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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 157
SACRAMENTO, CALIFORNIA

THURSDAY, OCTOBER 25, 1984

10:00 A.M.

ORIGINAL

Reported by:

Cathleen Slocum, C.S.R.
License No. 2822

PETERS SHORTHAND REPORTING CORPORATION

3433 AMERICAN RIVER DRIVE, SUITE A
SACRAMENTO, CALIFORNIA 95825
TELEPHONE (916) 472-8894

MEMBERS PRESENT

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Lizabeth Rasmussen, representing Kenneth Cory, State Controller, Acting Chairperson

Susan Wallace, representing Leo T. McCarthy, Lieutenant Governor

Clifford Allenby, representing Jesse R. Huff, Director of Finance

MEMBERS ABSENT

NONE

STAFF PRESENT

James Trout, Assistant Executive Officer

Jack Rump, Counsel

Jane Smith, Secretary

ALSO PRESENT

Dave Judson, Deputy Attorney at General

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PROCEEDINGS

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ACTING CHAIRPERSON RASMUSSEN: Meeting is called to order. Quorum is present.

The minutes of September 25th, are there any questions, comments, changes?

Minutes are approved. I hear no questions.

The report of the Executive Officer.

MR. TROUT: You have on your desk two items from the Executive Office. One is a replacement of a telephone cable in Riverside County by Pacific Telephone. We've granted them a letter of advanced permission. They will be back for a formal action on that. The Commission sponsored or hosted a Third Annual Merged Lands Management Conference in San Diego during the week of October 8th, and you'll see in the report that I think everybody who was there thought it was really very good. We appreciate Lance Kiley's involvement and Lisa Beutler who really got together and pulled the thing off. So we have that report for you as well.

ACTING CHAIRPERSON RASMUSSEN: Thank you. I've heard nothing but good comments about the conference and I hope that we will be able to participate in the future.

I understand there's some items that have been removed from the agenda.

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1 MR. TROUT: Yes. Item C5 from the Consent
2 Calendar and Items 12, 13, 14, 23, 24, and 26. We really
3 hated to lose these because we really didn't have all that
4 many to start with.

5 [Laughter.]

6 ACTING CHAIRPERSON RASMUSSEN: All right. The
7 Consent Agenda consists of Item C1 through C11 with the
8 exception of C5 which has been removed.

9 Are there any comments, questions, any reason
10 why any of these items need to be discussed on the regular
11 calendar?

12 Seeing none, the Consent Agenda is approved.

13 Item 12 is off, 13 and 14 are off. Item 15.

14 MR. TROUT: Item 15 is at Lake Tahoe, the
15 Perini Lake Tahoe Properties. It's an amendment to an
16 existing lease to add a deck and delete an existing pier.
17 It's a property owners association and they are going to
18 reconstruct and maintain a clubhouse and docking facility.

19 ACTING CHAIRPERSON RASMUSSEN: Any questions?

20 Item 15 is approved.

21 16.

22 MR. TROUT: Item 16 is unusual only in the sense
23 that the Commission some months ago imposed a moratorium
24 on additional leasing for marinas along the Sacramento River.
25 The Cartwrights had already had an application on file and

1 were well on their way including some permits. So we're
2 asking the Commission, one, to understand that these people
3 preceded the imposition of the moratorium and, therefore,
4 staff recommends that the action go ahead and be taken.

5 We have a termination of an existing lease and an issuance
6 of a new 14-year general lease for this commercial marina.

7 ACTING CHAIRPERSON RASMUSSEN: And they fulfilled
8 all the other requirements?

9 MR. TROUT: Yes, they have.

10 ACTING CHAIRPERSON RASMUSSEN: Are there any
11 questions on Item 16?

12 COMMISSIONER ALLENBY: No questions.

13 ACTING CHAIRPERSON RASMUSSEN: Item 16 is
14 approved.

15 Item 17.

16 MR. TROUT: Item 17 involves the reconstruction
17 of a damaged pier in the City of Pismo Beach. It's a
18 relatively complicated series of transactions involving
19 an amendment to the lease and a number of things that are
20 going to clarify the land description, restricts the use
21 of the revenues from the pier to the lease premises, and
22 it provides for detailed annual accounting.

23 The Commission is also being asked to approve
24 a sublease between the City of Pismo Beach and the Pismo
25 Beach Public Facilities Corporation. An additional thing

1 that we're asking is an assignment of the revenues from
2 the City and the Corporation to the Bank of America
3 National Trust and Savings Association as Trustee. Then
4 in addition, they'll be a sublease from the City to the
5 Wildlife Conservation Board. The situation that is in
6 repairing the pier, the City has gotten money from several
7 different sources. They have a grant from the Coastal
8 Conservancy. They have received some funds from the Wildlife
9 Conservation Board and the Federal Emergency Management
10 Administration. To administer this they've set up this
11 Public Facilities Corporation. The sublease to the
12 Wildlife Conservation Board is required because the Board
13 needs to have an interest in the property.

14 With that, I've exhausted the limit of my
15 knowledge and Mr. Kiley can answer questions.

16 ACTING CHAIRPERSON RASMUSSEN: It actually sounds
17 more complicated than it really is, I think.

18 MR. TROUT: Yes.

19 ACTING CHAIRPERSON RASMUSSEN: Do you have any
20 questions?

21 COMMISSIONER ALLENBY: No, I don't.

22 ACTING CHAIRPERSON RASMUSSEN: Item 17 is
23 approved, then.

24 Item 18.

25 MR. TROUT: Item 18 is a deferment of drilling

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1 obligations for Union Oil Company on oil and gas lease
 2 2879. They have to date submitted a development plan for
 3 approval and we're going to be working on that, but we will
 4 need some more time. The drilling deferment would have
 5 expired this month. We're asking it be extended to the
 6 end of the year.

7 ACTING CHAIRPERSON RASMUSSEN: Are there any
 8 questions on Item 18?

9 Item 18 is approved.
 10 19.

11 MR. TROUT: I have to at this point ask Jack Rump
 12 to make a statement for the record because we now have a
 13 nonvoting member sitting representing the Lieutenant
 14 Governor's Office.

15 MR. RUMP: Yes. Since the requirements of the
 16 Government Code provide that constitutional officers can
 17 only be represented by one alternate, Commissioner Wallace
 18 will be sitting in a nonvoting capacity, if that's the will
 19 of the --

20 ACTING CHAIRPERSON RASMUSSEN: Is that understood?

21 COMMISSIONER ALLENBY: Yes.

22 MR. TROUT: Glad you made it, Susie.

23 ACTING CHAIRPERSON RASMUSSEN: Thank you, Jack.

24 MR. TROUT: Item 19 involves Kaiser Steel
 25 Corporation. It's the approval of two mineral prospecting

1 permits for state lands adjacent to their Eagle Mountain
2 properties. The royalty rate, if they are successful in
3 finding what they're looking for, would be 20 percent. One
4 thing that we need to point out is that a prospecting permit
5 does include the right to a lease if they find what they're
6 looking for.

7 ACTING CHAIRPERSON RASMUSSEN: All right. Any
8 questions on Item 19?

9 Item 19 is approved.

10 20.

11 MR. TROUT: Item 20 involves the sell off of a
12 portion of the oil from Tract 1 in the Long Beach Unit.
13 The State has a right to take up to 12-1/2 percent or direct
14 the field contractor to sell up to 12-1/2 percent on the
15 market. We've been receiving on these sales somewhere
16 between a dollar and a half to two dollars a barrel bonus.
17 This would be for a new period starting sometime in the
18 early part of next year.

19 We're proposing that the Commission direct the
20 City of Long Beach to have the field contractor sell these
21 12-1/2 percent off in two increments, one at five percent
22 and one at seven and a half percent.

23 ACTING CHAIRPERSON RASMUSSEN: All right. Are
24 there any questions on Item 20?

25 20 is approved.

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Item 21.

MR. TROUT: 21 is the approval of a prospecting permit for minerals other than oil, gas, geothermal resources, sand and gravel. Again, the royalty rate if Mr. Cole finds what he's looking for would be 20 percent. He would have a right to a lease.

ACTING CHAIRPERSON RASMUSSEN: Any questions?

21 is approved.

22.

MR. TROUT: 22 is the Third Modification of the Long Beach Plan and Budget. This is not an augmentation. It's a movement of monies from one element of a program to another. We're actually creating a new element and staff supports this. It will give us a little better control.

ACTING CHAIRPERSON RASMUSSEN: All right. Are there any questions?

22 is approved.

23 and 24 are off.

25.

MR. RUMP: 25 is a proposed settlement from a condemnation action in the City of Eureka. The sovereign interest has been evaluated and between discussion with our staff and the City and the settlement would allow the wastewater treatment plant to proceed.

ACTING CHAIRPERSON RASMUSSEN: Are there any

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questions on Item 25?

25 is approved.

26 is off.

One more to go, 27.

MR. RUMP: 27 is amendment to an action which was taken in August of this year. It's technical amendments regarding the parties to the agreement and also the provision of a quitclaim. Both have been resolved and the staff is recommending approval.

ACTING CHAIRPERSON RASMUSSEN: All right. Any questions on that one?

27 is approved.

MR. TROUT: Madam Chairman, we have one item to briefly discuss with the Commission in Executive Session that has come up. We received an offer on a lawsuit. If you would bear with us, we'd like to clear the room and just briefly go over it. It shouldn't take very long.

ACTING CHAIRPERSON RASMUSSEN: The Commission will now go into closed session to discuss these items of pending litigation.

Thank you.

[Thereupon the State Lands Commission went into Executive Session at 10:10 a.m.]

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CERTIFICATE OF SHORTHAND REPORTER

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I, CATHLEEN SLOCUM, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission meeting was reported in shorthand by me, Cathleen Slocum, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 6 day of November, 1984.

Cathleen Slocum

CATHLEEN SLOCUM
Certified Shorthand Reporter
License No. 2822