had been thought of long before we had contemplated turning this into a marina.

As far as the legal aspect, these people have appeared before the Long Beach Council and our office has filed its opinion with the Council. We believe as far as our interrelationship between the State and the City is concerned, we believe it is in the jurisdiction of the City. We certainly have no qualms in discussing this matter with you. We have exercised our judgment to provide capital for a recreational facility.

MR. CHAMPION: Would the City require that the space be available to the public for mooring on a first-come-first-served basis, or could it be used for a private group?

MR. LINGLE: I can see no reason why they can't put it in. It is out for a competitive bid -- whoever will pay us the highest gross amount has been the bid criteria.

MR. CHAMPION: As I understand it, the people in the apartments behind there are to have first right.

MR. LINGLE: Assuming the City is going to turn it over to the operator and let him run it. We contemplate getting this thing off the ground within the next six months. Those high rise apartments -- our urban renewal project has been formulated but we don't have bonds issued; we haven't condemned any property and it is still in the formative stage. Whether or not there will be high rises, I do not know.

MR. CHAMPION: If you did not put in conditions and

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somebody was interested in that development could bid and pay to the City whatever it thought it wanted, in order to reserve that for an ultimate benefit for the residents in the area, unless you put some specific prohibition in it there is nothing to prevent them from going ahead on this basis.

MR. LINGLE: That gives us a point, and I think we can put some automatic controls in this lease.

MR. CHAMPION: Actually, we should not, unless we have a legal opinion, attempt to tell you how to do business in the City of Long Beach and I think probably we ought to await the opinion of the Attorney General on whether or not we have any jurisdiction in this matter; but you can consider all this as gratuitous advice, which may be what it is worth.

MR. LINGLE: I don't feel your advice is out of place, and Mrs. Crowley and I have discussed many things in the past and I am sure we understand her feelings in the matter, too.

MR. CHAMPION: It is easy to understand the feeling of three thousand people on that waiting list, if they feel there is going to be a new waiting list and they are going to start out from scratch.

MR. LINGLE: The fuel dock in the Marina -- that is operated privately by competitive bid. About the only thing we do collect is rental from the slips. You have a couple of matters on here today. You have them from time to time; you have lands out that are developed in certain ways. I certainly

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realize the crying need for recreational facilities for small boats. We know that there is a demand. Our idea was we would let somebody private do it. I know there have been more than forty sets of specifications taken and I think it is their worry and your suggestion is a matter that we can certainly work out, so that we don't get some select few that will have the priority.

GOV. ANDERSON: Under your program, what do you anticipate would be the annual return to the trust fund?

MR. LINGLE: Well, I can tell you what the minimum is. The minimum is something like four thousand plus a month.

GOV. ANDERSON: Four thousand a month?

MR. LINGLE: Four thousand plus a month.

GOV. ANDERSON: We are talking about fifty thousand a year?

MR. LINGLE: There are all kinds of things that are going to be leased. There is a dry dock storage; there is a marina area; there is even an area for shops and a restaurant; and all these concessions have to be operated more efficiently if one group could operate it together. But I'd hate to have to guess....

GOV. ANDERSON: Roughly, I see they use the figure of five and one-half million originally and you say seven hundred thousand conversion?

MR. LINGLE: That's what we are trying to get out of. We aren't going to put up the seven hundred thousand; the

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1 successful bidder will do it.

2 GOV. ANDERSON: Then the only trust fund money in it

3 will be the original five and one-half million?

4 MR. LINGLE: Yes, sir.

5 GOV. ANDERSON: And then we would measure the return

6 against our five and one-half million trust funds that have

7 been put into it.

8 MR. LINGLE: Yes, but I think it is, I believe, a

9 strange situation -- because we built this thing, figuring

10 we wouldn't get anything out of it. We built it as an adjunct

11 in the harbor to take care of United States Navy Landing boats.

12 We didn't anticipate - - This was governmental activity that

13 wasn't going to return anything to us. I think we ought to

14 get the most we can so long as it is operated fairly, but I

15 can't say I think it should be measured against our original

16 investment.

17 GOV. ANDERSON: The reason I am asking that -- we

18 have to think of what trust funds were put in, particularly

19 where we have something going to private use.

20 MR. HORTIG: Mr. Chairman, I believe the record

21 should also reflect that this was a construction of the City

22 of Long Beach under Chapter 29, Statutes of 1956, utilizing

23 the City's share of tidelands funds.

24 GOV. ANDERSON: It is the City's share, but it is

25 still the trust fund.

26 MR. CHAMPION: It is still subject to any questions

1 anybody wants to raise about trust.

2 MR. HORTIG: This is true, but I did want to make

3 the distinction that there were no State funds as such that

4 were spent on this particular facility.

5 MR. CHAMPION: Let me ask you this, Mr. Lingle:

6 Is it possible that this thing, consummation of what they

7 are supposed to do, might be withheld subject to our having

8 some legal opinion as to the Lands Commission's proper role

9 in this matter? I am not asking, say, for a delay of the

10 opening of the bids or the action on them or the consummation

11 of them; but what you propose to do might be delayed pending

12 that. It might save us a lot of complications.

13 MR. LINGLE: My hesitation is as a lawyer. I hate

14 to jeopardize the opening of the bids. We have gotten them

15 out and they are pending.

16 MR. CHAMPION: How long have they been out?

17 MR. LINGLE: The Council approved this the first

18 part of June and I guess bids are to be opened, I assume,

19 next week -- as Mrs. Crowley said. I am not absolutely

20 certain.

21 MR. CHAMPION: What period do you have running

22 after the opening of the bids?

23 MR. LINGLE: We haven't drawn the lease. We have

24 to draw the lease, so between the time we draw the lease.....

25 MR. CHAMPION: I am talking about the award of

26 bids. There is generally a period of thirty, sixty or ninety

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1 days in which award a bid which has been opened.

2 MR. LINGLE: I don't have that information.

3 MR. CHAMPION: I think if this could be done, and I
4 think it could be done cooperatively -- if you did have such
5 a period of time before you made the award until we get this
6 opinion, then it would be all clear and then there wouldn't be
7 any problem of us raising questions after this is consummated.

8 MR. LINGLE: If there is any way we can do it that
9 we don't jeopardize the legality of it, I know the City will
10 do it.

11 MRS. CROWLEY: May I answer what Mr. Lingle has said?
12 Also, I'd like to add the addendum which has been sent out
13 since the original specifications, which I would like your
14 attorneys to study. There is a section that is very disturb-
15 ing to me -- and I may be just looking for something. After
16 a careful study of the lease and the bid, it is most apparent
17 that in the future there is no reason why this entire facility
18 cannot become a completely private club.

19 Now, in this addenda, which I wish to turn in, I
20 find that the restaurant, if I interpret it correctly, can be
21 operated there as a restaurant, but it is permissible but not
22 mandatory. I have often found that when these addendums come
23 out after careful study has been given, and they come out at
24 such a late date in the leasing period, that there is something
25 that one needs to carefully watch for.

26 I can answer a couple questions Mr. Lingle was not

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1 able to answer. I want to go into the secrecy and the lack
2 of publicity that seemed to surround this entire matter.
3 On June 3rd the Council met. A letter from the City Manager
4 was read. Without one comment, one objection, one question,
5 the Council immediately -- and I have evidence of this effect
6 minutes of the meeting -- the Council immediately resolved
7 that the City Manager issue the bids. This is on June 2nd.
8 On June 4th we found this little item in the Press-
9 Telegram -- just this little bit on the back page of the city
10 section. The front page had a large spread on a Yugoslavian
11 family -- but this was buried on the back page. The only pub-
12 licity in addition on this was because we approached the
13 Council and the Council resolved to ask the City Attorney for
14 his opinion. We also requested a public hearing, which has
15 not been granted to date. We are requesting it again today.
16 Item 18 today on the agenda at the City Council will advise
17 the Council the City Attorney has reviewed this, he has found
18 nothing illegal, and the action is an administrative decision.
19 Now, if the owners of this five and one-half million
20 property are not even to be allowed to be informed when it is
21 given away, as desperately as we need our recreation areas
22 there -- which Mr. Lingle touched on -- this area is completely
23 developed....
24 MR. CHAMPION: May I point out something here? I
25 think it is important to distinguish what this body can be
26 concerned with, and not. We are not in a position to review,

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generally, actions of any municipalities. We have one interest in the tidelands, and a very great interest in the tidelands; and that is that the terms of the grant are carried on and anything that affects the grant we must examine carefully. But as far as what the City has done, and the judgment of the Long Beach newspapers, this does not concern us.

MRS. CROWLEY: I am sorry. I shouldn't have mentioned it. However, I think Governor Anderson asked Mr. Lingle whether the City could control the rates. On this phase, which he touched on this morning, the minimum is $1250.00, which is ridiculous when even at a dollar, the return is seven thousand a month. On the Phase D, the boat basin, and the fuel, the minimum is $1250. There is nothing to prevent a private club from making that small minimum and there is nothing to offer percentage points which are greater, and there is nothing to charge the most they can get or charge the least they can get.

I do ask your attorneys to carefully study the lease, the invitation to bid, and the addendum which I have just presented to you.

MR. CHAMPION: You can be sure they will be given our attention.

MRS. CROWLEY: You have been most kind.

MR. CHAMPION: Is there anything further on this matter?

GOV. ANDERSON: I think we ought to make sure the Attorney General has all this material.

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MR. HORTIG: The discussions and the specific request to the Attorney General's Office will, of course, be supplemented with all the data that have been presented here today.

MR. CHAMPION: With that we will pass on to the next item on the agenda, which is authorization for Executive Officer to advise the Department of the Navy that the Commission is in agreement with the suggestion of the Navy that the fee simple title to all of Section 16 and the W½ of NW¼, SE¼ of NW¼, W½ of NE¼, SE¼ of NE¼, W½ of SW¼, SE¼ of SW¼ and the SE¼ of Section 36, Township 14 South, Range 9 East, S.B.M., Imperial County, be acquired by the Navy under proceedings in eminent domain, with every effort to be extended to reach an agreement through negotiations on the fair market value to which the State is entitled, and entry of a stipulated judgment in such proceedings.

MR. CRANSTON: I move approval.

GOV. ANDERSON: Second.

MR. CHAMPION: Stands approved.

Mineral Extraction and Oil and Gas Leases:

(a) Authorization for Executive Officer to offer for lease, for extraction of sand at minimum royalty of eight cents per cubic yard, a 57.59-acre area of submerged lands in Suisun Bay, Contra Costa and Solano counties, pursuant to application of Harry Crone Thomsen.

(b) Award to the highest qualified bidders, Richfield

1 Oil Corporation and Standard Oil Company of California, of
2 Parcel 21, Oil and Gas Lease, 5,553 acres of tide and sub-
3 merged lands, Santa Barbara County, for cash-bonus payment of
4 $18,666,555.66.
5 (c) Authorization, because of small size and in-
6 accessibility from surface drillsites, for a negotiated gas
7 lease between 42nd District Agricultural Association and Tide-
8 water Oil Company, covering 46.78 acres of land in the Glenn
9 County Fair Grounds at Orland, below the depth of 500 feet
10 below the surface of the ground, at rental of $25 per acre or
11 a total of $1,167.25 per year, and a royalty of 16-2/3% of
12 all dry gas or non-oil products removed or sold from the
13 leased land.
14 (d) Authorization, because of small size and in-
15 accessibility from surface drillsites, for a negotiated lease
16 between the State Department of Employment and the Standard
17 Oil Company of California, covering 4.07 acres of land in the
18 vicinty of 15th Street and Broadway in the City of Los
19 Angeles, below the depth of 500 feet below the surface of the
20 ground, at a delayed rental of $1,221 for the period March 5,
21 1959 to March 5, 1965; an annual rental of $244.20 commencing
22 March 5, 1965, in the event drilling operations have not com-
23 menced; and a royalty of 16-2/3%.
24 MR. CRANSTON: I move approval.
25 GOV. ANDERSON: I second, but I'd like to have you
26 explain a little bit the reason for delay in rental on item (d).

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1 MR. HORTIG: The obligation to undertake a lease on
2 the property was proffered to the Department of Employment as
3 early as 1959. The inclusion of this area within an oil drill-
4 ing district in the City of Los Angeles, which requires zoning
5 and establishment of oil drilling districts under ordinance
6 procedures of the City of Los Angeles, and the leasing of the
7 balance of the area within the particular oil drilling district
8 has occupied the time up to now; and consequently, now for the
9 first time the lessee of the majority area, who is actively
10 drilling a well on the drillsite approved by the City of Los
11 Angeles, has consummated all these lease commitments that he
12 has heretofore undertaken and, therefore, the delayed rental --
13 which is a customary offer in the normal upland lease -- is
14 being proffered for the period of time past under which he
15 originally obligated himself, as well as the lease providing
16 for an annual delay rental in the event that further drilling
17 development is not actually undertaken.
18 GOV. ANDERSON: This is the first drilling operation
19 in this area?
20 MR. HORTIG: Yes, sir. It is in process, within
21 the limits of the oil drilling district which encompasses the
22 particular parcel, which was occupied by the Department of
23 Employment.
24 MR. CHAMPION: Is there any further question on
25 this item? (No response) It has been moved and seconded,
26 approved unanimously. Stand approved.

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MR. CHAMPION: (continuing) Authorization for the Executive Officer to execute the Unit Agreement for the development and operation of the Coal Oil Point Offshore Oil and Gas Field, Devereaux Area, Santa Barbara County; determine that the unit plan of development and operation contemplated is necessary and advisable in the public interest; determine that the alteration, change or revocation of certain requirements of State Oil and Gas Leases P.R.C. 308.1 and P.R.C. 309.1 is necessary to secure the proper protection of the interests of the State. (Leases held by Richfield Oil Corporation and Signal Oil and Gas Company)

GOV. ANDERSON: I move it.

MR. CRANSTON: Second.

MR. CHAMPION: Stands approved.

Approval of maps and of boundary agreements:

(a) Authorization for Executive Officer to approve and have recorded Sheet 1 of 1 of map entitled "Map of the Grant to the City of Crescent City, Del Norte County, Calif." dated June 1964.

(b) Authorization for Executive Officer (1) to approve Map No. 12353 entitled "Survey of Corrected Boundaries Tideland Survey 63 (Parcel Two), Tideland Survey 76 (Parcel D), San Mateo County, California" dated September 1963 (Exhibit "C"), insofar as it depicts the common boundary of Parcel Two of Tideland Survey 63 along the landward of westerly boundary of Tideland Survey 76; (2) to approve corrected

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descriptions of Tideland Survey No. 63 (Parcel Two) and Tideland Survey No. 76 (Parcel D); (3) to certify Map No. 12353 and cause it to be filed in the Office of the Recorder of San Mateo County.

(c) Authorization for Executive Officer (1) to approve and have recorded Sheet 1 of 1 of map entitled "Boundary of Mean High Tide Line Along the Shore of Suisun Bay, Vicinity of Benicia Arsenal, Solano County, Calif." dated June 1964; (2) to execute a boundary agreement with the United States and the City of Benicia fixing the boundary of State tidelands at the Mean High Tide Line of 1896 along the shore of Suisun Bay, Solano County, California.

(d) Authorization for Executive Officer to execute a boundary agreement with Coast Capital, Inc., the City of Newport Beach, and the State of California, fixing the boundary of granted State tide and submerged lands along the shore of Newport Bay, as shown on "Map of Lancaster's Addition to Newport Beach" on file in the office of the State Lands Commission.

(e) Authorization for Executive Officer to execute an agreement with Harold M. Field, Doreen Field, and Emile Maalouf, fixing the Ordinary High Water Mark as the common boundary along the shore of Santa Monica Bay in the vicinity of Las Tunas Beach, Los Angeles County, as the permanent boundary between State tide and submerged land and subject private lands.

MR. CRANSTON: I move approval.

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GOV. ANDERSON: Second.

MR. CHAMPION: Any question? (No response) Stand approved.

Proposed legal actions:

(a) Authorize the Executive Officer to request the Office of the Attorney General to take legal action to quiet title, and for trespass, damages, and injunctive relief against Robert E. MacDonald, Robert E. MacDonald, III, and Blair MacDonald, d.b.a. Monterey Sand Company, and Monterey Sand Company, a California corporation, relating to removal by them of sand from tide and submerged lands in Monterey Bay fronting their property in the vicinity of Seaside and Marina, Monterey County.

(b) Authorization for Executive Officer to request the Attorney General to proceed with the filing of a quiet title action or such action as is deemed necessary for the purpose of determining and clearing the State's title to the E½ of NE¼ of Section 25, Township 1 North, Range 1 West, M.D.B., containing 80 acres in Contra Costa County.

MR. CRANSTON: Move approval.

GOV. ANDERSON: Second.

MR. CHAMPION: Stand approved.

Administration -- and I think we might deal with these separately, item by item:

(a) Amendment and adoption of the Commission's regulations in Title 2, California Administrative Code, Section 2100(f)(5).

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Do you want to explain that item, please?

MR. HORTIG: The Commission earlier this year authorized the publication of the required notice of intention to amend the rules and regulations relating to geological exploration permits to conform to the precise language of the statute. The necessary publications were made. The time has expired for any comments prior to adoption of rules and regulations by the Commission. No comments, pro or con, on the proposed rule amendment has been received and, therefore, it is recommended that the Commission adopt and thereafter the regulation will be published in the California Administrative Code as amended, relating to the conditions for furnishing information under geological exploration permits in strict conformance with the statute as it is in the books.

MR. CRANSTON: I so move.

GOV. ANDERSON: Second.

MR. CHAMPION: Is there any question on that matter? (No response) Stands approved.

(b) Authorization for Executive Officer, as required by Chapter 2160/63, to report to the State Controller the revenues remitted for the 1963-64 fiscal year, in accordance with Exhibit "A"; and to report to the State Controller the revenues remitted during the 1964-65 fiscal year at the time of remittance, for all revenues received from within the limits of qualifying cities or counties, as described in Exhibit "B".

I take it that Exhibit "B" is the opinion of the

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Attorney General?

MR. HORTIG: Exhibit "B" lists the qualifying criteria of the various cities and counties in terms of mile of beach front that will be applicable to the calculation of the subvention to be transmitted by the Controller to the respective cities and counties, depending upon the magnitude of the revenues received from offshore qualified cities and counties during the fiscal year 1964-65.

This is in conformance with the Attorney General's opinion of the applicability of the statute. The statute went into effect October 1963; provides for a report to the Controller of the amounts received for the balance of that fiscal year, specifically October '63 to June 30th, '64 in one lump sum; and thereafter requires a monthly report to the Controller as the State Lands Commission receives money on a monthly basis, so the Controller can then make the calculation as to the amount to be remitted in accordance with the qualifying schedules which are furnished to him by the Lands Commission.

MR. CRANSTON: I move that the Controller be informed.

GOV. ANDERSON: Second.

MR. CHAMPION: There being no alternative, it stands approved. Now, as I understand it, our report is to him of the total amount and he makes the computation under the interpretation of the Attorney General. Do you have an approximate figure as to what the local jurisdictions will receive under this?

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MR. HORTIG: Yes, sir. This is, of course, for the period of October to June, as shown on page, I believe 77 -- which should be Exhibit "A" -- and the total maximum revenue, for example, that would be available to Orange County for allocation to the City of Huntington Beach -- which could be not to exceed one percent of the $2,000,000 but not to exceed $75,000 per mile -- since they have four miles and one percent of the two million would be less than four times the $75,000, they would get below a figure of the one percent to be allocated.

Similarly, the City of Seal Beach .....

MR. CHAMPION: That one percent -- about what actually would Huntington Beach receive?

MR. HORTIG: $22,826; and similarly, Seal Beach -- $35,535, which is still less than $75,000, which would be the maximum they could receive for a one-mile qualification.

If you will turn to Exhibit "B", as you will note, there will be one additional qualified area in the County of Orange, the last line, Sunset Beach -- by reason both of establishment of county beaches and adjoining development of State oil and gas leases.

MR. CHAMPION: Which has not yet taken place.

MR. HORTIG: Which will be in effect during the period July 1, 1964 and forward.

MR. CHAMPION: For the next fiscal year?

MR. HORTIG: For the next fiscal year, but not qualified for the preceding year, which was the first partial

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1 fiscal year in which this statute was in effect.

2 MR. CHAMPION: Santa Barbara would get the maximum

3 $75,000.

4 MR. HORTIG: It happens that one percent is $75,000

5 and they do have a mile frontage, and this would be their

6 limitation also.

7 MR. CHAMPION: Is there any further question on this

8 matter? (No response) We have already taken action on that.

9 Next item -- (c) Executive Officer to be directed

10 to request the Department of Finance to initiate a study of

11 the State Lands Division, which study will (a) review the

12 present organization and staff of the Division, and (b)

13 develop a plan to provide for an organization structure and

14 staffing in conformance with current and near future growth

15 requirements.

16 I would like to begin by stating something and also

17 by offering an amendment to this. I think what is intended

18 here -- and I haven't had a chance to discuss it with Mr.

19 Hortig -- is a review by the people who formerly were in the

20 Organization and Cost Control section who are now in the

21 Department of General Services, on the operation of the State

22 Lands Division. This is not now in the Department of Finance

23 and I think it would be in order to change the recommendation

24 unless you have something else in mind, to the Department of

25 General Services.

26 MR. HORTIG: Actually, the discussion with your

1 staff indicated that a request to you, the Director of Finance,
2 would automatically involve cooperatively the request at the
3 proper time in the phasing to the Division of Budgets of the
4 Department of Finance, to the Department of General Services,
5 Division of Organization and Cost Control as you have suggested,
6 and the necessary involvement of State Personnel Board staff.
7 MR. CHAMPION: Let's make the amendment to this
8 extent: Let's make it to the Department of Finance and the
9 Department of General Services. I think anything the Depart-
10 ment of Finance did in this area would be obtaining consultants
11 for assistance beyond the Department of General Services. Is
12 that satisfactory to both of you?
13 MR. CRANSTON: Move approval as amended.
14 GOV. ANDERSON: Second.
15 MR. CHAMPION: It will stand approved. I'd also
16 like to say a little bit about the character of this, for
17 those of you who are concerned with the work of the Lands Com-
18 mission, as most of you who follow it have seen the tremendous
19 growth in the responsibility experienced in this program. We
20 have pretty much the same procedure -- the old staff organiza-
21 tion, the old staff approach. We are about to take on the
22 Wilmington Field, which is in itself a whole operation, and we
23 thought this would be an appropriate time to review some of
24 the procedural structures and the procedures involved. I
25 think there is probably a better way to handle our functions.
26 I think, for one thing, we ought to review some of
our ministerial functions, which should not be on action by

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this Commission. In other words, there are problems that ought to be dealt with while we are reviewing this structure. Of the twenty-seven commissions we have, I think this one has the bulkiest agenda and least understood, and this is no fault of the staff. They are following the procedure and doing a good job; but it is not any kind of an agenda that any body should have, and the review should be along the lines of modern procedures for the Commission; and particularly if we are going to spend the proper amount of time on the important questions before us, we ought to single those out and I think this is going to require effort by the Lands Commission staff, which really knows these problems, along with the administrative analysts and whatever consultant help we may have. It may be that out of this you may wish to recommend some sort of legislative program, which would free the Commission from having to act on thirty to forty items. If we can't do that, we may as well quit.

It might also be well, if we have increasing problems, as we have with Long Beach today, when we set up the deal on Wilmington that we have some sort of referee which will try to sort out these problems in advance of the meeting and they can hear from the parties unless we have to take action in the Commission as to extended matters, and then we will have a partial report.

These are some of the things we have in mind and I think if any of you who have to deal with the Commission,

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have to live with its procedures, have any suggestion as to how we can better carry out our functions, don't hesitate to let us have them. In fact, during this review, your advice may be sought out. I am sure the City of Long Beach would like to give us some gratuitous advice on this matter, and it will be welcome.

Is there anything further on this matter? (No response). We will go to the next item:

(d) Authorization for Executive Officer to initiate procedures for consideration of amendments and/or revisions of Articles 1, 2, 5, and 6 of Title 2, Division 3, of the California Administrative Code, Rules and Regulations of the State Lands Commission.

Mr. Hortig?

MR. HORTIG: As the Commission will recall, over an extended period of time there have been reviews and considerations of adoption by the Lands Commission with respect to a proposed program for administration, control, leasing, and sale of the remaining vacant State school lands under the jurisdiction of the State Lands Commission.

After completion of the public hearings and receipt of all the comments from all interested parties and the prescription of policy by the Commission, we now have before the Commission a draft of proposed rules and regulations to implement this policy as determined -- and which now must go through the prescribed procedural requirements for adoption of rules