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SHREVEPORT CITY COUNCIL
SPECIAL MEETING
MINUTES
July 24, 2009 – Special Meeting

The Special Meeting of the Shreveport City Council was called to order by Chairman Ron Webb at 3:00 p.m., Friday, July 24, 2009, in the Government Chamber Conference Room, Government Plaza 505 Travis Street, Shreveport, LA (The meeting was called by Chairman Ron Webb, and a public notice was posted, to hold a Special Meeting to consider Resolution No. 130 of 2009, and convene an Executive Session to discuss the following litigation:

Louisiana Proteins, Inc. v. City of Shreveport, Cedric B.
Glover, Calvin B. Lester, R. M. Walford, Michael D. Long,
Bryan K. Wooley, Rob Webb, Joe Shyne, and Joyce Bowman
Civil Action Number: 5:08cv334 United States District Court
Western District of Louisiana Shreveport Division

Invocation was given by Councilman Lester.

The Pledge of Allegiance was led by Councilwoman Shyne.

The following members were present: Councilmen Calvin Lester, Monty Walford, Michael Long, Bryan Wooley, Ron Webb, Joe Shyne, and Joyce Bowman. 7.

Public Comments:

Chairman Webb: I don't have any cards, is there anybody in the Chamber that wanted to come to forward and address the Council, I'll allow you to do so. Mr. Thompson, would you read our resolution?

The Clerk read the following:

Amendment No. 1 to Resolution No. 130 of 2009.

Delete the resolution as introduced and substitute the attached resolution.

Explanation of amendment:

This amendment clarifies that the resolution authorizes the Mineral Board to execute the leases. This language was not in past resolutions of the city or other public bodies (although it was understood that the Mineral Board would execute the leases), but has now been requested by the Mineral Board staff. It also contains language revisions to

clarify that the city has the complete discretion to withhold consent to use the surface of the land.

RESOLUTION NO. 130 OF 2009

A RESOLUTION DIRECTING THE CHIEF ADMINISTRATIVE OFFICER TO REQUEST THE LOUISIANA DEPARTMENT OF NATURAL RESOURCES, OFFICE OF THE STATE MINERAL AND ENERGY BOARD, TO LEASE CERTAIN MINERAL INTERESTS OWNED BY THE CITY OF SHREVEPORT AND AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS RELATIVE TO SAME; AND TO OTHERWISE PROVIDE WITH RESPECT THERETO.

BY: Councilman Webb

WHEREAS, the City of Shreveport may own mineral rights underlying the property described in Attachment "A" (collectively "the property"); and

WHEREAS, City desires to lease its interest in the property for oil, gas and other minerals subject to conditions contained herein; and

WHEREAS, pursuant to LSA-R.S. 30:151 et seq., the City may, by resolution, direct the State Mineral and Energy Board to lease the City's interest in the property for such purposes; and

WHEREAS, City desires to avail itself of the provisions of the aforesaid statutes by this resolution requests the Louisiana Department of Natural Resources, Office of the State Mineral and Energy Board to lease the property for oil, gas and other minerals subject to conditions contained herein and accordance with applicable provisions of law.

NOW, THEREFORE, BE IT RESOLVED by the Shreveport City Council in due, regular and legal session convened, that the Chief Administrative Officer is directed to request the Louisiana Department of Natural Resources, Office of the State Mineral and Energy Board, to lease certain mineral interests owned by the City of Shreveport and the Mayor is hereby authorized to execute all documents relative to said request.

BE IT FURTHER RESOLVED that the Louisiana Department of Natural Resources, Office of the State Mineral and Energy Board be and it is hereby requested and authorized to seek public bids for oil, gas and mineral leases covering the property described in Attachment "A" attached hereto and made a part hereof, to evaluate the bids received and accept the best bid, and to execute the oil, gas and mineral lease or leases on behalf of the City of Shreveport.

BE IT FURTHER RESOLVED that any such lease shall contain a No Surface Operations provision to read the same or substantially the same as the following:

"No use of the surface of the leased premises may be used by Lessee, its successors or assigns without the prior written consent of Lessor which may be withheld for any or no reason. Except as otherwise expressly authorized in writing by Lessor, Lessee, its successors or assigns, may produce oil, gas and other minerals from the leased premises only by drilling from a surface location on other lands."

BE IT FURTHER RESOLVED that any such lease shall contain a horizontal Pugh clause to read the same or substantially the same as the following:

"Notwithstanding anything to the contrary herein contained, at the end of the primary term or any extension thereof by operations, if the Commissioner of Conservation of the

State of Louisiana has established a drilling unit which includes a part of the land herein leased, the production of oil, gas and other minerals from such unit shall maintain this lease in full force and effect only as to such portions of the leased land embraced in such pooled unit, and this lease shall expire as to that part of the land herein leased not included in such unit, and Lessee, its successors and assigns agree to relinquish by formal recordable instrument (in a form acceptable to Lessor) any portion of the leased land not included in a unit created by the Commissioner of Conservation while this lease is in effect.”

BE IT FURTHER RESOLVED that any such lease shall contain a vertical Pugh clause to read the same or substantially the same as the following:

“Upon the expiration of the primary term hereof or any extension thereof by operations, this lease shall automatically terminate and be of no further force or effect except as to all that part of the leased premises then included within the geographical boundaries of a producing unit duly established by governmental agency or authority having jurisdiction, from the surface of the earth to a depth of 100 feet below the deepest depth from which any well commenced during the primary term hereof on the leased premises or on lands pooled therewith is completed and from which there is production in paying quantities, such determination to be made on a unit by unit basis. Lessee and its successors and assigns agree to relinquish by formal recordable instrument (in a form acceptable to Lessor) all such depths as to which this lease is terminated. In the absence of units so established, this lease shall terminate except as to 40 acres around each producing oil well and 160 acres around each producing or shut-in gas well located on the leased premises, in as near the form of a square as is practicable, from the surface of the earth down to a depth of 100 feet below the deepest depth from which said well or wells are completed and from which there is production in paying quantities, such depth determination to be made on a well by well basis.”

BE IT FURTHER RESOLVED that any such lease shall contain a provision requiring minimum royalty payments to Lessor of not less than one-fourth or twenty five (25%) percent.

BE IT FURTHER RESOLVED that any such lease shall contain a provision requiring minimum bonus payments to Lessor of not less than \$1500.00 per acre.

BE IT FURTHER RESOLVED that any such lease shall contain a maximum primary term not to exceed three (3) years.

BE IT FURTHER RESOLVED that such lease shall contain a provision expressly stating that any lease granted by the City of Shreveport and accepted by Lessee shall be without warranty of title and without recourse against the City, whether expressed or implied, even for the return of any monies paid, and further, that City shall not be required to return any payments received or be otherwise responsible to Lessee therefore.

BE IT FURTHER RESOLVED that any error in any legal description contained in Attachment “A” which may be discovered by the State Mineral and Energy Board or its staff during its review of the City’s application which are subsequently corrected by the City of Shreveport, provided such irregularities do not materially change the property being herein authorized for lease, shall not affect any authorization granted or conveyed herein and the State Mineral and Energy Board is hereby authorized to advertise and subsequently lease the said property as correctly described.

BE IT FURTHER RESOLVED that if any provision or item of this resolution or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications which can be given effect without the invalid provisions, items or applications, and to this end, the provisions of this resolution are hereby declared severable.

BE IT FURTHER RESOLVED that all resolutions or parts thereof in conflict hereby are hereby repealed.

Read by title and as read, motion by Councilman Shyne, seconded by Councilman Walford.

Councilman Long: Are these in our (inaudible)?

Mr. Thompson: Okay.

Ms. Glass: Are they?

Councilman Lester: If you refresh, they might be. I have Amendment (inaudible)

Ms. Glass: Yeah, I have them, they should be on there.

Councilman Long: Oh, there it is, got it, got it, got it. Thank you.

Mr. Thompson: Mr. Chairman, do you want to vote on these one at a time?

Councilman Webb: Yes, lets do it that way please.

Councilman Lester: Mr. Chairman, could we ask before we vote that he give us a run through of all three and then we could vote?

Councilman Webb: Yes.

The Clerk read the following:

Amendment No. 2 to Resolution No. 130 of 2009

In the sixth "Be It Further Resolved" paragraph, delete the number "\$1500.00" and substitute the number "\$2200.00".

Explanation of amendment:

Increases the minimum bonus payment per acre required

The Clerk read the following:

Amendment No. 3 by Mr. Walford to Resolution No. 130 of 2009

In the fifth "Be It Further Resolved" paragraph, delete phrase "one-fourth or twenty five (25%) percent" and substitute the following: "twenty-six (26%) percent."

Explanation of amendment:

Increases the minimum royalty payment required.

Councilman Lester: I have a question. Well, I guess - - - I'll - - - is there a motion on the floor?

Councilman Webb: There is not a motion on the floor.

Councilman Lester: Okay, well I'll put a motion on the floor to accept Resolution No. 130 for discussion purposes.

Councilman Webb: We've got to do the amendments first.

Councilman Lester: Okay, okay, alright. So we can have comment. Well I tell you what, lets start at the back. I'll move for adoption of No. 3.

Councilman Long: Second for discussion.

Motion by Councilman Lester, seconded by Councilman Long to adopt Amendment No. 3 to Resolution No. 130 of 2009.

Ms. Glass: Mr. Chairman, the way Amendment No. 1 is written, if you adopt it last, you're going to undo what you did in Amendment No(s). 2 and 3. So, if you don't mind - - -

Councilman Lester: Well, I'll do a substitute.

Ms. Glass: If you do 'em in 1, 2, and 3, it would - - -

Councilman Lester: That's fine. Well I'll do a substitute for No. 1. So we can start the discussion.

Substitute motion by Councilman Lester, seconded by Councilman Long to adopt Amendment No. 1 to Resolution No. 130 of 2009.

Mr. Thompson: Well, let me clarify. You withdrew your previous amendment and making a motion now to (inaudible)

Councilman Lester: I withdrew my motion to adopt Amendment No. 3.

Councilman Webb: So you withdrew your motion and the second was removed also.

Substitute motion by Councilman Lester, seconded by Councilman Walford to adopt Amendment No. 1 to Resolution No. 130 of 2009.

Councilman Webb: We're open for discussion. Go ahead.

Councilman Lester: Okay, alright. My first question is on Amendment No. 1, the royalty payment requested in there is what? 25%? Okay. I guess my question to staff and also to legal counsel would be when we put these things on the Mineral Board, as I appreciate it, we set what we believed to be the minimum that we would ask in terms of the bonus payments and things of that nature, and acreage, and what - - - it's like an open bid process. Whoever comes back with the most competitive offer that matches our minimum is the one that gets the mineral rights. Is that correct?

Ms. Glass: Well it's correct, but it may not match the minimum, obviously it may be (inaudible) but it's at least the minimum.

Councilman Lester: Okay, so I guess my question is if we want a greater number in terms of the base payment or if we want a greater amount as it relates to the royalty, then would - - - I guess our recourse would be either to leave it alone and be subject to the open market, or if we wanted something greater, we would actually have to set a higher minimum, which is as I appreciate is the purpose of Amendment No. 2 and Amendment No. 3?

Ms. Glass: Correct.

Councilman Lester: Okay. Now I guess I would ask to Councilman Long, since he's certainly the most aware of dealing with this on a daily basis, what is - - - what would - - - if you use your crystal ball for lack of a better term would be the effect in your mind of changing the minimum in terms of the up front bonus payment as well as the percentage requested in terms of royalty? I mean, do you think that increasing both of those numbers or either one of those numbers would be dispositive of any one actually bidding on that, and they would say no, we don't want to touch that? Or what?

Councilman Long: Let me explain this relationship as the first part of my answer to your question. Typically when negotiating, landowners are negotiating with oil companies or gas companies for these situations, if you try to hold out for a higher royalty rate, the tendency is to pay a lower up front bonus amount. The inverse is true, or the opposite is true. If you want a big ole hunk of bonus money now, then you're probably going to pay whatever the going royalty, or you're going to accept whatever the going royalty rate will be. At this point in the market locally, the (inaudible) of your standard royalty rate is basically a quarter, it's 25%. That is sort of the defacto. It's not set in stone, it's all negotiated, but there are more people who are accepting that royalty rate, than who are not. The oil company has an incentive to try to get a lower royalty rate because the lower the royalty rate they pay, the more revenue they enjoy from their side. But in the same breath when you have a competitive situation like that that was very much so in place a year ago, you know you had to pay what people were demanding at the time, or you wouldn't get the lease. Okay? Another thing that impacts the amounts of the bonuses especially as we saw into play last year was the price of natural gas. The commodity price back at that time, was such that you know \$13 (inaudible) never seen - - - a gas price level like that before in history. And that was one of the big fueling determinants or fire or fueling things that fueled the big run up in the bonus prices back then, and a lot of it too related to the shale plate that was going on in Ft. Worth, the Barnett Shale, and what was being paid over there. I used to get my little monthly newsletters from the American Association of Petroleum Landmen, and they would give scout reports/field reports of what was going on in other parts of the country. And I would read about the Barnett Shale, and it was like they're paying \$12,000 an acre? I mean, that's insane. Well all the time that was going on the gas prices were beginning their run up from the \$3, 4, 5, 6.00 in MCF to the \$7, 8.00 and of course all of that was coming into play. And also as that particular gas play moved into the urban areas, you know that's where the play was headed. So, the oil companies competed, when there's competition, and limits apply, prices will go up. Alright, where are we today? Well today, it varies. I think what the Parish as recently done, is a very good indicator of where we are in the market place. Obviously they went out and the last least sale with a minimum of \$1500 and just basically the terms we have now. \$1500 and a quarter on a three year term with delay rentals on an annual basis in lieu of a drilling situation. And they enjoyed bids anywhere at the low of \$2200 to a high of \$6900 and some change per hundred per acre, which I believe if I heard correctly, I believe it was Petrohawk of that particular lease sale. So, right now, that's kinda what it is. I'm aware of other oil companies out there that are all back in the market place and they're competing again, so you know the prices are kinda a little bit all over the map from the standpoint of where you are and whose working a particular area. Anywhere from a low of say a thousand an

acre to a high of around \$5,000. So that appears to be somewhat the operating range of that this is all occurring at right now. You know so does that answer your question at all?

Councilman Lester: You do. Alright my next question - - - and thank you for that. My next question I guess to the Administration with the - - - or I guess anyone who is equipped to answer this, would be what information do we have relative to the price that was paid, or bid, or accepted on leases in the areas where this particular, these particular lands are situation? Do we have any information?

Councilman Long: That was the Parish bid. That was the Parish sale. It was land that was right next door to some of the land that we're proposing to put up today.

Councilman Lester: So, we've got that from the Parish, and there is the City land. Do we know we have any information in terms of private citizens or anything of that nature? The reason I ask that question is the concern that I have is certainly I think that once we move forward, you know will we be setting basically what the price is, and what affect will that have on any contiguous neighborhoods around where that particular action is, for lack of a better term, and what if any affect that would have moving forward on other neighborhoods?

Councilman Long: I would suggest that we, Mr. Mayor, I think that question was directed to you, as I recall.

Mayor Glover: I think he said anyone who was inclined to - - -

Councilman Long: Oh yeah, well - - - you might want to hear - - - my opinion is, I don't think we're necessarily setting a price. Setting the market. The market changes everyday.

Councilman Lester: Right.

Councilman Long: Okay. What we're doing in here today to me personally speaking, this is just my opinion, what we're doing is doing for the whole of the entire city. Okay? And for what - - - my goal here is to try to set up a situation that hopefully we can realize the short term revenue to help shore up our income balance sheet and our income statements. Okay? And - - - for lack of a better term, cash flow. As far as the neighborhoods, again, that's a situation that Twin Cities or any of the other landmen that are working the rural areas, or the urban areas in the southern part of the city of what they're offering or what they're - - - and what people are willing to accept, relative to all that. You know? And you know, I guess my position is that those people are going to have to basically do their deal on their own, just like we're doing our deal on our own right now. And that's where I'm coming from.

Councilman Lester: And again, I don't have a problem with that, I just want to make sure that's a concern because I've had constituents ask me, that once the city starts getting involved, and with these large chunks of land, how is that going to affect individuals, because everyone you know when it comes down to the green, everyone's interest stops right at their front door. Civic pride goes out the door, and it's like what does it mean - - - every man for himself, and God for us all.

Councilman Long: I guess you know at that point, you know right now, there seems to be the southern part, southwest part of the City and the Parish, when I say the Parish, the Parish that is adjacent to our southwest borders of the city limits, those areas have actually been in play for a while and they continue to be in play, and therefore those areas at this moment in time today as we're talking about it, will probably enjoy some

benefit of that from the standpoint that they can command a little bit higher bonus than now, since opposed to say me living in Broadmoor or you living where you live, which there is really no activity right now, so there is - - - you know, as a result of that that there is not a lot of demand and there is lot to supply, so rates are down from that standpoint.

Councilman Lester: Okay. Again, I just - - - I wanted to ask those questions going in, because I think at the end of the day, I'm comfortable that the market is going to dictate what the market is going to dictate. I mean once you put it out there, it's going to be what it is.

Councilman Long: Right, right.

Councilman Lester: I just want to make sure that I have asked those questions, and I can make an intelligent decision relative to that. Thank you Mr. Chairman.

Councilwoman Bowman: I just (inaudible) Councilman Long. Bottom line is we basically broke, we don't have any money. We need the money, and this is one sure way of at least putting something into our coffers. And that's my opinion about it. We'll deal with the other when we get to it. You know? This is only - - - how many acres?

Councilman Webb: A little under 700.

Councilwoman Bowman: Right, it's not like we're doing everything. You know?

Councilman Long: I wanted to also, and I might - - - I want to make if I could with your permission ask Kevin McCotter to step up and talk a little bit, and the reason I want to do that, part of what's happening here, in our last lease thing that we did, and Julie, you might want to weigh in on too, last year, it was us basically putting out a bunch of acreage to the Mineral Board, saying okay, here's our stuff, you know we prepared this big package and sent it down there and blew it all out there, and of course our timing was way off on the minimum amounts that we have, because we obviously got "0" bids and "0" revenue, while our friends at the Parish managed to get before it was all said and done with their delay rentals that they just recently received over \$30,000,000, but - - - and that's good for them, and they're in good shape. And we still have that opportunity and of course, they've been lucky from the standpoint, a lot of their acreage was (inaudible) in play as opposed to closer into the city where we are now

Mr. McCotter: I think a lot of that (inaudible)

Councilman Long: A lot of that comes into play as well. But the net of the whole thing is what's happening now is Chesapeake has come to us and said look guys, we want to - - - we're interested in this acreage over here, we're willing to nominate - - - they're going to do all the - - - correct me - - - at this point, I'll let Kevin take over, they're going to do the heavy lifting about going to the Mineral Board, presenting the information and making the application. Once all that's done, then it will go to a public sealed bid process, and at that time, may the best guy win.

Councilman Webb: We could get overbid.

Councilman Long: Right, so Kevin if you would kinda take over from there.

Councilman Shyne: But Mr. Chairman, before Kevin speaks, let me make this observation. And I think Joyce made a very important point, and if I'm wrong, somebody from the Administration stop me, correct me. This particular time, we're not in the same mindset that we were in when we went to the Mineral Board before.

Councilman Long: Oh yeah, of course.

Councilman Shyne: This time, we need some money, and if we don't get any money, we just have to pay SRAC. There are some programs, and I don't want this to be taken out of context, there are some programs and some employees and maybe some services that we will probably have to be - - - we'll probably have to cut back on unless Monty Walford would be willing to make us a \$10,000,000 loan from his trust. You know because I don't know about you all, but I'm having folks who are calling me and asking about - - - I mean just grass cutting. And I have to explain to them that, look we don't have - - - Mike Strong doesn't have the same crew that he had two or three years ago. You know? "Joe, when are you all going to get this house down?" And I have to explain to them that Code Enforcement doesn't have the dollars that we had in the beginning to get this house down, so we're going to have to live with it like you do at home. And we're at a point that we just actually need some money. And I think it's good to take into consideration when you can the feelings of citizens, but if Ron doesn't mind me saying this, I think he and I kinda agree that sometimes you can't let other folks make tough decisions for you, because we're on the hot seat. And if those services don't go good, or if the services are not delivered, I can't lay it on Dale Sibley, because they're going to say, well Joe, you know you're a part of it too. If I'm making any sense to you all.

Councilman Webb: Absolutely.

Councilman Shyne: So, you know this might not be the ideal thing, but we're in a position where we've got to make a decision, because we've got to get some money in, because if not, Joyce we're talking about those employee raises that they have been talking about, not only will they not get their raises, but some of them won't even have a job. Because to be truthful with you all, I do not see the economy turning around. And I know some of you all have probably lived longer than I have Michael Long, and I don't see the economy turning around over the next six or seven months, where our sale tax will increase 10 to 15%, and you know we'll be looking at a good budget Dale, when budget time comes. I just don't - - - I don't see that. I did not see that last year. And I've been labeled as a conservative, and I am Bryan, but I just don't have that "R" before my name.

Councilman Webb: We can change that.

Councilman Shyne: No. Ron just set me up. I'm through.

Councilman Webb: Mr. McCotter, come on up.

Mr. Kevin McCotter: (333 Texas, Room 1100) And if I could get some assistance on let see - - - is the overhead on?

Councilwoman Bowman: Art, can we help me?

Ms. Johnson: I might break it.

Councilman Webb: Mr. Thompson? Somebody knows how to do that.

Ms. Oliver: I could try.

Councilman Shyne: Cause Joyce, I think Rick is probably going to need Sharon from time to time. Budget time is coming up.

Mr. Thompson: There it is Lynette.

Mr. McCotter: Well Members, thank you again, and Councilman Lester specifically had the question about what is the market. And that's always a difficult question to answer because there is no public record of what the market is. You may hear

one thing at the coffee shop and you may hear something else at the barber shop, you may hear something else at the grocery store, and so it's just all over the map on what people are actually receiving for their lease bonuses as well as the terms of their lease. So it is our opinion that a state sale, a state mineral board sale always represents a very documented public bid procedure where all of the results are an open book. So, what I presented to you today is the same document that we brought to the meeting on June 13th and June 14th, and it expresses Chesapeake's interest in leasing the city's minerals in these 16 sections within these two blocks here that we have depicted. Most of the acreage is acreage that's under streets, under the rights of way, under the alleys of city owned property, and the teal sections represent the targeted sections that Chesapeake has an interest in. And when I say interest, it's more than just a passing interest. It's a drilling schedule that we believe will take place over the next six months, next 12 months, and will be into production as we move into this rising commodity price market, as Councilman Long mentioned earlier.

Councilman Long: That we hope for.

Mr. McCotter: That we hope for. That's exactly right. The best source of data then is the what took place recently in areas that were contiguous to areas that we are interested in that are owned by the city. And just on July 8th, Caddo Parish, leased about 150 acres in those gold colored sections, and they received four bids from four very reputable companies. The lowest bid was \$2200, the highest bid was \$6,978 per acre. Almost \$7,000, and that was by Petropolis Land Service Company, out of Baton Rouge. So I think it's safe to say that at that time, the documented public record market was \$7,000 per acre. Now at the time that we met on June 13th and June 14th, we had identified the legal description of property owned by the city in these 16 sections, but if you'll remember, there were four sections where our folks had not completed that process working with Malcolm Stadlander and the other members of the Office of Property Management. Since that time, that process has been completed. The number now is 717 acres that is in the lease documents that we furnished to assist Attorney Julie Glass. So, those are the actual numbers today, 717 acres, and I'd like to respectfully remind you that in the state lease sale, remember that lease bonus takes place for the first 12 months. There is a rental payment that's due each year during the term of the lease that represents 50% of the amount of the bonus. So, right there an operator has a built in incentive to drill and start producing that royalty income. And then finally, to Councilman Long's point about the abstract work, the legal description work, the reason that we were here the last two meetings and that we thank you for calling this meeting today, Monday, July 27th is the deadline to submit an application to be on the October 14th Mineral Board Agenda, otherwise we wait until November. We've completed the legal work, we've completed identifying the tracts. We're prepared to work collectively with the City Attorney's office and there's been precedence set that when a resolution is passed by a public body, that's acceptable to the Mineral Board while that resolution lays over to become effective. So we're confident that if this resolution is passed today, a place holder will be set on the Mineral Board Agenda on Monday and granted for the October 14th state sale. So that concludes - - - that's the new information that I wanted to bring with you today. We can't thank Malcolm Stadlander, Assistant Attorney Julie Glass over the last few days as we put together all of the legal descriptions, we've got a CD document just as

the Mineral Board requires with all of the “I”s and the “T”s crossed in order to be able to submit with the city’s authority on Monday of next week. So at this time, I’m happy to answer any questions.

Ms. Glass: Mr. Chairman, could I clarify one thing. I talked to Danyne Malone about this earlier today, but you may not have received the email before you left your office. Yesterday, y’all had asked to specify adjudicated property in part of the whole property description. And we found that there was an additional 23 acres of adjudicated. So, the 717 has increased by the 23 acres, approximate I think it’s 740.38 something now. Just wanted to clarify that.

Councilman Webb: Any other Council questions? Okay, thank you.

Mayor Glover: Mr. Chairman?

Councilman Webb: Yes Mr. Mayor.

Mayor Glover: While Mr. McCotter was at the mic, I wanted to ask a couple of questions. Is that okay?

Councilman Webb: Sure.

Mayor Glover: Kevin, have you all or representatives of Chesapeake engaged in direct negotiations for the acquisition of minerals before?

Mr. McCotter: Yes sir, we certainly have.

Mayor Glover: Large tracts of land? Small tracts as well?

Mr. McCotter: We have relationships with 25 different land service brokers over this three and a half million acre area, and Mayor at the last meeting, your discussion centered around neighborhood associations and coalitions. So, our exclusive lease broker for the City of Shreveport and the City of Bossier City is Twin Cities Development. And Matthew Montgomery, the President of Twin Cities Development is here today. Matthew would be more than happy to answer questions about some of the specifics, but it would certainly be my opinion that there have been larger tracts, medium sized tracts, and smaller tracts leased.

Mayor Glover: But my line of questioning at this point doesn’t have anything at this particular yet to do with the refusal or to continue to negotiate with neighborhood coalitions. At least not at this point, but more along the lines of why does it appear to be you all’s preference to ask that the City Council place or the city to place these minerals up for the state mineral board process rather than being open, or are you in fact open to a direct negotiating process that wouldn’t necessarily hold itself to the hard and fast rules of the Mineral Board?

Mr. McCotter: Mayor, we think that any public body is always best represented in the State Mineral Board process. They have the legal advice, they have the staff, it’s something that they do on a routine basis, it ensures that the acreage is bid according to public bid laws, and advertised with the proper advance notice. Bids are due on a certain date. If they’re five minutes late, that bid is rejected. So, we believe that that’s the best process for a municipality, that maybe not be as familiar with handling that process and it’s something that they do on a daily basis.

Mayor Glover: But Kevin, cities higher bring on expertise and skill sets that they don’t possess on the normal staffs all the time. I mean that’s a routine process that we engage in here at the city, other governments do all the time. So it sounds to me what you’re saying is that somehow governments or those who are eligible to engage in the

Mineral Board process have an advantage over the private landowners or groups out there who otherwise engage in direct negotiations with your company or others?

Mr. McCotter: Mayor, I would say that the advantage would be that they've got the legal expertise in house there to make sure that the process according to state statute is followed, is properly advertised, it goes before the State Mineral Board, and any municipality can always have a representative at a State Mineral Board meeting, and if there is some factor about a lease bid that the municipality is unhappy with, then they could certainly advise the Mineral Board, we think we'll pass on that. We think we'll go a different direction.

Mayor Glover: But now to use the example that you just gave of how the Mineral Board uses this process, that it's well delineated, defined, has very specific parameters, be it comes in five minutes late because it does not meet the guidelines, it's not eligible for negotiation?

Mr. McCotter: Yes sir, as an example that we talked about that will take place on October 12th, the bids will be due 24 hours prior to noon, October 24th. So, operators have a very strong desire to make sure that they've got their bids in on deadline, otherwise they'll possibly miss that meeting.

Mayor Glover: But now for a group that's going through a negotiated process, that's not bound by the particular rule that you just laid out under the circumstances that would be the guideline of the Mineral Board. They would have the option of being able to consider that.

Mr. McCotter: Are you talking about a private group Mayor?

Mayor Glover: Just a direct negotiation process where you have the opportunity to say to Chesapeake, Twin Cities, whomever were interested in leasing our minerals, let's talk about the general terms that you may be open to?

Mr. McCotter: Yes sir, and I certainly respect that position there. I think that from an operator's - - -.

Mayor Glover: But to go back to the example that you just gave, if that's the State Mineral Board, that particular bid that you just said is five minutes late, comes in, it cannot be considered. Correct?

Mr. McCotter: That's my understanding of their rules, yes sir. I would just think that as a public bid, that's maintained very strictly.

Mayor Glover: And if that's the bid of the four that you just made reference to under the Caddo situation from the last Mineral Board process where you had the low of \$2200, the high of \$7000, if that fifth bid that came in, might have been for \$8,000, because it did not meet the deadline, that's not one that can be considered?

Mr. McCotter: Yes sir, and I think it would fly in the face of the state statutes that have set up and established that process at the Mineral Board.

Mayor Glover: But if that were a negotiated process, where that particular either individual, group of governmental entity engaged in an negotiated process, it would be free and have the flexibility of being able to say well, we just had someone else who has apparently made a better offer that's now at \$8,000 with a 28% royalty, and so we feel that that's one that we want to give some consideration to, we want to make sure that it's otherwise in line and appropriate, but they'd have the option of being able to do that? Is that not in fact similar to what private landowners who have negotiated large parcels of

land have been able to engage in, in terms of how they've negotiated and leased their minerals?

Mr. McCotter: If I could Mayor, may I introduce our outside counsel Dannye Malone?

Mayor Glover: Certainly.

Mr. McCotter: Mr. Chairman?

Councilman Webb: Yeah, go ahead.

Mr. Dannye Malone: If I may, Kevin and Mr. Mayor, under the provisions of Title 30 of the Louisiana Revised Statute, if a public body and an agency as defined under Title 30, elects not to avail itself of the public procedures established by the Mineral Board, the public agency itself would also have to advertise and receive bids as the Mineral Board has to so itself.

Mayor Glover: Under what parameter? Could we just like we do with our public bid process, are we bound to accept the highest, or are we bound to accept - - - cause under this circumstance, one could come in at \$7,000 bonus and 27% royalty, another one could come in at \$8,000 in bonus per acre, with only 26(%) per acre in royalty. And so at that point, how does one determine which one is the highest of the two bids?

Mr. Malone: Well the bid process is very specific, I mean it's very specific and defined under our Revised Statute 30.156 and that entire statutory scheme. And I would tell you that I would more than likely follow the same procedures established by the Mineral Board.

Mayor Glover: So you say that we would not have the latitude as a government to be able to engage in direct negotiation?

Mr. Malone: No, I think the public body would have to advertise and accept bids just as the Mineral Board would.

Mayor Glover: But we could make a determination as to which one of those that we accepted or not?

Mr. Malone: That is correct.

Mayor Glover: Is that an option that we have at our disposal?

Mr. Malone: Yes, I mean the Revised Statute 30.151 specifically authorizes agencies and the City of Shreveport is defined as an agency under the statute to elect not to avail itself of the bid procedures established by the Mineral Board, but yet can actually advertise for bids itself, as an option.

Mayor Glover: But if we avail ourselves of the Mineral Board process, right? And we walk that road, who makes the determination that whether or not the bid that we accept there is an acceptable one or not?

Mr. Malone: The City of Shreveport. And as Mr. McCotter indicated earlier, the city's representative can elect to accept or reject the bids that's received by the Mineral Board.

Mayor Glover: How do you define that?

Mr. Malone: The City of Shreveport?

Mayor Glover: Correct.

Mr. Malone: I would define that as a representative of this body. The City of Shreveport itself.

Mayor Glover: And who makes that designation?

Mr. Malone: Who would make that designation? I think that is a matter to be determined by this Administration and the Council.

Mayor Glover: Under what process?

Councilwoman Bowman: Wow!

Mr. Malone: You may need to defer to your City Attorney, under those circumstances, and that may be Ms. Glass or Ms. Scott.

Mayor Glover: And I guess - - - I see Terri is no longer, is she - - -?

Mr. Thompson: I think she was talking to the City's counsel for mineral rights, trying to get some information.

Mayor Glover: Alright, I'll wait until Terri returns.

Councilman Webb: That was one reason why I wanted to go before the Mineral Board because if they want to be in on this, they won't be five minutes late. And we don't have anybody knocking down our doors right now and haven't for quite some time saying hey, we want to lease your land. So, now we're showing what's available, and what we would like to lease. If they want to get in on this, may the top bidder get the award.

Councilman Long: Plenty of notice, plenty of time.

Councilman Shyne: I want to ask Danye and Kevin - - - I'm not really a gambler, wouldn't this be kinda like a crap shoot, if you're going to get a private agency to come in and I know the Mayor is saying well maybe the bid might be \$8,000, but couldn't it also be lower? I mean doesn't have to be necessarily have to be lower, and tell me if I'm wrong, but it seems like to me that other governmental agencies that have been going before the State Mineral Board have been coming out pretty good.

Councilman Webb: Yep.

Councilman Shyne: I mean I haven't been reading where they've been complaining, I've talked to some of the people down in Mansfield, and I've talked to some of the people here who've you all have worked with on the Parish Commission, and if I didn't know any better, it'd kinda be like Christmas. I mean, they're just as happy as can be with what they got. Right now, we need a source where we can get some money. Now if we want to do this later on, you know we might look at that, but my position right now is we would be a whole lot better off, because the Mineral Board, the state is set up for this. The state is set up for this, and I've been kind of skeptical about some of these experts that we've been hiring. I don't want to make any personal reference right now, but I think I'd be a little bit more satisfied Mr. Chairman, with the state Mineral Board, than I would about pulling some experts who might not know a whole lot about. And I don't want to be involved in a crap shoot.

Mr. Malone: And your comments are duly noted Councilman Shyne.

Councilman Webb: The Mayor was wanting to ask a question or you to explain something if you don't mind. Thank you Danye.

Mayor Glover: Mr. Chair, my questions were along the lines of the process through which a governmental entity can avail itself of outside of the mineral board process in terms of leasing it's mineral.

Ms. Scott: There is a process and a state law that allows us to actually go out and solicit our own bids so to speak, but it would still require us to bid those leases. And

once we've then determined which of the bidders bid we will accept, then we would still be required to go back to the State Mineral Board for that.

Mayor Glover: And I guess the question was based on the fact that those bids could come in, in different combinations, for instance if we set a minimum of whatever that number might be, but the higher of the two bids or three bids appear to come in, in a combination of one at a \$7,000 per acre bonus, with 26% royalty, another comes in at \$8,000 per acre, but at a 25% royalty, what calculation is used to make the determination as to which one of those would be considered "the winning bid" or the highest bid?

Ms. Scott: Mayor, to my knowledge, there is no formula or provision that addresses that particular situation. That would be something that we would have to determine, and I would assume it would be based on the amount of acreage involved where they may be a higher royalty on one tract versus a higher bonus payment on the other tract. And that would be the consideration that we would make on the front end, anticipating that we may very well end up with a scenario like that. That would also be something that we may want to put in our solicitation as well, as to how we will actually make that determination in the event we receive a combination of higher royalty, higher bonus on the other.

Mayor Glover: So in other words, we could write up a process that is tailored to specifically what our goals and objectives would be as opposed to following through what are the general practices of the Mineral Board?

Ms. Scott: Yes sir. When we solicit the bids ourselves, again that would be part of what we would put in our solicitation, what our minimum requirements would be in terms of leasing, in terms of the term of the lease, and those things, pretty much that are reflected in this current resolution. At that time, after we make the selection of who the successful bidder or bidders would be, then again, that information would be forward to the State Mineral Board, mainly for confirmation.

Mayor Glover: Now as this current resolution stands, calls for \$1500 minimum bonus per acre?

Ms. Scott: No sir, there's an amendment proposed that would take it believe to \$2200.

Councilman Webb: Well we haven't voted on them.

Councilman Long: We haven't vote on 'em. Right now (inaudible).

Councilman Webb: \$1500-2200.

Mayor Glover: But they pass as the Council would desire, and that is at \$2200 an acre, plus a 25% royalty?

Councilman Lester: I think the 3rd amendment goes to \$26%

Mayor Glover: Those are the terms for this resolution to pass under?

Ms. Scott: Amendment No. 2 proposes to amend the current resolution to increase the bonus payments to \$2200, and Amendment No. 3 proposes to increase the royalties from 25% to 26%.

Mayor Glover: And lets say that that ends up being the maximum bid. We get four bids in all at \$2200 an acre bonus and 26% royalty. Which puts us some \$4800 or so less than the last maximum bid that was managed by Caddo Parish? What at that point becomes our obligation with regard to leasing those minerals?

Ms. Scott: I'm not sure Mayor, honestly whether or not we would then be obligated to execute leases with any of the bidders. I believe we would still have the option however to decide to not lease the property.

Mayor Glover: We would have the option not to?

Ms. Scott: I believe, I'm not absolutely sure on that, and I would be hesitant to say one way or the other. But it's something we can find out fairly quickly.

Mayor Glover: John Frazier is actually our mineral expert, and that's who I was trying to get in touch with.

Councilman Webb: Mr. Mayor, let me ask you a question. If the bids come back at \$7,000, are you going to reject the bids?

Mayor Glover: The bids came back at \$2200 per acre, I probably would be inclined to reject the bids. What I'd rather do is be in a position to be able to - - -

Councilman Webb: And this Council might could understand that.

Mayor Glover: What I'd rather do is be in a position to fully maximize that opportunity through a process that we - -

Councilman Webb: But I think that if the bids come back kinda like what they did with the Parish, then I think it would be a same if we bypass this opportunity.

Mayor Glover: What I'd rather do is be in a position to be able to fully maximize that opportunity through a process that we helped to control and dictate and direct as much as possible as opposed to leaving it into the hands of our friends down in Baton Rouge.

Councilman Webb: But it still has to go back to 'em anyway.

Councilman Shyne: Right.

Mayor Glover: At that point, it goes back to them for affirmation. It doesn't go back to them for the process itself.

Councilman Webb: As I said, we haven't had anybody beating down our doors and this one we're (inaudible), and I think if they want our business, if they want to drill on it, they'll come forward and bid on it, and I think it's going to be very competitive, just like it was with the Parish. I truly believe that.

Councilman Long: Well I just was going to say, if we don't like the bid that the final outcome of the Mineral Board auction, that we can reject it.

Ms. Glass: Mr. Chairman, I don't think that's correct.

Councilman Long: Oh really?

Ms. Glass: Well possibly in a situation Mr. McCotter mentioned the last time where if a City Representative goes down there at the bid opening, but I did determine I think you all received my email this week that we did determine that the leases do not come back to the city for the Mayor to sign, or the Council to approve.

Councilman Webb: Yeah, right I got your email.

Ms. Glass: Once you've sent it down to the Mineral Board, they have the authority to award the bids and sign the lease. Now whether you could stop it at the point before they sign the leases, I don't know, but that would be contrary to the Council resolution which was we want this bid out at these minimums.

Mayor Glover: And I think you all have unfortunately diminished our negotiating position. Because while we are facing challenging times as a city without question, fiscally we are better off than lots of other folks in lots of other places. And we are

managing quite well under the circumstances that we are in the midst of. Statements that you all have gone on record in open and public meeting saying that we're broke, we need money and all of those other sorts of things, that put you in a very, very, very diminished position from my perspective as both a citizen and as the Mayor of this City, when it comes to engaging in these types of financial dealings and negotiations. And so, that's part of the reason as to why I think that there might be some better scenarios for us to discuss which I suggested at the last meeting, Mr. Chairman and Members of the Council, that we have some discussion and dialogue about that before you all decided that this was a process and situation and a circumstance that did not need any input or consultation with the Administration, was one that you all could directly independently and in and of yourselves. And that's obviously no how anything like this should be engaged in, and the kind of comments that have been made here today are not the type that should be - - -

Councilman Webb: We're just doing our job Mr. Mayor.

Mayor Glover: That should be made when we're talking about dealing with these types of matters. Because if I'm in this particular business and I'm looking at this particular process, then one of the things that I might be inclined to say, well hey we bid \$7,000 per acre, and whatever for a percentage of the royalties for the guys with the Parish, but according to the City, they're in desperate need. So, let's give 'em something that'll make it enough to get them to agree to, but certainly not make it reflective of what the true value is. And to me that's not an appropriate thing to do.

Councilman Webb: I'm not going to bid \$3,000 if I think somebody else is going to bid \$3500 and take it away from me. And somebody else is not going to bid \$3500, if somebody else is going to bid \$4,000. So, we've got that scenario as well, so I mean, we could sit here and you can say if and if and if all day long, but Councilman Lester, go ahead.

Councilman Lester: Thank you Mr. Chairman. My question, and I'm listening, and I think I may understand where the Mayor and the Administration is coming from, and I think I understand where the Council is coming from. I guess my question would be these to Ms. Glass and to Ms. Scott. As I appreciate it, the process dealing with the Mineral Board is basically we would turn over, would it be a fair statement to say that we would delegate to the Mineral Board our authority to lease our minerals based upon a defined set of parameters that the City Council set? In other words, so long as someone gives me this minimum amount and this minimum amount as it relates to the royalties, and this minimum amount in terms of the up front payment, whoever gives me the best deal of that, at this time, I'm locked into agreeing with. Would that be a fair characterization of the Mineral Board process?

Ms. Glass: I would think so. I don't see Ms. Scott saying anything contrary to that.

Councilman Lester: Terri, Ms. Scott, would that be a fair characterization of the Mineral Board process?

Ms. Scott: What we do is, we ask the Mineral Board to handle the lease sales, the bids for us. Now again, this goes back to my response to the Mayor's question. At what authority, however do we have to reject any of the bids that were received by the Mineral Board on all of the parcels, or only on certain parcels, I'm not sure Mr. Lester. And I'm

trying to contact Mr. Frazier now to see if he can get here. Because I think that's a critical question that needs to be determined. But I agree with your comment that to a certain extent, we delegate and request the State Mineral Board to act in our stead to handle the bids for these particular properties. Along the parameters that we've set up in our legislation.

Councilman Lester: Right. So, if someone were to come in and say (inaudible) make it easy, you know, \$100 per acre, 25%. Company X comes in at \$200 and 25% that is above what our minimum asking price was on both of those, so it meets that qualification, and their bid of \$200 was more than the other three companies that did \$150 or whatever, would it - - - I guess my question would be if we would be bound by that agreement? Because if that is the case, I may understand where the Administration is coming from in terms of that process. Now the other side of the coin is, in as much as we are a public body, I don't know listening to what Mr. Malone said, whether or not there is the ability for the city as a municipality body to enter into negotiations with a sole source, or a single individual beyond a bid process. I still think that either way we go, would it be fair to say that there has to be a bid process?

Ms. Scott: Yes sir. There are two approaches that can be taken.

Mayor Glover: Mr. Chairman, can I interject just one second?

Councilman Webb: Go ahead.

Mayor Glover: And let me offer this perspective. Terri, would it not be probably more akin to an RFP process as opposed to a bid one, based upon the variables that are at work under a situation like this one?

Ms. Scott: We would request bids from interested companies in coming to lease the properties. It would be a bid, because they would be actually soliciting or submitting a bid to us, a competitive bid, to us for those particular parcels. Now, if we decide that we're going to handle the solicitation or the invitation for bids, then we could do that. Once we've received them, we evaluate each of the responses that are received, then we would then submit that information to the State Mineral Board. That's one scenario. The other scenario is that we could actually request the State Mineral Board to actually handle the bids or the solicitation for the bids on our behalf subject to the conditions that we would impose on that invitation for bid. Which is this process that we're using. But again, there is a second process that allows the City of Shreveport to actually go out and seek bids or solicit bids from perspective companies to lease it's properties. Those properties would then be submitted to the State Mineral Board. Two process, but as Mr. Frazier pointed out at the last Council Meeting, if we use the process whereby the City handles it, you still end up going to the Mineral Board and that is requires by state law.

Councilman Lester: Okay.

Mayor Glover: And I guess the point I'm making here is that because of the unlike a hard and fast bid, where you draw up specifications, and you know based upon what the number is in terms of the price given, (inaudible) qualified, then that is the individual who is the lowest qualified bidder. Under this situation where you could as I mentioned earlier, come in with combinations or variables that may include higher bonus per acre, lower royalty, higher royalty, lower bonus per acre, then what process would we use to make a determination of which of those would represent the best and greatest value for the city?

Ms. Scott: Again, our determination as to whether or not we want to look at the long term pay out, and look at the actual royalty payments that we would receive, and again, that would be dependent on the amount of acreage that's involved with these particular bids. But whatever considerations that we make, it would have to be uniform and across the board. And if we decide, if the City decided that it was going to handle the solicitation for the bids on it's own, then we also could include some of the same conditions that would be included in this resolution, or a resolution where we ask the State Mineral Board to handle the solicitation for us. We set up parameters, and conditions in our own solicitation. It's just a question of who handles it. Us or the Mineral Board.

Councilman Webb: Hold on just a minute, lets go back to Councilman Lester. Go ahead Councilman Lester.

Councilman Lester: Thank you Mr. Chairman. I think where I'm going as I listen to what you have said, what Julie has said, and what Mr. Malone has said, it seems to me that it legally doesn't really make a difference whether or not the State Mineral Board handles the solicitation or the City handles the solicitation. Because as I appreciate it, No. 1, if the City wants to handle the solicitation, then there still has to be a set of parameters in terms of what a minimum is per acre, what a minimum is for royalty. So, in that respect, both processes are the same.

Ms. Scott: And you just used the key words. State law provides for two processes.

Councilman Lester: Right.

Ms. Scott: One that the State Mineral Board would handle, the other that the municipality could handle its own bid.

Councilman Lester: Okay. Alright, so the next level is there is a solicitation that is sent out, both from the municipalities - - - on the municipalities I guess would be their letterhead. Using the state process, that solicitation would go out on the Mineral Board's letterhead, and they would say okay, this is what XYZ municipality as a minimum. The bids are due back at this particular time, you know to be sealed and opened, blah, blah, blah, blah. And, that would be the same thing as it relates to the municipality in terms of the way we handle our open solicitation process. So, on that level, I think we're talking about the same thing. Okay. The next thing would be when the bids are opened and received, then at the State Mineral Board, an evaluation is made by someone or their staff as I appreciate it, to determine of the bids that were received, what is the best offer, i.e., looking at the two variables, 1) the minimum - first, if you meet the minimum, then you get to play. Okay, that's done. Then the next thing would be how much per acreage, and then how much per royalty. And at some point, someone determines on that board, which of the offers that met the minimum were the best. Would that be a fair characterization?

Ms. Scott: Yes.

Councilman Lester: Okay. If we were to deal with the City process, then at the same time, someone would also similarly have to look at those bids that were offered, and No. 1, the first threshold would be whether or not they met the minimum. Well, everyone that meets the minimum goes onto the next stage and then the next conversation would be given what the minimum in terms of what the acreage is and what we were

asking in terms of the royalty percentage payment, someone here locally would make that decision in terms of what's the best?

Ms. Scott: We would then rank those bids.

Councilman Lester: Now.

Mayor Glover: Let - - -

Councilman Webb: Hold on a minute Mayor, I'll give you a minute.

Councilman Lester: I've taken a long time to - - -.

Councilman Long: I'm going to place a call down there and talk to somebody.

Councilman Lester: Okay, well you know what go ahead.

Councilman Long: To answer your first question right now, excuse me Terri. I asked a question of somebody at the Mineral Board. She indicated that in a situation where you get - - - somebody offers a higher lease bonus, and a lower royalty, and the other guy offers a higher royalty and a lower lease bonus, staff geologist sit down and analyze that. And use technical data relative to the potential recoveries of the zone, and all that to arrive at some economic number to determine which is the better bid.

Councilman Lester: So basically what happens is someone sits down over a period of time and says okay, given the fact that we believe that this play is going to be 20 years, we look at what the percentage recovery is over the 20 years, add that to the what the - - - and then someone - - -

Councilman Long: Do a calculation.

Councilman Lester: It's a mathematical formula.

Councilman Long: Yeah, you got it.

Councilman Lester: So, someone - - -

Councilman Long: Staff geologist.

Councilman Lester: Okay, there is a way to rank that? Alright. So going back to where I was, in and as it relates to the City, it appears that someone with the City I would imagine would have to do that same thing. Because again as Councilman Long said, you would look at the acreage, and the bonus, and then the percentage over a period of time, and it's a mathematical equation. And you would get a number. And one number might be \$200, the second number might be \$201 and so the bid that's \$201 would be the best bid, because it is over a period of time, it might not meet what you want in the short term, but in the long term it was the better number. So going back to that, aren't we - - - wouldn't we still be in a position that, that bid that monetizes out to \$201 with our process as well as that bid, that same exact bid that monetizes at \$201 at the State, wouldn't we be bound, and I think the answer to that is we would be bound, to accept that same \$201 bid in Baton Rouge as we would if that bid process came through our process?

Ms. Scott: Again, that is the analysis that the state would use. I believe that the city would have some latitude to determine which bid we would consider to be the highest and bid for us. How we determine that is still subject to discussion on how we determine if in the case of a higher bid on a royalty versus a higher bid on a bonus payment, we would determine which would be the higher bid.

Councilman Lester: Okay.

Ms. Scott: What factors we would use to make that determination.

Councilman Lester: I guess, I guess where I'm going with this is this. At some point, whether or not the bid was determined to be the best bid in Baton Rouge or is determined to be the best bid through our process, lets take which bid is the best out.

Ms. Scott: Whatever process we'll use though will have to be a process that we can quantify that is subject to some mathematical calculation.

Councilman Lester: Right. I guess where I'm going is this. With all due respect to the Administration and to the Mayor, I think that regardless of which process we use, I think we're still bound. My question is and where I'm trying to go is, we're still bound to accept the best bid?

Ms. Scott: Yes.

Councilman Lester: So, irregardless of whether the best bid is the \$201 monetized over a period of time in Baton Rouge or the \$201 bid monetized at the city level, I think the best we are required to accept the best bid. Because we are a public municipal body. I don't think that this falls in the category of an RFP, or RFQ where there is a scenario where we can - - - where there is a subjective quantity to it. I think by nature of what we're dealing with I think we're honor bound or not lets say honor, I think we are bound by the statutes to accept the best bids. And I guess, for Ms. Glass and whatever, and not getting to the Mayor, if that be the case, then the question becomes who determines what is the best bid. And if the Mayor's concern is who determines the best bid, then would not, could not we address what his concern is relative to what is best by saying in our document that goes to Baton Rouge that the bid from Shreveport, in our mind, that would be the best bid would be the bid that monetizes the most to the city over the period of the lease.

Ms. Scott: Mr. Lester, I believe Mr. Long just provided the answer to that. That the Mineral Board and it's staff already has a process where by they make that determination. Based on if there is any conflicts so to speak, with regard to the minimums that are requested and if there will be the same minimum that are provided or offered by competing bidders. I think Mr. Long already indicated there is already a process for them to do that type of analysis, to determine which bid is in fact the higher bid.

Councilman Webb: Point of order for a moment. I'm lost my quorum here.

Councilwoman Bowman: Oh, I'll go and get 'em Mr. Chairman.

Mayor Glover: More importantly you may have an illegal meeting going on in the hall.

Councilman Lester: Right.

Councilwoman Bowman: Hey, I'm (inaudible) sunshine. Hey you guys.

Ms. Glass: Mr. Chairman, I will mention that the resolution does while the resolution will be incorporated in Amendment No. 1 does say that the authority to the Mineral Board is to accept the best bid.

Councilman Lester: Okay. Well, let me say this. Knowing that the Mineral Board has a process that calculates what's the best recovery to the City, over a period of time, and in my mind in talking this, walking through this, in conversations with both Ms. Scott, Ms. Glass, and Mr. Malone, I really don't see how there is an appreciable difference using the municipal model or the Mineral Board model, at the end of the day, I don't see it. Because if we were to calculate here what is best, what is the best offer, then

we would at some point, we would still have to qualify and quantify that. In other words, lets say if the city's goal is the most in up front recovery, if that's what our goal is, to get the most cash on the bid, then should not we say in our submission to Baton Rouge, as well as if we were doing here that in our minds, the best deal for the city would be that deal that meets the minimum, but that also brings in the most to the city? I mean, I think we would have to - - - wouldn't we have to say that?

Ms. Scott: Well, if we're saying in the resolutions that they're authorized to accept the best bid, maybe the word that's missing there is 'highest'. And in the Mineral Board's mind, the best bid may be the highest bid. And so, I don't know that it's necessary for us to say we want you to basically accept bids that guarantee the highest money being paid to the City of Shreveport. That's already stated in the resolution.

Councilman Lester: But then, again, you know in our profession, we can argue over what it means, when it gets down to what is the best - - - I mean the highest bid, someone may offer a higher royalty and a lower up front payment which monetizes over time, might be wind up with more money coming into the city coffers, but if the city's goal is to get the most money up front, then that's not the best offer, or that's not the highest offer. And I guess my question is if that's our concern, then could we not answer that by saying in our defining those actual parameters. Because as I appreciate it, the only thing that the Mineral Board is going to do, as I appreciate it, they're going to take what we give them. We give them the key by which to grade the test. And everyone is going to take the test, and based upon the answer key that we give them, they're going to score the exams. And if we want to give more points for neatness, then we need to say that we give more points for neatness.

Ms. Scott: But the resolution already provides for minimums. Minimum bids and the two critical issues here are on bonus and royalty payments. The original resolution as well as one of the amendments also provides for minimum payments that would be due to the city. If we want to make sure that we get a higher bonus payment, then we need to raise the minimum. If we want to make sure that get higher royalty payments, throughout the term of the lease, then we need to raise the minimum.

Councilman Lester: But even if we raise the minimums, all that does is raise the floor. That doesn't say anything to the ceiling.

Ms. Scott: If your intention however is to get the highest bonus payment, that's one time money, and your intention is to get the highest one time money, then it's incumbent for you all to determine where you think that limit is, and to raise your minimum to that amount. The minimum is just that. It is a minimum amount. But it does not preclude any bidder or perspective bidder from coming in offering bids in excess of that amount. It just sets the floor. It does not set a ceiling.

Councilman Lester: Right, and I'm perfectly aware of that, but my concern is in terms of what the ceiling is. Again, I don't have any displeasure, nor do I have any discomfort with us submitting what we have now today to the Mineral Board. I don't. I want to make sure that we flush out some of those issues at this stage, so at least in my mind, I can feel comfortable that I asked the questions that I asked. I say that because you know once before some of us, and I guess my colleague to my left and I were berated because we went through a process before that was the State Mineral Board's process twice and got what the going rate was at the time, and we were excoriated because, how

dare you, how could you have accepted that particular amount? How dare you have done that? But you went through the process twice, and you accepted what the going rate was, so I just wanted to make sure.

Councilman Shyne: Point of order. I mean, this has been going on 30 minutes.

Councilman Lester: Well with all due respect Mr. Chairman, I was not here at the last Council Meeting.

Councilman Shyne: That's not our fault.

Councilman Webb: We didn't discuss it - - -

Councilman Lester: Well I mean, if you want to cut me off, cut me off, that's fine, but I just want to get my questions answered. And I would certainly not (inaudible).

Councilman Webb: Well you're not asking questions, you're making statements.

Councilman Lester: Well I am at this point, but you know I'm having a conversation with you right now. I was in the process of trying to get some clarity on some things. I mean far be it from me to stop Joe Shyne from his colloquy, so.

Councilman Shyne: But I cut mine short.

Councilman Lester: When?

Councilman Shyne: Six minutes at the most. This has been going on 35 minutes. I've been out and used the latrine.

Councilman Webb: You got a final point you want to clarify, go ahead.

Councilman Lester: I mean, with all due respect Mr. Shyne, your reputation for brevity is not very well done.

Councilman Shyne: Why don't you speak to the lawyers and leave me out of this right now.

Councilman Lester: Well I'm trying to leave you out of it, but I'm just trying to exercise the - - - to do my job as my council colleague, yeah.

Councilman Webb: You got a final point you want to clarify?

Councilman Lester: Yeah, I appreciate that. Thank you for your Solomon-like indulgence. I think the thing that - - - my concern was that we have dotted those "I"s and crossed those "T"s. And at the end of the day, again, I'm not necessarily concerned about it, because I think the process is what the process is. So, I appreciate the answer to that question and certainly the information that Councilman Long has provided, giving me some level of comfort. I just want the record to be clear as we deal with those issues, that you know our faith in the Mineral Board now, versus our disdain for the Mineral Board process is just somehow interesting for what it's worth. Thank you Mr. Chairman.

Councilman Webb: Thank you. I would like to ask the Council, we've already passed the public comments portion of the agenda, but we do have two people that have filled out cards that wanted to speak on this resolution, and at this time, I'd really like to allow them to come up to speak without any objection.

Councilman Long: Well Mr. Chairman, we do have a motion on the floor that we need to vote on. And also

Councilman Walford: And my comments are on the motion.

Councilman Webb: Do we have to vote before we suspend the rules, if a motion is on the floor?

Councilman Lester: How about this Mr. Chairman, since I made the motion to start this, I will withdraw my motion to consider this so that we will allow the public to make comment prior to our vote.

Councilman Webb: Who seconded it?

Councilman Walford: I did.

Councilman Webb: And you withdraw you second? Okay, well then lets suspend the rules to allow the two comments on this.

Motion by Councilman Shyne, seconded by Councilman Long to suspend the rules to allow public comments.

Councilman Shyne: And Mr. Mayor, you and I no longer hold the record for verbiage in the Council Chamber. It was broken today. And it goes all the way back to the Hazel Beard Administration, when you and I first came on the Council.

Councilman Lester: I might break some more records before it's over with Mr. Chairman.

Motion approved by the following vote: Ayes: Councilmen Lester, Walford, Long, Wooley, Webb, Shyne, and Bowman. 7. Nays: None.

Mr. Ken Krefft: (157 Archer) A little unusual on a Friday. My main concerns are three-fold in this process, that we get something. We're not broke, but we're hurting. I'm glad a year ago, we didn't budget like the lady from one of the Arts organization said, when we get all the money from the October 10th mineral leases, because I think her agency was one of those that, that was cut. And that my main concern is whatever we can get through whichever process. My second concern is to try to put as much of it as you can in the reserve. Out bond rating's taken two hits, may take a third. It's not like '98 when we were the highest bond rating. We've paid a lot of extra interest. We're going to pay about \$89,000,000 in next year's budget in debt. The highest bond rating by my calculation would save us several hundred-thousand dollars, about another thousand dollars an acre on the minerals y'all want to lease. I know we want to open pools never summer of 2010, and we want to do some things we couldn't do this year, but really, that budget reserve has slipped and should be shored up again. And the third and the final point would be I don't want to get too hung up in the details of whether we got a (inaudible) royalty or a reduced royalty over a per cent, over 25 of 26. But I do think this is a good time, and as long as we get a reasonable track. And we don't want to go back to a dollar an acre like a prior administration.

Councilman Shyne: I just wanted to make a statement, when you said that the city isn't broke, I hear the same thing from a lot of city employees and they say well Joe, you all are not broke, y'all just don't want to give us a raise. So, you know it's kind of a Catch 22, so if you understand what I'm saying. I guess it's good to say that, but then again, if they print it in the paper, and the city employees see that, I know they're going to call Joyce, and they're going to call me, and say Joe, you see, we haven't gotten a raise in the last three or four years. You all are not broke. Y'all just don't want to give us a raise. My thing to them is we just don't have the money right now to give you a raise.

So, if we have the money to give them a raise, I'd like for us to give them one. And I think Bryan heard that a long time that didn't have the money to open the Fire Station up?

Councilman Wooley: But it's open.

Councilman Shyne: Yeah, it's open. So, now the other part you said, you're right. We really need the money. Now, I don't know if you remember the governor of California kept on saying California was alright, and they're \$28.6(billion) in debt. So you hear folks say it's alright, it's alright, and you look around, and you're in a hole. I appreciate you coming down and I really enjoyed what you said.

Mr. Krefft: Are y'all going to pursue it and hopefully, when we open, and I don't think it has to be in October, no offense. If we missed a month, and we opened in November, we would still have a figure by which we could appropriate, by the mid December for next year. October is certainly preferable, but I don't think it has to be in October. I think November is less advantageous, but not too late. If we lose a one month cycle.

Mayor Glover: Mr. Chairman, can I make a comment to Mr. Krefft before he takes his seat?

Councilman Webb: Yeah, go ahead.

Mayor Glover: Ken, I want you to know that if the city maintains the current pace that we're on right now, and we're just past the mid year, the city's reserve is going to be twice what we started out on, and it goes from around \$3,000,000 to somewhere north of \$6,000,000. So, we're on sound fiscal footing right now.

Councilwoman Bowman: Mr. Chairman, I sure would like to get this Point of Order. Mr. Mayor, thank you for telling us that in this meeting setting, because as you well know, we'll holler we're broke if somebody is holding the information back and don't tell us what's actually taking place. Thank you.

Mayor Glover: I don't understand your statement Councilwoman.

Councilwoman Bowman: You understood it.

Mayor Glover: No, I don't. I got my information the same way you all have.

Councilman Webb: Come up Mr. Farley and give us your name and address for the record.

Councilman Wooley: Point of Order Mr. Chairman. Point of Order Mr. Chairman, Point of Order Mr. Chairman.

Councilman Webb: Go ahead Mr. Farley. Mr. Farley come up to the mic and give us your name and address.

Mr. J. L. Farley: (326 Medowbrook) I am here as the President of the Captain Shreve Neighborhood Association. And as the Vice-President of the Shreve Center Coalition. And I seem to have this affect on people, they just get up and leave when I start talking. We would want in no way to derail anything towards this sale, but we realize the city needs the money, and we don't want to be the Grinch that stole Christmas here. We do want to, on behalf of both my neighborhood group and our coalition which is comprised of 40 different neighborhoods in Southeast Shreveport, thank Mayor Glover for his support of the neighborhood associations, and thank the City Council for any consideration they give in which groups such as the coalition seek to organize for the bid of maximizing the individual property owners benefit in selling his mineral rights. And

that's our sole purpose as an organization. We wish you good luck and thank you very much for letting me speak.

Motion by Councilman Shyne, seconded by Councilman Walford to go back into regular session. Motion approved by the following vote: Ayes: Councilmen Lester, Walford, Long, Wooley, Webb, Shyne, and Bowman. 7. Nays: None.

Councilman Walford: I'd make a motion to adopt Amendment No. 1.

Councilman Long: Second.

Motion by Councilman Walford, seconded by Councilman Long to adopt Amendment No. 1 to Resolution No. 130 of 2009.

Councilman Walford: Could I finally get to speak?

Councilman Webb: You get to speak Mr. Walford.

Councilman Walford: I was beginning to wonder. I'll be very brief, I would like to see us adopt Amendment No. 1. Following that, I will make a motion to not adopt 2 and 3, and I will be introducing a 4th amendment that will set a higher minimum.

Councilman Webb: Your Amendment No. 1 is what?

Councilman Walford: It is the corrected resolution. The one we just did all the discussing on.

Councilman Long: While everybody was talking earlier, I went and we looked up a phone number for the Mineral Board and I called down there and start asking questions. Okay? And this is what I found out. And this is not in depth or in detail, but the bottom line is this. If you go through the Mineral Board process, you know and whatever your minimum amount that you set, if the bids that come in meet that minimum or exceed it, then you have to go with the highest, what they deem to be the highest bid. There is no backing out. What happens, happens. You're bound by it. She further informed me that if we as a city, and this is what the Mayor has been alluding to, is that if we went out and did the same process, and that we have more flexibility, and we could potentially reject the bids if we don't like any of them, for whatever reason. So, but ultimately what does have to happen, if we do accept a bid, doing it on our own, by our own actions, we do have to go down to them and get approval, or I guess it's more or less rubber stamp approval from the Mineral Board, cause they just want to make sure that what we've done is reasonably accurate and correct, and that was sort of a nutshell of what she told me. Okay? And then I asked the question that answers Councilman Lester earlier about what happens if this (inaudible). He sits down with a staff geologist come in and they do some volumetrics and some math and some calculations in what they think is the best offer. So, you know I guess and my concern about all this, is that to me, granted we're not broke, but we could sure use the money, is that what by virtue of what process is going to put us in a situation that we can account for several things. 1) That we do realize the most amount of money and not most amount of money, but the most amount of value given what our needs are at this moment in time. The second thing is that from the oil company perspective, where - - - what are they comfortable in dealing with, with regards to this process. When you go to the Mineral Board process, there is a certain amount of

assurance that what happens there is everything is done properly, the openness and all that, that Mr. McCotter alluded to is all there, but there is also some other assurances that as far as the proper documentation and all that be the gas/oil companies whoever feel comfortable knowing that what they get is what they're going to get. So there is a certain amount of confidence shall we say or integrity in that process. So, whereas right now the city is, it's not that we couldn't attain that same level of confidence or integrity, but we're not there yet. I mean this is something, this is our first one that we're doing. So the question becomes in lieu of us cranking up our own sort of Mineral Department right now, which again is something that we should probably be looking at, at some point in time. But right now, the Mineral Board process is here in front of us. So again, these are the factors that are going to go into my decision as to what's going to go on today. The other part of it about, and this is what Councilman Walford is referring to is possibly raising the minimum, given that we think that we want to make sure that we get reasonable value for our land, and mind you this is the first 700 acres of how many acres that we know that are in play here, potentially 6 or 8,000. So it's a significant portion of it. So and from that standpoint, we want to try and make sure we realize good value. But in the same breath, you have the market at work. So how do you balance these needs and these situations in order to achieve the final affect of trying to get the best value you can, and not give up anything, yet not have the (inaudible) make sure you're still in a position that the market's willing to play and be a part of that process. So again, that's the part to me, the whole challenge of our decision here today is trying to negotiate that. Given what, and my personal opinion is, given where we are today, I would feel more comfortable in going to the Mineral Board process right now for this particular situation. But in the same breath, and I think this is where our discussion back stage here a while ago, was that maybe we raise our minimums so that we have a minimum expectation of what we might realize from the sale and in the hopes that if we set it to \$5,000 that hopefully, we are comfortable knowing that we'll get at least that much. Because you know that's what \$3.8(million) for 740 acres. So, if we're comfortable with that, then lets go with it and be done with it.

Councilman Shyne: I'm convinced. I ask for the vote.

Councilman Long: Then we can explore going out and doing it ourselves for future tracts.

Councilman Shyne: I'm convinced because we've been kicking this dog around.

Councilman Long: So that's my comment. I'll leave it right where it is.

Councilman Webb: Councilman Lester?

Councilman Shyne: Oh Lord, deliver me.

Councilman Lester: He will Joe, stay prayerful. Thank you Mr. Chairman.

Having listened to the conversation and I appreciate Councilman Long, the expertise that he brings to this particular scenario. I think he's exactly right, with all due respect to the Administration, I do think that given where we are right now is probably I think in the long run, probably going to be in the city's interest to adopt some sort of policy where we deal with these parcels of land that are going to be put into play in a fashion that gives the city greater latitude. Certainly I don't think that this gives as much latitude as maybe we would want to change what our goals are relative to more up front versus something longer over a period of time, but at the same time, I do believe that the state Mineral

Board's processes are accurate. I think they have improved over time, and I certainly support them. I supported them previously when we went back before the Mineral Board in the previous Administration, and the market is what the market is. And so I certainly support what this resolution entails and where we're trying to go. And so, moving forward I do think that we need to have more conversation in terms of crafting a policy where we have more control over the lands that we nominate, but where we are right now is - - - we're not desperate certainly by any means of the imagination, but this is probably not the best time for us to venture out on our own. And if you hadn't been listening, that's what I was saying the whole time some of my colleagues. But I guess I like the other gentleman, I guess I have that effect on folks. Thank you Mr. Chairman.

Councilman Shyne: I call for the vote.

Councilman Webb: Okay, any further discussion? Okay, lets vote on the Amendment No. 1.

Councilman Shyne: Ooh, thank you Jesus.

Councilman Walford: Okay, Mr. Chairman?

Mayor Glover: Mr. Chairman? Again, for clarification, what did Amendment No. 1 do?

Mr. Thompson: This amendment clarifies that the resolution authorizes the Mineral Board to execute the leases.

Motion approved by the following vote: Ayes: Councilmen Lester, Walford, Long, Wooley, Webb, Shyne, and Bowman. 7. Nays: None.

Councilman Walford: Did that pass?

Councilman Shyne: Yes.

Councilman Walford: That passed 7-0 right?

Ms. Johnson: Yes sir.

Councilman Webb: Passes with a 7-0 vote.

Councilman Walford: Mr. Chairman at this time, I'd like to introduce Amendment No. 4. And if I could ask you to just pass those down?

Councilman Shyne: I'll second that.

Councilman Walford: This amendment sets a 25% minimum at a minimum per acre of \$5,000 and if I get a second, we'll - - -

Councilman Shyne: You got a second.

Motion by Councilman Walford, seconded by Councilman Shyne to adopt Amendment No. 4 to Resolution No. 130 of 2009.

Councilman Walford: I think that gives us the insurance that we talked about that we're not going to lease our property for a \$2,000 minimum or a \$1500 minimum. That would be like Councilman Long said about \$3.8(million). If we get what Caddo got, we'll have \$5.1(million). But I think we would be very comfortable going with a \$5,000 minimum, and I urge your support.

Mayor Glover: Mr. Chairman, you have a copy of the amendment for the Administration?

Councilman Shyne: I'll take him mine.
Mayor Glover: Terri, do you have a copy?
Councilman Shyne: Here Terri, here Terri, here please. Okay.
Councilman Webb: Joe, today is not your anniversary is it?
Councilman Shyne: No.
Councilman Lester: Ain't this the same Joe Shyne that says 'However long it takes, I'm here to serve the will of the people'?
Councilman Webb: That's what he said, when he was sitting under the Chair's seat, wasn't it?
Councilman Lester: I guess the will of the people is different on Friday.
Councilman Shyne: It is.
Councilman Wooley: I just wanted Mr. Walford again to clarify why you think - - - what makes you think 5, I guess is what (inaudible)?
Councilman Walford: Well I keep hearing the concerns that we might get \$2201, somebody meeting the minimum, and I think we'd be very comfortable with the bidding starting at \$5(thousand), and I hope it reaches \$6978, like Caddo.
Councilman Lester: Or \$8(thousand)
Councilman Walford: Mr. Shyne is very greedy. Go ahead, 10?
Councilman Shyne: Don't say that. I'm a Christian, I'm not greedy.
Councilman Long: I'm just thinking out loud here, my concern is if we go too high, is that we will - - -
Councilman Webb: Scare off the bidding?
Councilman Long: Yeah, I think we'll scare off some bidders, I really do.
Councilman Wooley: And I have to agree with that. I am concerned about that.
Councilman Walford: Mr. Chairman, Caddo went from a low of \$2200, which we don't want, to a high of \$6978. I don't know what the bids were in between, but - - -
Councilman Wooley: And I think that my thought on that is that it gave them room, because they're competing. They themselves are in the competing process, so somebody started on the low end, wherever that low end was, I guess it was (inaudible), and then from there, they played the bidding war. You start high, they may just - - -
Councilman Walford: I don't think they bid, they just put in - - -
Councilman Wooley: They put in a bid, but I'm just saying I think I go along with Councilman Long. There is some concern there.
Councilman Long: I think that, I'm sorry go ahead.
Councilman Webb: Councilwoman Bowman, you had a comment?
Councilwoman Bowman: Councilman Walford?
Councilman Walford: I don't have anything else. I'm comfortable with 5.
Councilwoman Long: I just think that I agree that maybe 1500 might be a little bit too low, but I would think, I would be comfortable somewhere like about \$2500. That's just me. You know?
Councilman Webb: You want to make a motion?
Councilman Long: Can we do that Julie?
Ms. Glass: Yes. You have to have it in writing though. I mean are you (inaudible).
Ms. Glass: Did Councilman Walford withdraw his motion?

Councilman Shyne: Give her the same thing and just scratch out 5 and put 25.

Councilman Walford: No. I'm not withdrawing my motion, I like 5.

Councilman Shyne: Julie, if you need it in writing, could he just scratch out the 5 and (inaudible)?

Councilman Long: Well yeah, I agree with that, make it \$3000

Councilman Shyne: Now make your mind up.

Councilman Lester: I guess - - - even - - - Mr. Chairman or Councilman Long even at \$3000, aren't we still putting ourselves in a situation where the land that the city is offering that is contiguous to this property would be at - - - I mean are we saying that the land just across the line, that they bid on July 8th at \$6978 per acre is of lesser value? I mean because even if we said \$5000, as a minimum, \$5,000 at a minimum bid is less than that which was offered that was the winning bid at the Parish. Are we saying that our land is worth \$4000 less?

Councilman Long: (Inaudible) is worth more than that. But I guess my point is that, one thing about this situation, each section stands alone as a rule. Each section, cause every section is considered to be a unit right now in the Haynesville play, as a gas unit, okay? So, it depends on what a particular company's position in that section is going to be after whether they perceive as putting more or less value on it, okay? I guess the question really what it boils down to here today, is if we're going to lease what's the minimum absolute expectation that we could try to hope to realize, you know? And then again the bonus is just the bonus. The real money in this whole deal is going to be to the royalty. Okay? That's where the real money is.

Councilman Shyne: Well, lets vote on it. You said 3?

Councilman Lester: But I guess Councilman Long, if the real money is at the royalty, then why are we even having conversation against what Councilman Walford said, in terms of what the bonus is? Because the bonus that he as amended his (inaudible) is less than that which was 1. And for us to continue to have this conversation almost - - -

Councilman Long: I know, but my point if you listen, I'm going to go back to the point that each section stands on it's own. Because Petrohawk, 1) bid on these sections here, they may have had a significant acreage position in those sections as opposed to other areas where they are now, which it may be that Chesapeake has a significant acreage position there. I don't know. I haven't checked that. I couldn't tell you as I'm standing here. But - - -

Councilman Lester: But even assuming, and I don't think it's much of an assumption that Chesapeake has an interest, a large interest in this particular area versus someone else. Certainly due to the fact that they are the interested party, or at least the party that has been the catalyst for this conversation, wouldn't we not be discharging our fiduciary duty to the city to make sure that that which comes before the Board is the highest?

Councilman Long: Well I don't disagree with that, but in the same breath, there is a real possibly, possibility that there may be no bid on it again. And then we're right back where we started.

Councilman Lester: What? I mean, if that be the case, then we would then take it back out and tailor our scenario. I just think if the winning bid and land that was

contiguous was \$6900, I don't think \$5,000 should scare folks off particularly if they're interested.

Councilman Shyne: Mr. Chairman, Councilman Long, if you're going to go with the 3, lets vote on it. If Councilman Lester is going to talk you out of it, tell us, and we'll go with - - -

Councilman Lester: I got the power?

Councilman Shyne: Yeah.

Councilman Lester: I got the power?

Councilman Long: Alright, I'd like to put a substitute motion for \$3,000 an acre.

Councilman Wooley: Second

Councilman Shyne: Okay.

Ms. Glass: Mr. Chairman, that has been prepared as Amendment No. 5.

Substitute motion by Councilman Long, seconded by Councilman Wooley to adopt Amendment No. 5, for \$3,000.

Councilman Webb: I'm open for discussion. Do we need that in writing passed to us?

Ms. Glass: The only legal requirement is that the Clerk has it, unless you want us to - - -

Councilman Long: You've got it.

Councilman Webb: Any discussion?

Councilman Long: Vote it up or down.

Mayor Glover: Mr. Chairman, I'd like to make some comment to you. This may be a point where we get a chance to get some clarification in terms of what role the Administration plays within this process. Because I was heartened and pleased to see that Councilman Walford was willing to move forward with the amendment that he offered. I think that's part of what should have been a part of our deliberative process between the Council and the Administration before we got to this point, so that we could have had some of the give and take that's been done here this afternoon. Because that's one of the areas and one of the issues that's a concern for me. I can tell you looking at the maps, that have been so graciously provided to us by Kevin McCotter and the folks at Chesapeake, I would be highly, highly reluctant as the Mayor of the City of Shreveport to know that there has been activity on property within this type of proximity to the City of Shreveport property that goes for a value of \$7,000 per acre, and what royalty Kevin?

Mr. McCotter: 25.

Mayor Glover: At a 25% royalty, and to know that we are putting ourselves in a position where property for the City of Shreveport could go as low as \$3,000 per acre. That to me would be like having a home in a neighborhood, and you having the ability to be able to look at the other homes within the near vicinity that are of the same approximate size and square footage, and (inaudible) your own, and deciding that you are going to put yourself in a position to accept not even half, but less than half of what those homes have gone for. I think it's highly appropriate that you all would adopt the amendment that was offered by Councilman Walford. It's one that I hope you all would give some consideration to because I will tell you, that if there is an opportunity and a

place for me as the Mayor of the City of Shreveport to place an objection in the event that we end up with bids substantially less than what's been received by what are approximations here. I mean by properties that are in approximate, or in the same proximity rather, as our property, that's going to be something that is highly problematic for me. So, I appreciate the wisdom that's been shown by Mr. Walford. I think it's one that would serve the City of Shreveport well. And I would hope that you all would reconsider what you're in the process of doing here. And if not, then what I do want to do is explore to the fullest extent possible, that I as Mayor of the City of Shreveport can have some say in terms of whether or not we do end up accepting these numbers when the final bids end up coming in.

Motion to approve Amendment No. 5 to Resolution No. 130 of 2009 approved by the following vote: Ayes: Councilmen Long, Wooley, Shyne, and Bowman. 4. Nays: Councilmen Lester, Walford, and Webb. 3.

Councilman Walford: Mr. Chairman, at this time, I'd like to make a motion for adoption of Amendment No. 4.

Councilman Webb: Which is?

Councilman Walford: \$5,000

Motion by Councilman Walford, seconded by Councilman Lester to Amendment No. 4.

Councilman Walford: In the way of discussion Mr. Chairman?

Councilman Webb: Go ahead.

Councilman Walford: Again I think that this gives us some insurance and some protection. I don't think we want to put the public's property out there to cheap. So I think this would be the way to go. And if we adopt 4, it just overrides 5. So, I would urge a 'YES' vote.

Councilwoman Bowman: So we get a chance to revote again on something else.

Councilman Shyne: Okay, let's go.

Motion fails by the following vote: Nays: Councilmen Walford, Long, Wooley, and Shyne. 4. Ayes: Councilmen Lester, Webb, and Bowman.

Councilman Webb: So we vote on - - -?

Mr. Thompson: Well as amended unless somebody else wants to offer another amendment.

Councilman Webb: Okay, so we'll vote the original?

Mr. Thompson: Well as amended by 1 and 5.

Ms. Glass: Correct.

Councilman Long: Resolution as amended.

Councilman Wooley: Second.

Substitute motion by Councilman Long, seconded by Councilman Wooley to adopt Resolution No. 130 of 2009 as amended.

Councilman Walford: Mr. Chairman, at this time, I'd like to offer a substitute motion for \$4500.

Councilman Lester: Second.

Substitute motion by Councilman Walford, seconded by Councilman Lester to adopt Amendment No. 6 to Resolution No. 130 of 2009.

Councilman Walford: For discussion, I think it's going to look a lot better if we go to the Mineral Board with a unanimous vote, and I will not vote 'YES' at the lesser figure.

Councilman Webb: Well I agree with that.

Ms. Glass: Mr. Chairman, we need that to be in writing.

Councilman Walford: There it is.

Ms. Glass: Okay.

Councilman Shyne: Question Mr. Chairman.

Councilman Webb: Yes, Councilman Lester - - - uh, Shyne.

Councilman Shyne: I can understand why you said Councilman Lester.

Councilman Lester: We both talk a lot.

Councilman Shyne: No, he just talks so much. Councilman Long, you and Councilman Wooley, do you all have any - - - I mean since the motion at \$3,000 was given - - - I'm trying to wait till - - -

Councilman Long: Are you asking me a question?

Councilman Shyne: Yeah, I'm asking you what is your position on the compromise?

Councilman Long: I'm just concerned that we'll get no bids. That's my concern. If that's what y'all want to do is go out at that level, and we get no bids, then we get no bids. It's a crap shoot.

Councilman Shyne: Right.

Councilman Walford: So is going in low.

Councilman Shyne: And I'm really - - - I have the same feeling that you have.

At this particular time - - -

Councilman Lester: Substitute motion for \$4,000.

Councilman Walford: I'll second that. Here you can have my copy.

Councilman Webb: We're at Amendment No. 7?

Councilman Lester: Yes, at \$4,000.

Substitute motion by Councilman Lester, seconded by Councilman Walford to adopt Amendment No. 7 to Resolution No. 130 of 2009.

Councilman Webb: Any discussion on that?

Councilman Wooley: I guess just for entertainment purposes at this point, I mean, I guess - - - where is the rationalization on the different numbers I suppose. I mean I know we kinda jumped all over the place.

Councilwoman Bowman: I think they're trying to get to a comfortable number where - - -

Councilman Walford: Comfort level Ms. Bowman.

Councilman Lester: With all due respect, it's not about unanimous, I just don't understand how we can look our constituents in the eye, and say that land that across the line from something that was bid at \$6900 an acre is suddenly worth less because it's in the City of Shreveport. I don't think so. And certainly if there were not interested parties, it would just something completely different than what we dealt with before, when we submitted our properties, we submitted a whole (inaudible) and there was no drilling activity. And people can say what they want to say, but the reason why people didn't hit, because there was no other drilling activity in those areas. There is a lot of drilling activity in these areas. So much so that one particular company has brought this to the Council's consideration. So, this idea that suddenly that no one is going to bid on this is a fiction. Because we've got the local folks here who are ready to do it. So, you know I just don't see how I can look my constituents in the eye and say our land is worth less.

Councilman Shyne: Mr. Chairman, Ken I can look the people that I represent in the eye and say that the land in Broadmoor and down Youree Drive is a little bit more expensive than it is on Broadway. And I don't have no problem doing that. Because I think we have to face reality. And I can look folks in the face and say my home isn't valued like the homes are out on Ellerbe Road, and ain't no shame in my game.

Councilman Lester: With all due respect, can you make the same argument that land that's (inaudible) 22.

Councilman Shyne: No, look here, I'll cut my argument off and lets vote.

Councilman Lester: (Inaudible)

Councilman Shyne: . I'll cut my argument off.

Councilman Lester: (Inaudible)

Councilman Shyne: You won. I cut my argument off.

Councilman Lester: (Inaudible) more than land in section 21?

Councilman Shyne: I give up. Alright lets go. I call for the vote.

Councilman Lester: I mean, if we're going to go the hyperbolic route, let's go the hyperbolic route.

Councilman Shyne: Alright , now we got it.

Councilman Lester: I mean, let's be for real.

Councilman Shyne: Alright.

Motion approved by the following vote: Ayes: Councilmen Lester, Walford, Long, Wooley, Webb, Shyne, and Bowman. 7. Nays: None.

Councilman Webb: Okay, that passes with a 7-0 vote.

Councilman Walford: Motion on the resolution as amended.

Mr. Thompson: For the record, that was Amendment No. 7 that was adopted.

Councilman Webb: Amendment No. 7 for \$4,000, and it was approved with a 7-0 vote and Councilman Walford has made a motion to approve the resolution as amended.

Councilman Long: And I seconded it.

Councilman Webb: Second by Councilman Long.

Motion by Councilman Walford, seconded by Councilman Long adopt Resolution No. 130 of 2009 as amended. Motion approved by the following vote: Ayes: Councilmen Lester, Walford, Long, Wooley, Webb, Shyne, and Bowman. 7. Nays: None.

Councilman Webb: And that passes with a 7-0 vote.

Councilman Walford: Councilman Shyne, that was democracy at it's finest.

Councilman Shyne: Yes.

Mayor Glover: We now have Mr. Frazier here. And I wanted it on the record for clarity sake, have some comments in terms of how this process is being rejected, if that ends up being a necessity. Could we have an understanding of that?

Mr. John Frazier: The rejection can come from the City of any and all bids, after the bid is received by the State Mineral Board.

Councilman Webb: When the bid what?

Mr. Frazier: After the bids are received by the State Mineral Board, those bids can be rejected by the city.

Mayor Glover: How would that be done?

Mr. Frazier: Mayor, mechanically I don't know. I suspect, we send them a letter, certified or overnight mail to make sure that's done. I simply don't know the particular criteria for doing it. We haven't looked at that specifically, but I'm sure we can figure that out - - -

Councilman Webb: So we can hope the bids come back high, so there won't be a rejection.

Councilman Long: Mr. Chairman?

Mayor Glover: It would be our mutual - - -

Councilman Long: John, I called down and talked to a - - - who did I talk to? I talked to somebody in (Inaudible) Fontenot's office, just how to bid a tract, and I asked these questions. And just blew out a very quick scenario, explained that this is the City versus whoever, and her comment to me was that once the Mineral Board, once those bids are opened, the high bidder gets the deal.

Mr. Frazier: Not necessarily. Because there are variables such as links, such as royalty - - - well link is going to be the same as state lease. Royalty, and variables such as bonus, that the phrasing I think actually is that you can accept a bid that's most advantageous to the public body. That most advantageous language, which you'd better be able to articulate if you take something less than the higher bid. But you can take the most advantageous one, and I think you can reject them. I don't know to whom you spoke, and that gives me concern as I stand up here saying this, but I think.

Councilman Long: Alright, my question is, did you talk to a staff attorney down there?

Mr. Frazier: No.

Councilman Long: Nobody's talked to anybody at the Mineral Board? None of our legal staff?

Mr. Frazier: I have not done so.

Councilman Long: Well hadn't somebody made a phone call down there and found this out, instead of sitting there just trying to read the law? You know and talk to the people that do this daily. I'm confused.

Ms. Scott: Mr. Long, the statute specifically provides - - -

Councilman Long: I don't care about the statute, what I care about is what they do, what's in practice down there.

Ms. Scott: Yes sir, but if what's in practice is contrary to what the law provides, then there would seem to be a question with the practice.

Councilman Long: Well possibly so, but I - - -

Ms. Scott: The language specifically in the statute that provides that the bids can be rejected. It's in Title 30, Section 148.5. The language is there.

Councilman Long: Well I'm a little - - -

Councilman Webb: Is there a time frame on it? Is there a time frame for the bids?

Councilman Long: What they haven't found out is what the procedure policy is and how it operates.

Ms. Scott: The question is what is the process to do that? But there is definitely language in the statute that provides for it.

Councilman Long: I mean, but how come somebody didn't make a freakin phone call? I mean, I'm confused by this.

Mayor Glover: Well it's you all's legislation.

Councilman Long: We're all in this together, hello? And then the situation I stepped out of the meeting and made a phone call and found out what I found out, and now I'm hearing that it's not accurate information. Because if that'd been the case, I would have definitely lowered my bid down to \$2,000 or something to get this ball rolling. You know to attract bidders to the table. You know now we're hearing with that piece of information, you know I would have definitely stuck to my guns on where I was head here earlier. I'm - - - I tell you, I'm very frustrated.

Councilman Webb: Yeah, I can tell.

Mr. Frazier: All I can tell you is what the law is. No, I haven't made the call.

Councilman Long: Well I wish somebody had before we had this meeting today. I don't mean to fuss, and I'm sorry.

Councilman Webb: What day is the Mineral Board going to be meeting? October 14th, and is that the day that they open the bids and say, this is the high bid?

Ms. Scott: Yes.

Councilman Webb: Okay. And then we will be notified the next day or the same day or whatever?

Ms. Scott: Yes sir.

Councilman Webb: What the bid was?

Ms. Scott: Yes, the day the bids are opened in October. We can get on that agenda.

Councilman Webb: Well I would very much like for this Council to be notified what those bids are, in fact, I think we're going to send a Council Member down there. Cause I'd like for us to be a part of it. So, October 14th? Okay.

Councilman Shyne: But Mr. Chairman, also wouldn't Monday be the deadline? Am I right or wrong? Monday would be the deadline for you all to turn in either \$2,000 or \$4,000, or \$5,000, I mean, wouldn't that be - - - wouldn't Monday be the deadline for the application? I'm asking Kevin?

Mr. McCotter: Councilman, yes sir. There is precedent that as long as a resolution is passed, then of course it lays over to become certified. But as long as it's passed, there's been precedent at the Mineral Board to accept the fact, there was a passed resolution that would then establish a place holder on that October agenda. So that's what will take place on Monday.

Councilman Webb: Okay.

Mr. McCotter: And Councilman Long was correct in that the higher that minimum number is, it decreases competition. The reason the Caddo Parish Commission was successful with attracting four very robust and rigorous bids - - -

Councilman Shyne: Cause that was \$1500, wasn't it?

Mr. McCotter: Was because they had a \$1500 minimum, a 25% minimum royalty, and they had the ability to reject that if they found it unacceptable. And so as we continue, or as in the wisdom of the Council, that the number continues to increase, you eliminate smaller bidders that could come in. As larger bidders, I'm cognizant of that. I'm trying to determine then whose going to be here. Whose been eliminated now with a \$4,000 minimum. And there's been a lot of people eliminated. So then the guessing game becomes challenging. If there were more bidders in the process, then it forces people to sharpen their pencil.

Mr. Thompson: How do you know how many people are going to bid?

Mr. McCotter: The lower the minimum, the more bidders.

Mr. Thompson: That's an assumption?

Mr. McCotter: That's a proven. If you were to look back Mr. Thompson at the results of State's sales, that's been documented time and time again. So it attracts more competition. Clearly with Caddo Parish, there was competition. There was high interest.

Councilman Shyne: And Mr. Chairman? And to me it seems like that would be the logic in any bidding. I mean you raise it - - - if I was bidding on a car, you know if you raise it up too high, you're not, cause I - - -

Mr. McCotter: I want competition.

Councilman Shyne: Right. Maybe I'm telling what I do at home some times, but I watch the bids on these antique cars although I enjoy it, because I don't have that kind of money. But I do watch it. And the bids are lower, you get more folks in on the bid. When you get to the high end, then you don't have anybody, but like a Michael Long, who can bid on it.

Mr. McCotter: The key is at the outset on July 13th and 14th, it was established that there's always precedence. As long as there's a representative of the City or the City Council there, there's not a lot of explanation, it's a simple communication to the Mineral Board to say, that's not an acceptable bid to us. We don't have to provide any reasons for that. The Mineral Board rejects it, for consideration.

Mayor Glover: Mr. Chairman?

Councilman Lester: Hold a minute Mr. Mayor.

Councilman Webb: Yes, go ahead Mr. Lester.

Councilman Lester: But to the point I understand what Mr. McCotter is saying in terms of competition and what have you, but if \$4,000 eliminates someone from the process, that's somebody that wasn't going to bid \$4,000 in the first place. And at the same time, your interest and my interest aren't the same. With all due respect, your interest is acquiring the leases at the best prices for you, that's most economically beneficial to you. From our perspective, our perspective is to get the leases done in the fashion that's most economically beneficial to the City. So, if we set the minimum at \$1500 and 50 people bid, but at \$1500, the 50 people bid 1600, that doesn't make me feel good. It makes me feel better that I know that at \$4,000 only the big dogs are getting off the porch. And if you can't afford to bid for our property at \$4,000, then you know again, I mean we're talking about Sections 22 and 21 or something of that nature. The number of people competing isn't the issue. I think if it comes down to whose going to give the best bang for the City's buck.

Mr. McCotter: Yes sir, and with all due respect Councilman Lester, there's risk, the higher those bid prices go, it eliminates more operators. So therefore there becomes risk involved in the deployment of capital. Where am I going to earn the highest return on my investment? With 600,000 acres to drill out of a 3 ½ million acre, I have many, many choices. I get a rig count Paul produces for me every Monday morning. By the time it hits my In basket, it's obsolete. The schedule changes on a very daily basis. Our operations management folks are constantly making decisions about where to deploy those resources in order to earn the best return. So there's plenty of options out there. Companies don't have to drill. I've built a pad site at Taylor Potter off Ardis Taylor Drive. It's not etched in stone that that well will be there later on this year until we can reach the reasonable number of acres in those sections in order to get that ROI up where we need it to be. There's plenty of other opportunities. So, the risk for the City then is to not have drilling at all. The risk is to not have drilling in that area for 3, 4, 5 years down the road, because there's so many other opportunities. So when there's competition, bids drive higher, royalties stay at a great level, and you reach a rising commodity price environment next year as prices rise and as royalty or annuity income starts to come into the city.

Councilman Lester: Like I said, I understand where you're coming from, but I guess again, from where I sit, the responsibilities that we have on this side of the table are different from yours, because certainly if there was a scenario by which we could get those mineral rights at a lower rate, certainly you're going to bring your resource in. I mean, you don't have to be someone that's - - - you know?

Mr. McCotter: Yes sir, but it comes back to the time value of money. And so, if that ROI is not there next year or that internal hurdle rate is not there next year, I'm going somewhere else.

Councilman Lester: You're going go where it's the cheapest.

Mr. McCotter: And where I can make the ROI. And that may not necessarily fit into a City's budget requirements. Thank you Members.

Mayor Glover: Mr. Chairman, I need to offer a couple of things here. Kevin with all due respect, we have some common interest without question. We want to see Chesapeake, Petrohawk, and all the people in your industry here. And involved in doing what you all do, here in Shreveport, and throughout Caddo Parish, and throughout Northwest Louisiana. We understand that so much so, that unlike our neighbors across the river while we have at this point regulatory legislation on the agenda, that would seek to try and exert the City's ability to be able to direct and govern and limit even some aspects of what you all do, we're looking to engage in that process, by working with you all to make sure that while we try to protect the interest of the City of Shreveport and our citizens, that we also don't do anything that ends up being unnecessarily burdensome on you all. Both as the folks who would do the drilling, the people who would do the pipelining and what have you. But when it comes to these types of matters, unfortunately, I have to disagree because when you have an industry driven process like this one is, we're here today because you all have driven this process. From my perspective. Now, Council Members may have a different viewpoint. And to say to us that when I always placed in the trash, well let me pull out, that we're going to somehow diminish, (oh here it is), that we're going to diminish our chances of getting maximum value for our minerals by not allowing ourselves to be in a position to where we could end up with a \$2200 bid, when from my perspective as Mayor, a \$2200 bid is not an option. The bid that is an option from this perspective is the \$7,000 bid. Now if there were three bids that were submitted, and one was at \$2200, and the other one was at \$1500, and the other one was at \$1800, and the one that's at \$7,000, the only one, as both a citizen and as Mayor, that I have any concern or consideration for is the one that's at \$7,000. So at that point, from my perspective, it only would have taken one bid. Because these other folks in my opinion, are not in the game. Now have we as a city, taken those bids, then it would diminish our value for our minerals, but it would accrue to your betterment. Because you would have gotten for a lesser price, and you would have a greater potential to get the kind of (inaudible) that you're looking for. And so while we have lots of common interest, without question and we're going to be there. Very proud today to be there with you and Aubry McClendon, and the Governor and all the other folks, because we want you all here. But at the same time, we're going to have to make sure that we do all that we can to maximize the value of the minerals that we have below us. Because unlike the example that Councilman Shyne tried to make earlier, there is not difference from an appearance standpoint. Only from a geological. And none of us are geological experts. So, while you can say that a home in Councilman Long's neighborhood may have an average higher value than the ones that are in Councilman Shyne's district. You can look at the demographic information. The census track information, and know that people who have an average income of \$45-60,000 a year, probably will have a nicer, larger home than folks whose average income is \$20-25,000 a year. But I don't know what the distinction is between the quality of the shale that lies beneath Mooretown in comparison to the quality of the shale that lies beneath Broadmoor. And I'm not as Mayor going to be the one that's going to be responsible for making that judgement without making every effort possible to maximize the value for the City of Shreveport. And so, we are joined in many things, but there are few that we

are simply apart and that's the natural adversarial aspect of this type of process. So I want to just be clear about that.

Councilman Shyne: Mr. Chairman, and I'm going to make mine short. But Kevin, my analogy didn't have anything to do with the shale. My analogy had to do with the crime rate, if you understand what I'm saying? You know from one neighborhood to another neighborhood, quality of schools, and there are other tangibles in there that we can measure. And I understand that I'm not a geologist, and we don't have any employed by the city right now. So, I'm not in a position and my vote will not be determined on whether 50 yards out, you would have more natural gas there than you would 50 yards this way. But we do know that that is a possibility. That it could go either both ways. So, it does not necessarily say that my analogy was all out in left field, and the Mayor's analogy is right on it. I'm also concerned about what's best for the City of Shreveport, and I guess I probably have proven that over by, I hate to say this, but over about 25 or 30 years being an elected official. So, I am concerned about it. And that's why I want us to hurry up and get this process going, so you all can get it down there. And I know the City is not broke, I hope no City Employees hear me say that, cause they're going to be coming up for a - - - they're going to want a raise, but we do need the revenue coming in. So that's my position on that.

Councilman Long: Mr. Chairman, motion to reconsider Resolution 130. In a second I'll - - -

Councilman Webb: A motion to reconsider Resolution No.130 by Councilman Long.

Councilman Wooley: Second.

Councilman Webb: Seconded by Councilman Wooley.

Motion by Councilman Long, seconded by Councilman Wooley to reconsider Resolution No. 130 of 2009.

Councilman Long: Okay.

Councilman Webb: Do we have to vote on that?

Councilman Long: No, no don't vote. Do we have to vote just to talk about it or what?

Councilman Webb: To reconsider it, we do.

Councilman Long: Cannot have discussion before we vote?

Councilman Shyne: No. Now, that's wrong, we got to vote.

Councilman Webb: No.

Ms. Glass: It is debatable. Yes.

Councilman Long: It is debatable. Okay. The reason I'm suggesting this or putting this motion forward is that I'm getting conflicting information about a very critical situation relative to this whole process. The reason I been a proponent of starting low and having a lower minimum bids is to attract competition. Now, what I'm hearing from one thing down at the Mineral Board down there was that we can do this. Have y'all found anything different in the meantime? Are y'all still unclear.

Mr. Frazier: (Inaudible) RS 30:127b provides the boards rights. The Mineral Boards rights. The Board can reject any and all leases. If the state agency leases, it has

to follow the Board's guidelines. The procedure is, and the notification to answer the Mayor's question, is that they open the bids in the morning. They then go into Executive Session at the Mineral Board. They then as they get to each subdivision of the state, such as the city, or state agency, that state agency has a representative who enters the meeting, and they discuss what is most advantageous or not most advantageous to the particular state agency or subdivision of the state, and any and all bids - - - it's phrased as the Board may reject any and all bids, or may lease a lesser quantity of property than advertised and withdraw the rest.

Councilman Long: But the point is, is the City or say if a City rep is at that meeting, and at that moment in time says, gosh, we really don't like this stuff, but the Mineral Board could say, well sorry, we're going to go with it. I mean, that's a possibility. Correct? Maybe not a probability, but a possibility?

Mr. Frazier: We disagree. Certainly, it's possible.

Councilman Long: Okay, alright. You would hope and think that based on the recommendations, the representative to the Board, they would have follow along with that, and - - -

Mr. Frazier: Well I think when you say that the agency is using the procedures, that you substitute the name agency for Board. But you know Obviously, as you pointed out, I have not talked to Neal Fontenot or the Commissioner, or any of the Members of the State Mineral Board, or (inaudible) Cordero for that matter.

Councilman Long: Right. And I guess, thank you John, and the point of all this is that I'm thinking if we lose a month, it's not going to kill us per say. I would like to have that answer to that question more clarified. Because that way, if we could in, my point is if we could go in with a lower minimum bid, we could attract more competition. If we don't like what we get, we reject. And move on and start over. But that's my point of all of that. So we're talking about getting better clarification of how that works, because I'm concerned if we might get no bids whatsoever. And then we got to wait until when are they open 'em up October? At this point?

Mr. Sibley: October, I think.

Councilman Long: October. Right, so we've got August, September, we got three months of time that has slipped by us, that we've got to start all over. Of course, we've gone this long anyway, so I guess it doesn't matter.

Councilman Shyne: That's right.

Councilman Long: So if we think this is a priority, then I would suggest that we - - what I want to do is to delay this until the next regular meeting. Which would put it into the November cycle as opposed to the October cycle. So, vote it up or down, however y'all want to do.

Councilwoman Bowman: I just cannot believe we sat here, how many hours discussing this stuff over and over. If - - - I mean, I mean we're just like - - - I don't understand. I mean, not that I disagree with what you're saying Councilman Long, but I just can't figure out why we couldn't, just couldn't have come up at that particular time. You know what I mean?

Councilman Long: I agree.

Councilwoman Bowman: Before we sit here forever.

Councilman Long: All I can - - personally I wished I'd had more clarification about this entire process, that way we could have made decisions accordingly.

Councilman Shyne: My point is if that's what Councilman Long, a reconsideration position is, I'm totally against it. I believe this is the time for us to go to the Mineral Board, to see what we can get. If it's not what we want, let's reject it. If it's something that we can live with, let's accept it. It's been a lot of time, a lot of time here debating back and forth, and which the process has been established already. I mean we have debated with all of us who are attorneys, and debate coaches and all this kind of stuff. We have debated this back and forth and the process is already spelled out in the law book, and each one of us have a different interpretation. My position is, I'm not totally satisfied with the \$4,000. I think it ought to be a little bit lower. But it's a lot of things that I've gone along with that I was not totally satisfied with. So, my position is to go along with the \$4,000.

Councilman Walford: I agree with Mr. Shyne. I compromised to come down to the \$4,000 to protect the citizens of the property, and I am voting 'NO' to reconsideration. I think we debated it, we passed it, let's go with it.

Councilman Long: Well, Mr. Chairman we can either vote or I can withdraw it right and move on. I'll withdraw it.

Councilman Webb: Motion to reconsider is withdrawn.

Councilman Walford: I would make a motion to go into Executive Session.

Councilwoman Bowman: Don't we need to vote on it?

Councilman Webb: No, it was withdrawn. We're done, we'll move on to Item No. 6 on the agenda.

Motion by Councilman Walford, seconded by Councilman Shyne to go into Executive Session.

Mr. Thompson: Chairman, you need to state why we're going in.

Councilman Webb: We're going into Executive Session to discuss the litigation Louisiana Proteins, Inc. v. City of Shreveport. The people that will be in the Executive Session will be all Council Members, Dale Sibley, Terri Scott, Arthur Thompson, Julie Glass, Mayor Glover and all Council Members.

Mr. Thompson: Mr. Chairman, for the record, that's Civil Action Number: 5:08cv334, United States District Court, Western District of Louisiana Shreveport Division.

Councilman Webb: Okay, thank you Mr. Thompson. Okay and we will take a five minute recess before we - - -

Motion approved by the following vote: Ayes: Councilmen Lester, Walford, Long, Wooley, Webb, Shyne, and Bowman. 7. Nays: None.

The Executive Session convened at 5:20 p.m.

The Special Meeting reconvened at 6:24 p.m.

Adjournment: There being no further business to come before the Council, the meeting adjourned at approximately 6:25 p.m.

//s// Ron Webb, Chairman

//s// Arthur G. Thompson, Clerk of Council