



Oregon

Theodore R. Kulongoski, Governor

Department of State Lands

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The State Land Board met in regular session on April 8, 2008, in the Land Board Room of the State Lands Building, 775 Summer Street NE, Salem, Oregon 97301-1279.

State Land Board

Theodore R. Kulongoski
Governor

Present were:

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| Theodore R. Kulongoski | Governor |
| Bill Bradbury | Secretary of State |
| Randall Edwards | State Treasurer |

Bill Bradbury
Secretary of State

Randall Edwards
State Treasurer

Land Board Assistants

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| Michael Carrier | Governor's Office |
| Elon Hasson | Secretary of State's Office |
| Kate Richardson | State Treasurer's Office |

Staff

| | | |
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| Louise Solliday | Julie Curtis | Kevin Moynahan |
| Steve Purchase | Jeannette Holman | Pamela Konstantopoulos |
| Lorna Stafford | | |

DOJ

Mark Schumock

Governor Kulongoski called the meeting to order at 10:08 a.m. The topics discussed and the results of those discussions are listed as follows. Further details of the discussions may be obtained in the transcript of the meeting available at the Department of State Lands, 775 Summer Street NE, Suite 100, Salem, Oregon 97301-1279 or by calling 503-986-5224.

Land Board Awards

The Land Board presented the following four awards to honor individuals, government agencies, private companies and organizations for their responsible and sustainable stewardship of Oregon's natural resources:

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| 2007 Stream Project Award: | Brownsville Dam Removal Project |
| 2007 Wetland Awards (2): | Williamson River Delta Project; and Mid Valley Wetland Mitigation Bank |
| 2007 Partnership Award: | Friends of South Slough, Inc. |

Honorees were presented with a plaque and had their pictures taken with the Land Board members.



Consent Agenda

1. Request for approval of minutes of the February 12, 2008 State Land Board meeting.

Treasurer Edwards moved to approve the consent agenda. Secretary Bradbury seconded the motion. The minutes were approved.

Action Agenda

2. Request for approval of the release of 27.91 acres of Oregon Parks and Recreation Department's mineral rights in Douglas County.

Director Solliday explained that the Oregon Parks and Recreation Department (OPRD) submitted a request for the release of 27.91 acres of mineral rights in the area known as Susan Creek in Douglas County. OPRD intends to give this property back to the county in order for the county to exchange the land with the U.S. Bureau of Land Management in conjunction with a river trail project being planned along the North Umpqua River.

Secretary Bradbury moved to approve the item. Treasurer Edwards seconded the motion. The item was approved.

Informational Agenda

3. Biennial Report on Common School Fund Investments and Distributions.

Director Solliday reported that the Common School Fund (CSF) distribution to Oregon K-12 public schools for the 2005-07 biennium totaled \$93.9 million. The total for 2007-09 will be \$95.8 million. This number is down from the \$109.4 million that was projected during the budgeting process due to the downward trend in the market. She pointed out, however, that under the current distribution formula, which is based on a rolling average of the balance of the CSF from the previous three years, this is a much higher amount than what would have been distributed under the old formula.

Mike Mueller, Deputy Chief Investment Officer with the State Treasurer's Office, and John Meier with Strategic Investment Solutions discussed the strategies and performance of Common School Fund investments for the 2007 calendar year.

Mr. Mueller discussed the market performance during 2007, particularly the downturn in the second half of the year. He stated, however, that the CSF is still over \$1 billion and was at approximately \$1.1 billion at the end of February 2008. Mr. Mueller also talked about the ability to garner access to premier private equity firms because of relationships already established through the Public Employees Retirement Fund.

Mr. Meier discussed changes being implemented regarding investment managers. The structure will be a 50/50 US/Non-US equity portfolio and will add more managers for a more diverse approach. He believes this diversification will be beneficial in the long-term.

4. Update on revenue projections for Common School Forest Land.

State Forester Marvin Brown gave an update on the Department of Forestry's timber revenue projections for the biennium. He explained that Moss Adams, a private CPA firm in Eugene, was hired to assist in the development of a more reliable methodology for projecting timber revenues. They plan to review and update this new methodology on a quarterly basis.

Mr. Brown reported that revenue projections have gone down for the current biennium from \$29 million to \$23-24 million due to the decline in the timber market. He added that, under the new management plan, projections are looking much better for 2009-11, with a 45 percent increase in volume, up to 40 million board feet per year.

5. Estates annual report.

Pamela Konstantopoulos, the Department's estates manager, gave a report on the activities of the estates program over the past year. Highlights of the report included outreach efforts to medical examiners, funeral homes, sheriffs and others to raise awareness about the program. There has been an increase in cases due to this outreach, especially in parts of the state where little or no reporting of cases has occurred in the past. In addition, a new brochure has been produced and they have begun to offer educational seminars as part of their outreach efforts.

Ms. Konstantopoulos also discussed an improved method that they have implemented for the assessment of administrative costs, which has resulted in more equitable reimbursement to the program. They are working on rule revisions and have submitted a legislative concept for the 2009 session that will exempt estate records from the public records law in order to keep personal and financial information confidential.

The meeting was adjourned at 11:55 a.m.

Theodore R. Kulongoski, Governor

Louise Solliday, Director