MEETING
STATE LANDS COMMISSION
STATE OF CALIFORNIA

STATE CAPITOL
ROOM 444
SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 2, 1988
10:00 A.M.

Nadine J. Parks
Shorthand Reporter
MEMBERS PRESENT

Jim Tucker, appearing for Gray Davis, State Controller, Chairman
Steve Hopcraft, appearing for Leo T. McCarthy, Lieutenant Governor, Commissioner
La Fenus Stancell, appearing for Jesse R. Huff, Director of Finance, Commissioner

STAFF PRESENT

Claire T. Dedrick, Executive Officer
Robert Hight, Staff Counsel
Jan Stevens, Deputy Attorney General
Sue Breece, Commission Secretary
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**WITNESSES:**

- Jerry Meral, Californians for Parks & Wildlife
- Richard Spotts, Defenders of Wildlife
- John Gamper, California Farm Bureau Federation

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CHAIRMAN TUCKER: Okay. Let's begin, please. If anybody would like to speak on any of the items that are on the calendar today, you should fill out one of these forms so we make sure that we don't miss you.

There is a consent calendar. If anyone wishes to speak on any of the items on the consent calendar, this is the time for you to come forward; otherwise, we will take up the calendar. You have any objections?

COMMISSIONER STANCELL: No.

CHAIRMAN TUCKER: We'll approve it.

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, some items have been removed from the calendar. And I'm not certain you have the complete list.

CHAIRMAN TUCKER: You'll make the record clear I'm sure.

Okay. On the regular calendar -- and in winging through this, if I go by you, don't hesitate to interrupt me and indicate that you would like to speak on one of these items. We want to make sure everybody has an opportunity to be heard. Item 16?

EXECUTIVE OFFICER DEDRICK: Item 16, Bureau of Land Management. This is a request for approval for authority for the Executive Officer to execute a memorandum.
of understanding with the Bureau of Land Management for a land exchange of about 26, 27,000 acres of State land for about 3300 acres of BLM land of higher -- the values would come out equal.

CHAIRMAN TUCKER: Any questions?

COMMISSIONER STANCELL: No questions. I move.

CHAIRMAN TUCKER: Okay. That matter is approved.

EXECUTIVE OFFICER DEDRICK: Item 17, 18, and 19 are off calendar.

Item 20 is Lake Minerals Corporation, approval of an amendment and a ten-year renewal of a general lease for minerals operation in the bed of Owens Lake in Inyo County.

CHAIRMAN TUCKER: Any questions?

COMMISSIONER STANCELL: No questions. I move.

CHAIRMAN TUCKER: Okay. That item is approved.

EXECUTIVE OFFICER DEDRICK: Item 21, Bush Oil Company. This is an amendment to the State lease on the lease at Rincon Island in Ventura County, PRC No. 145.

CHAIRMAN TUCKER: Any questions?

COMMISSIONER STANCELL: No questions. Move the item.

CHAIRMAN TUCKER: Okay.

EXECUTIVE OFFICER DEDRICK: Item 20— excuse me.
Item 22, this is an award of a royalty oil sales contract at South Ellwood Field for the Huntley Corporation, 27.5 cents over posted.

CHAIRMAN TUCKER: Any questions on that item?

COMMISSIONER STANCELL: No questions. Move the item.

CHAIRMAN TUCKER: That's approved.

EXECUTIVE OFFICER DEDRICK: Item 23, this is an assignment of the remaining portion of PRC 145 from the previous holders to the Bush Oil Company, the current holders of the lease.

CHAIRMAN TUCKER: I'm sorry. Were you doing 23?

EXECUTIVE OFFICER DEDRICK: Yes. This is a request for an assignment of interest from the previous holders of a portion of PRC 145 to the current holder, Bush Oil Company.

CHAIRMAN TUCKER: Anybody have any comments on that? Okay. Without objection, that's approved.

EXECUTIVE OFFICER DEDRICK: Item 24 --

CHAIRMAN TUCKER: Just a second.

EXECUTIVE OFFICER DEDRICK: Excuse me, sir,

CHAIRMAN TUCKER: Let's skip to the item related to Item 47 relating to the support of the California Wildlife Coastal and Parks Initiative, Do
COMMISSIONER MC CARTHY: Yes, Mr. Chairman, if
I may. Thank you.

I would like to move that the State Lands
Commission endorse this bond issue, commonly described
as CALPAW, and then make some arguments why if I
could have a second on that.

CHAIRMAN TUCKER: Okay.

COMMISSIONER MC CARTHY: This Commission is
responsible for managing about four and a half million
acres of public lands. This particular bond issue, more
than any I've ever seen, a bond issue of this nature for
these purposes, would add to the lands that are
available for recreation for the millions more of
California families that are going to be living here, and
would protect a lot of the same kinds of unique resources
that this Commission is charged by the Constitution and
State statutes to protect.

I'm talking about the coastal beach areas,
coastal wetlands, riparian habitat, wildlife habitat. We
already have a number of current projects of our own very
close by -- the American, and Sacramento, and San Joaquin
Rivers, where we have special riparian habitat programs
underway.

And I think it would be an important signal
to the people of California that they hear how we feel about this particular bond issue.

So, I would ask that we endorse it, Mr. Chairman.

CHAIRMAN TUCKER: Do either of the Commissioners want to speak first?

COMMISSIONER STANCELL: I'll speak afterward.

CHAIRMAN TUCKER: Okay. We have two witnesses pro and con, on this. Mr. Spotts and then after Mr. Spotts, Mr. -- I think it's Lamper (phonetic).

MR. MERAL: Mr. Chairman, I'm Jerry Meral. I'm sorry to be slightly late. I just handed in my request to speak on this issue. And I'm campaign director for Californians for Parks and Wildlife, a coalition of over 200 business, farming, and conservation groups around the State who are the sponsors of Proposition 70 now, which will be on the June ballot.

And I'm simply here to agree with the statements of Lieutenant Governor McCarthy, because the jurisdiction of the State Lands Commission coincides very well with the subject matter of Proposition 70, the California Wildlife Coastal and Park Land Initiative (sic). There is a great deal of money in the initiative for protection of riparian habitat along the very lands that, of course, you manage as a guardian for the State's public trust and our rivers, and along the coast, where, of course, you have
equal jurisdiction.

And I will say that should you endorse it today, you would join many hundreds of groups, 18 counties, over 40 cities, many legislators of both parties, and many constitutional officers, and our two U.S. Senators in support of this measure.

And, therefore, we urge your support. And just for your information, one other State Agency has already taken the position on this measure, and that is the California Coastal Commission. And they did endorse this measure last week.

CHAIRMAN TUCKER: Mr. Spotts?

MR. SPOTTS: Mr. Chairman, Commission members, I'm Richard Spotts, the California representative for Defenders of Wildlife. And we also would like to concur with the Lieutenant Governor's great recommendation.

We believe that this initiative bond measure is the single-most important and exciting conservation opportunity in California history. It is also the best hope to protect California's 255 endangered, threatened, and rare species.

Both Secretary for Resources Van Vleck and the Department of Fish & Game have currently acknowledged a backlog of over $100 million in wildlife acquisition projects which they characterize as highest priority.
During the budget process, however, we are lucky if we often get between one to three million dollars from traditional funding sources to go after that backlog.

Fortunately, this initiative would provide well over $120 million for endangered species, riparian, forest, wetlands, and other urgently needed additions. And so, again, we believe it's the best hope to effectively protect our endangered species.

Of course, in California, the single greatest threat for wildlife and natural diversity is the accelerating loss of habitat. We gain a new Californian every minute. We're, of course, the most populous State. We have more people than Canada, which a lot of people don't recognize.

We're the seventh largest economic power. So, clearly, we have an obligation to do a more effective job protecting the wildlife and natural diversity.

Finally, we believe that this initiative is good for the economy and the quality of life in California. Tourism is an extremely important industry in California, providing about 35 billion annually in revenue. And, certainly, what we do to protect wildlife and natural diversity will help further attract tourists to the State and enhance the tourism industry.

Thank you very much.
CHAIRMAN TUCKER: Any questions? Okay. Thank you very much. The representative from the Farm Bureau?

MR. GAMPER: Mr. Chairman and members, I apologize for my penmanship. My last name is Gamper, G-a-m-p-e-r.

And I'm Director of Taxation and Governmental Affairs with the California Farm Bureau Federation.

What I'd like to do today is just to ask you to take a minute and look at some of our arguments in opposition to the initiative, to take an objective look at how it was put together and its potential effects on other bonded indebtedness proposals.

This initiative is unlike any previous park bonds proposal ever offered to the voters. First of all, it's the first initiative ever offered; second of all, it's the most expensive ever offered at $776 million. And since 1926, when the Legislature authorized the use of general obligation bonds for park and recreation purposes, the State's voters have approved one billion six hundred million for parks and wildlife.

And this initiative, in one vote, will increase that 62-year total by 50 percent. With interest, it will cost the State a billion three, it's been estimated.

The second point is that less than 10 percent of the $776 million is allocated specifically for
development, refurbishing, and rehabilitation of existing park facilities.

This comes at a time when the Auditor General’s last report indicated that 84 percent of the State’s -- State Park System’s acreage is without a general plan. The Resources Code says that without a general plan, you can't provide any permanent facilities. So, there is a backlog and need for development. And this bond initiative just simply does not provide the necessary revenue to develop the existing facilities and land that the State already owns.

The State and Federal Government in the State already own over 50 percent of the State of California. And in some counties -- in many counties, it’s 30 to 40 percent and in others -- in many others, it’s 70 to 80 percent of the property tax base of the county is in public ownership and off the tax rolls. So, we do believe that this initiative will have a significant effect on local government at a time when many counties are distressed financially. They're looking at sales tax overrides, per parcel taxes, which by far are the most inequitable property tax that could ever be levied. But they're looking at methods of raising revenue, and here comes an initiative with approximately 700 million plus, that's going to take more land off the private property
taxpaying rolls.

Probably the most troubling aspect of the initiative is the fact that it was put together by special interest groups and really constitutes elitist park planning. What the proponents have done is to go out and tell -- actually sell the park and recreation future of our children and our grandchildren. For $2500 or 5,000 signature they guaranteed a million dollars worth of projects in the bond initiative.

Now, if any other group tried to do that with the State's bonded indebtedness, I think the uproar would be tremendous. We have good special interest groups, and then we have, quote-unquote, bad special interest groups in the eyes of the public. But it doesn't make it right, and we believe that -- you know, I've got a letter here from an individual with a check attached,

It says, "Here is my pledge -- here is my check for $2500, provided that a million dollars or more is included for the acquisition of Tecate Cypress Forest in Orange County,

And we have another one from Big Sur -- a Big Sur group, I guess they got $25 million. They weren't required to raise $2500 per million for the 25 million, that would be in the billions of dollars they'd have to raise. But they did commit to $62,500. Santa Monica
Mountains, another example: 50,000 signatures and $50,000 dropped in $30,000 in the initiative.

We don't think it's -- we think it's bad government. We think that the Legislature should establish the bonded indebtedness priorities for the State. We think the Legislature -- clearly, all park bond proposals are pork barrels to a certain extent. I mean you've got to sell it to the members of the Assembly and the Senate and you want to provide something in each of their districts.

But this initiative takes it to new heights. It takes it to the initiative level in actually selling it to individual special interest groups. It avoids the park land professionals that we have in this State. And we think it's bad government, and we think it's wrong.

In conclusion, I guess I'd just like to say that, number one, it's based more for special interest groups than the public need, number two, it appropriates probably more than a billion dollars in the long run for park land acquisition when we haven't fully developed existing park facilities.

Three, the need for transportation financing, the need for funds for schools and school facilities -- we're looking at a billion six, I believe, on the ballot for school facilities, construction and repair of sewer...
systems, a tremendous backlog of potential health
problems in the State, for sewer systems and clean water
facilities.

We have needs for new and refurbished State
Prisons, county jails. I understand the counties are going
to try put up another bond proposal on the ballot for
county jails in November, all of which seem to be a
greater need than the special interest acquisition program.

We would encourage you not to take a position
on the initiative. I can count votes. I've been around
and I realize that the Commission probably will endorse
it, but I want to get on the record and highlight our
problems.

One final point, knowing that tens of millions
of dollars will be going to private corporations for
acquisition of development rights, this is land that will
never be used by the public, probably never be seen. They
won't be able to go on the property to look at it, because
it's still going to be in private ownership.

COMMISSIONER MC CARTHY: What private corporation
are you referring to?

MR. GAMPER: Well, it's not specific in the
initiative, but it just says that X-amount of money is to
grant to cities, counties, and nonprofit corporations.

COMMISSIONER MC CARTHY: That's nonprofit entities.
that would acquire open space properties for the public use.

MR. GAMPER: Yes.

COMMISSIONER MC CARTHY: Okay.

MR. GAMPER: For the public use, I guess, as a visual view shed (sic), but certainly not for public use as far as utilizing the property.

COMMISSIONER MC CARTHY: I don't think that's accurate.

MR. GAMPER: Well, for example, one nonprofit group that might be involved would be, say, a farmland trust. If the City of Davis has a million or two million and care to purchase open space around their community, Santa Cruz has 10 million for a greenbelt around the City of Santa Cruz, if they do purchase development rights, the property is still going to be in the ownership of that farmer. And I don't think he's going to look too kindly to trespassers coming on to look at their -- at his land.

COMMISSIONER MC CARTHY: We're talking about existing conservancy groups, groups -- nonprofit groups in that nature, specifically designed to make land available for public usage as recreational areas.

So, not for private use, not for private property.

MR. GAMPER: Well, I don't believe the initiative
is specific in that respect of whether or not it's going
to be used for recreation purposes. If, for example,
a land trust does purchase development rights, that land
is still going to be in production, and the farmer isn't
going to want anybody on there recreating in his own
cornfield or in his cow pasture.

So, I just don't think there's going to be any
usage of that land. It will be visual usage, certainly,
if they drive by or whatever, but I don't think they'll be-it won't be in public ownership. The development rights
will be, but the land will not.

So, those are our arguments, and we'd encourage
you to think about it, because it is bad government. It
sets a terrible precedent for future bond proposals.

There is an alternative in the Legislature,
AB 1794 by Jim Costa, pending in the Senate. It provides
over -- I believe it provides about three times the amount
of money for development at about half the cost of this
initiative. Henry Agonia, in a letter to us, dated
November 28th of 1987, made it clear that he believes the
most appropriate means of providing capital outlay funding
for State and local park and recreation agencies is
through the traditional legislative redevelopment and
voter approved bond act. So, we think that the
Legislature should establish the debt load for the State.
and not the -- not use the initiative route.

Thank you very much.

CHAIRMAN TUCKER: Thank you. Any questions?

COMMISSIONER STANCELL: No.

CHAIRMAN TUCKER: Okay. Anybody else who wishes to speak on this? Okay. Mr. Stancell?

COMMISSIONER STANCELL: Mr. Chairman, I just want to have the record reflect that because the Governor has not taken a position on this initiative, and I would not want a vote one way or the other to be misconstrued by the public reflecting what the Governor may do, so on that basis, I would want the record to show that I shall abstain from voting on this issue in order to avoid any misleading or misconstruing of any action that may be attributed to any vote that I may take today.

CHAIRMAN TUCKER: Okay. Thank you.

Anything else?

COMMISSIONER MC CARTHY: No.

CHAIRMAN TUCKER: Okay. I think it can be recorded as two ayes and one abstention on this.

COMMISSIONER MC CARTHY: Thank you, Mr. Chairman. You take over.

CHAIRMAN TUCKER: Item 24. Is that where we're at?

EXECUTIVE OFFICER DEDRICK: Yes. Item 24 is
Item 25, Phillips Petroleum Company. This is a refund of $894,249 in overpayment of royalties on several leases in Orange County.

CHAIRMAN TUCKER: Any questions on this item? Okay. That will be approved.

Item 28?

EXECUTIVE OFFICER DEDRICK: This is a revenue report for the first six months of '87 and '88, and the estimates for 87-88 -- the rest of '88, 87-88, and 88-89. I'd be happy to discuss this if you would like us to, or --

CHAIRMAN TUCKER: I think we've been through it.

COMMISSIONER STANCELL: I understand it. Didn't like it, but I understand it.

CHAIRMAN TUCKER: We're pretty familiar with it.

EXECUTIVE OFFICER DEDRICK: I can understand that.

(Laughter.)

CHAIRMAN TUCKER: We just need to have the price of oil go up. So, if you guys can take care of that--

EXECUTIVE OFFICER DEDRICK: We'll work on that problem. Mr. Chairman. Item 29 -- I'm sorry, Did you record a vote? I don't think you need a vote for that.
think that's an information item.

Item 29, sir, is off calendar.

Item 30, City of Long Beach. This is the fourth modification of the 87-88 plan of development and operations and budget for the Wilmington Field. This involves a transfer of funds within the budget. It makes no difference in the bottom line of the budget.

CHAIRMAN TUCKER: Okay. Any questions?

COMMISSIONER STANCELL: No questions.

CHAIRMAN TUCKER: It's approved. 31?

EXECUTIVE OFFICER DEDRICK: Item 31 and 32 are approvals -- request for approvals of geophysical survey permits for State-owned tide and submerged lands in the Delta.

The environmental work has been done on these. Initial studies were circulated, and negative declarations are ready to be filed.

CHAIRMAN TUCKER: Okay.

COMMISSIONER STANCELL: No questions.

CHAIRMAN TUCKER: And these items are consistent with the guidelines that we followed on the earlier geophysical permits?

EXECUTIVE OFFICER DEDRICK: That is correct.

COMMISSIONER STANCELL: I move.

CHAIRMAN TUCKER: Okay. Those two items are
approved. 33?

EXECUTIVE OFFICER DEDRICK: Item 33, Mega Northwest Corporation is an applicant for maintenance dredging permit in the Klamath River in Del Norte County.

CHAIRMAN TUCKER: Any questions? That's approved. 34?

EXECUTIVE OFFICER DEDRICK: Item 34, a modification of Platform Emmy on the Huntington Beach lease of Shell Western in Orange County. Again, the environmental work has been completed there.

CHAIRMAN TUCKER: We've requested on this, this is where the Department of Finance's offices will be? They're building new offices there?

(Laughter.)

EXECUTIVE OFFICER DEDRICK: I don't remember that in the EIR.

COMMISSIONER STANCELL: It's the alternative for the State Controller's offices.

(Laughter.)

EXECUTIVE OFFICER DEDRICK: They'd have to go out a long way.

CHAIRMAN TUCKER: Any questions on this? Okay. That's approved.

EXECUTIVE OFFICER DEDRICK: Okay.

CHAIRMAN TUCKER: 35?
EXECUTIVE OFFICER DEDRICK: Item 35 is NGC Corporation. This is a negotiated subsurface oil and gas lease within the bed of the San Joaquin River. We have to negotiate it because the only available sites for drilling are on the upland.

CHAIRMAN TUCKER: Okay. Any questions?

COMMISSIONER HOPCRAFT: Is there any known opposition to this?

EXECUTIVE OFFICER DEDRICK: No.

CHAIRMAN TUCKER: Is there any unknown opposition?

(Laughter.)

EXECUTIVE OFFICER DEDRICK: If so, they're not out there today that we know of.

CHAIRMAN TUCKER: All right. That's approved.

Item 36?

EXECUTIVE OFFICER DEDRICK: Item 36 is -- a while back, the Commission authorized a settlement on ownership on the Colorado River for Arnold Travis. As part of that settlement, the Commission agreed to consider having a reduction in a cash payment in exchange for a substantial -- for a piece of land. Mr. Travis came back with a proposal for a really good piece of land with some public access available from the nearest highway. And this proposal that's before you is that
final settlement.

It includes $80,000 in cash and a piece of land right -- immediately adjacent to the current bed of the Colorado River.

CHAIRMAN TUCKER: Okay.

COMMISSIONER STANCELL: I move.

CHAIRMAN TUCKER: Okay. That's approved.

Item 37?

EXECUTIVE OFFICER DEDRICK: The City of Los Angeles. This is an approval of a proposed settlement -- yes. This is the item we discussed in the executive session this morning, a proposed settlement with -- not Venice Properties, but with Summa Corporation. There was a mistake in the --

CHAIRMAN TUCKER: Any questions on that?

COMMISSIONER STANCELL: No.

CHAIRMAN TUCKER: That's approved. Item 38?

EXECUTIVE OFFICER DEDRICK: 38 is off calendar. 39 is the authorization to enter into a boundary agreement with the property owner along the San Joaquin River, which would result in a mutual conveyance of titles and a settlement of the dispute.

CHAIRMAN TUCKER: Okay. Any questions on that?

Okay. That's approved. Item No. 40?

EXECUTIVE OFFICER DEDRICK: Item 40, Dana Point
Citizens for Incorporation. This is a consideration -- we're asking you to consent to incorporation of tide and submerged lands into the City of Dana Point.

There was an earlier controversy, which has since been resolved, and the Local Agency Formation Commission has acted in favor of Dana Point.

CHAIRMAN TUCKER: Okay. Any questions on that? That's approved. 41?

EXECUTIVE OFFICER DEDRICK: 41 is off calendar.

CHAIRMAN TUCKER: 42?

EXECUTIVE OFFICER DEDRICK: Item 42, this is an approval to solicit bids for tree planting in about three -- in a little over three miles of fire breaks in the High Peak burns from the big Lawder fire last summer.

CHAIRMAN TUCKER: Okay. Any questions? All right. That's approved. 43?

EXECUTIVE OFFICER DEDRICK: Mr. Chairman, during that fire, a firefighter was killed in that area, Denis Lee Cullins.

The Department of Forestry has requested that State Lands dedicate a parcel of land in that area to Denis Lee Cullins. And they would like to put a plaque commemorating that event and that fact in the area.


That's approved.
EXECUTIVE OFFICER DEDRICK: Item 44 is the beginning of our current stage, authorization to contract for removal of public safety hazards. The specific hazards that are in the first phase of removal for $314,000, which is our budgeted amount for this fiscal year, are in Los Angeles, Santa Barbara, and primarily San Diego Counties.

CHAIRMAN TUCKER: Any questions? All right. That's approved.

EXECUTIVE OFFICER DEDRICK: Item 45 is an authorization for the Executive Officer to amend the agreement with Forestry to allow recoupment of timber sale preparation costs.

CHAIRMAN TUCKER: Any questions?

COMMISSIONER STANCELL: No.

CHAIRMAN TUCKER: Okay. That's approved.

EXECUTIVE OFFICER DEDRICK: Item 46 is strictly an information item, Commissioners. It's for your information. We're changing some code file references on some leases that predated the current system.

CHAIRMAN TUCKER: Okay. Anybody have anything else to add? Okay. The meeting's adjourned. Thank you.

(Taken upon the meeting was adjourned at 10:55 a.m.)

--00--
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 meeting of the State Lands Commission was reported in shorthand by me, and thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have set my hand this 17th day of March, 1988.

Nadine J. Parks
Shorthand Reporter