



Oregon

John A. Kitzhaber, MD, Governor

Department of State Lands

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The State Land Board met in regular session on December 14, 2010, in the Land Board Room of the State Lands Building, 775 Summer Street NE, Salem, Oregon 97301-1279.

State Land Board

Present were:

John A. Kitzhaber, MD

Governor

Theodore Kulongoski Governor
Kate Brown Secretary of State
Ted Wheeler State Treasurer

Kate Brown
Secretary of State

Land Board Assistants

Suzanne Knapp Governor's Office
Barry Pack Secretary of State's Office
Michael Selvaggio State Treasurer's Office

Ted Wheeler
State Treasurer

Staff

Louise Solliday	Julie Curtis	Lorna Stafford
Jim Paul	Cyndi Wickham	Bill Ryan
Nancy Pustis	John Russell	Lanny Quackenbush

DOJ

Mark Schumock

Governor Kulongoski called the meeting to order at 10:13 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.

Consent Agenda

1. a. **Request for approval of the minutes of the October 12, 2010 State Land Board meeting.**
- b. **Request for approval to initiate the review and determination of the sale or exchange of up to twenty-four (24) scattered forest parcels (approximately 4,920 acres) in Jackson and Josephine Counties.**
- c. **Request for authorization to initiate rulemaking to amend the rules governing the Lower Willamette River Management Plan (LWRMP) and to develop new rules governing the process for authorizing environmental remediation and/or restoration activities.**
- d. **Request for approval of the addition of three (3) sites to the Oregon Register of Natural Heritage Resources.**

Director Solliday reviewed the consent agenda. Four members of the public provided testimony on item 1b urging the Board to place a moratorium on any further forestland sales. One person testified against such a moratorium.

Treasurer Wheeler asked about a comment made in the public testimony that proper notification was not provided to Lane County.

Director Solliday stated that the county was notified at least four different times and a notice was published in the Register Guard for three consecutive weeks. She explained that there were problems with initial notices because the email addresses provided by the county were incorrect.

Secretary Brown asked Director Solliday to address the issues of old growth forests and sustainability that were raised in the public comments.

Director Solliday said that most parcels proposed for sale in Jackson and Josephine counties have been harvested within the last twenty to thirty years and contain smaller trees, but some parcels do have older trees that are possibly 100 to 120 years old.

Regarding sustainability, she explained that current revenues are generated mostly from forestlands and range and agricultural lands. The Board's asset management plan calls for disposing of lands that are generating little or no revenue and purchasing or exchanging land that will generate more income over the long term for the Common School Fund, as is directed in the Constitution. She added that selling these lands to private entities put them on the tax rolls for the first time in state history.

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

Action Agenda

2. Request for adoption of the 2010 Natural Areas Plan.

Director Solliday introduced the item and pointed out that a new ecosystem, marine and estuarine, was added to the plan as a result of recent management actions, such as marine reserves. She added that the plan now contains two parts. The first covers implementation of the plan and the second part identifies what is currently listed on the Register of Natural Heritage Resources and currently protected, but also identifies areas that need more attention.

Jimmy Kagan, Director of the Oregon Natural Heritage Program, added that the program is completely voluntary and has been a very successful incentive for state and federal participation.

One person provided testimony in support of the Natural Areas program.

Treasurer Wheeler moved for adoption of the 2010 Natural Areas Plan. Secretary Brown seconded the motion. The plan was adopted.

3. Request for approval to modify the land sale procedure.

Director Solliday explained that the proposal before the Board would allow the Department to accept sealed bids on properties that receive no bids at auction for a sixty-day period following the auction. And, if no bids are received after the 60 days, the property would remain up for sale on a first-come, first-served basis for up to one year since appraisals are only current for that amount of time.

Four members of the public testified reiterating their opposition to the sale of forestlands and their support for more public input into the process.

Secretary Brown moved to approve the modification to the procedure for land sales. Treasurer Wheeler seconded the motion. The item was approved.

4. Request for approval of the exchange of quitclaim deeds with the McKenzie River Trust (MRT) in Lane County.

Director Solliday explained that the bed and banks of the Willamette River in the subject area had moved over time and the state's ownership should have shifted with it. However, the county shows the state owning the old portion of the river that is now upland and the McKenzie River Trust now owning a portion within the river. An exchange of quitclaim deeds will resolve this ownership issue.

Secretary Brown moved to approve the exchange of quitclaim deeds with the McKenzie River Trust. Treasurer Wheeler seconded the motion. The item was approved.

Governor Kulongoski asked Mark Schumock for an update on his request from the October Land Board meeting asking DOJ to investigate whether or not the agency followed appropriate ethics rules when considering the purchase of the Bluff Drive property in Bend.

Mr. Schumock stated that there was a potential conflict of interest that was disclosed to Director Solliday by Jim Paul, Assistant Director for the Department's Land Management Division. After review, DOJ determined that the appropriate procedures were followed as laid out in state ethics rules. Mr. Schumock noted that the Oregon Ethics Commission is the jurisdictional body that rules on ethics violations and DOJ's determination is only the opinion of the Department of Justice.

Informational Agenda

5. Status report on the Elliott State Forest planning efforts.

Jim Paul provided an update on the Elliott State Forest including the results from the Independent Multidisciplinary Science Team (IMST) review of the Habitat Conservation Plan (HCP) Environmental Impact Statement (EIS). He explained that because of time constraints, the IMST only reviewed portions of the EIS related to riparian protections. The results of the review were not favorable to the EIS process and did not provide any significant conclusions. Mr. Paul stated that the next phase will be to begin the process of terminating the current HCP and moving forward with a management plan that uses a take-avoidance strategy.

The Board discussed their frustration with the HCP process and the amount of time and money that was spent on this failed effort.

Director Solliday said the draft management plan is now going through an initial public review process. There is additional information regarding carbon market opportunities that still needs to be added. Once this information is received the plan will be sent out for a final public review and should come before the Board for approval in the fall of 2011.

6. Status report on land sales in Benton and Lincoln Counties.

Director Solliday provided the Board with information regarding the auction of eight parcels of land in Benton and Lincoln Counties. Initially, the Department reviewed seventeen parcels for potential sale. After the review, it was determined to only sell eight of the parcels. All eight parcels sold at around eight percent above the minimum bid price.

7. Annual report on land management activities.

Jim Paul reported on land management activities for fiscal year 2010. Revenues from authorizations were close to \$13.3 million. This was a decrease of 23.7 percent from the previous year mostly due to declining timber revenues. The Department received a little more than \$3 million from land sales, which goes into the revolving fund for the purchase and/or improvement of properties that will generate more revenue.

There was also discussion regarding the standard for which state trust lands are valued. The Western States Land Commissioners Association is currently working with the Governmental Accounting Standards Board (GASB) on determining the most appropriate method for determining the value of this unique category of land holdings.

8. Status report on placer mining in Oregon.

Director Solliday discussed the increase in placer mining permits issued over the last two years. The recession and price of gold are the main factors for the increase. In addition, a moratorium in California has more people coming to Oregon who would have otherwise gone to California. She said the Department is making an increased

effort to ensure annual reports are being submitted in order to have a better understanding of the amount of activity that is done each year.

She stated that Senator Jason Atkinson is interested in introducing legislation that would better regulate this activity.

Governor Kulongoski asked that the report be sent out to all legislators for their review.

9. Other.

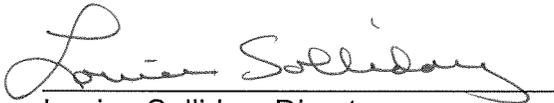
Director Solliday presented Governor Kulongoski with a framed map of the state and discussed the accomplishments of the State Land Board during his eight years as Chair.

Governor Kulongoski thanked the other members of the Board and Department staff for their support over the years.

The meeting was adjourned at 11:27 a.m.



Kate Brown, Secretary of State



Louise Solliday, Director