

The Oregon State Land Board met in regular and executive session on January 28, 1991, at 10:00 a.m. in the Land Board Room of the State Lands Building, 775 Summer Street N.E., Salem, Oregon, 97310.

Present were:

Barbara Roberts	Governor
Phil Keisling	Secretary of State
Tony Meeker	State Treasurer

<u>Assistants</u>	<u>Dept. of Justice</u>	<u>Staff</u>
Martha Pagel	Bill Cook	Janet Neuman
Nina Johnson	Bill Nessly	Gary Gustafson
Michael Ryan		Earle Johnson
		Gary Van Horn
		Steve Purchase
		agency staff

The meeting was called to order by Governor Roberts. The topics discussed and the results of those discussions are listed as follows. Further details of the discussions may be obtained in the written transcript of the meeting available at the Division of State Lands, 775 Summer Street NE, Salem, Oregon 97310.

#### Consent Agenda

Rulemaking	Request for authorization to initiate rulemaking to repeal a portion of OAR 141-82-050, governing lease terms and rental rates for the Tongue Point marine facility.
NHAC	Request by the Natural Heritage Advisory Council for registration of additional sites on the Oregon Register of Natural Heritage Resources.
Easement	Request by the Oregon Department of Transportation, Highway Division, for a perpetual easement across the Klamath River to allow replacement of an existing bridge on Highway 97 near Klamath Falls, Oregon.
Minutes	Request for approval of minutes for November 12 and December 10, 1991, meetings of the State Land Board.

Treasurer Meeker moved the consent agenda be approved. Secretary of State Keisling seconded the motion, and the approval was unanimous.

South Tongue

Request by the Division of State Lands and the Economic Development Department for approval of proposed development plans; for authority to proceed with investigating alternative methods of project financing for development of South Tongue Point as a marine industrial site; for authority to proceed with lease negotiations with the U.S. Navy, and with a formal process of solicitation for other site tenants; for authority to appear before the Legislative Emergency Board for expenditure limitation increase to accept a federal grant of \$850,000 for South Tongue Point planning and engineering; and for authority to apply for \$700,000 in Immediate Opportunity funds from the Oregon Department of Transportation for road construction.

Director Neuman introduced this item, reviewing the following six issues that she said would be considered today, two of which will be handled in an executive session:

1. Request for approval to proceed with the type and level of development portrayed in the Site Development Master Plan depicted in Appendix A to the agenda item, including:
  - A homeport for two U.S. Navy minehunter coastal crafts requiring approximately 7.3 acres of uplands and 17 acres of non-uplands.
  - Industrial and related development including 46 acres of uplands, two piers, and 34 acres of non-uplands.
  - Site access and infrastructure as shown in the plan.
2. Request for approval to investigate a variety of financing options. (Details will be discussed in the executive session.)
3. Request for authorization to proceed with the lease negotiations with the Navy. (Details will be discussed in the executive session.) Certain contingencies will be made a part of the proposed lease, because it is anticipated that lease negotiations will be concluded soon, to allow specific project planning and review to proceed. These include: 1) favorable Record of Decision in the EIS process, and 2) completion of the land exchange process and ownership of the property.

Director Neuman stated that final proposed lease terms will be brought back to the Board for approval.

4. Request for authorization to solicit tenants. Extensive marketing has been performed by the project coordinator as part of the preliminary feasibility studies and the master planning process. As a result, the site's availability is widely known and several prospective tenants have already expressed very strong interest. However, it is believed that a more formal, comprehensive, and public process is required at this point:
  - To assure that a fair and open public process is followed before final tenant selection;
  - To assure that we have located as many potentially interested parties as possible; and
  - To protect ourselves in the event some of the parties now interested decide not to participate.

The agency proposes to issue a widely distributed Request for Proposals to insure that we are aware of all who would like to be considered for possible leasing at South Tongue Point.

5. Request for authorization to accept the \$850,000 federal grant for the development of South Tongue Point, and to appear before the Emergency Board on January 30, 1992, to secure authority to expend the federal grant money.
6. Request for authorization to seek \$700,000 in ODOT Immediate Opportunity Funds for road improvements on the site.

Director Neuman reviewed some of the vision for the site explaining how the master plan concept for the site had developed. She explained the goal of leaving the wetland areas basically undisturbed.

Rob Simms of the firm Hamilton, Rabinovitz and Alschuler (HRA), briefed the Board about the potential financial impacts of the facility on the local economy; as far as employment created and property and income taxes generated. If developed as envisioned, the project has the potential to generate over 600 direct and indirect jobs, \$400,000 in income taxes, and about \$900,000 in property taxes.

Governor Roberts asked that the record include three letters received in support of the project from the City of Astoria, the Port of Astoria, and the Lower Columbia Naval Task Force.

Governor Roberts invited public testimony, but there was none.

Treasurer Meeker asked about the North Tongue Point property and the lease that will expire there unless it successfully moves into Phase 2. Director Neuman said discussions are happening currently with the present lessee and with the Port of Astoria about what is to take place if Phase 2 of the lease is not entered into. She said there will be a public review process prior to that time. She stated that staff is developing a contingency plan and that the agency will report to the Board about this the next time they report about the South Tongue Point site.

Treasurer Meeker made a motion that the site development plan, issue #1, be approved. Director Neuman reminded the Board that the entire site development plan is contingent upon the final approval of the environmental impact statement. Secretary of State Keisling seconded the motion and the approval was unanimous.

Secretary of State Keisling moved that the authorization to aggressively solicit tenants, issue #4, be approved. Treasurer Meeker seconded the motion and the approval was unanimous.

Treasurer Meeker moved that issue #5, the authority to accept federal funds and go to the Emergency Board be approved. Secretary of State Keisling seconded the motion and the approval was unanimous.

Secretary of State Keisling moved that issue #6, the approval to seek ODOT funds of \$700,000 be approved. Treasurer Meeker seconded the motion and the approval was unanimous.

Director Neuman acknowledged her appreciation for Michelle Giguere, of Washington, D.C., for her help in working closely with our Congressional delegation, enabling us to work through federal requirements.

Governor Roberts commended the cooperative efforts that have taken place with the community members, the city, businesses, the port, the county, and the agencies of state and local government working closely together. She stated she has never seen this much team work before in a process such as this.

Treasurer Meeker said what has happened with community cooperation in Clatsop County is phenomenal.

Secretary of State Keisling acknowledged the leadership of the other two members that he said have been on the Board much longer than he has, as well as those past members whose leadership has enabled us to take advantage of opportunities that present themselves such as the development of South Tongue Point.

Director Neuman clarified that there will be opportunity later to discuss with the general public the details of the Navy lease and financing after negotiations have taken place with the Navy.

Governor Roberts and Treasurer Meeker commended former Governor Goldschmidt and Representative Les AuCoin for their part in this process.

Governor Roberts announced an executive session of the Board under ORS 192.660(1)(e) regarding financing of the South Tongue Point project and the proposed U.S. Navy lease transactions, and the Board moved into executive session.

Governor Roberts announced the close of executive session.

Secretary of State Keisling moved the Division begin actual lease negotiations with the U.S. Navy in regards to the South Tongue Point lease, contingent upon a successful EIS. Treasurer Meeker seconded the motion and the approval was unanimous.

Treasurer Meeker moved the Division continue exploration of alternative means of financing and negotiations related to the South Tongue Point property and additionally begin aggressive negotiations for other contracts on that site; reporting back in March or April on the results. Secretary of State Keisling seconded the motion and the approval was unanimous.

State Treasurer Keisling moved the Board adjourn. Treasurer Meeker seconded the motion and the approval was unanimous.