

MINUTES OF THE
BLANCHARD MAYOR AND TOWN COUNCIL
REGULAR MEETING – OCTOBER 13, 2009
7:00 O'CLOCK

Present: Mayor Digilormo, Alderpersons Jones, Lee, Prewett, and Whittington, Chief Presswood, Attorney Tom Arceneaux, Attorney Katherine Guidry, Town Clerk-Debra Smith, Dave Cherry, Billy Boles, and various citizens.

Absent: Alderperson Ashby and David Yeates.

Pledge of Allegiance led by Whittington.
Invocation given by Mayor.

Questions and Statements of Citizens: None.

Motion made by Jones to accept the minutes of the regular meeting September 8, 2009, and the special meeting September 29, 2009. Second by Lee. All voted yea.

OLD BUSINESS

Town Hall repair bids

Motion made by Jones to defer to next regular Council meeting. Second by Whittington. All voted yea.

NEW BUSINESS

Resolution 10 of 2009—State Mineral Board

RESOLUTION NO. 10 OF 2009

A RESOLUTION AUTHORIZING THE MAYOR TO REQUEST THE LOUISIANA DEPARTMENT OF NATURAL RESOURCES, OFFICE OF THE STATE MINERAL BOARD, TO LEASE CERTAIN MINERAL INTERESTS OWNED BY THE TOWN OF BLANCHARD AND TO EXECUTE ALL DOCUMENTS RELATIVE TO SAME; TO APPROVE THE SUBMISSION OF A REQUEST AND APPLICATION TO THE STATE MINERAL BOARD; AND TO OTHERWISE PROVIDE WITH RESPECT THERETO.

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

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

WHEREAS, pursuant to La. R. S. 30:151, *et seq.*, the Town may, by resolution, direct the Louisiana Department of Natural Resources, Office of the State Mineral Board ("Mineral Board") to lease the Town's interest in the property for such purposes; and

WHEREAS, the Town desires to avail itself of the provisions of the aforesaid statutes by this resolution requests the Mineral 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 Board of Alderpersons of the Town of Blanchard, in legal session convened, that it does hereby authorize the Louisiana State Mineral Energy Board and the Office of Mineral Resources to accept nominations and advertise for oil, gas and mineral leases, accept bids and award oil, gas and mineral leases on the said tracts mentioned herein on behalf of the Board of Alderpersons, in the manner prescribed by law.

BE IT FURTHER RESOLVED that the Mineral 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.

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:

"Except as otherwise expressly authorized in writing by Lessor, Lessee shall not use the surface of the lands covered by this Lease for any drilling or production purposes, including but not limited to drilling, completion, reworking, laying or operations of pipelines, or any other activity, it being the intention of the Lessor and Lessee that any activities relating to prospecting for, exploration or production of the minerals leased herein shall be conducted on property other than the lands covered by this Lease. Lessee, its successors or assigns, may produce oil, gas and other minerals from the leased premises by drilling from a surface location on other lands. Notwithstanding any other provision of this lease to the contrary, where drilling or surface operations are allowed by Lessor, such operations shall be permitted only subject to Lessor's prior written consent."

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 establishes a drilling unit which includes a part of the land herein leased, or if the lessee shall pool or unitize any part of the land herein leased with other lands, the production of oil, gas and other minerals from any unit created by the Commissioner of Conservation or by voluntary pooling or unitization shall maintain this lease in full force and effect only as to such portions of the leased land embraced in any such pooled unit, and this lease shall expire as to that part of the land herein leased not included in any such pooled unit, and Lessee, its successors and assigns agree to relinquish by formal instrument any portion of the leased land not included in a unit created by the Commissioner of Conservation or by voluntary pooling or unitization 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 or by voluntary pooling or unitization, 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. 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 (1/4) 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 Five Thousand and No/100 (\$ 5,000.00) Dollars 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 Town and accepted by Lessee shall be without warranty of title and without recourse against the Town, whether expressed or implied, and further, that the Town 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 Mineral Board or its staff during its review of the Town’s application which are subsequently corrected by the Town, 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 Mineral Board is hereby authorized to advertise and subsequently lease the said property as correctly described.

BE IT FURTHER RESOLVED that the Mayor is authorized to apply to the Mineral Board to nominate the property described in Attachment “A” for leasing on such forms and containing such terms as are consistent with the terms and conditions of this resolution, subject to confirmation that the Town may reject all bids.

BE IT FURTHER RESOLVED that if any provisions or items 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.

Motion to accept Resolution 10 of 2009 by motion of Jones, duly seconded by Whittington. All voted yea.

Resolution 11 of 2009—Attorney Authorization for Bulk Water Proposals

RESOLUTION NO. 11 OF 2009

A RESOLUTION AUTHORIZING THE TOWN ATTORNEY TO PREPARE A PROPOSAL FOR THE SALE OF BULK WATER AND/OR A MANAGEMENT AGREEMENT TO IEG UTILITIES, LLC (ALSO KNOWN AS THE EAST COVE WATER SYSTEM), THE PINEHILL WATER SYSTEM AND THE LAKEVIEW WATER SYSTEM, AND OTHERWISE PROVIDING WITH RESPECT THERETO

WHEREAS, IEG Utilities, LLC, which operates and maintains the East Cove Water System ("East Cove System"), the Pinehill Water System and the Lakeview Water System have each expressed an interest in consolidating its water system with the Blanchard Public Water System ("Blanchard System"), in connection with the improvements being made to the Blanchard System; and

WHEREAS, the Town of Blanchard ("Town") desires to propose a bulk water agreement and/or a management agreement, authored by M. Thomas Arceneaux, to IEG Utilities, LLC, the Pinehill Water System and the Lakeview Water System to achieve such consolidation for the purposes of its improvements;

NOW, THEREFORE, BE IT RESOLVED by the Board of Alderpersons of the Town that the Town hereby authorizes M. Thomas Arceneaux to prepare a proposal to consolidate certain water systems with the Blanchard System, which shall specifically include:

1. An agreement to purchase bulk water from the Town, which shall conform to any and all Town policies on the sale of bulk water and consist of any terms and conditions the Board of Alderpersons deems appropriate and necessary; and
2. A management agreement by which the Town will manage the revenues of the East Cove System.
3. The Board of Alderpersons specifically reserves the right to approve any final proposal for the sale of bulk water and/or a management agreement to any of the water systems mentioned above.

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 of this Resolution that 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 any resolutions or parts hereof in conflict herewith are hereby repealed.

Motion to accept Resolution 11 of 2009 by motion of Jones, duly seconded by Prewett. All voted yea.

Resolution 12 of 2009—Authorizing consolidation negotiations

RESOLUTION No. ~~11~~ 12 of 2009

**A RESOLUTION AUTHORIZING NEGOTIATIONS WITH ANY WATER SYSTEM
DESIRING TO CONSOLIDATE WITH, PURCHASE BULK WATER FROM
OR OTHERWISE CONNECT WITH THE BLANCHARD PUBLIC WATER SYSTEM,
AND OTHERWISE PROVIDING WITH RESPECT THERETO**

WHEREAS, the Town of Blanchard ("Town") is in the process of planning improvements to the Blanchard Public Water System ("System") whose PWS ID No. is LA1017006 (the "Project"); and,

WHEREAS, several neighboring water systems, including but not limited to the Mooringsport Water System and the East Mooringsport Water System, have expressed an

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interest in consolidating with the System, and other neighboring water systems, including but not limited to the Pinehill Water System and the Lakeview Water System, have expressed an interest in purchasing bulk water from the Town, to benefit from the improvements made to the System in connection with the Project; and,

WHEREAS, the Town desires to negotiate with the neighboring systems to come to a mutual agreement for the consolidation of water systems, the purchase of bulk water, or other connection with the System.

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NOW, THEREFORE, BE IT RESOLVED by the Board of Alderpersons of the Town, that the Mayor and the designees of the Town, including but not limited to the Town Attorney, representatives from Balar Engineers and representatives from Porter & Associates, and their designees, are hereby authorized to negotiate with neighboring water systems, including but not limited to the Mooringsport Water System, the East Mooringsport Water System, the Pinehill Water System and the Lakeview Water System, to achieve consolidation with, purchase of bulk water from, or otherwise connect with the System, on any terms and conditions as may be deemed necessary and appropriate by the Mayor and designees of the Town, subject to approval by the Board of Alderpersons of the Town.

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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 of this Resolution that can be given effect without the invalid provisions, items or applications and to this end the provisions of this Resolution are hereby declared severable.

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BE IT FURTHER RESOLVED that any resolutions or parts hereof in conflict herewith are hereby repealed.

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Motion to accept Resolution 12 of 2009 by motion of Jones, duly seconded by Lee. All voted yea.

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YEAS _____
NAYS _____
ABSENT _____
ABSTAINING _____

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Resolution 13 of 2009—Rights-of-way

RESOLUTION No. 13 of 2009

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A RESOLUTION ADOPTING THE FORMS AND FUNDING NECESSARY TO ACQUIRE OPTIONS TO PURCHASE THE NECESSARY RIGHTS-OF-WAY FOR BLANCHARD PUBLIC WATER SYSTEM IMPROVEMENTS, AND OTHERWISE PROVIDING WITH RESPECT THERETO

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WHEREAS, the Town of Blanchard ("Town") is in the process of planning improvements to the Blanchard Public Water System ("System") whose PWS ID No. is LA1017006 (the "Project"), one aspect of which is laying down new water lines to service the expansion of the System; and,

WHEREAS, certain rights of way ("Rights of Way") must be acquired by the Town to install the new water lines.

NOW, THEREFORE, BE IT RESOLVED by the Board of Alderpersons of the Town as follows:

- Section 1. Johnny V. Digilormo, in his capacity as Mayor of the Town ("Mayor"), is authorized to acquire, on behalf of the Town, any and all Rights of Way necessary for the successful completion of the Project, subject to the approval of the Board of Alderpersons of the Town.
- Section 2. The Right of Way Agreement and Right of Way Donation forms, attached to this Resolution, are hereby approved for use in obtaining all rights, title and interest to the necessary Rights of Way, and the Right of Way Agreement shall be attached to any Option Agreement for a right of way as described below; and,
- Section 3. Further, an Option Agreement form, also attached to this Resolution, is hereby approved for use in obtaining the option to purchase the necessary Rights of Way ("Option"), as the Town will not have the entirety of the purchase price of the Rights of Way available prior to the closing of the USDA-RD and DHH loans, which loans are funding the Project.
- Section 4. The Town will not expend more than Sixty Thousand and no/100 Dollars (\$60,000.00) on acquiring all of the Rights of Way in full. The total price for all of the Options obtained by the Town shall not exceed Twelve Thousand and no/100 Dollars (\$12,000.00) ("Option Price"), which shall not be more than 20% of the entire purchase price for all of the Rights of Way optioned by the Town for the Project. The entire purchase price for any right of way shall consist of the Option Price, and the price to exercise the Option ("Exercise Price").
- Section 5. The Option Price shall be appropriated from the Sewer Ad Valorem account, and shall be included in the budget as a Construction Expense item. The entirety of the Option Price amount shall be reimbursed to the Town once the necessary funds are obtained by way of bond proceeds from the USDA-RD or the DHH, or a combination of both.
- Section 6. The Mayor shall have the authority to approve the issuance of checks payable to the optionors of the Options, subject to the approval of the Board of Alderpersons of the Town.
- Section 7. 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 of this resolution that can be given effect without the invalid provisions, items or applications and to this end the provisions of this resolution are hereby declared severable.
- Section 8. All resolutions or parts thereof in conflict herewith are hereby repealed.

Motion to accept Resolution 13 of 2009 by motion of Lee, duly seconded by Jones. All voted yea.

Resolution 14 of 2009—Police car surplus

RESOLUTION 14 OF 2009

A RESOLUTION TO DECLARE A 2001 CROWN VICTORIA POLICE VEHICLE SURPLUS, PROVIDING THE MEANS OF SALE AND ESTABLISHING A MINIMUM PRICE FOR SAID VEHICLE, AND OTHERWISE PROVIDING WITH RESPECT THERETO

WHEREAS, the Police Department of the Town of Blanchard ("Town") has removed from service that certain 2001 Ford Crown Victoria 4DR automobile ("Vehicle"), VIN 2FAFP71W61X129158; and

WHEREAS, the Town has no use for Vehicle; and

WHEREAS, the Town wishes to declare that the Vehicle is no longer needed, for Public Purposes, and wishes to sell the Vehicle and establish a means of sale of such property pursuant to LA. R.S. 33:4712 and other applicable law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Aldermen of the Town of Blanchard, in due, legal and regular session convened, as follows:

Section 1. The Vehicle is hereby declared no longer needed for public purposes.

Section 2. The Vehicle shall be sold for a minimum of \$250.00 to any private or public person or entity at a public sale on a date to be set with an auctioneer retained by the Town. The price shall remain in effect until January 30, 2010.

Section 3. 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 of this resolution that can be given effect without the invalid provisions, items or applications and to this end the provisions of this resolution are hereby declared severable.

Section 4. All resolutions or parts hereof in conflict herewith are hereby repealed.

Motion to accept Resolution 14 of 2009 by motion of Whittington, duly seconded by Prewett. All voted yea.

Report of Departments

Buildings and Grounds—see Old Business

Streets and Rights of Way—Jones stated nothing to report.

Water Department—Prewett reported everything running good at this time. Motion by Lee authorizing Arceneaux to negotiate with United Title for title insurance for shop property purchase from Kansas City Southern. Second by Prewett. All voted yea.

Sewer Department—Boles reported new fence installed at sewer plant.

Police Department—Chief stated nothing to report.

Treasurer Report—Lee reported everything okay.

Comments by Mayor: Debra Smith receiving Louisiana Certified Municipal Clerk certification in Baton Rouge October 22, 2009. Mayor and Council offered Debra congratulations and commended her on her hard work. Motion by Lee to adjourn, second by Prewett. All voted yea. Meeting adjourned 7:40 p.m.

Johnny Digilormo, Mayor

Debra Smith, Town Clerk

