APPEARANCES

COMMISSION MEMBERS

Mr. John Chiang, State Controller, Chairperson

Mr. Gavin Newsom, Lieutenant Governor, represented by Mr. Chris Garland

Ms. Ana J. Matosantos, Director of Finance, represented by Mr. Pedro Reyes

STAFF

Mr. Curtis Fossum, Executive Officer

Ms. Jennifer Lucchesi, Chief Counsel

Ms. Sheri Pemberton, Legislative Liaison

ATTORNEY GENERAL

Mr. Joe Rusconi, Deputy Attorney General
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CHAIRPERSON CHIANG: Good morning. I call this meeting of the State Lands Commission to order. All representatives of the Commission are present. I am John Chiang the State Controller. I am joined this morning by Chris Garland, the Chief of Staff to the Lieutenant Governor, and Pedro Reyes representing the Department of Finance.

For those of -- for the benefit of those in the audience, the State Lands Commission manages State property interests in over five million acres of land, including mineral interests. Specifically, the Commission has jurisdiction in filled and unfilled tide and submerged lands, navigable waterways, and school lands.

The Commission also has responsibility for the prevention of oil spills at marine oil terminals and offshore oil platforms and for prevention of the introduction of marine invasive species into California waters.

Today, we will hear requests and presentations concerning the leasing, management, and regulation of these public sovereign and school land property interests and the activities occurring thereon.

The first item of business will be the adoption of the minutes from the Commission's January 26th, 2012
meeting. May I have a motion to approve the minutes.

    ACTING COMMISSIONER REYES: So moved.

    CHAIRPERSON CHIANG: We have a motion. Do I have

    a second?

    ACTING COMMISSIONER GARLAND: Second.

    CHAIRPERSON CHIANG: We have a second.

Without objection, the motion passes.

The next order of business is the Executive

Officer's report.

    Mr. Fossum.

    EXECUTIVE OFFICER FOSSUM: Yes. Thank you, Mr.

Chair, members. Today's agenda there's a couple of items

that I'd like to mention, even though they're going to

stay on consent. Item 25 follows up on the Commission's

direction for the staff to meet with Lake Tahoe

stakeholders on rent benchmarks being used there. A

meeting was held on February 29th. We had a good turnout

from them and the issue was discussed at length.

    Staff hasn't received any written comments to

date, and therefore we're going to be bringing the report

to the Commission on the status of those benchmarks and

alternatives at the May meeting.

    Item 25 provides for applying any changes the

Commission may make to those Lake Tahoe items on the

January or this meeting, March meeting, agendas and
tolling any challenges until the Commission makes a determination on whether to change the rent formula. So it's continuing the practice we did at the last meeting.

Item 109 is the passage of -- late last year, AB 982 was enacted and called for the Commission to enter into a Memorandum of Agreement with the Secretary of Interior by April 1st, which would subsequently effectuate land exchanges in the California desert.

And I'm very pleased to announce that we are -- we've developed a very productive working relationship with BLM on this to exchange those properties and we hope that will facilitate solar, wind, and geothermal projects out in the California desert. Approval of Item 109 authorizes us entering into the MOU with BLM and sets forth a process to effectuate those changes. So we're happy we were able to meet that deadline set by the Legislature.

I'm also pleased to announce that in partnership with the Department of Fish and Game, the Commission has helped facilitate the removal of 116,000 cubic yards of sediment from the ocean in the Batiquitos Lagoon Ecological Reserve in the City of Carlsbad in San Diego County.

The Commission staff performed the contracting work there that also provided for enhancement to the
California Least Tern nesting sites in the lagoon and beach replenishment at South Ponto State Beach. This is the largest project at the lagoon in over 18 years.

I would like to acknowledge the retirement of one of the Commission's outstanding employees, Mike Bell. Mike is a Senior Boundary Determination Officer in our Land Management Division. He came to the Commission in 2000 after more than 22 years working in the private sector as a surveyor. He's a licensed land surveyor and our in-house expert on GIS. Mike sorted through many complex boundary issues for the Commission in a number of geographic areas, including the open coast in southern California, at Lake Tahoe, and the San Francisco Bay Area.

Mike's diligence and hard work on the Candlestick/Hunters Point Title Settlement and Land Exchange Agreement with the City of San Francisco and State Parks contributed immeasurably to the success of the negotiations that resulted in the resolution of some complex title and boundary issues by that agreement.

It can't be overstated how instrumental he was in facilitating and finalizing that major agreement. His knowledge and expertise was utilized and relied on by all the parties, including the City and State Parks.

The result of that is that some of the most experienced attorneys and title officers in the State are
now calling Mike for advice. While I'd like to wish Mike well in his retirement, I'm also pleased to announce that he has agreed to come back for a while to help us on some special projects, including setting up our GIS layer that will incorporate the Commission's school lands. That will be used in conjunction with implementing AB 982 and exchanges with the BLM and military to facilitate renewable energy projects in California.

I want to thank Mike and -- especially because he's continuing to agree to assist the Commission in his semi-retirement.

And that concludes my report.

CHAIRPERSON CHIANG: Curtis, is Mike with us this morning?

EXECUTIVE OFFICER FOSSUM: You know, I don't believe he is. He's probably busy at his desk working. He's got one more day of work until --

(Laughter.)

EXECUTIVE OFFICER FOSSUM: And I'll tell you, sometimes when I'm working late and I look out the window, I can see him still working and on weekends even. He put in a lot of long hours on a lot of very important projects. And he's a real trooper, and I'm sure people will rely on him for decades to come.

CHAIRPERSON CHIANG: Please share with him my
deep thanks. With that, does anybody -- the Commission's.

CHAIRPERSON CHIANG: Thank you, Curtis, for the report.

The next order of business will be the adoption of the Consent Calendar. I will call again on Curtis to indicate which items, if any, have been removed from the calendar.

EXECUTIVE OFFICER FOSSUM: Items C47, C66, C70 and C96 have all been removed and will be heard at a later date. Item C95 is being removed from the Consent Calendar and will be brought before the Commission following the major Consent Calendar. We're not putting it on the regular agenda for discussion, but it will be voted on separately.

CHAIRPERSON CHIANG: I'm sorry, Curtis. Could you repeat those again.

EXECUTIVE OFFICER FOSSUM: Pulled from the entire agenda are C47, 66, 70, and 96.

CHAIRPERSON CHIANG: Very good.

EXECUTIVE OFFICER FOSSUM: And we'll ask you to hear C95 -- or vote on it separately from the rest of the consent.

CHAIRPERSON CHIANG: Okay. At this time, is there anyone from the audience who would wish to speak on an item still on the Consent Calendar?
If not, the remaining group of consent items will be taken up as a group for a whole.

ACTING COMMISSIONER REYES: So moved.

ACTING COMMISSIONER GARLAND: And second.

CHAIRPERSON CHIANG: Without objection the motion passes.

EXECUTIVE OFFICER FOSSUM: And now C95.

CHAIRPERSON CHIANG: Okay. Is there a motion?

ACTING COMMISSIONER GARLAND: Actually, before we get to the motion, I have to -- this is my fault it's coming off of consent. I've got a personal conflict, so I'm going to be recusing myself from consideration of this item.

CHAIRPERSON CHIANG: Thank you, Chris. Is there a motion?

ACTING COMMISSIONER REYES: Move approval of C95.

CHAIRPERSON CHIANG: Okay. There is a motion. I will second it. Without objection, the motion passes.

The next item is Item 112 to support State legislation regarding funding for harbor maintenance programs. May we please have the staff presentation.

LEGISLATIVE LIAISON PEMBERTON: Good morning. My name is Sheri Pemberton, Legislative Liaison for the State Lands Commission.

Calendar Item 112 involves SJR 15 a Senate Joint
Resolution, authored by Senator DeSaulnier and it deals with, as you said, the Harbor Maintenance Trust Fund, which is a federal fund that provides revenue for the United States Army Corps of Engineers to carry out the dredging of navigation channels to their authorized depths and widths.

And it was established in 1986 to fund these activities. And it's based on a user fee collected by shippers who use the nation's coastal ports. So the federal government deposits that revenue, which is about 1.4 billion annually, in this fund.

And for the past several years, the federal government has not spent the money in the fund on harbor maintenance and has allowed a large surplus to accrue of almost $6 billion.

There are two bills in Congress HR 104 and S 412 that require that the revenue and interest credited to the fund are used for their intended purposes for maintaining our navigation channels. This resolution, SJR 15, requests that the President and Congress increase federal funding from the Harbor Maintenance Trust Fund for navigational improvement equal to the amounts credited to the fund, and also urges the President and Congress to enact House Resolution 104 or Senate Resolution 412.

So this bill -- this Resolution, SJR 15, would
memorialize the California Legislature support for these two bills. And the recommendation is to support the resolution. It's pending on the Senate floor and was approved unanimously by the Senate Transportation and Housing Committee earlier this week.

CHAIRPERSON CHIANG: Thank you, Sheri.

Any comments from the members?

ACTING COMMISSIONER REYES: Mr. Chair, Pedro. Finance has traditionally abstained from legislation -- from voting on legislation. So in keeping with that fine tradition, we will abstain from Items 112 through 116.

CHAIRPERSON CHIANG: Okay.

ACTING COMMISSIONER REYES: So I'd like the record to reflect that, please.

CHAIRPERSON CHIANG: Thank you, Pedro. Chris.

ACTING COMMISSIONER GARLAND: Items 112 and 113, which I believe are similar in nature --

LEGISLATIVE LIAISON PEMBERTON: Yes.

ACTING COMMISSIONER GARLAND: -- are something that the Lieutenant Governor's office has been working on rather diligently and we look forward to supporting.

CHAIRPERSON CHIANG: Okay. Did you want to make a motion on 112?

ACTING COMMISSIONER GARLAND: I move that we
adopt 112.

CHAIRPERSON CHIANG: Okay. Items 112 and 113.

We have a motion by Chris. I will second.

Without objection, the motion passes.

We'll go to -- oh, I can't strike that, can I. I didn't take public comment on it.

CHIEF COUNSEL LUCCHESI: You can open it.

CHAIRPERSON CHIANG: Let me reopen that vote. Is there anybody who would like to make public comment?

No.

Then renew the motion, seconded. Without objection, motion passes on both Items 112 and 113.

Next item is 114.

LEGISLATIVE LIAISON PEMBERTON: 114 involves the proposed Sacramento-San Joaquin Valley Water Reliability Act, which is a Congressional bill that was recently approved by the House, and is currently in the Senate.

This Act, HR 1837, is opposed by a wide-ranging and diverse coalition of nearly 200 different organizations. It's also opposed by the Secretary of Natural Resources, Secretary Laird, Senators Boxer and Feinstein.

What the bill would do is block and repeal State and federal laws that protect the California Bay-Delta estuary and the San Joaquin River, including the co-equal
goals of water supply reliability and ecosystem restoration that the Legislature mandated in 2009. And it would also block implementation of the San Joaquin Restoration Settlement Act.

So we think it's detrimental to Public Trust resources for all of these reasons, including it would ban State agencies from requiring any water right holder to protect fisheries and other Public Trust resources; weaken the Central Valley Project Improvement Act by redirecting restoration funds to water supply, rather than habitat restoration; and exempt consideration of alternatives and environmental impacts under the National Environmental Policy Act for any new Central Valley Water Project project, no matter how destructive it might be to the environment.

And so for all these reasons, the staff recommendation is to adopt the resolution Exhibit A in opposition to HR 1837.

CHAIRPERSON CHIANG: Thank you.

Any comments?

ACTING COMMISSIONER GARLAND: None at this time.

CHAIRPERSON CHIANG: Okay. Are there any public comments?

Is there a motion?

ACTING COMMISSIONER GARLAND: So moved.
CHAIRPERSON CHIANG: I will second. Without objection, motion passes. Next item is Item number 115, which is a resolution to oppose federal legislation authorizing new offshore oil leases in California.

ACTING COMMISSIONER GARLAND: Can I just jump in here. Did we take an official action on 113?

I'm sorry, did we take an official action on 113?

I think I only moved 112.

EXECUTIVE OFFICER FOSSUM: Actually, you mentioned both of them --

ACTING COMMISSIONER GARLAND: Yeah, but I only moved 112.

EXECUTIVE OFFICER FOSSUM: Yeah, okay. And then the Chair --

CHAIRPERSON CHIANG: You meant to only move 112 or you said 112 and 113.

EXECUTIVE OFFICER FOSSUM: -- suggested that they were being taken together --

ACTING COMMISSIONER GARLAND: I meant to move both.

CHAIRPERSON CHIANG: -- so if you'd like to vote on 113 separately, we can certainly do that as well.

ACTING COMMISSIONER GARLAND: I apologize. I should have moved 112 and 113. So let me move 113 now.

CHAIRPERSON CHIANG: Okay.
CHAIRPERSON CHIANG: Motion, second. Without objection, motion passes.

ACTING COMMISSIONER GARLAND: There you go.

EXECUTIVE OFFICER FOSSUM: And just to make sure, we did vote on 114, correct?

ACTING COMMISSIONER GARLAND: Correct. We've already done that one.

EXECUTIVE OFFICER FOSSUM: All right.

LEGISLATIVE LIAISON PEMBERTON: And the next item, Calendar Item 115, involves three bills in Congress that propose two significant lease-banned offshore oil leases in California, particularly the southern California planning area, as well as along the Atlantic coast.

The centerpiece is HR 7. It's a federal funding and authorization bill for service transportation spending. And the funding formulas for these projects are generally renewed every few years. And the existing authorization is scheduled to expire at the end of this month, March 31st.

This Bill HR 7 would take the unprecedented step of linking that funding to expanded offshore oil lease revenue generated from the additional lease sales.

And then the two additional bills, HR 3410 and HR 3408 have provisions that require the Secretary of the Interior to offer for sale lease tracts off the southern
California planning area for oil drilling leases by 2014, and then fast track that drilling by requiring that they be part of the 2012-2017 outer continental oil and gas leasing program, which currently excludes the Atlantic and the Pacific coasts. And it would also exempt those lease sales from a federal consistency review under the Coastal Zone Management Act, preventing the State from evaluating the impacts of those new leasing on our State and coastal resources.

So in the last decade, the Commission has passed about 10 resolutions opposing the expansion of federal offshore oil and gas leasing operations. And these three bills, since they propose to expand that drill -- or that leasing, the recommendation is to oppose the three bills in Congress -- well, the expanded offshore oil and gas leasing provisions of those three bills.

CHAIRPERSON CHIANG: Any comments?

ACTING COMMISSIONER GARLAND: Not at this time.

CHAIRPERSON CHIANG: Any public comments?

No.

Is there a motion?

ACTING COMMISSIONER GARLAND: Move it.

CHAIRPERSON CHIANG: We have a motion. We have a second. Without objection, motion passes.

Next item is?
EXECUTIVE OFFICER FOSSUM: Mr. Chairman, I think we're going to be pulling Item 116 off the agenda. Although, we support the concept there, we've been told that the author's office is not moving the bill, and so it won't be necessary to vote on that item.

CHAIRPERSON CHIANG: Okay. Curtis, what's the next order of business?

EXECUTIVE OFFICER FOSSUM: The next order of business is public comment.

CHAIRPERSON CHIANG: Okay. Is there any public comment on any item?

Okay. There appears not to be.

That concludes the regular calendar. Are there -- I'll give one last opportunity for public comment?

No. Okay. Then we are going to adjourn the open session and go into closed session.

(Thereupon the meeting recessed into closed session at 10:19 a.m.)

(Thereupon the meeting reconvened in open session at 12:42 p.m. and adjourned the meeting.)
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing California State Lands Commission meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California;

That the said proceedings was taken before me, in shorthand writing, and was thereafter transcribed, under my direction, by computer-assisted transcription.

I further certify that I am not of 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 4th day of April, 2012.

JAMES F. PETERS, CSR, RPR
Certified Shorthand Reporter
License No. 10063