MEMBERS PRESENT

Kenneth Cory, Chairperson, State Controller
David Ackerman, representing Mike Curb, Lieutenant Governor, Commissioner

MEMBERS ABSENT

Susanne Morgan, representing Mary Ann Graves, Director of Finance, Commissioner

STAFF PRESENT

William Northrop, Executive Officer
James Trout
Robert Hight
Diane Jones, Secretary
Les Grimes
Harry Shimer

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CHAIRPERSON CORY: The meeting will come to order. Is there any corrections or additions to the minutes? Without objection, they will be adopted as presented.

We have the report of the Executive Officer.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, Mr. Ackerman, good afternoon.

The California Fish Growers was granted a permit to perform geological investigations of the sand spit located at the mouth of the Estero Americano between Sonoma and Marin Counties.

The investigation's being conducted to ascertain the suitability of installing a series of wells into the sand spit to pump seawater to a proposed fish farm operation on the adjacent property.

Emergency permission was requested because a study crew with equipment was waiting to proceed with the tests, consisting of a series of borings in the sand.

If the project proves feasible, the potential lessee will file the necessary forms to secure a formal lease for the use of State lands.

Mr. Chairman, that completes my report. There is no Coastal Commission report this morning.
CHAIRPERSON CORY: We could discuss that a lot, but I don't think we want to get into that at this point.

The next item we have is the staff report on the Coastal Commission.

EXECUTIVE OFFICER NORTHROP: There is no report.

CHAIRPERSON CORY: If we could only say that there was no Coastal Commission.

The next item is the consent calendar and these items will be taken up all at once, unless there is objection to the proposed staff recommendations. Certain items are being removed. Item C-5 has been removed from the calendar and will be taken up --

EXECUTIVE OFFICER NORTHROP: That was just removed. Item C-6 will be taken up with Item 18.

CHAIRPERSON CORY: C-6 will be taken up with Item 18. Do we have any others coming off?

EXECUTIVE OFFICER NORTHROP: Yes, 27 is off calendar, too.

CHAIRPERSON CORY: Item 27 is not on the consent calendar. If there is no one in the audience that has any objection on any of the remaining consent calendar items, we will take them up as a group.

Without objection, said calendar will be approved as presented.

Item 15. This is the question of the appeal of
the L. A. County Assessor's assessment for the Long Beach
Unit for 81-82.

This is another step in our ongoing --

EXECUTIVE OFFICER NORTHROP: Yes, sir. This is
for the current year.

CHAIRPERSON CORY: Okay. Anybody in the
audience on this item?

MR. ACKERMAN: Okay.

CHAIRPERSON CORY: Without objection, we author-
ize the appeal.

MR. ACKERMAN: My understanding here is this is
part of the formality we have to go through --

CHAIRPERSON CORY: That's correct,
Mr. Ackerman. If we don't preserve our position, when the
time comes, our opportunity will have passed.

MR. ACKERMAN: The negotiation sessions are
still to come.

CHAIRPERSON CORY: Right. Item 16 is a request
to approve and secure a management agreement to continue
operation of the existing Santa Catalina Island Company
lease for moorings up until December 31, 1981 to get this
lease on a calendar-year basis. Is there anybody in the
audience on this item? Any questions?

MR. ACKERMAN: No.

CHAIRPERSON CORY: Without objection, Item 16
will be approved as presented.

Item 17, the City of Palos Verdes Estates, and this is a finding that the City of Palos Verdes Estates has substantially complied with the terms and conditions of Chapter 136, which is that they have maintained their grant in unimproved status.

EXECUTIVE OFFICER NORTHROP: In open space.

CHAIRPERSON CORY: With great effort on their part they have been able to accomplish that. Is there anybody in the audience on this item? Without objection --

MR. ACKERMAN: Okay.

CHAIRPERSON CORY: -- Item 17, a finding is made.

Item 18, approve and authorize the execution of BLA 201, between State Lands and Citation Homes covering a portion of Alameda Creek in the City of Union City.

Is there anybody in the audience on this item? Any questions from the Commissioner?

MR. ACKERMAN: No.

CHAIRPERSON CORY: Without any objection, approval is granted.

Item 19 --

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, I think at this time we ought to do Item C-6, because it does now approve a lease to the City of Union City on that parcel.

CHAIRPERSON CORY: Okay. This is for a bicycle
path and landscaped open space?

EXECUTIVE OFFICER NORTHROP: Yes.

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: Anybody in the audience on this item? Without objection, Item C-5 is approved.

Item 19, compromise title settlement with Lincoln Benicia V Associates?

EXECUTIVE OFFICER NORTHROP: Right.

CHAIRPERSON CORY: This is 43 acres of wetlands which we will receive and transfer to --

EXECUTIVE OFFICER NORTHROP: Fish & Game.

CHAIRPERSON CORY: Fish & Game. Is there anybody in the audience on this item?

Any questions from the Commissioner? Without objection, Item 19 is approved as presented.

Item 20, approve and authorize an exchange agreement between State Lands and the U.S. of A., involving 21,120 acres at Fort Irwin, which we will be receiving instead 362 acres --

EXECUTIVE OFFICER NORTHROP: That's one of Shimer's better --

CHAIRPERSON CORY: In Ventura County. That's impressive.

MR. GRIMES: Good farmland.

CHAIRPERSON CORY: The ratio's a little bad, but
it's a good location. I'll say that.

Okay. Anybody in the audience on this item?

Without objection --

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: -- approval is granted as requested for Item 20.

Item 21 is approve and authorize the exchange between State Lands and the U.S. of A., two parcels of 320 acres in Cleveland National and we're swapping it for 40 acres of Mountain Home. The number's sure look bad. You're sure it's good property?

MR. GRIMES: Very nice property.

CHAIRPERSON CORY: Anybody in the audience on this item?

MR. GRIMES: With a 40-degree slope.

(Laughter.)

CHAIRPERSON CORY: But you can get the logs up the hill.

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: Without objection, Item 21 is approved as presented.

Item 22, approve and authorize the execution of an Exchange Agreement, Number -- which?

EXECUTIVE OFFICER NORTHROP: 141, Mr. Chairman.

CHAIRPERSON CORY: 141, between Redwood Shores,
Incorporated and the California Department of Fish & Game on Steinberger Slough, Redwood City, San Mateo County.

Anybody in the audience on this item? Any questions from the Commissioner?

MR. ACKERMAN: No.

CHAIRPERSON CORY: Without objection, Item 22 is approved as presented.

Item 23, the sale of 19.38 acres of land to the Department of Transportation, which is roadway --

EXECUTIVE OFFICER NORTHROP: Which is under U. S. 395, right.

CHAIRPERSON CORY: And we're getting $13,000 for 395. Is there anybody in the audience on this item? Questions from the Commissioners? Without objection --

MR. ACKERMAN: Where does the money go?

EXECUTIVE OFFICER NORTHROP: General fund. It's taken from the highway to the general fund. That's about how close you ever get your hands on that money.

CHAIRPERSON CORY: Where there's a will there's a way, and when you deal with the other government you do the best you can.

Without objection, Item 23 will be approved as presented.

Item 24, authorization to accept $2700 from Robert Griffin as full compensation for prior use of land.
and entering into a new lease with a thousand dollar down payment and a percentage for the future; is that correct?

EXECUTIVE OFFICER NORTHROP: Correct, Mr. Chairman.

CHAIRPERSON CORY: Anybody in the audience on Mr. Griffin's lease? Questions from the Commissioners?

MR. ACKERMAN: No. No, objection.

CHAIRPERSON CORY: Without objection, approval is granted.

Item 25, authorization to file an indemnity selection on 9,000 acres near Junction City, Trinity County. Anybody in the audience on this item? Any questions from the Commissioners?

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: Without objection, approval is granted.

Item 26 is a permit that was filed by Mr. Rossen. And there are still some --

EXECUTIVE OFFICER NORTHROP: We have some outstanding boundary problems on that, so we ask the Commission to deny it without prejudice and continue it so that he doesn't have to start the whole process over again.

CHAIRPERSON CORY: Yes, so that when we get the question of the boundary --

EXECUTIVE OFFICER NORTHROP: When we get that
settled, then we can proceed --

CHAIRPERSON CORY: It's a question of navigability?

EXECUTIVE OFFICER NORTHROP: Right.

CHAIRPERSON CORY: Once that's resolved, then Mr. Rossen is back in place, doesn't have to pay any more fees, and is slick with us, and we just have to start the processing of the application. Right?

EXECUTIVE OFFICER NORTHROP: Right. He's asking for something now we can't do.

MR. ACKERMAN: Has he been informed of that?

EXECUTIVE OFFICER NORTHROP: Staff indicates to me that he has --

CHAIRPERSON CORY: That statement gives slight recognition that Mr. Northrop has been on vacation. Anybody in the audience on this item? Without objection, Item 26 will be approved as presented.

Item 27 is off calendar.

MR. ACKERMAN: Excuse me. When did Mr. Northrop return from vacation?

EXECUTIVE OFFICER NORTHROP: Late last night.

CHAIRPERSON CORY: Item 28, geothermal leasing, EIR preparation. What are you requesting?

EXECUTIVE OFFICER NORTHROP: We are looking at another parcel to be put out to lease. Prior to doing that,
we have to have an EIR prepared. If you get the idea, I'm stumbling here, right?

CHAIRPERSON CORY: Is there anybody in the audience who knows whether the Executive Officer is right?

(Laughter.)

CHAIRPERSON CORY: All right. Without objection then, we will authorize the preparation of the EIR in Item 28.

Item 29 and 30 are selloffs that were done in 500 barrel increments where we got, what? Between 15¢ and 42¢?

A little sloshy. We need a little more confrontation in the Middle East. That's a joke, folks.

(Laughter.)

MR. ACKERMAN: We need to send a few more planes out.

CHAIRPERSON CORY: Is there anybody in the audience on this item? This is Item 29 and 30 and we take them up jointly?

EXECUTIVE OFFICER NORTHRUP: Yes.

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: Without objection, Items 29 and 30 are approved as presented.

Item 31, supplemental report. You're going to inform us about that.
EXECUTIVE OFFICER NORTHROP: Mr. Harry Shimer will give us a rundown as to where we are on that.

CHAIRPERSON CORY: I would like to know what Harry just said.

(Laughter.)

MR. SHIMER: I shouldn't have shown up.

CHAIRPERSON CORY: Would you prefer to have the Executive Officer make this report for you?

MR. SHIMER: I'd prefer Trout to make a statement.

CHAIRPERSON CORY: I'd be willing to have the Executive Officer prove that he is back in full force and going, but --

EXECUTIVE OFFICER NORTHROP: I don't think you want that done so early this morning, Mr. Chairman.

CHAIRPERSON CORY: Harry, tell us what we've got going.

And this is part of the initial thing that Susanne Morgan requested.

EXECUTIVE OFFICER NORTHROP: Right. When we made the original presentation, Mr. Chairman, Susanne Morgan indicated --

CHAIRPERSON CORY: And she was involved in the additional supplemental report and she's not here. Is this the time we want to do this?
MR. SHIMER: Mr. Chairman, copies of the supplemental report of Haskins-Sells have been sent to the staff of the Department of Finance at the request of Miss Morgan. What is before you today in terms of the supplemental report is the results of Haskins-Sells outlining for the Commission the steps necessary to implement the recommendations of the management audit they did.

The next item on the calendar, 32, Mr. Thompson's, is the first step in that implementation. The staff will be back to the Commission in future meetings to set forth other steps in implementing the recommendations. This is really an informative item to let you know they had completed their work and we are now in the process of going ahead and moving on with those implementations.

CHAIRPERSON CORY: The first item was a high-priority recommendation, the data processing?

MR. SHIMER: Yes.

CHAIRPERSON CORY: And that will be the next item which will be handled by Finance to accomplish that?

MR. SHIMER: Yes.

CHAIRPERSON CORY: Anything else we need to know?

MR. SHIMER: No. Haskins and Sells has submitted a project schedule in which they're making their
recommendations to continue on with the work as originally stated.

CHAIRPERSON CORY: Did Susanne have any problems with that? Did you discuss this with her?

MR. SHIMER: Yes. We discussed the initial step with her on Monday and she had no particular comment, other than -- she had no problem with it. Her staff at that time had not seen the report.

MR. THOMPSON: The Finance Department auditors have looked over the report and they're satisfied with it.

CHAIRPERSON CORY: Okay. Item 32 is a modification of the plan of development and operations, which is to, in essence, allocate $200,000 to the data processing recommendation by Haskins and Sells. Okay.

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: Okay. Without objection, Item 32 is approved.

Item 33, ratification of filing of disclaimer regarding 13.72 acres of land. Anybody in the audience on this item? It's amazing how this acreage always intimidates Hight. He doesn't want to litigate it. Without objection, Item 33 is approved.

Item 34. 240 acres. If you won't take on 13 acres, you're not about to take on 240.

MR. HIGHT: We can't take that.
CHAIRPERSON CORY: Anybody in the audience on this item?

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: Without objection, Item 34, authorization is granted.

Item 35 is authorization to file a disclaimer in the City of West Covina vs. Clark Reid Powell. We don't have any interest in the property?

MR. HIGHT: No, Mr. Chairman. This is a sewer easement.

CHAIRPERSON CORY: Sewer easement. Okay.

Anybody in the audience on this item?

Without objection, authorization is granted.

Item 36, modification of regulations of the Commission concerning the environment.

EXECUTIVE OFFICER NORTHROP: Pursuant to 78 111 and the Office of Administrative Procedure, Item 36 and 38 are related, and probably should be taken up together so we have a package. The second one and 38 concerns the surface use, and 36 handles the environmental concern.

CHAIRPERSON CORY: Anybody in the audience on Item 36? Questions from the Commissioners?

MR. ACKERMAN: No.

CHAIRPERSON CORY: Without objection, approval is granted. Item 37 is American Savings and Loan vs. The
State of California, authorization to settle the case by putting $30,000 into -- in essence, an escrow -- an impound account, as I understand it, until we locate a parcel?

MR. HIGHT: True.

CHAIRPERSON CORY: Is there anybody in the audience on this item? Without objection --

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: -- 37 is approved. And 38 is a regulation concerning surface use. Anybody in the audience on those regulations?

MR. ACKERMAN: When you make the changes in the regulations, are those circulated to the mailing list?

EXECUTIVE OFFICER NORTHRUP: We go through the entire hearing process and do the entire public notice procedure in that case.

MR. ACKERMAN: So the ones before us reflect any changes or recommendations and we go through the public hearing process?

EXECUTIVE OFFICER NORTHRUP: That's correct.

CHAIRPERSON CORY: Not only that, we have to get the bureaucrats to listen to what changes we make. Right? I mean, that's what they do. Because a lot of the public won't show up, so we hired some other guys to communicate with these guys.

That will be the next step. Without objection,
Item 38 will be approved as presented.

Item 39, who'll be delegating the authority to do as requested?

EXECUTIVE OFFICER NORTHRUP: Mr. Chairman,

Mr. Trout will be handling this.

MR. TROUT: The delegation is the Executive Officer and the staff to -- you notice I threw the staff in there -- require the rights-of-way and easements for a maximum of three years at a maximum cost of $1,000 to allow us to get access to parcels to either harvest trees or reforest some of the State.

EXECUTIVE OFFICER NORTHRUP: He got a laugh when he said they like it in Finance?

CHAIRPERSON CORY: You return rights to Finance?

MR. TROUT: I don't have rights anywhere.

CHAIRPERSON CORY: Okay.

MR. ACKERMAN: No objection.

CHAIRPERSON CORY: Anybody in the audience?

Without objection, Item 39 is approved as presented. We will now go into Executive Session to discuss litigation pursuant to an attorney-client privileges on Sacramento Newspaper Guild vs. Sacramento County Board of Supervisors.

(Thereupon the regular meeting was adjourned at 10:35 a.m.)
CERTIFICATE OF SHORTHAND REPORTER

I, Nadine J. Parks, a shorthand reporter of
the State of California, do hereby certify:

That I am a disinterested person herein; that
the foregoing State Lands Commission meeting was reported
in shorthand by me, Nadine J. Parks, and thereafter
transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand
this 6th day of September, 1981.

Nadine J. Parks
Shorthand Reporter