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MEETING  
STATE LANDS COMMISSION

ROOM 2117  
STATE CAPITOL  
SACRAMENTO, CALIFORNIA

THURSDAY, MARCH 31, 1977  
10:00 A.M.

ORIGINAL

**PETERS SHORTHAND REPORTING CORPORATION**

26 NESS COURT  
SACRAMENTO, CALIFORNIA 95826  
TELEPHONE (916) 383-3601

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MEMBERS PRESENT

1  
2 Hon. Kenneth Cory, Controller, Chairman  
3 Ms. Betty Jo Smith, representing Mervyn M. Dymally  
4 Mr. Sid McCausland, representing Roy M. Bell  
5

STAFF PRESENT

6  
7 Mr. William F. Northrop, Executive Officer  
8 Mr. James F. Trout, Manager, Land Operations, State Lands  
Commission  
9  
10 Mr. R. S. Golden, Assistant Executive Officer, State Lands  
Commission  
11 Mr. Robert C. Hight, Staff Counsel, State Lands Commission  
12  
13

ALSO PRESENT

14  
15 Mr. N. Gregory Taylor, Deputy Attorney General  
16 Mr. Jan Stevens, Attorney General's Office  
17 Ms. Katherine Stone, Attorney General's Office  
18  
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P R O C E E D I N G S

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CHAIRMAN CORY: We'll call the meeting to order and take care of some housekeeping. Mr. McCausland, I think, is enroute and will be here shortly.

For those people who are here, Item 36 on the Agenda, which is approval of maps delineating State boundaries at Donner Lake, is being removed from the Agenda due to litigation on this subject; and there is a stipulated injunction which precludes that issue from being dealt with. So, anybody that did not get the word, I understand that the decision came down yesterday sometime. We are precluded by the court from dealing with that issue, so Item 36 will not be on the Agenda and no action will be taken.

Item 20 we will probably take out of order, and that injunction, as I understand it, also affects Item 20 on the calendar. We will not be taking any substantive action -- we will be taking action, but it will be limited action, not as broad as contemplated in the item due to the court action. So, if you're here for those, we'll try to take 20 rather early. If you're here only for Item 36, it will not be taken up today.

I apologize if that's inconvenient, but the injunction came very late to us yesterday, and there's really nothing we can do.

1           Are there any corrections or additions to the  
2 minutes of the meeting of February 24th?

3           Without objection, then, those minutes will be  
4 confirmed as presented.

5           The Executive Officer's report, do we have anything  
6 that we should wait for Mr. McCausland on?

7           EXECUTIVE OFFICER NORTHROP: I don't think so,  
8 Mr. Chairman. I have three items on the Agenda, and Mr. Golden  
9 has a report to the Commission on the Coastal -- participation  
10 in the Coastal plan. So, if it please the Commission, I'll  
11 lead off with my items, and Mr. Golden can follow.

12           CHAIRMAN CORY: Okay.

13           EXECUTIVE OFFICER NORTHROP: Occidental Petroleum  
14 has in its final EIR recognized that its proposed drilling  
15 program in Pacific Palisades could lead to drainage from  
16 the State's oil and gas sanctuary in Santa Monica Bay.

17           Occidental has already begun sharing its geological  
18 information with staff and is willing to work out a compensa-  
19 tory agreement with this Commission prior to commencement  
20 of production operation.

21           We are moving on that front. As you recall, the  
22 Commission advised the City that we found it impossible to  
23 conceive that the oil sands stopped at the high tide line.  
24 So, with that, we're going ahead and working with them.

25           There are indications the Legislature may take

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1 action to transfer responsibility for beach erosion control  
2 to the State Lands Commission. The legislative analyst  
3 and the committee consultants evidently feel beach erosion  
4 control would interface best with this Commission's program  
5 and interfere least.

6 Staff agrees that this program would fit in well  
7 and that a solid program could be developed at a minimal  
8 cost.

9 If this matter is brought up at our budget hearings  
10 or other hearings, I would like to be able to convey your  
11 attitude on this matter. I think the interface in this  
12 matter is important because our sand and gravel problems  
13 and permits require that we have information and control  
14 of the literal sand drift on the coast of California; and  
15 in addition to that, our boundary line problems --

16 CHAIRMAN CORY: Let me interrupt here.  
17 Mr. McCausland is here, and we've taken care of some house-  
18 keeping items. I explained that Item 36 is off calendar  
19 due to the injunction, and we confirmed the minutes.

20 The Executive Officer told us about Occidental  
21 Petroleum, which seems to be fine, and then we started talking  
22 about beach erosion, which is no great shucks, but he says  
23 that the analyst and the committee consultants are thinking  
24 perhaps that the beach erosion responsibility should be  
25 transferred to the Lands Commission, which is a budgetary

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1 type item.

2 He wanted to know our attitude on that, and I  
3 thought you ought to be here for that.

4 MR. McCAUSLAND: Run that by me one more time?

5 EXECUTIVE OFFICER NORTHROP: Fine. The legislative  
6 analyst and consultants for the legislative committee evidently  
7 feel that beach erosion control would interface best with  
8 the State Lands Commission.

9 MR. McCAUSLAND: Who currently has it?

10 EXECUTIVE OFFICER NORTHROP: I believe it is now  
11 with DENOD, and they feel because of our sand and gravel  
12 operation and our control of literal sand drift and our  
13 boundary lines it probably would interface better with our  
14 program.

15 I would like to be able to, if the Budget or other  
16 committees request a position from the Commission, I would  
17 like to be able to get your feeling on this and be able  
18 to react rather than doing it at the staff level.

19 CHAIRMAN CORY: My initial reaction is that that's  
20 really something for the Legislature as a policy matter to  
21 decide; and if they want it done, unless you have some  
22 technical reasons why not, I don't think we should be out  
23 raiding somebody else's turf. We have enough fights going  
24 on already.

25 EXECUTIVE OFFICER NORTHROP: I understand that

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1 very well, Mr. Chairman.

2 MR. McCAUSLAND: The Chairman said that well.

3 EXECUTIVE OFFICER NORTHROP: Okay. Fine. Thank  
4 you.

5 I request authorization to appoint another member  
6 to the Waterways Advisory Committee. Staff has recommended  
7 that we appoint Mr. Walsh, who operates the marina at  
8 Bethel Island. Mr. Walsh, in addition, has been designated  
9 as a spokesman for Bethel Island residents who are affected  
10 by the Commission's ownership there.

11 We feel his professional background makes him  
12 well-suited to serve on the Advisory Board. This would expand  
13 the Advisory Board one member, but also would give us a  
14 representative in that area.

15 CHAIRMAN CORY: Objections?

16 Without objection --

17 MS. SMITH: Were there other applicants considered?

18 CHAIRMAN CORY: What we really do is sort of, people  
19 come forward and if they represent an interest group that  
20 is not represented, we try to include them in.

21 EXECUTIVE OFFICER NORTHROP: We originally in  
22 the staff had thought we may well set up another Advisory  
23 Committee totally, but for the time being, we'll probably  
24 use this vehicle and see how things operate.

25 We may then come back at a later time to recommend

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1 that you set up another Advisory Board, but for right now --

2 CHAIRMAN CORY: This is a sort of non-paid sort  
3 of work group.

4 Without objection --

5 EXECUTIVE OFFICER NORTHROP: Mr. Chairman?

6 CHAIRMAN CORY: You got the authorization.

7 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this  
8 completes my report.

9 MR. GOLDEN: This report, Mr. Chairman, deals with  
10 our participation with the State Coastal Commission. The  
11 State Coastal Commission continued to spend a significant  
12 portion of its two meetings a month on permit considerations  
13 which are predominantly single-family residences and sub-  
14 divisions of land.

15 During the month of March a number of joint State  
16 Regional Commission meetings were held at various locations  
17 on the Coast for the purpose of getting public comments on  
18 state-wide guidelines required by the Coastal Act to be  
19 adopted by May 1st, 1977. These guidelines deal with  
20 geologic stability of bluff-top development, view protection,  
21 low and moderate-cost housing, public access, public trust  
22 lands and a basic policy for siting new developments.

23 Two of these guidelines have any major interface  
24 with State Lands Commission responsibility: Public access,  
25 and public trust lands. The staff of the Coastal Commission

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1 have inquired whether we would accept dedication of public  
2 access easements and arrange through contract for some  
3 responsible private or public agency to provide for maintenance  
4 and liability coverage of such dedicated access way.

5 Section 30212 of the Coastal Act provides that  
6 such an access way shall not be required to be open to public  
7 use until such responsibility for liability and maintenance  
8 has been arranged. It's recommended that we work with the  
9 Coastal Commission staff and bring specific proposals to  
10 you as they develop.

11 We're not funded to assume liability or to provide  
12 maintenance staffing. We can, however, provide for keeping  
13 the official dedication record and can develop a contract  
14 to assure that liability and maintenance problems will be  
15 attended to by either a public or a private agency.

16 The guidelines for public trust lands provide that  
17 the Coastal Commission will not permit development on any  
18 lands if the public trust is thought to exist over them and  
19 if such a development could interfere with the public trust.  
20 In the event that the Coastal Commission decides that such a  
21 situation pertains, the guidelines call for resolving the  
22 question promptly with the assistance of the Attorney General  
23 and the State Lands Commission.

24 Since our staff is providing the Coastal Commission  
25 with maps showing areas over which the public trust may exist,

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1 it is felt that the guidelines should provide for the Coastal  
2 Commission staff to contact our staff whenever a proposed  
3 permit affects an area of mutual jurisdiction.

4 We are therefore asking the Coastal Commission to  
5 so amend the guidelines so there can be maximum coordination  
6 between our organizations.

7 CHAIRMAN CORY: Pardon me just a moment. Mr. Waters,  
8 are you here for Item 36 on our Agenda, the Donner Lake  
9 matter?

10 MR. WATERS: No. I was just here to get acquainted  
11 a little bit with the procedures.

12 CHAIRMAN CORY: Fine. Glad to have you. That  
13 item was taken off. I wanted to make sure that you didn't  
14 keep waiting for something that wasn't going to happen.

15 MS. SMITH: Have you already recommended to the  
16 Coastal Commission that they amend their guidelines?

17 MR. GOLDEN: We are right now directing a letter  
18 to them. The input has gone out to them today, and they  
19 will be holding meetings next week on this to amend and adopt  
20 the final guidelines in this area.

21 CHAIRMAN CORY: Let me again make it clear that  
22 Item 36 relating to Donner Lake will not be taken up at  
23 this meeting due to a court decision that we received  
24 yesterday afternoon precluding the Lands Commission from  
25 doing anything in this matter until the issue is litigated.

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1 So, if there's anybody here that is just interested in Item  
2 36, nothing will happen on Item 36 today.

3 The people who just came in -- if the staff could  
4 tell them at the back of the room if they're here for Item 36  
5 that it will not be taken so we don't waste any more of  
6 people's time than we already have.

7 The courts have enjoined any action on that item.

8 Are we ready to proceed with the Agenda?

9 The Consent Calendar -- is there any member of  
10 the audience that has any problems with Items C1 through 17?

11 A quit-claim deed is not on the Consent Calendar,  
12 is it?

13 MR. HIGHT: 16, the Running Fence, no.

14 EXECUTIVE OFFICER NORTHROP: No, that's Item 25,  
15 Mr. Chairman.

16 CHAIRMAN CORY: Are there any objections to any  
17 of these items?

18 Without objection, then, Items C1 through 17 will  
19 be approved as presented.

20 To expedite matters, it might be worthwhile to  
21 take up Item 20, which relates to a degree to what we can do  
22 and can't do to the litigation. The Executive Officer will  
23 tell us what our options are.

24 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Mr. Jan  
25 Stevens of the Attorney General's Office will address that

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1 problem as he is handling the litigation in that area.

2 MR. STEVENS: Mr. Chairman, and Members, I believe  
3 you're familiar with the general contents of Calendar Item 20.  
4 It concerns the leasing policies of the Commission in the  
5 disputed zone between ordinary high and ordinary low water  
6 during the time that this question is litigated.

7 Basically, the recommendation is that the Commission  
8 cease new leasing activities in this area.

9 Provision 2 on the second page of the revised  
10 Calendar Item 49-A should be modified, however, due to the  
11 restraining order which has been issued with respect to the  
12 boundary issue. The restraining order by its terms will  
13 prohibit the Executive Officer from recording notices. It  
14 will not prohibit the Commission from giving appropriate  
15 notices which are not recorded, and it will not prohibit the  
16 State from filing appropriate notices of lis pendens in  
17 specific legal actions, but it will prohibit recording general  
18 notices.

19 So, to conform with that order, we would recommend  
20 that the language in item 2 be deleted commencing with the  
21 comma after "notices" and ending with the one, two, three,  
22 fourth line down with the comma after "policy". So item 2  
23 would simply read:

24 ". . . authorize the Executive Officer  
25 to give appropriate notices that the State

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1           claims ownership of the beds of all  
2           inland nontidal navigable water  
3           landward to the ordinary high water  
4           mark."

5           The restraining order itself would prohibit him  
6           from recording such notices.

7           CHAIRMAN CORY: Any question from members of the  
8           Commission?

9           Any questions from anyone in the audience?

10          MR. HODEL: Mr. Cory, I didn't quite understand  
11          which section he was talking about and what he was actually  
12          deleting. I'm looking at page 3, number 3. I think it's  
13          the same wording about that he just said, but I don't think  
14          it corresponds with the numbers that he mentioned.

15          MR. STEVENS: Unfortunately, there was a revised  
16          version of this Calendar Item in which number 3 became number  
17          2; and it may be that you don't have a copy of the revised  
18          version.

19          MR. HODEL: No, sir. The only one I have is the  
20          one we received in the mail up at Donner Lake.

21          MR. STEVENS: Okay. The old paragraph 3 has become  
22          paragraph 2.

23          MR. HODEL: You are striking what, now?

24          MR. STEVENS: Striking the language with reference  
25          to recordation of the notices, including but not limited to

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1 notices recorded in the official records in each of the  
2 counties in which are located any lands of the character of  
3 which are the subject of this policy.

4 MR. HODEL: Thank you. I'm Gordon Hodel, H-o-d-e-l.

5 CHAIRMAN CORY: Any further questions?

6 If not, we have the item before us as amended  
7 pursuant to the stipulated injunction. Without objection,  
8 the policy will be approved as presented and amended. Such  
9 will be the order.

10 Item 18 is --

11 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 18  
12 deals with a proposed agreement with the City of Los Angeles,  
13 and Ms. Stone from the Attorney General's Office has been  
14 working on this item and probably would be well --

15 CHAIRMAN CORY: I'm impressed that you didn't  
16 choke on that.

17 (Laughter.)

18 CHAIRMAN CORY: Why don't you tell us where we are  
19 and what our options are rather quickly and without getting  
20 in any more substance than we have to on this item.

21 MS. STONE: All right. There's a revised Calendar  
22 Item before you which briefly indicates that because, in  
23 the opinion of the Executive Officer, negotiations on this  
24 matter appear to be at a standstill, subpoenas were issued  
25 and public hearing was commenced on Tuesday of this week.

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1           Yesterday afternoon, we were advised by the  
2 City that there was forthcoming a resolution by the City  
3 Council authorizing the City Attorney to prepare a written  
4 agreement reflecting principles of the resolution for  
5 settlement of this dispute. A copy of the resolution is  
6 on file, and I believe the Commissioners have it.

7           Briefly -- well, perhaps the City Attorney would  
8 like to explain that.

9           CHAIRMAN CORY: My initial reaction is that I don't  
10 think from that resolution that we're at any point to settle  
11 anything. I've got some questions in my mind about the  
12 terms of that.

13           It may be that the thing can be negotiated from  
14 there and an offer and counter-offer and the kinds of things  
15 that go on in negotiations; but I'm not so sure that taking  
16 the Commission's time and getting into the substance of that  
17 is really appropriate.

18           MS. SMITH: I'm not ready to accept the resolution  
19 as proposed.

20           CHAIRMAN CORY: I'm not willing, and there is one  
21 other Commissioner saying that that resolution does not embody  
22 anything that we are ready to accept at this point. I would  
23 think that it is probably appropriate to ask the staff to  
24 meet, continue meeting, because I think some progress has  
25 been made; and I think each side should be somewhat encouraged

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1 that we've been able to render to writing what the factual  
2 situation is, and we at least understand what our differences  
3 are, and hopefully that the City staff can meet as soon  
4 as practical, hopefully this afternoon.

5 EXECUTIVE OFFICER NORTHROP: That's right. We're  
6 going to try to do it this afternoon, Mr. Chairman. We ask  
7 of this Calendar Item, if we're unable to come to some kind  
8 of agreement, we will continue at least for one month, or  
9 we will continue the ability of giving the Executive Officer  
10 to call witnesses.

11 CHAIRMAN CORY: If we need to, because I think  
12 it's important that the facts be determined as facts and  
13 that we proceed on that basis. So, we ask you to keep up,  
14 both sides, the good work, making it very clear that the  
15 Commissioners are not convinced that there's any settlement  
16 that they can approve as yet.

17 We're hopeful that the work and efforts will bring  
18 fruit.

19 ASSEMBLYMAN THOMAS: May I say a few words?

20 CHAIRMAN CORY: Yes, Vince.

21 ASSEMBLYMAN THOMAS: I think this resolution is  
22 ridiculous that they adopted yesterday. It's the most  
23 asinine thing I've ever seen, in violation of the Trust;  
24 and you can negotiate from now until the next ten years.  
25 You'll never come to an agreement.

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1           The City Attorney and the Harbor Department is  
2 here, and I've always told the Commission that you cannot  
3 negotiate the interest money that the City took from the  
4 Trust Fund and commingled it with the City General Fund.  
5 That's prevented by law. The Supreme Court has ruled on that.  
6 You can't do that. You're estopped from doing it.

7           The only way you're going to settle this thing  
8 once and for all is to file a petition in the Supreme Court  
9 and ask the court for an accounting.

10           We called this meeting on December 15th. You did.  
11 No one showed up.

12           Then you called a meeting January 26th. No one  
13 showed up.

14           Then they wanted an extension of time, 120 days and  
15 you gave them 60.

16           In all your minutes you said unless this matter  
17 is determined by the next meeting, a lawsuit will be filed  
18 quickly, and you've adopted your previous minutes. It's  
19 right in your minutes. In fact, the newspapers here quote  
20 what you said last time: Unless this is resolved by today,  
21 a lawsuit.

22           What I'm trying to tell you is that there's 30-some  
23 million dollars involved in this thing here. I know, as I  
24 have mentioned before, this is really a question of trust.  
25 It's a question of law and not a question of negotiation.

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1 It's not a question of convenience. It's not a political  
2 issue. It's an issue that you've got to determine what the  
3 Supreme Court has said.

4 I've given you all the Supreme Court decisions --  
5 g Beach v. Morris -- there was an ordinance involved and  
6 the court said you cannot transfer from the Trust Fund to  
7 an improvement fund; and you can't give money from the Trust  
8 Fund to another agency. That's the Golden Gate Bridge case.  
9 I've given you all those Supreme Court decisions. You're  
10 bound by them.

11 The grant is so specific, the grant specifically  
12 states that the Attorney General shall proceed and take every  
13 step to comply with the Trust.

14 Now, if you don't want to take the case to court,  
15 if you want me to put in a joint resolution urging you or  
16 urging the State to file a lawsuit, or ask the Attorney General  
17 to file a lawsuit to determine this issue, we will do so.  
18 You're not going to get any place negotiating.

19 Can you imagine where the City said yesterday we  
20 will pay nine percent gross for any lands we use of the  
21 Harbor Department, and the Harbor Department shall pay the  
22 City nine percent. All the transfers of land by Los Angeles  
23 to the Harbor were done by an ordinance.

24 Now, we haven't established a relationship, as I  
25 have pointed out, between the Harbor Department and Los

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1 Angeles. I don't know whether it's an agency or whether or  
2 not the Harbor Department are trustees, but I doubt it,  
3 because the thing that governs is the grant. So therefore,  
4 here is a trustee doing anything he wants. Takes the money  
5 out of the Trust Fund, uses it, demands that we pay the  
6 bonds, treated us in 1923 \$24 million, before 1923 they want  
7 that paid back.

8 I think it's the duty of the Lands Commission to  
9 take strong action in this case. In December you have to  
10 file a detailed report with the Legislature -- that's what  
11 the statute says -- of the revenues and expenditures, and  
12 that goes to committee. We'll have a public hearing. But  
13 this issue, I'm telling you, gentlemen, you're wasting your  
14 time because two or three members of the City Council have  
15 determined to run that harbor as they see fit without any  
16 rules, without any regulations, disregarding the Trust; and  
17 they fail to realize that the Trust Fund, the Tidelands Trust  
18 Fund, is governed by all laws, like we've mentioned before,  
19 by ordinary trust laws.

20 You can't negotiate. Even if you negotiated, it's  
21 unconstitutional. It's illegal because all of the court cases  
22 hold that.

23 I think I've given you a beautiful brief of all  
24 the law, and I wouldn't be so persistent unless I'm sure that  
25 case law determines -- I say 90 percent of the case law

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1 determines the tidelands law.

2 Los Angeles thinks this is a joke. They make an  
3 offer, and they want the Harbor Department to pay for land  
4 that was transferred, as we all heard to Long Beach, to pay  
5 for that land that was transferred and developed from Trust  
6 monies. That's the Wilmington-San Pedro road, 80 acres or  
7 something.

8 They want to be paid. All of the land that the  
9 City gave, the Harbor Department wants to be paid for it now;  
10 and all of it was given without any conditions.

11 I realize that some city land is not within the  
12 Harbor District, but I'm talking about the Trust now. I'm  
13 not talking about any other.

14 Unless you take action today, I'm willing to  
15 wager you'll never come to an understanding.

16 CHAIRMAN CORY: The action that is proposed that  
17 we take, Assemblyman Thomas, is that the authorization will  
18 still be there for the Executive Officer and the Attorney  
19 General to do all the things, including filing an action  
20 if necessary, but rather than precluding the opportunity  
21 of negotiating from that resolution to see what they want  
22 to give, because I tend to agree with you I didn't see a great  
23 deal of give on the part of the City in that resolution.

24 ASSEMBLYMAN THOMAS: Can you imagine yesterday they  
25 said they wanted to give and you said withholding all of the

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1 interest? Where did you ever see that in a case of law?  
2 That's the most flagrant violation of the Trust you've ever  
3 seen. They kept all of the interest in the Trust Fund and  
4 put it in the General Fund and used it for City purposes.  
5 You can't let them do that.

6 CHAIRMAN CORY: I don't think we planned on letting  
7 them do that; and if that's what their bottom line is, I  
8 would imagine that without coming back to the Commission, the  
9 litigation can proceed. We can use a few more hours today  
10 to see if there is some possibility of resolving this matter  
11 without the expense of litigation.

12 ASSEMBLYMAN THOMAS: Mr. Chairman, they're not to  
13 admit anything wrong. They're not to admit they've taken  
14 any of the monies from the Trust Fund.

15 The only favor that I've asked your staff and the  
16 Attorney General to do is ask the City all of the monies  
17 they've taken out of the Trust Fund to justify and give  
18 evidence why they took it out of the Trust Fund for City  
19 purposes. That's all. Make them prepare a balance sheet.

20 If you need an outside auditor, I would say get  
21 one. We're not speaking of five or ten million, we're  
22 speaking of \$30 or \$36 million. And, gentlemen, I want to  
23 say this. I want to say your staff has done a wonderful  
24 job, the Attorney General's staff and your Land Commission  
25 staff, but you are dealing with real politicians when you

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1 deal with people from the City Hall. They know more tricks  
2 than I do.

3 (Laughter.)

4 CHAIRMAN CORY: That's impressive.

5 (Laughter.)

6 ASSEMBLYMAN THOMAS: They're not going to bend.

7 I would subpoena your past mayor. I would subpoena the  
8 Harbor manager. I would subpoena every detailed record that's  
9 in those locked cabinets and find out where they get the  
10 authority to transfer from the Trust Fund to the City funds.  
11 The law is on your side.

12 I know it may sound simple, Mr. Chairman. You've  
13 been in the Legislature. So have I. And we've been dealing  
14 with these things for a long time.

15 But I tell you this. Not unless you petition the  
16 Supreme Court to decide this issue, you'll never decide it.  
17 Unfortunately. I hate to say that because I know the people  
18 you're doing business with. They'll negotiate. They'll  
19 negotiate. They'll come back and forth, but you cannot  
20 negotiate with the Supreme Court. I'll give you another  
21 copy so you can read it --

22 CHAIRMAN CORY: One more time.

23 (Laughter.)

24 ASSEMBLYMAN THOMAS: That's People v. Morris, and  
25 the other is the Golden Gate Bridge case.

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1           The law prevents you from negotiating. That's  
2 what I'm trying to tell you.

3           CHAIRMAN CORY: I don't think on those items that  
4 the court has spoken that we propose to negotiate. It is  
5 really a question of what factual situations might dictate  
6 that there is some obligation from the Trust to the City, and  
7 that confusing fact situation we're trying to resolve.

8           ASSEMBLYMAN THOMAS: The only thing you've got to  
9 do is ask the man one question under oath. Is you prepared  
10 this report for the Commission and gave it to the Commission  
11 showing that the City owed the Harbor Department \$15,850,000.  
12 Ask him under oath. He signed it, and so did Mr. Grazer.

13           CHAIRMAN CORY: Mr. Northrop, has the City --

14           ASSEMBLYMAN THOMAS: The report was prepared by  
15 the Harbor Department, by the staff, signed by the Manager  
16 and the last minute when they found that the City had to  
17 pay the Harbor Department they scuttled it right, and maybe  
18 Mr. Wells knows more about it than I do.

19           CHAIRMAN CORY: Have the City indicated that they  
20 are willing to talk, or is there anything to negotiate?

21           EXECUTIVE OFFICER NORTHROP: I have been out of  
22 touch with the attorney since we left this morning.

23           MS. STONE: The City attorneys are willing to have  
24 discussions this afternoon.

25           EXECUTIVE OFFICER NORTHROP: So, I have already

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1 appointed staff from the State Lands to meet with them.

2 CHAIRMAN CORY: Okay. I think we understand  
3 Mr. Thomas' position. I hope the staff clearly understands  
4 our position that we'd like you to sit down with them, to  
5 continue the authorization of the previous meeting and see  
6 if you can resolve it. You might confer individually with  
7 the members of the Commission as to what their individual  
8 views are which might be able to guide you as to what  
9 flexibility and what areas of the City's proposal are not  
10 meritorious in our view.

11 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, we have  
12 tentatively asked one member of the Commission to sit in  
13 with us this afternoon in these negotiations. We'll get  
14 back to the others later.

15 CHAIRMAN CORY: I am not interested in sitting in  
16 on those negotiations, but that's fine.

17 EXECUTIVE OFFICER NORTHROP; The Lieutenant  
18 Governor surrogates.

19 CHAIRMAN CORY: Check so you know where people  
20 think there might be some merit to the City's viewpoint and  
21 those areas where they aren't. It might facilitate the  
22 matter so you can resolve whether or not they're wasting our  
23 time and spinning our wheels or not.

24 ASSEMBLYMAN THOMAS: May I make another suggestion,  
25 please? If you would subpoena the records, you'd settle this

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1 thing in two days. If you would subpoena the man and have  
2 him testify under oath, they've got the truth of the matter,  
3 and make they show their evidence.

4 MR. STEVENS: Mr. Chairman, we have issued 25  
5 subpoenas on top to City officials and to former members of  
6 the City. Those were signed by the Executive Officer and  
7 included a demand for the records which the City has agreed  
8 they will make available to us. Those hearings are in recess  
9 now while we still explore the possibilities.

10 ASSEMBLYMAN THOMAS: All the witnesses told me  
11 yesterday that they were excused.

12 EXECUTIVE OFFICER NORTHROP: No.

13 MR. STEVENS: No.

14 ASSEMBLYMAN THOMAS: I'm just saying what the  
15 witnesses told me.

16 MR. STEVENS: Mr. Thomas, just for the record, let's  
17 make it clear that they are still under subpoena. One witness  
18 was excused, but the rest of the witnesses are still under  
19 subpoena. They have been excused from appearing on Friday,  
20 but the subpoena is still outstanding; and the understanding  
21 is that we give them reasonable notice as to when to come  
22 back.

23 ASSEMBLYMAN THOMAS: Well, if this isn't decided  
24 by April, do you anticipate considering filing a lawsuit?

25 CHAIRMAN CORY: Mr. Thomas, this authorization

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1 specifically authorizes the Executive Officer and the Attorney  
2 General to file a lawsuit any time the City digs its heels  
3 in. I mean, it's there. The gun is cocked. They can pull  
4 the trigger any time they want.

5 ASSEMBLYMAN THOMAS: Well, I'm going to help them  
6 pull the trigger.

7 (Laughter.)

8 CHAIRMAN CORY: I got that distinct impression.

9 (Laughter.)

10 CHAIRMAN CORY: Without objection, this Calendar  
11 Item --

12 MR. STEVENS: You've got it in the form of a  
13 Calendar Item. I'm sorry. I thought it was just going to  
14 be verbal. We need it in the form --

15 CHAIRMAN CORY: No. We are approving the Calendar  
16 Item as presented.

17 Without objection, such will be the order.

18 Item 19.

19 MR. TROUT: Mr. Chairman, in February last year  
20 the Commission approved for distribution the Boundary City  
21 Report concerning San Elijo Lagoon in San Diego County.

22 This involved Swamp and Overflow Patents that  
23 the State issued and the effect of those patents involved  
24 particularly land owned or claimed by the United California  
25 Bank.

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1           We have reached agreement with United California  
2 Bank through the efforts of staff and through the efforts  
3 of the Wildlife Conservation Board staff. In the Calendar  
4 Item is a proposal which has already been approved by the  
5 Wildlife Conservation Board whereby the Board would acquire  
6 UCB's interest in this area of San Elijo Lagoon for a fixed  
7 amount of cash. UCB will then grant to the State of California  
8 all of its rights, title and interest in the area involved  
9 within their holdings, except for a 2.3 acre parcel up on a  
10 bluff in the corner of the area which is well above any reach  
11 of high tide.

12           The Commission will thereafter issue a Public  
13 Agency Permit to the Wildlife Conservation Board or possibly  
14 the County of San Diego for management of this area below  
15 the 2.5 foot elevation for ecological, environmental and  
16 wildlife management purposes.

17           The Board, the Wildlife Conservation Board, and  
18 the Commission would by the lease be agreeing that the area  
19 below the 2.5 elevation is the --

20           CHAIRMAN CORY: Okay. You've convinced us.

21           MR. McCAUSLAND: No objection.

22           CHAIRMAN CORY: Anybody in the audience on this  
23 item?

24           Without objection, Item 19 will be approved as  
25 presented.

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1           Item 21. This is a change in the regulations for  
2 EIR's so that when a major project comes in that obviously  
3 needs an EIR that the study can be commenced immediately  
4 rather than going through a mechanical step.

5           EXECUTIVE OFFICER NORTHROP: The initial study  
6 program.

7           CHAIRMAN CORY: The initial study program, which  
8 tends to waste time.

9           EXECUTIVE OFFICER NORTHROP: Right, and money and  
10 so forth.

11          CHAIRMAN CORY: Is there anybody in the audience  
12 on this Item 21?

13          Without objection, Item 21 will be approved as  
14 presented, the repeal and the adoption of the new regulations.  
15 Such will be the order.

16          Item 22, Cabot Oil and Gas Corporation, resumption  
17 of drilling at existing facilities in Ventura County.

18          EXECUTIVE OFFICER NORTHROP: It's an onshore area,  
19 Mr. Chairman. It requires probably another 500-barrel wash  
20 tank and some pipelines.

21          CHAIRMAN CORY: Anybody in the audience on this  
22 Item 22? Questions by members of the Commission?

23          Without objection, Item 22 will be approved as  
24 presented.

25          Item 23, Bank of America Trust Department. I keep

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1 having trouble trusting those people, but go ahead. Tell us  
2 what they want.

3 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, the  
4 Bank of America is trustee for Fred and Eva Wyatt, and they're  
5 asking for a renewal of a permit for a boat dock in the area  
6 of Lake Tahoe.

7 CHAIRMAN CORY: Okay. Any questions from members?

8 MR. McCAUSLAND: Abstain.

9 CHAIRMAN CORY: Mr. McCausland will be abstaining  
10 on Item 23.

11 Without objection, the other two of us will approve  
12 it in spite of you.

13 MR. McCAUSLAND: It has nothing to do with the  
14 Bank of America Trust Department, by the way.

15 CHAIRMAN CORY: Oh, okay. That's why I was thinking  
16 of voting no.

17 Item 24 is a similar lease for Mr. Hewlett.

18 EXECUTIVE OFFICER NORTHROP: Mr. William R. Hewlett,  
19 yes, sir.

20 CHAIRMAN CORY: Any questions from members of the  
21 Commission? Anybody in the audience on Item 24?

22 Without objection, it will be approved as presented.

23 Item 25, acceptance of the quit-claim deed to  
24 terminate oil and gas lease at Huntington Beach, Orange  
25 County.

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1           Let the record indicate that I have had some  
2 personal financial dealings with the Clock family and the  
3 Pauley family, but they're giving stuff to the State. The  
4 Attorney General tells me I can go on ahead and participate  
5 in this. Just so it's on the record.

6           MR. McCAUSLAND: No objection.

7           CHAIRMAN CORY: No objection. Anyone in the audience  
8 on this item?

9           Without objection, Item 25 will be accepted as  
10 presented.

11           Item 26. It's a modification of a dredging permit  
12 for an additional 5500 yards of a previous 10,000-yard permit  
13 that was approved. Standard royalty.

14           Any questions from the members?

15           MR. McCAUSLAND: No objection.

16           CHAIRMAN CORY: Anybody in the audience on Item 26?

17           Without objection, Item 26 will be approved as  
18 presented.

19           Item 27, Long Beach operation.

20           EXECUTIVE OFFICER NORTHROP: Mr. Chairman, yes.

21 Item 27 will add 22 new cellars on Island Freeman and will  
22 do some triple zone injection and will transfer some monies  
23 within the budget.

24           MR. McCAUSLAND: What's a well cellar?

25           EXECUTIVE OFFICER NORTHROP: Mr. McCausland, to

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1 keep the well production units from being visible from the  
2 shore, they are constructed in U-shaped cellars below the  
3 horizon, the view horizon. What we're doing is constructing  
4 some more to maintain that profile.

5 MR. McCAUSLAND: Thank you. Lack of profile.

6 EXECUTIVE OFFICER NORTHROP: Lack of profile.

7 Okay.

8 CHAIRMAN CORY: Negative profile.

9 EXECUTIVE OFFICER NORTHROP: Negative profile.

10 It is part of the Chapter 38 --

11 MR. McCAUSLAND: I have no objection.

12 CHAIRMAN CORY: Okay. No objections. Item 27  
13 is approved.

14 Did you go through --

15 EXECUTIVE OFFICER NORTHROP: Item 28 is some  
16 amendments to Fault Block II Unit Agreement. Basically these  
17 redefine zones and well assessments in that area due to  
18 production changes.

19 CHAIRMAN CORY: Without objection, Item 28 is  
20 approved as presented.

21 Item 29.

22 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 29  
23 does a similar problem in Fault Block III as it deals with  
24 the gas costs and gas zones. Operating costs are allotted  
25 on the percentage of gas production. There have been some

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1 changes, and this allows us to make the changes so we can  
2 assess the proper percentage of costs.

3 CHAIRMAN CORY: Questions from members?

4 Without objection, approved as presented. My  
5 only comment is I can't understand why it is we have been  
6 here for two years with this new, crisp, hard-driving adminis-  
7 tration and you guys still have all these faults you have  
8 to deal with.

9 (Laughter.)

10 CHAIRMAN CORY: I don't know why we can't solve  
11 the problem.

12 30.

13 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 30  
14 deals with the closing costs of some subsidence on AFE 880  
15 on a pump station. The staff has reviewed it and feels  
16 that the subsidence cost as allowable is approved -- is  
17 worthy of approval.

18 MR. McCAUSLAND: No objections.

19 CHAIRMAN CORY: Any objections? Any comments from  
20 the members of the audience on Item 30?

21 MR. McCAUSLAND: This is about the right amount  
22 of money. Keep them all that size.

23 CHAIRMAN CORY: Without objection, Item 30 will  
24 be approved as presented.

25 Item 31.

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1 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 31  
2 will be dealt with for questions by Mr. Hight.

3 MR. HIGHT: Item 31, Mr. Chairman, is an application  
4 by the U. S. Army for retrocession and concurrent jurisdiction  
5 at Oakland Army Base, and this authorization only authorizes  
6 the staff to conduct hearings and report back to you as to  
7 the findings.

8 CHAIRMAN CORY: Any questions from anybody in the  
9 audience on 31?

10 Without objection, approval is granted.

11 Item 32.

12 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, in  
13 Inyo County there is a fault area, a draw area, in which a  
14 lot of trash has been accumulating. The California Conservation  
15 Corps we're recommending do a cut and fill to take this  
16 attractive nuisance out of the area.

17 MR. McCAUSLAND: No objection.

18 CHAIRMAN CORY: Without objection, it will be  
19 approved as presented. We do own the land. That's why  
20 we're doing it.

21 EXECUTIVE OFFICER NORTHROP: Yes. It's on a school  
22 parcel, yes, sir.

23 CHAIRMAN CORY: If they're on the ranch where you  
24 and I have a disagreement about what you own and what I  
25 own, could you --

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1 (Laughter.)

2 CHAIRMAN CORY: So everybody clearly knows, the  
3 same way they're grabbing land from a lot of other people in  
4 the State, they make the same contention on property that I  
5 think I own. I thought I owned. That's just life. Yes,  
6 that's the bilateral symmetry that I worry about so much.

7 Okay. Item 33, session of concurrent criminal  
8 jurisdiction for a five-year period of time. This is an  
9 item that's been before us for some time and has been  
10 negotiated out, and there's some understanding on the part  
11 of the counties as to what we're doing, that it is something  
12 that is not in perpetuity but is only for a five-year period  
13 of time.

14 MR. HIGHT: That is correct, Mr. Chairman.

15 Any questions from any members of the Commission?

16 MR. McCAUSLAND: No objection.

17 CHAIRMAN CORY: Any questions from any members of  
18 the audience on Item 33?

19 Without objection, jurisdiction will be granted.

20 Item 34.

21 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, this  
22 involves litigation Mr. Hight can speak to.

23 MR. HIGHT: Mr. Chairman, this is the authorization  
24 to file a dismissal of the case of the State Lands Commission  
25 versus Greenhead. As you will recall, this is the case

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1 where there was a fence placed across Cross Slough. The  
2 fence has now been removed, and we're asking that the case  
3 be dismissed.

4 CHAIRMAN CORY: Anybody in the audience on Item 34?  
5 Without objection, authorization is granted. Such  
6 will be the order.

7 Item 35.

8 EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Item 35  
9 is a resolution authorized by Representative Don Clausen,  
10 which would incur but not compel the U.S. Corps of Engineers  
11 to incur up to \$300,000 additional cost for water resources  
12 to establish new wetland habitat areas. We recommend that  
13 the Commission support this resolution.

14 MR. McCAUSLAND: Is that what it really says?  
15 It's HR 15718?

16 EXECUTIVE OFFICER NORTHROP: Right.

17 MR. McCAUSLAND: What does it state? Plan and  
18 establish wetland areas as part of an authorized water  
19 resources development project?

20 EXECUTIVE OFFICER NORTHROP: Yes, sir.

21 MR. McCAUSLAND: And then it sets up some criteria  
22 if the chief engineer finds that the environmental and other  
23 benefits and the increased cost of such wetland shall not  
24 exceed \$300,000. Is that a single-purpose bill? Is that  
25 what we're looking at here? Is that for the whole United

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1 States?

2 EXECUTIVE OFFICER NORTHROP: No. This generally,  
3 as I understand it, will be working generally in the San  
4 Diego area, Mr. Commissioner.

5 MR. McCAUSLAND: I think we ought to read between  
6 the lines.

7 CHAIRMAN CORY: Why would Clausen be carrying that?

8 MR. TROUT: The bill actually does have major  
9 benefit in California, San Diego and also Humboldt Bay, which  
10 would be Mr. Clausen's concern.

11 HR whatever it is, that was last session. A similar  
12 bill has been introduced this session.

13 MR. McCAUSLAND: I have no objection, Mr. Chairman.

14 CHAIRMAN CORY: Any questions from members of the  
15 audience?

16 Without objection, we will indicate our support  
17 for Mr. Clausen trying to get us some more money.

18 MR. McCAUSLAND: In regard to the Humboldt Bay  
19 in Northern California, is there a number of issues that  
20 we're working on with the Wildlife Conservation Board in  
21 efforts not unlike the San Elijo Lagoon, or at least other  
22 acquisition programs on the North Coast?

23 MR. TROUT: Yes, we are.

24 MR. McCAUSLAND: Would you like to tell us at the  
25 next meeting how those are coming along?

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1 MR. TROUT: Yes, sir. We'll prepare a report.

2 CHAIRMAN CORY: The final item is the status of  
3 major litigation.

4 MR. STEVENS: Mr. Chairman, we're going to have  
5 an Executive Session. I think we can cover the item briefly  
6 at that time. I don't think there's anything. The major  
7 lawsuits that have been filed against us have already taken  
8 effect. We have two actions. Other than that, I don't think  
9 there's anything specific that needs to be publicly noted.

10 CHAIRMAN CORY: Okay. Then we will adjourn the  
11 public session of the Lands Commission and convene here in  
12 this room forthwith for a rundown from staff on matters of  
13 litigation in Executive Session.

14 If the non-Commission members and nonessential  
15 staff could please vacate the room, we would appreciate it.

16 (Thereupon the State Lands Commission meeting  
17 of March 31, 1977, was adjourned at 10:50 a.m.)

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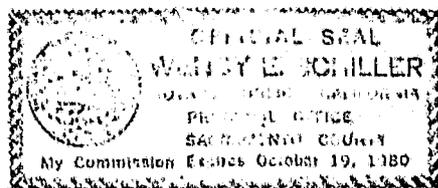
1 State of California )  
 2 County of Sacramento ) ss.

3 I, WENDY E. SCHILLER, a Notary Public in and for  
 4 the County of Sacramento, State of California, duly appointed  
 5 and commissioned to administer oaths, do hereby certify:

6 That I am a disinterested person herein; that the  
 7 foregoing proceedings of the State Lands Commission Meeting  
 8 was reported in shorthand by me, Wendy E. Schiller, a  
 9 shorthand reporter for the State of California, and thereafter  
 10 transcribed into typewriting.

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

14 IN WITNESS WHEREOF, I have hereunto set my hand  
 15 and affixed my seal of office this 14 day of April, 1977.



20  
21  
22  
23  
24  
25

*Wendy E. Schiller*  
 WENDY E. SCHILLER  
 Notary Public in and for the  
 County of Sacramento, State of  
 California

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