



Oregon

Theodore R. Kulongoski, Governor

Department of State Lands

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The State Land Board met in regular session on April 13, 2010, in the Land Board Room of the State Lands Building, 775 Summer Street NE, Salem, Oregon 97301-1279.

State Land Board

Present were:

Kate Brown
Ted Wheeler

Secretary of State
State Treasurer

Theodore R. Kulongoski
Governor

Kate Brown
Secretary of State

Land Board Assistants

Michael Carrier
Barry Pack
Michael Selvaggio

Governor's Office
Secretary of State's Office
State Treasurer's Office

Ted Wheeler
State Treasurer

Staff

Louise Solliday
Steve Purchase
John Russell

Julie Curtis
Cyndi Wickham
Lanny Quackenbush

Lorna Stafford
Nancy Pustis

DOJ

Mark Schumock

Secretary Brown called the meeting to order at 10:10 a.m. The topics discussed and the results of those discussions are listed below. Further details of the discussions may be obtained in the transcript of the meeting available at the Department of State Lands, 775 Summer Street NE, Suite 100, Salem, Oregon 97301-1279 or by calling 503-986-5224.

State Land Board Awards

The Land Board presented the following awards to honor individuals, government agencies, private companies and organizations for their responsible and sustainable stewardship of Oregon's natural resources:

2009 Stream Project Award: Grant County Soil and Water Conservation District
2009 Wetland Project Awards: The Neitzel Farm Habitat Restoration; and
The Munger Farm Restoration Project
2009 Partnership Award: Deschutes County Juvenile Community Justice
Department

Honorees were presented with a plaque and had their pictures taken with the board members.

Consent Agenda

1. a. Request for approval of the minutes of the February 9, 2010 State Land Board meeting.



- b. Request for approval of the addition of two sites known as Whetstone and Willow Creek to the Oregon Register of Natural Heritage Resources.
- c. Request for approval to initiate the review and determination of the sale of up to seventeen scattered forest parcels (approximately 3,041 acres) in Benton and Lincoln Counties.
- d. Request for approval of a permanent easement to the Oregon Department of Transportation for a bridge over Lint Slough in Lincoln County.
- e. Request for approval of a permanent easement to the Oregon Department of Transportation for a bridge over Big Creek in Lincoln County.

Director Solliday reviewed the consent agenda. Treasurer Wheeler moved to approve the consent agenda. Secretary Brown seconded the motion. The consent agenda was approved.

Informational Agenda

2. Annual review of Common School Fund investments.

Mike Mueller, Deputy State CIO for the Oregon State Treasury briefed the board on investment activities of the Common School Fund for the 2009 calendar year. He reported that there was a 30.4 percent return for the year, which is a welcome improvement from the loss taken in 2008. He added that the fund in the current fiscal year has seen an 18 percent increase to date.

3. Briefing on the seafloor-mapping project.

Chris Goldfinger from Oregon State University's College of Oceanic and Atmospheric Science provided the board with an update on the progress of the seafloor-mapping project. He said the project would provide data for identifying tsunami hazards, siting alternative energy projects, establishing marine reserves, and navigation safety.

He reported that approximately 27.5 percent of the mapping was completed in 2009 and the expectation for 2010 is to complete between eight and twelve percent more, bringing the total to 44 percent. He expects final data to be released to the public in the early spring of 2011 for the areas mapped in 2010. He also discussed funding for the project. The state contributed \$1.3 million and the National Oceanic and Atmospheric Administration (NOAA) contributed an additional \$5 million.

In addition, a training program for students was developed, as there is a need for trained professionals with the necessary skills to perform seafloor mapping.

4. Briefing on the West Coast Governors' Agreement on Ocean Health.

Jessica Keys from the Governor's Natural Resource Office provided information on the West Coast Governors' Agreement (WCGA) on Ocean Health. She gave a brief overview of the history of the agreement and its purpose. She discussed priority issues, actions contained in the WCGA Action Plan, and successes to date. Ms. Keys also relayed information on current activities at the federal level.

Secretary Brown asked if Washington State was moving forward with seafloor mapping and wave energy projects.

Ms. Keys responded that their focus has been primarily on mapping the Olympic National Marine Sanctuary and the development of tidal energy.

Treasurer Wheeler asked how long it would be before data would be available from the wave energy test buoy going in off the coast of Oregon.

Ms. Keys replied that studies are currently being developed to provide the type of data that is needed to examine the potential impacts from these projects. Director Solliday added that the Department has received an application from OPT to put in a single buoy. She expects the buoy to be deployed before the end of the year and believes some information will be forthcoming shortly thereafter.

Secretary Brown asked what the potential revenue might be to the Common School Fund.

Director Solliday responded that the Department has rules in place for wave energy projects that leaves the amount of compensation open since it is a new technology that needs to be tested first. Fees would likely be comparable to power projects currently in place on state-owned upland, which are around three percent of gross revenues.

5. Update on litigation related to navigability.

Director Solliday discussed three lawsuits the Department is currently involved in related to navigability: 1) Hardy v. State of Oregon, which challenges the Land Board's declaration that a section of the Rogue River is navigable; 2) McCormack v. State of Oregon, a quiet title suit that questions the ownership of the beds and banks of the portion of the North Umpqua River adjacent to the petitioners property; and 3) City of Springfield v. State of Oregon, which was a quiet title suit brought on to clear title to a parcel of land adjacent to the Middle Fork of the Willamette River. The Department had no record of ever owning this parcel even though Lane County's tax roles indicated that the state was the owner. The parties involved agreed to the lawsuit in order to clear title and allow for the development of a trail along the river.

6. Briefing on acquisition activities at the South Slough National Estuarine Research Reserve.

Director Solliday gave the board an update on several acquisitions the Reserve is currently pursuing. One acquisition involves the purchase of Common School Fund (CSF) Trust lands within the Reserve. This transaction will compensate the CSF for land that will no longer be available to produce revenue from timber harvest. Other potential acquisitions would expand the boundaries of the Reserve, provide office space in Charleston for the Reserve's administrative offices, and provide land as a source of carbon credits to sell.

7. Summary of actions from the February 2010 Special Legislative Session.

Director Solliday discussed two bills that were passed during the special session in February 2010 that directly affect the Department. The first was the extension of the moratorium on gas exploration off the Oregon coast. The second was House Bill 5100, which appropriated money to pay for an expert to analyze the 79 DSL-owned sites within the Portland Harbor Superfund Site.

Treasurer Wheeler asked if he was correct in stating that the statutory revenue in the CSF is very limited.

Director Solliday confirmed that this is the case and that she has been working with the Legislative Fiscal Office to help them to understand that when the legislature "sweeps" statutory dollars from the CSF, it makes it difficult for the agency to avoid having to ask for general funds to help pay for unforeseen expenses.

8. Other.

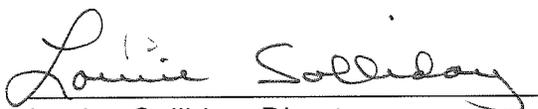
Director Solliday thanked Julie Curtis, DSL Communication Manager, for her work coordinating the Land Board Awards.

State Representative Deborah Boone relayed a message of regrets from Senator Betsy Johnson who was not able to attend the awards ceremony.

The meeting was adjourned at 11:15 a.m.



Kate Brown, Secretary of State



Louise Solliday, Director