



Division of State Lands

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OREGON STATE
LAND BOARD

NEIL GOLDSCHMIDT
Governor

BARBARA ROBERTS
Secretary of State

ANTHONY MEEKER
State Treasurer

The Oregon State Land Board met in regular session on January 23, 1990, at 10:00 a.m. in Hearing Room C of the State Capitol in Salem.

Present were:

Neil Goldschmidt	Governor
Barbara Roberts	Secretary of State
Anthony Meeker	State Treasurer

Assistants
Patricia McCaig
Steve Smith
Gail Achterman

Dept. of Justice
Bill Cook

Staff
Martha O. Pagel
Pam Wiley
Janet Neuman
Noam Stampfer
Earle Johnson
Diane Reynolds
Gail Lowry

The meeting was called to order by the chairman, Governor Goldschmidt. The topics discussed and the results of those discussions are listed as follows. Further details of those discussions may be obtained in the transcript of the meeting available at the Division of State Lands, 1600 State Street, Salem, OR 97310.

**Stock Investment
Policies**

Request for approval of proposed investment policies to implement constitutional and statutory changes.

A proposal was brought to the board for stock investment policies which would implement constitutional and statutory changes brought about by the passage of Ballot Measure 2. Noam Stampfer, Assistant Director for Finance, presented the item and introduced Bill Unverzagt and Jay Fewel from the Treasurer's office who assisted him in explaining the proposal. The Division of State Lands and the Treasurer's office recommended in the proposal that the Land Board:

- 1) Request the Oregon Investment Council maintain the existing bond fund at roughly its current size, reinvesting the principal of matured or sold bonds in other interest-bearing debt securities.

- 2) Endorse the proposal developed by the Treasurer's office that the Oregon Investment Council establish a stock index fund, using only new revenues. All new revenues available for investment in securities would be invested in the stock index fund.

3) Direct the Oregon Investment Council to reinvest all capital gains realized from stock investments.

4) Establish a regular, annual cycle to review the Oregon Investment Council's investment strategy for the Common School Fund with the State Land Board.

Treasurer Meeker moved the board approve these recommendations. Secretary of State Roberts seconded the motion, the decision was unanimous.

Milt Baum from the State Department of Education relayed concerns with the sharper than expected decrease in the Common School Fund distribution to the schools since the passage of Ballot Measure 2. He asked that an explanation be given that he could take back to the schools. Noam Stampfer responded that the larger than anticipated impact was due largely to the Common School Fund forest land management expenses that were paid to the Department of Forestry after being defined as "operating expenses" through the Attorney General Opinion #8210 dated October 29, 1989. He stressed the decrease as being a temporary situation that will be remedied when the investments begin to become profitable.

Director Pagel noted that in addition to the forestry expenses, the expense for the new building as well as the Tongue Point dredging project were also responsible for the decrease.

Personnel Officer Request for authority to seek an expenditure limitation increase from the Emergency Board for a personnel officer position.

Director Pagel introduced this item asking for approval to appear before the Emergency Board requesting an expenditure limitation increase to fund a personnel management function within the division. She explained this need was not anticipated during budget preparation for the last biennium. Treasurer Meeker moved the approval of the item. The item was approved with a two-to-one vote. Secretary of State Roberts opposed the request, stating that, though she agreed with the need for the position, she felt the request did not meet the qualifications necessary to be considered an "emergency."

Minutes Request for approval of Land Board minutes of December 18, 1989.

Secretary of State Roberts moved the minutes be approved. The motion was unanimously approved.

South Tongue Point Report on progress of South Tongue Point site.

Director Pagel provided an update on the progress of South Tongue Point since the last meeting. A public hearing in Astoria has been set inviting testimony and comment about the recommended uses of South Tongue Point, including the concept of bringing the U.S. Navy to the site. The Navy is to contact the division by the first part of February to specify their plans.

New Building Oral update on the progress of the new building.

Director Pagel reported the building is still on budget, but the scheduled date for occupancy may be delayed 2-3 weeks due to some redesigning of Economic Development Department's space.

Secretary of State Roberts suggested a date be set as soon as possible for the new building dedication to enable all three members as well as legislators to attend.

Responding to a question by Governor Goldschmidt, Director Pagel affirmed that, since the constitutional amendment, the board can now choose to fund the development of other state buildings as investments. She has been communicating with Dan Simmons of General Services regarding opportunities.

Governor Goldschmidt requested that Director Pagel provide written materials regarding the agency's participation in the development of the pulp plant and boat ramp at the Coos Bay Spit and asked that copies of those materials also be sent to Rey Ramsey of the Economic Development Department.

The meeting was adjourned.

Martha O. Pagel, Director

Neil Goldschmidt, Governor