Oregon

DIVISION OF
STATE LANDS

STATE LAND BOARD
BARBARA ROBERTS
Governor
PHIL KEISLING
Secretary of State
ANTHONY MEEKER
State Treasurer

The Oregon State Land Board met in regular session on October 13, 1992, at 10:00 a.m. in the Land Board Room of the State Lands Building, 775 Summer Street N.E., Salem, Oregon 97310.

Present were:

Barbara Roberts	Governor
Phil Keisling	Secretary of State
Tony Meeker	State Treasurer

Assistants	Dept. of Justice	Staff
Anne W. Squier	Bill Cook	Gary Gustafson
Nina Johnson		Earle Johnson
Steve Smith		Gary Van Horn
		Steve Purchase
		agency staff

The meeting was called to order by Governor Roberts. The topics discussed and the results of those discussions are listed as follows. Further details of the discussions may be obtained in the written transcript of the meeting available at the Division of State Lands, 775 Summer Street NE, Salem, Oregon 97310 (phone: 378-3805).

Governor Roberts opened the meeting by announcing the birth of Kathryn Elizabeth to Secretary of State Phil Keisling and his wife Pam Wiley on October 9, 1992.

The minutes were removed from the consent agenda portion of the meeting to allow individual discussion.

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North Tongue Point Request for authorization to expend up to $600,000 of Common School Funds needed for capital improvements at North Tongue Point, near Astoria, Oregon. Also request authorization for the Division to appear before the Legislative Emergency Board to seek approval for a corresponding Other Funds Capital Improvement budget expenditure limitation increase.

Acting Director Gustafson introduced this item saying the agency has come to a critical point in needing maintenance on the buildings at North Tongue Point, specifically Hangars 2 and 3.

Hangar 2 is currently occupied by The Ogilvie Company, a manufacturer of marine buoys. It needs a fire suppression system and other repairs to meet building code requirements. The cost estimate for repairs and upgrades to this building is $250,000. Alan Ogilvie, President of The Ogilvie Company indicated that he is willing to contribute $150,000 towards these necessary repairs for Hangar 2, assuming his company is able to obtain a new lease. This would leave a total cost of $100,000 for the state.

Hangar 3, the larger of the two buildings, was used recently for the Golden Harvest Film, "Teenage Mutant Ninja Turtles III." During that filming, Golden Harvest invested approximately $350,000 in new improvements related to film production and electrical upgrades. The building has structural problems, a leaking roof that needs replacement as well as installation of a fire suppression system. The estimated cost of repairs and upgrades to Hangar 3 is $500,000.

These buildings have recently been annexed by the City of Astoria. They are in need of immediate repair in order to meet current building and safety codes and in order to protect the investment already in the buildings. The city could force the agency to make these improvements, or if not done, might require the agency to dismantle or move the buildings at an estimated cost to the state of approximately $1 million. The State Building Codes Agency requires these upgrades in order to grant a continuation to the existing temporary occupancy permits. If approval is received from the Land Board and the Emergency Board, the Building Codes Agency will extend the temporary occupancy permits until June 15, 1993, allowing sufficient time for the repairs and improvements to occur.

Acting Director Gustafson said the cost to improve both Hangar 2 and 3 is $600,000 of Common School Funds. He asked the Board to approve this expenditure from the Common School Fund and authorize the agency to go before the Legislative Emergency Board at their next meeting to request an additional $600,000 in Other Funds expenditure limitation.

Bob DeLong, City Manager of Astoria, said that the decision to make these repairs will have a major impact on the economy of the community. He said that an estimated $4 million was brought directly into the community, as a result of the Golden Harvest Film. He said The Ogilvie Company in Hangar 2 has been an extremely successful business for the area. He commended the work of the Division staff, especially David Blum in coordinating these efforts.

Lynn Wallace, Executive Director of the Astoria Area Chamber of Commerce, said the Chamber has taken a vote of support in development of North and South Tongue Point and are interested in the investments needed in Hangar 2 and 3. She stated they provide diversification from the normal timber and fishing industries the area has long been dependent upon. She said investments of a substantial size have already been made to Hangar 3, and she feels it's important for the state to make the repairs needed for both buildings to keep these investments usable for the local and state economy.

Alan Ogilvie said he proposes to build a $1 million annex to Hangar 2, a critical step for the company at this time. His loan for the annex has basically been approved, pending a signed lease agreement with the state. He said his company moved to the Astoria area about seven years ago and had a five man shop. They now employ 40 people. They are the only company in the country manufacturing buoys for the Coast Guard. They not only fabricate for the West Coast, but also for the Gulf Coast and East Coast as well. A potential contract is in the works also with the Navy for manufacturing causeways.

Dean Webster, Vice-President of The Ogilvie Company, said the room for expansion is vital for the company, since they have potential within the year to nearly triple their existing employment. He stressed the need for the improvements to be made, so their work can continue.

Secretary of State Keisling moved the request be approved. He commented that he was extremely impressed when he visited The Ogilvie Company operation. He said they are poised for substantial expansion that will benefit everyone. He thanked the company for being willing to commit $150,000 to share in the investment needed in Hangar 2.

State Treasurer Meeker seconded the motion. He complimented the Division for preparation of the economic analysis sheet, showing how it is meeting the Common School Fund investment standards and earning an adequate rate of return for the investment made. He said it's nice to know a public/private partnership can earn money for the Fund while creating jobs in the process.

Governor Roberts said Oregon needs this kind of economic diversity. The motion was approved by a unanimous decision.

Secretary of State Keisling asked how quickly the needed work could be accomplished if the Emergency Board approval is received. Acting Director Gustafson said the work would begin as soon as possible, perhaps issuing contracts the day after the approval.

South Tongue Point Status report on the proposed South Tongue Point Marine Industrial Park, near Astoria and request for authorization for the Division to appear before the Legislative Emergency Board for a Federal Funds expenditure limitation increase of $250,000.

Acting Director Gustafson explained that the Division had earlier received approval from the Emergency Board to accept $850,000 in Federal Funds that were to be appropriated by Congress for the design and planning work associated with needed infrastructure at the South Tongue Point for the Navy to bring two mine sweepers. Gustafson reported there had been considerable difficulty in actually receiving those funds, though Congress did its work in including these in an appropriations bill targeted to go the Division of State Lands through the Department of Defense. However, problems such as the Defense Department's administrative overhead costs and their disbursement schedule and process prevented the agency from receiving these monies. After encountering these frustrations, the Division reapproached Congress and

Senator Hatfield was successful in convincing Congress that the $850,000 should now be increased to $1.1 million, because of the delays associated with the transfer of the funds and associated cost increases during the one-year time lapse. Senator Hatfield was able to include this appropriation in the Hurricane Andrew relief bill, which was signed by Congress and President Bush. The initial disbursement of the funds is expected early in November.

Gustafson requested the Board approve the increase of $250,000 to the agency's existing Federal Funds limitation authority and allow the agency to appear before the Legislative Emergency Board on December 3 and 4 of this year.

State Treasurer Meeker moved the item be approved. Secretary of State Keisling seconded the motion, and the approval was unanimous.

Consent Agenda

Mineral Exchange	Request for approval of a proposed exchange of mineral and geothermal resource rights between the state and the Weyerhaeuser Company.
Mineral Exchange	Request for approval of a proposed exchange of state mineral and geothermal resource rights between the state and the Hanson Natural Resource Company.
Easement	Request by the Oregon Department of Transportation for a bridge easement across Yaquina Bay to rehabilitate the existing Highway 101 bridge in Newport.

State Treasurer Meeker moved the items on the consent agenda be approved. Secretary of State Keisling seconded the motion and the approval was unanimous.

Minutes	Request for approval of minutes of the State Land Board meeting for September 14, 1992.

State Treasurer Meeker moved the minutes be approved with an amendment to revise page 4, lines 18-21, as follows:

"He stated a better course would be to adopt the standard set forth in the recent August 24 Interior Department memo, which according to the Department of Forestry's September 4, 1992 memo from Mike DeLaune to Ray Craig, would result in an [return the] annual harvest of approximately [level to] 30 mmbf."

Secretary of State Keisling seconded the motion and the approval was unanimous.

In-Lieu Lands Status of in-lieu Common School Land selection.

Acting Director Gustafson said that through the Admissions Act, Oregon received a portfolio of lands consisting of the Sections 16 and 36 of every surveyed township in the State of Oregon to be managed for production of revenue for the benefit of the common schools in the state. However, some of these lands were unsurveyed or federal withdrawals for such things as military reservations, power projects, etc. which prevented them from being transferred. In these cases, the Admissions Act provided a mechanism for indemnity selections, so that in lieu of Sections 16 and 36, lands could be selected from other vacant, unappropriated and unreserved federal lands at a later date. During the turn of the century, the state also sold to private individuals some lands which it had failed to receive from the federal government. In the early 1960's, the State Legislature passed a law providing these individuals could then receive an equal acreage amount of the state's in-lieu selection rights. As the Bureau of Land Management began the process of reviewing all the lands conveyed to the state and those withdrawn, discrepancies arose between the state's records of lands it was entitled to and the BLM's records. The state held that it still was owed several thousand acres of indemnity selection lands. A court determination about a year ago found the state of Oregon was due approximately 5,200 acres which can now be chosen from vacant, unappropriated and unreserved federal lands.

However, Gustafson reported that Oregon must still resolve its obligation to convey the heirs of many private individuals its in-lieu selection lands. Up to 1,200 acres could be owed to the private individuals, with a remaining 4,000 acres being left to select. The Division wanted to alert the Land Board to the situation and request authority to initiate a process to fulfill those remaining land selections.

State Treasurer Meeker encouraged, where possible, the blocking of lands adjacent to ones already owned in the selection process.

Governor Roberts commended Assistant Attorney General Bob Muir for the remarkable legal work done on this case.

Secretary of State Keisling moved the meeting be adjourned. State Treasurer Meeker seconded the motion and the approval was unanimous.