The City Council of the City of Du Quoin Minutes of the Monday, October 26, 2020

Minutes:

The Minutes of the City Council of the City of Du Quoin, County of Perry, held on this 26th day of October in the year 2020, said meeting held in the Council Chambers of the Du Quoin City Hall.

Invocation:

City Attorney Aaron Atkins gave the invocation and Mayor Alongi led the Pledge of Allegiance.

Call to Order:

Mayor Alongi called the meeting to order at 5:30 p.m. with the following individuals attending: Commissioners Jill Kirkpatrick, Michael Ward, and Bob Karnes. Commissioner Genesio entered the meeting at 5:35pm. City staff present included City Attorney Aaron Atkins and City Clerk Ruth Hale.

Public Agenda:

Sealed bids for Parcels of Surplus Real Estate owned by the City were opened. The Council will take the bids into consideration and action will be taken at the next council meeting.

Discussion of the possibility of purchasing a vacant lot on the South Corner of the intersection of West Poplar St. and South Hickory Street was introduced by the Mayor. The cost of said property is \$10,000, non-negotiable, fair market value is required by State of Illinois guidelines as the property belongs to the Perry County Housing Authority. The council decided to table the discussion until next council meeting in order to research the benefits of such a purchase. Motion and vote to table the discussion until next meeting.

| Motion: | Commissioner | Karnes | Second: | Commissioner | Kirkpatrick |
|---------|--------------|--------|---------|--------------|-------------|
| Ayes: | All | | Nays: | None | |

Guests:

Mr. Kevin W. Reimer, Manager of KWR Ventures, LLC, appearing to answer questions pertaining to proposed Oil and Gas Lease (see item C. Under Ordinances, below)

Mr. Reimer said he is willing to pay \$50.00 an acre bonus, along with a \$4,000.00 up front for signing the lease.

Mr. Reimer said they will be drilling on the West side of the City lake. There will no drilling on the East side near any homes. We cannot get within 250 Feet of the Dam when drilling. We will be on the Hoge track which is approximately 300 Acres @ \$50.00 per acre + \$4,000 signing bonus is around \$5,500. To the City to sign the lease. Then a 12% royalty if we hit and the city owns the mineral rights. It will be 3% if we do not own the rights. Hoping to start the drilling in November. He presented a chart and explained the areas in question for possible drilling. He agreed to sanitize track 11, and stated he would actually be over 300 feet from the spillway. He was then asked a number of questions from several

residents of the City Lake. He was asked specific questions about locations as residents pointed to their properties on the map. He was also asked about chemicals such as Benzene and whether he would use them, especially if he plans to frack. He stated numerous times that he does not plan on fracking but he will if he needs to. He explained that it is not the type of fracking that hear about these days. It is on a much smaller scale and it would only be if absolutely necessary. He was asked about possible odors being released and about the burning flare. He stated that since this would be a shallow low pressure well, it would not have the malodorous smell of a deep reservoir. The flare would normally burn around 7 years. He was asked if the flare went out would gas be released and he indicated that it could. There were many concerns about road usage, noise, potential environmental hazards, and unsightly equipment. He tried to address each concern in detail.

Mr. Kurt Harris, esquire, spoke as a resident of the City Lake providing comments on the leasing agreement. He asked why the residents were not notified sooner. He also asked disclosure questions regarding conflicts of interests and communication between the City and the company. He asked if the company had provided the City with all information regarding process necessary to make such a decision – he mentioned topics such as, fracking, radon, chemicals, catastrophic event procedures, drilling areas of permission, possible contaminants into nearby tributaries and environmental effects. He asked for full discloser on the agreement and process.

The Mayor spoke to the public regarding the lease. He stated that the City is obligated to fix the roads and dam of the City Lake. The approximate cost of oil and chipping is \$65,000. The revenue generated from the lease could be set aside to offset those maintenance costs. He just wanted everyone to know the financial side of the situation. This is an opportunity to help financially.

Commissioner Genesio stated that the residents concerns are legitimate. He has operated wells in Du Bois of similar type. He said these are very shallow, do not carry a pungent odor and have a very small foot print, and you can't really hear it run. He stated he was getting out of the business since the regulations by the IDNR have become somewhat tyrannical. He also knows the risk but the State is very strict in regulation. The Illinois Code Ilcs 2257/25 is available online for those that want to read it. He wishes Kevin the best of luck. He feels there is no danger of contaminating lakes. He thinks we are perfectly safe.

Commissioner Ward said the majority of us don't know about oil drilling. We are learning. As a council, He didn't know if they are ready to act on this at the meeting. He thinks the City Lake Association need to get together and discuss it This may impact the lives of many people. He feels we should wait – there needs to be more discussion and research.

Commissioner Kirkpatrick – Reiterated what has been stated, a catastrophic event would bankrupt the City. She feels the environmental concerns are legitimate and need addressed. She doesn't support this at this time.

Commissioner Karnes – He wanted to disclose the conflict of interest mentioned earlier, he believes it may have been him. His nieces husband is a lawyer that was affiliated with the company but he has no stake in this endeavor. He understands where the lake residents are coming from. He also stated he feels comfortable with Mr. Reimer and he thinks it's safe. He feels we do need a little more time. He see it as you are going to have the drilling regardless. Why can't the City get in on it?

Mayor asked Aaron if the ordinance could be amended and reintroduced without going through another public display. Attorney Atkins said it would need the 7 day posting period if amended. The statute would allow citizens to voice concerns such as they did at the meeting. He asked Larry and Kurt Harris if there was a way to get a lease structured for them to buy in. Mr. Harris said not without seeing the lease. Larry stated he would have to discuss it with the lake association. The Mayor also asked other residents how they were feeling about it. Wendy Linzee said she was ok as long as they can't smell the wells. Others are still concerned about the roads and losing the lake.

Mr. Reimer said he would redo the lease and sanitize some areas. Mayor asked if Mr. Reimer could wait two weeks. Aaron Atkins said he could copy Mr. Harris on the redrafted lease. Mayor thanked Mr. Reimer and asked for him and his attorney to meet with the lake association and invite Mr. Harris and Mr. Atkins. He then offered City Hall as a meeting space for a limit of 25 people, masks must be worn.

Approval of Minutes:

| The Council approved the open session Council minutes of the October 12 th meeting. | | | | | | |
|---|----------------------------------|--------------------------------------|---------|----------------------|-----------|--|
| Motion: | Commissioner | Kirkpatrick | Second: | Commissioner | Karnes | |
| Ayes: | All | | Nays: | None | | |
| Treasurer's | <u>s Report:</u> | | | | | |
| N/A | | | | | | |
| <u>Approval c</u> | of Bills to be Paid | • | | | | |
| The Counc Motion: | il approved paym Commissioner | ent of the bill list. Kirkpatrick | Second | 1: Commission | er Karnes | |
| Ayes: | All | | Nays: | None | | |
| Ordinances: | | | | | | |
| A. 2020-O10-02: An Ordinance for and Oil and Gas Lease (Motion to Table) Motion: Commissioner Karnes Second: Commissioner Ward | | | | | | |
| Ayes: | All | | Nays: | None | | |
| Resolutions: | | | | | | |
| A. 2020-R10-02: Resolution Authorizing the Mayor to Act on Behalf of the City of Du Quoin Regarding the Execution and Submission of Any Documents Relating to a Grant to be Awarded through the Delta Regional Authority (Final Approval) | | | | | | |
| Motion: | Commissioner | Genesio | Second: | Commissioner | Karnes | |
| Ayes: | All | | Nays: | None | | |

B. 2020-R10-03: Resolution Authorizing Opening of a Checking Account at Banterra Bank, Du Quoin, to be designated as the "Du Quoin Grant Account" (Final Approval)

| Motion: | Commissioner | Karnes | Second: | Commissioner | Kirkpatrick |
|---------|--------------|--------|---------|--------------|-------------|
| Ayes: | All | | Nays: | None | |

Other Business:

Commissioners' Comments:

Kirkpatrick- Congratulations to the Boys Cross Country team for advancing and to the Girls for winning Sectionals. Good luck on Saturday.

Karnes- Congratulations to the teams.

Mayor- Echoed Jill Kirkpatrick. He also spoke to clear up a post on social media. The Mayor emphatically stated that he has not and will never threaten to revoke liquor licenses of businesses that have remained open. He understands. It is a tough time to govern and he will not do that.

Public Comment:

The Mayor asked if anyone wished to address the council at 7:49pm. Jeff Ashauer addressed the council to notify DQ businesses of Webinar that would be available October 27. The webinar was sponsored by DCEO and would be specifically tailored to local DQ businesses. Participants have to register. The staff person at DCEO was from Marion and very familiar with the topic.

Adjournment:

| The City Co | ouncil adjourned a | at 7:51p.m. | | | |
|-------------|--------------------|-------------|---------|--------------|-------------|
| Motion: | Commissioner | Karnes | Second: | Commissioner | Kirkpatrick |
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| Ayes: | All | | Nays: | None | |

Respectfully submitted,

With & blale

Ruth Hale, City Clerk