REGULAR MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., TUESDAY, JANUARY 19, 2010
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, Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, Municipal Judge Lilia Durham, Police Chief Mike Echols, Fire Chief Charles Bazhaw and CEDC/Main Street/Marketing Director Mercy Rushing were also in attendance.

Discussion and action were as follows:

1 CALL TO ORDER – Mayor Rusty Wilson declared a quorum present and called the meeting to order at 6:02 p.m.

2. INVOCATION was led by Councilmember Nicklas.

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 – Mayor Wilson reminded everyone items not listed on the agenda could not be discussed or voted upon. Jim Fuller requested his drivers be allowed to take their tow trucks home to allow a quicker response time if they get a call. He said the current ordinance prohibited vehicles over 10,000 pounds on the streets. He said the new trucks weighed approximately 17,000 pounds, were long-wheel based and had air ride on radial tires. Mr. Fuller also requested city employees be prohibited from talking on cell phones while driving city vehicles. He said over 6000 were killed while talking on cell phones.

   Rona Watson reminded everyone about the Western Swing Valentine Party being held February 11-13, 2010. She said ticket sales were good. Goodson Market would run the concession. There would be a special Valentines dinner for $14.95 on February 13.

   Darius Van Hoy said he and his wife purchased property off 2106 by the city limits in 2003. They have not been able to sell the property and had wanted to annex in order to have city water. They had requested annexation but their potential purchaser wanted to hold off on that because she would not be able to have horses on the property in the city limits. Thelma Green added she would like to add two doublewide trailers onto the property. She had hoped to be able to tie in the two trailers onto the existing water meters. She asked for a temporary tie-in to allow her time to drill a water well. She said only family members would be living on the property. There would be no selling of water.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM DECEMBER 8 AND 15, 2009, CITY COUNCIL MEETINGS – Upon motion by Councilmember Brockman and second by Councilmember Everett, the minutes from the December 8 and 15, 2009, meetings were unanimously approved.

8. CONSIDER APPROVAL OF DECEMBER 2009 FINANCIAL STATEMENTS – Julie Seymore reported $2.7 million as the total cash balance and a long-term debt balance of $6.7 million. Two annual payments were due each year. The January payment was interest only. Total revenue was $2.975 million and total expenses $3.317 million. She explained the Water Treatment Plant's valve and trough replacement project had not been completed in the last fiscal year and was carried over to this year, which explained the 245.7% expenditure in the capital improvement fund's budget. The December 2009 financial statements were unanimously approved upon motion by Councilmember Maris and second by Councilmember Nicklas.

9. CONSIDER ACCEPTANCE OF PETITION FOR VOLUNATRY ANNEXATION OF 12-ACRE TRACT SITUATED IN THE Q.C. NUGENT SURVEY, A-618, LOCATED ON VZ CR 2106, CANTON, TEXAS, OWNED BY TAMARA & DARIUS VAN HOY – Mr. McCuistion said the petition had been withdrawn. The potential purchaser requested temporary water. Mr. Van Hoy said there was one water meter for each of the two existing structures on the property. Mr. McCuistion explained the purchaser wanted to add two more mobile homes on the property and wanted water for those trailers. The City's policy was to annex property if it were eligible. This property did touch the city limits; however, they would have three mobile homes with nonconforming uses. Mr. McCuistion said the law required one meter per residence. If the city added two meters, they would have to be willing to annex. Councilmember Brockman stated he preferred the property be annexed before any additional meters were installed. Mr. McCuistion said there was a sewer line at the Industrial Park down the road from the property. Mayor Wilson said the only temporary utility the City could provide would be water, not sewer. Ms. Green said only her family would live on the property and they would be more than willing to share their water. Coy Prather said state law prohibited more than one residence using the same water meter. Ms. Green said she understood but would like a temporary tie-in for a couple months until a well could be drilled. She had contacted Chambers & Phillips about putting in a well. Mayor Wilson said the City could not go against state law. Councilmember Maris brought up the expense to the City to install a temporary tie-in. Mr. McCuistion stated the city attorney advised a contract could be entered into regarding that cost. Mr. Davis said the agreement would need to be part of the deed. Councilmember Nicklas suggested Ms. Green be allowed time to gather more information prior to Council voting. Councilmember Everett suggested dividing the property so one part could house the horse and the other portion be annexed. Mayor Wilson said the mobile homes still would be nonconforming. Ms. Green said she would get more information about the situation before she returned for a decision.

10. CONSIDER AMENDMENT TO SIGN ORDINANCE NO. 2009-32 REGARDING BILLBOARDS – Mayor Wilson said he had been asked for Council to consider making the sign ordinance for I-20 and town the same. That would give the City an opportunity to eliminate a couple billboards in town. Councilmember Maris stated there were several large signs in town that were not big enough to be classified as billboards. Councilmember Huddle said a billboard was 332 square feet. Mayor Wilson said the current ordinance called for two signs on the interstate to be taken down before a new

one was allowed. Councilmember Nicklas said the ordinance did not allow for any new billboards in the city. Councilmember Huddle mentioned Taylor's said they would take down their billboard if the ordinance were changed. Mr. Prather said Taylor's would get one credit per sign face he took down. Councilmember Nicklas questioned whether billboards were allowed in the Gateway District. Mr. Prather explained the credit system was for the I-20 area only. Using that system in the city, the owner would only be able to put up a new sign where a legal nonconforming sign was now. There were currently sixteen to eighteen billboards in town, including the ETJ, that were legal nonconforming. A new conforming sign would have to go along I-20, not in town. If the ordinance were changed to include town and the interstate, if an owner took down two legal nonconforming signs they could put one up in either area. Mayor Wilson tabled the item and said he and Mr. McCuistion would speak to the signs' owner and get more information on the location of all the billboards. Mr. Prather said the definition of a billboard was 336 square feet, or 672 square feet for a double-sided sign.

11. CONSIDER AWARDING BID FOR BULK CHEMICAL STORAGE BUILDING – Lonny Cluck said Burton Engineering recommended Jay Houser Construction as contractor with a bid of $235,978. Mr. Cluck said they investigated moving the location of the building further out but were concerned about chemicals freezing when pumped for a longer distance. The new building would allow them to pump right from the building to the plant. Mr. Cluck said the original estimate did not include all that was necessary to meet TCEQ requirements. Councilmember Brockman made a motion to award the bid for the bulk chemical storage building to the low bidder, Jay Houser Construction, for $235,978. Councilmember Maris seconded and all voted in favor.

12. CONSIDER ACCEPTANCE OF CODE RED SERVICE AGREEMENT FUNDED BY EAST TEXAS COUNCIL OF GOVERNMENTS – Charles Bazhaw said Code Red was a system to improve the emergency early warning system. Code Red was a reverse 911 type system whereby a database was entered into the system and, in the event of an emergency, an announcement was dispatched to subscribers giving information about the emergency. ETCOG purchased the system and Canton could access it through a grant through them. No money would be coming through the City. This system would be in addition to the outdoor warning sirens. Chief Bazhaw said the grant would be made available next year also, but a match of $1500 might be required by the City. This year the system was free, which saved the City $6000. Code Red would include residences and businesses. The City would create its own database. Cell phones could also be added to the database. Chief Bazhaw said individuals with landlines would probably automatically be subscribed. Council discussed additional costs for extra minutes but determined it was unlikely additional minutes would be required. Mr. McCuistion said the agreement stated the City would be billed in six second increments. Chief Bazhaw said most of the messages would be prerecorded announcements. Councilmember Nicklas said he received messages from Kaufman and only received two in the last year. Councilmember Maris made a motion to accept the Code Red Service Agreement funded by the East Texas Council of Governments. Councilmember Huddle seconded, and all voted in favor.

13. CITY MANAGER'S REPORT

    A. ROW 11/43A BUILDING – Lonny Cluck reported the building lease bid package had been advertised in all area papers and in the Canton Guide. There was also a sign on the building. There would be a minimum bid of $1000 per month. The deadline for the packets was 2:00 p.m. on February 2, 2010. The bid opening would be at 2:15 p.m.

B. FUNDING: WATER WELL / FIRST MONDAY LOCK & LEAVE BUILDING / BULK CHEMICAL STORAGE FACILITY - Mr. McCuistion reported they were arranging to borrow funds from a local bank for the First Monday Lock and Leave building.

C. STREET SIGNS AT TRAFFIC SIGNALS – Lonny Cluck said he requested TxDOT install overhead street signs at all traffic signals. Mr. McCuistion said, although the signs were not as large as he had hoped, they were up at most locations. TxDOT had not billed the City for the signs. Councilmember Huddle said Canton Lumber requested a street light by their location on Highway 198.

D. SUBDIVISION REGULATIONS REQUIRING CONCRETE STREETS – Mr. Cluck recommended leaving the subdivision ordinance regarding construction of streets as it was because the concrete streets required less maintenance and it was not a deterrent to development. Mayor Wilson felt the ordinance should be kept the same, as did Councilmember Nicklas.

E. SECO GRANT APPLICATION - Mr. McCuistion said the City had been approved for a $23,030 grant and was trying to get another matching grant with Oncor in order to change all the lighting at the four Trade Centers and the Civic Center. The lights being used had been discontinued and it was difficult to obtain parts. The grant should come through in April.

F. TRANSPARENCY PROGRAM - Mr. McCuistion stated Councilmember Everett had brought this program to staff's attention. Canton has been approved as one of the cities to qualify for the Gold Star level, which was the highest awarded. There was enough information on the City website to qualify for that level. The check registers and monthly financial summaries, the budget and audits were available for viewing on the website.

G. 2010 GENERAL ELECTION – Julie Seymore announced the election would be held May 8 for three councilmember places. Candidates may file for office from February 8 to March 8. Candidate packets were available at the City Office Complex. Early voting was at City Hall from April 30 to May 4. Election Day voting would be at the Junior High Library.

H. FREE CITIZEN PARKING PROMOTION FOR FIRST MONDAY – Lonny Cluck said free citizen parking had been advertised in the newspaper and on the website for the February First Monday. Parking would be at the Senior Citizens parking lot on Groves Street. Mr. McCuistion added the free parking would be from Thursday through Sunday. Mr. Cluck said they would keep track of how many took advantage of the offer.

I. WATER ODOR – Mr. Cluck introduced Al Campbell, supervisor at the Water Plant. Mr. Campbell said there had been concerns about the smell of the city water. He explained most water distribution systems used one or two types of disinfectant, free or total chlorination. He said the City used the total system and, after a period of time, there were microbiological problems in the system. The cheapest way to fix the problem was to do a burnout and just use chlorine. They had been going through that process recently and it might be the reason there was a chlorine smell to the water. He said this was a common practice.

J. TRASH SERVICE - Mr. Cluck said there had been fewer complaints about the trash

service. There had been some issues during the transition due to unfamiliarity with routes. Councilmember Huddle asked that they come at a set time each day. Councilmember Maris complimented the Transfer Station on how clean it looked. Mr. Cluck mentioned Sanitation Solutions might want to start picking the whole city up on one day. Councilmember Everett suggested they wear company shirts so residents could identify them. Julie Seymore said large trash cans on wheels could be rented for $2.50 per month.

K. STENCILING PROJECT FOR 2-HOUR PARKING DOWNTOWN –Mr. Cluck said a community service worker had been stenciling the curbs denoting the two hour parking restriction. He was halfway through. Mayor Wilson said downtown was losing a business due to the two-hour parking.

L. DOWNTOWN DEVELOPMENT – Ms. Rushing announced Factory Connection was moving to the Traders Square Shopping Center. She said the manager told her it was due to the two-hour parking downtown. New businesses opening downtown were an old-fashioned soda fountain with burgers and a Texas wine and wine accessory shop.

M. CERTIFIED RETIREMENT PROGRAM – Mercy Rushing said the CEDC was attempting to have Canton named as a Certified Retirement Community. There was a $5000 fee for a five year certification. A resolution would be required with the application. A citizen committee would be established to prepare the application. Anyone interested in serving should contact the Main Street Office.

N. FINES AND WARRANTS – Judge Durham reported forty-seven warrants cleared for a total of $4500 collected. Sixty-eight new warrants had been issued.

Councilmember Huddle said there would be no place to park downtown if the two-hour restriction were repealed. Mercy Rushing stated there were about twenty-five merchants downtown and 60% of them were service related. Judge Durham said it was incorrect that 220 traffic citations issued to attorneys were dismissed. Of the ones dismissed, only five had been lawyers. Mayor Wilson asked that this two-hour parking be on the agenda for next month's 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.

14. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) – After calling a brief recess at 7:34 p.m., Mayor Wilson convened into closed session at 7:43 p.m. for consultation regarding potential purchase, lease or sale of real property.

RETURN TO OPEN SESSION

15. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION - The Council reconvened in open session at 8:07 p.m. with no action taken.

16. ITEMS FOR FUTURE AGENDAS – Councilmember Huddle suggested streets be on the next agenda. Councilmember Nicklas requested an update on the parks. Ms. Seymore said the two-hour parking around the square would be an agenda item. Mr. McCuistion added the sign ordinance should be included. Ms. Seymore said consideration of oversized vehicles on residential streets had been suggested.

17. ADJOURN - There being no further items to discuss, the meeting was adjourned at 8:11 p.m. upon motion by Councilmember Brockman and second by Councilmember Nicklas.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
SPECIAL TIME: 6:30 P.M., TUESDAY, FEBRUARY 16, 2010
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, Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris, and Clay Nicklas. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, Municipal Judge Lilia Durham, Police Chief Mike Echols, Fire Chief Charles Bazhaw, and Director Mercy Rushing were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Pro Tem Clay Nicklas declared a quorum present and called the meeting to order at 6:30 p.m. He stated Mayor Wilson would arrive shortly.

2. INVOCATION was led by Charles Bazhaw.

3. PLEDGE OF ALLEGIANCE was led by Mayor Pro Tem Clay Nicklas.

4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – Councilmember Everett declared a conflict of interest on Item No. 9.

5. PROCLAMATIONS AND ANNOUNCEMENTS
   A. STATE COMPTROLLER GOLD LEADERSHIP CIRCLE AWARD – Julie Seymore announced the City was recognized with the Gold Circle Leadership Award by the Texas Comptroller of Public Accounts for financial transparency on its website.
   B. INTRODUCTION OF DEBBIE PHILLIPS AND DEBRA JOHNSON – Julie Seymore introduced Debra Johnson and Debbie Phillips, City staff members, and described the duties of each. Lonny Cluck introduced Matt Stroud, who was hired as Operations Supervisor for Streets and Utilities.

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 requested the City hold a question and answer period of the candidates for the general public at the Senior Citizens Building. Tim Johnson, Vice President of the Canton Soccer Association, expressed concerns that the current soccer fields were too small for competitions. They would like to be able to host 500-600 kids on the fields. He said there had been improvements over the last six months with the tree trimming and debris removal which have greatly improved the view of the park. He requested the fields be redone before soccer season began.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM JANUARY 19, 2010, CITY COUNCIL MEETING – The January 19, 2010, Council meeting minutes were unanimously approved upon motion by Councilmember Brockman and second by Councilmember Everett.

8. CONSIDER APPROVAL OF JANUARY 2010 FINANCIAL STATEMENTS – Julie Seymore reported a total cash balance of $3,103,804, a debt service of $6.7 million and total revenue year-to-date of $4.3 million. Last month, the City received $557,146 in property tax, $640,868 in sales tax, $601,784 from utilities and garbage collection and $988,584 from First Monday. The total budget expenditures were $4.3 million. Councilmember Maris made a motion to approve the January 2010 financial statements. Councilmember Huddle seconded and all voted in favor.

9. CONSIDER REQUEST FROM CHARLIE'S HANDYMAN SERVICE FOR SOLICITOR'S PERMIT TO SOLICIT BUSINESS AND DISTRIBUTE HANDBILLS/ADVERTISING DOOR-TO-DOOR IN RESIDENTIAL AND COMMERCIAL AREAS – Charlie Lewis asked what timeline he would receive for his permit. Julie Seymore advised the precedent was six-months. Councilmember Brockman said hours were usually limited. Mr. Lewis said he would only tape his card on the door, not knock on the door. Councilmember Brockman made a motion to grant the request from Charlie's Handyman Service for a six-month solicitor's permit to solicit business and distribute handbills/advertising door-to-door in residential and commercial areas. Councilmember Everett abstained and all others voted in favor.

10. CONSIDER REQUEST FROM JIM FULLER FOR AMENDMENT TO CITY ORDINANCES PROHIBITING THE OPERATION AND PARKING OF LARGE TRUCKS IN RESIDENTIAL AREAS – Jim Fuller requested Council allow his company to drive rollback trucks on the City's residential streets. Otherwise, they had to drive thirty minutes to retrieve their tow trucks in order to respond to a call during the night. He had thirteen employees in Canton and his company bought a lot of fuel here. The trucks weigh about 17,000 pounds and have a 20-feet wheelbase at 141 pounds for square foot. The tires did not tear up the streets. He only had two drivers right now who resided in the City. Mr. McCuistion said there were other trucks parked in neighborhoods which were 18 wheelers with dual axles. There had been complaints because those trucks stuck out of the driveways and blocked visibility. The condition of the streets was a concern. Keeping heavy trucks off the streets would help them last longer. Mayor Pro Tem Nicklas said he could see this type industry was different than a long-haul trucker who was home for two weeks at a time. Tow truck drivers were called out during the night. Jim Fuller said there had only been one complaint about trucks parking on the street. His company provided employment for thirteen individuals who spent money in Canton. The Police Department wanted a response time of thirty minutes at the most. Not having the trucks at the drivers' homes made that difficult. Chief Echols said if the ordinance were changed, more drivers

would bring trucks into the city which would generate more complaints. Noise was also an issue with the trucks. It would open the door for diesel trucks in neighborhoods. Mr. Fuller said the main business office was in the extraterritorial jurisdiction. Mr. McCuistion said the staff's recommendation was to keep the ordinance as it was and the trucks off the residential streets. Failing to receive a motion, Mayor Pro Tem Nicklas anounced no action would be taken to change the ordinance.

11. CONSIDER AMENDMENT TO SIGN ORDINANCE NO. 2009-32 REGARDING BILLBOARDS – Mr. McCuistion said the amendment related to the billboard issue. He said one of the concerns that had not been addressed was whether or not the owner could take a billboard down on I-20 and put another up in town. The proposed wording would allow an owner to take signs down in the City and put one on I-20, but not allow taking two from I-20 and putting one downtown. Councilmember Maris asked about signs in the extraterritorial jurisdiction. Mr. McCuistion said language could be added to address legal non-conforming signs in the ETJ. Councilmember Huddle made a motion that the ordinance be changed. Mr. McCuistion said the proposed ordinance stated no billboards in excess of two sides would be allowed. There would be no credits for removing signs less than 336 square feet. Legal conforming signs could not be exchanged for legal nonconforming signs. Councilmember Maris questioned why an owner would get credit for removal of a sign if the reason was loss of the lease. Mr. McCuistion explained when the ordinance was passed, the billboards were already in the city and they came in as nonconforming. The purpose of this was to eliminate billboards in the city. The conforming signs were along I-20. If a billboard came down in the city, another one could not be erected. The proposed ordinance stated two billboards would have to be taken down in order to put up a new one. Mr. McCuistion said the new sign would have to go where there was a current nonconforming sign.

Mayor Wilson joined the meeting at 7:14 p.m.

Mr. McCuistion added several small signs could not be taken down and replaced with one billboard. One of the proposed changes would bring the credit system inside the city limits. Councilmember Huddle had suggested language stating legal conforming signs may not be exchanged for nonconforming signs. Councilmember Maris suggested eliminating the credit for signs where the lease was terminated. Mr. McCuistion said TxDOT would not allow electronic billboards that changed messages along the interstate. Councilmember Everett said she did not want to see any exchange at all on the billboards. Once it was gone, it should not be replaced. There was a brief discussion about the unsightly signs along Highway 19. Councilmember Maris said he would like to see the ordinance amended to show the changes before a vote was taken. Julie Seymore reviewed the proposed changes: legal nonconforming in the ETJ could not be exchanged for legal nonconforming in the city and removing the phrase regarding the loss of a lease. She stated the proposed ordinance now allowed a two for one exchange in the city. Councilmember Huddle said he would like to table his motion until the ordinance could be redrafted. Mr. McCuistion said the signage for sexually-oriented businesses was also in the draft.

12. CONSIDER TWO-HOUR PARKING RESTRICTION ON DOWNTOWN SQUARE – Mayor Wilson felt Council made a mistake by restricting downtown parking to two hours and that mistake should be corrected. He said businesses were leaving downtown due to the two-hour parking. Councilmember Huddle said the business that moved had relocated to a better location. He said the downtown merchants wanted designated parking for their businesses. Councilmember Brockman said the new downtown parking lot should alleviate some of the problems. Mayor Pro Tem Nicklas said there would be a new

courtroom in the courthouse next year which would affect the parking downtown. There was no known reason why the business moved from downtown. Two new businesses were moving into downtown. Councilmember Maris said the best option was to get more parking for the square, which was one reason the City obtained the area by the water tower and the new parking area just purchased. Mayor Pro Tem Nicklas said he would like to see a parking garage built by the water tower. Councilmember Brockman said he would like to leave the two-hour parking as is and see whether or not the new parking lot helped the situation. Mayor Wilson said no action would be taken.

13. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2010-01 AMENDING CITY OF CANTON 1985 ZONING ORDINANCE DISPERSING SEXUALLY-ORIENTED BUSINESSES AND LIMITING THEM TO A SPECIFIED ZONING DISTRICT; PRESCRIBING DEFINITIONS OF SEXUALLY-ORIENTED BUSINESSES; PROVIDING FOR LICENSING AND REGULATION OF SEXUALLY-ORIENTED BUSINESSES AND EMPLOYEES; AND PROVIDING FOR ADDITIONAL MISCELLANEOUS REGULATIONS FOR SEXUALLY- ORIENTED BUSINESSES – Mayor Pro Tem Nicklas said the ordinance was not an attempt to attract these type businesses. Mr. Davis explained he had initiated the ordinance because court rulings have said sexually-oriented businesses could only be regulated for two reasons: the effect they would have on crime and on adjoining property values. The current ordinance restricted SOB's to industrial park areas only. A committee was formed to look at case law and other studies showing a connection between SOB's and crime and reduction in property values. The committee used an Attorney General form in drafting the ordinance. They included businesses of this nature be at least 1000 feet apart, the types of signs and lettering allowed, proximity to churches, educational facilities, public parks, etc. The purpose was to be proactive on this issue and develop an ordinance which protected citizens from reduced property values and increased crime. The City could not prohibit these type businesses from existing. It could only show the secondary effects such businesses might have on the community. Mr. Davis felt this ordinance would stand up in court, if challenged. The Planning & Zoning Commission had reviewed the ordinance and recommended it be passed. Councilmember Maris felt it was a comprehensive ordinance and a good one to have in place. Mr. Davis cautioned the ordinance did not cover the extraterritorial jurisdiction. The SOB's would still be limited to industrial park zoning. Mayor Wilson opened a public hearing at 7:36 p.m. on Ordinance No. 2010-01 amending the City of Canton 1985 Zoning Ordinance regulating sexually-oriented businesses. Cary Hilliard questioned how restrictive the City could be on the hours. Mr. Davis said they had used the Attorney General's recommendation on the hours. He said these establishments would not have alcohol sales. The public hearing closed at 7:38 p.m. Councilmember Maris made a motion to adopt Ordinance No. 2010-01. Mayor Pro Tem Nicklas seconded, and all voted in favor.

14. CONSIDER UTILIZATION OF IMPACT FEES – Mr. McCuistion explained Council had appointed the Planning & Zoning Committee as the Impact Fee Committee. The committee met the previous week and chose not to take any action on it. They were an advisory board only. Mr. McCuistion recommended Council use the collected impact fees for the East Outfall Project to cover the additional cost of boring under Interstate 20. The project was listed in the 2006 study by the engineers and was a legitimate project for use of the funds. It was staff's recommendation the funds be used for the East Outfall project. Mr. McCuistion felt something would be worked out on the outstanding impact fees due. Elisa Heard said the committee had recommended not to spend the money on the project. All items to be done by the committee had not been completed. $86,000 had not been collected. The committee felt the fees should be returned to the owners. If the funds were not spent in ten years, the law allowed refunds. Mr. McCuistion said if the money

were returned, all the impact fees collected would have to be refunded, including the $240,000 from Brookshires. Mayor Wilson recommended the funds be used for the East Outfall project. Councilmember Maris said opening the door for refunds would run into several hundred thousand dollars. Mr. McCuistion requested Council vote on how to proceed. Mayor Pro Tem Nicklas made a motion to utilize the collected impact fees on the East Outfall project, as proposed. Councilmember Huddle seconded and all voted in favor.

15. CONSIDER AMENDING CANTON OLD CITY LAKE (CHERRY CREEK PARK) GRANT PROJECTS – Mr. McCuistion explained the Park Board members had turned the park over to the City. There were projects that were to be completed by January 31, 2010, pursuant to the grant. Because of the circumstances, the City had been granted a one-year extension to January 31, 2011. The engineers involved had all left the firm handling these projects. Mr. McCuistion said he would prefer to have the engineering done locally. A review was done of the incomplete projects and Mr. McCuistion suggested removing some of them in order to reallocate money for work on the soccer fields. The splash pad was one item he would like to remove because the city had a water park and other cities were experiencing problems with these pads. That would save $55,000, which could go toward the soccer fields and the amphitheater/outdoor classroom which needed a pad for the stage, a seating area and electricity. The horseshoe pits were removed and washer pits were added. That freed money for interpretive signage on wildlife. Mr. McCuistion asked Council to approve the revisions so they could be submitted to the State for approval. Work on the soccer fields would begin as soon as the season was over in April. Mayor Pro Tem Nicklas said all of the items were approved in the master plan in 2004 or 2005 and it made sense to make the proposed changes. The soccer fields were a major part of the plan. Mr. McCuistion said they were attempting to stay within the $400,000 grant so other funding would not be necessary. Councilmember Everett made a motion to amend the Old City Lake (Cherry Creek Park) grant projects. Councilmember Maris seconded and all voted in favor.

16. CONSIDER STREET PROJECTS – Mr. McCuistion said the original inventory of streets had not included all the streets in the city. Eight streets have been added. Matt Stroud would be updating the list and the status of each of the streets. He said a lot of money had been spent on streets in the last two years. Athens Street was an ongoing project. The existing water line was replaced with a six-inch PVC water line and the sewer line was replaced. Pictures were shown which indicated many of the curbs were broken or rolled up. The curbs needed to be replaced before the roads were asphalted. Mr. McCuistion recommended two coats of chip seal be put on the street and the curbs be replaced next year. The whole project would be $260,000. The money allocated to the Lisa Circle project could be transferred to this project and Lisa Circle could be done next year. There were three other projects to be done: moving the sewer lines on a portion of Slaughter, Beard and Elm Streets where they ran through people's yards. Those three projects would cost approximately $42,000. $275,000 would fund those three projects and everything needed on Athens Street except the new curbs. Lonny Cluck said the city workers had already done some of the preparation on those projects. Mr. McCuistion recommended borrowing $250,000 to do Lisa Circle and the curbs on Athens Street and other streets in the next year. The start of work on Athens Street would be pushed until later in the fiscal year and then finished in next year's budget. The sewer line projects would be done before the road was resurfaced. The seal coat would take Elm Street in front of the Administration Building, down Athens Street in front of First Baptist Church and down to that curb. The chip seal would extend the life of the street ten years. Lonny Cluck said the project would probably be started in July or August. Mr. McCuistion said he would propose a mid-year budget adjustment next month. Councilmember Brockman

made a motion to support Mr. McCuistion's proposal. Mayor Pro Tem Nicklas seconded and all voted in favor.

17. CONSIDER ADOPTION OF ORDINANCE NO. 2010-02 CALLING THE MAY 8, 2010 CITY OF CANTON GENERAL ELECTION TO ELECT THREE COUNCILMEMBERS AND DESIGNATING THE POLLING PLACES AND TIMES FOR EARLY VOTING AND ELECTION DAY – Ms. Seymore said the ordinance called a general election for May 8, 2010, from 7:00 a.m. to 7:00 p.m. at the Junior High Library. Early voting would be at City Hall from 8:00 a.m. to 5:00 p.m. the first five days and then 7:00 a.m. to 7:00 p.m. for two days. There would be a voter assisted terminal and an optical scan for ballots. The deadline to register to vote was April 8, 2010. The deadline for applications by mail was April 30, 2010. Mayor Pro Tem Nicklas made a motion to adopt Ordinance No. 2010-02 calling the May 8, 2010, City of Canton General Election to elect three councilmembers and designating the polling places and time for each voting and election day. Councilmember Everett seconded and all voted in favor.

18. CONSIDER APPROVAL OF JOINT ELECTION AGREEMENT WITH CANTON INDEPENDENT SCHOOL DISTRICT FOR MAY 8, 2010 GENERAL ELECTION – Julie Seymore said it was customary for the City to share the polling place on election day per legislation. Early voting would be held separately from the school. Each party would be responsible for canvassing its own election. If the school cancelled its election, the City would pay $150 to hold its election at the school. Councilmember Everett made a motion to approve the Joint Election Agreement with Canton Independent School District for the May 8, 2010, general election. Mayor Pro Tem Nicklas seconded and all voted in favor.

19. CONSIDER APPROVAL OF CONTRACT WITH ATLAS ENTERPRISES, INC. FOR JULY 4TH FIREWORKS DISPLAY – Julie Seymore explained the proposed contract was for the same show as the previous year with an alternate rainout day of July 5. Counclimember Brockman made a motion to approve the contract with Atlas Enterprises, Inc. for the July 4th fireworks display. Mayor Pro Tem Nicklas seconded, and all voted in favor.

20. CONSIDER ADOPTION OF RESOLUTION NO. 2010-02 AUTHORIZING APPLICATION TO BE A CERTIFIED RETIREMENT COMMUNITY – Mercy Rushing said the CEDC needed a resolution from the Council to proceed with applying for Canton to be declared a certified retirement community. Julie Seymore noted the resolution number should be corrected to read 2010-01. Ms. Rushing explained the program would mean Canton would join the State of Texas as a city ready to welcome retirees to live and invest in the community. Thirty cities so far have been approved. The program was four or five years old. The State promoted these cities at retiree travel shows to entice people to move there. Mineola was the last city to be admitted into the program. Mayor Pro Tem Nicklas made a motion to adopt Resolution No. 2010-01 authorizing the application to be a certified retirement community. Councilmember Brockman seconded and all voted in favor.

21. CONSIDER APPOINTMENTS TO CERTIFIED RETIREMENT COMMUNITY COMMITTEE – Mercy Rushing said a committee would be formed to gather information for the application as a certified retirement community. The committee needed to be made of people who lived within the city limits or within the school district. She had thirteen people whom she asked to serve or had volunteered. The committee would meet once a month for six to eight months and would be disbanded once the application was completed. Councilmember Everett commented there were a lot of bankers and real estate people on the list. Ms. Rushing said Ms. Murphree had a medical background, Mr.

Aduddel was a teacher, Debbie Beasley's husband was on the school board. Some individuals were chosen for their knowledge of the community. Councilmember Maris made a motion to accept Tommy Aduddell, Debbie Beasley, Joan Crossley, Gretta Davis, Gary Hardin, Judge Rhita Koches, Cindy Malouf, Johnny McDaniel, Anna McDaniel, Kay Murphree, Bill Rakestraw, Bob Reese and Marge Wiley to the committee to develop the application as a certified retirement committee. Mayor Pro Tem Nicklas seconded and all voted in favor.

22. CONSIDER APPOINTMENTS TO MAIN BOARD OF DIRECTORS OF CANTON ECONOMIC DEVELOPMENT CORPORATION – Mercy Rushing proposed the reappointment of Ernie Barbee, Joe Groves, Ross Maris and Susan Botard to serve additional two-year terms on the CEDC Board of Directors. Councilmember Brockman so moved. Councilmember Huddle seconded. Counclimember Maris abstained. All others voted in favor.

23. CITY MANAGER'S REPORT
    A. FIRST MONDAY MASTER PLAN STATUS REPORT – Mr. McCuistion presented the First Monday Master Plan status report which showed projects that have been completed and the projects still ongoing or not yet started. He said five buildings have been built on the grounds by individuals and the City's lock-and-leave building was underway. Once the weather was warmer, they could pour the concrete for the last seven or eight piers. The City would install drainage before the floor went on. The building completion date was April 25. Other projects under consideration were the extension of Trade Center IV or the installation of doors on the Trade Centers. Both projects cost about the same and both would generate revenue.
    B. FINES AND WARRANTS – Judge Durham reported 73 warrants were issued last month. $6100 was collected on warrants. 27 warrants were cleared. The Court was on target for collection of fines for the year.

    Mr. McCuistion reported Linda Hatfield suggested having Stewart Blood Bank come to the grounds and free parking would be given to all those who donated blood. Mayor Wilson suggested having individuals give blood during the month who could receive vouchers for free parking. Mayor Wilson read a letter from a vendor who commended Linda Hatfield, Joel Brown and Ben Boston for helping her when a pipe burst in the Paul Michael building.

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.

24. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) - After calling a brief recess at 8:33 p.m., Council convened into closed session at 8:39 p.m. for consultation regarding potential purchase, lease or sale of real property

RETURN TO OPEN SESSION

25. 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. with no action taken.

26. CONSIDER ACTION REGARDING ACQUISITION OF PROPERTY FOR EASEMENT – Mayor Wilson said no action would be taken at this time.

27. ITEMS FOR FUTURE AGENDAS – Councilmember Huddle wanted to discuss the amount paid for engineering fees. Mr. McCuistion said sales tax revenue collected for January 2010 was just 1.77% less than last year. He said mid-year budget adjustments, the sign ordinance, the audit, and the street sweeper would be on the next agenda. He said he would check with Mr. Prather about door hangers regarding brush pickup. Ms. Seymore said there could be an issue with candidates meeting for an open forum because it would be considered a quorum and would have to be an open meeting. An agenda could not be posted if questions were coming from the audience; therefore current councilmembers could not respond. She also felt the City should not fund a political forum.

28. ADJOURN – There being no further business to discuss, Mayor Wilson adjourned the meeting at 9:01 p.m. upon motion by Councilmember Brockman 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, MARCH 16, 2010
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. Present were Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle and Ross Maris. Mayor Rusty Wilson and Mayor Pro Tem Clay Nicklas were absent. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary / Finance Officer Julie Seymore, City Attorney Richard Davis, Police Chief Mike Echols, Fire Chief Charles Bazhaw and CEDC/Main Street Director Mercy Rushing were also in attendance.

Discussion and action were as follows:

1 CALL TO ORDER – Councilmember Brockman declared a quorum present and called the meeting to order at 6:03 p.m.

2. INVOCATION was led by Councilmember Everett.

3. PLEDGE OF ALLEGIANCE was led by Councilmember Brockman.

4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – Councilmember Maris declared a conflict of interest on Agenda Item No. 13 regarding annexation of property.

5. PROCLAMATIONS AND ANNOUNCEMENTS

C. SWEARING IN OF ASSISTANT FIRE CHIEF RONNIE DENTON - Chief Bazhaw introduced Ronnie Denton, a full-time firefighter and Battalion Chief in the City of Athens. Mr. Denton had been a part-time firefighter with Canton four and one-half years and would now serve as Volunteer Fire Chief. Julie Seymore administered the oath of office.

D. PROCLAMATION RECOGNIZING NATIONAL TELECOMMUNICATOR'S WEEK – Councilmember Brockman read a proclamation for National Telecommunications Week on April 11-17, 2010. Chief Mike Echols introduced dispatchers Terri Vasquez, Stacy Hetmer, Kimberly Travis and Vicki Medley. Vicki Medley announced Kimberly Travis and Stacy Hetmer had each received a merit award and Terri Vasquez a Silent Hero award. Judge Sanders issued certificates from Jeb Hensarling's office to all the dispatchers. State Representative Dan Flynn expressed his congratulations and honored Vicki Medley with a flag which was flown over the State Capitol.

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 – Jim Fuller, 1755 Desert Willow, commended the dispatchers for the work they did. He also recognized Ben Boston for making improvements to the flower beds around the Civic Center.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM FEBRUARY 16, 2010, CITY COUNCIL MEETING – The minutes of the February 16, 2010, City Council meeting were unanimously approved upon motion by Councilmember Huddle and second by Councilmember Maris.

8. CONSIDER APPROVAL OF FEBRUARY 2010 FINANCIAL STATEMENTS - Julie Seymore reported a cash balance of $3.5 million, debt service in the amount of $6.7 million, and revenue to date of $5.4 million. 71% of the property tax revenue has been received thus far. Total expenditures were $4.9 million, which was 41% of the budget. Councilmember Maris made a motion to approve the February 2010 financial statements. Councilmember Everett seconded and all voted in favor.

9. CONSIDER APPROVAL OF LETTER AND CONTRIBUTION SUPPORTING THE EAST TEXAS COUNCIL OF GOVERNMENT'S BROADBAND INITIATIVE – Debra Butts, Director of Innovation and Efficiency for the East Texas Council of Governments, said they have been working with tax governments in their area to put together a broadband proposal in order to qualify for a $35 million grant. She requested Council's support and a match from Canton to move forward with the initiatives. The proposal was due March 26, 2010. The money would be used to provide a communications infrastructure for remote rural underserved and unserved populations across East Texas. Roadwork would be put in place so companies in smaller areas could have connectivity at a lower price. Gregg County and Camp County were behind the proposition. $3.8 million of the $7 million had been already raised. Mr. McCuistion said this was a way to bring fiber-optic cable through trunk lines in the county. Canton could earn additional revenue from whoever chose to access the trunk line to bring service into the city. As a match, Canton would pay $1 per capita ($5,147) and would offer antennas on the two water towers and the police department tower for an estimated value of $36,000. Staff's recommendation was to give a letter of support for the proposal, to make a dollar contribution and to allow the

towers to be used for antennas. Councilmember Everett made a motion to give a letter of approval and to contribute the $5,147 and the use of the two water towers and police department tower for antennas. Mr. McCuistion explained the last mile provider could connect anyone in town with service via cable. Councilmember Maris seconded and all voted in favor.

10. CONSIDER ADOPTION OF ORDINANCE NO. 2010-04 AUTHORIZING THE ISSUANCE AND SALE OF THE CITY'S UTILITY SYSTEM REVENUE BONDS, SERIES 2010, APPROVING AN OFFICIAL STATEMENT, AND APPROVING OTHER AUTHORIZING INSTRUMENTS AND PROCEDURES RELATED THERETO – John Martin, Southwest Securities, said his firm was asked to issue a little over $1 million in utility revenue bonds. Currently, Canton had no outstanding utility bonds, just general obligation bonds and certificates of obligation. Canton used funds from First Monday and sales tax. The proposed bond issue was for a water well and water system improvements. Mr. Martin went through his presentation on the information he obtained on bond rates. He received four bids for the bonds. SAMCO Capital Markets at 4.237625% was the lowest bidder. He was unable to obtain a bid for bond insurance, but it wasn't necessary. The City of Canton's utility system received an "A" bond rating from Standard & Poor. The bonds would be dated April 1, 2010 with a closing date of April 13, 2010. The first interest payment date would be July 1 with interest payable on January 1 and July 1. The principal would be paid every July 1. The bond could be paid off after SAMCO had nine years to earn a yield. The money would come from $1.06 million in bonds and reserves of $78,559.38. The reserve was to pay bonds for a period of time in case a downturn occurred. There would be a $5,200 rating fee and a 3% fee for issuance. Payments would be between $75,000-80,000 per year over twenty years. Total cost of issuance would be $30,000. Mr. McCuistion recommended any remaining funds be used toward the chemical bulk storage building for the water plant. The well should cost about $750,000 and the building approximately $225,000. Councilmember Maris made a motion to adopt Ordinance No. 2010-04 authorizing the issuance and sale of the City's utility system revenue bonds, Series 1020, in the amount of $1,060,000 and instructing the mayor and City Secretary to take all necessary actions to perfect the sale and authorize the issuance of the bonds. Councilmember Everett seconded and all voted in favor.

Councilmember Brockman called a recess at 6:47 p.m.

11. CONSIDER REQUEST FROM PATTI TABRAHAM FOR SOLICITOR'S PERMIT TO SOLICIT DONATIONS FOR "RELAY FOR LIFE OF VAN ZANDT COUNTY" AT THE INTERSECTION OF HIGHWAYS 64 AND 198 DURING JUNE AND AUGUST 2010 FIRST MONDAY TRADE DAYS - The meeting resumed at 6:51 p.m. Julie Seymore explained Patti Tabraham was a local resident who was collecting for Relay for Life. She was aware of the four-hour time limit and the other regulations. Councilmember Everett made a motion to grant the request from Patti Tabraham for a solicitor's permit to solicit donations for "Relay for Life of Van Zandt County" at the intersection of Highways 64 and 198 during June and August 2010 First Monday Trade Days. Councilmember Maris seconded and all voted in favor.

12. CHAMBER OF COMMERCE AND WESTERN SWING REPORT – Rona Watson, Canton Chamber of Commerce said there was a net loss of $11.10 on the February Western Swing. Last year's loss was $17,088. She attributed the success to adding an extra day and managing the expenses better. Total income from visitor receipts turned in was $53,259, for a total impact to the community of $266,296. One hotel had receipts of $15,000. The visitors loved having the event at the Civic Center. Next year's Western Swing would be held February 10-12, 2011.

13. CONSIDER ACCEPTANCE OF PETITION FOR VOLUNTARY ANNEXATION OF 1.57-ACRE TRACT IN J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 64 EAST, OWNED BY ROSS AND MARY MARIS – Councilmember Maris left the room at 7:00 p.m. Julie Seymore said a petition for annexation had been received from Ross and Mary Maris for a 1.57 acre tract used for commercial purposes by Amazing Designz. The property already had city water and the owners were aware a sewer line would not be immediately available. Two hearings would be held in April. Councilmember Huddle made a motion to accept the petition for voluntary annexation of a 1.57-acre tract in the J. Douthit Survey, located on Highway 64 East, owned by Ross and Mary Maris and to hold two public hearings on April 15 and April 20 at 6:00 p.m. Councilmember Everett seconded and all voted in favor except Councilmember Maris who was absent from the room. Mr. Maris returned to the room at 7:04 p.m.

14. CONSIDER ADOPTION OF ORDINANCE NO. 2010-03 AMENDING SIGN ORDINANCE NO. 2009-32 REGARDING BILLBOARDS AND SIGNAGE FOR SEXUALLY-ORIENTED BUSINESSES – Coy Prather said language was added to the sign ordinance in Section B regarding the definition of a billboard to comply with the State's definition. The main change was on the credits allowed for billboards. An owner could not exchange legal signs for current non-conforming signs or signs in the ETJ. An owner could take two signs down in town and replace one sign. They could not trade two legal signs for a non-conforming. Councilmember Maris said a new billboard downtown had to be in a location with an existing billboard. Julie Seymore confirmed language was added to prevent a leaseholder from receiving credit for a sign on which it lost a lease. Mr. Prather said an owner would receive one credit for each billboard side removed. Two credits were needed to construct a new billboard. A legal sign could not be exchanged for a legal non-conforming sign. A sign along I-20 could not be taken down to exchange for one inside the city limits. Two could be taken down in the city limits and one sign could be replaced. Owners would receive one credit per square foot so a small sign could not be taken down and replaced with a larger one. The ordinance was also changed to reflect regulations for signs for sexually-oriented businesses. Councilmember Huddle made a motion to adopt Ordinance No. 2010-03 amending the sign ordinance No. 2009-32 regarding billboards and signage for sexually-oriented businesses. Councilmember Maris seconded and all voted in favor.

15. CONSIDER FUNDING OPTIONS FOR FIRST MONDAY LOCK & LEAVE BUILDING AND CHEMICAL BULK STORAGE BUILDING – Mr. McCuistion explained it was still uncertain which of the five proposed water well sites would be used. Test wells had not been done. The project was going out for bid. If the preferred site had a successful test well, money would be saved on the project. He wished to take the balance of the money saved on the well project, which would be approximately $225,000, and allocate it for the chemical bulk storage building. There were two options for the lock and leave building. The Attorney General's office said bond money could be used for a building with four stipulations: the building had to be on city property; no annual leases would be allowed; the building could only be used for four days of First Monday, and revenues had to be used on the building. The bond would cost $166,000 in interest and $66,000 in issuance cost. He felt money could be saved by funding the building in-house. It would be paid back in five to six years if there were full occupancy. Staff's recommendation was to fund the lock and leave building in-house to save the interest and issuance fees. The down side would be using the reserves. There was currently $850,000 in the First Monday fund right now which was yielding a half percent interest. There would be no restrictions on the City. Councilmember Huddle made a motion to use any remaining funds from the new well project on the bulk chemical storage building and to internally fund the lock and leave building. Councilmember Maris seconded and all voted in favor.

16. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2010-05 ADOPTING MID-YEAR AMENDMENTS TO FISCAL YEAR 2009-2010 BUDGET – Mr. McCuistion said the ordinance was organized by department. Pursuant to the policy, the City Manager could make adjustments to the budget within a department. If funds were transferred from one department to another, the matter was to be reviewed by Council. His handout indicated $592,000 was carryover projects not finished in last year's budget. He said going forward they would put these type expenses in a capital projects fund so they could continue from one fiscal year to another without being re-appropriated. Items marked in blue had negatives balances and there were transfers between funds to close out the item. The budget adopted in September had $5,000 less in revenue than expenditures. These adjustments would cost $258,000 to be adjusted throughout the funds. Mr. McCuistion said governmental accounting was very complex. Every fund was treated as a separate business. Councilmember Everett made a motion to adopt Ordinance No. 2010-05 adopting mid-year amendments to the fiscal year 2009-2010 budget as proposed. Councilmember Huddle seconded and all voted in favor.

17. CONSIDER ADOPTION OF RESOLUTION APPOINTING ELECTION JUDGE, ALTERNATE ELECTION JUDGE, AND EARLY VOTING BALLOT BOARD JUDGE FOR MAY 8, 2010 GENERAL ELECTION – Julie Seymore reported all three candidates were unopposed and the election could be cancelled.

18. CONSIDER ADOPTION OF RESOLUTION NO. 2010-02 ENDORSING CERTAIN LEGISLATIVE CHANGES RELATING TO THE SUNSET REVIEW OF THE TEXAS PUBLIC UTILITY COMMISSION AND THE SPECIAL PURPOSE REVIEW OF THE ELECTRIC RELIABILITY COUNCIL OF TEXAS – Mr. McCuistion said the item dealt with a watchdog group for electric utilities. They acted as the city's advocate and reviewed the PUC and ERCOT. Texas was paying a higher rate than other states for its utilities. The Oncor Steering Committee was an outstanding group to support and should be able to help lower the city's utility rates in the long run. Councilmember Maris made a motion to adopt Resolution No. 2010-02 endorsing certain legislative changes relating to the Sunset Review of the Texas Public Utility Commission and the special purpose review of the Electric Reliability Council of Texas. Councilmember Everett seconded and all voted in favor.

19. CITY MANAGER'S REPORT
    A. FINES AND WARRANTS – Mr. McCuistion reported Judge Durham was ill and the Municipal Court report would not be given.
    B. ENERGY CONSERVATION GRANTS – Mr. McCuistion said the City had been asked not to spend any of the SECO grant money until they received authorization in writing. He said the city was not going to pursue the ONCOR grant for the present.
    C. PARK PROJECTS – Mr. McCuistion reported the state had approved the City's recommendations for reallocation of the funds.
    D. PUBLIC WORKS PROJECTS – Mr. McCuistion passed on this report at this time.
    E. ENGINEERING REPORT – Mr. McCuistion said there was more information to be gathered on the engineering report. He added engineering services could not be bid out like other city projects. Other engineers could be more expensive.
    F. FIRST MONDAY – Mr. McCuistion said the year-to-date revenue was still up from last year, although last month was low due to weather.
    G. FIRST MONDAY ANIMAL POLICY – Mr. McCuistion said he had information that someone was bitten on the First Monday grounds during the last First Monday. The incident was at the Arbors food court, not on the city grounds.

Councilmember Everett said she would like to prohibit dogs on the grounds. Councilmember Huddle agreed. Mr. McCuistion said there had been problems allowing animals on the grounds as far as cleanliness. Councilmember Maris said in the past dogs had been prohibited. Kay Murphree said she had surveyed people on the grounds who said they would not come if they could not bring their animals.

H. FIRST MONDAY MARKETING PLAN – Mercy Rushing gave a PowerPoint presentation regarding funds being spent for advertising and marketing First Monday. Advertising was placed in magazines, on digital and vinyl billboards, and on television and radio ads. Focus was on the Metroplex. They were trying to achieve diversity in the markets selected. She also reported several large magazine features on First Monday at no cost to the city. They were also trying internet ads and social networking on Facebook and Twitter. They were involved in digital mapping for the First Monday grounds and downtown Canton. They designed a rack card to highlight all the attractions in Canton. They ordered giveaway items with the Canton logo. First Monday would be included in the credits for an Extreme Home Makeover show to air May 9. They also arranged to have photos of Canton on the AT&T book for next year.

I. CITY ENTRANCE SIGNS - Mercy Rushing said the new city entrance signs would be at Highway 19 and I-20. They were eight feet tall and would have solar-powered lights. Mr. McCuistion added the fee for Wisenbaker Fix was $10,000, which was 18% of the project.

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) - Councilmember Brockman convened into closed session at 8:04 p.m. for consultation regarding 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 8:08 p.m. with no action taken.

22. ITEMS FOR FUTURE AGENDAS – Lonny Cluck said the original portion of the Athens Street utility project would be completed in about ten days. After that, the city would work on both ends of Athens to run a new water line to Peace Street. He added where Goshen crossed at the intersection they would install a large line under the road which could be extended later. Jimmy Banks was doing three small sewer line projects at the south end. A water upgrade would be done on Slaughter and there would be a new sewer line on Beard, Slaughter and the rest of Athens down to Elm as well installation of a new water line up Slaughter Street. Ms. Seymore said sales tax revenue was down about 8.5%. Mr. McCuistion said First Monday was down because of bad weather the last few months. He added he would present the audit at the next regular meeting. He would also present the investment policy for adoption. The ATMOS Franchise Agreement would also be ready. Staff has started working on the new budget. He planned to have the goals and objectives placed on the wall. He requested any proposed changes because the budget

would pyramid into the goals. A new budget calendar would be presented. Councilmember Huddle said he would like undriveable cars taken off the grass at residences. Mr. McCuistion said Mr. Prather was following the guidelines he was given as far as junked vehicles. Councilmember Brockman said he would like to review the junk car ordinance. Lonny Cluck explained TCEQ had assessed a $5,480 fine against the wastewater plant recently because some bad water had been released. The problem was corrected. A $550 fine was assessed by the Railroad Commission for hitting a gas pipeline at Grand Saline and Church. Mr. Cluck said he had a meeting recently with his employees regarding their status on obtaining licenses.

23. ADJOURN - There being no further business to discuss, Councilmember Brockman adjourned the meeting at 8:25 p.m. upon motion by Councilmember Everett and second by Councilmember Huddle.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
4:00 P.M., MONDAY, APRIL 5, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle and Clay Nicklas. Councilmember Ross Maris was absent. City Manager Andy McCuistion, was also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 4:10 p.m.

2. CONSIDER AWARDING BID FOR WYNNE ROAD WATER SYSTEM IMPROVEMENTS PHASE II – TCDP CONTRACT NO. 728030 – Mr. McCuistion explained there was money left in the grant fund which could be used for another project. This was the third time the grant had been extended and it was almost the end of the time allowed by the contract. Staff recommended proceeding with the water system improvements on the rest of Wynne Road and proceeding north. Councilmember Brockman made a motion to award the contract to JDR Contracting LP in the amount of $59,948.48 to do the job described. Councilmember Everett seconded and all voted in favor.

3. CONSIDER ACCEPTANCE OF CITY SECRETARY'S CERTIFICATION OF UNOPPOSED CANDIDATES IN MAY 8, 2010 GENERAL ELECTION – Mr. McCuistion said the Certification of Unopposed Candidates basically eliminated the need for an election. Councilmember Everett made a motion to accept the City Secretary's Certification of Unopposed Candidates in the May 8, 2010 general election. Councilmember Brockman seconded. Councilmembers Brockman and Everett voted in favor. Councilmembers Huddle and Nicklas abstained.

4 CONSIDER ADOPTION OF ORDINANCE NO. 2010-06 CANCELLING MAY 8, 2010 GENERAL ELECTION AND DECLARING CHARLES "SONNY" HUDDLE, ROSS MARIS AND CLAY NICKLAS ELECTED TO CANTON CITY COUNCIL FOR A TWO-YEAR TERM – Councilmember Everett made a motion to adopt Ordinance No. 2010-06 cancelling the May 8, 2010 general election and declaring Charles "Sonny" Huddle, Ross Maris and Clay Nicklas elected to the Canton City Council for a two-year term. Councilmember Brockman seconded. Councilmembers Everett, Brockman and Nicklas voted in favor. Councilmember Huddle abstained.

5. ADJOURN - There being no further business to discuss, Councilmember Brockman adjourned the meeting at 4:05 p.m. upon motion by Councilmember Brockman and second by Councilmember Everett.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., THURSDAY, APRIL 15, 2010
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 Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle and Clay Nicklas. Mayor Rusty Wilson and Councilmember Ross Maris were absent. City Manager Andy McCuistion and City Secretary / Finance Officer Julie Seymore were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Pro Tem Clay Nicklas called the meeting to order at 6:02 p.m.

2. FIRST PUBLIC HEARING ON VOLUNTARY ANNEXATION OF 1.57-ACRE TRACT IN J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 64 EAST, OWNED BY ROSS AND MARY MARIS – The Public Hearing was opened at 6:02 p.m. Hearing no public comments, it was then closed. Julie Seymore announced the second public hearing would be held at 6 pm. On April 20, 2010.

3. ADJOURN – There being no further business to discuss, the meeting adjourned at 6:03 p.m. upon motion by Councilmember Everett and second by Councilmember Brockman.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
(SPECIAL TIME) 4:00 P.M., TUESDAY, APRIL 20, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, Chief Mike Echols, Chief Charles Bazhaw and Director Mercy Rushing were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 4:01 p.m.

2. INVOCATION was given by Councilmember Clay Nicklas.

3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.

4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – Councilmember Maris declared a conflict of interest regarding the annexation in Item 16.

5. PROCLAMATIONS AND ANNOUNCEMENTS
   A. INTRODUCTION OF ANIMAL CONTROL EMPLOYEES TOM PERRY AND LADEANIA JONES – Chief Echols introduced Tom Perry, Animal Control Officer, and LaDeania Jones, Animal Shelter Manager. He commended them for their good work. He mentioned Mr. Perry and others had been successful in reducing the number of feral hogs in the city limits.
   B. PROCLAMATION DECLARING MAY 2010 AS NATIONAL PRESERVATION MONTH – Mayor Wilson read the proclamation declaring May 2010 as National Preservation Month. He said Canton joined its fellow citizens in the United States by participating in this special observance.
   C. ANNOUNCEMENT OF KEEP CANTON BEAUTIFUL / SPRING CLEAN-UP ACTIVITIES – Don Bullard explained the city-wide cleanup would be held May 10-14, 2010. Flyers would be passed out advertising the cleanup. They were working with the City and Reclamation Station on the cleanup. Recyclables could be taken to Reclamation Station. The Lions Club has agreed to assist any disabled person unable to take their items to the street curb or to Reclamation Station.

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 spoke in favor of a ramp on the south side of the lock and leave building. The extra ramp would help shoppers in wheelchairs and with carts. She said an alternate exit would be nice in case of an emergency. Ron Perkins also said he was in favor of a ramp on the south side to help with the flow of shoppers through the building.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM MARCH 16, 2010, CITY COUNCIL MEETING – Upon motion by Councilmember Brockman and second by Councilmember Everett, the minutes from the March 16, 2010, City Council meeting were unanimously approved.

8. CONSIDER APPROVAL OF MARCH 2010 FINANCIAL STATEMENTS – Julie Seymore reported a cash balance at the end of March of $3.5 million, which was down $13,000 from the previous month. The debt service was $6.7 million. Total revenue to date was $6.3 million, which was 46.2% of the budget. Total expenses were $5.9 million, which was 42% of the budget. Councilmember Maris made a motion to approve the March 2010 financial statements. Councilmember Brockman seconded and all voted in favor.

9. DR. RAY PERRYMAN'S REPORT ON ECONOMIC IMPACT OF FIRST MONDAY TRADE DAYS ON BUSINESS ACTIVITY IN CANTON / VAN ZANDT COUNTY AREA AND TEXAS – Dr. Ray Perryman, Perryman Group, presented the results of his study on the economic impact of First Monday Trade Days on business activity in the Canton/Van Zandt County area and in Texas. He estimated the spending of vendors and visitors to the city during First Monday was about $120 million actual dollars spent. With a multiplier applied, it would come to about $340 million spent in the immediate area. The number of people who worked in town during First Monday was equivalent to about 3600 jobs. Approximately 1.3 million circulated through Canton during one year. First Monday was an enormous resource to Canton. Bargains were what people were interested in during bad economic times. Historically, two to four years after each census there would be a lot of new retail development. That presented an opportunity to do effective marketing. Canton already had more retail development than other cities of comparable size. Mr. Perryman said it was a good time to market First Monday. He said during his travels, anywhere he mentioned First Monday people knew something about the market. He said First Monday had such a large economic impact because it involved hotels, motels and restaurants, as well as manufacturers of merchandise sold here. Mr. Perryman felt there would be some expansion toward Canton from Dallas over time. Its close proximity to Dallas worked in Canton's favor. Mr. Perryman said if the city's population rose only 10%, it would affect a lot of infrastructure and wastewater capacity. Mayor Wilson said the council was planning for growth in the projects it approved, such as running water and sewer lines to I-20 and looking at future water needs. Mr. Perryman said attitudes about commuting needed to evolve. Travel by rail would become a bigger part of transportation in the future.

10. PRESENTATION AND CONSIDER ACCEPTANCE OF 2008-2009 FISCAL YEAR AUDIT – Neil Conway, Conway Company CPAs, reviewed the results of the recent audit for fiscal year 2008-2009. He said the City was given a clean opinion. He felt the City had its financial records in a place that allowed them to produce accurate financial reports. Each year the staff made improvements. The total net assets of Canton as of September 30, 2009, were $19.8 million. This was an increase over the $18,299,370 in 2008. Sales tax revenue was down about 2%, as expected. The decrease in investment income was also expected. The Water and Sewer Fund indicated a 60% decrease due to payments for interest on the $3 million debt issued in 2008. Operationally, the Water, Sewer and First Monday funds showed a $1.1 million net increase before any transfers. Mr. Conway pointed out Canton was unusual in that its sales tax accounted for half the City's revenue due to First Monday. There was about $1.1 million in debt requirements for the City, which was a little better than average for a city this size. Mr. Conway reviewed with the finance subcommittee his management suggestions. There was an adequate internal control structure. There were no major internal control problems. There were no

management disagreements. The City has never sold bonds until this past year. Councilmember Everett made a motion to accept the 2008-2009 fiscal year audit. Councilmember Brockman seconded and all voted in favor.

11. CONSIDER ADOPTION OF ORDINANCE NO. 2010-07 GRANTING ATMOS ENERGY CORPORATION A FRANCHISE AGREEMENT – Darwin Winfield, ATMOS, addressed Council regarding the franchise agreement which was about to expire. Mr. McCuistion said ATMOS would not be required to pay for permits. The new term would be fifteen years, not twenty-five. He said there was a court case involving cable companies who felt wireless businesses have an unfair advantage. If the courts decided cities could not charge taxes for cable services, that income would be lost. Councilmember Brockman made a motion to adopt Ordinance No. 2010-07 granting ATMOS Energy Corporation a franchise agreement for a fifteen-year term. Councilmember Maris seconded and all voted in favor.

12. CONSIDER REQUEST FROM JOHN LOGSDON FOR AMENDMENT TO ORDINANCE 2007-13 OR GRANT PERMISSION TO ALLOW CANTON MARKETPLACE TO RENT RV'S PARKED ON PREMISES – John Logsdon appealed the decision of the Board of Adjustments who denied his request to be allowed to leave the FEMA trailers on his property for temporary housing. He said he bought the trailers not knowing the city ordinances. He later found he was in violation of several ordinances. Ever since the RV park was opened, he had allowed RV owners to park there. Some have been there five years. Under the ordinance, RVs are considered temporary dwellings which must be moved every thirty days. If trailers could not be parked where they were, they would have to be sold. Mr. Logsdon asked why Deen's Trailer Park and Dog Alley were allowed to leave RV's parked throughout the year. He felt his trailers should be grandfathered like Deen's park and Dog Alley. It might be a solution to redefine RV's in the ordinance. Coy Prather said temporary housing was defined as transportable, not attached to the ground or utility system for more than thirty days. The Zoning Ordinance defined an RV as a portable home designed for travel and recreational use. Temporary housing could only be used thirty days. An RV is temporary housing. RVs could not be rented out in B-2 zoning. Deen's Trailer Park and Dog Alley were in existence prior to the Zoning Ordinance being passed in 1985. They were now legal nonconforming and allowed to stay there until they went out of business. Any changes made to the ordinances would affect other properties in the vicinity. Mr. Prather said he was unsure whether or not there were problems with formaldehyde in these FEMA trailers. Mr. McCuistion expressed concern that this area could turn into a low income housing area with people residing there for long periods of time. Mr. Prather pointed out Mill Creek RV Park had a planned development. He said the Board of Adjustment had denied Mr. Logsdon's appeal about the RV's and Mr. Logsdon was proceeding to the next stage, which was an appeal to Council. Mr. Logsdon said he found out the grandfather clause could be extended any time by Council regardless of how long the business had been in existence. He said the RV's were rented by owners and working people who were here short term. Some people stayed five or six days, some the whole month. There was an on-site manager. The RV's would not change the appearance of the park as it is. The FEMA RV's were identical to the ones already there. He did not have certifications that the trailers were free of formaldehyde. He said the rented trailers would look no different than the RV's that came during First Monday. The appearance of the park would not change. Mr. Prather said the trailers would not have individual water and sewer meters. They would be hooked up to one master meter. He said portable dwellings could not be permanently attached to a water and sewer system. Mr. Logsdon had removed the plumbing to the trailers. Councilmember Everett said she would prefer the vendors move. Councilmember Maris was concerned about transients moving into the area. Councilmember Everett said

Livingston had a lawsuit about temporary residents voting and skewing local politics. Mayor Wilson suggested two councilmembers look into the matter in more detail. Councilmember Maris expressed concern that other RV parks would want to have the same situation. He was not sure how something could be grandfathered if it was not here when the ordinance went into effect. Mayor Wilson requested Mr. Logsdon obtain a clean bill of health for the trailers. He appointed Councilmembers Everett and Brockman to work with Mr. McCuistion, Mr. Prather and Mr. Davis to gather more information. Councilmember Nicklas said the 1985 Zoning Ordinance was written so as to prevent this situation. Deen's park was already in existence at that time. Mr. McCuistion requested Mr. Logsdon provide the City with the legal definition of a grandfather clause.

13. CONSIDER APPROVAL OF AT&T WIRELESS CONTRACT TO IMPROVE TELECOMMUNICATIONS DURING FIRST MONDAY TRADE DAYS – Mayor Wilson deferred this item to a future meeting.

14. CONSIDER ALL MATTERS RELATING TO ORDINANCE NO. 99-09 DEFINING AND PROVIDING FOR DISPOSAL OF JUNKED VEHICLES – Mr. Prather prepared a memo regarding the junk vehicle ordinance. He said he was unsure how to proceed any differently than as set out in the ordinance. Councilmember Huddle was concerned the process took too long to have the vehicles removed. Mr. Prather explained Code Enforcement dealt with civil complaints and involved people's property rights and Constitutional rights. He could not go onto someone's property and demand they prove their vehicle was in working order. Mayor Wilson said Canton's situation was better than a lot of other cities.

15. CONSIDER APPROVAL OF BUDGET CALENDAR AND COUNCIL'S GOALS FOR FISCAL YEAR 2010-2011 BUDGET – Mr. McCuistion requested Council review the past goals and objectives and determine any changes for the upcoming fiscal year. The anticipated date for adoption of the new budget was set for September 14, with an effective date of October 1, 2010. A budget retreat was scheduled July 24, 2010. Staff was in the process of developing goals and objectives. Councilmember Nicklas said he would like serious attention devoted to Goal 2. Mr. McCuistion said he would start the process of updating the Comprehensive Plan. He said they were in the process of developing financial policies to be presented at the next meeting. He would incorporate some suggestions from the audit. Julie Seymore would be updating the investment policy. He said the City had been following the objective of selling bonds rather than using certificates of obligation. The City received an A rating from Standard & Poors. He wanted to get involved in a budget award program. Mr. McCuistion said there were training opportunities for all staff. The water and sewer employees were required to get additional certifications. He was working down through the organization on training. Mercy Rushing said she would be attending training in marketing and tourism this summer.

16. SECOND PUBLIC HEARING ON PETITION FOR VOLUNTARY ANNEXATION OF 1.57-ACRE TRACT IN J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 64 EAST, OWNED BY ROSS AND MARY MARIS – Councilmember Maris left the meeting room at 5:55 p.m. Mayor Wilson opened a public hearing at 5:55 p.m. There being no comments, the public hearing was closed at 5:55 p.m. Councilmember Maris rejoined the meeting at 5:56 p.m.

17. MAYORAL APPOINTMENTS TO LIBRARY EXPANSION COMMITTEE – Mayor Wilson appointed a committee to give recommendations on the library expansion. Members would be Dr. Rollin Sininger, Sarah Norman, Judy Morris, Al Coleman, Kitty Wheeler and Lonny Cluck.

18. CONSIDER APPOINTMENTS TO PLANNING AND ZONING COMMISSION – Mayor Wilson said the terms of Lynn Etheridge and Donald Spence expired May 31, 2010. Both had expressed a willingness to continue their service. Councilmember Huddle made a motion to accept Lynn Etheridge and Donald Spence as board members for an additional two-year term. Councilmember Maris seconded and all voted in favor.

19. CONSIDER APPOINTMENTS TO BOARD OF ADJUSTMENT – Mayor Wilson explained the terms of Alton Smith, Bob Moore and Dr. Tina Ingram expired May 31, 2010. Dr. Ingram would be moving out of the city limits and could no longer serve as alternate. There being no suggestions for a new alternate, Councilmember Brockman made a motion to appoint Alton Smith and Bob Moore for an additional two-year term and to appoint an alternate at a later date. Councilmember Huddle seconded and all voted in favor.

20. CONSIDER APPROVAL OF BURTON ENGINEERING TASK ORDER FOR 2010 ATHENS STREET RECONSTRUCTION AND SEAL COAT CONNECTING STREETS – Mr. McCuistion explained the task order dealt with the curbs and asphalt on the Athens Street project. The water and sewer lines had been completed and they were allowing the area to settle before putting in the new road. The project would be bid out around August 2010. New curbs and asphalt would be installed from Elm Street to College Street. They would leave the curbs in place in front of First Baptist Church and then would asphalt all the way to Peace Street. The entire project would cost $475,000 with an additional $65,000 for engineering fees. The total amount would be split between this budget and the budget for next year. Mr. McCuistion requested Council approve the task order so the process could begin. Councilmember Everett made a motion to approve Burton Engineering Task Order for 2010 Athens Street reconstruction and seal coat connecting the streets. Councilmember Nicklas seconded and all voted in favor. Mr. McCuistion said the funding allocated for Lisa Circle would be used for Athens Street in this year's budget and Lisa Circle would be completed in next year's budget.

21. CITY MANAGER'S REPORT
    A. ENGINEERING REPORT – Mr. McCuistion reported Julie Seymore had done an analysis of the engineering projects approved by Council. Mr. Burton's firm had been asked to bill the miscellaneous items together on a quarterly basis at a lower hourly rate. Two major items were for development of the floodplain ordinance, the First Monday restroom, engineering for the lock and leave, and the drinking water revolving fund application. Other projects under miscellaneous were water supply and Region D planning, drainage at CYRA Coy Prather was taking on whatever inspections he could do to save money. Julie Seymore said anything with a task order was broken out separately. Once a project was completed under a task order, any additional work done was put into miscellaneous. Mr. McCuistion said it was difficult to anticipate when additional information might be needed on a certain issue. He said he would discuss with Mr. Burton having an open task order at a lower hourly rate.
    B. COLLEGE STREET SEWER BREAK – Mr. McCuistion reviewed the photos taken of the College Street bridge and the work being done to repair the bridge and replace the pipes.
    C. FIRE TRUCK USE AND MEDICAL ASSIST CALL POLICIES – Chief Bazhaw said he had complaints about the firefighters driving the fire truck around town. He said in 2007 the average response time was about nine minutes. Today, it was under four minutes. That was the result of them no longer going into the county and the fact that they were now manned twenty-four hours per day. When he first took the position, the firefighters were not registered as First

Responders with the State. Now, everyone except a few volunteers were minimally trained as EMT's. There were even a few paramedics on staff. He said there were issues with the response time by the ambulance service. He had suggested to Mr. McCuistion that the Fire Department respond to all medical calls in the city limits to provide better service. Councilmember Huddle questioned why one person could not run an errand in a personal vehicle rather than take all the firefighters in the fire engine. Chief Bazhaw said they would be more aware about running errands in the truck. Councilmember Maris said taking the truck with the crew made their response time faster. Mayor Wilson said he had mentioned to Mr. McCuistion the fact the firefighters were at the school working out. Chief Bazhaw said it was to boost morale. There was a fitness initiative starting in June for firefighters. He gave them sixty to ninety minutes to exercise. Councilmember Huddle asked why both the ambulance and fire department had to respond to medical calls. Chief Bazhaw said the ambulance could tell the fire department to disregard the call if they were there first. It was usually more helpful to have extra hands on the scene. The Fire Department cut people out of their vehicles, when necessary.

D. CODE RED TESTING – Chief Bazhaw said he ran the first test on the system and there was an insufficient connectivity rate. He ran the test again and had a higher connectivity rate. Several people went through the website or called the fire station to register. He planned on launching Code Red 90% of the time in the case of a tornado. Code Red would be launched by the dispatchers.

E. MUNICIPAL COURT ON-LINE COLLECTIONS – Judge Durham said citations could now be paid on-line via the website.

F. CEDC DIRECTOR'S MOVE TO CANTON – Mercy Rushing reported she was moving to Canton on Tuesday.

G. CITY EMPLOYEE PICNIC – Julie Seymore announced a city employee picnic May 8, 2010, from 10 a.m. to 2 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.

22. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) - Mayor Wilson called a recess at 6:45 p.m. Councilmember Huddle left the meeting at 6:48 p.m. Mayor Wilson convened into closed session at 6:49 p.m. for consultation regarding potential purchase, lease or sale of real property.

RETURN TO OPEN SESSION

23. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION - The Council reconvened in open session at 6:56 p.m. with no action taken.

24. ITEMS FOR FUTURE AGENDAS – Mr. McCuistion said the AT&T contract would be on the agenda. Councilmember Brockman wanted Mr. Logsdon's issue on the agenda. Mr. Davis said he would do some research on grandfathering the trailers.

25. ADJOURN - There being no further business to discuss, Mayor Wilson adjourned the meeting at 7:00 p.m. upon motion by Councilmember Brockman 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, MAY 18, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, Police Chief Mike Echols, Municipal Judge Lilia Durham, Building Inspector Coy Prather and Director Mercy Rushing were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 6:03 p.m.

2. INVOCATION was given by Councilmember Nicklas.

3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.

4. DECLARATIONS REGARDING CONFLICTS OF INTEREST – Councilmember Maris declared a conflict regarding the annexation and zoning change of his property under items 15 and 16.

5. PROCLAMATIONS AND ANNOUNCEMENTS
   A. PRESENTATION TO RECIPIENTS OF CITY OF CANTON FIRST MONDAY SCHOLARSHIP AND RAYFORD HUTCHERSON MEMORIAL SCHOLARSHIP – Mayor Wilson presented Lesli Garrett with the City of Canton First Monday Scholarship and Teyler Heitman with the 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 – Jim Fuller strongly supported the fire and police departments and stated the Fire Department was essential in accidents which required the jaws of life.

INDIVIDUAL CONSIDERATION

7. ISSUE CERTIFICATES OF ELECTION, ADMINISTER STATEMENTS OF ELECTED OFFICER AND OATH OF OFFICE TO NEWLY ELECTED COUNCILMEMBERS – Mayor

Wilson issued certificates of election and Judge Durham administered the oath of office to Councilmembers Ross Maris, Charles Huddle and Clay Nicklas.

8. CONSIDER APPOINTMENT OF MAYOR PRO TEM – Councilmember Huddle made a motion to nominate Councilmember Everett as Mayor Pro Tem. Councilmember Maris seconded and all voted in favor.

9. CONSIDER APPROVAL OF MINUTES FROM APRIL 5, 15, AND 20, 2010, CITY COUNCIL MEETINGS – The minutes from the April 5, 15, and 20, 2010, City Council meetings were unanimously approved upon motion by Councilmember Brockman and second by Councilmember Everett.

10. CONSIDER APPROVAL OF APRIL 2010 FINANCIAL STATEMENTS – Julie Seymore explained the cash balance at the end of April 2010 was $4.6 million. Debt service increased to $7.7 million with the newly-issued $1.06 million utility revenue bond. Total revenue was $8.3 million and total expenditures $6.8 million. Councilmember Nicklas made a motion to accept the April 2010 financial statements. Councilmember Brockman seconded and all voted in favor.

11. CONSIDER REQUEST FROM JOHN LOGSDON FOR AMENDMENT TO ORDINANCE 2007-13 OR GRANT PERMISSION TO ALLOW CANTON MARKETPLACE TO RENT RV'S PARKED ON PREMISES – Councilmember Brockman said he and Councilmember Everett looked into the matter and felt it was not a proper way to set up a mobile home park. They recommended the request be denied. Councilmember Everett added they looked at the situation from several different angles and it should not be allowed. Councilmember Maris concurred and made a motion not to make an exception to Ordinance 2007-13. Councilmember Huddle seconded and all voted in favor.

12. CONSIDER APPROVAL OF NEW CINGULAR WIRELESS PCS, LLC CONTRACT TO IMPROVE TELECOMMUNICATIONS DURING FIRST MONDAY TRADE DAYS – Mr. McCuistion explained there had been problems during larger First Monday weekends with communications on cell phones due to an overload. AT&T proposed the construction of a tower on the First Monday grounds. It would cover about three vendor lots in spaces not generally rented in the unreserved section. Revenue from the lots, if rented, would be about $4500. The City could generate almost $7500 from the tower. Mr. Davis reviewed the contract and pointed out some issues to be negotiated. Mr. McCuistion said there was currently an antenna on the water tower. The new tower would be in addition to that under a separate contract with AT&T Cingular. Councilmember Maris felt the City should put up its own tower and rent space on it to generate more income. Mayor Wilson cautioned locating a tower too far into the valley would decrease reception. Councilmember Maris said he would like to have the possibility of a city tower investigated. He said so many antennas on the water tower made it difficult to paint. Mayor Wilson instructed Mr. McCuistion to research the matter prior to the next meeting.

13. CONSIDER ADOPTION OF ORDINANCE NO. 2010-08 GRANTING ATMOS ENERGY CORPORATION AN AMENDED FRANCHISE AGREEMENT – Mr. McCuistion explained an error was discovered in the contract after the last council meeting. It should have also included industrial customers in the franchise tax agreement and excluded governmental entities. Councilmember Everett made a motion to adopt Ordinance No. 2010-08 granting ATMOS Energy Corporation an amended franchise agreement. Councilmember Brockman seconded and all voted in favor.

14. CONSIDER AWARDING BID FOR WATER WELL NO. 3 – Gary Burton reviewed the bid for the new water well which was bid for three different scenarios. The base bid included

a submersible pump for the production well and also a backup well. Alternate 1 did not include a backup well. Alternate 2 was the same as Alternate 1 but included a line shaft turbo pump. All bids were below the estimated cost of $350,000. The lowest bidder was C. Miller Drilling. He had concerns about the difference between the low bidder and the next to lowest. They had numerous communications with Mr. Miller to be sure he was comfortable with his bid price. Mr. Burton's recommendation was to award the contract to C. Miller Drilling. A reference check indicated some engineers had difficulties with the company in the past, but it was due to the fact they were so busy at that time and some jobs slipped behind. Mr. Burton felt Mr. Miller was honorable and knew how to drill water wells. Mr. Burton said the contract called for 120 calendar days to fully complete the job with a $500 per day penalty if they exceeded that time. The proposed site was on FM 2909. A test well would have to be drilled. By having the well near the water plant, they could pump water to the plant and save costs. It was over one mile from the last well drilled. Lonny Cluck advised the total cost for the well was expected to be $750,000. Mr. Burton's recommendation was the base bid with the submersible pump and a backup well. A submersible pump was used on the last well. Councilmember Maris made a motion to accept the base bid from C. Miller Drilling in the amount of $247,777. Councilmember Nicklas seconded and all voted in favor.

15. CONSIDER ADOPTION OF ORDINANCE NO. 2010-09 ANNEXING A 1.57-ACRE TRACT IN J. DOUTHIT SURVEY, A-198, LOCATED AT 24780 HIGHWAY 64 EAST, OWNED BY ROSS AND MARY MARIS – Julie Seymore announced two hearings had been held on the proposed annexation. Councilmember Brockman made a motion to adopt Ordinance No. 2010-09 annexing the 1.57-acre tract in J. Douthit Survey, A-198, located at 24780 Highway 64 East, owned by Ross and Mary Maris. Councilmember Nicklas seconded. All voted in favor except Councilmember Maris, who abstained.

16. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2010-10 EFFECTING A ZONING CHANGE FROM RURAL AGRICULTURAL (RA) TO GENERAL BUSINESS DISTRICT (B-2) ON THAT 1.57-ACRE TRACT LOCATED AT 24780 HIGHWAY 64 EAST, OWNED BY ROSS AND MARY MARIS – Mayor Wilson opened a public hearing at 6:42 p.m. on the zoning change from Rural Agricultural to General Business District on that property located at 24780 Highway 64 East owned by Ross and Mary Maris. There being no comments, the public hearing was closed at 6:42 p.m. Councilmember Nicklas made a motion to adopt Ordinance No. 2010-10 effecting a zoning change from Rural Agricultural (RA) to General Business District (B-2) on that 1.57-acre tract located at 24780 Highway 64 East, owned by Ross and Mary Maris. Councilmember Everett seconded. Councilmember Maris abstained and all others voted in favor.

17. CONSIDER ADOPTION OF CITY OF CANTON INVESTMENT POLICY – Julie Seymore explained the City's investment policy should be reviewed on an annual basis. It listed the primary goals as safety of principal, liquidity, upholding the public trust, and optimizing yield. Ms. Seymore said the policy favored diversification to avoid market risks. It required the financial officer to take training every two years and set up other internal controls. The policy also listed suitable investments. She said the proposed policy limited investments to certificates of deposit and/or investment pools, which could be reviewed annually as the financial climate changed. A new bank depository had to be selected every three years. Councilmember Maris made a motion to adopt Resolution No. 2010-03 approving the City of Canton Investment Policy. Councilmember Huddle seconded and all voted in favor.

18. CITY MANAGER'S REPORT
    A. SEWER CALL POLICY – Mr. McCuistion said he would like the Public Works

Committee to develop guidelines for staff to deal with citizens who called in with backed up sewer lines. There was a brief discussion of the backflow ordinance. He also requested the Public Works Committee develop a policy regarding whether or not the City should require certificates of occupancy on rental property.

B. PARKING REGULATIONS FOR TRAILERS IN RESIDENTIAL AREAS – Mr. Prather reported receiving complaints on a trailer parked in a driveway. He said the trailer was legally parked. Councilmember Maris said the problem could be solved if the owner would park the trailer on the side yard. Mr. Prather indicated there was nothing he could do to prevent people from parking trailers in their driveway. It was allowed by the ordinance. Mayor Wilson suggested adding language to the ordinance that trailers could not be stationary more than seven days. Mayor Wilson suggested Mr. Prather speak to the owner and request they move the trailer to their side yard. Councilmember Huddle stated that would be in conflict with another woman who was required to pour a slab for her trailer in the side yard. Councilmember Maris agreed people's property rights were important; however, neighbors were impacted by what was done to the property. Councilmember Nicklas warned they should think things through before they just reacted. He did not want to pass an ordinance to fix one problem only to create several more. Mayor Wilson instructed Mr. Prather to speak to the property owner about voluntarily moving the trailer out of the driveway.

C. CITY-WIDE CLEAN-UP – Monteen Bullard reported the City-Wide Cleanup was a success. Sanitation Solutions did a wonderful job picking up all the items. She hoped senior citizen/disabled citizen participation would increase during the next cleanup drive. Their slogan was "Canton Can".

D. PRESERVE AMERICA ASSESSMENT GRANT PROGRAM FOR MAIN STREET – Mercy Rushing reminded Council to complete the surveys she had distributed. It would be used by the assessment team for their visit. She said the State of Texas reserved a grant for the Main Street program in Austin. A committee of five professionals would look at what Canton had done thus far then give feedback on how to grow downtown development. They would be in Canton June 9 around 1:00 p.m. to meet with merchants, councilmembers, the Main Street board and CEDC. Ms. Rushing thanked the newspaper for letting citizens know about projects of Main Street and the Historical Commission.

E. COUNTY EXPO COMMITTEE – Mercy Rushing stated Jim Stephens contacted her about a county expo center at the Austin Arena in Myrtle Springs. The fact-finding committee would report to the County Commissioners on June 29, 2010. Canton's participation would be to monitor the meetings to see how things developed as far as putting together a plan.

F. UTILITY EASEMENT – Mr. McCuistion updated the Council on a situation regarding the school's fiber-optic cable that was placed in the City's easement across Henry Lewis' land. The City thought it had a utility easement, but it was only for sewer. Mr. Lewis took exception because he was not approached in the beginning and asked if the City could put the fiber-optics there. Mr. Lewis thought the city should pay for the easement. Mr. McCuistion said the easement provided the shortest route for the school and the City was just trying to accommodate their needs. The City gets no benefit from it. It didn't seem appropriate the City should pay. He suggested the school should be the one to pay any fees. Mr. McCuistion said Mr. Lewis didn't want to remove the cable and he was willing to sign a utility easement, but he didn't like the way it happened. He also advised Mr. Lewis prepared a letter he might send to the paper that would probably be critical of him and the City. Mr. McCuistion

offered to do something different if the Council wished. Councilmember Maris stated the City would not have allowed the fiber-optic cable in its easement had anyone known the City would have to pay for it.

G. REGION D REPORT – Mr. McCuistion said he had been notified by the Texas Water Development Board it was at the end of its five-year period to place members on its plan. Mr. McCuistion suggested, because Canton was on the edge of both Regions C and D, there might be some benefit to changing regions. Mr. Burton explained every five years the region reviewed its regional boundaries. Due to the difficulty the City has had dealing with Region D, he thought they might benefit by changing to Region C. Van Zandt County tended to be more impacted by things in Region C. After speaking with Region C committee members, he thought it might be possible to switch. Van Zandt County had three river basins – the Trinity, Neches and Sabine. Van Zandt County might get the Trinity and Neches basins in Region C, but there was a low probability of getting the Sabine basin. The Sabine basin was the one in which Canton had the most interest. Mr. McCuistion said the whole county would have to be involved in the change. Mayor Wilson said Region C had as many problems as Region D. Mr. Burton said he was not satisfied a change to Region C would be the best idea, but thought it should be given consideration. Mr. McCuistion said he was satisfied with the Region D plan if it did not change between now and September.

H. FIRST MONDAY REPORT / LOCK & LEAVE BUILDING – Mr. McCuistion reported revenue for May's First Monday was $17,000 over last year for that month. The market's revenue was now $37,000 over last year at this time. The Lock and Leave building was close to completion. It probably would not open until the July market. There were issues with the ramp on the back side, so they went outside the contract to have a contractor pour the ramp. They would not be charging rent for June. One vendor dropped because the liability insurance was cost prohibitive. The City might obtain an umbrella lease and have vendors share in that cost to make it more affordable for the vendors. He reminded Council there were no First Monday days during March so sales tax for the March market would be in February or April. Sales tax revenue was just $250 down from last year. Two more hotels would be audited for hotel occupancy tax this year. Mercy Rushing reported forty-nine hotels or B&B's currently paid city hotel taxes.

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.

19. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) - Mayor Wilson called a recess at 7:33 p.m. The Council convened into closed session at 7:37 p.m. for consultation regarding potential purchase, lease or sale of real property.

RETURN TO OPEN SESSION

20. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION – The Council reconvened in open session at 7:52 p.m. with no action taken. Mr. McCuistion said the Bluegrass Festival was scheduled in June. The Chamber had only $3000 in its bank account. He said the Chamber hired Dale Hester to work with it on its financial issues. Mr. McCuistion said he did not intend

for the City to fund the Bluegrass Festival, but the City might need to give the Chamber some assistance.

21. ITEMS FOR FUTURE AGENDAS – Upon a suggestion by Councilmember Huddle, Mayor Wilson recommended a change to the employees' policy prohibiting contract labor from using their association with the City in any advertising for political candidates. Mr. McCuistion requested the storm drain regulation be on the next agenda, as well as the appointment of an alternate to the Board of Adjustment. Councilmember Huddle suggested parking of trailers be addressed on the agenda, but Mayor Wilson asked that Mr. Prather speak with the owner of the property first.

22. ADJOURN - There being no further business to discuss, Mayor Wilson adjourned the meeting at 7:59 p.m. upon motion by Councilmember Brockman 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., THURSDAY, JUNE 17, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary Julie Seymore, City Attorney Richard Davis, and Chief Mike Echols were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 6:00 p.m.

2. INVOCATION was led by Councilmember Nicklas.

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

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM MAY 18, 2010, CITY COUNCIL MEETINGS – The minutes of the May 18, 2010, City Council Meeting were unanimously approved upon motion by Councilmember Nicklas and second by Councilmember Everett.

8. CONSIDER APPROVAL OF MAY 2010 FINANCIAL STATEMENTS – Julie Seymore reported $4.4 million in total revenue as of May 31. Total expenses were $7,791,789. Councilmember Nicklas made a motion to approve the May 2010 financial statements. Councilmember Maris seconded and all voted in favor.

9. CONSIDER REQUEST FROM MTPCS DBA CELLULAR ONE FOR SOLICITOR'S PERMIT FOR DOOR-TO-DOOR DISTRIBUTION OF HANDBILLS / ADVERTISING – Julie Seymore stated MTPCS dba Cellular One had requested a solicitor's permit in order to distribute flyers in bags on door handles. They did not intend to knock on doors or visit businesses which did not allow solicitors. The investigation had not indicated any problems with this company. Councilmember Brockman made a motion to allow a six-month solicitors permit for MTPCS dba Cellular One. Councilmember Everett seconded and all voted in favor.

10. CONSIDER APPROVAL OF GARY R. TRAYLOR AND ASSOCIATES CONTRACT FOR GRANT MANAGEMENT SERVICES FOR CITY'S 2009 TEXAS CAPITAL FUND PROGRAM SIDEWALK PROJECT – Julie Seymore explained this was for a Main Street grant to redo the sidewalk on the south side of the Courthouse on Tyler Street. The CEDC would provide the $48,000 match. Gary Traylor's office would complete the grant application. The cost for the application would be $18,000, $15,000 of which would come from the grant and $3,000 from CEDC. The maximum amount for the grant was $150,000. Wanda Vance of Gary Traylor's office said the grant had already been received. Councilmember Maris made a motion to approve the contract with Gary R. Traylor and Associates for grant management services for the City's 2009 Texas Capital Fund Program for the sidewalk project. Councilmember Nicklas seconded and all voted in favor.

11. CONSIDER APPROVAL OF GARY BURTON ENGINEERING, INC. TASK ORDER FOR 2009 TEXAS CAPITAL FUND PROGRAM SIDEWALK PROJECT – Mr. McCuistion said this was a task order for engineering on the sidewalk project. CEDC would pay Mr. Burton. Councilmember Brockman made a motion to approve the task order for the 2009 Texas Capital Fund Program sidewalk project. Councilmember Nicklas seconded and all voted in favor.

12. CONSIDER APPROVAL OF ENGAGEMENT LETTER WITH CONWAY COMPANY, CPAS FOR FISCAL YEAR 2009-2010 AUDIT SERVICES – Ms. Seymore explained the engagement letter proposed an audit for fiscal year ending September 2010 at a cost of $14,500 to $15,500. This included an audit of the firefighter association's account. It also included a fixed asset audit, if required, for $1,000. Mr. McCuistion said it would be a good idea to have the firefighter association's account audited periodically. Councilmember Maris made a motion to approve the engagement letter with Conway Company, CPAs for fiscal year 2009-2010 audit services. Councilmember Everett seconded and all voted in favor.

13. CONSIDER AUTHORIZATION FOR CITY TO TAKE OVER 2010 TEXAS STATE BLUEGRASS FESTIVAL – Mr. McCuistion said the Chamber of Commerce would be

unable to manage the Bluegrass Festival this year. City staff felt it could be handled by the City, with volunteers. The City would handle the money and the expenses. The City could handle the festival this year and later determine how it should be handled in the future. Ron Perkins questioned whether or not a City could spend funds on festivals. Mr. McCuistion responded the funds for the Bluegrass Festival came from hotel/motel tax revenue, not from the General Fund. It was appropriate to use hotel/motel revenue for such events. Vicki Goodson said the budget for the event was $40,000. Julie Seymore added that Mercy Rushing felt the event would break even on costs versus revenue. Mr. McCuistion added proceeds at the gate should pay all the expenses. Councilmember Maris requested a breakdown of costs incurred by the City, including the cost of the facility. Vicki Goodson said only three City employees would be used. Volunteers from the Chamber would also be used. The Chamber Board felt it was too close to the time of the event to cancel and contracts had already been signed. They were working diligently to make the event profitable. She added hotels had been asked to track income from the event. Hotels and restaurants would be full. Councilmember Brockman made a motion to authorize the City to take over management of the 2010 Texas State Bluegrass Festival for this year only. Councilmember Nicklas seconded and all voted in favor.

14 CONSIDER ADOPTION OF ORDINANCE NO. 2010-11 ESTABLISHING REGULATIONS FOR DRAINAGE AND STORM WATER MAINTENANCE – Coy Prather explained a standard was needed for developers on the drainage and storm water maintenance. This ordinance would require builders to build to a 25-year storm event and outlets to a 100-year event, which was standard in Texas. Councilmember Nicklas was concerned about variances being granted too easily. Councilmember Nicklas made a motion to adopt Ordinance No. 2010-11 establishing regulations for drainage and storm water maintenance and requiring a four out of five vote by Council for a variance. Councilmember Brockman seconded and all voted in favor.

15. CONSIDER ALL MATTERS RELATING TO ATHENS STREET CONSTRUCTION – Mr. McCuistion indicated there were a lot of choices to be made on finishing the Athens Street project. Currently, they were working on Athens Street from Elm to Peace. The street could not be curbed unless the base was prepared so the yards could drain. Additional property would have to be acquired in order to have a right-of-way at 28 feet rather than 26 feet. Mayor Wilson suggested asking each property owner to give 2-1/2 to 3 feet on either side. If they did not agree, there would only be a 26-foot right-of-way. Mr. McCuistion asked Jason from Gary Burton's idea to determine how much it would cost to relocate utilities. Mr. McCuistion added a 26-foot right-of-way would only allow a narrow road and, if people were parked on the street, emergency vehicles might not be able to pass through. Councilmember Maris said if there were no curbs, people could pull over to park. Mr. McCuistion said it would cost $587,000 to have a 32-foot right-of-way from Elm past the First Baptist Church to where Athens Street curves at Peace with curbs. Councilmember Huddle did not feel the expense was justified. Councilmember Maris said it might not be a good idea to put curbs on the street if it limited parking. Councilmember Huddle commented that amount was almost as much as Etheridge Road which was twice as long as this road. Mr. McCuistion said the property owners would have to give easements in order to put down curb. He said he would gather more information on whether or not the owners were willing to give the easement and cost for moving utilities and report back to Council.

16. CONSIDER APPOINTMENT OF ALTERNATE TO BOARD OF ADJUSTMENTS – Councilmember Nicklas made a motion to appoint Shawn Stewart as the alternate to the Board of Adjustments. Councilmember Brockman seconded and all voted in favor.

17. CONSIDER MAYORAL APPOINTMENTS TO COUNCIL COMMITTEES – Mayor Wilson made the following committee appointments:

Public Safety/Emergency Management	Ross Maris and Clay Nicklas
Streets / Public Works	Lou Ann Everett and Charles Huddle
Water / Wastewater Planning	Robert Brockman and Ross Maris
Finance / Audit	Robert Brockman and Lou Ann Everett
First Monday	Robert Brockman, Clay Nicklas, Andy McCuistion, Lonny Cluck, Connie Odic and Ken Perkins
Parks	Clay Nicklas and Charles Huddle
Ad-Hoc Marketing Advisory Committee	Linda Hatfield, Martha Jane Wallace, Debbie Davis, Jennifer Johnson, Mike Malous, Johnny Blevins
Ad-Hoc Library Expansion Committee	Dr. Rollin Sininger, Sarah Norman, Judy Morris, Al Coleman, Kitty Wheeler and Lonny Cluck

18. CITY MANAGER'S REPORT

A. FIRE CHIEF'S POSITION – Mr. McCuistion reported Chief Bazhaw's last day to work would be June 30, 2010. A committee had been established to interview prospective chiefs. Several candidates have expressed interest.

B. BUDGET DEVELOPMENT – Mr. McCuistion stated the budget process was under way. He has eliminated $730,000 thus far. He would like to have the General Fund balanced but was $236,000 in the red so far. Revenues were flat. The wastewater fund was at a $406,000 deficit. He would be recommending an increase in the water and wastewater rates and keeping the tax rate as is. Mayor Wilson felt this was the time to utilize First Monday revenues to supplement losses in other departments. Mr. McCuistion said his philosophy was to make incremental increases rather than one large increase in the rates. The City had grown accustomed to using First Monday funds and that needed to change. He also recommended the City start to handle the function of a CVB.

C. CELL TOWER OPTIONS – Mr. McCuistion said he was still gathering information on the City building its own tower. He would report back to Council after speaking with Russell Seay and Richard Davis.

D. FIRST MONDAY REPORT / LOCK & LEAVE BUILDING – Mr. McCuistion reported First Monday had $42,000 more in revenues than this time last year. They have taken possession of the lock & leave building and it would be open during the next market. Mr. Brown was still seeking payment for the extra concrete used in the foundation. The grand opening would probably be in September.

E. PUBLIC WORKS PROJECTS – Mr. McCuistion said they were still working on the easements for the East Outfall. Appraisals were being done on the properties. A preconstruction meeting had been held on the park project at Cherry Creek and work would begin in about eight days. The sidewalk project

was in the design phase and would go out to bid shortly. The chemical bulk storage building was fairly close to completion. The valve & trough project was almost finished. The site was being cleared for Water Well No. 3. The Wynne Road water line was completed. It was inspected yesterday by the people issuing the grant. Region D would be meeting soon. The City has had difficulty getting the water reuse plan into the regional plan to be adopted by the state. The engineer was working on getting that included. He said there might be an administrative cost for changing the permit for water reuse. He clarified no one had suggested water be stored and returned to the lake.

Councilmember Maris said he had suggested Mr. McCuistion research the City building the cell tower rather than allowing someone else to build it and rent it out. His suggestion was to build a monopole and remove the equipment from the water tower and move to the monopole. It would also help on the First Monday grounds with cell tower reception. The water tower could be redone and become a significant part of Main Street. Mayor Wilson felt the tower would be too expensive and would take too long to recoup the cost. The City did not have the expertise to manage renting equipment on the tower. He agreed the water tower should be cleaned up. Councilmember Huddle expressed agreement with Mayor Wilson.

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 551.071 and 551.072.

19. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) - Mayor Wilson recessed at 7:03 p.m. then convened into closed session at 7:05 p.m. for consultation regarding the potential purchase, lease or sale of real property and for consultation with attorney.

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

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 7:53 p.m. Mr. McCuistion recommended the termination of the contract with the Chamber of Commerce due to its insolvency. Councilmember Brockman made a motion to terminate the contract with the Chamber of Commerce and to fund a CVB (convention & visitors bureau) within the City to be included in the upcoming budget. Councilmember Nicklas seconded and all voted in favor.

22. CONSIDER AUTHORIZATION FOR PURCHASE OF BUILDING ON FIRST MONDAY GROUNDS - Mr. McCuistion requested Council authorize him to negotiate with Larry Cox on the purchase of the building on the First Monday grounds up to $85,000. Councilmember Huddle made a motion to authorize Mr. McCuistion to negotiate with Mr. Cox to buy the property at an amount not to exceed $85,000 and to execute any documents necessary. All voted in favor.

23. ITEMS FOR FUTURE AGENDAS – Julie Seymore reminded Council of the budget workshop on July 24, 2010, to be held at City Hall. Mr. McCuistion said he would transfer one employee from the First Monday office to the CVB office.

24. ADJOURN - There being no further business to discuss, Mayor Wilson adjourned the meeting at 7:56 p.m. upon motion by Councilmember Everett 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, JULY 6, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, and City Secretary/Finance Officer Julie Seymore, were in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 5:30 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 551.074.

2. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING PERSONNEL MATTERS (Section 551.074) – Mayor Wilson convened into closed session at 5:30 p.m. for deliberations regarding personnel matters. Councilmember Huddle left the meeting at 5:47 p.m.

RETURN TO OPEN SESSION

3. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION – The Council reconvened in open session at 5:55 p.m.

4. CONSIDER CONFIRMATION OF CANTON FIRE CHIEF – Councilmember Brockman made a motion to hire Bud Sanford as Fire Chief. Councilmember Everett seconded and all voted in favor. Mayor Wilson pointed out Councilmember Huddle left the meeting because of another appointment. Mr. McCuistion stated the new fire chief would begin employment August 1, 2010. Coy Prather and Ronnie Denton would cover the position until that time.

5. MAYORAL APPOINTMENT OF CANTON FIRE MARSHAL AND EMERGENCY MANAGEMENT COORDINATOR – Mayor Wilson appointed Bud Sanford as Fire Marshal and Emergency Management Coordinator. He requested confirmation of this appointment by Council.

6. CONSIDER CONFIRMATION OF CANTON FIRE MARSHAL – Bud Sanford was unanimously confirmed as Fire Marshal and Emergency Management Coordinator upon motion by Councilmember Brockman and second by Councilmember Everett. Councilmember Maris suggested the graphics on the fire truck be changed to identify Canton from every angle.

7. ADJOURN - There being no further business to discuss, Mayor Wilson adjourned the meeting at 5:50 p.m. upon motion by Councilmember Nicklas and second by Councilmember Brockman.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

REGULAR MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., TUESDAY, JULY 20, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, Chief Mike Echols, Municipal Judge Lilia Durham, Building Inspector Coy Prather and Director Mercy Rushing were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 6:10 p.m.

2. INVOCATION was given by Councilmember Nicklas.

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 – Kay Murphree shared her observations of the new lock and leave building on the First Monday grounds. She requested the City maximize the promotion of the building and its vendors. Edith Elliott expressed her disfavor with the widening and curbing of Athens Street. She said the road should be finished as soon as possible without spending unnecessary money on curbing. Mr. McCuistion said a survey of residents on Athens Street had been requested by Council as to whether or not they would be willing to give additional property to have the street widened and curbed. The City wanted to look at the results of the survey before deciding what to do on Athens Street. They thought the road as it was would not be wide enough for emergency vehicles to pass through with cars parked on the road. Edith Elliott commented there was not enough traffic on the street to warrant spending $600,000 to widen and curb it. Councilmember Huddle added that twenty-two light poles would also have to be moved in order to widen the street.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM JUNE 17, 2010, CITY COUNCIL MEETING – The minutes from the June 17, 2010 City Council meeting were unanimously approved upon a motion by Councilmember Nicklas and a second by Councilmember Maris.

8. CONSIDER APPROVAL OF JUNE 2010 FINANCIAL STATEMENTS - Julie Seymore reported the cash balance at the end of June 2010 was $3,387,750, which was down by over $1 million due to a bond payment made June 30. The debt service was reduced by $862,000 and was now $6,909,002. Total revenue was $9,891,583 and expenses were $9,684,948, which was 68.6% of the budget. Mr. McCuistion added the sales tax revenue received in June was the first time receipts were above last year. He hoped the trend would continue. Councilmember Brockman made a motion to accept the June 2010 financial statements. Councilmember Everett seconded and all voted in favor.

9. FINAL PUBLIC HEARING FOR APPROVED TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT CONTRACT NO. 728030 – Lee Ann Huntoon from GrantWorks said the Texas Community Development Block Grant project was completed with two budget amendments made. The project consisted of a ten-inch water main along Wynne Road and County Road 2130. Mayor Wilson opened a public hearing regarding the Texas Community Development Block Grant project at 6:31 p.m. Ms. Huntoon said this project involved extending the ten-inch water main along Wynne Road and County Road 2130. Mr. McCuistion said the original contract came in at a lower cost than estimated. They had extended the line twice to use up all the funds and it resulted in a cost more than the original estimate. Ms. Huntoon said 8214 linear feet of ten-inch water main and 232 linear feet of six-inch water main were added to the line. Mayor Wilson closed the public hearing at 6:33 p.m.

10. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2010-13 CHANGING THE ZONING FROM RURAL AGRICULTURAL (RA) TO GENERAL BUSINESS DISTRICT (B-2) ON A 9.4-ACRE TRACT SITUATED IN J. DOUTHIT SURVEY, A-198, LOCATED AT 17375 STATE HIGHWAY 19 SOUTH, CANTON, TEXAS, CURRENTLY OWNED BY VAN ZANDT CROSSROADS, INC. – Julie Seymore explained this property dealt with the Crossroads Church on Hwy. 19 South. Churches were not allowed in Rural Agricultural zoning and the property needed to be rezoned in order to comply with the zoning ordinance and Future Land Use Plan. One favorable response was received from the neighboring property owners. The Planning & Zoning Commission

recommended the change. Mayor Wilson opening a public hearing at 6:35 p.m. on the change of zoning from Rural Agricultural (RA) to General Business District (B-2) on a 9.4-acre tract situated in J. Douthit Survey, A-198, located at 17375 State Highway 19 South, Canton, Texas, currently owned by Van Zandt Crossroads, Inc. Councilmember Maris made a motion to adopt Ordinance No. 2010-13 changing the zoning from Rural Agricultural (RA) to General Business District (B-2) on a 9.4-acre tract situated in the J. Douthit Survey, A-198, located at 17375 State Highway 19 South, Canton, Texas, currently owned by Van Zandt Crossroads, Inc. Councilmember Huddle seconded and all voted in favor.

11. TEXAS STATE BLUEGRASS FESTIVAL REPORT – Mercy Rushing reported revenue of $42,000 and expenses of $38,560 for a profit of $3,547.87. A breakdown was done on the source of the revenue. Receipts put in the hopper at the event totaled $13,619.35 for an economic impact of approximately $68,100, using a multiplier of five. 95% of the attendees were from out of town. $3,000 was paid to the Civic Center for rent. Ms. Rushing called the hotels and they reported 206 room nights rented for the event, with two hotels left to report. Four of the rooms were for performers. RV space rental brought in $7,751.

12. CONSIDER FUTURE SUPPORT FOR BLUEGRASS AND WESTERN SWING EVENTS – Mr. McCuistion proposed two options for continuing the Bluegrass and Western Swing events in the future. One option was for the City to continue handling the events. A second was for Jim Fuller to take over the events. He would fund the event and pay for the rental of the Civic Center, minus the use of the concession. The City would assemble and dismantle the stage, but Mr. Fuller and his volunteers would do the rest of the work on the events. The Canton Visitors Bureau and Canton Economic Development Corporation would append information about the events to their advertising. The $3,000 received from Dr. Pepper would still be used for the events. Mr. McCuistion felt Mr. Fuller managing the events would still benefit the City because of the tourists who would come to town. He did not want to discontinue the event. If Council preferred Option 1, Mercy Rushing, her staff and volunteers would manage the event. Councilmember Nicklas suggested combining these events with festivals downtown. Vicki Goodson said the event would be extended to four days with a fish fry and BlueGrass gospel. Councilmember Maris was in favor of allowing Mr. Fuller to manage the events. Councilmember Brockman made a motion for Jim Fuller to manage the BlueGrass Festival and Western Swing events in the future. Mayor Wilson requested the contract state the City retained the right to use the name "Free State BlueGrass Festival" if the event moved to a different venue. Councilmember Nicklas again suggested having events downtown that coordinated with the festivals. Councilmember Nicklas seconded and all voted in favor.

13. CONSIDER ADOPTION OF RESOLUTION NO. 2010-05 APPROVING AMENDMENT TO CANTON ECONOMIC DEVELOPMENT CORPORATION BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2009 AND ENDING SEPTEMBER 30, 2010 – Julie Seymore explained that pursuant to the recent election authorizing the use of Canton Economic Development Corporation (CEDC) funds for water system improvements, CEDC originally intended to take out bonds for the water well project. Instead, the City issued utility revenue bonds for which CEDC agreed to fund the debt service. The budget amendment removed bond proceeds and well project expenses that were instead included in the City's budget, and it transferred the amount to pay for the debt service this year. The budget amendment had already been approved by the CEDC board. Councilmember Everett made a motion to adopt Resolution 2010-05 approving the amendment to Canton Economic Development Corporation budget for fiscal year beginning October 1, 2009 and ending September 30, 2010. Councilmember Maris seconded and all voted in favor.

14. CONSIDER ADOPTION OF FLOOD DAMAGE PREVENTION ORDINANCE NO. 2010-12
COY PRATHER – Coy Prather explained FEMA remapped and revised the floodplain maps for the City and Van Zandt County a year ago. The protest period had expired. The City needed to pass an ordinance to accept the new maps. The maps were slightly wider in spots than the old maps. The depth did not change. Mayor Wilson said he would like to review the new maps before a vote was taken. Mr. Prather said the maps were almost exactly the same as before. The 100-year flood depth had not changed. To stay in the flood insurance program, the ordinance had to be adopted by December 10, 2010. Mayor Wilson tabled this item to allow Council an opportunity to review the maps.

15. CITY MANAGER'S REPORT
    A. FIRST MONDAY REPORT / LOCK & LEAVE BUILDING – Mr. McCuistion reported a good First Monday over July 4. First Monday received $50,000 over last year's year-to-date revenue. Approximately $599,000 was spent on the lock and leave building thus far. The projected total cost would be $615,000. The payoff would be about 6.3 years based on a monthly income of $8,100. Drainage on the side was still an issue, as well as parking on the Paul Michael side. The front side of the building had a directory. Another directory would be added on the opposite corner of the building. A flag pole had been suggested for the front of the building. Additional signage would also be added to the top of the building. Johnny Brown had indicated he would not pursue a lawsuit against the City over the piers for the building. Any additional engineering fees would be charged on an hourly basis.
    B. PUBLIC WORKS PROJECTS – Edith Elliott invited Council to drive from Elm to Goshen on Athens Street to see the condition of the street. Emmett Paul said several people parked across Athens Street from First Baptist Church. He was surprised someone had not fallen. Lonny Cluck reported the East Outfall Sanitary Sewer Main was at a stopping point until the easement was obtained. The lock and leave building was open for business. They opened bids this week on the sidewalk projects. Benches and tables were in at Cherry Creek Park and the exercise station equipment was in transit. The soccer fields should be leveled and topsoil back on in the next couple weeks. They planned to hydro-mulch the grass. The big field was being widened to allow for regulation soccer. The little field would be turned. The chemical bulk storage facility was pretty much completed. They should start ordering chemicals by the end of next week. Mechanically, the valve and trough project was completed. The water plant was running. The bids had been let on Water Well No. 3 and the preliminary location was chosen. He was waiting on the release from TCEQ before drilling started.

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) - After calling a recess at 7:27 p.m., Mayor Wilson convened into closed session at 7:32 p.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 7:42 p.m. with no action taken. Mayor Wilson reminded everyone of the budget work session on Saturday.

18. ITEMS FOR FUTURE AGENDAS - Councilmember Everett suggested a ban on K-2. Julie Seymore said the item tabled for the flood damage ordinance would be on the next agenda. Councilmember Nicklas requested a review of the FEMA maps during the budget work session on Saturday.

19. ADJOURN - There being no further business to discuss, Councilmember Brockman made a motion to adjourn. Councilmember Huddle seconded and the meeting was adjourned at 7:45 p.m.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
8:30 A.M., SATURDAY, JULY 24, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, Municipal Judge Lilia Durham, Police Chief Mike Echols, CEDC/Main Street/Marketing Director Mercy Rushing and Fire Chief Bud Sanford were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 8:35 a.m.

2. COUNCIL AND STAFF WORK SESSION FOR FISCAL YEAR 2010-2011 PROPOSED BUDGET – Mr. McCuistion gave a presentation of the proposed budget for fiscal year 2010-2011. He proposed the City take on additional debt next year for street projects. He also proposed a sewer rate increase. He said the reserves had been declining and he wanted to rebuild those. He had already cut $900,000 from the requests. A public hearing would be held September 14 to adopt the budget. The country still had an uncertain economy and two more recessions were predicted. The City's economy was based on sales tax and the budget would be affected. He looked at the budget in terms of long term. Seven to nine positions were cut from the budget last year which helped in this year's budget. Region D had Canton in the plan now which would allow the City to talk to them about water rights and reuse permits. $75,000 was in the budget to continue with that effort for additional water.

Mr. McCuistion included in the budget a loan for $750,000 to finish Athens, Lisa Circle, Elm, Church, Slaughter, Beard and Peace streets which needed to be fixed after the sewer lines were installed. He said they hoped to repair one side of the College Street bridge for $50,000. First Monday reserves continued to be used to subsidize other funds. Those needed to be built up after paying for the Cox building, the Graham building and the lock and leave building. The City had aging water and sewer plants which required additional maintenance costs and at some point would have to be expanded. The east and west outfall and main trunk issues would cost $250,000 each to correct. The City would have to fund the west outfall project. The CEDC was to fund the east outfall project but they also had a deficit and would not be able to include it in their budget for next year.

Mr. McCuistion included 3% in the budget for merit raises for personnel below supervisor level. The benefits package for employees would most likely have to be changed due to the 40% increase in the cost for medical insurance. There was a $2 million unfounded liability with the TMRS retirement plan. TMRS had begun making changes on funding requirements. The City was at the highest level in order to reduce the funding situation. Mr. McCuistion proposed decreasing the automatic cost-of-living adjustment to retirees from 70% of CPI to 30%. That would reduce the unfounded liability to $1.5 million and save $38,000 per year. Fifteen people were retirees on the system. They would no longer automatically get a 70% cost-of-living increase. It would also decrease the amount taken from employees' checks.

Mr. McCuistion said he removed sewer plant improvements from the proposed budget. Transfers were not included in the first draft so Council could see the impact operations had on revenues and expenditures. The General Fund had a $295,000 deficit. Much of that was due to the $125,000 decrease in sales tax revenue. The Wastewater fund showed a $580,000 deficit when the bore under the interstate was included. There should be $240,000 in impact fees collected to pay for the bore. Water revenues were down due to the abundant rain this year. A 10% water rate increase would generate an additional $115,000 and help with the $223,000 deficit. The proposed 12% sewer rate increase would only generate $50,000.

The General Fund revenues were predicted to be $796,000 less next year. There was a sales tax revenue decline of $135,000. $537,000 was transferred from First Monday. Additional revenue could be generated from health permits. The rates would be increased 50% and would generate an additional $12,000. The Fire Department would be spending $71,000 less. $750,000 would be borrowed and paid out of capital projects. The administrative staff would be reorganized. One person was relocated from the Log Cabin to the Canton Visitors Bureau. It would be funded by First Monday until October and then would be funded out of the hotel/motel tax revenue. The certified values for property taxes were 2% less than last year. Mr. McCuistion said he was not asking for a tax increase this year, although he might recommend one next year. The effective rate was .4269 and the rollback rate was .5280. Due to the increased amount of debt, more money from the tax rate would be going to fund debt and less to fund operations. Mr. McCuistion was not in favor of borrowing a lot of extra money. He preferred to cut expenses and generate more revenue. The money for the streets would be used for as many projects as possible. A survey of Athens Street residents was being taken to determine whether or not to curb the street. $125,000 of the money allocated for Lisa Circle was used on Athens Street. Lisa Circle would be done in the upcoming year. Julie Seymore explained the miscellaneous item under the General Fund was composed of insurance reimbursements from storm damage.

Mr. McCuistion explained the staff reorganization. The Canton Visitors Bureau employee would be funded out of hotel/motel tax revenues. Lynn Kitchens would be taking over the Main Street function. She still would act as Assistant Director for the CEDC. Mercy Rushing

planned to focus on economic development. Coy Prather would be relocated to the Fire Station to serve as a backup to the new chief. The accounting functions, which have been handled by two people, would now be handled by one. The human resources function would also be taken over by one individual. Some other personnel would be shifted to serve new functions.

The Water Fund deficit necessitated an increase for next year. Many items were cut from the wastewater plant in order to decrease spending. The bore for the East Outfall would cost $250,000. The easement has not been obtained yet. Mr. McCuistion requested an increase in utility rates to generate funds. He proposed a program where those 67 years or older could have rates frozen at this year's rate if they showed an economic need. Councilmember Brockman said he would like to see an increase in the outside city limit water rate. Councilmember Everett said that would encourage more to annex into the city. Mr. McCuistion said high-end users would be affected more by the increased rate. Julie Seymore said the new proposed water rate would be a maximum of $4.80 per 1,000 gallons. There was a $0.50 base rate increase each on water and sewer, plus $.50 per 1000 gallons on water and $0.90 per 1000 gallons on sewer. Sewer bills were based on a winter average for residential customers. Sewer rates for Canton were below those of other cities in the area. Most residential customers were in the 5000 range. Historically, compared with other areas towns, Canton was higher on water rates and lower on sewer. Mr. McCuistion said he was trying to subsidize the wastewater plant to a lesser degree. The proposed sewer rate increase would generate $50,000. Approximately $30,000 was spent on emergency repairs at the sewer plant this year. The repair of the water lines on College Street also cost around $30,000. The Athens Street sewer lines had to be replaced before the street could be repaired. Mr. Cluck said the sewer plant had to be able to handle the maximum usage at any given time. Councilmember Maris said he was leery of increasing rates for citizens. He asked Council to consider putting a fee on RV taps. He felt the master meters did not generate enough revenue to pay for their impact on the overall system. Mr. McCuistion said RV taps were considered previously at $15 per tap. There was a brief discussion regarding charging RV tap fees. Mr. McCuistion said he did not have many more places to cut down in the Water and Wastewater Fund. He left three projects in for First Monday: (1) $50,000 to outfit Trade Center 1 with overhead doors to generate revenue; (2) $50,000 for a road to on-ground parking along the creek; and (3) $50,000 for creek improvements. He felt vendors could be charged to have spaces with doors. More doors could be installed as revenue allowed. Mayor Wilson was concerned the doors would shut light out of the buildings. Mr. McCuistion said they planned to improve lighting in the buildings using grant money. Projected revenues for First Monday continued to be flat. The revenue from the lock and leave building did not offset any other revenue. They were attempting to lease out the Civic Center concession. Ms. Seymore pointed out the proposed budget did include an increase for the lock and leave revenue. Mr. McCuistion said he was conservative when estimating revenues. The debt service of $750,000 would be used for streets. A forfeiture fund would be established to more clearly identify it, rather than keep it in the general fund. Mercy Rushing explained the CEDC budget cut expenditures because sales tax revenue was not what was expected. The CEDC was dedicated to the sidewalk project on Tyler Street and other projects and could not contribute for boring under I-20. CEDC planned to pay $10,000 for Retail Coach recruiting services. They were deferring community enhancement grants due to the economy. Ms. Rushing said the CEDC would no longer be funding businesses who received funding from other sources. They wanted to use sales tax money to bring in more commerce and grow the economy. They would give first consideration to businesses within the city limits and then to those in the extraterritorial jurisdiction. The Van Zandt County Fair Association was told they would not be given funds unless they annexed into the city.

Mayor Wilson called a recess at 10:05 a.m. The meeting resumed at 10:25 a.m.

Mr. McCuistion explained Sanitation Solutions wished to invest $100,000 in the transfer station to set it up for their larger, open bed trucks from other locations. All the city's trash would be collected using lighter trucks. That proposal could generate from $13,000-25,000 additional rent to the City per year. Sanitation Solutions also wanted to work with the county on improving the road to the transfer station. This was in addition to the $2000 they were already paying the city. Sanitation Solutions felt they could help develop a brush pickup program for the citizens. They wanted a ten-year contract with an option to renew for another ten years. Currently, they had a five-year contract with the city. There would be two to three trucks running up the road per day at first. Mayor Wilson said to make sure there was a way to terminate the contract if it did not work as anticipated.

Lonny Cluck said a lot of the costs deleted from the budget were to improve and rebuild some of the wastewater plant equipment. That equipment would have to be repaired if it quit working. The sewer plant was not in good condition. He would like to be able to continue with improvements.

Chief Echols said the police department cut back on some operating costs for next year. They asked for two new vehicles which they would pay for outright from the equipment replacement fund.

Mercy Rushing explained the Canton Visitors Bureau would decrease its advertising expenses in the next year. Some of the hotel/motel revenue would be used for the employee's salary. Approximately $50,000 would be transferred from First Monday for the City's First Monday advertising, and $30,000 would remain in the First Monday fund to advertise for new vendors. $12,000 was being collected on delinquent taxes. Two more audits would be conducted next year. CEDC would take over maintenance on the Plaza building. Main Street would be placed under CEDC. $17,380 was budgeted for postage for mail outs. The CVB would handle booking RV rallies and special events for the First Monday grounds and Civic Center. They have budgeted $12,000 for a website for the CVB. Mr. McCuistion pointed out the $40,000 the City had been giving to the Chamber would stay with the City and be used for the CVB employee's salary. Mercy Rushing added the CVB would focus on using the First Monday grounds for more events. The CVB office would market all the First Monday grounds, not just the City's. The CVB would promote all the hotels in the City and in the ETJ who paid hotel/motel taxes.

Mr. McCuistion said Council would have a series of additional workshops based on the information gathered today. Mercy Rushing invited all Councilmembers to the Lions Club next Tuesday to hear Commissioner Staples.

3. ADJOURN - There being no further business to discuss, Mayor Wilson adjourned the meeting at 10:54 a.m. upon motion by Councilmember Everett and second by Councilmember Huddle.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., THURSDAY, AUGUST 12, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, Police Chief Mike Echols, CEDC/CVB/Marketing Director Mercy Rushing and Fire Chief Bud Sanford were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 6:03 p.m.

2. INVOCATION was led by Councilmember Nicklas.

3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.

4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None

5. PROCLAMATIONS AND ANNOUNCEMENTS
   A. FIRE CHIEF'S OATH OF OFFICE – Julie Seymore administered the oath of office to Mitchell Steven Sanford as the new Fire Chief and Fire Marshal.

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

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM JULY 6, 20, AND 24, 2010, CITY COUNCIL MEETINGS – Councilmember Brockman made a motion to approve the minutes from the July 6, 20, and 24, 2010, City Council meetings. Councilmember Huddle seconded and all voted in favor.

8. CONSIDER APPROVAL OF JULY 2010 FINANCIAL STATEMENTS - Julie Seymore reported a cash balance of $3.5 million and a debt service balance of $6.9 million. Revenue to date was $10,888,599 and expenses were $10,427,000. Councilmember Maris made a motion to accept the July 2010 financial statements. Councilmember Everett seconded and all voted in favor.

9. CONSIDER REQUEST FROM EAST TEXAS SHRINER'S FOR SOLICITOR'S PERMIT TO COLLECT DONATIONS FOR CRIPPLED CHILDREN'S HOSPITAL AT DALLAS/BUFFALO INTERSECTION OCTOBER 1-3, 2010 – Julie Seymore explained the Shriners were a national organization. They were grandfathered last year and permitted to collect in October even though the solicitation ordinance was changed. Ted

White of the Shriners said for several years they had collected during First Monday in October. They supported twenty-two hospitals. They obeyed the law and stayed out of the streets. It would help them a lot to be able to have the time at First Monday. Julie Seymore noted the ordinance did not allow for collection during First Monday for the months of October, November, December, April and May. Mr. McCuistion said those months were removed due to the traffic slowdown that occurred during those months. Mr. White said October was the time of year Hella in Dallas did its collections. Since it was so hot during the summer, they have done their collections in the fall for years. Mayor Wilson stated an exception had already been granted for the Fire Department to take up a collection during one of those months. Councilmember Brockman made a motion to allow the Shriners an exception to the solicitation ordinance to allow them to collect four hours per day during the October 2010 First Monday. Councilmember Maris seconded and all voted in favor.

10. CONSIDER APPROVAL OF PRELIMINARY AND FINAL PLATS FOR 1.639-ACRE TRACT SITUATED IN Q.C. NUGENT SURVEY, A-618, CANTON, TEXAS, LOCATED ON I-20 NORTH SERVICE ROAD, OWNED BY DARRELL MIZE – Coy Prather explained the item included approval of both the preliminary and final plats for a 1.639-acre tract taken from a larger tract in order to build a Denny's restaurant. Staff and the Planning & Zoning Commission both reviewed the plat and gave their approval. The owner was constructing more parking than required by City ordinance. The owner would also comply with the storm drainage ordinance and have fire hydrant coverage. The engineer for Denny's, Edward Arshook, said the building would not be sprinkled because it was only 4300 square feet in size and it was not required. Councilmember Everett made a motion to approve the preliminary and final plats for the 1.639-acre tract situated in the Q.C. Nugent Survey, A-618, Canton, Texas, located on the I-20 North Service Road. Councilmember Huddle seconded and all voted in favor.

11. CONSIDER ADOPTION OF RESOLUTION NO. 2010-06 DESIGNATING AUTHORIZED SIGNATORS FOR PURCHASE VOUCHERS AND PAY REQUESTS FOR TXCDBG CONTRACT NO. TCF 710022 – Julie Seymore explained the resolution pertained to the authorized signers for the sidewalk grant. The Mayor, City Manager and City Secretary could authorize requests for reimbursements for project expenditures. Councilmember Nicklas made a motion to adopt Resolution No. 2010-06 designating authorized signators for the purchase vouchers and pay requests for the TXCDBG Contract No. TCF 710022. Councilmember Everett seconded and all voted in favor.

12. CONSIDER ADOPTION OF RESOLUTION NO. 2010-07 APPROVING AGREEMENT WITH TEXAS DEPARTMENT OF TRANSPORTATION FOR BEAUTIFICATION PROJECT (CITY ENTRANCE SIGNS) ON INTERSTATE 20 RIGHT-OF-WAY – Mercy Rushing explained the resolution referred to the City entrance signs she has been working on with TxDOT. A resolution was required from the City regarding a maintenance agreement for the signs. TxDOT might have a problem with the words "World Famous" on the signs. Councilmember Maris made a motion to adopt Resolution No. 2010-07 approving the agreement with the Texas Department of Transportation for the Beautification Project (city entrance signs) on the Interstate 20 right-of-way. Councilmember Everett seconded and all voted in favor.

13. CONSIDER ALL MATTERS RELATING TO ATHENS STREET CONSTRUCTION PROJECT – Corey Hogue from Burton Engineering said a survey had been conducted of property owners on Athens Street. 70% of those contacted did not want to widen the road. 80% were opposed to taking the right-of-way. 90% were unwilling to donate property for the right-of-way. When asked if they preferred to have curbs and gutters, 45% said yes and 36% said no. 18% were indifferent. After the survey, they took a look

at the cost of doing a chip seal vs. an asphalt curb and gutter street. The cost for the chip seal came to $310,000, including a complete reconstruction of the base from Elm Street to Peace Street. They estimated an asphalt curb and gutter would cost $475,000. Without a curb and gutter, it would be $400,000 if the street was not widened. Mr. McCuistion said it was the staff's recommendation to chip seal the road. Councilmember Maris said Athens Street currently had different widths in different places. Mr. Hogue said half of the property owners currently had curbs and gutters. They were constructed on a poor base and some curbs had rolled. He felt the City should do away with the existing curbs with the intention to rebuild when the new road was installed. Existing curbs should be taken up before the base needed to be shored. That would also do away with the need for a bar ditch. Mr. Cluck said if the City started tearing up curbs the property owners had paid for, there would probably be some resistance. Mr. Hogue mentioned if the curbs were left as is and the road was fixed, it would create problems in the future. Edith Elliott stated she lived on Elm Street around the corner from Athens. She had never seen a drainage problem on Athens Street. She was not in favor of doing any curbing or making drainage ditches. Councilmember Brockman said he would like to take out the curbs and gutters and do an overlay. Steve Box said he did not want his curb and gutter removed. He said there was no water problem in front of his house. Gary Burton said they would have to start lower if they were to put in a curb and gutter. The curbs and gutters would be concrete. Mrs. Elliott presented a list of signatures expressing their opinion about Athens Street. Mr. Cluck said if the curbs were taken out there would be a six-inch drop-off at the end of the yard. Corey Hogue said the intention with the chip seal would be to go back later and do asphalt and curbs. Gary Burton said the cost estimate was with excavation on the road. Lonny Cluck said they would do a lime stabilization if they redid the base. Six inches of white rock would be on top of that. Mayor Wilson said the whole road needed to be redone. Councilmember Brockman made a motion to take out the curbs and gutters, to put a good solid base on the street and then a chip seal. Mr. McCuistion said asphalt could be done at a later date. Councilmember Huddle seconded and all voted in favor. Mr. Hogue said they would start working on the bid the next day. The bid would take thirty days. Mr. Burton said they would do their best to have it done before the winter rain. Mr. McCuistion said $150,000 had been budgeted for streets. $125,000 was taken from Lisa Circle.

14. CONSIDER ADOPTION OF FLOOD DAMAGE PREVENTION ORDINANCE NO. 2010-12 – Coy Prather explained FEMA had prepared new flood maps for the City. Part of being included in the flood insurance program was for the City to adopt the new maps. There were no protests made during the protest period. The FEMA representative had done an audit of Canton's compliance in the program and said it was in good shape. The County has already approved the new maps. Mr. Prather said there were a lot of houses and structures in the floodplain within the city limits. The new maps were basically the same as the old ones, although slightly wider at some points. Some places had been removed entirely. Some residences by the old city lake have been granted variances from the survey. Councilmember Brockman made a motion to adopt Ordinance No. 2010-12 on flood damage prevention. Councilmember Nicklas seconded. All voted in favor.

15. CONSIDER ADOPTION OF ORDINANCE NO. 2010-14 AUTHORIZING AND ALLOWING TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS) ANNUAL "UPDATED SERVICE CREDITS" AT 30% OF CPI – Mr. McCuistion made the recommendation to reduce the automatic cost of living increase on the TMRS retirement program from 70% to 30% of the CPI. This would begin as of January 1, 2011. It would save the city $38,000 per year and reduce the unfunded liability from $2,000,000 to $1,500,000. Retirees would not receive as large a COLA raise each year. He was trying to implement

substantive changes to help the city in the long term. This change was suggested by TMRS. The City would still have a 2 to 1 match at 7%. Councilmember Nicklas made a motion to adopt Ordinance No. 2010-14 authorizing and allowing the Texas Municipal Retirement System (TMRS) annual "updated service credits" at 30% of the CPI. Councilmember Brockman seconded and all voted in favor.

16. CITY MANAGER'S REPORT

A. K-2 SALES REGULATIONS – Chief Echols requested the City pass an ordinance banning the sale and possession of K-2. K-2 was five times stronger than the THC found in marijuana. It was not meant for human consumption. It was an herbal incense blend made of herbs, spices, chemicals and a JWH-018 compound. K-2 was produced in China and Korea. K-2 was banned in much of Europe and also in Canada. Some states have already passed laws against the sale of K-2. Texas would be considering a state law during the next legislative session. Other cities who have already passed ordinances are Allen, Mansfield, McKinney, Dallas, Cleburne, Duncanville, Plano and Frisco. Poison control centers have reported humans having hallucinations after ingesting K-2 as well as severe agitation, elevated heart rates, vomiting, seizures, anxiety and tremors. It gives individuals a sense of flying, floating, twisting, turning or feeling as though they were under water. Some have even committed suicide under its influence. Two have already been hospitalized in Van Zandt County due to the use of K-2. City officers have come across this during vehicle searches but it was legal to possess. An ordinance banning the sale would protect citizens of Canton. He believed the ordinance should ban both the sale and the possession of the substance. It would be a Class C offense. Councilmember Everett asked if Canton should wait until the state passed a law. Chief Echols said stores in town were already selling the substance. Richard Davis said he felt the state would pass a law next year. Mayor Wilson instructed Chief Echols to submit an ordinance for review.

B. PUBLIC WORKS PROJECTS – Corey Hogue said a test hole was drilled the previous week. The results looked promising. They were now working on the backup well. They went 500 feet, but had expected to go 600.

Lonny Cluck said the headwall on the College Street bridge had fallen and broken the sewer line. The City had done the demolition. They have accepted a bid for $44,000 for the repair and the contractor would start next week.

Mr. Cluck reported several feet of the Civic Center roof gutters had caved in and caused flooding in the Civic Center. The estimated repair cost was just under $12,000 because it was a difficult roof to repair.

Mr. Cluck added they had started the dirt work for the sidewalk construction at Cherry Creek Park. They have received several workout stations, the benches and the picnic tables. They were obtaining an action plan for the Frisbee golf. The dirt work for the soccer fields was completed and the hydro-mulch was on. Next, they would work on the drainage in the parking lot.

17. COUNCIL AND STAFF WORK SESSION FOR FISCAL YEAR 2010-2011 PROPOSED BUDGET

A. EMPLOYEE HEALTH INSURANCE — Mr. McCuistion said BlueCross BlueShield had proposed a 40% increase in health insurance premiums. They agreed to reduce that by only 5%. Therefore, he had made the decision to

budget a 10% increase and cut back on the benefits given. The deductible would be increased, as well as the prescription costs, doctor co-pays and out-of-pocket expenses. He felt he had selected the best deal with the money available.

B. TAX RATE – Mr. McCuistion said he did not propose any increase in the tax rate in the next budget.

C. UTILITY RATES – Mr. McCuistion said Council had requested he decrease the proposed water rate. He developed rates that would generate $10,000 less. Mayor Wilson said Canton had been in the middle to upper middle range on water rates and towards the bottom on sewer rates. He had requested the City look at bringing the sewer rates in line with other cities and to decrease the amount of the proposed water increase. Mr. McCuistion agreed there should be more of an increase in the sewer rate rather than the water rate. He said they would end the current year with a deficit in the water fund. Councilmember Brockman asked if rates could be raised for those outside the city limits. Mr. McCuistion said he would check with the city attorney. Julie Seymore explained there would be a 3.71% increase in water rates for those using 7500 gallons or less. The combined increase for more residential customers would be 11.8%. Winter averaging was available for residential customers for the sewer usage. Most residential customers would see a $1.00 to $7.41 increase in their water and sewer bills. She said Mr. McCuistion had proposed a freeze in the rates for those over 67 years of age who have a financial need. She added there was more impact on the commercial customers because winter averaging for sewer service was not available to them. Their increase would range from $1.00 to $4.78. 60% of the commercial customers used below 5,000 gallons. The commercial rates were on an escalating scale to encourage conservation. Ms. Seymore said the proposed increases would generate $20,000-25,000 more in water revenue and $105,000 in wastewater revenue. The projected deficit for the current year was $157,000. Mr. McCuistion said the deficit was so high on the wastewater side because they have to bore under the interstate for the east outfall sewer line to reach the plant. Councilmember Nicklas said more tweaking of the numbers might have to be done.

D. GARBAGE RATES – Julie Seymore explained the Sanitation Solutions contract included an annual cost increase equal to 3% of the CPI. The CPI was currently 1.73%, so they had budgeted a 2% increase in the City's expenditures and did not pass the increase on to customers.

E. STREET PROJECTS – Mr. McCuistion said they gathered information on doing a chip seal to the Athens side streets of Peace, Church, College, Goshen, Elm, Slaughter and Jack. Mayor Wilson said something needed to be done to the west on College. Mr. McCuistion said Beard Street was bad because of the sewer lines installed. Peace Street from Athens to Highway 19 was pretty bad. He wanted to fix a few places in the base and then chip seal. It would extend the life of the street from five to ten years. The Lisa Circle repair would be in next year's budget. There, he wanted to fix the places with base failure, smooth it over with asphalt in the bad places and chip seal with two layers. In two years, after that had settled, they could put down asphalt.

Councilmember Brockman left the meeting at 7:40 p.m.

Mr. McCuistion budgeted $60,000 for repair of the streets mentioned, excluding Lisa Circle. It would cover about 8500 square yards. It would be funded out of the $750,000 to be borrowed.

F. PROPOSED BUDGET – Mr. McCuistion said there would be a $308,000 deficit in the General Fund and a $354,000 deficit in the utility funds, which First Monday would cover. There would be a $286,000 gain for all the funds at the end of the year. Julie Seymore said there would be transfers of $988,000 from First Monday. Of that, $537,000 would go to the General Fund and $80,000 to the Marketing & Tourism fund. Mr. McCuistion said the bulk of the transfer to the General Fund was to bulk up the General Fund. If the fund balance continued to decline, there could be serious trouble. He was trying to wean the other funds off First Monday so the City could use First Monday funds to retire debt and to fund capital projects. Julie Seymore added they were rebuilding the First Monday fund because they had used it to pay for the lock-and-leave building. The revenue from that building would go toward debt service.

G. BUDGET CALENDAR – Mr. McCuistion said they would not need to have as many budget meetings since the tax rate was not going to increase. The next meeting would be September 14, 2010, when the budget would be adopted.

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.

18. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) - As Mr. McCuistion noted there were no items for executive session, the Council did not convene in executive session.

RETURN TO OPEN SESSION

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

20. ITEMS FOR FUTURE AGENDAS – Councilmember Nicklas suggested they address the brush pickup issue. Councilmember Huddle asked that they discuss cleaning up the city. Mayor Wilson requested Councilmember Huddle discuss with Mr. McCuistion exactly what he had in mind about a cleanup. Counclimember Huddle said he was referring to residents cleaning up their own property. Julie Seymore said she would also add the K-2 ordinance and an ordinance relating to drilling water wells within the city. She said the Bobo Estate also had an issue regarding rezoning. Mayor Wilson requested trying to combine the regular meeting with the special meeting on September 14, if possible.

21. ADJOURN - There being no further business to discuss, the meeting was adjourned at 7:56 p.m. upon motion by Councilmember Huddle and second by Councilmember Maris.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
4:00 P.M., FRIDAY, AUGUST 27, 2010
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 and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, and Clay Nicklas. Ross Maris was absent. Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, CEDC/CVB/Marketing Director Mercy Rushing and Fire Chief Bud Sanford were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 4:03 p.m.

2. CONSIDER ALL MATTERS RELATED TO ATHENS STREET CONSTRUCTION PROJECT – Mayor Wilson stated he suggested the meeting due to potential water drainage problems. Mr. McCuistion said they needed clarification on what decision was made regarding Athens Street. He referred to a drawing of Athens Street from Peace Street to Elm Street which showed the direction of the water flow. Engineers said there were water issues from College to Goshen and chip sealing the road would not address those issues. There was no money for storm drains. Having curbs and gutters from College to Goshen would help control the problem. Mayor Wilson said he was concerned about the amount of water coming down the hill from Goshen. Mr. McCuistion thought curbing from Goshen to College would cost about $72,000. It would cost $313,000 to chip seal from Peace to Elm. Councilmember Brockman questioned why the money allocated for Athens could not be spent on other streets that intersected Athens. Mr. McCuistion said that was budgeted for next year after Lisa Circle was completed. Lonny Cluck indicated on the drawing where the water would travel. He pointed out the different sizes of the easements along the road. Mayor Wilson made the recommendation to curb what was curbed and guttered and from Goshen down put the street back to the way it was now. The area where the church was located would not have to be changed. Councilmember Brockman said he would love to curb and gutter it all, but he wanted to save some finances to use on other streets. Mayor Wilson said he was all for saving the curbs where possible. Mr. McCuistion said there was likely no base below the road level. Councilmember Nicklas stated he wanted to forget the stabilization of the road because it was not heavily travelled. He suggested putting down some base, leaving the curbs as is, and chip sealing the road. The leftover money could be used elsewhere. Councilmember Brockman said he agreed 100%. Councilmember Nicklas said the City could pay for broken spots on the curb. Mayor Wilson cautioned against making a worse problem for someone in the future. Councilmember Nicklas said he could not recommend spending a lot of money on grading the street as little as it was travelled. Mayor Wilson said he wanted to do this street the same as Shady Lane. Councilmember Nicklas said he wanted to shore up the base, make the road smooth, chip seal and move on to another project. Leave the curbs where they were. He cautioned against the City installing curbs for individuals because it would be liable if it caused a runoff problem for someone else. If a curb was broken, the City would fix it. Mr. McCuistion said he was in favor of regrinding the road. Mr. Cluck said the manholes would have to be dropped down. Mayor Wilson suggested, and others agreed, trying to fill in around them and slanting down

to street level. Councilmember Nicklas made a motion that, with regards to Athens Street, pursuant to the staff's best judgment, we return the street to its current layout and grade, but in a better condition. The City, at the staff's discretion, could also repair places that needed repair as far as curbs and potholes or whatever else was needed to be in a better condition. The City should also try to smooth out the intersections along Athens, particularly at College Street. Councilmember Brockman seconded the motion. All voted in favor.

3. CONSIDER ADOPTION OF RESOLUTION NO. 2010-08 DETERMINING A PUBLIC NEED AND NECESSITY FOR ACQUISITION OF FEE SIMPLE TITLE TO 0.288-ACRE TRACT FOR A UTILITY EASEMENT AND AUTHORIZING CITY'S ATTORNEY TO FILE PROCEEDINGS IN EMINENT DOMAIN TO ACQUIRE NEEDED PROPERTY – Julie Seymore said the resolution allowed the City to begin condemnation proceedings on Kelly Cox's property and it declared a public need to do so. Councilmember Everett made a motion to adopt Resolution No. 2001-08 determining a public need and necessity for the acquisition of fee simple title to the 0.288-acre tract for utility purposes and authorizing the City's attorney to file proceedings in eminent domain to acquire the needed property. Councilmember Huddle seconded, and all voted in favor.

4. CONSIDER ADOPTION OF RESOLUTION NO. 2010-09 DETERMINING A PUBLIC NEED AND NECESSITY FOR ACQUISITION OF FEE SIMPLE TITLE TO 13.33-ACRE TRACT FOR WASTEWATER TREATMENT FACILITY EXPANSION AND AUTHORIZING CITY'S ATTORNEY TO FILE PROCEEDINGS IN EMINENT DOMAIN TO ACQUIRE NEEDED PROPERTY – Mayor Wilson said the item would be addressed at a later date.

5. COUNCIL AND STAFF WORK SESSION FOR FISCAL YEAR 2010-2011 PROPOSED BUDGET – Mr. McCuistion gave Council the opportunity to ask questions about the RV parks and sewer demand charges and the rates for water outside the city. TML advised if Canton charged higher water rates for those outside the city, the TCEQ might come in and try to set the rates. Julie Seymore advised the current base rates for non-residents were 2-1/2 times the inside city rate. Mr. McCuistion said that a higher sewer rate could not be charged for RV parks unless hotels were also raised. Julie Seymore said people with transient businesses had to be treated equally. Mr. McCuistion said the financial policy model was based on Irving's. If First Monday did not exist, each fund would have to support itself. One First Monday property owner has used this logic to get his new acquisition on the tax rolls at $1.1 million. If all property owners were able to get low appraisal values, the tax rate would have to be increased.

6. ADJOURN – There being no further business to discuss, Mayor Wilson adjourned the meeting at 4:20 p.m. upon motion by Councilmember Brockman and a second by Councilmember Huddle.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., TUESDAY, SEPTEMBER 14, 2009
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 Lou Ann Everett and Councilmembers Charles Huddle, Ross Maris and Clay Nicklas. Mayor Rusty Wilson and Robert Brockman were absent. Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, CEDC/CVB/Marketing Director Mercy Rushing, City Attorney Richard Davis, Police Chief Mike Echols and Fire Chief Bud Sanford were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Pro Tem Everett declared a quorum present and called the meeting to order at 6:05 p.m. Members of the Wills Point Boy Scout troup led the Pledge of Allegiance. Councilmember Clay Nicklas led the group in prayer.

INDIVIDUAL CONSIDERATION

2. PUBLIC HEARING ON PROPOSED BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2010 AND ENDING SEPTEMBER 30, 2011 – Julie Seymore explained the goals of the budget were to improve communications with citizens, to improve long-range planning, and to adopt sound financial policies. The budget process started with Council setting policies and goals. The departments reviewed their current activities and submitted plans to the City Manager based on their needs. The City Manager reviewed departmental requests and, through a series of budget sessions, Council developed a budget. The final stage was a hearing and then adoption of the budget and tax rate. Major considerations were the uncertain economy, long-range water issues, the water reuse permit application, reduction of debt, rebuilding the First Monday cash balance and personnel changes. A 3% merit increase was included in the budget for personnel below supervisor level. There was a reduction of the automatic annual increases in retirement benefits from 70% to 30% of the CPI which reduced the unfunded liability. Health insurance plan adjustments were made to hold down costs and fewer capital projects were included in the new budget due to economic conditions and lower revenues. Total revenues were reduced by 13% from the previous year's budget. Property values decreased by 2%. The tax rate would still be $0.42523 per $100 valuation. The budget included a 50% increase in the health permit fees, the reorganization of administrative staff, as well as the reroofing of the records storage building. Ms. Seymore said there would be a water rate increase of 3.3% and a wastewater rate increase of 25%. The wastewater fund's budget included professional fees to work on the water rights and lake permit fees. Proposed maintenance at the wastewater plant was cut to save costs. The two capital improvements projects were the I-20 bore and the sewer plant road. First Monday had flat revenues. Their administrative staff was reduced by one. Their capital improvement projects included putting doors on the trade centers, as well as creek and road improvements on the grounds. In the Debt Service fund, a loan for $750,000 was proposed to fund street projects. Ms. Seymore noted the General Fund and Revenue Debt Service reserves were adequate and the City was still trying to reduce its overall debt. The Capital Improvements fund provided for $101,000 in Certificate of Obligation receipts to be spent as well as for the $750,000 for work to be done on Athens, Church, Elm, Lisa Circle, Beard, Jack, Slaughter, Peace and College streets. She explained the

Special Revenue projects funded with grants included the park project and the downtown sidewalk project. She reviewed the transfer of funds from First Monday. There was a 17.2% decrease in total revenue of $2,364,180. The primary reason was the $1 million bond proceeds included in the current budget and the $500,000 loan included for First Monday which was never used. The 2011 budget had $632,000 less in transfers than the current year. Total expenditures were decreased by $3,155,506 (28.8%). The Canton Visitors Bureau was established to replace the tourism promotion services previously provided by the Chamber. Two incomplete grant projects (park project and downtown sidewalk) were moved from the current year into the next fiscal year. Total revenues were budgeted at $11,354,100. This included the $10.4 million in revenues and almost $1 million in transfers. Expenditures were budgeted at $10,104,845. Total disbursements would be $10,959,290 for an ending balance of $3,030,670. It was important to note the $24,000 deficit in the utilities fund. The majority of the revenue, $2,025,000, was from sales tax. Transfers in were the second highest at $320,000, then property tax and franchise fees. The largest amount of expenditures were in the General Fund at $3.3 million, then First Monday at $2.3 million, then Debt Service at $1.2 million.

Mayor Pro Tem Everett opened a public hearing at 6:19 p.m. on the proposed budget for the fiscal year beginning October 1, 2010, and ending September 30, 2011. Ron Perkins questioned the amount of the water rate increase. Julie Seymore clarified it was 3.3% for water and 25% for sewer. She said it would cost 70% of the residential customers $1.00 to $4.78 more per month. She continued that most businesses were in the 750-5000 gallon range and would also see a $1.00 to $4.78 increase. Ms. Seymore said 35% of residential customers and about 40% of commercial customers used over 5000 gallons. She pointed out the residential customers had winter averaging on the sewer rates. Ethel Sanders asked if any positions were omitted in this budget. Mr. McCuistion said one position was transferred from First Monday to the Canton Visitors Bureau. He added merit raises would be given to employees in January. Ms. Sanders noted she would prefer freezing the raises and not eliminating any positions. Mayor Pro Tem Everett added that a 3% merit raise was budgeted for employees under supervisor level. Edith Elliott inquired why there was a water and sewer rate increase when the service of picking up limbs and leaves was eliminated. She also asked why the City Manager had received a raise. Mr. McCuistion said no one had received raises last year except for those who took on more responsibilities and those who had completed their probation period. Hearing no further comments, Mayor Pro Tem Elliott closed the public hearing at 6:28 p.m.

3. CONSIDER ADOPTION OF ORDINANCE NO. 2010-15 APPROVING PROPOSED BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2010 AND ENDING SEPTEMBER 30, 2011 – Councilmember Nicklas suggested a blanket average percentage rate increase for commercial water customers. He was against punishing commercial users because they ran businesses that used a lot of water. Mr. McCuistion explained when the drought contingency plan was developed the State said there could be no more declining water rates because water was such an important resource. Rates had to be structured to encourage conservation. Councilmember Nicklas said some businesses could not conserve due to the nature of their business. There was a brief discussion regarding the amount of increase a high-end user would incur. Julie Seymore said the City's water rates were a little above average and the sewer rates were below average. Council skipped to item 6, prior to adopting the budget. Councilmember Maris made a motion to adopt Ordinance No. 2010-15 approving the proposed budget for fiscal year beginning October 1, 2010 and ending September 30, 2011, as proposed. Councilmember Huddle seconded and all voted in favor.

4. CONSIDER ADOPTION OF ORDINANCE NO. 2010-16 LEVYING TAX RATE FOR FISCAL YEAR BEGINNING OCTOBER 1, 2010 AND ENDING SEPTEMBER 30, 2011 – Julie Seymore said the proposed tax rate was the same as the current year - .42523 per $1000 valuation. It would generate approximately $1,066,104 in tax revenue based on a 97% collection rate. Councilmember Maris made a motion to adopt Ordinance No. 2010-16 levying the tax rate for the fiscal year beginning October 1, 2010 and ending September 30, 2011. Councilmember Huddle seconded and all voted in favor.

5. CONSIDER ADOPTION OF RESOLUTION NO. 2010-10 APPROVING THE CANTON ECONOMIC DEVELOPMENT CORPORATION BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2010 AND ENDING SEPTEMBER 30, 2011 – Mercy Rushing announced the Canton Economic Development budget would no longer include community development projects. She said the budget reflected the flat revenues predicted. Councilmember Maris made a motion to adopt Resolution No. 2010-10 approving the Canton Economic Development Corporation budget for fiscal year beginning October 1, 2010 and ending September 30, 2011. Councilmember Nicklas seconded and all voted in favor.

6. CONSIDER ORDINANCE NO. 2010-17 ADOPTING THE 2010 FEE SCHEDULE, INCLUDING AN INCREASE IN WATER RATES, WASTEWATER RATES, AND HEALTH PERMIT FEES – This item was discussed at 6:38 p.m. Julie Seymore outlined changes to the fee schedule. The bulk water rate would be $10 per 1000 gallons. The health permit fees were increased by 50%. Mr. McCuistion noted that was still below other area cities. Ms. Seymore added a permit fee for fuel tanks and water well permits was added to the fee schedule. The impact fees were removed. Mr. McCuistion said they removed fees for some of the water meter sizes they would no longer be using in order to standardize the meters. Effective December 1, water and wastewater base rates would increase $.50, water consumption rates would increase $0.15 per 1000 gallons, and wastewater rates would increase from $2.00 per 1000 to $2.90 per 1000. Councilmember Huddle made a motion to adopt Ordinance No. 2010-17 adopting the 2010 fee schedule, including an increase in water rates, wastewater rates and health permit fees as proposed. Councilmember Maris seconded and all voted in favor except Councilmember Nicklas, who was opposed.

7. CONSIDER ADOPTION OF RESOLUTION NO. 2010-11 DESIGNATING THE CANTON HERALD AS THE OFFICIAL NEWSPAPER FOR THE CITY OF CANTON – Ms. Seymore explained the City annually designated an official newspaper for publication of legal notices. The Canton Herald met the criteria. Councilmember Huddle made a motion to adopt Resolution No. 2010-11 designating the Canton Herald as the official newspaper for the City of Canton. Councilmember Maris seconded. All voted in favor.

8. CONSIDER ADOPTION OF RESOLUTION NO. 2010-12 AMENDING AUTHORIZED REPRESENTATIVES ON TEXAS LOCAL GOVERNMENT INVESTMENT POOL (TEXPOOL) ACCOUNTS – Julie Seymore said the proposed resolution updated the TexPool account representatives. Currently, the representatives included Mayor Wilson, Mr. McCuistion, Julie Seymore and Debbie Phillips. Debbie Phillips moved over as Utility Billing Coordinator and Paula Meili would be taking over the TexPool accounts. Rick Malone was also replaced by Lonny Cluck. Councilmember Nicklas made a motion to adopt Resolution No. 2010-12 amending the authorized representatives on Texas Local Government Investment Pool (TexPool) accounts. Councilmember Maris seconded. All voted in favor.

9. CONSIDER APPROVAL OF WEST OUTFALL PROJECT – Mr. McCuistion explained a duplicate payment of $42,000 was inadvertently made to a contractor on the Wynne

Road water line project. The contractor installed water and sewer lines. The West Outfall project was started in 2009. Sewer pipe to continue the project has been stored in the utility barn for two years. Mr. McCuistion requested authorization to negotiate with the contractor to install sewer pipe in the ground from Highway 243 to College Street in lieu of repaying the $42,000. Councilmember Huddle made a motion to allow Mr. McCuistion to negotiate with the contractor to repay the $42,000 in work performed by laying the sewer line pipe on the West Outfall as described. Councilmember Maris seconded and all voted in favor.

10. CITY MANAGER'S REPORT
    A. WATER WELL – Lonny Cluck reported the test well yielded about 290 gallons per minute. It was not as much as the previous well, but it was above average. TCEQ has confirmed it was good water. The water did have a trace of manganese which could either disappear or worsen. They planned to flow the test well until the big rig could come back and retest to check the manganese level so a final determination could be made about the well. They found water at 485 feet in the well. Well water was normally treated with chlorine at the distribution system in the large tanks used for blending and distribution. Mr. McCuistion added they would attend a groundwater management meeting in the future.
    B. COLLEGE STREET BRIDGE – Mr. Cluck explained the Athens Street bid opening would be September 27, 2010, at 2:00 p.m. If the weather held, they hoped to have one lane open at the College Street bridge by the end of the week. Mr. McCuistion added the concrete was poured yesterday and would take two days to cure before the forms were removed. The road should be open Friday or Monday.

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.

11. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE, LEASE OR SALE OF REAL PROPERTY (Section 551.072) Mayor Pro Tem Everett convened into closed session at 6:50 p.m. for consultation regarding the potential purchase, lease or sale of real property.

RETURN TO OPEN SESSION

12. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION – The Council reconvened in open session at 7:09 p.m. Mayor Pro Tem Everett announced no action would be taken from items discussed in executive session.

13. ITEMS FOR FUTURE AGENDAS – Councilmember Huddle stated Mayor Wilson requested he make a list of what needed to be cleaned up in the city. Mr. McCuistion said those items could be addressed at the next regular meeting. Mr. McCuistion said a special meeting would be called to award the bids on the Athens Street project.

14. ADJOURN – There being no further business to discuss, Mayor Pro Tem Everett adjourned the meeting at 7:13 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., TUESDAY, SEPTEMBER 21, 2010
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 Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. Mayor Rusty Wilson, and Councilmember Robert Brockman were absent. Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary / Finance Officer Julie Seymore, City Attorney Richard Davis, Municipal Judge Lilia Durham, CEDC Director Mercy Rushing, Police Chief Mike Echols and Fire Chief Bud Sanford were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Pro Tem Everett declared a quorum present and called the meeting to order at 6:01 p.m.

2. INVOCATION was led by Councilmember Nicklas.

3. PLEDGE OF ALLEGIANCE was led by Mayor Pro Tem Everett.

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 – Ed Sanders suggested having cisterns to catch water when tributaries flooded as a solution to watering when water levels were down at the lake. Diane Schumaker expressed her concern that the repairs to Athens Street and Beard Street have taken so long to complete. She asked that the work be completed before bad weather started. Cary Hilliard said he would withhold his comments until Item No. 14.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM AUGUST 12, AND 27, 2010, CITY COUNCIL MEETINGS – The minutes of the August 12 and 27, 2010, City Council Minutes were unanimously approved upon motion by Councilmember Nicklas and second by Councilmember Maris.

8. CONSIDER APPROVAL OF AUGUST 2010 FINANCIAL STATEMENTS – Julie Seymore reported a cash balance of $2.5 million, which was a net decrease of $22,418. The debt service balance was $8.9 million which was reduced by $2,000 in August by a limited tax note payment. Total revenue to date was $11,669,987, which included property tax revenue of $1.4 million. That number was 101.9% of the amount budgeted due to prior receipts and penalties and the fact the budget was based on 97% collections. Sales tax revenue was $1,896,622. An increase in the last several months in sales tax revenue was reported. Collection from utilities was $1,838,919, which was 86% of the budget. First Monday revenue, with the adjustment for the loan that was not taken, was $2.3 million. Expenses to date were $11,289,296. Councilmember Nicklas made a motion to accept the August 2010 financial statements. Councilmember Huddle seconded and all voted in favor.

9. CONSIDER ADOPTION OF ORDINANCE NO. 2010-18 AUTHORIZING THE ISSUANCE AND SALE OF CITY OF CANTON, TEXAS TAX NOTES, SERIES 2010; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATED THERETO – John Martin, Southwest Securities, presented the information regarding the issuance and sale of the Texas Tax Notes, Series 2010. He said the City sold $750,000 in tax notes that day. The securities sold with a limitation of a seven-year final maturity. They were auctioned in terms of a competitive bid on the internet. Three bids were received. The City received an "A" rating from Standard & Poors. An "A+" was not received because of their concern for the declining property values and the draw down on the fund balance. This was a very good rating for a city this size. The Utility Revenue Bonds were earlier also rated "A", which indicated they felt the water and sewer systems were financially sound. The bids received were from Southwest Securities at 2.35%, BOSC, Inc. at 2.41% and SAMCO for 2.80%. All were very attractive bids. The lowest bid was Southwest Securities, and his recommendation was to award them the bid. The annual payments would be $25,000 from 2011-2013 with a $300,000 payment in 2014, an $185,000 payment in 2016 and a final payment of $190,000 in 2017. Southwest gave back $9,900 for the construction fund, which drove down the True Interest Cost. The money would be in the City's account October 14, 2010. Interest payments would be due January 1 and July 1. The overall debt for the City was to mature within eight years, which was very impressive because not many cities carried that short a debt. The notes were sold for $750,000. The underwriters' premium was $21,963.30 which would make $728,000 available for construction projects. Any amount left from the contingency fee after all expenses were paid would be returned. They had alerted the bond market community and circulated notices to local institutions to allow them an opportunity to bid. Southwest Securities provided a good faith check in the amount of $15,000. If they did not pay for the bonds on October 14, the City would cash in the check as liquidated damages. The bonds would have to be resold at that time. Mr. McCuistion said the bulk of the funds would be used for street repair. The bids for the construction on Athens Street were to be opened September 27. After Athens Street was finished, the funds would be used to repair streets that intersected Athens, including Beard, Goshen, Church, College and Peace. Councilmember Maris made a motion that the City Council of Canton, Texas, award the $750,000 tax notes, Series 2010, to Southwest Securities, Inc., and the Mayor and City Secretary be instructed to take all necessary action to perfect the sale and authorize the issuances thereof. Councilmember Huddle seconded. All four councilmembers voted in favor, none were opposed, none abstained.

10. CONSIDER ADOPTION OF ORDINANCE NO. 2010-19 APPROVING ATMOS ENERGY RATE REVIEW MECHANISM EXTENSION, RATE INCREASE, AND RECOVERY OF STEEL SERVICE LINE REPLACEMENT PROGRAM COSTS – Alton

Horton, Operations Supervisor with ATMOS, spoke on behalf of ATMOS regarding the agreement on the rate review mechanism (RRM). It was part of a three-year program to provide the annual transparent review of companies. ATMOS reached an agreement with coalition cities to extend the RRM for two more years. The agreement also included cost recovery for the accelerated replacement of all steel lines. The overall impact for a residential customer using 4.5 MCF per month would be an additional $1.40 per month. The average commercial customer would see a $3.82 per month increase. They would start the process of replacing all the lines. The company would automatically replace a steel line if they were already repairing a leak in the line. The increased cost would be recognized October 1. The first year rate would be $.15 for residential customers and from $.44 to $1.22 for commercial customers. The steel service line replacement included all gas companies, not just ATMOS. The steel lines would be replaced by poly lines. One hundred thousand lines would be replaced in the program. Mr. McCuistion explained the ordinance extended the existing contract by two years. Canton belonged to a similar group of cities dealing with ONCOR issues. Canton paid a small fee and took advantage of the other cities' resources. If Canton were not included in the group, it would have to negotiate its own rates. Councilmember Huddle made a motion to adopt Ordinance No. 2010-19 approving the ATMOS energy rate review mechanism extension, rate increase, and recovery of steel service line replacement program costs. Mayor Pro Tem Everett seconded and all voted in favor.

11. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE 2010-20 EFFECTING A ZONING CHANGE FROM RURAL AGRICULTURAL (RA) TO GENERAL BUSINESS DISTRICT (B-2) ON A 290-FOOT STRIP ACROSS THE NORTH SIDE OF A 10.74 ACRE TRACT OF LAND LOCATED ON HIGHWAY 243 AT LAZY U, CANTON, TEXAS, CURRENTLY OWNED BY THE WESLEY BOBO ESTATE – Julie Seymore explained the owners of the Bobo property wanted to rezone along Hwy. 243 and 290 feet back from the road from Rural Agricultural (RA) to General Business District (B-2). B-2 zoning allowed for restaurants, business services, retail, auto and equipment sales, etc. B-2 zoning did not comply with the Future Land Use Plan. The other property in the area was primarily residential. There was the potential for this to be considered spot zoning. More than 21% of the surrounding property owners were against rezoning the property to B-2. Mayor Pro Tem Everett opened a public hearing at 6:36 p.m. regarding the adoption of Ordinance No. 2010-20 effecting a zoning change from Rural Agricultural (RA) to General Business District (B-2) on a 290-foot strip across the north side of a 10.74 acre tract of land located on Highway 243 at Lazy U, Canton, Texas, currently owned by the Wesley Bobo estate. Vickie Chambless, 1718 Lazy U, said she and her husband were against the rezoning because it was in a residential area with a varied array of residents. It was already a high-traffic area and the rezoning would mean more traffic. Ms. Chambless also expressed concern that a business might block the sight of traffic turning onto Highway 243. Having a business there would also increase city maintenance on the roads. Even if Lazy U had a secondary entrance to the property, it would take its toll on the neighborhood streets. The business would also affect their property values. It would totally change the integrity of this older neighborhood. She and her husband requested the area remain commercial free. Joe Carter said he represented the heirs of the Bobo estate. He was concerned about the neighbors' opposition to the rezoning. There was a hardship in that the property could not be sold zoned Rural Agricultural. He felt traffic would come out to that area as the city continued to grow. One person has approached the realtor about building a gym on the property. He knew nothing about a convenience store. Mr. Prather had indicated to him the property might be rezoned in the future. It was not a desirable place to build a single-family home because of the traffic. He wanted what was best for the town. He was hoping there was some way to reach a compromise. He

just wanted to sell the property. Mr. Carter said buyers were just interested in the front part of the property. It was located in a floodplain and would have to be built up. Councilmember Nicklas asked for clarification about whether or not the rezoning for the property could be brought up for a different zoning within a one-year time period. Ms. Seymore believed a different type of zoning could be brought up. Councilmember Nicklas felt the City should work with Mr. Carter to accomplish his goals with the property, maybe help him with a planned development. He suggested Mr. Carter speak to Mr. Prather and Mr. McCuistion to come up with other options. Councilmember Maris suggested other types of residential zoning might fit in the area better than commercial. Mayor Pro Tem closed the public hearing at 6:52 p.m. Councilmember Nicklas said he would like to wait to get a determination on whether or not the owners were prohibited from requesting a different type of zoning within a year before a vote was taken. Mayor Pro Tem tabled the item to the next meeting.

12. CONSIDER ADOPTION OF ORDINANCE NO. 2010-21 PROVIDING FOR THE POLICIES AND PROCEDURES FOR OPERATION OF CITY OF CANTON'S FIRST MONDAY TRADE DAYS – Mr. McCuistion explained the ordinance was adopted annually. Mr. Cluck said they had not required a health permit for those giving out food samples but were now requiring it upon request of the health inspector. Judge Durham explained the fine for a ticket was $75 for the fine and $12 for court costs for a total of $87. Mr. Cluck clarified the policies only dealt with matters on the City's First Monday grounds. Councilmember Maris requested the prohibition about vehicles be changed to, "no vehicles not legal to operate on the street." Mr. Cluck said having the language as it was allowed the City to request motorcycles to leave the grounds if they did not have vendor passes. Councilmember Maris made a motion to adopt Ordinance No. 2010-21 providing for the policies and procedures for the operation of the City of Canton's First Monday Trade Days. Councilmember Nicklas seconded and all voted in favor.

13. CONSIDER ADOPTION OF ORDINANCE NO 2010-22 PROHIBITING THE POSSESSION, USE, PURCHASE, DISPLAY, SALE, DELIVERY OR DISTRIBUTION OF SYNTHETIC CANNABINOIDS, SYNTHETIC CANNABINOID MIMICKING COMPOUNDS, SALIVA DIVINORUM AND RELATED SUBSTANCES AND PARAPHERNALIA – Chief Echols requested the Council pass the ordinance for the safety of the public. Once the ordinance has been passed, the Police Department would visit each business that sold or could sell the K-2 to give them warnings about the law. The public would also be notified as well as the schools. The fine would start at $200. Mayor Pro Tem Everett asked why the manufacture of the substance was not listed in the ordinance. Richard Davis explained normally, when you included "manufacture" it held a higher penalty range. Cities were not allowed to do that. Julie Seymore noted a change was made in the final version that removed the language that said the Texas Legislature might pass a similar law. Councilmember Nicklas made a motion to adopt Ordinance No. 2010-22 prohibiting the possession, use, display, sale, delivery or distribution of synthetic cannabinoids, synthetic cannabinoid mimicking compounds, saliva divornum and related substances and paraphernalia. Councilmember Huddle seconded and all voted in favor.

14. CONSIDER ADOPTION OF ORDINANCE NO. 2010-23 PROHIBITING THE DRILLING OR EXPLORATION FOR OIL, GAS OR MINERALS, AND GENERALLY PROHIBITING THE DRILLING OF WATER WELLS IN THE CITY LIMITS OF CANTON – Mr. McCuistion said the ordinance would require a permit from the Council for drilling a water well within the city limits. Coy Prather requested it be passed because of his concern for protecting the City's aquifer due to the practices of drilling businesses. Cross connections with the City were another concern. Other diseases and pathogens

could contaminate the City's water system. Councilmember Maris suggested the drilling of the well be inspected while it was in progress. He said no one would drill a well without using a drilling company. Allowing residents to drill a well to irrigate their yard would not compete with the City's selling water. He felt there should be stringent guidelines and the water would have to be separate from the City water under the house. Mr. McCuistion said several cross connections had been found in wells within the city. Councilmember Maris said the drilling should be inspected just like any other building project and the only legitimate reason for a well should be for a sprinkler system. Cary Hilliard said he was very much against the ordinance. He had ten acres in the city limits and did not like the idea of the City prohibiting him from putting a well on his property. Councilmember Huddle asked why the ordinance also mentioned oil and gas. He did not understand why the City was concerned with that. He did not feel there was a place for this ordinance. Julie Seymore said a current ordinance prohibited all oil, gas and mineral drilling in the city. Councilmember Maris felt drilling should be strictly controlled and inspected every step of the way. To have to show an urgent necessity was too restrictive. Property owners should only have to meet the criteria, obtain a permit and follow the safety rules. Councilmember Nicklas said, although the staff had valid concerns about possible contamination, one of the basic personal property rights was involved and people should not be told they could not drill a well. He had no problem requiring permits. Property owners should not have to demonstrate a dire need in order to drill a well. Councilmember Huddle said allowing gas wells could bring a lot of money into the city. Mayor Pro Tem said no cross connections should be allowed. Councilmember Maris said the well should not have to be engineered if a reputable drilling firm was involved. Mr. McCuistion suggested the item be tabled until more information could be gathered. Mayor Pro Tem Everett tabled Item No. 14 until a later date.

15. CONSIDER DOWNTOWN STREET CLOSINGS FOR AUTUMN STROLL OCTOBER 8-9, 2010 – Mercy Rushing announced the 10th Annual Autumn Stroll would be held downtown with live music and a street dance. There would be activities all day Saturday. A sanctioned BBQ Cook-off would be held in conjunction with the Autumn Stroll. She requested Groves Street from Capital to Grand Saline, Terrell Street from Highway 64 to Grand Saline and North Buffalo from Highway 64 to Groves Street be closed for the event. The downtown merchants were excited. There would be a BBQ dinner Saturday night. Councilmember Huddle made a motion to close the streets as described on Friday, October 8, and Saturday, October 9, 2010. Councilmember Maris seconded. All voted in favor.

16. CONSIDER BRUSH PICK-UP AND CITY CLEAN-UP – Mr. McCuistion said when Sanitation Solutions started the trash pick-up for the city, they agreed to pick up limbs as long as they were bundled. The weight limit was necessary for the insurance company to cover their workers against injury. This agreement saved a lot of time for the City's crews. A semi-annual or annual city-wide cleanup could still be conducted. Councilmember Huddle asked whether or not citizens could pay Sanitation Solutions a fee to pick up limbs that were not bundled. Mr. McCuistion said, in the event of a natural catastrophe, the city would coordinate with Sanitation Solutions in the cleanup of limbs. Mr. McCuistion said he was in the process of negotiating a transfer station contract with Sanitation Solutions. He has made them aware of this concern. He would discuss an additional fee with them for picking up limbs that were not bundled. He said he would make Council aware of the options.

17. CITY MANAGER'S REPORT
    A. CELL TOWER – Mr. McCuistion said he and Councilmember Maris met with

Russell Seay about the tower and asked him about the available options. They were waiting to hear back.

18. ITEMS FOR FUTURE AGENDAS – Julie Seymore said there was a need for a meeting the following Wednesday regarding the Athens Street contract award. Mr. Davis said he could not be there but would research the questions beforehand.

19. ADJOURN – There being no further business to discuss, the meeting was adjourned at 7:35 p.m. upon motion by Councilmember Huddle and second by Councilmember Maris.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
2:30 P.M., THURSDAY, SEPTEMBER 30, 2010
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 and Councilmembers Lou Ann Everett, Charles Huddle, Ross Maris and Clay Nicklas. Councilmember Robert Brockman was absent. Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, and Fire Chief Bud Sanford were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 2:30 p.m.

INDIVIDUAL CONSIDERATION

2. CONSIDER AWARDING BID FOR ATHENS STREET PROJECT – Mr. Lonny Cluck announced they had received a low bid from Jack Daniels Construction Company in the amount of $108,518.28. By using less rock, the amount could be reduced to $74,868.51, which was what staff recommended. The original bid included approximately three times the rock needed. He said they would take a milling machine and grind Portland cement into the road. They would wet the road, roll it, pack it and then grade it, then go over the top with a seal coat. Asphalt cement would be put on top of that and 3/8" rock would be put on the surface. Mr. McCuistion added doing the road in this manner would save about $30,000. They had checked references on the contractor and found nothing wrong. The last large job they did was the parking lot at Canton Marketplace. A start date would be determined at the preconstruction meeting. Mr. McCuistion said the $750,000 had been borrowed to do the road because Council originally wanted a higher-end solution for Athens Street. More streets could be repaired with the money, including the arterial streets off Athens. Lisa Circle would also be completed. Councilmember Nicklas made a motion to award the Athens Street bid in the amount of $108,518.28 to

low bidder Jack Daniel Construction, and to approve the change order reducing that amount to $74,868.51. Councilmember Everett seconded and all voted in favor.

3. CONSIDER ADOPTION OF ORDINANCE 2010-20 EFFECTING A ZONING CHANGE FROM RURAL AGRICULTURAL (RA) TO GENERAL BUSINESS DISTRICT (B-2) ON A 290-FOOT STRIP ACROSS THE NORTH SIDE OF A 10.74 ACRE TRACT OF LAND LOCATED ON HIGHWAY 243 AT LAZY U, CANTON, TEXAS, CURRENTLY OWNED BY THE WESLEY BOBO ESTATE – Julie Seymore explained the same rezoning request could not be submitted for one year after the date of refusal. A zoning change request for a different type of zoning could be considered. Councilmember Nicklas made a motion to deny the request for a zoning change from Rural Agricultural (RA) to General Business District (B-2) on a 290-foot strip across the north side of a 10.74 acre tract of land located on Highway 243 at Lazy U, Canton, Texas, currently owned by the Wesley Bobo Estate. Councilmember Maris seconded and all voted in favor of denying the request.

4. CONSIDER REQUEST FOR SOLICITOR'S PERMIT FOR DOOR-TO-DOOR DISTRIBUTION OF AARONS HANDBILLS / ADVERTISING – Julie Seymore explained there was a request for a solicitor's permit from Aarons to distribute handbills. Vincent Biamco, General Manager of Aarons in Canton, said they would go five houses up and five houses down to distribute door hangers when making deliveries. They sometimes took catalogs with coupons. They have had no complaints from other markets they serviced. Julie Seymore added they were aware the permit would restrict solicitation from 9:00 a.m. to 9:00 p.m. and anywhere a no soliciting sign was posted. Mr. Biamco said most of the deliveries would be done between 10:00 a.m. and 7:00 p.m. The store would open October 14, 2010. Councilmember Everett made a motion to grant the request for a solicitor's permit for door-to-door distribution of Aarons handbills / advertising for a six-month period, after which time they could reapply. Councilmember Nicklas seconded and all voted in favor.

5. CONSIDER APPROVAL OF EAST TEXAS COUNCIL OF GOVERNMENTS INTERLOCAL CONTRACT FOR 9-1-1 DATA BASE MAINTENANCE – Julie Seymore said East Texas Council of Governments maintained the City's 9-1-1 database. The cost was $2666 per year, based on population. Councilmember Maris made a motion to approve the East Texas Council of Governments Interlocal Contract for 9-1-1 database maintenance. Councilmember Nicklas seconded 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 551.074.

6. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING PERSONNEL MATTERS (Section 551.074) – REVIEW OF CITY MANAGER'S ACCEPTANCE OF BUILDING INSPECTOR'S RESIGNATION – Mayor Wilson convened into Executive Session at 2:52 p.m.

7. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION – Mayor Wilson reconvened into open session as 3:46 p.m. He announced no action would be taken on items discussed in Executive Session.

8. ADJOURN – Councilmember Everett suggested a discussion regarding storage buildings. There being no further business to discuss, the meeting was adjourned at 3:50 p.m. upon motion by Councilmember Maris and second by Councilmember Huddle.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

MEETING OF THE CANTON CITY COUNCIL
6:00 P.M., TUESDAY, OCTOBER 19, 2010
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, and Councilmembers Lou Ann Everett, Charles Huddle, Ross Maris, Clay Nicklas and Robert Brockman. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, Municipal Judge Lilia Durham, CEDC Director Mercy Rushing, and Police Chief Mike Echols were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson declared a quorum present and called the meeting to order at 6:00 p.m.

2. INVOCATION was led by Councilmember Nicklas.

3. PLEDGE OF ALLEGIANCE was led by Mayor Wilson.

4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None

5. PROCLAMATIONS AND ANNOUNCEMENTS – Julie Seymore announced the fall festival would be held at the Civic Center on October 25, 2010, and would be hosted by the Ministerial Alliance led by the Cowboy Church.

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 acknowledged the fine job done by Mercy Rushing and Lynn Kitchens at the Autumn Stroll. Virginia Jones, Secretary-Treasurer of the Canton Senior Citizens Advisory Board, expressed her concern about the removal of the commercial cook stove from the Senior Citizens Building. She requested reimbursement for the stove. She indicated they were unhappy with the regular kitchen stove installed to replace the commercial stove, although she said they did not want the old stove back. She said the original agreement in 1984 was for the City to supply land for the building and to secure a grant. The Senior Citizens Board was to maintain the

building and supply the contents. The Seniors Citizens opened a bank account and used funds from parking cars on the lot as their source of income. At some point, the City assumed maintenance for the building and started to donate $100 per month because the Senior Citizens no longer received money from the parking lot. Ms. Jones claimed no one from the City would tell her who removed the stove from the building. She requested a working relationship with the City of Canton and asked that their terms and conditions for operating the center be addressed. She said they wanted to meet with Council and hoped they would support the Senior Citizens. Mayor Wilson stated the City wished to work closely with the Senior Citizens and he did not want there to be bad feelings. He said the City would be more than happy to return the stove. He added he had told Mrs. Jones who from the Senior Citizens Board had requested the City replace the stove. He recommended the Senior Citizens Board put any future communications with the City in writing so there could be no question. Delana Cook and Harold Jones both forfeited their time to speak. Cary Hilliard complemented Chief Echols on the police manpower at First Monday last month. There were fewer bottlenecks and improved safety. He suggested initiating discussions with TxDoT on formulating a plan to better handle traffic during First Monday. Ed Sanders indicated he would wait until Item No. 15 to speak. Marion Davis said he was told the City could not help with the Granada Square problems. He felt Granada Square fell within the guidelines of the City's ordinances. Richard Davis explained the matter concerned a deed restriction which was only enforceable by private action. Marion Davis asked why a building permit had been issued with no name on it. He said the actual permit had Lonny Cluck's name on it. Mayor Wilson said the permit could be tracked down through the permit number. Mr. Davis said Mr. Prather had issued a permit to Mrs. Roberts with the specifications she was to follow. That was on a date prior to the permit he had. Mayor Wilson said the City made sure Mrs. Roberts followed the letter of the law in having the structure on her property. Richard Davis added the City could not enforce deed restrictions. It is the neighbors' responsibility and right to do so. Mr. McCuistion said he had been to Mrs. Roberts' property to inspect it. Marion Davis questioned Mr. McCuistion's qualifications as a building inspector. Mayor Wilson said Lonny Cluck and Mr. McCuistion went to the property to ensure the City's laws were being followed. It was not the City's responsibility to enforce the deed restrictions. Evelyn Adis said a petition had been signed by 95% of the Granada Square neighbors about the accessory building. She said it was unfortunate this occurred when there was no building inspector. She felt the City should have the authority to evaluate and make decisions about situations with long-term effects. She asked if anyone could walk into City Hall and be issued a building permit. She requested an ordinance to protect the citizens' property values so this would not happen again. Jonna Abbott, Nancy Gibbons and Susan Murray all waived their turns to speak.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM SEPTEMBER 14, 21, AND 30, 2010, CITY COUNCIL MEETINGS – The minutes from the September 14, 21, and 30, 2010, City Council meetings were unanimously approved upon motion by Councilmember Maris and second by Councilmember Everett.

8. CONSIDER APPROVAL OF SEPTEMBER 2010 FINANCIAL STATEMENTS – Julie Seymore reported the financial statements presented were prepared prior to the final year-end closeout. There was a cash balance of $3.4 million, debt service in the amount of $6.9 million, and total revenue of $12.5 million. Property taxes collected for the year were 102% of what was budgeted. Sales tax revenue was $2.064 million. First Monday revenue was 84.8% of the budget. Utilities brought in 96.1% of the budgeted

amount. There was a $500,000 loan that was not taken in the First Monday account. Councilmember Nicklas made a motion to accept the September 2010 financial statements. Councilmember Huddle seconded, and all voted in favor.

9. DEMONSTRATION OF I-PHONE FIRST MONDAY APPLICATION – Mark Bajaj and Mike Hall from WorldLink, Inc. in Frisco gave a presentation on the First Monday I-Phone application which could be used to obtain directions to First Monday and would give reminders to users of upcoming market dates. It also had links to all the websites regarding First Monday with contact information. Mercy Rushing pointed out the maps shown included all the First Monday grounds. Mayor Wilson proposed having alternate routes shown to Canton to aid in getting through traffic during major markets. Ms. Rushing said the application would be free to I-Phone users. CEDC would pay to have the application developed. Mr. Hall suggested a feature which could help re-locate items a shopper passed by and did not buy.

10. CONSIDER REQUEST FOR SOLICITOR'S PERMIT FROM VAN ZANDT COUNTY HUMANE SOCIETY TO COLLECT DONATIONS AT THE INTERSECTION OF DALLAS AND BUFFALO STREETS MARCH 4-5, 2011 AND JULY 29-30, 2011 – Carol Whatley of Van Zandt County Humane Society said they annually requested dates to solicit funds. It has been a very lucrative fund raiser for them. She asked if it would be possible to change the July date to November or October. Ms. Seymore said those dates were not available pursuant to the City's ordinance. Councilmember Everett made a motion to grant the solicitor's permit to Van Zandt County Humane Society to collect donations at the intersection of Dallas and Buffalo for the weekends March 4-5, 2011, and July 29-30, 2011. Councilmember Huddle seconded and all voted in favor.

11. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2010-24 APPROVING FINAL AMENDMENTS TO THE BUDGET FOR FISCAL YEAR BEGINNING OCTOBER 1, 2009 AND ENDING SEPTEMBER 30, 2010 – Julie Seymore explained the budget amendments were due to the final closeout of the fiscal year. There were changes in expenditures due to decreased revenues in sales tax and fines. Expenditures for the Streets Department were reduced $200,000. The Water Fund revenue was decreased $50,000 due to a water service shortfall. The Sanitation Fund was decreased by $43,000. The First Monday revenue decreased by $500,000 because the loan was not taken and transfers out were decreased by $14,945. The CVB and Marketing Fund increased revenue by $77,500 due to receiving more hotel occupancy tax and Bluegrass Festival revenue than anticipated. Their expenditures increased by $71,095 due increased advertising and the Bluegrass Festival. The amount left over in the Capital Improvement Fund was moved from this year's budget and would be added to the 2010-2011 budget. There was a decrease in the Revenue Debt Service Fund due to a decrease in transfers needed for debt service. The expenditures were reduced due to the way the issuance costs were booked. Mayor Wilson opened a public hearing at 6:53 p.m. regarding the adoption of Ordinance No. 2010-24 approving the final amendment to the budget for fiscal year beginning October 1, 2009 and ending September 30, 2010. There being no comments, Mayor Wilson closed the public hearing at 6:53 p.m. Councilmember Brockman made a motion to adopt Ordinance No. 2010-24 approving the final amendment to the budget for fiscal year beginning October 1, 2009, and ending September 30, 2010. Councilmember Maris seconded and all voted in favor.

12. CONSIDER ADOPTION OF RESOLUTION NO. 2010-11 APPROVING THE 2010 TAX ROLL LEVY - Julie Seymore explained the tax levy roll was developed by the Van Zandt County Appraisal District. This year the amount was $1,097,290.86. The budget was based on 97% collections and had been set at $1,066,104. Official action was

necessary to approve the tax levy roll. Councilmember Brockman made a motion to adopt Resolution No. 2010-11 approving the 2010 tax roll levy. Councilmember Everett seconded and all voted in favor.

13. CONSIDER ADOPTION OF RESOLUTION NO. 2010-12 APPROVING THE PURCHASE OF 12.76 ACRES BEING A PART OF THAT CERTAIN CALLED 200.0 ACRE TRACT IN THE Q.C. NUGENT SURVEY, A-618, OWNED BY KELLY PRIEST OXFORD – Mr. McCuistion reported he approached the owner of the property under the direction of Council and negotiated a settlement for the property. A survey was done, and there were actually 12.76 acres in the tract. The amount agreed upon was a little under $4,000 per acre. Councilmember Huddle made a motion to adopt Resolution No. 2010-12 approving the purchase of the 12.76 acre tract being a part of that certain called 200.0 acre tract in the Q.C. Nugent Survey, A-618, owned by Kelly Priest Oxford in an amount not to exceed $50,000 plus closing fees. Councilmember Maris seconded and all voted in favor.

14. CONSIDER RATIFICATION OR AMENDMENT OF RESOLUTION NO. 2008-10 PRESCRIBING THE MANNER IN WHICH COUNCIL AND CITY STAFF SHALL INTERACT - Councilmember Huddle said he had asked for a matter concerning a city staff member to be placed on the agenda on September 23, 2010. Councilmember Huddle felt he was denied that request. He said there was a policy that stated if the employee wanted an exit interview, he had to be given one. Julie Seymore explained she had placed the item on the agenda, but it was not worded in that exact manner. The employee had been invited to the meeting. Mayor Wilson said he had invited the employee to the meeting. Councilmember Huddle said he did not understand why he was not allowed to have the exit interview. Mayor Wilson reiterated the item was on the agenda and the employee had been asked to appear.

15. CONSIDER ADOPTION OF ORDINANCE 2010-20 AMENDING BUILDING STANDARDS ORDINANCE NO. 96-06 – Councilmember Maris suggested applicants for building permits be required to verify they were not in violation of any deed restrictions or homeowners covenants before the permit was issued. Richard Davis verified the City could request in the permit application if the owner was in compliance with all deed restrictions and homeowners' regulations; however, he wanted to caution Council about doing more than asking the question. Those type requirements were able to be restricted more privately than publicly. There could not be selective enforcement. The City would be required to enforce everything equally to all people. He felt it was good to have the question on the application to make someone aware of any restrictions there might be. The City would make a serious mistake by committing to enforce a private agreement. He would not recommend going any further than asking the question. Mr. Davis felt the ordinance should not state anything about enforcement of a deed restriction, but the question should be asked on the application for a building permit. Councilmember Maris requested this item be tabled until it could be reviewed more carefully. Mayor requested a proposed application be prepared for review after being reviewed by Mr. Davis. Mr. McCuistion clarified he was on the Granada Square property only to observe and to ensure all rights were in compliance. He was not there to make an inspection. Marion Davis brought up the fact the accessory building was put on the property before a permit was issued. Mr. McCuistion said Mr. Prather had issued a permit with restrictions. Only one permit was issued. Mayor Wilson recommended the Granada Square neighbors file an injunction and go through the legal process to deal with the violation of the deed restrictions. The City could not enforce a law that was not on its books. Ms. Adis said the building should not have been placed on the property without a permit. She did not know whether or not the building was up to code

with the electrical outlets.

16. CONSIDER BID AWARD FOR ATHENS STREET CONSTRUCTION – Gary Burton said bids were opened on September 27, 2010. The contract was awarded to Jack Daniel Construction, who was the lowest bidder. He was unable to obtain the required payment bond and, therefore, could not be the contractor on the job. They could either go through the bid process again or award the contract to the second lowest bidder, JRJ Paving. The bid would increase from $75,000 to $97,000. JRJ would be able to begin the job by November 8, 2010. Jack Daniel Construction had put up a bid bond when they submitted the bid, which was 5% of the bid amount ($5,300.00). That amount would now go to the City. Councilmember Huddle made a motion to award the Athens Street construction project to JRJ Paving. Lonny Cluck confirmed the bid amount for JRJ included the change order previously discussed. Councilmember Everett seconded and all voted in favor.

17. CITY MANAGER'S REPORT

A. AUTUMN STROLL – Mercy Rushing reported the 10th annual Autumn Stroll was deemed a success. Lynn Kitchens will poll the downtown merchants to determine ways to improve the festival next year. Thirty-three teams entered the BBQ Cook-off. Over $3000 in cash prizes were distributed from sponsorship money. The Women's League provided children's activities. Their goal was to break even, but she believed the final profit would be about $5000. Lone Star had contacted her about hosting the state BBQ cook-off in Canton. Main Street would hold a wrap-up meeting Thursday night. She was also working with a Piney Woods Wine Tasting Jazz Festival about holding an event May 21. Ms. Rushing said the entertainment for the Autumn Stroll was sponsored. About 11:30 p.m., there were about thirty people still at the event.

B. REVENUE – Mr. McCuistion reported sales tax revenue was $20,000 over what was collected last year. First Monday was currently $15,000 over last year. There have been three months with a sales tax gain.

Mike Echols said the Chamber of Commerce contacted him about a Christmas parade route starting at the Lewis Pavilions and going down Highway 19 to Highway 64 to Capital and then Tyler Street, terminating at the school. He felt if the parade stayed in the right-hand lane and allow traffic to continue moving, the Police Department could protect the citizens and would have no objection to the change. Mayor Wilson said he had some reservations about the change because a lot of activities were tied to the parade ending in the downtown area. Councilmember Everett pointed out the pavilions would make a good staging area. She suggested the Chamber be allowed to try this route to see how it worked. Mayor Wilson said the issue could not be voted on at this time.

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 551.071 and 551.087.

18. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY (Section 551.071) - Mayor Wilson called a recess at 7:46 p.m. and then convened into executive session at 7:53 p.m. for consultation with the City's attorney and for deliberations regarding economic development negotiations.

19. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS (Section 551.087)

RETURN TO OPEN SESSION

20. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION – Mayor Wilson reconvened in open session at 8:35 p.m. He requested Councilmembers Everett and Nicklas act as liaisons to negotiate with the Seniors Citizens Advisory Board.

21. ITEMS FOR FUTURE AGENDAS – Mr. McCuistion requested the water well drilling be on the next agenda. Councilmember Nicklas suggested a plan of action for updating the comprehensive plan. Councilmember Everett said she would like the Seniors Citizens Board to contact her regarding the stove.

22. ADJOURN - There being no further business to discuss, the meeting was adjourned at 8:46 p.m. upon motion by Councilmember Everett 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, NOVEMBER 16, 2010
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, and Councilmembers Lou Ann Everett, Ross Maris, Clay Nicklas and Robert Brockman. Councilmember Charles Huddle was absent. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, CEDC Director Mercy Rushing, Police Chief Mike Echols, Fire Chief Bud Sanford, Municipal Judge Lilia Durham, and Building Inspector David Smith were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER - Mayor Wilson declared a quorum present and called the meeting to order at 6:00 p.m.

2. INVOCATION was given by Councilmember Nicklas.

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 – Mr. Ron Perkins suggested an overlap on the roll-up doors for the lock-and-leave building in order to suppress the wind. He felt closing the doors made the building look closed. Mr. Jim Fuller recommended Council have the old fire truck appraised and insured. He said the fuel tank needed to be cleaned. Mayor Wilson directed Mr. Fuller to consult with the city manager about the maintenance and storage of the truck.

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM OCTOBER 19, 2010, CITY COUNCIL MEETING – The minutes of the October 19, 2010 City Council meeting were unanimously approved upon motion by Councilmember Nicklas and second by Councilmember Maris.

8. CONSIDER APPROVAL OF OCTOBER 2010 FINANCIAL STATEMENTS – Julie Seymore reported a cash balance of $4.01 million, debt service of $7.6 million (increased by $750,000 via the 2010 Ltd Tax Notes), revenue to date of $1.7 million, and expenditures to date of $931,010. The financial statements were unanimously accepted upon motion by Councilmember Brockman and second by Councilmember Maris.

9. CONSIDER AUTHORIZATION TO INCREASE MONTHLY STIPEND TO SENIOR CITIZENS BOARD – Councilmember Everett reported she and Councilmember Nicklas met with the Senior Citizens Board about their concerns regarding the stove. She said they were happy with the stove, but they would like a few modifications and an increase of $50 per month in their $200 allowance from the City. Councilmember Everett made a motion to increase the monthly stipend to the Senior Citizens Board from $150 per month to $200 per month. Councilmember Nicklas seconded, and all voted in favor.

10. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2010-25 AMENDING THE 1985 CITY OF CANTON ZONING ORDINANCE REGULATING THE CONSTRUCTION OF MONUMENTS AND STATUES – Mayor Wilson opened a public hearing regarding the adoption of Ordinance No. 2010-25 amending the 1985 City of Canton Zoning Ordinance regulating the construction of monuments and statues at 6:13 p.m. Ethel Sanders questioned the purpose of the amendment. Julie Seymore explained there was no provision in the current ordinance which dealt with these type structures. Mayor Wilson closed the public hearing at 6:15 p.m. Councilmember Brockman made a motion to adopt Ordinance No. 2010-25 amending the 1985 City of Canton Zoning Ordinance regulating the construction of monuments and statues. Councilmember Everett seconded, and all voted in favor.

11. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2010-26 GRANTING A SPECIFIC USE PERMIT FOR THE CONSTRUCTION OF A CROSS AT HWY 64 WEST, CANTON, TEXAS, IN GENERAL BUSINESS DISTRICT (B-2), OWNED BY LAKESIDE BAPTIST CHURCH – Mayor Wilson opened a public hearing at 6:16 p.m. regarding a specific use permit for the construction of a 100' tall cross at Hwy. 64 West, Canton, Texas, in a General Business Zoning District owned by Lakeside Baptist Church. There being no comments, the public hearing was closed at 6:17 p.m. David Wilkerson explained the cross would be lit from the ground directly onto the cross. Councilmember

Nicklas made a motion to adopt Ordinance No. 2010-26 granting a specific use permit for the construction of a cross at Hwy. 64 West, Canton, Texas, in General Business District (B-2) owned by Lakeside Baptist Church. Councilmember Everett seconded, and all voted in favor.

12. CONSIDER APPROVAL OF PRELIMINARY AND FINAL PLAT FOR 4.86-ACRE TRACT SITUATED IN THE J. DOUTHIT SURVEY, A-198, LOCATED ON HIGHWAY 19 SOUTH AND BURNETT TRAIL, CANTON, TEXAS, OWNED BY CANTON HEALTHCARE, LLC – Andy McCuistion introduced building inspector, David Smith. Mr. Smith said the plat had been approved by the Planning & Zoning Commission. He felt this was a project that was good for the City. He had made a recommendation that the fire hydrants be moved, which they had done. Mr. Smith said the entire building would be fully fire-sprinklered. Councilmember Maris made a motion to approve the preliminary and final plat for the 4.86-acre tract situated in the J. Douthit Survey, A-198, located on Highway 19 South and Burnett Trail, Canton, Texas, owned by Canton Healthcare, LLC. Councilmember Brockman seconded and all voted in favor.

13. CONSIDER ADOPTION OF ORDINANCE NO. 2010-23 PROHIBITING THE DRILLING OR EXPLORATION FOR OIL, GAS OR MINERALS, AND REGULATING THE DRILLING OF WATER WELLS IN THE CITY LIMITS OF CANTON – David Smith explained water wells were regulated by the State and by TCEQ. If the water well was drilled inside the city, the person drilling the well should request a permit and have it inspected. The rules about abandoned wells were strict. If the well did not produce, it had to be filled with concrete. A bad well must be plugged so it could not contaminate. The State was strict about clearance from a water well to a sewer system – 50 feet from a closed septic system and 150 feet from an open septic system. Every water well has to be registered with the State of Texas. Anyone wanting to drill a well would have to have a large lot. The penalties were as high as $2000 per day for non-compliance with State or City requirements. Mr. Smith said the controversy was which part of the property an individual owned. The State maintained an owner owned the surface, not underground. Councilmember Nicklas questioned that the City's ordinance was stricter than the State's regulations. This ordinance prevented drilling a water well except for irrigation. He felt that was too strict. A landowner should be able to drill a well for their house. Councilmember Maris said it was done outside the city limits all the time. Mr. McCuistion said they were concerned about cross connections and that was why penalties were in the ordinance. Mr. Cluck said he did not intend to do anything other than what the State required. Mayor Wilson postponed the item for consideration until after the Executive Session.

14. CONSIDER AWARDING BID FOR LISA CIRCLE STREET PROJECT – Mr. Cluck reported the base bid was with JRJ Paving for $48,772.13. Due to the large amount of patching the road required, using the unit price of $139.25 per ton would increase the bid by $20,000-40,000 above the $48,772.13. JRJ Paving was a bonded company. Mr. McCuistion said this fit into the estimated $74,000 for the project. Mr. Cluck added the bid included cleaning the road, killing the vegetation, using Type 3 asphalt to level the bad places where the concrete failed, and laying down two courses of chip seal. The old road would be used as the base. To tear up and redo the road entirely would cost $600,000. The curbs were in pretty good shape. The repairs should not affect water flow. JRJ could start on Lisa Circle as soon as Athens Street was completed. Mr. Cluck said the repairs with the chip seal should last approximately ten years. Mayor Wilson cautioned Mr. Cluck to make sure water could not get in under the road as it did before. Councilmember Brockman made a motion to award the bid for the Lisa Circle street project to JRJ Paving to include an additional amount of $193.25 per ton. Councilmember Nicklas seconded

and all voted in favor.

15. CONSIDER PLAN FOR UPDATING THE CITY'S 2004 COMPREHENSIVE PLAN – Mr. McCuistion identified six areas of the City's 2004 Comprehensive Plan which should be reviewed and updated. He was in the process of trying to find a consultant to help with an update. The individual who originally did the plan had given an estimate which was too high. He asked Council to review what he presented so it could be discussed at a later meeting.

16. CONSIDER ADOPTION OF RESOLUTION NO. 2010-12 AUTHORIZING SIGNERS ON CVB & MARKETING ACCOUNT – Mayor Wilson deferred the item to the next regular meeting.

17. CONSIDER SPECIAL DATE FOR DECEMBER COUNCIL MEETING – Julie Seymore recommended moving the December council meeting to accommodate the holiday schedule to 6:00 p.m., Tuesday, December 14th. Councilmember Maris said he would not be able to attend December 14th. Mayor Wilson said he would be there. Mercy Rushing said CEDC would meet at 4:00 p.m.

18. CITY MANAGER'S REPORT

A. CODE RED SYSTEM – Chief Sanford said the system worked during the second test on Sunday morning. The system was now in place and working. There were capabilities at both the fire station and police station to launch the system. He hoped to be able to use CodeRed in conjunction with sirens to notify citizens of impending storms. If a party did not answer, the system would continue to dial until the phone was picked up by an individual or answering machine. Individuals could sign up for the service through the City's website or by signing up at the fire station. Citizens in Canton and the surrounding area would be notified of the service. The system would be tested quarterly. Mayor Wilson suggested having an item placed in the newspaper. Councilmember Everett suggested having something about CodeRed in the next newsletter.

B. BUILDING PERMIT APPLICATION – Mr. McCuistion informed Council David Smith had redesigned the permit application and included five questions about setbacks, deed restrictions, easements, and plans. The plans did not have to be engineered unless the project was comprised of over 5,000 s.f. Councilmember Maris brought up the house on Debbie Street with the two buildings that were built without a building permit. He wanted to know if the City could require the owner to tear down the buildings. Mr. McCuistion said the staff could investigate the matter.

C. WATER TREATMENT – TEMPORARY CHANGE IN TASTE AND ODOR – Mr. Cluck said the temporary change in taste and odor of the City's water occurred every year when there was a burnout. This process was required by TCEQ. It would only last about two weeks. He assured council and citizens there was nothing wrong with the water.

Mr. McCuistion reported AT&T was in town last week and put new T-1 lines by the water tower site which would provide 3G capability. 4G would be coming to the metroplex first and was not available to us at this time. David Prazon of Crafton Communications said to improve service on the First Monday grounds we should put equipment on the tower by FM 859. Councilmember Maris said AT&T had not worked during the last two First Monday markets. Mr. McCuistion said the new line should help with that.

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.

19. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE OF REAL PROPERTY (Section 551.072) – The Council recessed at 7:03 p.m. Mayor Wilson convened into Executive Session at 7:07 p.m.

RETURN TO OPEN SESSION

20. RECONVENE TO OPEN SESSION AND CONSIDER ACTION, IF ANY, ON ITEMS DISCUSSED IN EXECUTIVE SESSION – The Council reconvened in open session at 7:43 p.m. with no action taken.

21. ITEMS FOR FUTURE AGENDAS – Mayor Wilson wanted to include the water well drilling and Main Street/CVB accounting on the next agenda. Councilmember Everett asked that the "Welcome to Canton" brochure be reviewed because it seemed outdated.

22. ADJOURN - The meeting adjourned at 7:44 p.m. upon motion by Councilmember Brockman and second by Councilmember Maris.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
6:30 P.M., TUESDAY, DECEMBER 14, 2010
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 and Councilmembers Lou Ann Everett, Charles Huddle, Ross Maris, Clay Nicklas and Robert Brockman. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, CEDC Director Mercy Rushing, Police Chief Mike Echols, and Municipal Judge Lilia Durham were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER - Mayor Pro Tem Everett declared a quorum present and called the meeting to order at 6:30 p.m.

2. INVOCATION was led by Councilmember Nicklas.

3. PLEDGE OF ALLEGIANCE was led by Mayor Pro Tem Everett.

4. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None

5. PROCLAMATIONS AND ANNOUNCEMENTS – Mayor Pro Tem Everett read a proclamation recognizing Chubby Perkins upon his retirement. She announced a reception would be held in Mr. Perkins' honor at 2:00 p.m. on December 15, 2010, at the Canton Civic Center.

   A. PROCLAMATION DECLARING FIRST MONDAY TRADE DAYS WORLD FAMOUS – Mayor Pro Tem Everett also read a proclamation to be read at the State Capitol by Representative Dan Flynn declaring First Monday Trade Days world famous. Councilmember Maris requested the words "flea market" be changed to "trade days market".

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

INDIVIDUAL CONSIDERATION

7. CONSIDER APPROVAL OF MINUTES FROM NOVEMBER 16, 2010, CITY COUNCIL MEETING – The minutes from the November 16, 2010, City Council meeting were unanimously approved upon motion by Councilmember Brockman and second by Councilmember Nicklas.

8. CONSIDER APPROVAL OF NOVEMBER 2010 FINANCIAL STATEMENTS – Julie Seymore reported a cash balance of $4.19 million, debt service in the amount of $7.6 million, total revenue of $2.4 million and total expenses of $1.65 million. The November 2010 financial statements were unanimously accepted upon motion by Councilmember Maris and second by Councilmember Huddle.

9. CONSIDER APPROVAL OF VERIZON EASEMENT ALONG ARNOLD PAUL ROAD – Mr. Cluck said representatives from Verizon were present. Mr. McCuistion indicated Arnold Paul Road on the map and showed the current utility easement. The gentleman no longer wanted the easement across his property. Mike Madry from Verizon said they were interested in obtaining an easement to serve the four houses at the end of Arnold Paul Road. He hired a surveyor to show where the easement would be located. The easement would be eight feet wide. The surveyor found the fence lines and property lines did not match. They decided it would be better to run the easement from the road rather than from the property line. They still had to determine how far off the road they needed to be. The survey print would show its exact location. There was a possible water line inside the property line which they would locate before they started to dig. The power lines ran overhead toward the lake and then back to Arnold Paul Road. Mr. McCuistion noted the houses in question were not located within the city limits. The City would not receive any franchise fees unless they were annexed. He did not know of any improvements in that area that might be affected by having these lines. Mr. Cluck said the perimeter fence was inside the property lines. The fence was originally put up for lake security purposes. Mr. Madry agreed Verizon would pay for any necessary relocation of the line in the future. He said they would run enough line to that area to handle any future houses built there. Ms. Seymore noted the four houses were served by city water.

Councilmember Nicklas made a motion to approve the Verizon easement along Arnold Paul Road with the provision that Verizon would pay for any future requested relocation of the line. Councilmember Brockman seconded and all voted in favor.

10. CONSIDER RESOLUTION NO. 2010-13 APPROVING CANTON ECONOMIC DEVELOPMENT CORPORATION'S AMENDED BYLAWS – Councilmember Maris pointed out most of the proposed changes were necessary because the existing Bylaws were outdated. Article 2 defined a 4B corporation taken from the State statutes. The seven board positions would have staggered terms of three years and term limits would be set at two terms with a one-year lay-off before someone was eligible to serve again. The Mayor and City Manager would act as ex officio members and would be allowed to attend all meetings. A second vice president position was created so work could be delegated by the president. Mr. Maris said the current Bylaws did not address CEDC employees. The Board had evolved over time and Mercy Rushing was now more an Executive Director and her duties would be strictly with the CEDC. She and the Assistant Director would report to the Board and the Board would hire and do the evaluations. The proposed Bylaws also made provision for advisory committees to utilize members in the community with a particular expertise. Mr. McCuistion pointed out those appointed boards would not have voting rights. Councilmember Maris said the CEDC kept good records and would present a report to Council every quarter. They would be audited annually. He said there was little in the new Bylaws they were not already doing except for the term limits. Lynn Kitchens and Mercy Rushing were now handling all advertising for the City. There were two websites now – one for the CEDC and one for the Canton Visitors' Bureau. Jack Etheridge felt the new Bylaws streamlined the operation of the CEDC and brought it up to date. He was 110% behind the proposed Bylaws. Councilmember Maris made a motion to adopt Resolution No. 2010-13 approving the Canton Economic Development Corporation's amended bylaws. Councilmember Brockman seconded and all voted in favor.

11. CONSIDER APPOINTMENT OF CANTON ECONOMIC DEVELOPMENT CORPORATION BOARD MEMBERS TO STAGGERED TERMS – Councilmember Maris said they had reviewed a list of highly-qualified candidates for the open position. They recommended Cindy Malouf, who was a banker. He suggested looking at the other candidates for open positions on other boards. Councilmember Brockman made a motion to appoint Cindy Malouf to Canton Economic Development Corporation and to appoint existing members to the staggered terms as proposed:
    - Place one and two with terms ending March 2012: Joe Groves and Ron Sanford
    - Place three, four and five with terms ending March 2013: Jack Etheridge, Ernie Barbee, and Ross Maris
    - Place six and seven with terms ending March 2014: Karen Hendricks and Cindy Malouf

    Councilmember Nicklas seconded and all voted in favor.

12. CONSIDER APPROVAL OF AGREEMENT WITH CANTON ECONOMIC DEVELOPMENT CORPORATION REGARDING MAIN STREET MANAGEMENT, PROVISION OF OFFICE SPACE, PAYROLL AND BENEFITS ADMINISTRATION AND REIMBURSEMENT, AND VEHICLE USE AND REIMBURSEMENT – Mercy Rushing explained the agreement was a memo of understanding to set in writing how things were currently operating. In the past, the City paid 20% of the salary for the Executive Director and Assistant Director. CEDC offered to take on the full 100% of the salaries and benefits for the employees. CEDC would continue to operate in the City's Plaza Museum building with no rent. CEDC would pay for housekeeping, cleaning, and the alarm system. Any major repairs and utilities would be paid by the City. CEDC was already reimbursing the

City for the vehicle use. Councilmember Huddle made a motion to approve the agreement with the Canton Economic Development Corporation regarding Main Street management, provision of office space, payroll and benefits administration and reimbursement and vehicle use and reimbursement. Councilmember Maris seconded and all voted in favor.

13. CONSIDER APPROVAL OF AGREEMENT WITH CANTON ECONOMIC DEVELOPMENT CORPORATION REGARDING CANTON VISITORS BUREAU AND MARKETING – Mercy Rushing said this was also a housekeeping matter. She and Lynn Kitchens have been handling the marketing for the City. They would also collect the hotel/motel taxes and do the accounting for that. Their account would be separate from the City's and subject to audit. They would present a quarterly report of marketing funds and financial reports to the City. Tam Erwin would be paid from the hotel/motel tax revenue as a CEDC employee. Mr. McCuistion said this would help level the workload by allowing the CEDC office to handle the accounting. The City could review the books at any time. *(Mayor Wilson entered the meeting at 7:18 p.m.)* Mercy Rushing said the funds would now be shown under the CEDC budget. Councilmember Nicklas made a motion to approve the agreement with the Canton Economic Development Corporation regarding the Canton Visitors Bureau and marketing. Councilmember Brockman seconded and all voted in favor.

14. CONSIDER ADOPTION OF ORDINANCE NO. 2010-23 PROHIBITING DRILLING OR EXPLORATION FOR OIL, GAS, OR MINERALS AND REGULATING DRILLING OF WATER WELLS IN CITY OF CANTON – Mr. McCuistion felt all the suggested changes had been incorporated into the proposed ordinance. Councilmember Nicklas explained the ordinance basically followed state regulations except that it added a penalty for anyone who tapped into the City's water supply and required permits and inspections. Councilmember Everett made a motion to adopt Ordinance No. 2010-23 prohibiting drilling or exploration for oil, gas or minerals and regulating drilling of water wells in the City of Canton. Councilmember Maris seconded. All voted in favor.

15. CONSIDER APPOINTMENT OF ALTERNATE TO BOARD OF ADJUSTMENT – Julie Seymore explained she had spoken to the other candidates in line for the CEDC vacancy. Bob Reese had indicated he would be willing to serve as alternate on the Board of Adjustment. Councilmember Maris made a motion to appoint Bob Reese as the alternate to the Board of Adjustment. Councilmember Nicklas seconded and all voted in favor.

16. CITY MANAGER'S REPORT
    A. COMPREHENSIVE PLAN UPDATE – Mr. McCuistion said he met with Planning Concepts and outlined what the City needed. He was waiting on an estimate. Depending on the price, the City might have to go out for bids. This company was recommended by Tyler and Palestine. Mr. McCuistion hoped his price was lower than the last company contacted. He also spoke to him about updating the City's zoning ordinance.
    B. WASTEWATER TREATMENT PLANT PERMIT – Mr. McCuistion explained the City received a memo from TCEQ regarding new copper limits on effluent water from the Wastewater Treatment Plant. Tests found higher levels of copper in the City's effluent water than would be allowed. The City was not sure of the source of the copper. If the source could not be determined, the water would have to be treated, which was expensive, or a study would have to be done by the engineers so an exception could be requested. If the City was unsuccessful in getting a variance from the State, a lot of money would have to be added to the capital projects in the budget. Mr. Cluck said it could cost up to $30,000 to follow the procedure for a variance. Mr. McCuistion said the copper might just

be in the water and the water would have to be treated. Mr. Cluck said the discharge water had more copper in it than was allowed. The water plant was not generating copper. Mr. McCuistion said they hoped to identify a source somewhere in town so the matter could be resolved. He clarified the water they were speaking about was from the wastewater plant.

C. PROJECTS REPORT – Mr. Cluck said December 2010 had the highest in revenues for December for the last six years. Revenues were up $24,000 from December 2009. Revenue for the first quarter was up nearly $60,000. Crews were pouring the apron around Dry Creek Landing. Chubby Perkins was retiring after 19 years with the city. The College Street bridge had a pothole in the middle. They poured bad asphalt on top of it and it melted. Fresh asphalt would be put on today. It was not due to a base failure. Workers in the Athens Street area ran out of oil on Saturday. They still have to go over the bad places, particularly around College Street. Sanitation Solutions would be sweeping all the streets that had gutters. Councilmember Huddle had informed him rocks were flying up on Athens Street. That was due to the size of the rock put down. Traffic would push it off to the side of the road. The matter should be now resolved. The inspection department performed 54 inspections in November, handled nine complaints and had 19 requests for service. Approximately $15,000 was collected in fees. CEDC had given permission to drill a test well on the sixty acres. The site had been cleared and was marked. They would test the water on an existing well nearby first. Staff held a preconstruction meeting on Lisa Circle. The contractors suggested a couple viable options to consider. One was a mat for an overlay that could bridge the concrete road. Mr. McCuistion said asphalt would be put over the mat and it would cost about the same as a chip seal. Mr. Cluck added it would make it a better road. Mr. Cluck said they talked over doing overlays on Elm, Beard and Jack Streets. All the houses were fed with 1-1/2 inch water lines that were only four to six inches deep. A grinder could not be run over it. They ran a new water line which they buried at about four feet. They also set two new fire plugs. Mr. McCuistion said he asked the engineer to provide pricing on Peace Street from Athens to Buffalo and from Buffalo to Hwy. 19. Mr. Cluck also reported all the soccer fields were fixed and the Cherry Creek Park sidewalk project was finished. Seven exercise stations had also been completed. The picnic tables were placed and the fishing node and wildlife observation deck were completed. The nine-hole Frisbee golf course was done except for the T-boxes. A preconstruction meeting was scheduled for Thursday at 3:00 p.m. on the west outfall from the College Street bridge to Sleepy Hollow. They planned to start as soon as they could, weather permitting. There was a concrete failure on the approach to the Engine 1 bay at the Fire Station. The concrete was poured that day and should be cured in fourteen days. Mr. McCuistion said the CEDC had discussed funding the improvements to the water tower parking lot. The total cost was estimated to be $200,000. CEDC would pay $183,000 if the City paid the balance. He said this project might be phased in over two years. He would like to extend the sidewalk from downtown at the Plaza Theater to Groves Street. The parking lot needed a retaining wall and landscaping as well as asphalt. He was unsure how many parking spaces they could accommodate because of the shape. He was not yet ready to ask for funding. Mr. McCuistion said he and Chief Sanford would go with Councilmember Everett to Kilgore on Thursday for an exercise on emergency management. He wanted to show ETCOG the City was willing to participate in its programs. Mr. McCuistion said he and Lonny Cluck, Julie Seymore and Mercy Rushing would be attending a Lean 6 Sigma training session in Carrollton on January 13 and 14, 2011. They hoped to learn

to be more efficient with tax dollars.

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 OF REAL PROPERTY (Section 551.072) – Council did not convene in executive session.

RETURN TO OPEN SESSION

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

19. ITEMS FOR FUTURE AGENDAS – Ms. Seymore verified the following subjects would be on the next agenda: Verizon and Atmos Energy.

20. ADJOURN - The meeting adjourned at 7:38 p.m. upon motion by Councilmember Brockman and second by Councilmember Huddle.

Rusty Wilson, Mayor

ATTEST:

Julie H. Seymore, City Secretary

CALLED MEETING OF THE CANTON CITY COUNCIL
4:00 P.M., MONDAY, DECEMBER 27, 2010
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, and Councilmembers Robert Brockman, Lou Ann Everett, Charles Huddle, Ross Maris, and Clay Nicklas. City Manager Andy McCuistion, City Secretary/Finance Officer Julie Seymore, and City Engineer Gary Burton were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER – Mayor Wilson called the meeting to order at 4:08 p.m. and declared a quorum present.

2. CONSIDER AUTHORIZATION FOR WATER EFFECTS RATIO (W E R) STUDY – Andy McCuistion explained the special meeting was required in order to meet a TCEQ year-end deadline for reporting the City's plans to request a permit variance and conduct a WER Study. Since $75,000 was included in the budget for lake issues, Gary Burton also wanted to address several related items at the meeting. Gary Burton reported the Wastewater Treatment Plant

Permit would expire March 2011, which was normally run on a five-year cycle. The plant became a "major facility" when it last expanded and increased its permit to over one million gallons per day. At the time, the City was required to screen for and report toxic materials in wastewater, including copper. The City had a year's database on copper levels discharged from the plant. Those levels exceed what TCEQ's computer program considers to be a toxic level to organisms, not to humans, in the receiving stream. These levels and the plant's upgraded status to an over one million gallon per day facility trigger TCEQ's requirement on copper limits go into the City's new permit. Mr. Burton proposed asking to delay those limits from going into effect (usually it is granted for approximately three years) to give the City time to determine (a) if there is a reason copper levels are high due to an industrial facility sending it, or (b) if the City has to treat for copper. The state-wide program limits for copper are unrealistically low for what is considered toxic in the East Texas area and a lot of local permit holders have gone through the procedure of a Water Effects Ratio, which is a series of tests to determine what level of copper can be in a specific receiving stream before it is toxic to organisms. Several in the area have done this and been able to get limits increased significantly, sometimes seven-fold. Mr. Burton thinks the study will show the limits should be at least four times what TCEQ is projecting. If the City is required to meet the copper limits, then it will have to treat for copper removal which is very expensive and ongoing. If the City responds saying it is its intention to do the WER, TCEQ will issue a three-year permit without the copper limits, giving the City 2.5 years of those three to have the study submitted and approved. Mr. Burton said Jacksonville, Rusk, Mt. Pleasant, and Lone Star Steel had gone through the process and received an adjustment factor. Mr. Burton was not aware of any who went through the process being denied an adjustment. Councilmember Maris noted it was unfair to place the burden of proof on cities. Mr. Burton explained that East Texas streams tended to be slower-moving and dirtier so bugs tended to be more resistant to copper and other toxins. Councilmember Nicklas asked about cooperative efforts. Mr. Burton explained several of the larger cities went in together twenty years ago when the new limits went into effect, but Canton had just now reached the threshold where it applies. The cost estimate from Baugh Aquatic Testing would be approximately $33,000 to $36,000. He did not recommend the streamline method that was $8,000 less because it tended to give less favorable results. Once completed, the established limits would be in effect indefinitely. The highest level recorded at the plant in the past twelve months was 0.1, with it coming in at .03 to .04 most of the time. TCEQ was proposing a .02 level limit. An adjustment factor of four would raise the limit to .08. The limit in drinking water is 1.0. They are basically saying what is discharged out of the plant can be no more than 20% of what it is okay for humans to consume. One can drink 80% higher copper levels than can discharged. Lab tests are $34,000. Background testing is $4,000 (a series of tests from the creek over four months at $1000 each). If the City had to treat for copper, it would have to install a chemical system at approximately $50,000 and to spend $6000 per year on chemicals to treat for it. Mr. Burton reiterated it would cost a total estimated $36,000 to get the issue resolved this fiscal year and to give TCEQ time to do its review. Mr. Burton said TCEQ had to be notified of the city's intention to contest the limit right away or it would go into effect and the City would have to undergo a major amendment to get it changed. Councilmember Brockman made the motion to authorize the city to proceed with the WER study and to notify TCEQ of its intention to contest the copper limits placed in the new permit. Councilmember Everett seconded. All voted in favor.

3. CONSIDER AUTHORIZATION FOR AERIAL SURVEY OF FUTURE LAKE SITE, SILTATION SURVEY OF EXISTING LAKE, AND OTHER COSTS RELATED TO WATER RIGHTS PERMIT APPLICATION – Gary Burton proposed two important projects for the lake issue's $75,000 budget. Dallas Aerial Surveys' quote for topographical mapping of the Saline Creek lake site was $34,500 plus an additional $5,000 for a color map. The map would depict two-foot contour intervals. It would be much more accurate than what is available at USGS, which is on ten-foot intervals. A high level of detail was needed to start the permitting process and it provided more accuracy in determining what structures would be in the footprint of the lake and where the

power lines were located. It was one thing that eventually had to be done and it was a good time while leaves were off the trees. When asked why the City would spend money prior to getting the permit, Mr. Burton said the City would end up spending $500,000 over a five-year period trying to secure the water rights, and this was one of the requirements. He suggested meeting with the Sabine River Authority to see if they would support the City's application.

Council reviewed Brad Castleberry's flow chart depicting the water rights application and project process. Andy McCuistion noted the attorneys were shepherding the City through the process. He pointed out Item 2 of the memo under the heading Planning Work to Date reported having proven the lake was less expensive than buying and treating water from other sources. The City had spent $70,000 for the study and $30,000 since then dealing with the regional planning group to be included in the regional plan. They had proven there was sufficient drainage, verified a ballpark cost for the project, submitted application to amend the existing water rights with return flows from the Wastewater Treatment Plant, verified the project costs were reasonable as compared to other projects in the State on $1 per acre basis, and been successful in getting the project included in the Region D water plan. They haven't yet begun the process of applying for the water rights for a lake but were before Council to see if it was ready to begin that process.

Councilmember Maris suggested first approaching the Sabine River Authority to see if the City had its support. Mr. Burton noted that without it, the yield of the reservoir would be cut in half. He explained that when the water rights permit for Toledo Bend was secured, it was with the provision that permits for future projects upstream would be subordinate to it. They've had an application pending for several years to remove that clause from their permit so that the City's project would be subordinate to theirs. If they are successful, then that reduces the yield from the City's project to about half. Councilmember Maris asked for a time frame on a decision. Mr. Burton said he could not estimate since it had been submitted for at least eight years. Mr. Burton clarified the plans for a lake had been incorporated in the Region D water plan, which would be submitted to the state for approval during the current legislative session.

Mayor Wilson recognized Ron Perkins who suggested waiting on the project until after the 2010 census figures were in. He questioned the population projections which had been used in estimating the need for the lake. He said if the City had less than 5,000, its ETJ would be reduced to one-half mile. He said the City had spent $230,000 in fourteen months for a lake study. He warned those running for re-election should take his suggestion into consideration and that a big expense might be frivolous. Councilmember Brockman asked, "what about the future?" Mr. Perkins agreed the City needed the water and said some suggestions had been passed on to the City Manager, such as dredging the lake, raising the dam, building additional wells and the possibility of accessing water from Lake Tawakoni. He said citizens would not approve of spending that kind of money and the Council would be held accountable for it. He thought they were trying to do what was right by providing for the future, but there were other solutions that didn't cost $51 million. Councilmember Maris noted the City served over two hundred customers outside the City limits and First Monday required the City have a system that would accommodate the extra 700,000 visitors who came to First Monday. He didn't want to quibble over little figures when what was important was to have enough water to serve the town in the future. He said the Council was willing to look at other options, but it needed a long-term commitment instead of a ten-year contract. Surface water was going to be gold in the near future as it becomes scarce. There will be a tremendous demand for water and if the City didn't get the rights now, it wouldn't be able to get them. Ground water was sufficient for short-term needs. He added the lake project might not go into effect for twenty years, but the City needed to secure the rights for the people of Canton in the future. If not provided, Canton citizens in twenty to fifty years would be wondering what the leaders were thinking when they didn't take care of business. He agreed the City should first find out where it stood with the Sabine River

Authority and it needed to take a serious look at other options. He noted that in considering water from Tawakoni, they needed to look at the terms, the cost of a larger line, and whether it was treated or untreated water. Citizen Cary Hilliard said it was his understanding that nine million gallons per day was available to the City out of Tawakoni and that all rural water districts in the area could cost-share in a pipeline. He said another large lake had been planned for a long time between Mineola and Highway 19 and he thought it deserved consideration. He added there was enough water in Texas in different lakes, but the City wanted it closer and cheaper. He warned the $50 million lake project would escalate to twice that amount. He asked why the City narrowed its choice of three sites to the Saline Creek site and noted people wanted to know if they would be affected. Mayor Wilson advised the report was available at City Hall. He said the options on the current lake did not change the amount of water the City was allowed to pull out of the lake. Mr. Perkins suggested Council needed to look back to earlier meetings when Mr. Burton reported on retention and siltation figures. He recommended that instead of spending $40,000 on the aerial study, the city dredge the lake to retain spring rains. Cary Hilliard asked about the meeting in Terrell regarding a new lake. Mr. McCuistion said he and Mr. Burton attended the meeting and it would cost $36 million for the pipeline, not including the water that had to be bought. Mayor Wilson said he didn't think Council was ready to spend money on the aerial study until it had more information. He suggested talking to the Sabine River Authority first.

Mr. Burton said the Water Development Board could conduct a study to estimate the current volume on the current lake for $20,000, which could be compared to records of when it was built. For another $12,000, they would tell the City how much silt was in the lake, but the City could make that comparison itself. Mr. Burton explained for the cost, dredging did not add that much additional storage. The City could not have more water than the amount for which the lake was originally planned. He said a siltation study would answer how much could be regained. The study could be completed in the current fiscal year.

Mr. McCuistion noted the Council considered the lake project a necessity when it decided to take it on in 2007 when the Northeast Texas Regional study predicted Canton would have a shortage in 2030 giving twenty years for the Council to come up with a plan. He said if Council waited, they might lose water rights or have to scramble to develop a plan instead of being forward-thinking and planning now. Councilmember Maris reminded everyone the planning started following a two-year drought that lowered the lake to the bottom of the intake. If the drought had gone on, the City would have been in trouble. It only had one well at the time. In the short-term the City was drilling more wells. It had one new and another in progress. Those would carry the City for a while and buy time to make long-range plans. Mayor Wilson added that the City was pursuing wells, but it couldn't drill without the permission of the State which he thought they were trying to discontinue. The City should at least secure rights for future water and may even be able to sell some of that water. He said he was in favor of pursing the lake, but also doing things to buy as much time as possible. Mr. McCuistion said if the Sabine River Authority opposed the lake project and the City was unable to get all the water rights, it would cut the City's lake in half which would cost less. The current lake was 240 acres.

Councilmember Nicklas suggested waiting on the expense of the aerial survey until after the City discussed the project with the Sabine River Authority. Mr. McCuistion said he could set up a meeting with the Sabine River Authority for he and two councilmembers and report to Council at its next meeting. Mrs. Delores Ernst asked if the City would try to sell water to other cities in the future and if other cities would participate in the project. Mayor Wilson reported that some other cities had expressed interest in joining the project.

In answer to earlier figures quoted by Mr. Perkins, Mr. Burton noted the study of the lake was $71,000 and an additional $30,000 had been spent. $126,000 included two other studies that

were water-related but not lake-related. The proposed size of the lake was 750 acres, with 1500-2000 acres involved. Mayor Wilson reminded everyone the study was available for review at City Hall. Following a brief discussion about delaying consideration of an aerial survey, Councilmember Everett made a motion to approve the Lake Canton siltation study. Councilmember Brockman seconded and all voted in favor.

4. ITEMS FOR FUTURE AGENDAS – None

5. ADJOURN- There being no further business to discuss, the meeting adjourned at 4:54 p.m. upon motion by Councilmember Brockman 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, JANUARY 18, 2011
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 and Councilmembers Lou Ann Everett, Charles Huddle, Ross Maris, Clay Nicklas and Robert Brockman. City Manager Andy McCuistion, Assistant City Manager – Operations Lonny Cluck, City Secretary/Finance Officer Julie Seymore, City Attorney Richard Davis, CEDC Director Mercy Rushing, Police Chief Mike Echols, Fire Chief Bud Sanford and Municipal Judge Lilia Durham were also in attendance.

Discussion and action were as follows:

1. CALL TO ORDER - Mayor Pro Tem Everett declared a quorum present and called the meeting to order at 6:03 p.m.

2. INVOCATION was led by Councilmember Nicklas.

3. PLEDGE OF ALLEGIANCE was led by Mayor Pro Tem Everett.

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 – Andrew Eli Hill, 690 Athens Street was unhappy with the condition of Athens Street. He felt it was unsafe due to the loose gravel. A petition was signed by residents on Athens Street requesting the street be sealed with a surface which was safe