

The Oregon State Land Board met in special session on June 30, 1994 in the Governor's Conference Room at the State Capitol Building, Salem, Oregon.

DIVISION OF
STATE LANDS

Present were:

Barbara Roberts Governor
Phil Keisling Secretary of State
Jim Hill State Treasurer

STATE LAND BOARD

BARBARA ROBERTS
Governor

PHIL KEISLING
Secretary of State

JIM HILL
State Treasurer

Assistants

Anne W. Squier
Nina Johnson
Rollie Wisbrock

Staff

Gary Gustafson
Jenifer Robison
Bill Nickleberry
Gail Lowry

Dept. of Justice

Tom Balmer
Suzanne Townsend

The special meeting was called to order at 1:48 pm by Governor Roberts. The sole purpose of the meeting was to discuss the proposed lease with Cresmont, Inc. at North Tongue Point in Astoria, Oregon. Results of the discussion are listed as follows. Further details may be obtained in the written transcript of the meeting available at the Division of State Lands, 775 Summer Street N.E., Salem, Oregon 97310 (phone: 378-3805).

Director Gustafson reviewed the progress that had been made on the draft Cresmont, Inc. lease document since the last regular Land Board meeting on June 20, 1994. He said status reports were provided to the Board as requested every two days since that meeting.

Gustafson described the connectivity of the lease document and the challenges encountered when changes are made to one part of the lease, which then require the remainder of the lease to also be reviewed for any necessary changes. He said the Attorney General's Office has spent long hours assisting with the redraft of the lease. The lease had also been sent to Cresmont late last night and Mr. Kelley of Cresmont had not yet had an opportunity to examine the latest draft. Since some issues still needed further attention to be addressed in the document, he suggested more time was needed to work on these issues and consult with Cresmont to try and resolve any remaining areas of dispute before the lease would be ready in a final draft form for the Land Board's action.



Secretary of State Keisling said that the Division, Cresmont, the Economic Development Department, and the Department of Justice have made great forward motion in the past ten days toward finishing the lease document. He said the finish line is much closer today than it was at the last Board meeting.

State Treasurer Jim Hill also agreed that the final document is now approaching closure, with just a few remaining outstanding issues. He said if the current momentum continues, a final product should be ready in a few days.

Governor Roberts asked Kelley to comment on the staff recommendation for additional time to final the lease. Kelley said, though he is frustrated that the final lease is not ready today, he does not want to be arbitrary about meeting a certain deadline. He commended Gustafson for the difficult position that he has been in and for his professionalism in dealing with challenging issues. He agreed there are still some errors of omission in the lease and a lack of continuity needing correction. He said the previous goal that was set for finalizing the lease was a goal--not an absolute deadline.

Governor Roberts commented on the progress she has seen toward the final lease for North Tongue Point. She requested that staff also review the revenue issues regarding the inclusion in the proposed Cresmont lease of the Free Willy II movie lease. She voiced concern over the fairness and equity (given the state's fiduciary obligations) of the inclusion of the movie lease as an encumbrance to the proposed Cresmont lease.

Kelley said he feels a conceptual agreement has already been reached on the lease, and that the majority of issues left are really administrative clean up. He suggested the Land Board and their assistants arrive at a means to break the log jam. Kelley commented that he would like to leave the meeting today with a goal, methodology, and an agenda.

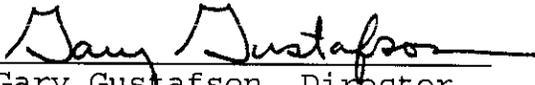
Governor Roberts said that it is important to clarify in writing any remaining language and policy differences (if any) as soon as possible.

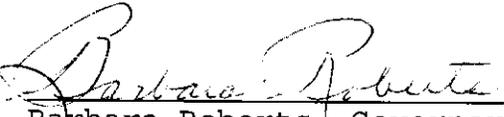
Secretary of State Keisling said July 11-13 should be the planned timeframe for completion of the lease document. Governor Roberts said by July 8, the issues that are left to be resolved should be identified. Kelley said he would get back to Division staff by that date regarding the issues Cresmont believes are outstanding. He reminded the Board that time can change business proposals. Governor Roberts said staff should also be able to identify what they determine are outstanding issues by July 8.

Governor Roberts informed the Board that she will be out of state for 10 days beginning July 14. The Governor reiterated that there should be clarity on what the language/policy issues are by early the week of July 11. She said their goal should be by the end of that week (July 13) to resolve remaining issues, but stressed this should not be an arbitrary deadline.

Secretary of State Keisling said he would clear his calendar during July 7-13 for a potential meeting to resolve this matter. State Treasurer Hill said he will be out of the office at that time but could be available by phone. Greg Jenks from the Economic Development Department also agreed that resolution of the remaining issues was close.

The meeting was adjourned at 2:18 pm.


Gary Gustafson, Director


Barbara Roberts, Governor