

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

STATE CAPITOL  
ROOM 3191  
SACRAMENTO, CALIFORNIA

FRIDAY, JANUARY 19, 2001

10:00 A.M.

COPY

MARY R. GALLAGHER, CSR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 10749

APPEARANCES

COMMISSIONERS

Kathleen Connell, Chairperson (Telephonic)

B. Timothy Gage, Member, represented by  
Annette Porini

Cruz Bustamante, Member, represented by Kevin McCarty

STAFF

Paul Thayer, Executive Director

Kim Korhonen, Executive Secretary

ALSO PRESENT

Dennis M. Eagan representing the Attorney General

Andrew Mardesich representing the Harbor Study Foundation

INDEX

	<u>PAGE</u>
Item 1 Roll Call	1
Item 2 Confirmation of Minutes for the Meeting of November 27, 2000	1
Item 3 Public Comment	3
Adjournment	5
Reporter's Certificate	6

---oOo---

PROCEEDINGS

1  
2 CHAIRPERSON CONNELL: I call this meeting to  
3 order.

4 Mr. Thayer, since this is a telephone conference  
5 call, will you call the role of the Commissioners in  
6 attendance?

7 EXECUTIVE OFFICER THAYER: Yes.

8 Controller Connell?

9 CHAIRPERSON CONNELL: I'm here.

10 EXECUTIVE OFFICER THAYER: Commissioner Porini is  
11 not here.

12 Commissioner McCarty?

13 ACTING COMMISSIONER MCCARTY: Here.

14 CHAIRPERSON CONNELL: Thank you.

15 And welcome, Kevin.

16 ACTING COMMISSIONER MCCARTY: Thank you. Good  
17 morning.

18 CHAIRPERSON CONNELL: Yes. The first item of  
19 business will be the adoption of the minutes of the  
20 Commission's last meeting.

21 May I have a motion to approve the minutes?

22 ACTING COMMISSIONER MCCARTY: I make the motion  
23 to approve the minutes.

24 CHAIRPERSON CONNELL: That is seconded by me and  
25 it's unanimous.

1           The next order of business is the closed session.  
2           May we have the room cleared for the closed session.

3           (The Commission adjourned to closed session at 10:20 a.m.)

4                               ---oOo---

5           (The Commission returned to open session at 10:35 a.m.)

6                               ---oOo---

7                       CHAIRPERSON CONNELL: We're now being joined in  
8           Los Angeles, if the Court Reporter would note for the  
9           record, we are being joined in Los Angeles by Andrew  
10          Mardesich. I believe the correct spelling of that is  
11          M-a-r-d-e-s-i-c-h, for the record. He represents the  
12          Harbor Study Foundation and serves as its director.

13                       So we are now back in open session. And,  
14          Mr. Eagan, would you announce the results of the closed  
15          session?

16                       MR. EAGAN: In closed session the State Lands  
17          Commission has approved a settlement between the State of  
18          California and the City of Los Angeles and the Los Angeles  
19          Board of Harbor Commissioners. The case of State of  
20          California versus City of Los Angeles and the Board of  
21          Harbor Commissioners being Los Angeles Superior Court  
22          Number BC 147094.

23                       In brief summary, the agreement provides for the  
24          repayment by the City to the Port of approximately \$62  
25          million to be returned to the Port's trust fund.

1 Further, the City agrees it will not be charging  
2 the Port in the future for certain facilities which are  
3 the Los Angeles Convention Center, the Banning Museum, and  
4 the Drum Barricks.

5 The City will be allowed to charge the Port for  
6 certain recreational facilities on, or adjacent to Port  
7 property including, for instance, the Cabrillo Beach, the  
8 Cabrillo Marina, the Cabrillo Marina Aquarium, and the  
9 Maritime Museum.

10 Repayment of the \$62 million will take place in  
11 the form of credits to the Port for payments otherwise due  
12 the City over a 15-year period at 3-percent interest. The  
13 agreement has a 20-year term and has a further provision  
14 that any party may reopen the agreement to discuss any  
15 needed changes at five-year intervals.

16 That was the substance of the agreement approved  
17 by the Commission.

18 CHAIRPERSON CONNELL: Thank you, Mr. Eagan.

19 We will now take any comment from members of the  
20 public.

21 And, Mr. Mardesich, did you wish to address the  
22 Commission?

23 MR. MARDESICH: Yes.

24 CHAIRPERSON CONNELL: Please. And,  
25 Mr. Mardesich, both Commission Members are both now here.

1 Ms. Porini who is representing Governor Davis; and Kevin  
2 McCarty who is representing Lieutenant Governor Cruz  
3 Bustamante.

4 MR. MARDESICH: I'm Andrew Mardesich representing  
5 the Harbor Study Foundation. I'd like to go on the record  
6 by saying we had intended to intervene in this case and we  
7 are a stakeholder, but unfortunately did not have the  
8 resources to intervene on behalf of the State, for the  
9 State in their position in this litigation.

10 We currently have an application with the State  
11 Lands for a feasibility study of cityhood. It is our  
12 concern in this area that these credits don't impede our  
13 application in any way, shape, or form. And I see a nod  
14 that they don't, so that's a good indication.

15 Secondly, giving the City of Los Angeles a  
16 benefit of doubt, more than a benefit of the doubt, that  
17 they truly do not understand their responsibilities to the  
18 State and stakeholders in San Pedro and Willmington on how  
19 they operate the Port on behalf of the State of  
20 California's business there.

21 We are working with the select Harbor Committee  
22 to put together a workshop with the parties that were  
23 involved in this litigation as well as our organization,  
24 our foundation to define certain aspects of what a Harbor  
25 Department's role is and the impacts on the communities of

1 San Pedro and Willmington.

2 Thank you.

3 CHAIRPERSON CONNELL: Any other matters or  
4 comments by the Commissioners?

5 ACTING COMMISSIONER PORINI: None.

6 ACTING COMMISSIONER MCCARTY: None.

7 CHAIRPERSON CONNELL: None. Fine. I want to  
8 thank you for being available this morning. And if not,  
9 then, we are adjourned.

10 (The proceedings adjourned at 10:39 a.m.)

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## CERTIFICATE OF REPORTER

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2  
3  
4 I, MARY R. GALLAGHER, a Certified Shorthand  
5 Reporter of the State of California do hereby certify:

6 That I am a disinterested person herein; that the  
7 foregoing California State Lands Commission was reported  
8 in shorthand by me, Mary R. Gallagher, and thereafter  
9 transcribed into typewriting.

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

13 IN WITNESS WHEREOF, I have hereunto subscribed my  
14 hand this 28th day of January, 2001.

15  
16   
17 MARY R. GALLAGHER, CSR #10749