

The Council of the City of North Royalton met in the North Royalton City Hall Council Chambers, 13834 Ridge Road on **March 5, 2010, in special session**. The Special Meeting was called to order at 6:00 p.m. by President of Council Vince Gentile and opened with the Pledge of Allegiance.

PRESENT: President of Council Vincent Gentile, Council Representatives John Nickell, Gary Petrusky, Don Willey, Paul Marnecheck, Larry Antoskiewicz, Dan Kasaris, Legislative Services Director Laura Haller, Mayor Robert A. Stefanik, Law Director Thomas Kelly.

- The Director of Legislative Services read the Notice of Special Meeting.

LEGISLATION

SECOND READING CONSIDERATION

ORDINANCE 10-37

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER IN TO AN OIL AND GAS LEASE AGREEMENT WITH CUTTER OIL COMPANY FOR THE LEASE OF CERTAIN CITY OWNED REAL ESTATE, REPEALING ORDINANCES 08-223 AND 09-15, AND DECLARING AN EMERGENCY. Title read.

(Mr. Gentile received authorization from City Council on February 5, 2009, to abstain from voting on any current and future motions relating to Cutter Oil due to an ongoing business relationship with Cutter Oil.)

Moved by Mr. Kasaris, seconded by Mr. Willey to **suspend the rules requiring three readings and referral to committee. Roll Call:** Yeas: **Six** (Nickell, Petrusky, Willey, Marnecheck, Antoskiewicz, Kasaris). Nays: **None**. (Abstain: Gentile). **Motion carried.**

Moved by Mr. Kasaris, seconded by Mr. Willey to **amend Ordinance 10-37 by replacing the original Exhibit A with a new Exhibit A.**

Mr. Petrusky said that he has one item he would like to discuss. Seeing that there is some animosity going on with what has happened over the last few days since our Utilities Committee meeting with the new contract, he feels that before we do anything further that we should take this amendment and put it back in the Utilities Committee for further discussion. This way everyone will be 100% satisfied and have no doubts in their mind about what is going on. At that point he feels it would be a good time to vote on it. He again stated that he feels we should move this item back to the Utilities Committee.

Moved by Mr. Petrusky, seconded by Mr. Willey to **refer Ordinance 10-37 to the Utilities Committee.**

Mr. Nickell said that he has no further questions and is satisfied with the agreement.

Mr. Kasaris said that the agreement seems to embody what we discussed the other night; the fire language is in here and the fence language is in here.

Roll Call (on referral to Utilities Committee): Yeas: **Two** (Willey, Petrusky). Nays: **Four** (Nickell, Marnecheck, Antoskiewicz, Kasaris). (Abstain: Gentile). **Motion defeated.**

Mr. Petrusky said that he feels what is best for the city at this present time, since this has not been moved back into the Utilities Committee to be discussed to the point where all of the Council members are 100% satisfied either positive or negative, is that this item should be tabled.

Mrs. Haller explained that the motion on the floor is the motion to amend and asked if Mr. Petrusky wished to table the motion to amend.

Mr. Petrusky said that he would like to table the legislation.

Mrs. Haller explained any motion made at this time would be on the motion to amend. If Mr. Petrusky wishes to table the adoption of the legislation, that would be in order when the motion to adopt is placed before Council.

Roll Call (on adoption of amendment): Yeas: **Six** (Nickell, Petrusky, Willey, Marnecheck, Antoskiewicz, Kasaris). Nays: **None**. (Abstain: Gentile). **Motion carried.**

Moved by Mr. Kasaris, seconded by Mr. Marnecheck to **adopt Ordinance 10-37 as amended.**

Moved by Mr. Petrusky to table the **adoption of Ordinance 10-37.** No second was made (motion requires a second). **Motion dies for lack of a second.**

Mr. Antoskiewicz said that while he intends to vote no on the proposed lease agreement with Cutter Oil, he would like to take the opportunity to state that he strongly supports any effort to generate much needed revenue for our city, including oil and gas drilling on or using city property. However, each municipal parcel is unique in its public purpose and the surrounding neighborhood. In reviewing whether or not to grant the use of city property, we have attempted to balance the municipal purpose of the property, neighboring residents' concerns and our need for additional revenue. In this case, we have consistently required our Law Department and Cutter Oil to insure that our soccer field use would not be interfered with as a result of permitting the oil well on this site. To that end a contract was negotiated over a year ago. While Cutter Oil appears to have encountered some delays as a result of his inability to move the gas from the property, there was no impediment to him drilling the oil well as agreed. Mr. Antoskiewicz said that while he understands that Cutter Oil is unwilling to drill on Heasley Field, the relocation site of the well is a matter of great concern to him. He continues to support the use of Heasley Field as the drill location, or as a non-drill lease agreement. However, the location of the drill site is unacceptable to him for obvious reasons.

Mr. Willey said that for over a year we have been patiently trying to put this contract together and to get Cutter Oil to fulfill their obligations and pledges to the community at Heasley Field. Just a few days ago we were informed that Cutter Oil has decided to move the location to the property of the President of Council. It seemed that he was demanding that we sign this agreement or we would be excluded from any potential gas and oil revenue from Heasley Field. Mr. Willey said that we have to choose now at the 11th hour whether or not to do what is best for our community, do what is ethical for our community and this Council, and he is going to vote no on this lease.

Mr. Kasaris said that he shares Mr. Willey's frustration with this entire process. He said that in his mind it matters not where the well is going. What matters is that our taxpayers enjoy the benefits from the minerals that sit beneath Heasley Field. To vote no on this agreement permits Cutter Oil to cut out the City of North Royalton and thereby causing the residents of North Royalton to be the actual losers. Heasley Field is in effect landlocked and cannot be drilled upon because Mr. Cutter enjoys the benefit of controlling the mineral rights on three of the four sides of Heasley Field. He feels that our residents have to be considered first here, and if oil is not produced from this pool that includes Heasley Field as this agreement allows, our residents lose. He said that he does not know of any companies coming to North Royalton that are bringing with them a payroll between \$2-4 million so that we can bring in on an annual basis between \$40,000 and \$60,000 of tax revenues. This is what we would deprive our residents of if we vote no on this lease. Mr. Cutter will cut the City of North Royalton off. Other oil companies will be less likely to include the city in future ventures. The citizens of this community should come first, we should not be looking at where the well is going. We don't vote no in other instances because of where the well is going, that is not important. What is important is our citizens and the additional revenue that we could receive from this well. Even though he feels that the first agreement has not been broken, Mr. Kasaris said that he supports this and will vote yes on the agreement that the Law Department has worked so hard to put together.

Mr. Marnecheck stated that he also intends to vote no on the proposed lease agreement with Cutter Oil and agrees that under the right circumstances, oil and gas drilling is a viable method of raising revenue for our city. Cutter Oil has indicated that it does not intend to drill on Heasley Field, but rather on an adjoining lot in the current drilling unit. He understands that drilling on municipal property may present hurdles and additional expenses that do not exist on private property, and for that reason he is willing to consider a non-drill lease with the well being relocated to private property, he is unwilling at this time to agree to have the well drilled on the Gentile property. He wished to point out that Mr. Gentile has previously disclosed that his home was included in the Heasley Field drilling unit and as a result has abstained, which he feels is notable, from voting on any related matters. Nevertheless, Mr. Marnecheck said that he believes that his public office not only requires him to act in the best interest of the public but also to safeguard the public's perception of its elected officials. Therefore, when faced with a dilemma such as this he said he will be voting no on the lease agreement because the movement of the well from city property to a public official's property may or will jeopardize the public's trust in his office. He said that he remains hopeful that after Cutter Oil is made aware of Council's views they will reconsider leaving the well on city property or move it to another location which would not bring into question the propriety of the Council.

Mr. Marnecheck further stated that it is his understanding that even if we do pass this lease, it is possible that we would still be cut out with the way the drilling unit can be configured. So while he see his colleague's point, it is still a possibility regardless of what we do here.

Roll call (on adoption of Ordinance 10-37 as amended). Yeas: **Two** (Nickell, Kasaris). Nays: **Four** (Petrusky, Willey, Marnecheck, Antoskiewicz). (Abstain: Gentile). **Motion defeated.**

ADJOURNMENT

Moved by Mr. Kasaris, seconded by Mr. Petrusky **to adjourn the March 5, 2010, Special Council Meeting. Roll Call:** Yeas: **Seven** (Gentile, Nickell, Petrusky, Willey, Marnecheck, Antoskiewicz, Kasaris). Nays: **None. Motion carried.**

Meeting adjourned at 6:18 p.m.

APPROVED /s/ Vincent A. Gentile DATE APPROVED: March 16, 2010
PRESIDENT OF COUNCIL

ATTEST: /s/ Laura J. Haller
DIRECTOR OF LEGISLATIVE SERVICES