 2, 2008**
City Hall Council Chambers
290 East Tyler Street
Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone, Lonny Cluck and Mercy Rushing were also in attendance, as well as Police Chief Mike Echols, Fire Chief Charles Bazhaw, Municipal Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

- 1. CALL TO ORDER - Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present.
- 2. INVOCATION
- 3. PLEDGE OF ALLEGIANCE

INDIVIDUAL CONSIDERATION

- 4. CONSIDER ALL MATTERS RELATED TO DEER MEADOW SUBDIVISION AND TAKE ANY ACTION PURSUANT THERETO - Perry Marker, the developer/owner for Deer Meadow Subdivision, reviewed the various problems they have experienced from the start

on this project. Mr. Slaughter had said, although he would allow access to the property, he refused to sign an easement. The ditch was cut as requested by Burton Engineering. Mr. Marker does not know how to put in a detention pond on flat ground. Detention ponds need a place for the water to run. Mr. Marker requested waiver of the homeowners association requirement. There would be a need for a homeowners association if a lift station had been installed, but one was not. There was a concern Mr. Slaughter might dam up the property. Pursuant to Texas Code 11.086, no person may impound the natural flow of surface waters that damages the property of another. Mr. Marker does not feel anything else should be done. There would be a little more runoff with the driveways, some of which goes to the state highways. Mayor Wilson said he spoke with Mr. Slaughter who did not want to sign an easement because of the possible sale of the property. Mr. Slaughter's property was outside the city limits. There has been natural drainage on the property for years. Mr. Burton said he and the city staff have gone by the book on this project and every request and requirement has been for the protection of the City. They were attempting to keep the City out of a situation where it could be liable for something. The main reason to require an easement was for access on the adjacent property to dig the ditch. It was not the City's responsibility to obtain the easement. The plans were approved with the condition that the owner provide an easement. Mr. Burton stated his concern about being able to dig the ditch out was with the water runoff from driveways and the rooftops to be built. A maintenance issue could present itself in the future and, if Mr. Slaughter's heirs wanted to dam the ditch, the City could not stop them. That would present a problem for the City. Ed Snodgrass of Benchmark Design Group admitted there was an increase in runoff, but no appreciable runoff downstream. He said a drainage easement that stopped in the middle of a pasture did not make sense. There are miles of areas of creeks without drainage easements. The City had prescriptive rights to go in and maintain the ditch for the health, safety and welfare of the public. The City has the right to maintain creeks that are public drainage ways. Mr. Malone said Mr. Slaughter's property was to the east of the development. The water runs toward his property and then turns to Mr. Bobo's property. He felt there could be a problem with the prescriptive rights on property not in the city limits.

The Council then moved to Item 12. Pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.071, the Council convened in closed session at 5:57 p.m. for consultation with the city attorney. The Council reconvened in open session at 6:17 p.m. Mayor Wilson stated the Council would proceed with taking a vote on whether or not to approve the Deer Meadow plat. He said the homeowners' association issue would have to be brought before the Planning & Zoning Commission for review. Mr. McCuiston stated that if the owners wanted to eliminate the Homeowners Association, the plat would also have to be amended to include common areas in adjoining lots. Mr. Malone pointed out the plat had already been adopted. He said this process was to allow the developer to commence construction. Councilmember Sanford made a motion to allow the developer to continue the subdivision construction. Councilmember Huddle seconded and all voted in favor.

5. PRESENTATION OF PROPOSED BUDGET AND TAX RATE FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 – Andy McCuiston pointed out the long-term goals and objectives for council had changed slightly. The sound system was already installed in the council room. He planned on posting meeting notices on the city website so he removed posting notices in multiple locations. He noted the website had not yet been developed. Mr. McCuiston said Objective 4 was amended to “use long-term debt when it makes good sense” rather than

totally eliminating long-term debt. Julie Seymore added \$3000 was included in General Fund Revenue to increase health permit revenues. \$50,000 was added to renovate the office site at the new property for administrative offices. The Police Department budget was increased \$2000 for the Kids Against Drugs Educational Program. \$2500 was added to the cost of electrical upgrades in the Parks Department for the Plaza Museum. Water Revenue was raised \$9000 to project a higher beginning balance which required less of a transfer from the Fund Balance. The First Monday fund was increased \$50,000 to include the western swing event. \$20,000 was to be taken from the hotel/motel tax for community development projects previously funded by the Canton Economic Development Corporation (CEDC). The Special Revenue fund was amended by \$55,000 to show receipt of the grant from CEDC for the sidewalk project in 2007-08 and to complete that project. That reduced revenue in the proposed budget by \$55,000. Mayor Wilson explained a couple items previously paid for by CEDC were not directly tied to economic development or community enhancement and should be funded from another source. Mr. McCuistion said the General Fund showed a beginning balance of \$853,000 and an ending balance of \$388,000, which he felt was too low. That amount needed to be built up during the next year. A primary reason for the difference was the way ad valorem taxes were handled last year. They had taken some of the reserve in the Debt Service and General fund and retired debt. Julie Seymore gave a recap of the major expenses in the budget – two large grant projects were included in the upcoming year. One was the \$400,000 grant for Cherry Creek Park. The other was the Wynne Road water line project. \$305,760 was planned for water plant capital improvements. Capital outlay included \$50,000 for renovation of the new office space and \$9000 for laptops to automate the council meetings. The Police Department projected \$5400 for a DVR camera kit for narcotics officers; \$3500 was to be spent for fenced runs at the animal shelter. The Parks Department would spend \$15,000 to replace the air conditioning unit at the library. Other items included a roof at the water plant pump house, a filter backwash line to the sewer system, a six-inch water line on Billy Street, the looping from Highway 64 to Tyler Street, new fire hydrants and meter boxes, a new roof on the wastewater plant office, and resealing the road going into the wastewater plant. First Monday included an electrical upgrade to the RV park, resurfacing Row 1, seal-coating roads, improving the creek, replacing trees, and replacing tables and chairs at the Civic Center. The Certificates of Obligation required \$1,069,000 and \$220,000 which was budgeted for short-term debt, \$45,000 of which was for the TxDOT property. Trade Center IV would be paid off completely in the next year. The tax revenue was based on total taxable value of property of \$252,000,000. Almost 24% of the tax revenue would go to the General Fund and 76% to the Debt Service fund to retire debt. The effective tax rate was .40515 and the rollback rate was 0.58693. \$1,051,090 in tax revenue was projected. \$15,000 would be from new property and improvements valued at \$3.7 million. The average taxable value was \$82,246 with an average tax bill of \$350. The average tax rate for cities in Van Zandt County was .58453 with effective tax rates of .57795. Canton's tax rate was the lowest in the county. Lonny Cluck said the \$15,000 for the library was to purchase two air conditioning units, not just one.

6. PUBLIC HEARING ON PROPOSED TAX RATE FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 – A public hearing was opened at 6:30 p.m. on the proposed tax rate for the fiscal year beginning October 1, 2008, and ending September 30, 2009. There being no comments, the public hearing was closed at 6:40 p.m.
7. CONSIDER RENEWAL OF CHAMBER OF COMMERCE SERVICE AGREEMENT – Mr. McCuistion said the Chamber had requested a \$60,000 contribution from the City. His

recommendation was to stay at \$40,000 since the City was already installing a new roof and paying for an electrical upgrade at the museum. Mayor Wilson also recommended \$40,000. Councilmember Huddle made a motion to renew the Chamber of Commerce Service Agreement with a contribution of \$40,000 from the City. Councilmember Maris seconded and all voted in favor.

8. **CONSIDER ADOPTION OF ORDINANCE NO. 2008-14 AMENDING WATER AND WASTEWATER RATES** – Julie Seymore pointed out the calculation sheets for the 5% water rate increase indicated a \$.50 increase on the base rate for water customers and a \$.20 increase per thousand gallon usage for residential customers. Commercial customers would have a \$1 increase on the base rate and \$.20 per thousand gallon usage. The increases would generate approximately \$50,000 in water revenue and \$20,000 in sewer revenue and would be effective for the service period September 20 to October 20, which was billed November 1. Most residential customers used 4000-7500 gallons and would see a total increase from \$1.82 to \$2.77. Commercial customers would increase approximately \$2.74. Mayor Wilson voiced his opposition to any rate increase. He felt any differences should be paid for from First Monday profits. Councilmember Sanford said if there were not little increases each year the various plants would never be able to pay for themselves. Councilmember Fuller felt it would not make it any better to wait one year on the increases. Julie Seymore advised Council \$1 million was being transferred from First Monday to cover the various capital projects. She said the City would continue the west outfall improvements each year. There were also going to be increased expenses for alternative water sources. Mr. McCuistion said if the water plant had no capital improvements next year, the water would probably pay for itself without an increase. Councilmember Maris said to be able to plan for additional wells or a water tower the city needed to get water revenue up to a breakeven point. It was easier to ease into a small increase than make one big increase later. Mr. McCuistion said the long-range goal was to use First Monday funds for capital improvements and have each fund sustain itself. He said a TML survey showed cities 2000-5000 in population billed residential customers an average of \$25.48 for 5000 gallons. Canton billed \$28.33. On the commercial side, other cities billed \$127.50 for 50,000 gallons and Canton was at \$78.48. Mr. McCuistion suggested the City could take on additional debt and reduce the amount of the rate increase. Councilmember Nicklas pointed out the sewer rates were much lower than other cities. Julie Seymore pointed out the rates for meters were also being increased. She said \$604,000 was being transferred to the wastewater treatment plant from First Monday and all of that was not for capital improvements. Rick Malone mentioned there was a 35% increase built into the water plant budget for supplies. Councilmember Sanford made a motion to adopt Ordinance 2008-14 amending the water and wastewater rates as proposed with a \$.50 increase on the base and \$.20 on water for volume. Councilmember Maris seconded and Councilmembers Sanford, Maris and Fuller voted in favor. Councilmembers Huddle and Nicklas voted against. The ordinance was adopted.
9. **CONSIDER ADOPTION OF ORDINANCE NO. 2008-15 AMENDING GARBAGE SERVICE RATES** – Mr. McCuistion explained Allied Waste was increasing its rates by 4.7% on November 1. The last time the City had an increase from Allied, the City passed the increased rates on to commercial but not residential customers. He recommended increasing the residential garbage rate from \$9.00 to \$10.00 and the residential cart service from \$11.50 to \$12.50. The increases would not preclude the need for a transfer from First Monday. Mayor Wilson was against a rate increase. He felt the shortfall should be covered by First Monday. Mr. McCuistion advised Allied would probably increase the rates again next year. Councilmember Maris warned about depleting all the

profits from First Monday to cover areas that were not supporting themselves. He said First Monday revenue could decrease and there would no longer be anything to save those funds which operated at a loss. Councilmember Fuller made a motion to adopt Ordinance 2008-15 amending the garbage service rates as proposed. Upon second by Councilmember Sanford, all voted in favor except Councilmember Nicklas, who abstained.

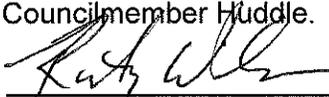
10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-16 AMENDING TRANSFER STATION FEES – Mr. McCuistion said the transfer station rates needed to be increased because the City's costs were increasing. Mayor Wilson said he had no issue with an increase in this area since the City offered brush pickup once a month and spring cleaning annually. Councilmember Maris felt City residents ought to get a larger break at the transfer station from county residents. Julie Seymore suggested changing the wording "out-of-county" rate to state "out-of-city" rate. Councilmember Fuller made a motion to adopt Ordinance No. 2008-16 amending the transfer station fees with the change stated by Ms. Seymore. Mayor Wilson said the current in-county rate would read current in-city rate. Councilmember Maris seconded and all voted in favor.
11. CONSIDER ADOPTION OF ORDINANCE NO. 2008-17 AMENDING CITY OF CANTON FEE SCHEDULE – Julie Seymore explained the fee schedule was amended to show the \$30 check return fee adopted previously as well as public information fees set by the Attorney General's office. The health permit fees were also set out. She proposed a \$50 fee for temporary vendors, \$100-125 for restaurants, \$150 for markets, and a bakery or deli at \$50. Councilmember Fuller made a motion to adopt Ordinance 2008-17 amending the City of Canton fee schedule as proposed. Councilmember Sanford seconded and all voted in favor.

Chief Bazhaw gave a brief report on the evacuees from Hurricanes Gustav and Ike. The evacuees were moved from the churches to the Civic Center. He expressed his appreciation to the city employees who assisted and to surrounding fire departments. Mayor Wilson added his gratitude to everyone who was involved.

EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.071.

12. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY (Section 551.071) – Addressed earlier in the meeting.
13. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION
14. CONSIDER ACTION REGARDING WARRANTY ON FIRST MONDAY RESTROOM PROJECT – No action taken.
15. ADJOURN - Mayor Wilson adjourned the meeting at 7:18 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.


 Rusty Wilson, Mayor

ATTEST:



Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., MONDAY, SEPTEMBER 8, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Clay Nicklas, Ross Maris and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck, Rick Malone and Mercy Rushing were also in attendance, as well as Police Chief Mike Echols, Municipal Judge Lilia Durham, Fire Chief Charles Bazhaw, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:30 p.m. and declared a quorum present.

INDIVIDUAL CONSIDERATION

2. CONSIDER ALL MATTERS RELATED TO ACCEPTANCE OF STREETS IN LAKE MEADOWS SUBDIVISION AND TAKE ANY ACTION PURSUANT THERETO - Rick Malone reported all the conditions for acceptance established by the City had been met. Mayor Wilson clarified the City would assume responsibility for the streets once they were accepted. Councilmember Sanford made a motion to accept the streets in Lake Meadows Subdivision. Councilmember Huddle seconded and all voted in favor.
3. PRESENTATION OF PROPOSED BUDGET AND TAX RATE FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 – Mr. McCuiston reported there were no changes to the proposed budget since the previous meeting except the correction of the beginning and ending balances in the General Fund. He then asked for a discussion on the Western Swing and Bluegrass Festival. He noted the budget included \$50,000 in revenue and expenditures for the Western Swing. He explained the Bluegrass Festival had been held for thirty years. The City took over funding the event in 2003 and it lost an average of \$10,000 per year. Mercy Rushing presented an economic impact study based on receipts turned in during the festival. Receipts showed \$10,825.65 was actually spent in the community during the festival. She used a multiplier rate of five to be conservative. That would indicate a total impact of \$54,128. If one assumed only 50% of the attendees turned in receipts, that number could be doubled. There were also direct expenditures in the community to produce the festival of \$8,533.87. Using the multiplier of five, it generated \$42,941.85. The combined impact was approximately \$97,069.85 put into the community as a result of the Bluegrass Festival. Only five per cent of the attendees were locals. The \$97,000 does not include hotel/motel tax or sales tax collected during that period. Ms. Rushing said the festivals in Mineola did not usually make a profit. If they broke even, it was deemed a success because of the economic impact to the community. The

main goal was to have people spend money with local merchants. Mayor Wilson clarified that the expenses for the Bluegrass Festival were paid by the City through the normal accounting process. Mr. McCuiston reported \$10,000 from 2007's event was misplaced and turned in during the 2008 fiscal year which changed the original reported loss of \$21,000 to approximately \$11,000. Julie Seymore said the \$70,000 spent on the event included \$10,000 from CEDC. There was a short discussion regarding how the money was handled during the event. Mr. McCuiston said they have discussed ways to reduce costs during future events, such as eliminating the fish fry and cutting the festival down from four to three days. The biggest expense was for the talent. Mayor Wilson said to bring people from the outside into our community, we had to spend money inside the community. There was a brief discussion regarding whether or not the hotel/motel tax report would indicate how many hotel rooms were rented during that festival weekend. Mr. Fuller said attendance was down slightly due to the increased cost of gasoline. There were approximately 100 more campers last year. Councilmember Maris pointed out it was good to have something during the slow months of First Monday to help the restaurants and motels. Mr. Fuller said he was not paid to produce the festival. He was reimbursed for travel expenses to the International Music Convention in Nashville every year. He had a large group of volunteers who helped him. The proceeds from the RV park and festival were turned into the city. City employees prepared the Civic Center and volunteers or community service workers helped with most of the festival. City employees did not have to pay to attend the event. All receipts were turned into the accounting department. Mr. McCuiston said there was a line item in the budget exclusively for the Bluegrass Festival. Mayor Wilson said a lot of items, such as the fireworks, could be eliminated from the budget because they may or may not be good for the City. Councilmember Fuller said the Bluegrass Festival brought people to Canton from all over the world. When they were here, they stayed at Canton hotels and ate at Canton restaurants. The festival was nominated for Bluegrass event of the year last year. Mayor Wilson said a better job could be done budgeting as we went forward. Mr. McCuiston informed the Council he was planning to take a week of vacation time and attend the International Bluegrass Music Association event at his own expense. There was no objection from the Council. Councilmember Fuller said Dr. Pepper paid \$3000 toward the advertising on his van. An additional \$1800 came from the First Monday and Bluegrass advertising budgets. Mr. McCuiston said he thought the Western Swing event was a good idea for February. He wanted to budget \$50,000 for expenses and revenue. The antique show would be eliminated. Councilmember Fuller said he has been talking to people about the big movement in western swing. He already contacted Jodie Nix, Dave Alexander and Baxter Black to perform. Councilmember Huddle questioned why the City was promoting special events. Mayor Wilson said there was no guarantee the City would profit from the event. If it did, the entire community would benefit. Mercy Rushing said most cities, especially small ones, were always looking for ways to create more tourism and bring more people into the community. Councilmember Maris pointed out, due to First Monday, Canton had the infrastructure to handle large events other cities could not. It had the capacity to handle events during the rest of the month. He felt if the City broke even, it would be great. Businesses profited from those events. Mayor Wilson added that it added to sales tax revenue throughout the year which allowed the City to have a lower tax rate than any other city in the county. Councilmember Maris said if sales tax revenue was increased as a result of an event, the city came out ahead even if there was no profit directly from the event. Julie Seymore calculated that \$97,000 sales tax paid during the Bluegrass Festival would bring in \$2000 in sales tax revenue. Councilmember Fuller was confident he could obtain additional outside sponsorship for the Western Swing event. Mayor Wilson questioned having the event in February due to possible inclement weather. Councilmember Fuller said he did not have much choice in the selection of the date because many acts were already booked, but he would try to capitalize on Valentine's Day

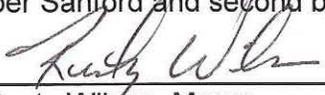
weekend. Councilmember Nicklas said citizens were unsure of investing more money in a festival the City had never done before. Councilmember Huddle made a motion to remove the Western Swing from the budget. Councilmember Fuller said he expected to spend \$38,000 for entertainment, a lot of which came with an advertising package. Councilmember Huddle said they were elected to watch the taxpayers' dollars. Mayor Wilson said we would not lose \$50,000 because the City would also realize the revenue from ticket sales. Clay Nicklas seconded the motion. Councilmembers Huddle and Nicklas voted for the motion. The motion failed with Councilmembers Sanford, Maris and Fuller voting against it. Mr. Davis advised there was no conflict with Mr. Fuller voting if he did not make any money from the event. Councilmember Fuller said he installed an 800 number at his house at his expense for the Bluegrass Festival and distributed boxes of literature about Canton throughout the country. Councilmember Maris requested Ms. Rushing develop a system to track the economic impact of the festival and find out who was attending and how much money was spent in the community. Mayor Wilson pointed out any city employee who took a trip to promote the city would be reimbursed for travel. Cary Hilliard commented if there was an appearance of a conflict of interest, the perception was the reality. Councilmember Fuller felt he had every right to vote on the issue. He made no money from the event. He furnished equipment to lift the speakers. His family volunteered to work the festival. Mayor Wilson said the motion was defeated and the City would keep the Western Swing event in the budget.

Mayor Wilson called a recess at 6:58 p.m. The meeting resumed at 7:11 p.m.

4. PUBLIC HEARING ON PROPOSED BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 – A public hearing was opened at 7:12 p.m. on the proposed budget for fiscal year beginning October 1, 2008, and ending September 30, 2009. Kay Murphree questioned the proposed raises for supervisors. Mr. McCuiston said he had a set sum to fund directors' raises. He did a salary survey of cities from 5000-10,000 population, noting that Canton operated more like a college town due to First Monday. He felt the directors were underpaid according to the survey results. He had not yet determined what each raise would be. Ms. Murphree questioned which employees had use of the city credit cards. Julie Seymore said Lonny Cluck, Rick Malone had cards. Mercy Rushing and Charles Bazhaw would both be issued cards. Her card was checked out to whoever needed it at the time. Most charges were for travel expenses or purchasing items needed for city use. Mr. McCuiston said all receipts were turned in to the accounts payable department for review. She makes him aware of any items charged that might be out of line. Mayor Wilson said an employee who abused the use of the credit card would be terminated. Ron Perkins asked about the increase in the capital outlay in the administrative budget from \$3480 to \$510,585. Julie Seymore explained the increase was due to the purchase and renovation of the TxDOT building. She also explained another difference in the administration budget was a matter of accounting. Overhead expenses were no longer being split among three major funds. Ms. Seymore told Mr. Perkins the \$400,000 for the Cherry Creek Park grant was for the improvements to the soccer fields, etc. Mr. Perkins said the citizens were complaining about the increased cost for water. Cary Hilliard expressed gratitude for the City for the upkeep of the library and the improvements that had been made. Councilmember Huddle said the county commissions made less than any of the city's directors. He also questioned whether or not the city benefited from Rona Watson's trip to California. Mr. McCuiston said he had Ms. Rushing working closely with the Chamber and the Chamber would be reporting to the Council monthly. Mercy Rushing would be an ex officio member of the board as well as the city manager and mayor. Rick Malone reported Elliott Road was worked on that day and they planned to continue until completion. Mayor Wilson said he felt the increase in salaries sent the wrong message.

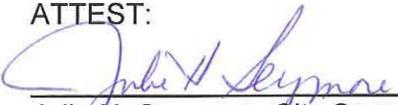
Some people were not getting raises at all this year and he felt it was a difficult time to make the increase. Councilmember Huddle said everyone else was getting a 3% increase and the managers were getting 9%. Mr. McCuiston said everyone was getting 3% and 2% was allocated for merit raises which not all employees would receive. Some employees would also be getting market adjustments. Mr. McCuiston pointed out the two employees who commented to Councilmember Huddle they were receiving \$8.16 an hour also received First Monday pay. He felt it was inappropriate they spoke to him directly about their pay. Mayor Wilson explained the Streets Committee identified and prioritized all the roads in the City and improvements that needed to be made. The budget for street improvements this year was \$305,000 rather than \$60,000-80,000. Mr. McCuiston said \$200,000 of the \$305,000 received on the Etheridge Road project was earmarked for ten specific streets. Any funds left over would be used on what was next on the list. He also said, according to the survey, the average fire chief salary was \$67,000. Canton's fire chief was paid \$46,000. The Public Works Director on the survey made \$66,000. Canton's was paid \$49,000. He said First Monday caused the City to have a larger infrastructure than most towns Canton's size. The public hearing closed at 7:40 p.m.

5. PUBLIC HEARING ON PROPOSED TAX RATE FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 – A public hearing on the proposed tax rate for fiscal year beginning October 1, 2008 and ending September 30, 2009 was opened at 7:41 p.m. Mayor Wilson said the proposed rate was unchanged at .42523 but there would be a tax increase because of increased property values. Most of the increase in property values was attributed to new business property. Julie Seymore said the new property values would generate approximately \$15,707. \$25,000 would come from existing properties. Ron Perkins said the tax rate was not going up but the county raised the value on the property and those whose value increased would pay more in taxes. The public hearing closed at 7:45 p.m.
6. CONSIDER ADOPTION OF CANTON POLICE DEPARTMENT RULES, REGULATIONS & POLICIES – Mr. McCuiston said the Canton Police Department Rules were proposed at the last meeting and then pulled from the agenda to look at some discrepancies with the City's policies. He now asked that the policies be adopted. Councilmember Maris made a motion to adopt the Canton Police Department Rules, Regulations & Policies as submitted. Councilmember Nicklas seconded and all voted in favor.
7. ADJOURN – Mayor Wilson announced the vote on the tax rate and budget was scheduled for September 16 at 6:30 p.m. He expressed his appreciation to those who attended the meeting. There being no further items to discuss, Mayor Wilson adjourned the meeting at 7:48 p.m. upon motion by Councilmember Sanford and second by Councilmember Nicklas.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

WORK SESSION FOR REGULAR MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, SEPTEMBER 16, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Clay Nicklas, Ross Maris and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck and Rick Malone were also in attendance, as well as Police Chief Mike Echols, Municipal Judge Lilia Durham, Fire Chief Charles Bazhaw, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 5:32 p.m. and declared a quorum present.
2. INVOCATION - None during work session.
3. PLEDGE OF ALLEGIANCE - None during work session.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None during work session.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None during work session.

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM AUGUST 5 AND 19, 2008 CITY COUNCIL MEETINGS – There were no comments or changes to the minutes.
8. CONSIDER APPROVAL OF AUGUST 2008 FINANCIAL STATEMENTS - Andy McCuiston reported the City was in good financial shape with \$4,766,000 in the bank. \$900,000 was paid July 1 on the debt service and the next interest payments were scheduled in January.
9. CONSIDER ADOPTION OF ORDINANCE NO. 2008-18 AMENDING HOTEL/MOTEL TAX ORDINANCE TO INCLUDE EXTRATERRITORIAL JURISDICTION - Mr. McCuiston explained this was a housekeeping matter. Mr. Davis brought it to his attention the extraterritorial jurisdiction extended one mile from the city limits since the City has a population of over 5,000. The City was eligible to collect hotel/motel taxes within the ETJ. Mr. Davis said the previous ordinance referred to a specific map, which was constantly changing. This ordinance clarified the ETJ boundaries. Mr. McCuiston said an audit was being conducted on the hotel/motel taxes paid by motels only. The B&B's in the ETJ would be sent a letter advising them of their tax obligation.

Councilmember Sanford arrived at 5:37 p.m.

10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-19 AMENDING SUBDIVISION ORDINANCE TO CORRECT DEFINITION OF EXTRATERRITORIAL JURISDICTION – Mr. McCuiston advised this was the same type of issue regarding the ETJ.
11. CONSIDER ADOPTION OF ORDINANCE NO. 2008-20 PROVIDING FOR POLICIES AND PROCEDURES REGARDING OPERATION OF FIRST MONDAY TRADE DAYS – Mr. McCuiston said the policies were adopted annually to allow the police to enforce the regulations. Lonny Cluck said the changes to the policy were lowering electrical charges for climate-controlled vehicles on the outdoor lots and amending Log Cabin office hours during First Monday weekend.
12. CONSIDER ADOPTION OF RESOLUTION NO. 2008-15 DESIGNATING THE CANTON HERALD AS THE OFFICIAL NEWSPAPER FOR THE CITY OF CANTON – Mr. McCuiston stated the item was also a housekeeping matter considered annually.
13. CONSIDER APPROVAL OF INTERLOCAL AGREEMENT FOR DATABASE MAINTENANCE WITH EAST TEXAS COUNCIL OF GOVERNMENTS, – Mr. Malone said the fee for the agreement would decrease each year. He noted it was the second year East Texas Council of Governments would update the City's 911 addresses.
14. CONSIDER TERMINATION OF AGREEMENT WITH CANTON ECONOMIC DEVELOPMENT CORPORATION DATED FEBRUARY 19, 2008, FOR RECEIPT OF AN ECONOMIC ASSISTANCE GRANT AND CONVEYANCE OF SIXTY (60) ACRES OF LAND – Mayor Wilson stated the proposed agreement released the land back to the CEDC to utilize for economic development.
15. CONSIDER ADOPTION OF RESOLUTION NO. 2008-16 AUTHORIZING AND APPROVING RENEWAL OF A \$133,000 CONSTRUCTION LOAN FROM AMERICAN NATIONAL BANK – Mr. McCuiston said the resolution authorized the renewal of a loan at the bank for the construction of a First Monday restroom. He added that the last payment for Trade Center IV was scheduled for November 2009.
16. CONSIDER ADOPTION OF RESOLUTION NO. 2008-17 AUTHORIZING AND APPROVING RENEWAL OF A \$528,000 CONSTRUCTION LOAN FROM AMERICAN NATIONAL BANK – Mayor Wilson said the resolution was in regard to renewal of the loan for Trade Center IV. Julie Seymore advised the balance was \$58,000 as of October 1, 2008.
17. CONSIDER ADOPTION OF ORDINANCE NO. 2008-21 AUTHORIZING THE ISSUANCE OF CITY OF CANTON, TEXAS, LIMITED TAX NOTES SERIES 2008; AUTHORIZING THE LEVY OF AN AD VALOREM TAX; APPROVING A PAYING AGENT/REGISTRAR AGREEMENT; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE NOTES – Mr. McCuiston said the ordinance allowed the bank to reimburse the City for the funds spent on the TxDOT property.

INDIVIDUAL CONSIDERATION

18. CONSIDER ADOPTION OF ORDINANCE NO. 2008-22 APPROVING PROPOSED BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009
19. CONSIDER RATIFICATION OF PROPERTY TAX INCREASE RELECTED IN BUDGET

FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009

20. CONSIDER ADOPTION OF ORDINANCE NO. 2008-23 LEVYING TAX RATE FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009
21. CONSIDER RECOMMENDATION BY CANTON ECONOMIC DEVELOPMENT CORPORATION TO REPEAL CURRENT ALLOCATION OF SALES TAX PROCEEDS
22. CONSIDER APPROVAL OF CANTON ECONOMIC DEVELOPMENT CORPORATION BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009
23. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2008-24 GRANTING A SPECIFIC USE PERMIT FOR THE OPERATION OF A PRIVATE CLUB AT 17270 I-20 SERVICE ROAD, CANTON, TEXAS, OWNED BY COBERN FAMILY LTD PARTNERSHIP – Mr. Malone explained the owner requested a specific use permit to open a private club at this location. They planned to split the restaurant and have an upscale burger restaurant on one side and their existing restaurant on the other. The Planning & Zoning Commission recommended approval to the Council. Mr. Malone noted the owner would have to go through the TACB to obtain a liquor license. Richard Davis advised there was really no option to deny the request if it met the City's requirements. Mr. Malone felt the change would have a positive impact on sales tax revenue. Julie Seymore reported the City currently received approximately \$6800 in beverage sales tax from the Country Club and VFW.
24. CONSIDER ADOPTION OF AGREEMENT WITH BROOKSHIRES REGARDING EXTENSION OF UTILITY SERVICES – Mr. Malone explained Brookshires was seeking an agreement whereby the City would waive the impact fees if Brookshires extended the water and sewer lines to the new development. Mr. McCuiston said the City was not obligated to take the utilities from the property line to the building site. Canton was trying to work with Brookshires to give them an incentive to build. The City would receive \$50,000 extra with this agreement. He added the city also wanted Brookshires to lower the sewer line so it could be extended across Hwy. 64 to serve other properties without the necessity of installing a lift station. The City would incur the cost of lowering the line. Mr. Malone said Mr. Burton estimated the cost to the City would be \$50,000 to \$75,000. Mr. McCuiston added that would allow the City to service and take in some other businesses not in the City, such as Sears.
25. CONSIDER ALL MATTERS RELATING TO RETAINING WALL ON HIGHWAY 19 BY HILLCREST CEMETERY – Mayor Wilson said Butch Hilliard requested he look at the drainage on the retaining wall on Highway 19 in Hillcrest Cemetery. Mr. Hilliard felt a French drain system should be installed behind the retaining wall. Mayor Wilson said the wall was built to the engineer's specifications and there would be a significant cost to add a drain. He suggested having the drainage tested to see if there was any contamination. Mr. Malone said they previously took down two rows of the wall, put in gravel, loose dirt and matting to stabilize the ground from Groves Street to the drive. Mr. Malone advised a water sample would be costly and he was in the process of finding a lab that could do such a test.
26. CONSIDER APPROVAL OF AMENDMENT TO CITY OF CANTON PERSONNEL POLICY MANUAL REGARDING DISASTER RESPONSE OVERTIME PAY FOR

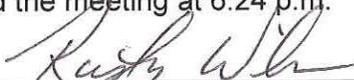
EXEMPT EMPLOYEES – Rick Malone explained amendment would allow exempt personnel to be paid when they worked in times of disaster. The amount paid would be reimbursed by FEMA.

27. MAYOR'S REPORT

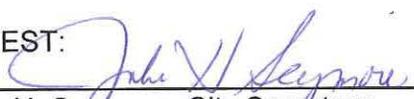
28. CITY MANAGER'S REPORT – Mr. Malone reported the Etheridge Road project was a little behind schedule due to the hurricanes. The TxDOT building renovation was going well. He said GTE would get the main trunk line for 911 in this week. The City came through the storms well with minimal damage. The animal shelter took in twenty-five animals from evacuees. Mr. Malone said if the water plant lost electricity, it would be shut down unless a generator was available. That might be something to include in next year's budget. The City had 100% capacity before the storm and had two rental companies on standby. With over 1,000,000 gallon capacity available, the City could have operated with limited use. Wal-Mart donated ten generators for use during the emergency. They also gave the City a generator once the storms were over. Lonny Cluck reported that First Monday had two RV shows and completed the upgrade in the Civic Center RV Park. Another RV show was relocated to Arbor 3 due to the evacuees in the Civic Center. Mayor Wilson explained the numerous evacuees were taxing on the churches and that was why they were moved to the Civic Center. Other RV facilities did not have enough room to accommodate the scheduled RV show. Mr. McCuistion said the City was told they would receive an additional 500 people and the decision was made to move everyone to one location. Resources were being stretched too thin. An arrangement was made with Chuck Allen that evacuees would be out of the Civic Center by September 25 due to the upcoming First Monday. Mayor Wilson explained Canton had three counties assigned to it for evacuees – Jasper, Newton and Chambers. Chambers County had serious damage and Canton received a lot of evacuees from there. Mr. Cluck said the reason First Monday had to continue was vendors relied on Canton for their livelihood. Mr. Malone said Newton County evacuees would probably start leaving in the next two days. In response to a question from Alton Smith, Mr. McCuistion said the lease on the RV park was just extended an additional fifteen years. Chief Bazhaw said there was a lot of room for improvement in the way the County handled disasters. He felt there needed to be a procedure in which Canton responded to a call for help. Van Zandt County came in and utilized the City's resources, personnel and equipment. Canton took in more than 99% of the load. Mr. McCuistion suggested debriefing the city staff to develop a plan then approach the County about how to improve the system. Chief Bazhaw said communication needed to improve between the County and City which would require interlocal agreements with the County and City responding together. Right now, only Van Zandt County's emergency plan was followed. Chief Echols reported the Police Department was moving to the new facility. They have been going through old records and destroying non-essential materials. Mayor Wilson commended everyone who worked on the disaster relief.

29. ITEMS FOR FUTURE AGENDAS

30. ADJOURN - Mayor Wilson adjourned the meeting at 6:24 p.m.


 Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:30 P.M., TUESDAY, SEPTEMBER 16, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Clay Nicklas, Ross Maris and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Lonny Cluck and Rick Malone were also in attendance, as well as Police Chief Mike Echols, Municipal Judge Lilia Durham, Fire Chief Charles Bazhaw, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:34 p.m. and declared a quorum present.
2. INVOCATION was given by Jim Stephens.
3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – None
5. PROCLAMATIONS AND ANNOUNCEMENTS – None

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – Ron Perkins expressed appreciation for the work done by the citizens and City of Canton during the recent hurricanes. He commended the Council for not extending the city's debt in light of the nation's economic situation. He said the budget indicated First Monday was performing better than what has been expressed. He assumed the \$400,000 taken from the general fund had to do with the certificates of obligation. Julie Seymore explained more was allocated to debt service this year than in previous years. Mr. Perkins said he believed the water and sewer were making a profit if capital expenditure items were removed. Julie Seymore explained the \$262,000 from the General Fund was an audit adjustment. She also explained some overhead expenditures were centralized in the administrative department of the general fund rather than spread out over the funds as in past years. A firefighter position was added and there were improvements made to the TxDoOT property, which accounted for an increase in the administrative budget. Mayor Wilson explained hotel/motel tax revenue had increased for First Monday, as well as special events income, but lot rentals, RV rentals and parking were all down. Mr. Perkins commented the forecast expenditure of \$5 million for water and sewer lines from Hwy. 19 to Hwy 64 might better be used inside the city.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM AUGUST 5 AND 19, 2008 CITY

COUNCIL MEETINGS

8. CONSIDER APPROVAL OF AUGUST 2008 FINANCIAL STATEMENTS
9. CONSIDER ADOPTION OF ORDINANCE NO. 2008-18 AMENDING HOTEL/MOTEL TAX ORDINANCE TO INCLUDE EXTRATERRITORIAL JURISDICTION
10. CONSIDER ADOPTION OF ORDINANCE NO. 2008-19 AMENDING SUBDIVISION ORDINANCE TO CORRECT DEFINITION OF EXTRATERRITORIAL JURISDICTION
11. CONSIDER ADOPTION OF ORDINANCE NO. 2008-20 PROVIDING FOR POLICIES AND PROCEDURES REGARDING OPERATION OF FIRST MONDAY TRADE DAYS
12. CONSIDER ADOPTION OF RESOLUTION NO. 2008-15 DESIGNATING THE CANTON HERALD AS THE OFFICIAL NEWSPAPER FOR THE CITY OF CANTON
13. CONSIDER APPROVAL OF INTERLOCAL AGREEMENT FOR DATABASE MAINTENANCE WITH EAST TEXAS COUNCIL OF GOVERNMENTS
14. CONSIDER TERMINATION OF AGREEMENT WITH CANTON ECONOMIC DEVELOPMENT CORPORATION DATED FEBRUARY 19, 2008, FOR RECEIPT OF AN ECONOMIC ASSISTANCE GRANT AND CONVEYANCE OF SIXTY (60) ACRES OF LAND
15. CONSIDER ADOPTION OF RESOLUTION NO. 2008-16 AUTHORIZING AND APPROVING RENEWAL OF A \$133,000 CONSTRUCTION LOAN FROM AMERICAN NATIONAL BANK
16. CONSIDER ADOPTION OF RESOLUTION NO. 2008-17 AUTHORIZING AND APPROVING RENEWAL OF A \$528,000 CONSTRUCTION LOAN FROM AMERICAN NATIONAL BANK
17. CONSIDER ADOPTION OF ORDINANCE NO. 2008-21 AUTHORIZING THE ISSUANCE OF CITY OF CANTON, TEXAS, LIMITED TAX NOTES SERIES 2008; AUTHORIZING THE LEVY OF AN AD VALOREM TAX; APPROVING A PAYING AGENT/REGISTRAR AGREEMENT; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE NOTES

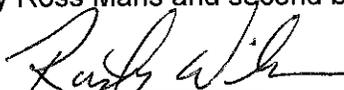
Agenda Items 7-17 were unanimously approved upon motion by Councilmember Sanford and second by Councilmember Maris.

INDIVIDUAL CONSIDERATION

18. CONSIDER ADOPTION OF ORDINANCE NO. 2008-22 APPROVING PROPOSED BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 - Councilmember Maris made a motion to adopt Ordinance 2008-22 approving the proposed budget for the fiscal year beginning October 1, 2008 and ending September 30, 2009. Councilmember Sanford seconded. Councilmember Huddle stated he would vote in favor of the budget, but he was opposed to funding the western swing concert and the continuation of the Bluegrass festival because of the state of the economy and the proposed 8% raise to the managers. All voted in favor.

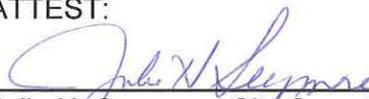
19. CONSIDER RATIFICATION OF PROPERTY TAX INCREASE RELECTED IN BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 – Councilmember Fuller made a motion to ratify the property tax increase reflected in the budget for the fiscal year beginning October 1, 2008, and ending September 30, 2009. Councilmember Sanford seconded and all voted in favor.
20. CONSIDER ADOPTION OF ORDINANCE NO. 2008-23 LEVYING TAX RATE FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 – Mayor Wilson stated the tax rate would remain unchanged at .42523 per \$100 valuation. Councilmember Sanford made a motion to adopt Ordinance No. 2008-23 levying the tax rate for the fiscal year beginning October 1, 2008, and ending September 30, 2009. Councilmember Fuller seconded and all voted in favor.
21. CONSIDER RECOMMENDATION BY CANTON ECONOMIC DEVELOPMENT CORPORATION TO REPEAL CURRENT ALLOCATION OF SALES TAX PROCEEDS – Mr. McCuistion expressed the need to reallocate the revenue received by the CEDC due to changes in the laws about how funds could be utilized. He suggested an allocation of 10% to advertising and 5% to community development with the balance to be used on economic development or capital improvement projects at the discretion of the CEDC board. He felt that would give more flexibility to the CEDC. Councilmember Maris said he felt the CEDC board would be leaning toward more capital improvement projects which enhanced the ability to draw business into the area. The city needed a good infrastructure. Councilmember Sanford made a motion to repeal the current allocation of sales tax proceeds and adopt the allocation of 10% for advertising, 5% to community development and 85% for economic development or capital projects. Councilmember Fuller seconded and all voted in favor.
22. CONSIDER APPROVAL OF CANTON ECONOMIC DEVELOPMENT CORPORATION BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2008 AND ENDING SEPTEMBER 30, 2009 – Mercy Rushing reported proposed expenditures were \$1,057,300. Projected expenditures were \$49,100 for Industrial Park 4, \$300,000 for I-20/FM859 project and \$300,000 for the east outfall. She said \$207,905 was available but not marked for other economic development projects. The total cost for expenditures was \$857,005. The total advertising budget was \$64,650 and \$32,325 was allocated for community development projects. Councilmember Sanford made a motion to approve the Canton Economic Development Corporation budget for fiscal year beginning October 1, 2008 and ending September 30, 2009. Councilmember Maris seconded and all voted in favor. Mr. Davis said the council members who also served on the CEDC board did not have a conflict in voting since it was a public committee and not a private interest.
23. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2008-24 GRANTING A SPECIFIC USE PERMIT FOR THE OPERATION OF A PRIVATE CLUB AT 17270 I-20 SERVICE ROAD, CANTON, TEXAS, OWNED BY COBERN FAMILY LTD PARTNERSHIP – A public hearing was opened at 7:02 p.m. regarding the specific use permit for the operation of a private club at 17270 I-20 Service Road, Canton, Texas, owned by the Cobern Family Ltd. Partnership. There being no comments, the public hearing was closed at 7:02 p.m. Councilmember Huddle made a motion to adopt Ordinance No. 2008-24 granting a specific use permit for the operation of a private club at 17270 I-20 Service Road, Canton, Texas, owned by the Cobern Family Ltd. Partnership. The motion was seconded by Councilmember Fuller and all, except Councilmember Nicklas, voted in favor.

24. CONSIDER ADOPTION OF AGREEMENT WITH BROOKSHIRES REGARDING EXTENSION OF UTILITY SERVICES – Councilmember Sanford made a motion to adopt the agreement with Brookshires regarding the extension of utility services. Councilmember Nicklas seconded and all voted in favor.
25. CONSIDER ALL MATTERS RELATING TO RETAINING WALL ON HIGHWAY 19 BY HILLCREST CEMETERY – After a brief discussion, Councilmember Huddle made a motion to not take any action regarding the retaining wall on Highway 19 by Hillcrest Cemetery. Councilmember Sanford seconded, and all voted in favor.
26. CONSIDER APPROVAL OF AMENDMENT TO CITY OF CANTON PERSONNEL POLICY MANUAL REGARDING DISASTER RESPONSE OVERTIME PAY FOR EXEMPT EMPLOYEES – Councilmember Nicklas made a motion to approve the amendment to the City of Canton personnel policy manual regarding disaster response overtime pay for exempt employees. Councilmember Maris seconded and all voted in favor.
27. MAYOR'S REPORT – Mayor Wilson commented that the economic development master plan was for the future. If the City wanted to bring in additional businesses to the community, the infrastructure had to be improved. He did not want the city to be in the position Forney is with a debt of \$78 million because growth came and they were unprepared. Studies showed growth would be coming to this area. Mayor Wilson said he was not in favor of eliminating the CEDC. Its purpose was to bring in businesses which could support the infrastructure. He felt to eliminate the CEDC would necessitate an increase in taxes. He added that the CEDC money could be used for projects such as running a sewer line to the truck stop close to Myrtle Springs. Sales tax revenue and property tax revenue came in as a result of those actions. That benefited the citizens. Businesses such as the water park brought in several thousand dollars in property taxes and sales tax revenue and employed a number of people. Mayor Wilson said no one in the city was trying to hide anything from the citizens. He wanted everything to be open and upfront.
28. CITY MANAGER'S REPORT – Mr. McCuiston commended the staff for their work during the recent emergencies. He reported he negotiated a three-year electrical contract which dropped the city's rates to 7.95 cents per KW hour. The new rate would result in a savings of approximately \$200,000 per year. Mr. McCuiston said the engineers were involved in long-range studies on the water situation. Mayor Wilson said the first step was to discuss wells and decide whether or not to use recharge water. The final goal was to get a new reservoir. Mr. McCuiston said the North Texas Regional Water Committee suggested Canton join with other communities in a county-wide agreement to develop a reservoir.
29. ITEMS FOR FUTURE AGENDAS – None
30. ADJOURN – There being no further business to discuss, the Council Meeting adjourned at 7:25 p.m. upon motion by Ross Maris and second by Clay Nicklas.



Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

WORK SESSION FOR REGULAR MEETING OF THE CANTON CITY COUNCIL
5:30 P.M., TUESDAY, OCTOBER 21, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone, Lonny Cluck and Mercy Rushing were also in attendance, as well as Building Inspector Coy Prather, Police Chief Mike Echols, Fire Chief Charles Bazhaw, Municipal Court Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER - Mayor Wilson called the meeting to order at 5:31 p.m. and declared a quorum present. He informed everyone a recent Attorney General opinion had been issued regarding the management of agendas and council meetings. Richard Davis explained the opinion dealt with agenda items for city manager reports, mayor updates or staff reports. It said listing the items that way was insufficient and particular topics should be specified in the agenda. The opinion also dealt with how a councilmember answered a question from an audience member. The council was not allowed to enter into a discussion with an audience member about a matter that was not on the agenda. The member was only allowed to give a specific factual statement in response to the inquiry. He recommended the councilmembers review the film issued by the Attorney General on the Open Meetings Act. The open meeting was not designed for the public to have input but rather for the public to hear all the conversations the council has regarding a topic. The agenda does allow a time period for comments from the public but the council was not to make a response if the item was not on the agenda.
2. INVOCATION - None during work session.
3. PLEDGE OF ALLEGIANCE - None during work session.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None during work session.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None during work session.

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA - None during work session.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM SEPTEMBER 2, 8, AND 16, 2008 CITY COUNCIL MEETINGS – There were no comments regarding the minutes.
8. CONSIDER APPROVAL OF SEPTEMBER 2008 FINANCIAL STATEMENTS – Julie Seymore reported fiscal year 2008 ended with \$1 million in the General Operating Fund. Total cash on hand was \$4,582,000. Money would have to be transferred from First Monday to clear negative balances in the water and wastewater funds. She also reported \$425,000 was spent on the Etheridge Road project as of September 30, 2008.
9. CONSIDER AWARDED BID FOR I-20 DEVELOPMENT – WATER AND SEWER IMPROVEMENTS – Rick Malone reported four bids were received on the project. Mayor Wilson mentioned Mr. Blevins was actively seeking to develop the area around the water park. Julie Seymore said Baker's Contracting was the low bidder after a calculation error was found with the We Build bid.
10. CONSIDER AWARDED BID FOR CHERRY CREEK PARK IMPROVEMENT PROJECT – Mr. Malone said, after extending the bid time a month due to lack of response, Mr. Houser submitted the low bid for two pavilions, a sand volleyball court, a drain system and the sidewalk infrastructure to the amphitheater. Julie Seymore added this was a grant-funded project.
11. CONSIDER DESIGNATION OF SURPLUS EQUIPMENT AND AUTHORIZING THE SALE THEREOF - Mr. Malone said the proposed list was for equipment from the Police and Fire Departments as well as First Monday. The items needed to be ratified so they could be sold at auction.
12. CONSIDER ADOPTION OF ORDINANCE NO. 2008-25 AMENDING ORDINANCE NO. 95-02, ESTABLISHING THE PERMITTING AND ENFORCEMENT OF STATE LAW AND STATE RULES FOR FOOD SERVICE ESTABLISHMENTS, RETAIL FOOD STORES, MOBILE FOOD UNITS, ROADSIDE FOOD VENDORS, AND TEMPORARY FOOD SERVICE ESTABLISHMENTS – Mr. Malone said the proposed ordinance would update that which was already in place. The newest health department standards were added. The City's goal was to be more proactive in the food service inspections. Coy Prather would be working with the health inspector toward that goal.
13. CONSIDER ADOPTION OF RESOLUTION NO. 2008-18 ESTABLISHING AN IDENTITY THEFT SECURITY PROGRAM – Julie Seymore explained the Fair and Accurate Transactions Act required each city with a utility to develop an identity theft prevention program. The proposed resolution was adapted from a model given by TML and dealt with water customers. Mr. McCuiston felt the First Monday customers would also come under this Act. He mentioned there appeared to be a conflict with the Open Records Act and an Attorney General's opinion might be required to clear it up. Julie Seymore said she would amend the resolution to include First Monday customers.
14. CONSIDER ADOPTION OF ORDINANCE NO. 2008-26 AMENDING THE 2007-2008 FISCAL YEAR BUDGET – Ms. Seymore said the budget was reviewed for program changes made throughout the year. One proposed amendment was \$30,000 for the Police Department skilled labor due to the overtime incurred during Hurricanes Gustav and Ike. Mr. McCuiston mentioned the City would be seeking reimbursement of that amount from FEMA. Julie Seymore said an extra \$16,000 was added to 200-5060 for unemployment taxes. Legal fees for the Police Department increased from \$7,500 to

\$32,000 due to a lawsuit settlement and insurance deductibles. The Municipal Court brought in more fines than anticipated which required the transfer of an additional \$5,000 to the State. They also had an increase in the technology fund for court software. The Fire Department budget increased in motor vehicle supplies for the installation of a fuel tank. They also had \$5,000 more than anticipated in electricity bills. The Buildings and grounds capital budget for the Fire Department increased \$8,000 due to replacement of the air conditioning unit and a cleaning unit for bunker gear. The chemicals for the Water Plant increased from \$85,000 to \$142,070. Adjustments were made for capital improvements for the purchase and renovation of the TxDOT property. \$400,000 was used to purchase the property and \$166,000 was spent on renovations. Money from a 1995 CO was spent on budgeted street projects instead of from the 2003 CO for street improvements. The water plant improvement project was budgeted from CO revenue at \$225,550. Expenses were actually \$235,075. The budget had \$275,000 for grant revenue on the sidewalk project. That was just the City's portion for the grant. The budget was amended to reflect the total portion. The FM 859 water line expenses were funded by a grant of \$224,745. The budget was amended to reflect that. Four grants were budgeted but not received, and those amendments were made. Mr. McCuistion said in May all the city's electricity usage would be under new contract and rates would be drastically reduced.

15. CONSIDER AUTHORIZATION TO RE-ALLOCATE FUNDS FROM THE WEST OUTFALL PROJECT TO LOWER THE SEWER LINE NEAR THE INTERSECTION OF HIGHWAYS 64 AND 243 – Mr. Malone said the sewer line going in by Brookshires needed to be lowered in order to also service properties across Highway 64. The reallocation of funds was to pay Brookshire's for the difference of lowering the existing plans to accommodate the City. Julie Seymore explained this was a reallocation from the West Outfall Sewer project which was the original project. Mr. McCuistion said he hoped to do the West Outfall project at a later date.

FIRST MONDAY MATTERS FOR INDIVIDUAL CONSIDERATION

16. CONSIDER DEVELOPMENT PROPOSAL BY ROW 48 PARTNERS – Mr. McCuistion said the electricity was understated by \$10,000 because one pole would be more expensive than reflected. Part of the \$80,000 grant from CEDC would be used to move the utilities. \$100,000 was a small amount compared to the revenue the City would receive. After asking multiple questions, the Row 48 Partners determined asphalt roads would be adequate at an estimated cost of \$45,000. There would not be a second deck on the building. The group proposed to build a 66,000 square foot building between Rows 48 and 47 at the end of Row 94. They proposed paying the City \$5,000 per month for five years, \$10,000 per month the next five years and \$20,000 per month for the remainder of the contract. The group intended to build the building and have room for thirty-two vendors with 1,500 square foot spaces. They intended to lease to antique dealers. The roof would overhang to the existing Paul Michael building to protect customers from the weather. They have requested the City move the electric utilities and straighten the road. They also requested the City move a small section of sewer line for an estimated cost of \$20,000. It would cost \$100,000 to take care of all utilities. \$3,600,000 would be generated in revenue over the next twenty-five years. Estimated sales tax and property tax revenue would be \$4,800,000. Mr. McCuistion said they have also requested a gas line be installed. Lone Star would not install the line for the City because it was on private property. That would have to be at Paul Michael's expense. Mr. McCuistion said Paul Michael understood their vendors and employees would have to park in designated parking areas on the grounds. The group said customers would

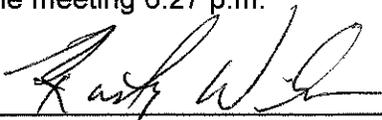
probably pick up merchandise on Row 94 or on a side row. They understood they had to designate a space for the compactor. Mr. Michael would build a warehouse on Highway 19 and fewer 18-wheelers would be needed to bring in merchandise. The First Monday Committee felt an option fee should be paid in order to give the group a one-year option for the area. The fee would be retained by the City if the building was not built. The City wanted an addendum to the lease stating Paul Michael could not bring in current city vendors for a designated period of time.

Mr. McCuiston requested guidance from the Council on whether to move forward with negotiations. 170 lots would be utilized. End caps would stay open. Councilmember Sanford expressed a concern that the responses from the group were inadequate. He felt concrete streets would be needed. It also needed to be determined what period of time Mr. Michael was prohibited from having city vendors in his building. Mr. McCuiston said the committee had suggested twelve months after the contract was signed. Councilmember Sanford felt the time period needed to be longer. He said the pro forma provided by the group suggested a 25-year lease. Councilmember Maris said Always Unique built on the hill and were not given reduced rent. Mr. McCuiston explained how the idea of reduced rent came to be and why they had taken it out of the proposed master lease. Mr. McCuiston said all the other buildings on the grounds were tied to lot rent. Mr. McCuiston said utilities might have to be moved for buildings on the grounds not as extensively as Mr. Michael has proposed. Mayor Wilson said the Row 48 Partners consisted of Paul Michael, Rick Ashley, Kenneth Pruitt, Ed Gatlin, Mike Malouf, Lucia Deen, Amy Huddle and Dan Roda. The building would be open during First Monday only.

17. CONSIDER CIVIC CENTER VENDOR ISSUES

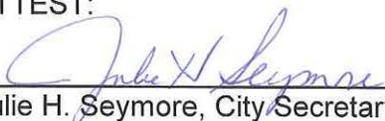
CITY MATTERS FOR INDIVIDUAL CONSIDERATION

18. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2008-28 GRANTING A SPECIFIC USE PERMIT FOR THE CONSTRUCTION OF A 70' COMMUNICATIONS TOWER AT 14786 FM 859, CANTON, TEXAS, OWNED BY ST. EDWARDS CHURCH
19. CONSIDER ALL MATTERS RELATED TO CITY HELICOPTER
20. CONSIDER EMPLOYMENT GRIEVANCE FILED BY CARLOS MORA
21. MAYOR'S REPORT
A. FIRST MONDAY BUILDING
22. CITY MANAGER'S REPORT
A. YEAR-END ACCOMPLISHMENTS
B. STATUS OF CURRENT PROJECTS
C. TAKE-HOME VEHICLES
23. ITEMS FOR FUTURE AGENDAS
24. ADJOURN - Mayor Wilson adjourned the meeting 6:27 p.m.



Rusty Wilson, Mayor

ATTEST:


 Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:30 P.M., TUESDAY, OCTOBER 21, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone, Lonny Cluck and Mercy Rushing were also in attendance, as well as Building Inspector Coy Prather, Police Chief Mike Echols, Fire Chief Charles Bazhaw, Municipal Court Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:36 p.m. and declared a quorum present.
2. INVOCATION was given by Rick Malone.
3. PLEDGE OF ALLEGIANCE was led by Mayor Rusty Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – Charles Huddle declared a conflict of interest regarding the proposal from the Row 48 Partners.
5. PROCLAMATIONS AND ANNOUNCEMENTS – None

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – Carlos Mora expressed his thanks to the people of Canton for their kindness and friendship.

Doyle Whitworth said he was experiencing a problem with Coy Prather who insisted he move his antique classic cars. He said Mr. Prather threatened to take his vehicles and sell them. Mr. Whitworth said one was registered and he had papers that showed he applied for antique car registration on the other. Mayor Wilson said Mr. McCuiston would discuss the matter with Mr. Prather.

Cary Hilliard felt the workshop held before council meetings was redundant and unnecessary. He felt there should be one meeting held at 6:30 p.m.

Ron Perkins said the Paul Michael building would affect more than the 172 lots under the building. The building's overhang would also kill business for other vendors. He also said

the overhang would cause water to pour down on the outside vendors when it rained. He requested from the City the cost of which the City has been receiving on the open air lots affected. He also asked whether or not the City was looking at present value or future value cost. Mayor Wilson said the pro forma as presented was in present value dollars. Mr. Perkins asked whether or not a vendor survey had been conducted to determine what they felt about the building. Mr. McCuiston said it was privately-owned property. Mr. Perkins cautioned the City to look at the encroachment on the outside vendors. Kay Murphree expressed concern about possible flooding for the outside vendors around the building. Mayor Wilson said the building would be raised and out of the floodplain. She also asked if the building reverted back to the City after the twenty-five year lease expired. She felt more needed to be discussed about the building before a decision was made.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM SEPTEMBER 2, 8, AND 16, 2008 CITY COUNCIL MEETINGS
8. CONSIDER APPROVAL OF SEPTEMBER 2008 FINANCIAL STATEMENTS
9. CONSIDER AWARDDING BID FOR I-20 DEVELOPMENT – WATER AND SEWER IMPROVEMENTS
10. CONSIDER AWARDDING BID FOR CHERRY CREEK PARK IMPROVEMENT PROJECT
11. CONSIDER DESIGNATION OF SURPLUS EQUIPMENT AND AUTHORIZING THE SALE THEREOF
12. CONSIDER ADOPTION OF ORDINANCE NO. 2008-25 AMENDING ORDINANCE NO. 95-02, ESTABLISHING THE PERMITTING AND ENFORCEMENT OF STATE LAW AND STATE RULES FOR FOOD SERVICE ESTABLISHMENTS, RETAIL FOOD STORES, MOBILE FOOD UNITS, ROADSIDE FOOD VENDORS, AND TEMPORARY FOOD SERVICE ESTABLISHMENTS
13. CONSIDER ADOPTION OF RESOLUTION NO. 2008-18 ESTABLISHING AN IDENTITY THEFT SECURITY PROGRAM
14. CONSIDER ADOPTION OF ORDINANCE NO. 2008-26 AMENDING THE 2007-2008 FISCAL YEAR BUDGET
15. CONSIDER AUTHORIZATION TO RE-ALLOCATE FUNDS FROM THE WEST OUTFALL PROJECT TO LOWER THE SEWER LINE NEAR THE INTERSECTION OF HIGHWAYS 64 AND 243

Items 7, 8, 9, 10, 11, 12, 14 and 15 on the Consent Agenda were unanimously approved upon motion by Councilmember Nicklas and second by Councilmember Sanford. Item 13 was approved under the same motion with the amendment to include First Monday customers.

FIRST MONDAY MATTERS FOR INDIVIDUAL CONSIDERATION

16. CONSIDER DEVELOPMENT PROPOSAL BY ROW 48 PARTNERS – Edith Elliott expressed her opinion that the buildings were destroying First Monday. She said not everyone who came to First Monday was interested in buying antiques. Councilmember Nicklas suggested postponing a vote on the issue until some additional questions were answered. Mr. McCuiston said he needed to find out about the concrete roads and a time period to protect the City's vendors. Councilmember Sanford asked if Paul Michael's group would consider sharing in the cost of the concrete roads. Mayor Wilson said Paul Michael had been good about sharing costs with the City in the past. Councilmember Maris said Mr. Michael should have to pay for any lot under the overhang of the building. Mayor Wilson said Mr. Michael currently paid for the area where he sets up merchandise outside the building. Mr. McCuiston said the overhang of the building was on the creek side and should not affect other vendors' lots. Councilmember Maris said he thought the matter should be tabled until Mr. McCuiston could negotiate the terms. Mr. McCuiston said he needed to know about an option fee that tied into the lease which could be returned if the lease was not signed. Councilmember Nicklas said if we waited a year and a lease was not signed, a year was wasted where somebody else could have built on the property. Mr. McCuiston said the lots could be temporarily rented before construction started. Councilmember Maris said the City should reserve the prime areas for lock and leave buildings. More rent revenue could be generated that way. He said the market was losing ground on outdoor vendors. The City could use some of the end caps in high traffic areas if that was the best use for the property. Mr. McCuiston responded he was not against the City building on the grounds but did not want to incur more debt at this time. Cary Hilliard asked whether or not all the councilmembers had actually looked at the proposed site. Mayor Wilson tabled the matter to allow Mr. McCuiston to gather more information.

17. CONSIDER CIVIC CENTER VENDOR ISSUES – Lonny Cluck reported the Civic Center vendors had concerns that the rules regarding the sale of antiques were not being followed. An appraiser was brought in to evaluate the merchandise and approximately nine vendors were not in compliance. A letter was written to those vendors giving them ninety days to get into compliance. The rules were updated around 2000 and Mr. Cluck felt they were still the ones to use. Eighty per cent of the collectibles had to be twenty years old and twenty per cent could be less than twenty years old. If the product has been taken out of production, it would be eligible as a collectible. The occupancy of the Civic Center went up and down. The antique business has declined in the last five years. Mr. Cluck said all the buildings on any of the First Monday grounds were struggling right now. Allowing the Civic Center vendors to sell what Arbors' vendors sell could hurt their business. He would prefer to save the Civic Center for antiques and collectibles. Councilmember Huddle stated he did not feel Canton was an antiques town. The Canton Marketplace tried to have an antique building and it failed. Mr. McCuiston said the First Monday Committee had reviewed the matter earlier that day and he recommended proceeding with the elimination of new products in the Civic Center. If that was not done, there was a risk of losing the other vendors. The cleanup affected very few vendors. Mr. Cluck said the vendors with new merchandise were offered spaces in the Trade Centers. Councilmember Sanford felt the Civic Center should continue to eliminate the vendors with newer merchandise. Mr. Cluck said the ninety-day deadline would end around January. Councilmember Maris recommended sticking to the existing rules subject to periodic review. He also recommended ensuring the vendors kept in compliance with the rules. Councilmember Fuller clarified that the majority of the Civic Center vendors want the rules to be followed. Just a few were having trouble with them. Mayor Wilson instructed Mr. Cluck to follow the guidelines as they were currently.

CITY MATTERS FOR INDIVIDUAL CONSIDERATION

18. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2008-28 GRANTING A SPECIFIC USE PERMIT FOR THE CONSTRUCTION OF A 70' COMMUNICATIONS TOWER AT 14786 FM 859, CANTON, TEXAS, OWNED BY ST. EDWARDS CHURCH – Mr. Malone said the church needed to raise the tower to seventy feet. They would not be selling internet, just receiving it. The Planning & Zoning Committee recommended approval with the restrictions of a 6-8 foot climb guard or fence, that the tower not be more than seventy feet, and that the tower would be used for internet service only. A public hearing was opened at 7:24 p.m. There being no comments, the public hearing was closed at 7:24 p.m. Councilmember Fuller made a motion to adopt Ordinance No. 2008-28 granting a specific use permit for the construction of a 70' communications tower with the aforementioned restrictions at 14786 FM 859, Canton, Texas, owned by St. Edwards Church. Councilmember Maris seconded and all voted in favor.
19. CONSIDER ALL MATTERS RELATED TO CITY HELICOPTER – Ray Birch, owner of East Texas Flying Service, said he operated the City's police helicopter for the last year at no cost to the City. He was willing to continue; however, David Miller no longer wished to continue to pay for the insurance coverage which cost approximately \$5,500. He suggested offering helicopter use to Van, Grand Saline and Van Zandt County in exchange for their paying a portion of the insurance coverage. He would continue to operate the helicopter as a public service. Mr. Birch expressed concern about the spare parts for the helicopter at the Wills Point airport. He said the parts were owned by the Department of Defense and Canton was responsible for them. A warrant would probably be needed to access the hangar of Darrell Reynolds located at the airport and inventory the parts. Mr. Birch said he had no problem providing gas to fuel the helicopter as long as the cost was kept to a minimum. Chief Echols said Mr. Reynolds claimed he turned the parts over to the military. He said the matter was being researched and he would talk to the District Attorney and determine how to proceed. Mr. Birch advised the insurance expired November 6. He said he would visit with the other cities to determine whether or not they were willing to share in the cost. He said the helicopter needed to be utilized more. The last time it was used was a month prior when the prisoner escaped from the city jail. Mr. Birch also suggested having one of the helicopter shells as a display at the Veterans Memorial. Mayor Wilson instructed Chief Echols to discuss the matter with the District Attorney regarding recovering the equipment. He instructed Mr. McCuiston to determine which cities might cost share in the insurance. Chief Echols said the other cities had been using the helicopter with Canton's permission. Mr. McCuiston said the helicopter should be grounded until such time as the insurance issue was settled. Councilmember Sanford made a motion to authorize Mr. McCuiston to make whatever decisions necessary to keep the helicopter running. Councilmember Fuller seconded and all voted in favor.
20. CONSIDER EMPLOYMENT GRIEVANCE FILED BY CARLOS MORA – At 7:37 p.m., Mayor Wilson stated the Council would hear the grievance of Carlos Mora. Mr. Mora represented himself. Mayor Wilson said the administration was represented by City Manager Andy McCuiston and City Attorney Richard Davis. The parties were present and in place. Councilmembers Sanford, Maris, Fuller, Nicklas, Huddle and Mayor Wilson constituted a quorum present. The proceedings were being tape recorded. Mayor Wilson asked everyone to speak loudly and clearly. The purpose of the hearing was to provide Carlos Mora with an opportunity for the City Manager to reconsider his termination. Mayor Wilson said the personnel policy provided employee complaints be in closed

session unless an open session was requested and Mr. Mora had requested an open session. The Council's duty was to be fair and impartial in this matter and to hear presentations by both parties before making a decision. Anyone who could not be impartial should exclude themselves. No member stated they were unable to be impartial. Mayor Wilson said the employee would be allowed twenty minutes to show Council any documentary proof to support his complaint. The Administration would also be allowed twenty minutes to show documentary proof relating to the complaint. Councilmembers would sit in judgment and were to remain impartial. Councilmembers were not to be questioned by the parties. Only one person at a time would be allowed to speak. Objections were to be addressed to Mayor Wilson. The representatives and the parties were not to argue with each other. Any disruptive behavior would be cause for a party to be asked to leave. There should be nothing repetitious or irrelevant. This was not a court of law. Carlos Mora stated he had no objections to the procedures or to anything else stated.

At 7:43 p.m., Carlos Mora stated as follows: Good evening. Thank you for all your help. For your kindness and friendship. On September 19, Mr. McCuistion called me to his office. This was the third time he called me to his office. I don't know if he has something against me or not. Last time he called me, he terminated me. Mr. Malone and Mr. McCuistion were there. He asked me if I told a little old lady her water bill was too high. I said I told that to several little old ladies. I said I told them that because it was the truth. Mr. McCuistion said I did not get paid to argue with people. He asked if I passed out flyers about the rates. He said I was not supposed to do that. I told Mr. McCuistion I lived in a free country and am a free man. He said I was terminated. I feel this is a dictatorship or communism. I believe I live in a free country and am a free man. If he feels differently, that is his problem. I did not have a problem with anybody in the city until he came along. From the beginning, he tried to oppress me. This is the third time I have come to the Council. Each time it was because of a city manager. I hope this is the last time. After 22 years I have not had a problem with the city. After he was here a month, I introduced myself to him. He indirectly called me a tree hugger. That was offensive to me. The second time he called me in his office was for First Monday driving. He gave me three days off. The third time, he called me in about First Monday and I said I would not make the same mistake twice. That shows that Mr. McCuistion has an eye on me. That's pretty much all I have to say. Mr. Mora completed his statements at 7:46 p.m.

Tommy White, 1241 Woodland, Canton, stated Carlos Mora had always been courteous and kind. A couple years ago, they had a city manager fire a lot of police officers. If you would hire a new city manager instead of firing long-time employees, it might be better.

At 7:48 p.m., Mr. McCuistion responded as follows: I provided council with information regarding Carlos Mora's conduct. On November 5, 2007, Mr. Malone created a document at my request regarding city employees driving through the First Monday grounds during work hours. Some were in city trucks and some in personal vehicles. Mr. Malone was instructed to tell his employees they were not authorized to be on the grounds unless they were called down there or if they went to the Civic Center to eat. They could not go inside the fence. That same show, Mr. Mora did that very thing. The letter from Mr. Malone outlined his meeting with the employees. Most of the employees accepted the directive except for Mr. Mora. He had always been allowed to go on the grounds. After Mr. Mora was observed on the grounds by three other employees, he was written up for insubordination. Mr. Mora denied he was on the grounds. I believe he lied to me. Mr. Mora was given three days off without pay. The document dated November 12, 2007, indicated a conversation with Mr. Mora to make sure he understood the rules

that he was not to be on the grounds. I witnessed Mr. Mora leaving the grounds one other time, but he said he parked by the gates and had not been on the grounds and I accepted that. February 28, 2008, Rick Malone called in Mr. Mora and addressed some issues with him. Mr. Mora came into the office but left the vehicle running with the radio on. The other meter reader was in the car. He had been told they should separate and Mr. Malone wrote him up. On September 19, 2008, I received word Mr. Mora was in the front hallway and approached a lady who came to pay her bill and he told her her water bill was too high. He gave another lady a copy of a newspaper after we adopted the budget and told her the city was wasting money. As an employee, he does not have the right to do that. When Mr. Mora said he would continue to do that, based on his history and undercutting the city and the City Manager, I felt Mr. Mora needed to be terminated. Mr. McCuistion finished his comments at 8:52 p.m.

Councilmember Maris said when he was on the Council a few years ago, they spoke to the present city manager about rewriting the personnel rules because they were not "up to speed" and hurt the City in a couple lawsuits. The new rules have still not been adopted. When an employee was terminated, you have to recite a city rule they have broken. Councilmember Maris said he felt what Mr. Mora did was not right and most cities would have rules that addressed that. There was a right to free speech but it was kind of biting the hand that feeds you by questioning the Council and the budget. It was not Mr. Mora's purview to decide if the rates were too high. Using a city copier to pass out the article would get him fired in most places. He would like to have a new set of rules passed immediately. Mr. McCuistion said it would be on next month's agenda. Mayor Wilson said he had known Mr. Mora a long time and he did live in a free country and had freedom of speech. That did not give him the right on city time and on city property to make the comments he made. Mr. Mora said there was more to it than that. It has been blowing up since he has been in the picture. He has accused me of not doing the readings. I got letters from him saying I do not do my job right. That was wrong for him to accuse me of not reading the meters. Mayor Wilson said on the grievance form, Mr. Mora stated harassment, intimidation and discrimination. They could not address those complaints because they did not have the right forms to fill out. Mr. Mora said that was fine. Mayor Wilson continued that if Mr. Mora would like to fill out a written response to those they would be happy to address them. Carlos Mora said he had never been terminated before. This was the first time. Mayor Wilson said he would leave the matter to the Council. They had all had an opportunity to hear Mr. Mora and view the different letters in his file. Councilmember Sanford made a motion to accept the administration's decision. The motion failed for lack of a second. Councilmember Maris made a motion to modify the discipline to some period of time off with the stipulation the City Manager could reassign Mr. Mora to a different position with the same pay. Councilmember Huddle seconded. Councilmembers Huddle, Fuller and Maris voted in favor. Councilmember Sanford voted nay and Councilmember Nicklas abstained. With the vote of 3 to 1 in favor of the motion, the motion passed. Mayor Wilson instructed Mr. Mora to report to Mr. McCuistion the next day at 8:00 a.m. to determine how they would handle his new position.

21. MAYOR'S REPORT

A. FIRST MONDAY BUILDING – Mayor Wilson said he agreed with a lot of the comments about the building. He agreed the City had to take better care of its vendors. He felt the City would be behind if they continued down the same path. When the building hiatus was implemented, the growth started to decline. Mayor Wilson did not want the City to take on any additional debt to build on the grounds. He felt the City

should look very hard at anyone who wanted to invest over \$1 million in a building. No other vendor has offered the same type thing and we should take this into consideration. Paul Michael has been coming to the market since the early 1970's. He has been a valuable member of the community and brought business to the area. He pays property taxes and sales taxes. Everything he sells in Houston comes to Canton. Mr. Michael pays \$60,000 in lot rent on the grounds. When someone offered the City an opportunity like this, it needed to be considered.

22. CITY MANAGER'S Report

D. YEAR-END ACCOMPLISHMENTS – Mr. Malone said the Public Works Departments created a new e-mail system which cost the city nothing. They put in place a GIS mapping system. They obtained video and sound equipment for the Council Room. They made renovations to the new police department and municipal court. They installed new drive bridges and footbridges at First Monday. The Wastewater Treatment plant upgraded its UV system and was now doing an aerobic bug program on the digester at a savings of \$1800 per month in electricity. They obtained a permit to process 1.3 million gallons per day. The land study was completed. They were also rebuilding the grit chamber. The Water Plant had a new air scour system and had installed new software and hardware. The water plant future needs study was completed. A lot of new testing equipment was also installed. The Etheridge Road project was going smoothly now. It had 360 yards of concrete on the ground now. The Utilities Department put in a new drainage line on Amy and a six inch line on Athens Street. The FM 859 water project was completed. A grant was awarded for the Wynne Road project. The Mill Creek bridge was completed. The Parks Department has almost finished the new restroom at Cherry Creek.

Coy Prather reported the final payment on the sidewalk project was authorized last week. Construction began April 16, 2007. Final walkthrough on the project was August 27, 2008. The original contract was \$1,071,544. The City funded \$214,309. The actual totals on the project with \$1,127,107.11 with the City owing \$269,872.11. The project was \$55,563 over budget when it started and there were change orders totaling \$134,519. The block on Buffalo from Tyler to Peace Streets was deleted and the block on Dallas from Capital to Buffalo was substituted, which netted a savings. Twenty-nine street lights were installed using funds donated through Main Street. The City paid for the extra brick stenciling. Two drives were deleted and steps were added at the cemetery on Highway 19. The retaining wall was not built to spec and had to be redone. The final project came in at budget with the final bill from Santa Rosa at \$851,819. TxDot has agreed to reimburse the City from the administrative fund for the amount we were over. Mr. Prather expressed his appreciation to the City Manager, Public Works Director, Jim Stephens and city staff, and the merchants for the concerted effort it took to complete the project. Mr. McCuiston thanked Mr. Prather for the hard work he had done on this job.

Judge Durham reported her municipal clerk had gone from part-time to full-time. They also purchased new software and were pursuing past-due cases on a case-by-case basis. The warrant list was now being provided to the police department for use during their regular shifts. Chief Echols had begun a search for a court bailiff. They have completed the move to the new facility. Municipal Court week has been scheduled for November 3-5, 2008.

Lonny Cluck reported the master plan for First Monday was completed, they restarted the building plan on the grounds, and First Monday employees were trained on CPR and First

Aid. The Fire Chief has scheduled training on the use of fire extinguishers. The Senior Citizens parking lot was redone. Three bridges were repaired. A walk-in cooler was installed at the Civic Center. The electricity on one row of the RV park was upgraded. The City acquired the CYRA ballfields and they obtained a topographical map of the fields. They were in the process of implementing a plan to alleviate any existing drainage problems. A new perimeter fence was installed at the Old Kaufman Park. Handicapped bars were added to the restroom. A major landscaping renovation was done at the library and a new security system was installed.

Mercy Rushing said the CEDC had completed the installation of the water and sewer lines to Industrial Park IV. The water and sewer lines on Highway 19 South have been approved. The engineers have approved the agreement with Steelway. The Board approved \$50,000 toward the levee to be built at Mill Creek RV Park. Several businesses have opened at Bridwell Shopping Center. Traders Square Shopping Center has plans to undergo renovation. Main Street donated to the Veterans Memorial Fund. Autumn leaf metal sculptures were purchased. Main Street produced the July 4 parade and celebration as well as the Autumn Stroll event.

Chief Echols said the Police Department had purchased and equipped a new vehicle. Sgt. Allison and Corporal Young had completed training for the Neighborhood Watch. They had received a grant from ETCOG for a state-of-the-art video recorder which recorded officer traffic and two 911 lines. The dispatch officer received two 911 monitors with city and county mapping. Five new computers and printers were purchased as well as a TDD/TTY on-line course for dispatchers for deaf communication. Officers Echols, King and Medley and Judge Durham received their certification for a family violence investigation course. Officer Medley completed 640 hours of basic police officer training and graduated valedictorian. One of the dispatchers had created software to put all warrants from the municipal court onto a computer for better access. The reserve force was increased by three officers. Crime has dropped for the third year.

Chief Bazhaw said the Fire Department had hosted the Citizens Fire Academy. They plan to go on 24/48 hour shifts by the end of the year and someone would be manning the fire station 24 hours a day, seven days a week. They were awarded nine grants for a total of \$73,295. Eight new members were added to the department. The current members were brought up to minimum training standards. The department staffing had increased from 12 to 25 since February 2008. New rescue tools were obtained through a CEDAP grant. They coordinated and hosted evacuees from Hurricanes Gustav and Ike. Three employees received their basic certification and one obtained the Texas Certificate of Fire Protection. They are attempting to get certified as First Responders through the State. They plan to apply for a grant through Homeland Security for an upgrade to their communications equipment. Chief Bazhaw was working on the Emergency Services District and hoped to have another fire academy in April. He was also working on procurement of fire apparatus through grants. The department had also obtained a hydrocarbon detector, PPE and SCBA bottles and wildland firefighting gear.

Julie Seymore reported the Welcome Home Soldier Program was a successful program implemented by City Hall this past year. Debbie Phillips had done a lot of work on that. The 2006-2007 audit was completed. The 2008-2009 budget had been adopted. She had started a government finance certification program. The animal shelter financial program had been audited and some corrections were made. An audit of the hotel/motel tax collections had begun. A bank reconciliation program had been purchased so bank reconciliations could be done in-house. The 1995 CO's were refinanced at a savings of

approximately \$100,000. The TxDot property was purchased for the police department. Mr. McCuistion negotiated a new contract for electricity service with a \$400,000 savings over a three-year period. A general election and recount had been completed. The production materials for council meetings had been enhanced. The number of press releases to the public had been increased. The codification process for city ordinances had begun. A new personnel manual would be presented for approval at the next regular meeting.

B. STATUS OF CURRENT PROJECTS - Rick Malone said he was looking at ETCOG grant programs with Mr. Burton for EDA for enhancements to water production. They should be able to put asphalt down on Elliott Street this week. Mercy Rushing reported she had procured eight banners welcoming First Monday Trade Days visitors on Highway 19. She had the opportunity to place an ad promoting historic downtown and events through February in Travel Host magazine free for three months. She had received compliments from someone from Nova Scotia about the Bluegrass Festival. She was currently working on a master marketing plan.

C. TAKE-HOME VEHICLES – Mr. McCuistion said seventeen vehicles were being taken home by employees, although some were not taken every night. He tried to reduce that number to eleven but found it necessary to add some to the list that he had removed. He wished to add Lonny Cluck's vehicle back to the list and also the Public Works Director, Main Street Director, CID Officer Corporal King, the canine unit, Jerry Shamlin, the Animal Control Officer and the Fire Chief. He was also adding back the operations supervisors at the water and sewer plant. The equipment operator who responds when called out did not have to take home the vehicle. Neither did the mechanic or meter reader. The on-call person for the water and sewer distribution should continue. The electrician could take his vehicle home during First Monday. He recommended those fourteen people be authorized to drive vehicles home. Mayor Wilson said he would leave that to Mr. McCuistion's discretion. He wanted to ensure the vehicles were not used for personal errands.

23. ITEMS FOR FUTURE AGENDAS – Councilmember Huddle said he had a request from the Veterans Memorial about water that he would like to have on the next agenda. Mr. McCuistion said the personnel policy, the compensation plan, the investment policy and policies on permitting and qualifying distribution of material would be on the next agenda. Also on the agenda would be the zoning ordinance amendment about communications towers, the curfew ordinance, the annexation of the TxDOT and rodeo properties, the Emergency Services District and the noise ordinance. Kay Murphree expressed her hope that the Attorney General's opinion would not cut off the free flow of conversations during the meetings.

24. ADJOURN – There being no further business to discuss, Mayor Wilson adjourned the meeting at 8:48 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., TUESDAY, NOVEMBER 18, 2008
City Hall Council Chambers
290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, Clay Nicklas and Ron Sanford. City Manager Andy McCuiston, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone, Lonny Cluck and Mercy Rushing were also in attendance, as well as Building Inspector Coy Prather, Police Chief Mike Echols, Fire Chief Charles Bazhaw, Municipal Court Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:00 p.m. and declared a quorum present.
2. INVOCATION was given by Rick Malone.
3. PLEDGE OF ALLEGIANCE was led by Mayor Rusty Wilson.
4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – Councilmember Huddle declared a conflict of interest regarding Item 14.
5. PROCLAMATIONS AND ANNOUNCEMENTS - None

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – Kay Murphree suggested the citizens of Canton be given free parking on the First Monday grounds upon presentation of a water bill stub. Mayor Wilson reminded Ms. Murphree the City only had two parking lots. The rest were privately owned. Ethel Sanders, 1430 Forrest Drive, stated she and members from her church had complaints about dogs being allowed on the First Monday grounds and owners not cleaning up after them.

CONSENT AGENDA

7. CONSIDER APPROVAL OF MINUTES FROM OCTOBER 21, 2008 CITY COUNCIL MEETINGS – Mayor Wilson announced that all items on future agendas would be for individual consideration and the consent agenda would be eliminated.
8. CONSIDER APPROVAL OF OCTOBER 2008 FINANCIAL STATEMENTS – Andy McCuiston said a new financial summary had been developed to provide Council the information in a better format. Julie Seymore reported a total cash balance of \$4.3 million. She said there was a net decrease of \$276,176. The debt service was reduced by \$11,178 with a balance owed of \$7.4 million. About 8% of the budget had been spent thus far, which was in line for the current period. October receipts for property tax revenue were \$3100, with most property tax revenue to be received in November through

January. The City received \$157,400 in sales tax revenue, which was equivalent to the previous year.

9. CONSIDER ADOPTION OF RESOLUTION NO. 2008-19 APPROVING THE 2008 TAX ROLL LEVY – Mr. McCuiston explained the resolution certified the 2008 tax roll levy. The amount was close to what was budgeted. This was just a housekeeping matter.
10. CONSIDER APPROVAL OF BURTON ENGINEERING TASK ORDER no. 014080801 FOR 2009 WATER TREATMENT PLANT IMPROVEMENTS - VALVE AND TROUGH REPLACEMENT – Gary Burton explained the task order was for the improvements at the water treatment plant. A majority of the items were bid last year but moved to this fiscal year due to lack of funds. The changes would enable the plant to ensure water quality was acceptable at all times on a more consistent basis. It would prevent the City from having to waste as much water in the future. The new troughs would help preserve the new media installed last year. The fee for Burton Engineering was not to exceed \$34,500.
11. CONSIDER APPROVAL OF BURTON ENGINEERING TASK ORDER NO. 014080901 FOR WATER TREATMENT PLANT IMPROVEMENTS – FILTER BACKWASH LINE TO SEWER SYSTEM – Gary Burton said thw project would eliminate the need for the ponds at the water treatment plant. A sewer line would be laid to send the backline to the sewer system. It would not significantly impact the flows to the Wastewater Treatment Plant. Mr. McCuiston clarified the improvement was mandated by TCEQ. Mr. Malone said TCEQ had them start pumping the water into the sewer system six or seven years prior. The improvement would eliminate someone having to be present to pump the water.
12. CONSIDER APPROVAL OF BURTON ENGINEERING TASK ORDER NO. 014080701 FOR SOUTHSIDE WATER BOOSTER STATION (HWY 198) – Mr. Burton said the task order was for the design and installation of a booster station by Etheridge Farms subdivision. TCEQ has cited the City for the water pressures not meeting state requirements.

Items 7, 8, 9, 10, 11 and 12 on the Consent Agenda were unanimously approved upon motion by Councilmember Sanford and second by Councilmember Maris.

INDIVIDUAL CONSIDERATION

13. CONSIDER CODE ENFORCEMENT AT 207 SOUTH BUFFALO, CANTON, TEXAS – Mr. McCuiston stated he received a letter from Paul Elliott wherein Mr. Hilliard requested an extension until January 15 to clean up the property. Coy Prather advised the original permit was issued April 24, 2008, and expired October 25, 2008. Mayor Wilson said Mr. Hilliard told him he should not need more than fifteen days to finish. Councilmember Sanford suggested the City Manager decide if an extension should be granted. Councilmember Maris expressed concern about the safety of the building in its present condition. Mayor Wilson said one of the reasons it has taken so long was the amount of merchandise in the building Mr. Hilliard had to sort through by hand. Councilmember Fuller said Mr. Hilliard had from April 24 until October and never did any work. He did not feel an extension should be granted. He felt citations should be written for noncompliance. Councilmember Nicklas said Mr. Hilliard told him he waited until the weather cooled before he started the project. Councilmember Maris stated Mr. Hilliard had previously taken two buildings down on other lots and never finished removing the debris. Mayor Wilson did not feel assessing a heavy fine on Mr. Hilliard would accomplish anything. He said Mr. Hilliard understood the importance of taking down the rest of the

building. Councilmember Fuller said he had been by the building at least thirty-five times and never saw anyone working there. He said the dumpster behind the building had damaged the street. Coy Prather said the lead-based paint from the building had to be taken to a special facility. Councilmember Fuller suggested conducting a soil test for hazardous materials in the soil behind the building. Mr. Prather said he spoke to Mr. Hilliard on a weekly basis and understood he had been sick quite a lot. He said the City could assess a \$200 fine each day until the work was completed or assess a lien on the property. He said Mr. Hilliard had not obtained a permit to do the work until the possibility of condemning the property arose. He advised extensions up to ninety days could be granted on the permit. If an extension were issued and no work was done, citations could be issued. Mayor Wilson felt an extension of no more than thirty days should be granted. Councilmember Maris made a motion to grant a thirty-day extension from the current date to Mr. Hilliard to complete the work on the building. Councilmember Nicklas seconded. All except Councilmember Fuller voted in favor. Mayor Wilson said at the end of the thirty-day period they needed to look hard at issuing citations. Councilmember Maris requested barrier tape be put around the building to warn people not to enter. All agreed to require Mr. Hilliard to have the barrier tape placed around the building.

14. CONSIDER APPROVAL OF FIRST MONDAY LEASE AGREEMENT WITH ROW 48 PARTNERS – Mr. McCuistion reported on his negotiations with Row 48 Partners. He said one of the items the First Monday Committee was concerned with was Mr. Michael taking City vendors. Mr. Michael agreed they would pay up to one year's rent for any vendors they took from the City. Mr. Michael also agreed to have his employees park in designated parking areas. The City agreed to make sure there was adequate lighting around the building and to have a security person available. Paul Michael agreed to move the baler and pallets to one of their lots. Paul Michael felt asphalt streets would be adequate but agreed to share the cost if concrete streets were required. Mr. McCuistion asked for more funding up front since the City was potentially investing \$100,000 for utilities and a road. Row 48 Partners felt they could not do any more than what was currently offered. An option fee of \$5,000-10,000 was discussed, but no decision was made. The group wanted to use the lease Mr. Michael currently has on his building and not the new master lease because they felt it was more restrictive. Mr. Davis advised Council the ending period on the lease was very open ended.

Candy Benson commented \$120,000 would not be enough to move the utilities needed. She said she had spoken to several vendors and had not found anyone who wanted a new building. Several said they would move to Lewis' side if a building was constructed. Ms. Benson felt City vendors should not be allowed in the new building for a five-year period. She asked if the area beside Mr. Michael's current building was purposely not being rented because no one was in that area. Mayor Wilson said the business in that area had just fallen off. He said Paul Michael rented the lots beside his building where cars were parked.

Ron Perkins expressed concern that the lots under Paul Michael's lease were dropped to \$40 per lot. Mr. Perkins said rental for the Row 47 area was \$21,000 in 2007 and down to \$10,000 in 2008. Mayor Wilson indicated he would research the matter of the lot rental. Edith Elliott asked why the Row 48 Partners did not attend the meetings if they were so interested in doing business with the City. Ed Sanders questioned why Mr. Michael did not just increase the square footage in his building on Highway 19. He did not think First Monday should be an industry for just one person. It should continue to be individual vendors as it has been for years. The City should not spend hundreds of thousands of dollars for sewer construction for one person. Mayor Wilson pointed out

individual vendors would be inside the new building. He said the market was changing from the way it was years ago. He felt that area should be re-energized. Mayor Wilson said future buildings were part of the future planning for First Monday.

Mr. McCuistion said the Row 48 Partners were asking whether the City would accept their entire plan and give them an option to build. Mr. McCuistion said he had not surveyed the other vendors but he knew some were in favor of the new building and some were not. He said Scott Perkins was building on Row 11 and vendors would be displaced from those lots also. The end caps on Row 48 would remain. Every effort would be made to relocate vendors who were displaced.

Councilmember Maris pointed out the Row 48 group would collect over \$1 million in rent in the first two years. The City would get \$60,000 per year for the first two years. He felt the City could do something on its own to rebuild the area at Row 94 and Row 48. He felt the City could learn from Henry Lewis about putting up a pavilion one at a time and not go into debt. He felt there should be higher rentals for those with end caps at the Trade Centers. The City should not let somebody else make the money. Councilmember Maris felt the City should maximize the revenue for the City. Mayor Wilson said there was a building area where vendors were allowed to build. He did not feel the Row 11 or Row 48 property was a prime location at this point but this group was willing to put a building there. The City did not have to take on additional debt. Mr. Perkins mentioned some lots rented by Mr. Michael were not in his lease and were the City's responsibility. Mrs. Sanders suggested tabling the matter until more questions were answered. Councilmember Nicklas agreed they needed to explore all options for the City to capitalize on First Monday and determine why business has fallen off. He felt there were a host of options the City could look at before tying up the real estate for a long period of time. Councilmember Fuller said each time an idea was brought up to improve First Monday it was never followed through due to the City's reluctance to take on more debt. He felt the City should look harder at ways to do the improvements on its own. Mr. Sanders suggested advertising for craftspeople to come to First Monday. Kay Murphree said Paul Michael should not be given preferential treatment. Mayor Wilson pointed out no one else had made an offer like this to the City. There were still items that could be negotiated, such as the rental fee. Alton Smith felt Mr. Michael should just expand his current operation on Highway 19. Councilmember Sanford said he was for Row 48 Partners building on the grounds but not for giving them a discount on the rent. Councilmember Maris said he would like the First Monday Committee to explore other options in that area with the building being one of the options. The City could build in segments or could start with lock and leave buildings. The City should look at alternatives to keep First Monday viable. Councilmember Maris made a motion to have the First Monday Committee look at all available options for the Row 48 area and make a recommendation. Councilmember Sanford seconded. All voted in favor except Councilmembers Nicklas and Huddle who abstained.

Mayor Wilson called a recess at 6:30 p.m. The meeting was resumed at 6:38 p.m.

15. CONSIDER ALL MATTERS RELATING TO EMERGENCY SERVICES DISTRICT – Mr. McCuistion clarified the letter submitted to Council was from Chief Bazhaw. Chief Bazhaw stated he recommended the Canton Fire Department pursue an Emergency Services District for unincorporated areas of Van Zandt County. He felt it would enhance the quality of service and pay for itself with lower ISO rates. The Canton Fire Department currently receives \$400 per month to cover 85 square miles of Van Zandt County. There has been a 49% increase in activity in the county. An Emergency Services District would

give Canton citizens a higher level of services by adding resources and reducing response times. An Emergency Services District can levy a tax. He proposed \$.10 tax per \$100 valuation. It could potentially bring in \$353,000 annually. Councilmember Maris clarified Canton citizens would not be paying the \$.10 tax. He expressed concern that when the Canton Fire Department responded outside the city, it left citizens unprotected. Mayor Wilson pointed out the additional calls put a tremendous amount of wear and tear on the vehicles. Mayor Wilson said the City would not vote on the Emergency Services District. A vote of county residents would be required. He said the City could take the secondary position to not make calls outside the city limits. The \$400 per month paid by the county did not cover the cost of gas. Chief Bazhaw estimated the City received approximately \$11 per run for calls outside city limits. He added the ESD could be two separate entities such as a municipality and a school district. Councilmember Maris said the easiest thing would be to have the ESD contract with the City to provide services. Chief Bazhaw said the next step would be to collect 100 signatures on a petition to be taken to the County Commissioners. They would vote on holding the election. Mayor Wilson instructed Chief Bazhaw to move forward on the Emergency Services District and keep the Council informed of his progress.

16. CONSIDER ADOPTION OF RESOLUTION NO. 2008-20 ADOPTING CITY OF CANTON PERSONNEL POLICY AND PROCEDURE MANUAL – Julie Seymore said the new policy required all hiring, firing, promotions and demotions to be approved by the City Manager. They should be handled by the Human Resources department to ensure consistency and compliance. Other policies were added on open records, open meetings, legal postings, workplace behavior and secondary employment. A maximum of 480 hours for police and fire and 240 for all others was placed on compensatory time. After the maximum was met, overtime would be paid. The policy would allow the City to pay down comp time at the end of the fiscal year if it chose. Holidays would have to be taken by the year end or within ninety days of being earned. It changed the mileage reimbursement rate to the current IRS rate. The policy granted a per diem for travel rather than reimbursement. Sick time would be used for illness only. The sick pool was left in the policy. Sections on succession planning and tuition reimbursement were added. Those who served jury duty had to submit the jury summons with their time sheet. The policy eliminated the salary continuation on workers comp and limited benefits paid by workers comp to a maximum of 180 days. The new policy allowed five working days to file a grievance. The grievance procedure did not allow for complaints regarding working conditions. The employee could only appeal to the Council for suspensions over ten days, demotions or terminations. The new policy included examples of unacceptable conduct and included ethics for employees. It included procedures for pre-hiring, post-accident injury and random drug testing and searches. Mayor Wilson recommended the Council review the personnel manual and make any suggestions prior to the next regular meeting. Julie Seymore mentioned the personnel handbook was also adopted by Wills Point.
17. CONSIDER ADOPTION OF RESOLUTION NO. 2008-21 ADOPTING CITY OF CANTON COMPENSATION PLAN (SALARY CHART) – Mr. McCuiston said the last salary chart was adopted in 2004. He based the proposed salaries on a salary survey done by Waters Oldani for cities with populations of 5,000-10,000. Some of Canton's employees fell below the minimum and would require market adjustments and some were above. Mayor Wilson recommended the chart be tied to an inflation index so it would not be out of date each year. Mr. McCuiston said the chart would need to be adjusted on a regular basis. He said he was planning to take some of the money allocated for directors' salaries to bring the hourly workers up to the minimum. He said several employees worked First Monday which raised their hourly rate throughout the year. Mr. McCuiston

said he would research the affect of First Monday time on hourly rates. Councilmember Sanford made a motion to adopt Resolution No. 2008-21 adopting the City of Canton's Compensation Plan (salary chart). Councilmember Maris seconded and all voted in favor.

18. CONSIDER ADOPTION OF ORDINANCE NO. 2008-27 ESTABLISHING CURFEW HOURS FOR MINORS – Chief Echols said the curfew ordinance was helpful in dealing with those youths loitering after 11:00 p.m. on weekdays and 12:01 a.m. on weekends. Councilmember Nicklas made a motion to adopt Ordinance No. 2008-27 establishing curfew hours for minors. Councilmember Huddle seconded and all voted in favor.
19. CONSIDER ADOPTION OF ORDINANCE NO. 2008-29 CREATING A PROHIBITION AGAINST LOUD NOISE – Chief Echols said they had a lot of calls at night due to certain businesses having parties or allowing others to rent their buildings. Without an ordinance, they had no way to restrict any of those activities. The ordinance prohibited anything above 85 decibels fifty feet from the property line. It would keep neighborhoods quieter. Organizations could ask for special permission for events such as parades or Relay for Life. Councilmember Sanford made a motion to adopt Ordinance 2008-29 creating a prohibition against loud noise. Councilmember Fuller seconded and all voted in favor.
20. CITY MANAGER'S REPORT

A. CURRENT ROAD PROJECTS – ETHERIDGE, EUBANK, ELLIOTT, COLLEGE AND ATHENS – Rick Malone said the concrete was poured on Etheridge Road on Monday and they started putting in steel. The road was able to handle the recent heavy rain with no overages. The project would be completed by year end, if weather allowed. There was just a little ditch work left on Elliot Street. Some of the concrete was taken out by Short Street to deepen the ditch. Eubank Drive was primed and compacted in front of Rose Realty. They would start putting on asphalt the next day and wrap up by Friday. The grade was changed to better handle water. The next projects were water tie-ins on Athens and College Streets. Mr. Malone said the work to be done on Athens Street would most likely correct the sewer problems experienced by residents.

B. CURRENT PARK PROJECTS – Mr. Malone said the contracts had been reviewed by Richard Davis and the projects had been approved by Texas Parks and Wildlife. Mr. Malone met with the Parks Board to begin the soccer field renovation. Mr. McCuistion said they obtained a \$13,000 bid to clear out the fence line at the CYRA ballpark, but he thought the City could do it for less. He would see if TXU could cut some of the trees. Another option was to direct the water under the road or to take more out upfield. Mr. Malone said Mr. Pruitt would start removing grass from Fields 1 and 2 on Saturday and would place it at the cemetery at no cost.

C. RENOVATION OF ADDITIONAL CITY BUILDINGS AT EAST HIGHWAY 64 PROPERTY – Mr. Malone reported the remodel on the new administrative office had started and the block for the jail cells at the new Police Department had been received.

EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.071.

21. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY REGARDING POTENTIAL LITIGATION (Section 551.071) – The Council convened in closed session at 8:25 p.m. for consultation with its attorney regarding potential litigation.
22. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION - The Council reconvened in open session at 8:48 p.m. Councilmember Sanford made a motion to abandon the easement on the property owned by Cary Hilliard at 590 South Live Oak. Councilmember Fuller seconded and all voted in favor.
23. ITEMS FOR FUTURE AGENDAS – Councilmember Huddle felt the enforcement of handicapped parking should be discussed. Mr. McCuistion said he was obtaining an estimate for the update of the comprehensive plan. Mayor Wilson requested the policy manual be placed on the next month's agenda. Mr. McCuistion said a lot of engineering issues would be on the next agenda.
24. ADJOURN - There being no further business to discuss, Mayor Wilson adjourned the meeting at 8:55 p.m. upon motion by Councilmember Maris and second by Councilmember Nicklas.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., TUESDAY, DECEMBER 16, 2008
 City Hall Council Chambers
 290 East Tyler Street, Canton, Texas 75103

MINUTES

The Canton City Council met at the above-named date and time in the City Hall Council Chambers. Members present were Mayor Rusty Wilson, Jim Fuller, Charles Huddle, Ross Maris, and Clay Nicklas. Councilmember Ron Sanford was absent. City Manager Andy McCuistion, City Secretary/Finance Officer Julie Seymore, and Directors Rick Malone, Lonny Cluck and Mercy Rushing were also in attendance, as well as Building Inspector Coy Prather, Police Chief Mike Echols, Fire Chief Charles Bazhaw, Municipal Court Judge Lilia Durham, and City Attorney Richard Davis.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 6:00 p.m. and declared a quorum present.
2. INVOCATION was led by Rick Malone.
3. PLEDGE OF ALLEGIANCE was led by Mayor Rusty Wilson.

4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None
5. PROCLAMATIONS AND ANNOUNCEMENTS - None

CITIZEN'S FORUM

6. CITIZEN'S FORUM – CITIZENS ARE INVITED TO SPEAK FOR THREE (3) MINUTES ON MATTERS RELATING TO CITY GOVERNMENT THAT ARE NOT LISTED ON THE REGULAR AGENDA – Ron Perkins brought up a debt owed by a vendor to the City which was a result of incorrect billing. He believed the City should pursue the collection of the money and look into whether or not a similar situation happened to any other vendors. Kay Murphree also felt the City should attempt to collect the money owed. Ethel Sanders suggested councilmembers be assigned to oversee various projects on behalf of the City. She also felt the City should diligently pursue collecting the debt.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM NOVEMBER 18, 2008 CITY COUNCIL MEETING – There being no comments or changes, Councilmember Nicklas made a motion to approve the Minutes from the November 18, 2008, City Council meeting. Councilmember Maris seconded and all voted in favor.
8. CONSIDER APPROVAL OF NOVEMBER 2008 FINANCIAL STATEMENTS – Julie Seymore reported Cash on Hand on November 30 was almost \$4.3 million. Debt service was \$7.4 million. \$2 million had been spent thus far out of the \$14 million budget. Revenue to date was \$1.7 million. Collection of property taxes was expected to increase in December and January. Sales tax receipts were equivalent to the previous year's numbers. First Monday receipts were high because the last two months were some of the busiest months for the year. Councilmember Huddle made a motion to approve the November 2008 Financial Statements. Councilmember Fuller seconded and all voted in favor.
9. RESULTS PRESENTATION BY GARY BURTON ENGINEERING, INC.
 - A. LONG-TERM WATER SUPPLY STUDY – GARY BURTON -
 - B. FIRST MONDAY GROUNDS FLOOD REDUCTION STUDY
 - C. WATER DISTRIBUTION ANALYSIS
 - D. WASTEWATER TREATMENT PLANT SITE EVALUATION

Gary Burton gave a presentation of the results of the long-term water study. They did an evaluation of options for obtaining additional service water for the City, an evaluation of the projections and populations based on the Comprehensive Plan and an evaluation of the opportunity for reducing flood levels and flooding frequencies at First Monday. Population for Canton by the year 2070 was projected to be 35,000 if the ETJ were fully developed and serviced by the City. Mr. Burton said it would be very soon when Canton would need additional water supply capacity, which would probably be an additional well. Other options were to buy water from Tyler, purchase raw water from the Upper Neches Municipal Water Authority at Lake Palestine or purchase raw water from Tyler available in Lake Bellwood. One additional option was to build an additional reservoir. Joe Harrell with East Texas Engineers said they had identified six potential reservoir sites within ten miles of Canton. The three sites worth investigating further were all up creek of Cedar Creek Reservoir. One was immediately north of Canton on Mill Creek. This location was further downstream, had a drainage area of 41.7 square miles. Another site was to

the northeast of Canton Saline Creek which had three potential dam sites. This site would involve only one public road. A Kickapoo Creek site had a road which crossed in the middle of the lake and they were advised by TCEQ it would be difficult to obtain water rights there. The Mill Creek site was the most desirable due to economic factors and the availability of water rights. More runoff was also generated there so a larger reservoir could be developed. The lake would be at normal pool more often with the larger water shed. They desired an elevation of 435 for the maximum water surface of the lake. That could generate a little over 5 millions gallons per day. Approximately 2,000 acres would have to be purchased. The preliminary engineering work was done to size the spillways and dams. The City would be taking water out of the reservoir at a rate of 5-6 millions gallons per day. The model done showed a firm yield of 5.6 gallons per day. A TCEQ permit would be required. TCEQ would do a water availability study to determine the yield. Mr. Burton said Mill Creek was the recommended site. A 9.2 mile pipeline would need to be installed near the dam to Canton Mill Creek Reservoir to enhance the supply at the existing reservoir. The water plant could stay at its current location. Mr. Burton cautioned the cost estimates were based on current 2008 prices for material, prices and land. Projected future increases would be 3-4% per year. There would be a phased implementation. All the money would not have to be borrowed at one time. The estimated total cost for this option was \$54,612,000 which would include a reservoir, a pump station near the dam, a 9.2-mile pipeline and the treatment plan expansion. The annual cost for this option was \$6,532,000, the least expensive of all three options. Mr. Burton advised a new well would be needed before a reservoir could be built. A good location might be on the south side of the lake by the other well. The cost would be approximately \$1,827,000. The last well built by the city yields 400 gallons per day. Mr. Burton pointed out Option 3 was less expensive because it was the city's water. If the third well did not yield 400 gallons per day, additional wells would have to be drilled. The trend over the last twenty years was the ground water level continued to drop. Mr. Douthit said the water planning commission was looking at making clusters whereby all the community water systems surrounding Canton would get involved. Gary Burton warned the Sabine River Authority was currently trying to permit all the water in their basin that it could. Mr. Harrell said Dallas was trying to obtain increases in their current water permits. He advised Canton to get the water in its own name and not contract with the Sabine River Authority. He said if Canton were successful in getting a water rights permit from the State and used the water beneficially and purposefully, the City would not have to pay for the water. There was a one-time permitting fee of \$5,000. Mr. Burton said for a population of 35,000 the maximum gallons per day would be \$7.4 million. He said the plan set out for Canton would take them 50 years into the future. He said the first step was for Mr. Douthit to take the plan to the regional planning group. Mr. Douthit said he could probably get Canton in the 2011 plan.

Mr. Burton said during summer months, the high service pumps at the water plant were run almost continuously. He said recent improvements were made to the water distribution system. A 10" water line at FM 859 was run to Trinity Mother Frances. A 10" water line was currently being run at Wynne Road. A 12" water line was installed on the east side from Hwy. 243 to the south side of Dog Alley. Recommendations for additional improvements to the system included a 1-1/2 million gallon ground storage system on the north side of I-20 to the west of FM 859, which would connect with Mother Frances. Another 12" water line called the North Loop would be tied on. There was a need for an 18" line down the middle of town with 12" loops on both sides. Another elevated storage tank to create a higher pressure plane on the south side of town would be necessary, depending on where growth occurred. The high service pump station needed to be

upgraded. The loop on the east side would be completed and an incremental increase in the pump stations over a 20-year period to complete the 12" loop on the south side and loop off the Lake Meadows subdivision. A fourth elevated storage tank would ultimately be needed as well as a final increase to the pump stations to 400 HP. An 8" water line would be needed at the water plant. Fire flow pressure also needed to be taken into consideration when planning the elevated storage sites. North of I-20 would be the first priority. Estimated costs for Site 1 were \$1,824,000, for Site 2, \$1,823,400 and for Site 5 \$2,028,400. Mr. Burton recommended a 12" line needed to be installed along the interstate with the elevated tank to realize the full benefit for firefighting purposes near the Comfort Inn.

Mr. Burton advised one priority was the emergency power generation. There was insufficient elevated storage for sustained demand for a long period of time. There was only 80% of the state minimum for elevated storage based on the current number of connections, even without considering First Monday. A booster station was a priority. The north side elevated storage should take priority over the south side. The pumps at the plant would have to be upgraded before elevated storage could be built on the south side. Mr. McCuiston said a well would cost approximately \$2 million.

Gary Burton said they had submitted a cost estimate and maps to ETCOG to apply for a grant for south side water storage, a well and pump station. They used the TCEQ enforcement action and the reduction of existing lake as a basis. The perceived yield of the lake was cut in half by TCEQ in its water availability modeling. The grant was for approximately \$3 million. Mr. Burton recommended all lines on future projects be 12" and not 6".

Mr. Burton has performed a flood study on the First Monday grounds. The scope was to look at the existing flood conditions to quantify and develop a computer model. They also evaluated storm events and how to reduce flood conditions by the use of up-stream retentions with levees. There was no possible plan that would eliminate all flooding on the First Monday grounds. They could only hope to reduce the number of times the water rose out of the banks. Widening the channel was not really an option. A retention location at Site 1 only would reduce peak flow rates by 5% for 1 year and 7% over 10 years. Using Sites 1 and 2 would reduce 26% for 1 year, 27% for 2 years, 25% for 5 years and 21% for 10 years. The cost estimates for construction for Site 1 would be \$285,000 and for Site 2 \$176,000. Mr. Malone added Site 1 was south of Hwy. 198 on Dry Creek and Site 2 was at the tributary. They also discussed going downstream of Site 2 just south of Old City Lake.

10. CONSIDER CODE ENFORCEMENT AT 207 SOUTH BUFFALO, CANTON, TEXAS – Building Inspector Coy Prather stated the thirty-day extension given at 207 S. Buffalo was to expire on December 19. The contractor felt the building would be down by that date. There were still a lot of materials on site. The contractor planned to clear the site and level it off. Mr. Prather asked whether or not an additional extension should be granted. Councilmember Fuller said the owner had seven months to clear off the building. Mr. McCuiston reminded Council tickets could be issued for noncompliance. Councilmember Fuller felt citations should be issued every 72 hours until the lot was cleared. He felt something should be done in this instance or they should forget about pursuing the matter at all. Councilmember Huddle stated he thought the lot should be cleaned up. Mayor Wilson instructed City Manager Andy McCuiston and Building Inspector Coy Prather to handle the matter.

11. CONSIDER ADOPTION OF RESOLUTION NO. 2008-20 ADOPTING CITY OF CANTON PERSONNEL POLICY AND PROCEDURE MANUAL – Mr. McCuiston reported the Personnel Policy and Procedure Manual had been reviewed and some amendments made. Julie Seymore said a 24/48 hour shift had been implemented at the Fire Department, which changed their overtime level to anyone who worked over one hundred six hours in a fourteen-day pay period. She said employees involved in injuries involving more than one day off work or property damage greater than \$1000 would be subject to post-accident drug testing. The use of smoke and/or smokeless tobacco was forbidden in city buildings, vehicles or equipment with an enclosed cab. Mr. McCuiston said the mention of designated break periods was removed. Ms. Seymore said city employees would be expected to remain current on their city taxes and city utility bills. The biggest change was in computation of holiday compensation. There was a problem of employees banking too many holidays that they could not take. The new proposal was to give the option of accruing the holiday to a maximum of five days or getting paid at eight hours straight time. Holidays would be accrued at the number of hours of the employee's regular shift up to twelve hours. Firefighters would have to use two holidays to compensate for a twenty-four hour shift or use compensatory time to make up the difference. Firefighters would accrue a twelve-hour shift for each holiday. Councilmember Fuller made a motion to adopt Resolution 2008-20 adopting the City of Canton Personnel Policy and Procedure Manual. Councilmember Maris seconded and all voted in favor. Mr. McCuiston noted the manual was a work in progress and would be amended as needed.
12. CONSIDER APPROVAL OF CONTRACT WITH E.D. SUITE FOR CITY WEB-SITE DESIGN AND HOSTING – Mr. McCuiston explained E.D. Suite was a company highly recommended for the development of economic development and municipal websites. The cost was negotiated at \$10,000 which included six basic modules. He felt the City would be able to manage the content of the website, which was an important feature. The annual maintenance fees were reasonable at \$900, which included hosting. Councilmember Maris made a motion to approve the contract with E.D. Suite for the city's website design with the provision that more information be obtained regarding hosting of the site. Upon second by Councilmember Huddle, all voted in favor.
13. CONSIDER APPLYING FOR ECONOMIC DEVELOPMENT ASSISTANCE FROM CANTON ECONOMIC DEVELOPMENT CORPORATION FOR FIRST MONDAY BUILDING PROJECT – The item was addressed at 9:08 p.m. upon the conclusion of the Executive Session.

Mr. McCuiston said the building was in the design stage. Councilmember Maris stated there was a lot of potential in a lock-and-leave building on Row 94. Richard Davis cautioned that their plan would need to be complete before they approached the Economic Development Council so they would have a specific amount to present to them.

Mayor Wilson said the biggest concern was the right kind of vendors to put in the building. Mr. McCuiston said the City would start with one building and increase from there. He said the sewer line would not have to be moved. Mayor Wilson stated no action would be taken on Item 13 at the current time.

14. CONSIDER APPOINTMENTS TO CANTON MAIN STREET ADVISORY BOARD – Mercy Rushing said three positions on the Main Street Advisory Board were expiring. One member, Rhita Koches, had declined reappointment. Karen Hendricks and Mellony

Clark both agreed to be reappointed. Sandra Perry had expressed interest in an appointment. She had been a great volunteer over the past year. Mayor Wilson felt all the applicants had done a good job. Councilmember Nicklas made a motion to appoint Karen Hendricks, Mellony Clark and Sandra Perry to the open positions on the Canton Main Street Advisory Board. Councilmember Huddle seconded and all voted in favor.

15. CITY MANAGER'S REPORT

- D. CURRENT ROAD PROJECTS - ETHERIDGE, RIDGE ROAD, PACIFIC, EUBANK -
- E. CURRENT PARK PROJECTS - CHERRY CREEK PARK, CYRA
- F. RENOVATION OF ADDITIONAL CITY BUILDINGS AT EAST HIGHWAY 64 PROPERTY
- G. PAUL MICHAEL LEASE PAYMENTS
- H. IMPACT OF FIRST MONDAY PAY ON CITY'S COMPENSATION PLAN
- I. FIRE / POLICE DEPARTMENT GRANTS
- J. ECONOMIC OUTLOOK CONFERENCE BY DR. RAY PERRYMAN
- K. CANTON'S DESIGNATION AS A NATIONAL MAIN STREET CITY FOR 6TH YEAR
- L. EMPLOYEE CHRISTMAS DINNER AND AWARDS CEREMONY
- M. BROOKSHIRE'S RIBBON CUTTING CEREMONY
- N. IMPLEMENTATION OF FOOD AND RESTAURANT SERVICE ORDINANCE
- O. EMPLOYEE SAFETY COMMITTEE REPORT
- P. ENFORCEMENT OF HANDICAP PARKING

Rick Malone reported Etheridge Road was almost complete. The contractors were doing hydromulching and cleanup. The funds were being evaluated to see what other streets could be repaired. Ridge Road and Pacific to the south of Goshen had a few repairs left to make. Residents on Eubank Street were interested in having curbing added at their expense. The repairs and tap work was done on Athens Street. All the concrete was poured at Cherry Creek Park. Eubank Street would be smoothed out. All plumbing had been done for the new jail cells. All the electrical had been done at the new city annex. Most of the hardwiring for the computers and phones was complete, as well as the sheetrock. Renovation would be started on the building for permanent record storage. Mr. Malone and his staff might begin moving the middle of January.

Mr. McCuiston explained the issue with the Paul Michael lease payments was a result of a change of staff and a change in computer systems. In July 2000, the twenty lots were leased at \$40 per lot. November 2005 had staff changes around the time the new lease was signed for \$50 per lot and the change was not made. When the new software was installed, the lots were shown as \$50 lots but the amount was later changed back. There was no intentional discount of lots for Mr. Michael. The amount owed by Mr. Michael was \$7000 and the City could pursue the collection of that amount. Councilmember Huddle felt Mr. Michael should have to pay the \$7000. Mr. McCuiston said the last invoice was sent to Mr. Michael explaining the amount was underbilled. Mayor Wilson said he was not opposed to billing Mr. Michael for the money. He wanted to be sure we could substantiate the number. Mr. McCuiston said the old computer system crashed and not all the records were available for 2005 and 2006. The contract clearly indicated the lots should be \$50 per lot. Lonny Cluck made the assurance all lots were currently being charged at the correct rate. Mayor Wilson suggested sending a statement to Mr. Michael for the amount and asking him to substantiate any discrepancies he might have. Mr. McCuiston said he would ask Mr. Michael to show any documentation he had for any disputed amounts.

Mr. McCuiston said he analyzed the affect of First Monday pay on regular employees. For some employees, it increased their hourly rate by \$1.78 and some only \$.40. The difference depended on their salary. He indicated all employees were given a 3% raise in October. He also stated using full-time employees at First Monday gave the City a more reliable workforce during the event and was a perk for the employees.

Chief Bazhaw said he started looking at finding grant money to upgrade the early warning system. The City was not eligible for a Homeland Security Grant because the communications system had to be upgraded first. The City was awarded by a state agency \$100,000 to upgrade its emergency communications system. The \$100,000 would be split between the Fire Department and Police Department. The Fire Department planned to upgrade its communication equipment on the fire apparatus and the base station radio, would get a new repeater and upgrade the mobile command post. Chief Echols said the Police Department would buy a new console and a new repeater which would be moved from the water tower to the new location. They would also purchase ten portable radios and eight units in the police cars. Chief Bazhaw said the City had to have digital capability before the warning system could be addressed.

Mr. McCuiston said he attended an economic conference where Dr. Ray Perryman spoke. Dr. Perryman felt the economic crisis was not a result of the mortgage industry as most people felt. He said the State of Texas would probably start to recover by the middle of 2009 and the State would see recovery before the end of next year. Texas was adding jobs other states were losing. The hardest hit would be the Midwest of the country. Dr. Perryman projected a 3 to 3-1/2% growth in Texas.

Mercy Rushing reported Canton had been chosen as a National Main Street City in Texas for the sixth straight year. She said this was a reflection of the volunteers and the work they did.

Ms. Rushing also reminded Council the Brookshires ribbon cutting was the next day at 9:00 p.m. Julie Seymore invited everyone to the employee Christmas dinner at noon on Friday at the Civic Center. She said awards would be presented for special recognition throughout the years and milestones in years of service.

Mr. McCuiston said Coy Prather would be handling animal control and food services. Mr. Prather said he would be working closely with the health inspector and would personally inspect five to ten restaurants or food handling establishments. He would refer any problems he found to the health inspector. Mr. McCuiston said Mr. Prather would prepare a monthly report on his progress.

Mr. Prather said a Health and Safety Committee was established 1-1/2 years ago. The Committee was in the process of creating a safety handbook. They have also made recommendations regarding hard hats, safety vests, eye wash stations and first aid kits. A policy was established to reimburse employee \$50 for the purchase of safety shoes.

Chief Echols assured Council the Police Department enforced handicapped parking and wrote tickets if they saw violations. Judge Durham explained a lot of people forgot to hang the handicapped sticker. She said if the tag were visible on the dash or seat, a ticket could not be issued.

A brief recess was taken at 8:26 p.m.

EXECUTIVE SESSION

A closed or executive session will follow pursuant to the provision of the Open Meetings Law, Chapter 551, Govt. Code, Vernon's Texas Codes Annotated, in accordance with the authority contained in Section 551.072.

16. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) - The Council convened in closed session at 8:36.m. for consultation regarding potential purchase, lease or sale of real property.

RETURN TO OPEN SESSION

17. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION - The Council reconvened in open session at 9:08 p.m. with no action taken.
18. ITEMS FOR FUTURE AGENDAS -
- A. CALL SPECIAL MEETING FOR FIRST MONDAY MASTER PLAN UPDATE AND PRESENTATION OF MARKETING AND ADVERTISING MASTER PLAN
 - B. ITEMS FOR FUTURE REGULAR MEETINGS

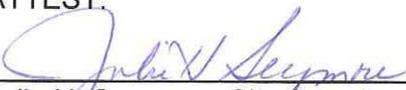
Mr. McCuistion said a meeting was scheduled the next day with Franklin Bank to discuss its contract with the City. He has recently learned 4A, 4B and water supply corporations were not covered by pledged collateral. Unless the entity had pledged collateral the FDIC would only reimburse \$100,000. Prosperity Bank had indicated it would honor Franklin Bank's depository contract. A new contract would have to be negotiated with Prosperity and have the bank's minutes reflect that the Board approved the contract.

19. ADJOURN - There being no further business to discuss, Mayor Wilson adjourned the meeting at 9:19 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.



 Rusty Wilson, Mayor

ATTEST:



 Julie H. Seymore, City Secretary