REPORTER'S TRANSCRIPT OF
MEETING OF
STATE LANDS COMMISSION
of the
STATE OF CALIFORNIA

February 7, 1957
9:30 a.m.

*****

PRESENT:

THE STATE LANDS COMMISSION:
Messrs. John M. Peirce, Chairman
Harold J. Powers
Robert C. Kirkwood

FROM THE STAFF of STATE LANDS DIVISION:
Messrs. Rufus W. Putnam, Executive Officer
William E. Bestues
Kenneth C. Smith
H. Edward Werner
Robert M. Lavell
Julia L. Stahl; Secretary

FROM THE OFFICE OF THE ATTORNEY GENERAL:
Mr. Paul M. Joseph

APPEARANCES:
City of Long Beach -
Mr. Harold A. Lingle, City Attorney
Mr. Ernest M. McKee, Sr.
Messrs. James Toscher and Henry R. Spurr,
Attorneys for Mr. McKee

Reporter:
Louise H. Lillico
Division of Adm. Procedure
## INDEX
(By Subject)

(For index by item number, see following page - iii)

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>Item on Agenda</th>
<th>Page of Agenda</th>
<th>Page of Transcript</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antioch (Legislation)</td>
<td>23</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td>Bonta, Julius A. and Sam A.</td>
<td>4</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Connolly Pacific Company</td>
<td>26</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Diaz Brothers</td>
<td>30</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Doe, et al.</td>
<td>24</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Engineers, Consulting</td>
<td>8</td>
<td>18</td>
<td>31</td>
</tr>
<tr>
<td>Gilmore, Malcolm L.</td>
<td>11</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Gilmore, Malcolm L.</td>
<td>14</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Glick, Mario R.</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Highway Division</td>
<td></td>
<td>23</td>
<td>34</td>
</tr>
<tr>
<td>Junior Counsel Position</td>
<td>26</td>
<td>42</td>
<td>41</td>
</tr>
<tr>
<td>Kimball, Marston H.</td>
<td>12</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Legislation</td>
<td></td>
<td>36-40</td>
<td>39</td>
</tr>
<tr>
<td>Long Beach, City of</td>
<td>18</td>
<td>21</td>
<td>2</td>
</tr>
<tr>
<td>McKee, Ernest M., Sr</td>
<td>15</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Magid, Lambert and Junge</td>
<td>20 (Sup)</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Orange County (Legislation)</td>
<td>22</td>
<td>38</td>
<td>40</td>
</tr>
<tr>
<td>Pacific Tel. &amp; Tel. Co.</td>
<td></td>
<td>25</td>
<td>34</td>
</tr>
<tr>
<td>Pauley, Edwin D.</td>
<td></td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>Perry, F. L.</td>
<td>7</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Petaluma lands</td>
<td>16</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Phelps, Tracy I.</td>
<td>13</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Phillips, M. Penn</td>
<td>2</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Recreational Permits</td>
<td></td>
<td>31</td>
<td>34</td>
</tr>
<tr>
<td>Reisner, William B.</td>
<td>27</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Reporting of Proceedings</td>
<td>25</td>
<td>41</td>
<td>1 &amp; 41</td>
</tr>
<tr>
<td>Rowland, Eugene</td>
<td>17</td>
<td>17</td>
<td>31</td>
</tr>
<tr>
<td>Stover, Hudson</td>
<td>19</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td>Stover, Hudson - Legislation</td>
<td>24</td>
<td>40</td>
<td>41</td>
</tr>
<tr>
<td>Thayer, Richard Kimball</td>
<td>5</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Turpin, Clarence E.</td>
<td>6</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>United States Lease - Imperial County</td>
<td>9</td>
<td>19</td>
<td>32</td>
</tr>
<tr>
<td>Williams, Mrs. Lou</td>
<td>10</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>ITEM NO.</td>
<td>PG. OF TRANSCRIPT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-7</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-12</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-21</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22-23</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>1 and 41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>41</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interim Transactions 34

Legislative 39
MR. PEIRCE: Now today we are going to record the proceedings and we are going to do it both ways. We are going to have a shorthand reporter take down verbatim notes on the discussion and we will also have a sound recording of our proceedings. In connection with the sound recording, will all those who address the Commission identify themselves so that the transcription will indicate who is speaking. We are trying both methods of recording today to see which is better and which will serve our requirements best, and so please understand that we are not going to use both devices for future meetings of the State Lands Commission.

Colonel, do we have any minutes to approve at this meeting?

MR. PUTNAM: No, they were not gotten to the Commission in time, so I thought I would let them go over to the next meeting. We will need a meeting in March before the 15th in order to settle Long Beach's operation.

MR. PEIRCE: I want to report to the Commission that I sent a letter to various land owning groups or corporations and the United States Bureau of Land Management, inviting their cooperation in making available to us experts in land leasing procedures. Three replies have been received to date, two replies yet remain to be received. As soon as we have received replies from all five, a meeting of these experts will be arranged -- presumably at a meeting of the

DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA
State Lands Commission so that we may invite their counsel at that time. It is contemplated that these men will be present at an open meeting of the State Lands Commission, so that all interested parties may participate in the discussion and receive the benefits of any advice or counsel these men may wish to give us with regard to the adequacy or inadequacy of our own land leasing operating procedures and policies. Have you any further comment, Mr. Kirkwood, at this time with respect to this advisory group?

MR. KIRKWOOD: No, I do not.

MR. PEIRCE: Now, Colonel, I assume that we are ready to proceed with the regular agenda.

MR. PUTNAM: Yes, and we have a Long Beach representative here and we might, if you agree, move into Item 18 on Page 21. I might explain that Mr. Hortig is going to one of your schools today, Mr. Peirce, your management school. He couldn't be in both places at one time so I am asking his principal assistant, Mr. Bestues, who is in charge of our Long Beach office, to present this material.

MR. PEIRCE: Very good.

MR. BUESTES: Consideration of Subsidence Costs - L. B. Work Order 10022. On January 10, 1957 (Minute Item 16, page 2981), the Commission approved the costs proposed to be expended by the City of Long Beach, including subsidence remedial work during January 1957, and estimated expenditures in the first portion of February 1957 for payrolls
and similar items. The same elements of subsidence costs expenditures which are to be paid during February 1957, accountable under subsidence costs not included in projects approved heretofore by the Commission, will require approval by the Commission if credit is to be received by the City of Long Beach for such costs under the provisions of Section 5(a) of Chapter 29, Statutes of 1956. The staff of the State Lands Division has reviewed statements made by the City of Long Beach with respect to such expenditures during February 1957. These amounts are tabulated in Exhibit "A" attached hereto. In addition, the Harbor Department has requested prior approval by the Commission of the amount of $40,000 estimated to be spent in March 1957 for payroll and voucher payment other than construction. The subsidence portion is estimated by the Harbor Department to be 89%.

It is recommended that the Commission approve the costs estimated by the City of Long Beach, including the subsidence remedial work, as shown on Exhibit "A" hereof, and the estimated expenditures in the month of March 1957 in the amount of $40,000 to cover costs of "force accounts and vouchers other than construction"; subject to the condition, however, that the amount, if any, of each of the items to be allowed ultimately as subsidence costs, deductible under Chapter 29 Statutes of 1956 will be determined by the Commission upon an engineering review and
final audit subsequent to the time when the work under any of these items is completed; and that the Executive Officer or the Assistant Executive Officer, or the Mineral Resources Engineer be authorized to execute appropriate written instruments reflecting the Commission's conditional approval.

MR. PEIRCE: Does this recommendation meet with the approval of the City of Long Beach?

MR. PUTNAM: As far as we all know it does. They are here.

MR. LINGLE: I am Harold A. Lingle, city attorney for the City of Long Beach and the recommendation does meet the approval of the City of Long Beach.

MR. PEIRCE: Are there any recommendations?

MR. POWERS: Approve the recommendation.

MR. KIRKWOOD: I second it.

MR. PEIRCE: Moved and seconded that the recommendation on the City of Long Beach be approved. So will be the order.

MR. PUTNAM: I am going to inquire of the Chairman if there is a Mr. McKee or representative of Mr. McKee here.

MR. TOSCHER: I am here, but Mr. McKee stepped out for a few minutes.

MR. PUTNAM: We will hold that off for a few minutes. Is there a Mr. Rowland here? (No response) Is there a Mr. Stover here?

MR. POWERS: Are you speaking of ... Why should he have a representative here? I shouldn't think he would
MR. PUTNAM: Well, I don't know -- I wanted to check.

MR. POWERS: Not the way we are handling it.

MR. PUTNAM: We will start on page 1. This is a cancellation of Mineral Extraction Lease P.R.C. 598.1 covering an area in Mono Lake issued to Mrs. Lou Williams of Leevining, California, February 28, 1951 pursuant to competitive bidding. She has not met her annual rentals for some time and we have been unable to locate her, so we are recommending that the Commission authorize the Executive Officer to cancel Mineral Extraction Lease P.R.C. 598.1 Mono County.

MR. KIRKWOOD: I move the recommendation be approved.

MR. POWERS: Seconded.

MR. PEIRCE: So will be the order.

MR. PUTNAM: On page 2 and 3 we have compilation of six sales on vacant school lands. Ken Smith, will you take care of that?

MR. SMITH: I will read the recommendation. It is recommended that the Commission authorize the sale of vacant State school land, for cash, at the highest offer, in accordance with the following tabulation, such sales to be subject to all statutory reservations including minerals. Those are routine...

MR. KIRKWOOD: Move the approval.

MR. POWERS: Is this three pages, you say?
MR. PEIRCE: Two pages.

MR. POWERS: That's all right. I will second.

MR. PEIRCE: All right. Mr. Kirkwood moves, Governor Powers seconds that these recommendations be approved and so will be the order.

MR. PUTNAM: Then if I am correct can we jump to page 10?

MR. SMITH: Page 10 -- that the Commission determine that it is to the advantage of the State to select Federal land containing 640 acres in San Bernardino County; that the Commission approve this action and authorize the sale thereof pursuant to the rules and regulations on sale of vacant State school land on the conveyance of the land by the Federal Government.

MR. PUTNAM: I might add that these lands offered to the State are lands we would never get. They are a Death Valley National Monument. The original applicant cancelled his request so we will get some land to work with if we get it.

MR. PEIRCE: What is the difference between this and the Rowland situation in Lassen County? You are purchasing Federal land, selling this land, and buying land to replace it.

MR. PUTNAM: But we are not selling this land at the moment.

MR. PEIRCE: You are not selling this land?

MR. PUTNAM: Not at the moment. We are just getting land from the United States.
MR. SMITH: This is a case where the applicant has cancelled at his own request due to the time involved in processing through the Federal Government.

MR. PEIRCE: Mr. Kirkwood moves, Governor Powers seconds that the recommendation be approved. So will be the order.

MR. PUTNAM: Item 11.

MR. SMITH: It is the sale of vacant Federal land in San Bernardino County. That the Commission find that said Federal land is not suitable for cultivation; authorize the sale for cash to Malcolm L. Gilmore for the sum of $2,472.60 subject to all statutory reservations including minerals, following conveyance to the State.

MR. PUTNAM: This is an ordinary transaction. No contest, no dispute.

MR. POWERS: Very good price. I move.

MR. PEIRCE: Governor Powers moves, Mr. Kirkwood seconds that the order be approved. So will be the order.

MR. PUTNAM: Item 12, page 12.

MR. SMITH: This is an application for lieu land where the applicant has cancelled. It is recommended that the Commission determine that it is to the advantage of the State to select 40 acres in Plumas County; that the Commission approve the selection and authorize sale in accordance with rules and regulations governing school land.

MR. PUTNAM: It is again the same category as the first one. The applicant ducked out and we think it is to the
advantage of the State.

MR. PEIRCE: Governor Powers moves, Mr. Kirkwood seconds that the order be approved. So ordered.

MR. SMITH: Page 13. Item 14, Sale of land. It is recommended that the Commission determine that it will be to the advantage of the State to select 360 acres in San Bernardino County; that the Commission find that said land is not suitable for cultivation; that the Commission select and authorize the sale of said land for cash to Malcolm L. Gilmore at the appraised price of $12,402 subject to our statutory reservations following conveyance to the State.

MR. PUTNAM: Again, an undisputed deal.

MR. PEIRCE: Mr. Kirkwood moves, Governor Power seconds, so will be the order.

MR. PUTNAM: Mr. Mckee is here now. I might state also that Deputy Attorney General Paul Joseph, down at the end of the table, has been handling this case for us.

MR. POWERS: What page is this now?

MR. PUTNAM: Page 14. Will you go ahead, Ken?

MR. SMITH: Sale of vacant Federal land. An offer has been received from Mr. Ernest M. Mckee, Sr. for 440 acres in Lake County. Mr. Mckee submitted the minimum required offer of $2,200 or $5 per acre. Said land was conveyed to the State by the United States on June 15, 1956. The sale of this land to Mr. Mckee was referred to the Commission at its meeting held in Sacramento August 15, 1956. Mr. Mckee
and his attorney, Mr. Toscher, personally appeared, contending that the land under the law must be sold to Mr. McKee at the value at the time he made the original deposit and, in addition, questioned the time at which the value should be established. Accordingly, the Commission adopted the following resolution: The Commission found that it was advantageous to the State to select the land and approved the selection with the understanding that the time limit for depositing additional money to meet the appraised price be extended to October 15, 1956 to give the applicant time to present his recommendations to the staff and that the staff in turn make its recommendations to the Commission at the earliest possible date; that the applicant and the staff make its recommendations on questions to be made to the Attorney General as to appropriate time of appraisal.

Subsequently, a request for an opinion has been submitted to the Attorney General and it was prepared by Mr. Raymond H. Williamson, Deputy Attorney General, under date of January 18, 1957:

"You have heretofore submitted your file pertaining to the above application and raised the following three questions in connection therewith:

1. Did this application involve a sale of land for State scrip at a total purchase price of $2200, or did it involve a sale of land for cash at the appraised value of $100,000?

2. Assuming there was a sale for cash, is the appraised value of the land to be fixed as of the date of the filing of the application or as of the date of the
allowance of the application by the Federal Government?

3. Does the State Lands Commission have jurisdiction to now disapprove the application on the ground that the application and accompanying documents indicated that the timber on the land was scrub timber, when, in fact, it constituted a substantial quantity of merchantable timber?

In answer to the first question, and upon a review of your file and the various documents and related matter contained therein, as well as the applicable rules and statutes, we are of the opinion that the application involved a sale for cash at the appraised value of $100,000 or whatever appraisal figure is determined by the commission.

Our answer to your second question is that the date of valuation is to be fixed after allowance of the State application by the Federal Government in accordance with Section 2402(b) of Title 2, California Administrative Code.

In answer to your third question and with particular reference to the State and Federal forms completed and sworn to by the applicant, we are of the opinion that the Commission, in the exercise of its discretion, may disapprove the application. We believe that the various State and Federal forms completed and sworn to by the applicant are fairly indicative that the land contained only scrub timber as no mention was made that merchantable timber existed on said property. Since there exists a wide difference in the valuation of scrub timber lands as compared with merchantable timber lands, the description of the subject land by the applicant constituted a material misstatement and "--

MR. SMITH: -- citations are given.

"Consequently, in addition to other grounds that may exist for disapproving the application such as failure to pay the appraised value of the property within the time allowed, the Commission might well disapprove the application on the above stated ground.

(signed) Raymond H. Williamson
Deputy Attorney General"

MR. SMITH: At the meeting of August 15, 1956, it was also informally agreed that Mr. Toscher should submit his
findings on land values to the staff and, in turn, the
staff would submit its recommendations to the Commission.
To date no appraisal report has been submitted by Mr.
McKee for review and the only discussion between staff
members and the applicant and Mr. Toscher occurred on
October 9, 1956, during which a copy of an appraisal was
displayed to staff members. No formal report has been
submitted for review and analysis by the State. However,
a copy of the State appraisal was forwarded to Mr. McKee on
October 9, 1956.

While the request for an opinion was pending
before the Attorney General, the Commission extended the
period during which Mr. McKee could submit the additional
amount of $97,900 to meet the appraised value, until 5 p.m.
February 13, 1957.

The opinion of the Attorney General clearly
indicates that the application of Mr. McKee involves a
sale of the land therein for cash in accordance with the
existing law and rules and regulations of the State Lands
Commission. In addition, the date of appraisal, as pointed
out in the opinion, is clearly set forth in the rules and
regulations, which indicates that the value shall be fixed
after allowance of the State application by the Government.
This allowance occurred by decision of the manager of the
Sacramento Land Office of the Bureau of Land Management
dated January 13, 1956, which classified the subject land
as suitable for disposal under Section 7 of the Taylor Grazing Act, subject to future compliance with the laws and regulations governing indemnity selections. The land was inspected and appraised during the month of May 1956.

It is recommended that the Commission defer action on the sale of the 440 acres to Mr. McKee until an opportunity for the staff is afforded to confer further with the Attorney General as to appropriate action to be recommended at the next regular meeting of the Commission.

MR. PEIRCE: Now, Colonel, how do you recommend that we proceed? You are, in effect, asking that we defer any action with respect to this matter. We have Mr. Toscher representing Mr. McKee and also Mr. McKee.

MR. PUTNAM: I would suggest that we hear from either or both.

MR. PEIRCE: All right. Mr. Toscher, do you wish to be heard at this time.

MR. TOSCHER: Yes. My name is James Toscher. I am representing Mr. Spurr, who is also with the firm of Spurr & Brunner, Ukiah.

Our purpose here this morning is to get over one large point that I believe has been completely overlooked and which we have kept pressing the time for. I know your time is of the essence and you have to go largely by the recommendations of your staff; but I have one point that I would like to see if I could get over at this time in order...
that it might be wound up for further action by writ of
mandate or whatever is necessary.

The point is whether or not this was a sale
of land by scrip as defined in Sections 7403, 7413 and
7416. Now those sections appear on Mr. McKee's applica-
tions and it was under those sections that this land was
purchased. I believe that Mr. Smith of your staff, or
Colonel Putnam as far as that goes, would be willing to
stipulate that if Mr. McKee did purchase scrip and sub-
mitted it to the State Lands Commission that he would be
entitled to patent at this time. Is that correct, Mr.
Smith?

MR. SMITH: I think the Attorney General's office will
advise.

MR. JOSEPH: I am Paul Joseph, a Deputy Attorney General.
I believe in answer to Mr. Toscher's main point, one big
point, the opinion of the Attorney General's office written
by Mr. Williamson clearly indicates that this was not a
scrip sale. It was a sale for cash. Further, the opinion
indicates that there may be grounds for denying the appli-
cation due to representations made in the application. So
I do not think that the Executive Secretary would be
warranted in entering into the stipulation suggested because
even though this were -- and is not in my opinion and in
Mr. Williamson's opinion -- a scrip sale, there may be
independent grounds for denying the application.
MR. TOSCHER: We would like to discuss any independent
grounds for denying the application later. The first
point I would like to get across is whether this was a
sale of land by scrip. There is scrip in the file under
Section 5100 signed by Mr. A. P. Ireland and stating as
full price $2200. If we can determine that, I believe
that is what all this hinges on. As far as the Attorney
General's office, I don't believe they would have the
entire set of facts; in fact, I don't believe that was
pointed out to them at the time the recommendation was made.

MR. PEIRCE: Colonel Putnam, will you refresh our memory
as to the scrip procedure as opposed to the cash purchase
procedure? It seems to me there is something very
strange when a prospective buyer can buy 440 acres of land
for $2200 on the basis of scrip, when that land is appraised
at $100,000, which amount would be received by the State
in the event it was a cash transaction.

MR. PUTNAM: Well, in the old days scrip was issued
without respect to any particular piece of land. It was
a right.

MR. PEIRCE: This is Federal or State you are talking about?
MR. PUTNAM: This is State scrip. That is in the old
days. There are about $8000 still outstanding. It gave the
purchaser with scrip the right to apply it on any school
land.

MR. PEIRCE: On an acreage basis?
MR. PUTNAM: On an acreage basis. I think we are getting into some legal arguments here that I had hoped to bypass this morning and be in a position to talk them over again with counsel for the applicant during the next month. We have had very little cooperation from him in the past and I think we ought to set a deadline on this. That's why we made this recommendation.

MR. SPURR: Would it be permissible for me to interpose a word at this time?

MR. PEIRCE: What is your name, please?

MR. SPURR: Spurr. We would like to do just what the Colonel would like to do. We would like to point out those procedures while we are here today.

MR. POWERS: Well, they bought this scrip for this acreage of land, is that right, and then applied it to this acreage?

MR. PUTNAM: No, this particular acreage was nominated in the receipt that was issued.

MR. POWERS: Well, they had to—you buy so much scrip at a time, you don't buy the land and apply the scrip to it. You have to buy the scrip first.

MR. SMITH: This was not scrip that was surrendered by Mr. McKee, such as scrip that was previously purchased and the holder thereof surrendered it and applied for purchase of vacant Federal land. Apparently the certificate that was in the file was made up as a matter of record-keeping, showing the base land that the State had to offer the Feder
Government and the application of Mr. McKee is strictly on a cash basis for the reason that the State made the application directly to the Federal Government, for the indemnity selection and the selection of these Federal lands. Mr. McKee's certificate - scrip certificate - was not surrendered, as I said, and therefore the Attorney General feels that it is not a scrip sale.

MR. POWERS: What has Mr. Ireland signed? What is this document he signed? Merely receiving the application then, not the transfer? That's correct, is it?

MR. SMITH: Well, the same.

MR. PEIRCE: You read something a while ago . . .

MR. SPURR: Might that certificate be displayed to the Commission?

MR. PEIRCE: Mr. Smith, do you have that certificate with you? MR. SMITH: Yes.

MR. JOSEPH: The Attorney General, in reviewing the matter, has taken the receipt or so-called scrip certificate here for $5 per acre plus some costs of two or three hundred dollars in accordance with Commission rules set forth in Sections 7400 and following of the rules. The certificate in connection with what you are questioning was never delivered to the applicant, Mr. McKee, or his representatives as far as I understand the situation, never left the office, and was just a form used to record the receipt of the $5 per acre deposit; and the procedure apparently that was followed...
apparently was under the provision of 7405.1 of the Public Resources Code, which, as I interpret it, at least permits a cash sale and this was entirely, as we view it, a cash sale and not the buying of scrip. It is noteworthy that the applicant made no application for scrip for base land but was applying directly for the United States land involved and he did not apply for any unavailable State land that could be used as a base at some future time for some other land.

MR. TOSCHER: I think we should point out to the Commission that this land was first applied for in 1950 and Mr. McKee's application went into the Federal Government at that time. The Federal Government inspected the land and rejected his application. Mr. McKee through his attorneys appealed that decision, with his own attorneys through Washington, D. C. After some years, this application was approved and it was through Mr. McKee's own time, efforts and expense of money that the land was made available to the State. It was much to his surprise that this land was appraised at $100,000 when he purchased it for $2200. We have evidence that some other land in that area was patented at $5 an acre, so of course the value of the land may have raised over the past six years.

MR. PEIRCE: Colonel, can you explain to the Commission why this scrip certificate that we examined releases 440
acres of land in Death Valley? Did that come about because of the exchange arrangement?

MR. PUTNAM: The 440 acres in Death Valley were the lands offered by the State in exchange for the Federal lands Mr. McKee wanted to get.

MR. PEIRCE: But the scrip relates to the 440 acres of land in Death Valley according to the certificate.

MR. PUTNAM: The certificate relates to both here, Mr. Peirce. It indicates the particular Federal land that Mr. McKee was interested in. It also indicates the land we proposed to offer in exchange. Actually, we have considered this form for the past many years as purely a record of receipt of the money for the transaction because of the fact that the actual scrip which was applicable to this and the other one hasn’t been sold for years. As I say, there is a small amount of it outstanding and we will have to honor it. This was an office record of the deposit of the money for this exchange. I believe the Attorney General bears that out.

MR. SPURR: This is Henry Spurr speaking. May I interpose an answer as to why that scrip was issued? Regardless of how the office has considered it, it was issued because in Section 7403 of the Public Resources Code it provides that "No person shall have the right to apply for or be entitled to designate or have selected or located for him by the commission in the United States land offices any..."
lands in lieu of loss to the State in or to any grant made to it by the United States except upon the surrender of an indemnity certificate or scrip, as provided in this article."

Now, the State could not select that land for Mr. McKee unless and until scrip was issued to him and then surrendered by him and that was done at the same time it was issued to him. He paid for it. He immediately surrendered it, and the State selected for him this Federal land. That's the sum and substance of it. It was simply the method by which it could be and it couldn't be done in any other way and lands so selected can only be transferred to the owner of the scrip. It cannot be sold. Those code sections have not been amended. I just wanted to interpose that and I beg your pardon for interjecting my thoughts; but I wanted to do it while the Colonel's remarks were fresh in my mind. The code section is 7403 and 7413 provides that when the certificate of scrip is surrendered it will be deemed ...... "At the time of surrendering the certificate the person ... shall file the same affidavit and certificate as is required for the purchase of State school lands and shall pay all fees as provided in connection with the sale of State school lands, and the issuing of evidences of title thereon. The certificate ... or scrip shall be considered ....

MR. TOSCHER: Now, 7403, 7413 and 7416 are the sections
years and apparently no attempt was made in this case to buy scrip. It seems as if it was an afterthought, this scrip idea. The file shows that in years past Mr. McKee, quit a number of years ago Mr. McKee did make one, two or three purchases of scrip at a time when they were sold and at the time he was acquainted with the scrip method of sale. Now, what his intentions were, I do not know. He didn't apply for any base land. He applied for the land he wanted to receive. Now this is a legal matter that should be deferred here and no decision on this particular matter should be, in my opinion, taken at this time.

MR. PEIRCE: Governor Powers.

MR. POWERS: I would agree with this gentleman just speaking because we have lots of land in California that has been purchased by scrip. All of us up and down the State - we have bought State scrip and purchased land. This is new to me. I think we should defer action on this until our legal staff -- there is quite a legal point here I would say.

MR. PEIRCE: The recommendation is that we defer action until staff and the attorney general's office and the attorneys for Mr. McKee can explore this matter further.

Is there any further discussion at this time?

MR. SPURR: Now, gentlemen, we would like to either at this time or by filing a brief present our views fully.

7405, that was referred to by the attorney general, is an
amendment. That was a section that was later put in. Af' r the opinion of the Attorney General that lieu lands could not be sold except to the holders of scrip, the State had no authority at that time to sell lieu lands except, as I say, to a holder of scrip, and all it did then was to trade it in for the scrip. Now, it had at that time and has now no authority to select land, Government land, in lieu of land lost to the State for an individual other than the State itself, except upon the surrender of scrip. After the Attorney General's opinion came out which held that the State could not sell lieu lands, the Legislature provided two things that the State could do. It could trade with the Federal Government State lands for Federal land, and that land it was given specific authority to sell. Then, it provided that the State, being entitled to indemnity lands for land that had been retired from sale for some reason or other, could then select for the State United States land, and that land it could sell; but the Legislature did not amend the sections which have been cited here which provide that the State has no authority to select any land for anybody else other than the State itself, except upon the surrender of scrip, and that is still the law and that land can only be sold to the holder of the scrip who surrendered his scrip and had the application made for him by the State in his behalf. And that is the distinction between this situation and a situation
that these gentlemen seem to want to wish the situation away and say "We didn't issue any scrip." The facts show that they did. They couldn't select this land for Mr. McKee excepting upon the surrender of scrip. Consequently, Mr. McKee bought the scrip and immediately turned it in on this land. Now, there's no rule that a man has to put the scrip in his pocket and come back in, or hold it six months. It was issued to him; he paid for it; he surrendered it. If he made a good deal in purchasing his scrip, what harm is that to the State? When it was selected it was Government land -- it couldn't be sold because the State had no authority to sell. It was Government land. The State would have had to select it as State land under these new sections, in order to be able to sell it. But it didn't -- it selected the land for Mr. McKee. Mr. McKee did appropriate the land he wanted, it was selected for him, and now he is entitled to have it patented to him. He bought his scrip for the other land, he's entitled to it. That's our position.

MR. PEIRCE: What is your comment on this in regard to Mr. Spurr's statement?

MR. PUTNAM: My comment is I think we are going into a law suit. I think we are going into too many w points for me to make a statement to you. I don't think the Attorney General wants to go any further.

MR. PEIRCE: Could this ever happen again?
MR. PUTNAM: Not since we discontinued that form. If there's any scrip outstanding and it's surrendered and brought in the office, they have a claim.

MR. PEIRCE: Regardless of the value of the acreage?

MR. KIRKWOOD: In these other cases where we have this form of exchange, have we used this form?

MR. PUTNAM: It had been up until I got on to it, after Mr. Ireland.

MR. POWERS: Is this the same sort of procedure as in the Redlock case?

MR. PUTNAM: No, unfortunately I think the Redlock deal started just before Mr. Ireland left and they got one of these forms, but they never raised that point. Now we are on a cash sale basis entirely.

MR. KIRKWOOD: Are there any amendments necessary to clarify it? I mean not as far as this case, but to prevent a recurrence.

MR. PUTNAM: I don't know of any. If a man has bonafide scrip, he is entitled to what it's worth. I don't think the Legislature can take that away from him.

MR. POWERS: You can buy various kinds of scrip, Bob, I bought some myself.

MR. PEIRCE: Is there anything else?

MR. TOSCHER: I think what's bothering the Commissioner is that $2200 is listed as the full purchase price and the State Land Commission has sent out a valuation in the
neighborhood of $100,000. In the first place, we have a very good and independent, bonafide appraisal -- we didn't want to enter into it at this time -- that states that they are almost 60% off, because they are basing it on merchantable timber. It is poor timber. I just don't want to go into that now. At the time Mr. McKee did purchase his scrip, $5 an acre for that land was completely within reason, but because of Mr. McKee's time in appealing to the Federal Government, that timber that is on it has grown in value. We have evidence, in that same area, we have evidence of lands which were patented for $5 an acre. If the price is bothering the Commissioner, I think we can show that wasn't very far off when the scrip was issued.

MR. SPURR: That's not in point.

MR. KIRKWOOD: Well, Mr. Joseph, counsel has asked permission to file a brief on this. I assume that would be proper.

MR. JOSEPH: Oh, certainly.

MR. KIRKWOOD: How should we handle that? Would you wish, after the filing of that, to file a reply?

MR. JOSEPH: Yes, we would.

MR. KIRKWOOD: I do not think that is going to be accomplished before the next meeting.

MR. JOSEPH: I do not know when the next meeting is going to be. I can't say.

MR. SPURR: We would like, if the Commission pleases, to
have time to properly prepare that, so it would be logical and properly present the points.

MR. KIRKWOOD: Do you mean twenty days?

MR. SPURR: How much do you think we need?

MR. TOSCHER: I think twenty days... we mentioned that to the Attorney General's office in the same letter when we proposed this discussion.

MR. JOSEPH: May I ask what the purpose of the brief is — to convince the Attorney General or convince the Commission? For what purpose is the brief?

MR. SPURR: It's to convince the Commission.

MR. KIRKWOOD: I don't know how much will be gained by that because I think we will have to be pretty much guided by the counsel we get from the Attorney General's office.

MR. JOSEPH: I think the staff of our office understands the argument of Mr. McKee and people in like situations in regard to this transaction. If I may summarize... The only way these lieu lands can be bought is by scrip but the law does not provide in any manner, shape or form of any other form that any purchaser can obtain this scrip.

MR. KIRKWOOD: I think the best recommendation is to follow the recommendation of the staff on this and if counsel for Mr. McKee and the Attorney General can get together and if counsel for Mr. McKee can get the Attorney General to submit a different recommendation to us... Otherwise, for the protection of the State we are going to have to be
guided by the Attorney General.

MR. JOSEPH: We are certainly going to go into the matter extremely thoroughly and we are going into it -- since we might misunderstand the situation, we are going to see where the situation lies.

MR. POWERS: I think Mr. Kirkwood has expressed it. We would have to follow the advice of our adviser, the Attorney General, and I think we should defer this until the Attorney General reconsiders it and makes another report to the Commission.

MR. SPURR: I might explain the reason I suggest that we file a brief is that, of course, before we can go into court we have to have exhausted our remedies before this body, and we wanted to give this body and do want to give this body all the help we can in deciding this proposition. We would be very happy to confer with the Attorney General's office or to do anything that we can to assist this Commission and that is the reason I suggest that we file a brief and give the Attorney General's office a copy of it so our views can be fully presented. If you prefer that we merely confer with the Attorney General's office, we would be happy to do it that way.

MR. JOSEPH: There is another point here. There might be a material misrepresentation in this application which might be grounds for cancellation of the application. This was represented as scrub timber but upon investigation it appears
to be valuable timber land and that fact was concealed in
the application.

MR. SPURR: What difference does it make to the State --
the nature of the land? The land was selected for Mr.
McKee and I can have Mr. McKee state to you what he con-
siders scrub land and the reason for that statement, but
I do not think it's material. I do not think it's a
question. The question before us for consideration at
that time is whether it was proper land to be transferred
by this method. It is not material, assuming it would be
a misrepresentation, it is not material because the thing
that was to be determined was the question of whether or
not it was arable land, agricultural land.

MR. KIRKWOOD: Mr. Commissioner, I cannot help feeling that
we are talking of legal problems. It would be useless for
us to spend more time on this this morning, because no
matter what values are involved or other things are involved,
in order to protect the interests of the State we are going
to have to abide by what our counsel tells us as far as
legal points are concerned. So I would think the thing to
do is to take up further material with counsel and if you
can persuade him, fine; if you can't, it looks as though we
are on our way to court.

MR. SPURR: And may the matter be held in status quo until
when?

MR. PEIRCE: Until we have the answers developed.
MR. KIRKWOOD: Let's bring it to a head. Let's say the first meeting of this Commission more than thirty days after today.

MR. PUTNAM: I suggest our next meeting in February.

MR. TOSCHER: Would it be possible to be at the next meeting in Sacramento?

MR. SPURR: You said the next meeting beyond a period of thirty days.

MR. KIRKWOOD: That wouldn't take us beyond a second meeting because if we have another meeting in three weeks that is pretty short.

MR. PUTNAM: It is pretty short, yes.

MR. McKEE: I would like to explain that that is scrub timber on that side of the land. Now, nobody .... I went over the property. I have had sixty-five years experience in timber. There's only nine thousand ... (unintelligible) which is a very low amount of timber. I think I was justified in '51 to say that it was scrub timber, inferior log. At least two-thirds of the logs would be of low grade. That explains that situation and I would like to have it stricken off.

MR. KIRKWOOD: Well, I think the whole matter has to be reviewed.

MR. PUTNAM: Shall I put this over for as soon after the next regular meeting as possible?

MR. SMITH: Should not the time in which to make payment
stated on the face of Mr. McKee's application -- just those	hree sections -- and those are the sections that he pur-
chased the land under; and they issued a certificate at
the same time, which he surrendered that same day. 7416,
which we won't read - it's fairly long - tells about
posting of notices, filing fees and the incidental costs.

MR. PEIRCE: Colonel Putnam, has this procedure come to
our attention before? It seems new to me.

MR. POWERS: It's new to me.

MR. PUTNAM: I don't think it has because we have had no
occasions of this character, at least during my experience.

MR. PEIRCE: Well, if it is legally permissible to buy
valuable land by using scrip, which sounds like exchanging
a rabbit for a horse, I am surprised that others haven't
employed this device in order to buy land.

MR. PUTNAM: Well, I stopped it several years ago.

MR. JOSEPH: May I say a word, Mr. Chairman?

MR. PEIRCE: Mr. Joseph.

MR. JOSEPH: Thank you. There is a section in the code,
Public Resources Code, 7405.1, that provides for cash sales
of this sort of land apart from scrip. It makes reference
back to other provisions of the code providing for cash
sales and perhaps other types of land, and there's a sub-
stantial question here whether or not this particular sale
was under the scrip sale provision or the cash sale provi-
sion; and inasmuch as no scrip has been sold for a number of
be extended in order to keep it at status quo?

MR. PUTNAM: The 13th? You want to extend the time?

MR. TOSCHER: Did you say your office would inform us when that meeting would be?

MR. SMITH: Yes.

Mr. SPURR: Thank you very much for your courtesy, gentlemen.

MR. PEIRCE: The recommendation is approved and does that automatically provide for the extension?

MR. PUTNAM: I have added it here.

MR. PEIRCE: You have added it here?

MR. PUTNAM: It will read -- "to be reconsidered as soon after the next regular Commission meeting as possible."

MR. PEIRCE: I mean the extension of time.

MR. KIRKWOOD: I think you are better off to express it the other way -- at the first Commission meeting following the expiration of thirty days. Then you have it tied down definitely.

MR. PUTNAM: O. K.

MR. KIRKWOOD: So if there's four weeks, it does not make any difference. I think it means two meetings from now is what it means.

MR. PUTNAM: And the time is extended accordingly.

MR. PEIRCE: All right. The recommendation as amended is approved. Next item.

MR. PUTNAM: This is Mr. Rowland.
MR. SMITH: Page 17, Item 17. Sale of vacant Federal land. An offer has been received from Mr. Eugene Rowland to purchase 40 acres of Federal land. The applicant submitted the minimum required offer of $200, $5 per acre.

MR. KIRKWOOD: Any problem on this one?

MR. PUTNAM: Yes, the problem is on the appraisal. Our appraiser appraised it at $10 more, Rowland didn’t want to pay more than $10. I think it’s all buttoned up.

MR. POWERS: Bob, as I understand it, they appraised some of this land at $75 an acre, saying it was suitable for a home site, and they are making a re-appraisal. I think it’s that part of it which looks peculiar to me because I am familiar with the area. So you are extending his time?

MR. PUTNAM: That’s the idea, so that if he doesn’t want to meet the $20...

MR. POWERS: He takes his chance. If anybody comes in with more they will take their bid. He is taking that chance, is that right? All right, I move.

MR. PEIRCE: Moved by Governor Powers and seconded by Mr. Kirkwood that the recommendation be approved. So will be the order.

MR. PUTNAM: Next has to do with the rate of our two consultants, consulting geologist and petroleum engineer and consulting seacoast engineer. We are trying to bring them in line with what the ...(untelligible) are getting and recommending that it be authorized they be paid $150 per day.
MR. POWERS: Does this meet with your approval? I move the recommendation. The Chairman knows more about this than any of us.

MR. KIRKWOOD: He does not know how it affects .......

MR. PEIRCE: These are merely consultants. They are not full time employees. If they were full time employees, I would have to take another look at it.

MR. PUTNAM: Mr. Lewis, for instance, we have had for only ten days in six months.

MR. PEIRCE: After all, you are submitting this to the Personnel Board.

MR. PUTNAM: The Personnel Board has agreed to those rates.

MR. PEIRCE: In other words, the final document would be submitted to the Personnel Board? I have no objection.

MR. POWERS: All right. I move or second it.

MR. PEIRCE: Moved by Mr. Kirkwood, seconded by Governor Powers. This section is approved.

MR. PUTNAM: Down east of the Salton Seas -- there are two large tracts of land under control of the Navy. The northeasterly tract was sold to the Navy by the Federal Lands Commission some years ago, with a reverter clause in case they ceased to use it for national defense; and the lower tract was leased because the Navy didn't know how long they wanted to use it. There was a road dividing the two tracts - The Niland-Blythe Road - and the object of this calendar item is to switch from one tract to another.
a small acreage and put it in the leased area, in view of certain operations going to take place on this land - this road. It involves 380 acres.

MR. KIRKWOOD: Any question about this?

MR. PUTNAM: No.

MR. KIRKWOOD: I move.

MR. POWERS: I second it.

MR. PEIRCE: All right. Moved by Mr. Kirkwood, seconded by Governor Powers. The recommendation is approved.

MR. PUTNAM: Next one has to do --

MR. POWERS: Where, on page 29?

MR. PUTNAM: Page 20 -- on all those parcels of land up in Petaluma Creek on which we are about to consummate transactions under previous authority given by the Commission. The first is a correction of the date in the previous resolution -- the date 1935 to be changed to 1953. The second has to do with the fact that in the previous authority given by the Commission, recommended by me, that we required these people with whom we are dealing, and who have structures beyond the waterward agreed upon line, to take out permits in advance. Well, I find out from Mr. Watson, who would handle this deal pretty completely with the title companies who are having to pay what damages are to go to the State, that no such agreement had been made. It was just complicating it. So I am recommend-
past recommendation.

MR. PEIRCE: Any discussion?

MR. KIRKWOOD: I move it.

MR. POWERS: Second it.

MR. PEIRCE: Moved by Mr. Kirkwood, seconded by Governor Powers that the recommendation be approved. So will be the order.

MR. PUTNAM: We have had 21, 22, 23 to 31: A number of actions taken by the Executive Officer during the past interim between the two regular meetings are up for confirmation by the Commission.

MR. PEIRCE: I notice three or four involved that we call "ark sites" -- what's ark sites?

MR. PUTNAM: Sort of an old barrel.

MR. PEIRCE: Is it a house boat?

MR. PUTNAM: Sort of a glorified house boat.

MR. PEIRCE: Not really an ark?

MR. PUTNAM: I think some of them really are.

MR. KIRKWOOD: I move.

MR. POWERS: Second.

MR. PEIRCE: Moved and seconded that the transactions consummated by the Executive Officer during the interim be approved and so will be the order.

MR. PUTNAM: Page 32.

MR. SMITH: Sale of vacant Federal land. On May 9, 1951,

Mr. Hudson Stover of Blue Lake, California, filed with the
State Lands Commission an application to purchase vacant Federal land containing 120 acres in Humboldt County.

Subsequently, the State filed a selection application to acquire these lands and they were conveyed to the State on November 3, 1954. For a period during the first few months of 1954, no appraisal staff was available to the Commission to undertake appraisal assignments. During this interim period, arrangements were made to utilize the services of the assessor's staff of several counties based on the recommendations of the respective county assessors and it was agreed that the appraisal work would be accomplished independent of their respective duties and on a fee basis. Accordingly, the services of Mr. Harold Trott were made available to undertake this appraisal. In accordance with the rules and regulations of the State Lands Commission, the lands were appraised in January 1954 by Mr. Trott and the value established at $1,560. The State Lands Commission, at its meeting held March 26, 1954, approved the sale to Mr. Stover at the appraised value and State patent was issued on June 9, 1955.

During the course of recent appraisal work by staff in Humboldt County, information was obtained that the aforesaid lands were valuable timber lands and the sale price established by Mr. Trott was not representative of its true value. An investigation was undertaken by staff members and it appears that the lands are quite valuable,
containing in excess of three million board feet of Douglas Fir. Moreover, the information developed indicated that a mutual mistake may have occurred by the failure of the appraiser and the State applicant to properly identify the land. In addition, possible misrepresentation of the State applicant should be considered as a result of the statement under oath that the land is brush and grass land whereas it contained a good quality Douglas Fir.

The matter has been referred to the Attorney General for review and we are informed that sufficient grounds appear to exist for the State to act to rescind the patent. If this procedure is followed, the Attorney General suggests that appropriate steps be taken to refund to Stover the purchase price, $1631.72. In this connection a spot bill has been introduced in the Legislature which can be used to accomplish this purpose if necessary.

However, it is possible that the matter may be settled by negotiations and a meeting to that end has been arranged between the State patentee and the Attorney General during the week of February 4, 1957. I understand that has been put over to February 14.

It is recommended that the Commission authorize the Executive Officer to proceed to secure a return to the State of the fair market value of the 120 acres in Humboldt County, and if equitable settlement cannot be reached by negotiation, that the Executive Officer be
authorized to rescind the patent to Mr. Stover and to take such steps as may be necessary to secure the return of the purchase price and expenses paid by Mr. Stover under this transaction.

MR. KIRKWOOD: I move the recommendation.

MR. PEIRCE: What this amounts to is that we sold this land for $1,560. It has three million board feet of Douglas Fir on it which is estimated to be worth about $30 a thousand or $90,000.

MR. WERNER: It was actually sold for $30 a thousand. The timber on this subject land was sold to a logger for $30 on the basis of a cruise. And the three million is on eighty acres and there is 120 acres in the application, so there's 40 acres not included in the figures quoted here -- 40 acres of 100% timber land in addition to the amount quoted here. The timber on this land, about three million feet, was sold for $30 a thousand, being logged right now.

MR. PEIRCE: By Mr. Stover?

MR. WERNER: Correct.

MR. PEIRCE: What do you value the total timber on the land we sold to Mr. Stover?

MR. WERNER: I have not cruised it.

MR. PEIRCE: What would your guess be? In other words, you have indicated that the timber on the entire tract exceeds the amount of the three million board feet.
MR. WERNER: I would say it would be at least $100,000.
MR. PEIRCE: In excess of the $90,000?
MR. WERNER: It would be in excess of four million feet altogether. This is roughly an estimate, and allowing some margin of profit to the operator we wouldn't be justified in paying more than $25,000 on it. Four million feet.
MR. PUTNAM: Total price, not in addition to ....
MR. PEIRCE: The point is, this independent appraiser appraised this land at $1,560 and now we find out it has $100,000 worth of timber on it. Now, this spot bill that you refer to Mr. Smith, would appropriate money to reimburse to Mr. Stover his investment?
MR. SMITH: The amount that he has paid totalling $1,631.72.
MR. PEIRCE: And then who gets the money that has been paid by the timber company for the timber that has been logged?
MR. SMITH: That's a legal matter.
MR. PEIRCE: In other words, this is another complicated situation here.
MR. SMITH: Well, it is.
MR. PEIRCE: I want to say right now that every effort must be made to protect the State in this particular transaction and you should proceed with the Attorney General and determine what records we have; and, if necessary, I believe...
that I can approve an allocation from the State Emergency Fund to take care of the amount of money involved, which is, you say, some $1600. Would that be handled on that basis?

MR. SMITH: Yes, Mr. Ralph Scott, who is a Deputy Attorney General in this, wants to sit across the table from Mr. Stover and tender to him a complete refund and get the patent back from him; and if he refuses, we will resort to legal action.

MR. POWERS: Eighty out of 120 --

MR. WERNER: They are cutting right now. They probably have maybe a million feet cut off, off the three million.

MR. PEIRCE: There's a part that's left?

MR. WERNER: It's not contiguous.

MR. KIRKWOOD: It seems to me the recommendation should be operated on.

MR. PEIRCE: Mr. Kirkwood moves, Governor Powers seconds that the recommendation of the staff be approved. So will be the order.

MR. PUTNAM: I think you can handle this one.

MR. PEIRCE: Mr. Kirkwood moves, Governor Powers seconds --

MR. KIRKWOOD: Pages 34 and 35.

MR. PEIRCE: So will be the order.

MR. PUTNAM: Now the next few pages are purely informative on the status of legislation which has been previously discussed and we are not recommending any particular action.
Mr. PEIRCE: All right.

MR. PUTNAM: On Page 38, at the request of the Attorney General a bill has been introduced in connection with the Orange County case, redefining the boundaries of the grant, which are in dispute at the present time. We collaborated with the Attorney General's office in preparation of that and are merely informing the Commission what we have done and ask their blessing on our action in the matter. Now, as to the legal merits of the bill ... 

MR. PEIRCE: Any discussion?

MR. KIRKWOOD: We adopted some legislation once on behalf of Long Beach. This is what the Attorney General wants and it's my opinion we should proceed on it.

MR. PUTNAM: We will have to be guided by him. On the wording of it, this is just a spot bill.

MR. POWERS: Yes, if it is the Attorney General's recom-

MR. PUTNAM: He put it in, by the way.

MR. PEIRCE: The recommendation is approved.

MR. PUTNAM: The next is legislation which has been introduced in order to correct a mistake which was discovered in the description of grant made at Antioch by the previous Legislature.

MR. PEIRCE: Governor Powers moves, Mr. Kirkwood seconds.

The recommendation is approved.
MR. PUTNAM: Then the next one refers to the spot bill that has been introduced on the Stover case.

MR. PEIRCE: The recommendation is approved.

MR. PUTNAM: Now, then, I think this last is unnecessary in view of the fact that we have got both systems working here as to recording.

MR. KIRKWOOD: This is a test run.

MR. PUTNAM: Yes, it just happened that way.

MRS. STAHL: What about this new position, page 42?

MR. PUTNAM: Oh, yes, I forgot 42. To brief that, in the absence of the Assistant Executive Officer I split up his load and I have gone through an awful lot of his papers and so on; and I found that he had an active case load of 200 litigatory transactions - including condemnations, title actions and others - and it appears from what I have learned, observation of Mr. Watson, and discussion with his family and so on, that we can't expect him back for at least six months. Now, the load is too much for our office to carry and is 'way in arrears because of his illness prior thereto. So I am recommending the establishment of a new position, Junior Counsel, to take up just as much of the red tape involved as possible -- not with the idea of supplanting work done by the Attorney General's office but with the idea to get our papers in shape to present to the Attorney General's office and then present to the Commission.

MR. KIRKWOOD: This would be a permanent position?
MR. PUTNAM: Yes.

MR. KIRKWOOD: I think it is high time.

MR. PUTNAM: Yes, we are too far gone.

MR. PEIRCE: I agree.

MR. POWERS: Yes.

MR. PEIRCE: All right, the recommendation is approved.

Is there any further business to come before the meeting?

MRS. STAHL: Any date for the next meeting?

MR. PEIRCE: Shall we leave that open?

MR. PUTNAM: We will leave that open and before the 15th of March we will have our respective secretaries .......

MR. PEIRCE: The meeting is adjourned.

* * * * * * *

DIVISION OF ADMINISTRATIVE PROCEDURE, STATE OF CALIFORNIA