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**STATE LAND BOARD MEETING**

**Tuesday, May 11, 1993**

**State Lands Building**

**775 Summer Street NE, Salem, Oregon**

**10:00 a.m.**  
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1 GOVERNOR BARBARA ROBERTS: --order and we have one  
2 item that is not on the agenda. Mr. Secretary of State?

3 SECRETARY OF STATE PHIL KEISLING: Yes, Governor,  
4 for the good of the order, I would like to make a  
5 friendly suggestion that the strength of the coffee be  
6 increased substantially for the next time. As a parent of  
7 two children who often is up at 3:30 in the morning for  
8 a period of time and other reasons, I think it would be  
9 for the good of the order, so a friendly suggestion. It's  
10 pretty weak.

11 GOVERNOR BARBARA ROBERTS: Well, we kept thinking  
12 we were drinking tea, and we do not complain because we  
13 do not have to make a the coffee. Only a suggestion.

14 SECRETARY OF STATE PHIL KEISLING: Sure.

15 GOVERNOR BARBARA ROBERTS: Understand these are  
16 measured packets and so we suggest two packets, and on  
17 that important agenda item--

18 SECRETARY OF STATE PHIL KEISLING: And if that  
19 doesn't work, we'll go with three.

20 GOVERNOR BARBARA ROBERTS: Right, right. This is  
21 a tough group. We can handle it, so. Okay. Agenda  
22 Item Number 1, the report on the Oregon Rural Rehab Fund.  
23 Gus?

24 DIRECTOR GARY GUSTAFSON: Governor, members of the  
25 Board, good morning. I'd like to first introduce sitting

1 in for Bill Cook Jane Ard, Assistant Attorney General, from  
2 the Department of Justice. Bill is on jury duty this  
3 week.

4 GOVERNOR BARBARA ROBERTS: Yeah.

5 DIRECTOR GARY GUSTAFSON: I never thought they'd  
6 put attorneys on jury duty but--

7 GOVERNOR BARBARA ROBERTS: They put governors on.  
8 They'll put her on.

9 DIRECTOR GARY GUSTAFSON: Yeah. And as well,  
10 maybe the treasurer could introduce Randall and so we know  
11 who's sitting in for--

12 STATE TREASURER JIM HILL: Yes, Raleigh Whisbrock  
13 (phonetic), my chief of staff is out of town, so Randall  
14 Edwards is sitting in for him today.

15 GOVERNOR BARBARA ROBERTS: Welcome.

16 MR. WHISBROCK: Thank you.

17 GOVERNOR BARBARA ROBERTS: Good to have you here.

18 DIRECTOR GARY GUSTAFSON: Okay. Governor, the  
19 first item up today, action item, is an annual report on  
20 the Oregon Rural Rehabilitation Fund from the Oregon Housing  
21 Agency. I'd like to ask Rey Ramsey, the director of the  
22 Housing and Community Services Department, to come up and  
23 join me if he would. And while Rey's coming up here, let  
24 me set the stage for this.

25 The Division of State Lands administers what's

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1 called the ORR Fund under an agreement with the Farmers  
 2 Home Administration. It goes back a good many years. The  
 3 assets of the fund are available for loans and grants, and  
 4 it's related to farm purposes, and in particular rural  
 5 housing kinds of activities. Current balance of fund  
 6 assets is about \$760,000 and again, just for your  
 7 information, this started out as a federal grant. It  
 8 bears no relationship to the Common School Fund.

9 In February of '91 we began negotiations with the  
 10 Housing Agency to have them take over administration of the  
 11 program. And as I recall in July of 1991, it was the  
 12 first meeting I ever attended to the Land Board, the Land  
 13 Board adopted that agreement and as a result, the Housing  
 14 Agency has been administering the program. The agreement  
 15 that we signed with them provided for an annual report,  
 16 and they have submitted that. That's in your Appendix B.  
 17 Appendix A is the interagency agreement, and Appendix B is  
 18 the report. And as I mentioned, Rey Ramsey is here to  
 19 answer any questions that you may have, and our  
 20 recommendation to the Board at this time is to continue  
 21 the program, at least for another year. And I also want  
 22 to recognize Rey's contributions, and in particular Dee  
 23 Taylor of his staff for keeping this program rolling in  
 24 just a great fashion.

25 GOVERNOR BARBARA ROBERTS: Good. Rey, any

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1 comments you'd like to share with the Board?

2 REY RAMSEY: Just one thing very briefly is that  
3 the balance in the fund was \$760,000 to start with, and  
4 the agreement we have with State Lands is to be able to  
5 encumber \$400,000 of that, and we have to date encumbered  
6 close to \$300,000. We've got three projects that were  
7 close to the closing for another three, so the problem  
8 that we have is that we're running out of dollars. We  
9 know that it's limited, so we couldn't spend a dime over  
10 \$760,000, but actually the agreement says only \$400,000.  
11 So I don't know if it was part of your request or  
12 whatever, but if it is something that this Board could  
13 consider that we be able to spend maybe a little bit more  
14 than the \$400,000 that we amend our agreement up a little  
15 bit, because that money is not related to the Common  
16 School Fund, and we could put it to more use.

17 We've done three projects totalling 123 units, and  
18 we've attracted other dollars for the investment that you've  
19 been able to allow us to do. One project, Nuevo Montesar  
20 (phonetic), where the Governor was there for the  
21 groundbreaking, 28 to one was our leverage ratio. We  
22 attracted \$28 of the dollars from \$1 that we put in.  
23 Another project, 15 to 1 and another one three to one.  
24 Good investment for the Common School Fund, and if we  
25 could encumber more of those dollars, we could do a lot

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1 more farm worker housing. And I don't think there's any  
2 population that's worst housed in this state than the  
3 farmworkers.

4 GOVERNOR BARBARA ROBERTS: I just to share a  
5 little history that I was sharing with Anne yesterday, when  
6 I first got on the Land Board, we just in going through  
7 a lot of things that were sort of had not been looked at  
8 very closely, we discovered this pot of money that  
9 literally was sitting there, not doing anything. It  
10 actually is money that went clear back to the FDR  
11 administration, and when they finished their purpose for it,  
12 they distributed the balance to each of the states, and it  
13 was supposed to be for something agriculturally related with  
14 a lot of flexibility and the Land Board made the decision  
15 at that time that the best thing we could do  
16 agriculturally with this money was to apply it to  
17 agricultural housing, and particularly the farmworker  
18 housing. And that's what the fund became, and then it  
19 went to the management of the Housing Division in 1991  
20 because obviously the expertise they have has made the  
21 money far more valuable than we were -- when were managing  
22 it because of their ability to leverage that money, as  
23 you've just heard. So it has been a wonderful new asset  
24 for them to add to the Housing Trust Fund and the Equity  
25 Fund and other things that are doing that are really

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1 increasing the affordable housing in this state, both  
2 farmworker housing and other kinds of housing, so I think  
3 it's a place -- it really does make a difference, and  
4 certainly they have indicated well that they can manage  
5 this with effectiveness in terms of creating that housing.  
6 Phil?

7           **SECRETARY OF STATE PHIL KEISLING:** I'm trying to  
8 refresh my memory.

9           **REY RAMSEY:** Sure.

10           **SECRETARY OF STATE PHIL KEISLING:** Why do we need  
11 to even have any kind of continuing involvement in this?  
12 I guess is the question that Gus raised, raised the issue  
13 of, you know, we do an agreement up to \$400,000. Now it  
14 looks that maybe you need a little bit of extra  
15 flexibility so we have this process of all coming through  
16 us. You know, what would it take to sever the  
17 relationship completely with the Division of State Lands?  
18 And secondly, refresh if you can, the discussion that we  
19 had about our continuing role in this. I love it. It's  
20 a great program, and he's done great things, and I applaud  
21 Rey and the Division for what they've done, but it does  
22 raise the issue as to just why we're even here.

23           **REY RAMSEY:** It's a federal grant, and the  
24 thought being when we were looking into getting this is  
25 that we have to go back to the federal government and

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1 literally get their permission to be able to sever those  
2 ties.

3 SECRETARY OF STATE PHIL KEISLING: Right.

4 REY RAMSEY: So we were worried about time  
5 delays--

6 SECRETARY OF STATE PHIL KEISLING: Right.

7 REY RAMSEY: And whatever process or bureaucracy  
8 they might put us through, so we figured we could just  
9 have this interagency agreement--

10 SECRETARY OF STATE PHIL KEISLING: To get it done  
11 quickly.

12 REY RAMSEY: And to get it done quickly and do  
13 the same thing.

14 SECRETARY OF STATE PHIL KEISLING: Right, I  
15 understand. Why not take the next step, then, and just  
16 say, "Look, this ought to go to Housing," period. That's  
17 what it's for. "We'll just do it and be done with it."

18 REY RAMSEY: I guess we were just fearful of  
19 getting involved in that process. We can do that.  
20 Certainly that's what you'd like us to do.

21 SECRETARY OF STATE PHIL KEISLING: I'm not sure.  
22 I was just curious about what it would take. Would it  
23 take an act of Congress to specifically do this?

24 REY RAMSEY: I think more administrative it's the  
25 fear of the unknown.

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1 GOVERNOR BARBARA ROBERTS: I think there--

2 SECRETARY OF STATE PHIL KEISLING: Fear of the  
3 unknown.

4 GOVERNOR BARBARA ROBERTS: I think there were some  
5 concerns in 1991 when we did this that if we raised the  
6 question about the funds someone might see them as  
7 something they could put their hands on, and secondly the  
8 fear that we might get the kinds of restrictions with  
9 these dollars that we've had with some other federal  
10 housing dollars that don't allow us the flexibility in the  
11 ability to do what we're doing with these grant funds.

12 SECRETARY OF STATE PHIL KEISLING: Okay. So we,  
13 in effect, provide a means, not only to get it done  
14 quickly, but to be -- have some flexibility we might not  
15 otherwise have if this was a program that directly--

16 REY RAMSEY: Every one of these three deals are  
17 different. I mean, you know, 1 percent loans, 0 percent  
18 loans. The amortization, the length. We have a lot of  
19 flexibility, which makes it a terrific tool to get this  
20 done, and if it was a typical HUD program, they would put  
21 us in a box, and we wouldn't have as much flexibility.

22 GOVERNOR BARBARA ROBERTS: And it's certainly  
23 something that we could look at, I think, Phil, and to  
24 see, but I think we need to do it with at least a little  
25 bit of caution of that.

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1           SECRETARY OF STATE PHIL KEISLING:       Another  
2 question.   Is there new money coming in--

3           REY RAMSEY:    No.

4           SECRETARY OF STATE PHIL KEISLING:       Or is it a  
5 question of just once we exhaust it, that's it?

6           REY RAMSEY:    That's it.    But we're doing loans--

7           SECRETARY OF STATE PHIL KEISLING:       Right.

8           REY RAMSEY:    So we're not doing grants that we're  
9 going to keep--

10           SECRETARY OF STATE PHIL KEISLING:       So you're going  
11 to keep (unintelligible), but it would seem to me that if  
12 it were advisable to do, if you work through all that,  
13 that the way you get it done is just basically just  
14 transferred the fund over, period.   No strings from the  
15 federal government.   It's not an ongoing program the  
16 federal government would authorize.   It's just that we got  
17 the money years ago and quite honestly they sound like  
18 they forgot about it too.   They just gave to us, and then  
19 we forgot about it.   And--

20           REY RAMSEY:    Right.

21           SECRETARY OF STATE PHIL KEISLING:       You have  
22 finally, you know, picked it up and we're getting something  
23 done with the money, but I at least would like to look  
24 into whether it could be done preserving the flexibility  
25 and all of those advantages, but in a sense looking at

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1 taking that next step. Obviously the cautions are there,  
2 but it's something that we can work with on staff.

3 GOVERNOR BARBARA ROBERTS: I think that and maybe  
4 the question that Mr. Ramsey just raised about the  
5 \$400,000. I don't think that's the kind of thing we would  
6 like to make a decision on without some examination, but  
7 it is, I think, something we might -- I mean, if we're  
8 getting 15 to one and 28 to one off of those dollars, and  
9 still preserving the fund, I think it's worth examining  
10 with the housing needs as critical as they in that arena.  
11 There might be some evaluation we'd like to do to look at  
12 that. I think that we'd like to probably spend a little  
13 time looking at it before we made a decision--

14 SECRETARY OF STATE PHIL KEISLING: Absolutely.

15 GOVERNOR BARBARA ROBERTS: And not today by any  
16 means, but--

17 DIRECTOR GARY GUSTAFSON: Governor, I took a look  
18 at the July '91 Land Board agenda in which we approved the  
19 current arrangement. And as I recall then, there was some  
20 discussion, however brief, about keeping some of the funds  
21 in ready reserve, which had a lot to do with the \$400,000  
22 cap. I think it still makes a lot of sense to have  
23 ready reserve in this fund pot, but as you suggested, I  
24 think that now that we have this request, we can take  
25 another look at the appropriate amount come back to you

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1 with a recommendation at a subsequent date.

2 GOVERNOR BARBARA ROBERTS: It sounds good. Any  
3 other comments or questions?

4 REY RAMSEY: Can I just make one last? My  
5 appeal to you would be a request for -- and we'll put  
6 this in writing and work it out from the staff level --  
7 for an additional \$200,000, so what it would leave --  
8 right now it's leaving \$360,000. My request would leave  
9 \$160,000 in the reserve, and we could put that other  
10 \$200,000 to good use because we've got pending projects,  
11 and I've submitted those in your report.

12 GOVERNOR BARBARA ROBERTS: Okay.

13 SECRETARY OF STATE PHIL KEISLING: Okay.

14 GOVERNOR BARBARA ROBERTS: Rey, thank you--

15 REY RAMSEY: Thank you.

16 GOVERNOR BARBARA ROBERTS: For the very  
17 professional management of these dollars. They are  
18 certainly going further than when we were managing without  
19 your housing knowledge, and I know we were making loans,  
20 but they weren't being multiplied this way, so thank you  
21 very much for doing a good job.

22 REY RAMSEY: Okay.

23 GOVERNOR BARBARA ROBERTS: Thank you. Thank your  
24 staff, please, for us as well.

25 REY RAMSEY: Yes.

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1           **GOVERNOR BARBARA ROBERTS:**   Okay.   Item number two,  
2   request by the Natural Heritage Advisory Council for State  
3   Land Board adoption of a revised Oregon Natural Heritage  
4   Plan.

5           **DIRECTOR GARY GUSTAFSON:**    I'd like to also ask  
6   a couple of individuals to come join me for this item:  
7   Jimmy Kagan from the Nature Conservancy, and also Steve  
8   Anderson, who's a member of the Natural Heritage Advisory  
9   Council, just in case there are any questions.   And I also  
10   want to recognize these gentlemen who are also here today  
11   I know on another bill that is before the Legislature that  
12   I'm working with them on.

13           Okay.   This request is for the adoption of the  
14   Revised Oregon Heritage Plan, and as you may recall, the  
15   Land Board approved the first revision of the plan in 1988  
16   and there's a provision that requires that the Advisory  
17   Council update the plan every five years.   And so that  
18   they have done, and they have brought it back.   There are  
19   a number of changes associated with some of the new  
20   information that has been produced across the state.   And  
21   I think what I might do is just let Jimmy, perhaps,  
22   explain what those changes are for you.   I know you've got  
23   the plan before you, and then we'll just open it up for  
24   questions.

25           **JIMMY KAGAN:**           For the record, this is Jimmy

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1 Kagan. I'm employed by the Nature Conservancy to manage  
2 the Heritage program for DSL. The plan is very similar  
3 to the last plan. There has been a number of changes  
4 regarding ecological information. There's a lot of work  
5 that's gone on, especially by the Forest Service and the  
6 BLM over the last five years, so we have made some  
7 changes, increased the number of ecological types that are  
8 represented in the plan, and made minor modifications in  
9 the geographic provinces, which are the major land forms  
10 by which we're trying to fit these different ecological  
11 types in, and there's also nonecological rare plants, rare  
12 animal species that are included in here, and those lists  
13 have changed pretty dramatically over the last five years.  
14 But, by and large, the form and the content is pretty  
15 similar.

16 When we last approved this thing there were quite  
17 a lot of questions from the Land Board, which is why I  
18 was here, but I didn't think there was going to be a  
19 lot--

20 GOVERNOR BARBARA ROBERTS: Not as many this time,  
21 I'll bet.

22 JIMMY KAGAN: And I'm not going to go into it.  
23 No.

24 GOVERNOR BARBARA ROBERTS: Any questions or  
25 comments from members of the Board? I have to tell you

1 that I took this plan to bed with me last night to read  
2 through it, and I just opened it up, and the first thing  
3 I did was open up to the snake, and I'll just tell you  
4 there are not many pictures in this plan, and it was not  
5 very reassuring to open up to a snake when I had it in  
6 my bed. I just wanted to comment on that. I didn't  
7 expect it and it was sort of startling to open it up and  
8 have a snake. Usually you don't have pictures inside, so  
9 it was--

10 SECRETARY OF STATE PHIL KEISLING: Very pretty  
11 snake.

12 GOVERNOR BARBARA ROBERTS: Yeah, as snakes go,  
13 yeah.

14 SECRETARY OF STATE PHIL KEISLING: Did it black  
15 and white.

16 GOVERNOR BARBARA ROBERTS: Yeah, I liked the cover  
17 better than the snake, though. Well, obviously this is a  
18 program that continues to grow and become more sophisticated  
19 as time goes on and more complete. Would you like to  
20 just comment a little bit again just for a reminder partly  
21 for the Board and maybe an update on how things are going  
22 in terms of the funding of the program in general and the  
23 public acceptance of it in particular?

24 JIMMY KAGAN: Well, it's kind of a funny time to  
25 do that because of what's happening in Washington, D.C.,

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1 with the national biological survey. And so assuming that  
2 nothing is happening in Washington, D.C., we've been working  
3 cooperatively, the Nature Conservancy, the State of Oregon,  
4 DSL, and all the other state agencies, to develop both the  
5 information part of the data base of the Heritage program,  
6 the locations for rare and endangered species, and locations  
7 of important habitats as well as to work with the federal  
8 agencies. And most of our support has come from federal  
9 agencies to maintain the both inventory portions of our  
10 program, and then the data base portions of the program.  
11 And over the years, we have become recognized by all the  
12 federal agencies and have been contracted and, therefore,  
13 supported as the major source of this kinds of information,  
14 which is why we have been able to maintain the kind of  
15 cooperative effort that we have going on.

16 Now, that the federal government is looking at  
17 creating a national biological survey, they are going to  
18 create similar federal networks to the Heritage programs,  
19 and presumably develop some kind of cooperative links, and  
20 it's not clear what's going to happen there.

21 **GOVERNOR BARBARA ROBERTS:** You can't envision a  
22 situation where the new setting might not only overlay, but  
23 might replace or might become a setting in which states  
24 chose to participate in that rather than to do this? I  
25 mean, just a sense of where both the good, bad, and ugly

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1 might be as we looked at -- it's useful, I think, to get  
2 a sense of how people who were working with this on the  
3 ground feel about some of the things that are being  
4 suggested.

5           JIMMY KAGAN: Well, I think the federal government  
6 likes these kinds of -- this is a direction that they  
7 wanted to move in and, yeah, we can envision the federal  
8 government basically saying, "We need to do this." You  
9 know, it's very important that the State does it, but we  
10 need to do it as well, because we need to make it part  
11 of our plans. They've been very good at adopting the  
12 Heritage plan, and using those portions of it that are  
13 appropriate, but they have been less good at using the  
14 inventory portions of it, you know, in order to focus  
15 their plans on what they're doing right and what they're  
16 not doing right, which is one of the reasons why they get  
17 themselves into trouble with certain species and certain  
18 habitats and they understand that now. And so yeah -- but  
19 it's really difficult because of the organization both in  
20 the State and in the federal government between different  
21 agencies and authorities, the BLM, the Forest Service, the  
22 Fish & Wildlife Service, Park Service, and the feds, and  
23 the State seem -- we have the same division of different  
24 parts of this thing, and the one thing that's kept the  
25 Heritage Program unique is that, you know, we're just --

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1 and maintained this a separate independent agency just for  
2 a pretty limited focus and when you start expanding the  
3 focus, it's really unclear as to what direction to move  
4 into.

5 GOVERNOR BARBARA ROBERTS: Keep our fingers  
6 crossed. Any questions or comments? Phil? This is an  
7 easy Board today. Steven, anything you'd like to add to  
8 the comments before we move forward?

9 STEVE ANDERSON: No, thank you.

10 GOVERNOR BARBARA ROBERTS: Okay. Quiet out there,  
11 quiet here, so -- well, let's see. We do need to adopt,  
12 don't we? Correct, Gus?

13 DIRECTOR GARY GUSTAFSON: Yes. Yes.

14 GOVERNOR BARBARA ROBERTS: Is there a motion?

15 STATE TREASURER JIM HILL: Governor, I move the  
16 adoption of the revised Oregon Natural Heritage Plan.

17 SECRETARY OF STATE PHIL KEISLING: I second the  
18 motion. Also just want to note for the record my spouse  
19 works for the Nature Conservancy if that effects things.

20 GOVERNOR BARBARA ROBERTS: Whatever conflicts of  
21 interests that imply.

22 SECRETARY OF STATE PHIL KEISLING: And whatever  
23 might be even perceived, but I did want to note that for  
24 the record as I always will try to do with something  
25 having to do with Nature Conservancy.

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1           GOVERNOR BARBARA ROBERTS:     You have heard the  
2 motion, a second on item number two.     I just want to  
3 comment again that, Jimmy and Steven, we appreciate the  
4 work you do.     It's a wonderful asset for Oregon, and we  
5 appreciate your being here, and the amount of work that's  
6 gone into this plan.     Thank you.     Motion has been made  
7 and seconded.     All those in favor will signify by saying  
8 aye; those opposed, nay.     Motion is passed and thank you,  
9 both, very much.     Good luck today at the Capitol.

10           SECRETARY OF STATE PHIL KEISLING:     High test here.

11           GOVERNOR BARBARA ROBERTS:     Yes, yes.     Testing the  
12 coffee or--

13           EXECUTIVE ASSISTANT NINA JOHNSON:     A new pot has  
14 arrived.

15           GOVERNOR BARBARA ROBERTS:     A new pot of coffee  
16 has arrived.     Okay.     Okay.     Item number--

17           SECRETARY OF STATE PHIL KEISLING:     (unintelligible)

18           GOVERNOR BARBARA ROBERTS:     Item number -- let me  
19 get rid of some of this.

20           SECRETARY OF STATE PHIL KEISLING:     Also, I have  
21 some people requested some baby pictures.     They're on the  
22 thing there if anybody wants to look at them.

23           GOVERNOR BARBARA ROBERTS:     Oh, they always say you  
24 requested--

25           SECRETARY OF STATE PHIL KEISLING:     They always--

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1 GOVERNOR BARBARA ROBERTS: What can you say?

2 Okay.

3 SECRETARY OF STATE PHIL KEISLING: It's true.

4 GOVERNOR BARBARA ROBERTS: Item number three,  
5 request for approval of a future short-term agenda for the  
6 State Land Board and the Division of State Lands. Gus?

7 DIRECTOR GARY GUSTAFSON: Thank you, Governor.

8 GOVERNOR BARBARA ROBERTS: This will keep you busy  
9 for a moment or two.

10 DIRECTOR GARY GUSTAFSON: Well, one of the main  
11 things that I think all administrators want to have is an  
12 agenda for the future, and I know that the Land board  
13 shares that objective. So what we've done here is we have  
14 tried to put together a list of major projects and  
15 objectives that the Division of State Lands and the Land  
16 Board can mutually accomplish over the next one to four  
17 years, and I'm going to walk through those just very  
18 briefly with you. And admittedly a lot of our future is  
19 already shaped by virtue of ongoing statutory  
20 responsibilities and so on.

21 And we also, of course, have various ingredients  
22 in our budget proposal for the coming biennium, and so  
23 those are ongoing responsibilities. And what we tried to  
24 do here is sort of clarify those things that we have some  
25 discretion over in terms of accomplishments and call them

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1 the short-term vision for the future.

2           What I also want to do with this is given the  
3 fact that, frankly, these are items that affect a great  
4 many people across the state is afford the public and  
5 interested parties an additional opportunity in which to  
6 comment upon these, so rather than propose this for  
7 adoption at this meeting I instead propose that I will  
8 send out this agenda item with a cover letter to our list  
9 of affected parties and circulate it for review, ask folks  
10 that care to get involved in this to step forward and  
11 comment. If anyone would also like to have an individual  
12 briefing, then my staff and I will be prepared to do that,  
13 and then very likely return at the next Board meeting in  
14 June for final adoption of this item. And let me walk  
15 through these just very, very briefly.

16           Asset management plan, you're already very familiar  
17 with. This is the blueprint for the future. The secondly  
18 administration system, this is basically the nuts and bolts  
19 of our computerized system to enable us to move ahead on  
20 a crest of automation in the world of land records and  
21 accounting. Third, enhance the Common School Fund principal  
22 growth and distributions, obviously something that we have  
23 as a fiduciary responsibility as ongoing and we want to  
24 make sure that we're ahead of this issue and trying our  
25 best to enhance that principal growth and result in

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1 distributions.

2 We've talked briefly in previous meetings about  
3 our in-move land (phonetic) selections. In fact, I met  
4 just this past week with Dean Bibles (phonetic) up in  
5 Portland, discussed that.

6 Number five, complete filled land settlements.  
7 We've got still a good number of filled land disputes  
8 around the State of Oregon. Many of them are in the  
9 Portland harbor. In 1987 the Land Board directed the  
10 Division to go out and try to settle these. And, in  
11 fact, we've made considerable progress over the years, but  
12 we still got several to go, and we want to get these  
13 done.

14 Market and lease North Tongue Point, obviously a  
15 very important asset of the Common School Fund that we're  
16 moving ahead on right now to get a long-term income-  
17 producing client.

18 GOVERNOR BARBARA ROBERTS: The perpetual agenda  
19 item.

20 DIRECTOR GARY GUSTAFSON: Yes. Complete South  
21 Tongue Point land exchange and then market the site, again  
22 ongoing effort that we're deeply involved in, as I speak,  
23 and in spite of the fact that the US Navy is no longer  
24 coming to Astoria, we still have a great deal of optimism  
25 that we can get uses for that site, and so we want to go

1 ahead and finish that exchange and get moving on long-term  
2 uses at South Tongue Point.

3           You'll recall, number eight, at the last Land  
4 Board agenda. I talked briefly about this, complete the  
5 Common School forest management contract with the Department  
6 of Forestry. My staff has made considerable progress with  
7 Forestry and very shortly either at the next meeting or  
8 the meeting thereafter, we'll have a revised contract  
9 brought back to you.

10           Number nine, continue the exchange and sale of  
11 State land, particularly those parcels that we have that  
12 are not conducive to revenue generation or effective  
13 management, that we want to explore opportunities,  
14 particularly with the BLM, but also the Forest Service, US  
15 Fish & Wildlife, other agencies, perhaps counties and  
16 others, private landowners to consolidate our land holdings  
17 and enhance our management efficiency and result in revenue.

18           Number ten, advance our navigability ownership  
19 interests in accord with the policy that was adopted last  
20 year.

21           Number 11, this is something that is, indeed, an  
22 ambitious objective, and that is amendments to our primary  
23 statutes. That's ORS 273 and 274 dealing with our land  
24 and our submerged land management. There are quite a few  
25 things that we'd like to clean up. There's a need to

1 overhaul the statutes and put together something that we  
2 can advance during the next legislative session.

3           Number 12, public notice and findings. I need  
4 to clarify in this one that in spite of the fact that we  
5 use the term "require public interest findings," that what  
6 we really need here is to enhance the public's  
7 understanding of our process, and it doesn't mean that  
8 we'll have public findings and so on in every instance,  
9 but enhance the public's understanding of our process, so  
10 I want to clarify that as we move ahead with public notice  
11 and findings about our management activities.

12           And number 13, wetlands protection strategy, that  
13 is as the State's lead protection agency. We are already  
14 in the forefront, I think, of a very ambitious and  
15 rewarding project. We've been working with agencies to put  
16 together a draft wetlands protection strategy. We have  
17 circulated that, and in the months ahead we'll be  
18 finalizing that and then proceeding to implementation, which  
19 I think for the first time will really give us a  
20 comprehensive bite into the wetlands picture that we can  
21 implement.

22           Fourteen, general permit programmer approval. What  
23 is meant by that is the opportunity to work closer  
24 primarily with the US Corps of Engineers, but also EPA and  
25 local governments, to eliminate some of the existing

1 duplication and particularly the 404 and removal of fill  
2 permit processes work together. We're also optimistic with  
3 the new administration, and we'll have some opportunities  
4 that perhaps we haven't had in the past to work with our  
5 federal friends.

6 Fifteen, watershed enhancement. Anne Squier knows  
7 all about this one. I think we all do. She's been  
8 leading the charge to get us additional resources there,  
9 but hopefully we'll get those, but irrespective of the  
10 additional resources, we want to do this anyway.

11 And then 16, something we're constantly interested  
12 in, strength and internal policies and controls, and this  
13 relates really to the reorganization that I've got here to  
14 insure that we continue to promote efficiency and public  
15 accountability in our management structure as we go about  
16 the decisionmaking process in the Division of State Lands.

17 So again, Governor, members of the Board, I think  
18 this is a bold, new initiative to get this stuff on the  
19 table so that the public can see it, and we'd like to go  
20 through it over the next month, get further input, and  
21 then bring it back to you for final adoption.

22 GOVERNOR BARBARA ROBERTS: Comments or questions?

23 SECRETARY OF STATE PHIL KEISLING: Yeah, Gus, I  
24 very much appreciate you and your staff working on this.  
25 I think it's the first time we've had a document like

1 this. One thought or a couple thoughts occurred to me in  
2 terms of the public circulation issue. Obviously in doing  
3 this, part of the chart was to address the things that,  
4 you know, might not otherwise show up. I mean, I think  
5 everybody is aware of what we're doing on the Elliott, for  
6 example--

7 DIRECTOR GARY GUSTAFSON: Right.

8 SECRETARY OF STATE PHIL KEISLING: With the  
9 Habitat Conservation Plan. I guess I'm wondering now in  
10 revisiting whether we might want to also, you know, go  
11 back and list that as well, so people don't continue,  
12 "Well, why isn't it in this document but in a separate  
13 one?" But it's a very complete list. I take it that --  
14 I believe the intent is to get out and get some comment  
15 on it, and there may be some other things that are worthy  
16 of mentioning on this list as well. I don't see anything  
17 on here that shouldn't be on here. I know one issue  
18 that's been raised in a number of conversations I've had  
19 around the state is the enforcement of removal and fill  
20 and aspects of our ability to enforce an existing law we  
21 have on the books and ways to do that. I think that's  
22 kind of inferred in some of these things, but it might be  
23 something that comes up as well, but I very much  
24 appreciate having something like this to see and to  
25 circulate because I think it's really helpful to do.

1           GOVERNOR BARBARA ROBERTS:     I think one of the  
2 things interestingly, Phil, one of the issues I raised with  
3 Gus was the fill and removal issue.     Because it's  
4 interspersed in several pieces here--

5           SECRETARY OF STATE PHIL KEISLING:     Right.

6           GOVERNOR BARBARA ROBERTS:     But it in itself is  
7 in issue, and I don't know if we want to treat it  
8 separately even though it is in other areas, but because  
9 it's such an issue for us and since there's so many  
10 questions constantly raised about it, both in terms of  
11 financial equity and environmental concerns, and the law not  
12 being met in some people's minds, I think it is an issue  
13 worth maybe some additional emphasis.     The other one I  
14 might mention, it seems that the public information and  
15 notice and awareness piece either ought to be clear at  
16 the front or clear at the end, rather than sort of in the  
17 middle.     I just was thinking if I were picking this  
18 document up, the first thing I'd want to know quite  
19 frankly, is if that the public was going to have input in  
20 this process, no matter which issue was in front of this  
21 Board.     And so whatever you might do with that, it seems  
22 it makes sense that it ought not to just be sort of in  
23 there along with a list of other things, but ought to be  
24 given some emphasis by being at the beginning of the  
25 agenda of where we're going for the next few years. .

1           DIRECTOR GARY GUSTAFSON:     Okay.     Good points.  
2     And obviously as we move ahead on this at any time if any  
3     of you or the assistants have any other thoughts just, you  
4     know, send them over.

5           GOVERNOR BARBARA ROBERTS:    The only other one that  
6     I had -- and I forgot to mention just now -- was on  
7     number 11 on the bottom where it says, "This revision will  
8     be key to our fiduciary responsibilities as well as the  
9     need to increase management efficiency and public benefits."  
10    Management efficiency and public benefits are not quite the  
11    other piece of what I think we do, which is the  
12    conservation piece or whatever we want to call that, but  
13    I think though public benefits might imply that, they might  
14    imply something else.    In part of our revision of 273 and  
15    274 we ought not to lose that other long-term environmental  
16    or conservation or stewardship piece that we emphasize all  
17    the time on the Board, and I just wanted to make certain  
18    that as we talked about the revision that we not do it  
19    without that--

20           DIRECTOR GARY GUSTAFSON:     Okay.

21           GOVERNOR BARBARA ROBERTS:    Perspective in the  
22    discussions.    I have a feeling if you sent it out with  
23    this language as it is right now someone might suggest you  
24    add that, so better we add it than someone else.

25           DIRECTOR GARY GUSTAFSON:     Okay.

1 GOVERNOR BARBARA ROBERTS: Those are the only  
2 things I had on it. Anything else? Go forth.

3 DIRECTOR GARY GUSTAFSON: Okay. Thank you.

4 GOVERNOR BARBARA ROBERTS: I don't think you need  
5 a motion to just put that out for review, so next we have  
6 the consent agenda. Is there a motion on item four?

7 SECRETARY OF STATE PHIL KEISLING: Governor, I'll  
8 move adoption of item four.

9 STATE TREASURER JIM HILL: Second.

10 GOVERNOR BARBARA ROBERTS: It's been moved and  
11 seconded that we adopt the Consent Agenda Item 4A and 4B.  
12 Those in favor will signify by saying aye; those opposed  
13 nay. The motion is passed.

14 Next we have informational items, the  
15 nondiscrimination clause. Gus, would you like to do that,  
16 please?

17 DIRECTOR GARY GUSTAFSON: Governor, members of the  
18 Board, just briefly on this one. This item is something  
19 that we feel is a useful addition to our management  
20 portfolio. We've been working with the Department of  
21 Justice to try to craft a nondiscrimination clause that  
22 we'd be most offensive if contested, but we feel that  
23 there's a policy issue here that needs to move forward,  
24 and so what we're trying to do is continue our dialogue  
25 with Justice to get the best possible language that we

1 can, and move ahead with this issue. I don't think we're  
2 quite there yet, and so we need to continue this dialogue  
3 with Justice, and it's something you need to be very  
4 careful on, but I think the underlying theme here is that  
5 it would be, in fact, not just useful but something I  
6 think that we all feel is overdue to put in a  
7 nondiscrimination clause as a condition in State Land  
8 transfers and interests of management activities. So we'd  
9 like to move ahead with this one and continue the dialogue  
10 with Justice to get something that is going to be adequate  
11 to fit our needs.

12 GOVERNOR BARBARA ROBERTS: Okay. Any comment?

13 STATE TREASURER JIM HILL: Yes, thank you,  
14 Governor. Is there a problem? As I understand, the  
15 federal government has these type of clauses in its various  
16 contracts.

17 DIRECTOR GARY GUSTAFSON: Yeah, the federal  
18 government actually references the US Civil Rights Act in  
19 their land transfers already, and the fact of the matter  
20 is that whether you say it or not, of course, federal and  
21 state laws apply anyway, but they do as a matter of course  
22 put adherence to the US Civil Rights Act in their land  
23 transfer documents.

24 STATE TREASURER JIM HILL: Including sale  
25 documents?

1 DIRECTOR GARY GUSTAFSON: Yes.

2 STATE TREASURER JIM HILL: Okay. Thank you.

3 GOVERNOR BARBARA ROBERTS: Phil?

4 SECRETARY OF STATE PHIL KEISLING: Just to follow-  
5 up on that, Gus, I take it in this particular case the  
6 federal government is acting with one voice, that there's  
7 not a situation where Department of General Services may  
8 do it, but the Department of Defense doesn't? For  
9 example, I mean, I think of all these bases, for example.  
10 We're going to be--

11 DIRECTOR GARY GUSTAFSON: Right.

12 SECRETARY OF STATE PHIL KEISLING: We're going to  
13 at the federal level be probably conveying an incredible  
14 amount of land in the next few years if some of these  
15 plans proceed. And your understanding is it is an  
16 example, the federal government -- it's all conveyances,  
17 regardless of which particular entity the federal government  
18 is doing the conveying.

19 DIRECTOR GARY GUSTAFSON: Well, given the great  
20 number of federal agencies--

21 GOVERNOR BARBARA ROBERTS: Yeah.

22 DIRECTOR GARY GUSTAFSON: I guess I am not  
23 willing to go out on that limb and say, "This is  
24 universally done by every federal agency," but--

25 SECRETARY OF STATE PHIL KEISLING: I just got

1 curious.

2           DIRECTOR GARY GUSTAFSON:     It is done by the  
3 Department of Interior agencies that I've commonly worked  
4 with.

5           SECRETARY OF STATE PHIL KEISLING:     The second, if  
6 I might, it does raise the issue as a general policy  
7 manner, because it -- I think it makes some sense to also  
8 look at all of the conveyances in State government.     I  
9 take it that there isn't anywhere else in State government  
10 that right now is doing this, that contracts -- our  
11 understanding is--

12           DIRECTOR GARY GUSTAFSON:     Right.

13           SECRETARY OF STATE PHIL KEISLING:     Albeit subject  
14 to more information, but my understanding is the federal  
15 government always does it, and the state government right  
16 now never does it, whether it's with highway, whether it's  
17 with DGS, whether it's with the Land Board, Fish &  
18 Wildlife, you know, you name it.     And so what we do with  
19 this when we get the final language worked out has some  
20 very important implications for the rest of State government  
21 that I think it would make sense to speak with a common  
22 voice on this particular issue.

23           GOVERNOR BARBARA ROBERTS:     If I might on that,  
24 Phil, obviously what the Land Board is considering here is  
25 an action that State government has not done at other

1 levels. And it seems to me that if there is a place we  
2 can make this statement to begin with is with our three  
3 top-ranking officers of state government, if we do it here,  
4 I think we set a pattern that -- and Gus has even talked  
5 about sharing this with other natural resources and agencies  
6 saying we have done this, and you might want to be aware  
7 of it. Obviously it is something that we could do and  
8 clearly move an agenda through the rest of State  
9 government. And from that standpoint, somebody has to be  
10 first, I guess. It would have been nice if we'd have  
11 thought of it earlier to do it on everything in State  
12 government and literally maybe even introduce legislation to  
13 do it, but there's nothing administratively that prevents  
14 us from doing it in other agencies of government. So if  
15 the Land Board is a starting point for this, then it seems  
16 to me that that is a wonderful example we can move the  
17 rest of State government toward, at least from my  
18 perspective as Governor. Anything else you have on your  
19 agenda?

20           **DIRECTOR GARY GUSTAFSON:** Our budget is up in the  
21 House tomorrow morning. They gave us 24 hours' advance  
22 notice this morning, so--

23           **GOVERNOR BARBARA ROBERTS:** Well, that's more  
24 notice than Anne got yesterday, wasn't it, Anne?

25           **SENIOR POLICY ADVISOR ANNE SQUIER:** Two minutes.

1 GOVERNOR BARBARA ROBERTS: Yeah, how's that?

2 DIRECTOR GARY GUSTAFSON: Okay. We should feel  
3 fortunate, then.

4 GOVERNOR BARBARA ROBERTS: Yeah, two minutes. You  
5 know, isn't that a wonderful notice of a hearing? Doesn't  
6 even meet the legal requirement.

7 DIRECTOR GARY GUSTAFSON: Wow.

8 GOVERNOR BARBARA ROBERTS: Well, there's very  
9 interesting things going on. Anything else with regard to  
10 legislative update on any of our other legislation, Gus,  
11 that the Board might like to hear about?

12 DIRECTOR GARY GUSTAFSON: Governor, nothing of  
13 particular significance at this time. We have nine bills  
14 and, you know, they're in various positions, you know.  
15 None of our bills were what I considered to be globally  
16 significant. A lot of them were housekeeping items, and  
17 we have two bills through one body or the other forwarded  
18 over. None of them got all the way through the process,  
19 but that's not unique in any respects this way. Senate  
20 Bill 8, which is the one that Jimmy Kagan and Steve  
21 Anderson were here on, is still residing in Senate Ag and  
22 Natural Resources. That's to add a biodiversity component  
23 to the Natural Heritage Advisory Plan, and they're going  
24 to meet with Representative Baum at lunch today to see if  
25 they can get a hearing in the House if it does pass the

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1 Senate, so the process continues.

2 GOVERNOR BARBARA ROBERTS: A difficult session for  
3 natural resources--

4 DIRECTOR GARY GUSTAFSON: Yes.

5 GOVERNOR BARBARA ROBERTS: Issues, I think, is a  
6 fair way to describe it. I think since most of our  
7 issues tend to be natural resources issues that it puts us  
8 in a little more difficult position, but the fact that  
9 nothing is passed in both Houses, and our agenda is pretty  
10 commonplace with all agendas right now and there's stuff  
11 just really starting to move now, so maybe we'll see some  
12 movement on some of those pieces.

13 DIRECTOR GARY GUSTAFSON: Yes.

14 GOVERNOR BARBARA ROBERTS: Anything else either of  
15 the Board members would like to bring to the attention of  
16 the Board? Anybody in the audience who had anything  
17 critical they want to bring to our attention? If not, I  
18 would accept a motion to adjourn.

19 SECRETARY OF STATE PHIL KEISLING: I will move  
20 that we adjourn.

21 STATE TREASURER JIM HILL: Second.

22 GOVERNOR BARBARA ROBERTS: You guys do that so  
23 well. It's been moved and seconded that we adjourn. All  
24 those in favor, signify by saying aye. We are adjourned.

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