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MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

ROOM 102
1020 N STREET
SACRAMENTO, CALIFORNIA

MONDAY, AUGUST 26, 1991
9:38 A.M.

Nadine J. Parks
Shorthand Reporter

PETERS SHORTHAND REPORTING CORPORATION

3336 BRADSHAW ROAD SUITE 240
SACRAMENTO CALIFORNIA 95827
TELEPHONE 916/382-2345

MEMBERS PRESENT

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Leo T. McCarthy, Lieutenant Governor, Chairman

Jim Tucker for Gray Davis,
State Controller, Commissioner

Susanne Burton for Thomas W. Hayes,
Director of Finance, Commissioner

Staff Present

Charles Warren, Executive Officer

Robert Hight, General Counsel

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P R O C E E D I N G S

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CHAIRMAN MC CARTHY: Open Session. We'll begin with the open session.

The minutes of the last Commission meeting are approved without objection.

Executive Officer.

EXECUTIVE OFFICER WARREN: Mr. Chairman, Commissioners, we have one item on the calendar today, which will be presented to you by our General Counsel, Mr. Hight.

MR. HIGHT: Mr. Chairman, we're here today to seek authorization for a settlement with four of the remaining oil companies -- Texaco, Exxon -- Texaco, Mobil, Shell, and Standard Oil for \$180 million. This would settle the State's and the City of Long Beach's claims against the companies for Long Beach 1 and Long Beach 2, the two lawsuits which have been brought against the companies for alleged price fixing.

In addition, the companies will make all of their nonheated pipelines common carrier. Three companies have heated pipelines. They will be adjudicated in an arbitration proceeding. And one company, Shell, has requested, at the State's option, that we consider up to \$10 million worth of property exclusively at the State's

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1 option.

2 It's the staff's recommendation that you approve
3 this item that has previously been approved by the Long
4 Beach City Council, and the Attorney General has indicated
5 approval and will sign today.

6 CHAIRMAN MC CARTHY: Any questions?

7 COMMISSIONER BURTON: I have a question about
8 timing.

9 COMMISSIONER TUCKER: We can't get it this
10 afternoon.

11 COMMISSIONER BURTON: Which fiscal year --

12 MR. HIGHT: This fiscal year.

13 COMMISSIONER BURTON: -- will this be settled
14 in terms of the cash?

15 MR. HIGHT: This fiscal year.

16 COMMISSIONER BURTON: Okay.

17 EXECUTIVE OFFICER WARREN: Within 45 days or
18 so, 60 days?

19 COMMISSIONER BURTON: 60 days from the last
20 signing?

21 MR. HIGHT: Yes.

22 COMMISSIONER BURTON: I see. Thanks.

23 EXECUTIVE OFFICER WARREN: That concludes the
24 presentation.

25 CHAIRMAN MC CARTHY: Jim, have you had a chance

1 to look at this whole thing?

2 (Laughter.)

3 COMMISSIONER TUCKER: I'll get to it sooner or
4 later.

5 CHAIRMAN MC CARTHY: Do you have any further
6 impressions?

7 It's a good settlement, and for those, including
8 Jim. The Long Beach City Attorney, it's a good
9 settlement. We could always hope for \$200 million more,
10 but I think that we got a good deal. All things
11 considered, it's a good result.

12 And we all have our ideas on how the cash
13 should be spent. But I think a contingency of one-third
14 to the State Lands Commission budget is very reasonable.
15 Don't you agree?

16 EXECUTIVE OFFICER WARREN: It would be much
17 appreciated.

18 COMMISSIONER BURTON: It would be if it weren't
19 spent already.

20 I had one more question. My understanding is
21 that this also requires approval by the Governor.

22 MR. HIGHT: Yes.

23 COMMISSIONER BURTON: And I want to make sure
24 that he has available to him a copy of the settlement
25 documents as soon as possible.

1 MR. HIGHT: I sent to Janice Brown one of the
2 settlement documents last Thursday, and with any kind of
3 luck, he should have the entire package on his desk this
4 afternoon.

5 COMMISSIONER BURTON: When are you expected to
6 close all of the -- complete the process?

7 MR. HIGHT: Well, we expect to have everybody's,
8 except for the Governor's, signature this afternoon.

9 So, the Governor should have it this afternoon
10 or in the morning at the very latest.

11 COMMISSIONER BURTON: And this will be the first
12 time that Janice has seen the package?

13 MR. HIGHT: No. Janice has seen -- they're
14 all identical. And this is the Mobile package, which I
15 gave Janice Thursday.

16 COMMISSIONER BURTON: Okay. Thank you.

17 CHAIRMAN MC CARTHY: Any other thoughts on this?
18 Are we prepared to approve?

19 COMMISSIONER TUCKER: Yes.

20 CHAIRMAN MC CARTHY: All this with the caveat
21 it needs the Governor's signature. All right. Commission
22 approved.

23 EXECUTIVE OFFICER WARREN: That concludes the
24 agenda.

25 CHAIRMAN MC CARTHY: Thank you very much.

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1 EXECUTIVE OFFICER WARREN: Thank you.

2 MR. HIGHT: Thank you.

3 (Thereupon, the meeting was adjourned
4 at 9:47 a.m.)

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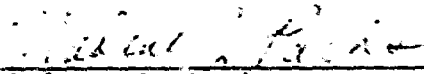
CERTIFICATE OF SHORTHAND REPORTER

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3 I, Nadine J. Parks, a shorthand reporter of the
4 State of California, do hereby certify that I am a
5 disinterested person herein; that the foregoing meeting
6 of the State Lands Commission was reported in shorthand
7 writing by me, and thereafter transcribed into typewriting.

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

11 IN WITNESS WHEREOF, I have hereunto set my hand
12 this 27th day of August, 1991.

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15 Nadine J. Parks
16 Shorthand Reporter
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