



Oregon

Theodore R. Kulongoski, Governor

Department of State Lands

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The State Land Board met in regular session on February 9, 2010, in the Land Board Room of the State Lands Building, 775 Summer Street NE, Salem, Oregon 97301-1279.

State Land Board

Present were:

Theodore R. Kulongoski
Governor

Theodore R. Kulongoski Governor
Kate Brown Secretary of State
Ben Westlund (by phone) State Treasurer

Kate Brown
Secretary of State

Land Board Assistants

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

Ben Westlund
State Treasurer

Staff

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|-----------------|---------------|------------------------|
| Louise Solliday | Julie Curtis | Lorna Stafford |
| Steve Purchase | Cyndi Wickham | Nancy Pustis |
| Kevin Moynahan | Joy Vaughan | Pamela Konstantopoulos |

DOJ

Mark Schumock

Governor Kulongoski called the meeting to order at 10:15 a.m. The topics discussed and the results of those discussions are listed as follows. 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.

Director Solliday introduced members of the Board of Forestry who were invited to attend the meeting to listen to the informational briefing on carbon markets.

Consent Agenda

1. a. **Request for approval of the minutes of the December 8, 2009 State Land Board meeting.**
- b. **Request for approval to initiate review and determination of the sale of 40 acres of land in Klamath County.**
- c. **Request for approval to pre-session file legislative concepts for the 2011 Legislative Session.**

Director Solliday reviewed the consent agenda. Regarding agenda item 1b, she explained that the Department received an application to purchase a 40-acre isolated parcel of rangeland. The parcel fits the criteria for disposal outlined in the Board's Asset Management Plan. The Department will sell the parcel by open competitive bid.



Director Solliday summarized the two legislative concepts outlined in agenda item 1c, which the Department is proposing to submit for the 2011 Legislative Session. The first concept resolves an issue relating to legal lots of record for lands transferred from the federal government to the state or local governments. The second concept transfers the Natural Heritage Program to the Oregon Parks and Recreation Department.

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

Action Agenda

2. Briefing on, and request for endorsement of, the Mid-Columbia Steelhead Conservation and Recovery Plan.

Director Solliday recognized Joy Vaughan, the agency's staff person who participated in the development of the plan.

Sue Knapp, Natural Resource Policy Advisor to Governor Kulongoski presented information on the Mid-Columbia Steelhead Conservation and Recovery Plan.

Secretary Brown asked about accountability measures and the ability to fund the programs included in the plan.

Ms. Knapp responded that monitoring and evaluation are included in the plan and a five-year review will be performed to measure effectiveness and progress. She acknowledged that funding is a concern, however, there are other resources available, other than state dollars to fund these projects.

Director Solliday stated that staff is recommending the Board endorse the following agency measures outlined in the recovery plan: 1) continue administration and enforcement of the Oregon Removal-Fill Law and the Wetlands Conservation Program; 2) continue efforts to streamline the Removal-Fill permit process; 3) where restoration projects are identified in the plan, DSL will facilitate efforts to implement the management action; 4) continue to provide education, outreach and technical assistance to landowners and organizations interested in voluntary projects; and 5) where priority areas are identified for protection and management in the plan, DSL will support efforts by requiring appropriate avoidance and minimization of impacts to waters of the state.

Secretary Brown moved to endorse the agency measures outlined in the recovery plan. Treasurer Westlund seconded the motion. The item was approved.

3. Discussion and possible action regarding management of the Elliott State Forest.

State Forester Marvin Brown briefly reviewed the history related to revising the Habitat Conservation Plan for the Elliott State Forest. In addition, he presented the following recommendations to the Board:

- In collaboration with the National Marine Fisheries Service (NMFS), the Oregon Department of State Lands and the Oregon Department of Forestry will initiate an independent scientific review of aquatic/riparian management strategies to help resolve differing viewpoints on protecting streams and aquatic habitat.
- Set a Dec. 31, 2011, deadline for completing approval of a revised Habitat Conservation Plan (HCP) that is acceptable to the Oregon Department of Forestry, Department of State Lands, U.S. Fish and Wildlife Service (USFWS) and NMFS. If a new plan is not approved by this date, the 1995 HCP will be terminated and a take avoidance strategy will be implemented to protect threatened and endangered (T&E) species on the forest.
- Concurrent with the above, develop a revised Forest Management Plan that would use take avoidance for management of T&E species on the Elliott, and have the revised plan in place by Dec. 31, 2011, if a new HCP is not approved.
- Concurrent with the above work, develop a sound understanding of carbon market opportunities for the Elliott State Forest. The overall goal is to achieve a 3-5 percent return on the forest's value, in conjunction with the preferred management strategy determined by Dec. 31, 2011. At today's meeting, five panelists presented the board with general information on the current status and future opportunities for carbon market credits.

Director Solliday added that written comments including a copy of a form letter, received from about 100 people, urging the Board to consider carbon as a revenue source was on their tables. Governor Kulongoski asked that the letters be made part of the official meeting record.

Governor Kulongoski asked for confirmation that the USFWS and NMFS have not changed their policy of requiring agreement from both agencies before the HCP will be approved. Mr. Brown responded that he had not heard that there was any change in their policy.

Governor Kulongoski asked for clarification on the recommended action if an HCP is not approved by December 31, 2011. Mr. Brown explained that during the next two years, a revised management plan would be developed that uses take avoidance. This plan would go into effect on January 1, 2012, if an HCP is not approved.

Governor Kulongoski asked what the federal government's view was of the state operating under a take avoidance strategy rather than a Habitat Conservation Plan.

Mr. Brown replied that he had not posed the question to them and did not know the answer.

Governor Kulongoski asked, if after the scientific review process, an agreement with NMFS is still not reached, can an HCP be granted for non-aquatic species? Director Solliday responded that it is still unclear whether or not that is an option.

Secretary Brown asked why the deadline of December 2011 could not be moved up to December 2010? Mr. Brown answered that the two years are needed to go through the scientific review process and the process of revising the management plan should a take avoidance strategy need to be implemented.

Secretary Brown moved to approve the staff recommendations relating to the management of the Elliott State Forest. Treasurer Westlund seconded the motion. The roll was called – 3 ayes, 0 nays. The recommendations were adopted.

Informational Agenda

4. Informational briefing on carbon markets.

Five panelists were invited to provide their perspectives on the carbon market with particular emphasis on the role of forestland management in that market and the potential role of state lands.

Hal Salwasser, Dean of the College of Forestry at Oregon State University, discussed emerging policy surrounding the carbon market, forest management strategies and the attributes of Oregon forests that are beneficial in the carbon market.

Ben Vitale, President of the Oregon Climate Trust, presented a historical summary of the carbon market and opportunities where the state could participate.

Evan Smith, Vice-president of Forestland Acquisition and Finance for The Conservation Fund, explained that The Conservation Fund is a nonprofit that facilitates land acquisitions. The sale of carbon offsets has enabled The Conservation Fund to acquire forestland for conservation.

Wolfgang Ortloff, Director of Environmental Asset Management for Equator, LLC, provided information about his company, which invests in ecosystem services. He also discussed the Climate Action Reserve (CAR) protocols.

John Potter, Deputy Director with the Oregon Parks and Recreation Department (OPRD), provided information related to a land acquisition in the Beaver Creek Watershed that OPRD is currently working on with The Climate Trust.

5. Annual report on the Estates Program.

Pamela Konstantopoulos, Estate Administrator, presented information about the program for fiscal year 2009. She reported that there was a decrease in the number of estates managed from the previous year. Out of the 132 estates that were managed during the year, heirs were found for 38.

The total value of estates managed in 2009 was \$2.3 million with an average estate value of \$18,000. \$962,000 was permanently escheated to the Common School Fund. She stated that compliance has improved across the state. In addition, she announced an upcoming personal property sale scheduled for March 6 and 7 in West Salem.

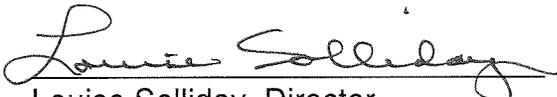
6. Other.

Director Solliday updated the Board on legislative matters which included a budget request related to the Portland Harbor Superfund Site; and pending legislation related to a moratorium on gas exploration in the territorial sea, cost recovery for state regulatory agencies who process permits for energy projects, and Senate Bill 1060 related to the public's rights to use waterways for recreational purposes.

The meeting was adjourned at 11:58^{a.} p.m.



Theodore R. Kulongoski, Governor



Louise Solliday, Director