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REPORTER'S TRANSCRIPT OF
MEETING OF
STATE LANDS COMMISSION
of the
STATE OF CALIFORNIA

February 7, 1957
9:30 a. m.

PRESENT:

THE STATE LANDS COMMISSION:

Messrs. John M. Peirce, Chairman
Harold J. Powers
Robert C. Kirkwood

FROM THE STAFF of STATE LANDS DIVISION:

Messrs. Rufus W. Putnam, Executive Officer
William E. Bestues
Kenneth C. Smith
H. Edward Werner
Robert M. Lavell
Julia L. Stahl, Secretary

FROM THE OFFICE OF THE ATTORNEY GENERAL:

Mr. Paul M. Joseph

APPEARANCES:

City of Long Beach -
Mr. Harold A. Lingle, City Attorney
Mr. Ernest M. McKee, Sr.
Messrs. James Toscher and Henry R. Spurr,
Attorneys for Mr. McKee

Reporter:
Louise H. Lilloco
Division of Adm. Procedure

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1 MR. PEIRCE: Now today we are going to record the pro-
2 ceedings and we are going to do it both ways. We are
3 going to have a shorthand reporter take down verbatim notes
4 on the discussion and we will also have a sound recording
5 of our proceedings. In connection with the sound record-
6 ing, will all those who address the Commission identify
7 themselves so that the transcription will indicate who is
8 speaking. We are trying both methods of recording today
9 to see which is better and which will serve our require-
10 ments best, and so please understand that we are not going
11 to use both devices all future meetings of the State
12 Lands Commission.

13 Colonel, do we have any minutes to approve
14 at this meeting?

15 MR. PUTNAM: No, they were not gotten to the Commission
16 in time, so I thought I would let them go over to the next
17 meeting. We will need a meeting in March before the 15th
18 in order to settle Long Beach's operation.

19 MR. PEIRCE: I want to report to the Commission that I
20 sent a letter to various land owning groups or corporations
21 and the United States Bureau of Land Management, inviting
22 their cooperation in making available to us experts in land
23 leasing procedures. Three replies have been received to
24 date, two replies yet remain to be received. As soon as we
25 have received replies from all five, a meeting of these
26 experts will be arranged -- presumably at a meeting of the

1 State Lands Commission so that we may invite their counsel
2 at that time. It is contemplated that these men will be
3 present at an open meeting of the State Lands Commission,
4 so that all interested parties may participate in the dis-
5 cussion and receive the benefits of any advice or counsel
6 these men may wish to give us with regard to the adequacy
7 or inadequacy of our own land leasing operating procedures
8 and policies. Have you any further comment, Mr. Kirkwood,
9 at this time with respect to this advisory group?

10 MR. KIRKWOOD: No, I do not.

11 MR. PEIRCE: Now, Colonel, I assume that we are ready to
12 proceed with the regular agenda.

13 MR. PUTNAM: Yes, and we have a Long Beach representative
14 here and we might, if you agree, move into Item 18 on Page
15 21. I might explain that Mr. Hortig is going to one of
16 your schools today, Mr. Peirce, your management school.
17 He couldn't be in both places at one time so I am asking
18 his principal assistant, Mr. Bestues, who is in charge of
19 our Long Beach office, to present this material.

20 MR. PEIRCE: Very good.

21 MR. BUESTES: Consideration of Subsidence Costs - L. B.
22 Work Order 10022. On January 10, 1957 (Minute Item 16,
23 page 2981), the Commission approved the costs proposed to
24 be expended by the City of Long Beach, including subsidence
25 remedial work during January 1957, and estimated expendi-
26 tures in the first portion of February 1957 for payrolls

1 and similar items. The same elements of subsidence costs
 2 expenditures which are to be paid during February 1957,
 3 accountable under subsidence costs not included in projects
 4 approved heretofore by the Commission, will require approval
 5 by the Commission if credit is to be received by the
 6 City of Long Beach for such costs under the provisions of
 7 Section 5(a) of Chapter 29, Statutes of 1956. The staff
 8 of the State Lands Division has reviewed statements made
 9 by the City of Long Beach with respect to such expenditures
 10 during February 1957. These amounts are tabulated in
 11 Exhibit "A" attached hereto. In addition, the Harbor
 12 Department has requested prior approval by the Commission
 13 of the amount of \$40,000 estimated to be spent in March
 14 1957 for payroll and voucher payment other than construc-
 15 tion. The subsidence portion is estimated by the Harbor
 16 Department to be 89%.

17 It is recommended that the Commission approve
 18 the costs estimated by the City of Long Beach, including
 19 the subsidence remedial work, as shown on Exhibit "A"
 20 hereof, and the estimated expenditures in the month of
 21 March 1957 in the amount of \$40,000 to cover costs of "force
 22 accounts and vouchers other than construction"; subject to
 23 the condition, however, that the amount, if any, of each
 24 of the items to be allowed ultimately as subsidence costs,
 25 deductible under Chapter 29 Statutes of 1956 will be deter-
 26 mined by the Commission upon an engineering review and

4

1 final audit subsequent to the time when the work under any
2 of these items is completed; and that the Executive Officer
3 or the Assistant Executive Officer, or the Mineral Resources
4 Engineer be authorized to execute appropriate written in-
5 struments reflecting the Commission's conditional approval.

6 MR. PEIRCE: Does this recommendation meet with the
7 approval of the City of Long Beach?

8 MR. PUTNAM: As far as we all know it does. They are here.

9 MR. LINGLE: I am Harold A. Lingle, city attorney for the
10 City of Long Beach and the recommendation does meet the
11 approval of the City of Long Beach.

12 MR. PEIRCE: Are there any recommendations?

13 MR. POWERS: Approve the recommendation.

14 MR. KIRKWOOD: I second it.

15 MR. PEIRCE: Moved and seconded that the recommendation
16 on the City of Long Beach be approved. So will be the
17 order.

18 MR. PUTNAM: I am going to inquire of the Chairman if
19 there is a Mr. McKee or representative of Mr. McKee here.

20 MR. TOSCHER: I am here, but Mr. McKee stepped out for a
21 few minutes.

22 MR. PUTNAM: We will hold that off for a few minutes.
23 Is there a Mr. Rowland here? (No response) Is there
24 a Mr. Stover here?

25 MR. POWERS: Are you speaking of Why should he
26 have a representative here? I shouldn't think he would

1 want one here.

2 MR. PUTNAM: Well, I don't know --- I wanted to check.

3 MR. POWERS: Not the way we are handling it.

4 MR. PUTNAM: We will start on page 1. This is a cancel-
5 lation of Mineral Extraction Lease P. R. C. 598.1 covering
6 an area in Mono Lake issued to Mrs. Lou Williams of
7 Leevining, California, February 28, 1951 pursuant to com-
8 petitive bidding. She has not met her annual rentals for
9 some time and we have been unable to locate her, so we
10 are recommending that the Commission authorize the Execu-
11 tive Officer to cancel Mineral Extraction Lease P.R.C.
12 598.1 Mono County.

13 MR. KIRKWOOD: I move the recommendation be approved.

14 MR. POWERS: Seconded.

15 MR. PEIRCE: So will be the order.

16 MR. PUTNAM: On page 2 and 3 we have compilation of six
17 sales on vacant school lands. Ken Smith, will you take
18 care of that?

19 MR. SMITH: I will read the recommendation. It is recom-
20 mended that the Commission authorize the sale of vacant
21 State school land, for cash, at the highest offer, in accord-
22 ance with the following tabulation, such sales to be subject
23 to all statutory reservations including minerals. Those
24 are routine ..

25 MR. KIRKWOOD: Move the approval.

26 MR. POWERS: Is this three pages, you say?

1 MR. PEIRCE: Two pages.

2 MR. POWERS: That's all right. I will second.

3 MR. PEIRCE: All right. Mr. Kirkwood moves, Governor
4 Powers seconds that these recommendations be approved and
5 so will be the order.

6 MR. PUTNAM: Then if I am correct can we jump to page 10?

7 MR. SMITH: Page 10 -- that the Commission determine
8 that it is to the advantage of the State to select Federal
9 land containing 640 acres in San Bernardino County; that
10 the Commission approve this action and authorize the sale
11 thereof pursuant to the rules and regulations on sale of
12 vacant State school land on the conveyance of the land by
13 the Federal Government.

14 MR. PUTNAM: I might add that these lands offered to the
15 State are lands we would never get. They are a Death
16 Valley National Monument. The original applicant cancelled
17 his request so we will get some land to work with if we
18 get it.

19 MR. PEIRCE: What is the difference between this and the
20 Rowland situation in Lassen County? You are purchasing
21 Federal land, selling this land, and buying land to replace
22 it.

23 MR. PUTNAM: But we are not selling this land at the moment.

24 MR. PEIRCE: You are not selling this land?

25 MR. PUTNAM: Not at the moment. We are just getting
26 land from the United States.

1 MR. SMITH: This is a case where the applicant has can-
2 celled at his own request due to the time involved in
3 processing through the Federal Government.

4 MR. PEIRCE: Mr. Kirkwood moves, Governor Powers seconds
5 that the recommendation be approved. So will be the order.

6 MR. PUTNAM: Item 11.

7 MR. SMITH: It is the sale of vacant Federal land in
8 San Bernardino County. That the Commission find that said
9 Federal land is not suitable for cultivation; authorize
10 the sale for cash to Malcolm L. Gilmore for the sum of
11 \$2,472.60 subject to all statutory reservations including
12 minerals, following conveyance to the State.

13 MR. PUTNAM: This is an ordinary transaction. No contest,
14 no dispute.

15 MR. POWERS: Very good price. I move.

16 MR. PEIRCE: Governor Powers moves, Mr. Kirkwood seconds
17 that the order be approved. So will be the order.

18 MR. PUTNAM: Item 12, page 12.

19 MR. SMITH: This is an application for lieu land where
20 the applicant has cancelled. It is recommended that the
21 Commission determine that it is to the advantage of the
22 State to select 40 acres in Plumas County; that the Com-
23 mission approve the selection and authorize sale in accord-
24 ance with rules and regulations governing school land.

25 MR. PUTNAM: It is again the same category as the first
26 one. The applicant ducked out and we think it is to the

1 advantage of the State.

2 MR. PEIRCE: Governor Powers moves, Mr. Kirkwood seconds
3 that the order be approved. So ordered.

4 MR. SMITH: Page 13. Item 14. Sale of land. It is
5 recommended that the Commission determine that it will be
6 to the advantage of the State to select 360 acres in San
7 Bernardino County; that the Commission find that said land
8 is not suitable for cultivation; that the Commission select
9 and authorize the sale of said land for cash to Malcolm L.
10 Gilmore at the appraised price of \$12,402 subject to our
11 statutory reservations following conveyance to the State.

12 MR. PUTNAM: Again, an undisputed deal.

13 MR. PEIRCE: Mr. Kirkwood moves, Governor Power seconds,
14 so will be the order.

15 MR. PUTNAM: Mr. McKee is here now. I might state also
16 that Deputy Attorney General Paul Joseph, down at the end
17 of the table, has been handling this case for us.

18 MR. POWERS: What page is this now?

19 MR. PUTNAM: Page 14. Will you go ahead, Ken?

20 MR. SMITH: Sale of vacant Federal land. An offer has
21 been received from Mr. Ernest M. McKee, Sr. for 440 acres
22 in Lake County. Mr. McKee submitted the minimum required
23 offer of \$2,200 or \$5 per acre. Said land was conveyed to
24 the State by the United States on June 15, 1956. The sale
25 of this land to Mr. McKee was referred to the Commission at
26 its meeting held in Sacramento August 15, 1956. Mr. McKee

1 and his attorney, Mr. Toscher, personally appeared, con-
 2 tending that the land under the law must be sold to Mr.
 3 McKee at the value at the time he made the original
 4 deposit and, in addition, questioned the time at which
 5 the value should be established. Accordingly, the Commis-
 6 sion adopted the following resolution: The Commission
 7 found that it was advantageous to the State to select the
 8 land and approved the selection with the understanding
 9 that the time limit for depositing additional money to
 10 meet the appraised price be extended to October 15, 1956
 11 to give the applicant time to present his recommendations
 12 to the staff and that the staff in turn make its recommen-
 13 dations to the Commission at the earliest possible date;
 14 that the applicant and the staff make its recommendations
 15 on questions to be made to the Attorney General as to
 16 appropriate time of appraisal.

17 Subsequently, a request for an opinion has
 18 been submitted to the Attorney General and it was prepared
 19 by Mr. Raymond H. Williamson, Deputy Attorney General, under
 20 date of January 18, 1957:

21 " You have heretofore submitted your file
 22 pertaining to the above application and raised the following
 three questions in connection therewith:

23 1. Did this application involve a sale of
 24 land for State scrip at a total purchase price of \$2200, or
 did it involve a sale of land for cash at the appraised
 25 value of \$100,000?

26 2. Assuming there was a sale for cash, is the
 appraised value of the land to be fixed as of the date of
 the filing of the application or as of the date of the

1 "allowance of the application by the Federal Government?

2 3. Does the State Lands Commission have
3 jurisdiction to now disapprove the application on the
4 ground that the application and accompanying documents
5 indicated that the timber on the land was scrub timber,
6 when, in fact, it constituted a substantial quantity of
7 merchantable timber?

8 In answer to the first question, and upon a
9 review of your file and the various documents and related
10 matter contained therein, as well as the applicable rules
11 and statutes, we are of the opinion that the application
12 involved a sale for cash at the appraised value of
13 \$100,000 or whatever appraisal figure is determined by the
14 commission.

15 Our answer to your second question is that
16 the date of valuation is to be fixed after allowance of
17 the State application by the Federal Government in accord-
18 ance with Section 2402(b) of Title 2, California Admini-
19 strative Code.

20 In answer to your third question and with
21 particular reference to the State and Federal forms com-
22 pleted and sworn to by the applicant, we are of the opinion
23 that the Commission, in the exercise of its discretion,
24 may disapprove the application. We believe that the
25 various State and Federal forms completed and sworn to by
26 the applicant are fairly indicative that the land contained
only scrub timber as no mention was made that merchantable
timber existed on said property. Since there exists a wide
difference in the valuation of scrub timber lands as com-
pared with merchantable timber lands, the description of
the subject land by the applicant constituted a material
misstatement and "--

MR. SMITH: -- citations are given.

" Consequently, in addition to other grounds
that may exist for disapproving the application such as
failure to pay the appraised value of the property within
the time allowed, the Commission might well disapprove the
application on the above stated ground.

(signed) Raymond H. Williamson
Deputy Attorney General "

MR. SMITH: At the meeting of August 15, 1956, it was
also informally agreed that Mr. Toscher should submit his

1 findings on land values to the staff and, in turn, the
 2 staff would submit its recommendations to the Commission.
 3 To date no appraisal report has been submitted by Mr.
 4 McKee for review and the only discussion between staff
 5 members and the applicant and Mr. Toscher occurred on
 6 October 9, 1956, during which a copy of an appraisal was
 7 displayed to staff members. No formal report has been
 8 submitted for review and analysis by the State. However,
 9 a copy of the State appraisal was forwarded to Mr. McKee on
 10 October 9, 1956.

11 While the request for an opinion was pending
 12 before the Attorney General, the Commission extended the
 13 period during which Mr. McKee could submit the additional
 14 amount of \$97,900 to meet the appraised value, until 5 p.m.
 15 February 13, 1957.

16 The opinion of the Attorney General clearly
 17 indicates that the application of Mr. McKee involves a
 18 sale of the land therein for cash in accordance with the
 19 existing law and rules and regulations of the State Lands
 20 Commission. In addition, the date of appraisal, as pointed
 21 out in the opinion, is clearly set forth in the rules and
 22 regulations, which indicates that the value shall be fixed
 23 after allowance of the State application by the Government.
 24 This allowance occurred by decision of the manager of the
 25 Sacramento Land Office of the Bureau of Land Management
 26 dated January 13, 1956, which classified the subject land

1 as suitable for disposal under Section 7 of the Taylor
2 Grazing Act, subject to future compliance with the laws
3 and regulations governing indemnity selections. The land
4 was inspected and appraised during the month of May 1956.

5 It is recommended that the Commission defer
6 action on the sale of the 440 acres to Mr. McKee until an
7 opportunity for the staff is afforded to confer further
8 with the Attorney General as to appropriate action to be
9 recommended at the next regular meeting of the Commission.

10 MR. PEIRCE: Now, Colonel, how do you recommend that we
11 proceed? You are, in effect, asking that we defer any
12 action with respect to this matter. We have Mr. Toscher
13 representing Mr. McKee and also Mr. McKee.

14 MR. PUTNAM: I would suggest that we hear from either or
15 both.

16 MR. PEIRCE: All right. Mr. Toscher, do you wish to be
17 heard at this time.

18 MR. TOSCHER: Yes. My name is James Toscher. I am repre-
19 senting Mr. Spurr, who is also with the firm of Spurr &
20 Brunner, Ukiah.

21 Our purpose here this morning is to get over
22 one large point that I believe has been completely overlooked
23 and which we have kept pressing the time for. I know your
24 time is of the essence and you have to go largely by the
25 recommendations of your staff; but I have one point that I
26 would like to see if I could get over at this time in order

1 that it might be wound up for further action by writ of
2 mandate or whatever is necessary.

3 The point is whether or not this was a sale
4 of land by scrip as defined in Sections 7403, 7413 and
5 7416. Now those sections appear on Mr. McKee's applica-
6 tions and it was under those sections that this land was
7 purchased. I believe that Mr. Smith of your staff, or
8 Colonel Putnam as far as that goes, would be willing to
9 stipulate that if Mr. McKee did purchase scrip and sub-
10 mitted it to the State Lands Commission that he would be
11 entitled to patent at this time. Is that correct, Mr.
12 Smith?

13 MR. SMITH: I think the Attorney General's office will
14 advise.

15 MR. JOSEPH: I am Paul Joseph, a Deputy Attorney General.
16 I believe in answer to Mr. Toscher's main point, one big
17 point, the opinion of the Attorney General's office written
18 by Mr. Williamson clearly indicates that this was not a
19 scrip sale. It was a sale for cash. Further, the opinion
20 indicates that there may be grounds for denying the appli-
21 cation due to representations made in the application. So
22 I do not think that the Executive Secretary would be
23 warranted in entering into the stipulation suggested because
24 even though this were -- and is not in my opinion and in
25 Mr. Williamson's opinion -- a scrip sale, there may be
26 independent grounds for denying the application.

1 MR. TOSCHER: We would like to discuss any independent
 2 grounds for denying the application later. The first
 3 point I would like to get across is whether this was a
 4 sale of land by scrip. There is scrip in the file under
 5 Section 5100 signed by Mr. A. P. Ireland and stating as
 6 full price \$2200. If we can determine that, I believe
 7 that is what all this hinges on. As far as the Attorney
 8 General's office, I don't believe they would have the
 9 entire set of facts; in fact, I don't believe that was
 10 pointed out to them at the time the recommendation was made.

11 MR. PEIRCE: Colonel Putnam, will you refresh our memory
 12 as to the scrip procedure as opposed to the cash purchase
 13 procedure? It seems to me there is something very
 14 strange when a prospective buyer can buy 440 acres of land
 15 for \$2200 on the basis of scrip, when that land is appraised
 16 at \$100,000, which amount would be received by the State
 17 in the event it was a cash transaction.

18 MR. PUTNAM: Well, in the old days scrip was issued
 19 without respect to any particular piece of land. It was
 20 a right.

21 MR. PEIRCE: This is Federal or State you are talking about?

22 MR. PUTNAM: This is State scrip. That is in the old
 23 days. There are about \$8000 still outstanding. It gave the
 24 purchaser with scrip the right to apply it on any school
 25 land.

26 MR. PEIRCE: On an acreage basis?

1 MR. PUTNAM: On an acreage basis. I think we are getting
2 into some legal arguments here that I had hoped to bypass
3 this morning and be in a position to talk them over again
4 with counsel for the applicant during the next month. We
5 have had very little cooperation from him in the past and
6 I think we ought to set a deadline on this. That's why we
7 made this recommendation.

8 MR. SPURR: Would it be permissible for me to interpose
9 a word at this time?

10 MR. PEIRCE: What is your name, please?

11 MR. SPURR: Spurr. We would like to do just what the
12 Colonel would like to do. We would like to point out
13 those procedures while we are here today.

14 MR. POWERS: Well, they bought this scrip for this acreage
15 of land, is that right, and then applied it to this acreage?

16 MR. PUTNAM: No, this particular acreage was nominated in
17 the receipt that was issued.

18 MR. POWERS: Well, they had to - - - you buy so much scrip
19 at a time, you don't buy the land and apply the scrip to
20 it. You have to buy the scrip first.

21 MR. SMITH: This was not scrip that was surrendered by
22 Mr. McKee, such as scrip that was previously purchased and
23 the holder thereof surrendered it and applied for purchase
24 of vacant Federal land. Apparently the certificate that
25 was in the file was made up as a matter of record-keeping,
26 showing the base land that the State had to offer the Federal

1 Government and the application of Mr. McKee is strictly on
 2 a cash basis for the reason that the State made the appli-
 3 cation directly to the Federal Government, for the indemnity
 4 selection and the selection of these Federal lands. Mr.
 5 McKee's certificate - scrip certificate - was not surrend-
 6 ered, as I said, and therefore the Attorney General feels
 7 that it is not a scrip sale.

8 MR. POWERS: What has Mr. Ireland signed? What is this
 9 document he signed? Merely receiving the application then,
 10 not the transfer? That's correct, is it?

11 MR. SMITH: Well, the same.

12 MR. PEIRCE: You read something a while ago . . .

13 MR. SPURR: Might that certificate be displayed to the
 14 Commission?

15 MR. PEIRCE: Mr. Smith, do you have that certificate with
 16 you? MR. SMITH: Yes.

17 MR. JOSEPH: The Attorney General, in reviewing the matter,
 18 has taken the receipt or so-called scrip certificate here
 19 for \$5 per acre plus some costs of two or three hundred
 20 dollars in accordance with Commission rules set forth in
 21 Sections 7400 and following of the rules. The certificate
 22 in connection with what you are questioning was never
 23 delivered to the applicant, Mr. McKee, or his representatives
 24 as far as I understand the situation, never left the office,
 25 and was just a form used to record the receipt of the \$5 per
 26 acre deposit; and the procedure apparently that was followed

1 apparently was under the provision of 7405.1 of the Public
2 Resources Code, which, as I interpret it, at least permits
3 a cash sale and this was entirely, as we view it, a cash
4 sale and not the buying of scrip. It is noteworthy that
5 the applicant made no application for scrip for base land
6 but was applying directly for the United States land in-
7 volved and he did not apply for any unavailable State land
8 that could be used as a base at some future time for some
9 other land.

10 MR. TOSCHER: I think we should point out to the Commission
11 that this land was first applied for in 1950 and Mr.
12 McKee's application went into the Federal Government at
13 that time. The Federal Government inspected the land and
14 rejected his application. Mr. McKee through his attorneys
15 appealed that decision, with his own attorneys through
16 Washington, D. C. After some years, this application was
17 approved and it was through Mr. McKee's own time, efforts
18 and expense of money that the land was made available to
19 the State. It was much to his surprise that this land was
20 appraised at \$100,000 when he purchased it for \$2200. We
21 have evidence that some other land in that area was patented
22 at \$5 an acre, so of course the value of the land may have
23 raised over the past six years.

24 MR. PEIRCE: Colonel, can you explain to the Commission
25 why this scrip certificate that we examined releases 440
26

1 acres of land in Death Valley? Did that come about because
2 of the exchange arrangement?

3 MR. PUTNAM: The 440 acres in Death Valley were the lands
4 offered by the State in exchange for the Federal lands Mr.
5 McKee wanted to get.

6 MR. PEIRCE: But the scrip relates to the 440 acres of
7 land in Death Valley according to the certificate.

8 MR. PUTNAM: The certificate relates to both here, Mr.
9 Peirce. It indicates the particular Federal land that Mr.
10 McKee was interested in. It also indicates the land we
11 proposed to offer in exchange. Actually, we have con-
12 sidered this form for the past many years as purely a
13 record of receipt of the money for the transaction because
14 of the fact that the actual scrip which was applicable to
15 this and the other one hasn't been sold for years. As I
16 say, there is a small amount of it outstanding and we will
17 have to honor it. This was an office record of the deposit
18 of the money for this exchange. I believe the Attorney
19 General bears that out.

20 MR. SPURR: This is Henry Spurr speaking. May I inter-
21 pose an answer as to why that scrip was issued? Regardless
22 of how the office has considered it, it was issued -
23 because in Section 7403 of the Public Resources Code it
24 provides that "No person shall have the right to apply for
25 or be entitled to designate or have selected or located for
26 him by the commission in the United States land offices any

1 lands in lieu of loss to the State in or to any grant made
2 to it by the United States except upon the surrender of
3 an indemnity certificate or scrip, as provided in this
4 article."

5 Now, the State could not select that land
6 for Mr. McKee unless and until scrip was issued to him and
7 then surrendered by him and that was done at the same time
8 it was issued to him. He paid for it. He immediately
9 surrendered it, and the State selected for him this Federal
10 land. That's the sum and substance of it. It was simply
11 the method by which it could be and it couldn't be done in
12 any other way and lands so selected can only be transferred
13 to the owner of the scrip. It cannot be sold. Those code
14 sections have not been amended. I just wanted to interpose
15 that and I beg your pardon for interjecting my thoughts;
16 but I wanted to do it while the Colonel's remarks were
17 fresh in my mind. The code section is 7403 and 7413 pro-
18 vides that when the certificate of scrip is surrendered
19 it will be deemed "At the time of surrendering the
20 certificate the person ... shall file the same affidavit
21 and certificate as is required for the purchase of State
22 school lands and shall pay all fees as provided in connec-
23 tion with the sale of State school lands, and the issuing
24 of evidences of title thereon. The certificate .. or scrip
25 shall be considered

26 MR. TOSCHER: Now, 7403, 7413 and 7416 are the sections

1 years and apparently no attempt was made in this case to
2 buy scrip. It seems as if it was an afterthought, this
3 scrip idea. The file shows that in years past Mr. McKee,
4 quit a number of years ago Mr. McKee did make one, two or
5 three purchases of scrip at a time when they were sold and
6 at the time he was acquainted with the scrip method of sale.
7 Now, what his intentions were, I do not know. He didn't
8 apply for any base land. He applied for the land he wanted
9 to receive. Now this is a legal matter that should be
10 deferred here and no decision on this particular matter
11 should be, in my opinion, taken at this time.

12 MR. PEIRCE: Governor Powers.

13 MR. POWERS: I would agree with this gentleman just
14 speaking because we have lots of land in California that
15 has been purchased by scrip. All of us up and down the
16 State - we have bought State scrip and purchased land.
17 This is new to me. I think we should defer action on this
18 until our legal staff - - there is quite a legal point here
19 I would say.

20 MR. PEIRCE: The recommendation is that we defer action
21 until staff and the attorney general's office and the
22 attorneys for Mr. McKee can explore this matter further.
23 Is there any further discussion at this time?

24 MR. SPURR: Now, gentlemen, we would like to either at
25 this time or by filing a brief present our views fully.
26 7405, that was referred to by the attorney general, is an

1 amendment. That was a section that was later put in.
2 After the opinion of the Attorney General that lieu lands
3 could not be sold except to the holders of scrip, the State
4 had no authority at that time to sell lieu lands except,
5 as I say, to a holder of scrip, and all it did then was to
6 trade it in for the scrip. Now, it had at that time and
7 has now no authority to select land, Government land, in
8 lieu of land lost to the State for an individual other than
9 the State itself, except upon the surrender of scrip.
10 After the Attorney General's opinion came out which held
11 that the State could not sell lieu lands, the Legislature
12 provided two things that the State could do. It could
13 trade with the Federal Government State lands for Federal
14 land, and that land it was given specific authority to sell.
15 Then, it provided that the State, being entitled to indem-
16 nity lands for land that had been retired from sale for
17 some reason or other, could then select for the State
18 United States land, and that land it could sell; but the
19 Legislature did not amend the sections which have been
20 cited here which provide that the State has no authority
21 to select any land for anybody else other than the State
22 itself, except upon the surrender of scrip, and that is
23 still the law and that land can only be sold to the holder
24 of the scrip who surrendered his scrip and had the appli-
25 cation made for him by the State in his behalf. And that
26 is the distinction between this situation and a situation

1 that these gentlemen seem to want to wish the situation
2 away and say "We didn't issue any scrip." The facts show
3 that they did. They couldn't select this land for Mr.
4 McKee excepting upon the surrender of scrip. Consequently,
5 Mr. McKee bought the scrip and immediately turned it in on
6 this land. Now, there's no rule that a man has to put
7 the scrip in his pocket and come back in, or hold it six
8 months. It was issued to him; he paid for it; he surrendered
9 it. If he made a good deal in purchasing his scrip, what
10 harm is that to the State? When it was selected it was
11 Government land -- it couldn't be sold because the State
12 had no authority to sell. It was Government land. The
13 State would have had to select it as State land under these
14 new sections, in order to be able to sell it. But it
15 didn't -- it selected the land for Mr. McKee. Mr. McKee
16 did appropriate the land he wanted, it was selected for
17 him, and now he is entitled to have it patented to him.
18 He bought his scrip for the other land, he's entitled to
19 it. That's our position.

20 MR. PEIRCE: What is your comment on this in regard to
21 Mr. Spurr's statement?

22 MR. PUTNAM: My comment is I think we are going into a
23 law suit. I think we are going into too many law points
24 for me to make a statement to you. I don't think the
25 Attorney General wants to go any further.

26 MR. PEIRCE: Could this ever happen again?

1 MR. PUTNAM: Not since we discontinued that form. If
2 there's any scrip outstanding and it's surrendered and
3 brought in the office, they have a claim.

4 MR. PEIRCE: Regardless of the value of the acreage?

5 MR. KIRKWOOD: In these other cases where we have this form
6 of exchange, have we used this form?

7 MR. PUTNAM: It had been up until I got on to it, after
8 Mr. Ireland.

9 MR. POWERS: Is this the same sort of procedure as in the
10 Redlock case?

11 MR. PUTNAM: No, unfortunately I think the Redlock deal
12 started just before Mr. Ireland left and they got one of
13 these forms, but they never raised that point. Now we are
14 on a cash sale basis entirely.

15 MR. KIRKWOOD: Are there any amendments necessary to clarify
16 it? I mean not as far as this case, but to prevent a
17 recurrence.

18 MR. PUTNAM: I don't know of any. If a man has bonafide
19 scrip, he is entitled to what it's worth. I don't think
20 the Legislature can take that away from him.

21 MR. POWERS: You can buy various kinds of scrip, Bob, I
22 bought some myself.

23 MR. PEIRCE: Is there anything else?

24 MR. TOSCHER: I think what's bothering the Commissioner is
25 that \$2200 is listed as the full purchase price and the
26 State Land Commission has sent out a valuation in the

1 neighborhood of \$100,000. In the first place, we have a
 2 very good and independent, bonafide appraisal -- we didn't
 3 want to enter into it at this time -- that states that they
 4 are almost 60% off, because they are basing it on merchant-
 5 able timber. It is poor timber. I just don't want to go
 6 into that now. At the time Mr. McKee did purchase his
 7 scrip, \$5 an acre for that land was completely within
 8 reason, but because of Mr. McKee's time in appealing to
 9 the Federal Government, that timber that is on it has grown
 10 in value. We have evidence, in that same area, we have
 11 evidence of lands which were patented for \$5 an acre. If
 12 the price is bothering the Commissioner, I think we can
 13 show that wasn't very far off when the scrip was issued.

14 MR. SPURR: That's not in point.

15 MR. KIRKWOOD: Well, Mr. Joseph, counsel has asked permis-
 16 sion to file a brief on this. I assume that would be
 17 proper.

18 MR. JOSEPH: Oh, certainly.

19 MR. KIRKWOOD: How should we handle that? Would you wish,
 20 after the filing of that, to file a reply?

21 MR. JOSEPH: Yes, we would.

22 MR. KIRKWOOD: I do not think that is going to be accom-
 23 plished before the next meeting.

24 MR. JOSEPH: I do not know when the next meeting is going
 25 to be. I can't say.

26 MR. SPURR: We would like, if the Commission pleases, to

1 have time to properly prepare that, so it would be logical
2 and properly present the points.

3 MR. KIRKWOOD: Do you mean twenty days?

4 MR. SPURR: How much do you think we need?

5 MR. TOSCHER: I think twenty days... we mentioned that to
6 the Attorney General's office in the same letter when we
7 proposed this discussion.

8 MR. JOSEPH: May I ask what the purpose of the brief is --
9 to convince the Attorney General or convince the Commission?
10 For what purpose is the brief?

11 MR. SPURR: It's to convince the Commission.

12 MR. KIRKWOOD: I don't know how much will be gained by that
13 because I think we will have to be pretty much guided by
14 the counsel we get from the Attorney General's office.

15 MR. JOSEPH: I think the staff of our office understands
16 the argument of Mr. McKee and people in like situations
17 in regard to this transaction. If I may summarize ...
18 The only way these lieu lands can be bought is by scrip
19 but the law does not provide in any manner, shape or form
20 of any other form that any purchaser can obtain this scrip.

21 MR. KIRKWOOD: I think the best recommendation is to follow
22 the recommendation of the staff on this and if counsel for
23 Mr. McKee and the Attorney General can get together and if
24 counsel for Mr. McKee can get the Attorney General to sub-
25 mit a different recommendation to us ... Otherwise, for
26 the protection of the State we are going to have to be

1 guided by the Attorney General.

2 MR. JOSEPH: We are certainly going to go into the matter
3 extremely thoroughly and we are going into it -- since we
4 might misunderstand the situation, we are going to see
5 where the situation lies.

6 MR. POWERS: I think Mr. Kirkwood has expressed it. We
7 would have to follow the advice of our adviser, the Attorney
8 General, and I think we should defer this until the Attorney
9 General reconsiders it and makes another report to the
10 Commission.

11 MR. SPURR: I might explain the reason I suggest that we
12 file a brief is that, of course, before we can go into
13 court we have to have exhausted our remedies before this
14 body, and we wanted to give this body and do want to give
15 this body all the help we can in deciding this proposition.
16 We would be very happy to confer with the Attorney General's
17 office or to do anything that we can to assist this Commis-
18 sion and that is the reason I suggest that we file a brief
19 and give the Attorney General's office a copy of it so our
20 views can be fully presented. If you prefer that we
21 merely confer with the Attorney General's office, we would
22 be happy to do it that way.

23 MR. JOSEPH: There is another point here. There might be
24 a material misrepresentation in this application which might
25 be grounds for cancellation of the application. This was
26 represented as scrub timber but upon investigation it appears

1 to be valuable timber land and that fact was concealed in
2 the application.

3 MR. SPURR: What difference does it make to the State --
4 the nature of the land? The land was selected for Mr.
5 McKee and I can have Mr. McKee state to you what he con-
6 siders scrub land and the reason for that statement, but
7 I do not think it's material. I do not think it's a
8 question. The question before us for consideration at
9 that time is whether it was proper land to be transferred
10 by this method. It is not material, assuming it would be
11 a misrepresentation, it is not material because the thing
12 that was to be determined was the question of whether or
13 not it was arable land, agricultural land.

14 MR. KIRKWOOD: Mr. Commissioner, I cannot help feeling that
15 we are talking of legal problems. It would be useless for
16 us to spend more time on this this morning, because no
17 matter what values are involved or other things are involved,
18 in order to protect the interests of the State we are going
19 to have to abide by what our counsel tells us as far as
20 legal points are concerned. So I would think the thing to
21 do is to take up further material with counsel and if you
22 can persuade him, fine; if you can't, it looks as though we
23 are on our way to court.

24 MR. SPURR: And may the matter be held in status quo until
25 when?

26 MR. PEIRCE: Until we have the answers developed.

1 MR. KIRKWOOD: Let's bring it to a head. Let's say the
2 first meeting of this Commission more than thirty days
3 after today.

4 MR. PUTNAM: I suggest our next meeting in February.

5 MR. TOSCHER: Would it be possible to be at the next
6 meeting in Sacramento?

7 MR. SPURR: You said the next meeting beyond a period of
8 thirty days.

9 MR. KIRKWOOD: That wouldn't take us beyond a second meeting
10 because if we have another meeting in three weeks that is
11 pretty short.

12 MR. PUTNAM: It is pretty short, yes.

13 MR. McKEE: I would like to explain that that is scrub
14 timber on that side of the land. Now, nobody I
15 went over the property. I have had sixty-five years
16 experience in timber. There's only nine thousand ...
17 (unintelligible) which is a very low amount of timber. I
18 think I was justified in '51 to say that it was scrub
19 timber, inferior log. At least two-thirds of the logs
20 would be of low grade. That explains that situation and I
21 would like to have it stricken off.

22 MR. KIRKWOOD: Well, I think the whole matter has to be
23 reviewed.

24 MR. PUTNAM: Shall I put this over for as soon after the
25 next regular meeting as possible?

26 MR. SMITH: Should not the time in which to make payment

1 stated on the face of Mr. McKee's application -- just those
 2 three sections -- and those are the sections that he pur-
 3 chased the land under; and they issued a certificate at
 4 the same time, which he surrendered that same day. 7416,
 5 which we won't read - it's fairly long - tells about
 6 posting of notices, filing fees and the incidental costs.

7 MR. PEIRCE: Colonel Putnam, has this procedure come to
 8 our attention before? It seems new to me.

9 MR. POWERS: It's new to me.

10 MR. PUTNAM: I don't think it has because we have had no
 11 occasions of this character, at least during my experience.

12 MR. PEIRCE: Well, if it is legally permissible to buy
 13 valuable land by using scrip, which sounds like exchanging
 14 a rabbit for a horse, I am surprised that others haven't
 15 employed this device in order to buy land.

16 MR. PUTNAM: Well, I stopped it several years ago.

17 MR. JOSEPH: May I say a word, Mr. Chairman?

18 MR. PEIRCE: Mr. Joseph.

19 MR. JOSEPH: Thank you. There is a section in the code,
 20 Public Resources Code, 7405.1, that provides for cash sales
 21 of this sort of land apart from scrip. It makes reference
 22 back to other provisions of the code providing for cash
 23 sales and perhaps other types of land, and there's a sub-
 24 stantial question here whether or not this particular sale
 25 was under the scrip sale provision or the cash sale provi-
 26 sion; and inasmuch as no scrip has been sold for a number of

1 be extended in order to keep it at status quo?

2 MR. PUTNAM: The 13th? You want to extend the time?

3 MR. TOSCHER: Did you say your office would inform us
4 when that meeting would be?

5 MR. SMITH: Yes.

6 MR. SPURR: Thank you very much for your courtesy,
7 gentlemen.

8 MR. PEIRCE: The recommendation is approved and does that
9 automatically provide for the extension?

10 MR. PUTNAM: I have added it here.

11 MR. PEIRCE: You have added it here?

12 MR. PUTNAM: It will read -- "to be reconsidered as soon
13 after the next regular Commission meeting as possible."

14 MR. PEIRCE: I mean the extension of time.

15 MR. KIRKWOOD: I think you are better off to express it the
16 other way -- at the first Commission meeting following the
17 expiration of thirty days. Then you have it tied down
18 definitely.

19 MR. PUTNAM: O. K.

20 MR. KIRKWOOD: So if there's four weeks, it does not make
21 any difference. I think it means two meetings from now
22 is what it means.

23 MR. PUTNAM: And the time is extended accordingly.

24 MR. PEIRCE: All right. The recommendation as amended
25 is approved. Next item.

26 MR. PUTNAM: This is Mr. Rowland.

1 MR. SMITH: Page 17, Item 17. Sale of vacant Federal
2 land. An offer has been received from Mr. Eugene Rowland
3 to purchase 40 acres of Federal land. The applicant sub-
4 mitted the minimum required offer of \$200, \$5 per acre.
5 MR. KIRKWOOD: Any problem on this one?
6 MR. PUTNAM: Yes, the problem is on the appraisal. Our
7 appraiser appraised it at \$10 more, Rowland didn't want to
8 pay more than \$10. I think it's all buttoned up.
9 MR. POWERS: Bob, as I understand it, they appraised some
10 of this land at \$75 an acre, saying it was suitable for a
11 home site, and they are making a re-appraisal. I think
12 it's that part of it which looks peculiar to me because I
13 am familiar with the area. So you are extending his time?
14 MR. PUTNAM: That's the idea, so that if he doesn't want
15 to meet the \$20 . . .
16 MR. POWERS: He takes his chance. If anybody comes in
17 with more they will take their bid. He is taking that
18 chance, is that right? All right, I move.
19 MR. PEIRCE: Moved by Governor Powers and seconded by Mr.
20 Kirkwood that the recommendation be approved. So will be
21 the order.
22 MR. PUTNAM: Next has to do with the rate of our two con-
23 sultants, consulting geologist and petroleum engineer and
24 consulting seacoast engineer. We are trying to bring them
25 in line with what the ...(untelligible) are getting and
26 recommendin g that it be authorized they be paid \$150 per day.

1 MR. POWERS: Does this meet with your approval? I move
2 the recommendation. The Chairman knows more about this
3 than any of us.

4 MR. KIRKWOOD: He does not know how it affects

5 MR. PEIRCE: These are merely consultants. They are not
6 full time employees. If they were full time employees, I
7 would have to take another look at it.

8 MR. PUTNAM: Mr. Lewis, for instance, we have had for
9 only ten days in six months.

10 MR. PEIRCE: After all, you are submitting this to the
11 Personnel Board.

12 MR. PUTNAM: The Personnel Board has agreed to those rates.

13 MR. PEIRCE: In other words, the final document would be
14 submitted to the Personnel Board? I have no objection.

15 MR. POWERS: All right. I move or second it.

16 MR. PEIRCE: Moved by Mr. Kirkwood, seconded by Governor
17 Powers. This section is approved.

18 MR. PUTNAM: Down east of the Salton Seas - - there are
19 two large tracts of land under control of the Navy. The
20 northeasterly tract was sold to the Navy by the Federal
21 Lands Commission some years ago, with a reverter clause in
22 case they ceased to use it for national defense; and the
23 lower tract was leased because the Navy didn't know how
24 long they wanted to use it. There was a road dividing the
25 two tracts - The Niland-Blythe Road - and the object of
26 this calendar item is to switch from one tract to another

1 a small acreage and put it in the leased area, in view of
2 certain operations going to take place on this land -- this
3 road. It involves 380 acres.

4 MR. KIRKWOOD: Any question about this?

5 MR. PUTNAM: No.

6 MR. KIRKWOOD: I move.

7 MR. POWERS: I second it.

8 MR. PEIRCE: All right. Moved by Mr. Kirkwood, seconded
9 by Governor Powers. The recommendation is approved.

10 MR. PUTNAM: Next one has to do --

11 MR. POWERS: Where, on page 29?

12 MR. PUTNAM: Page 20 -- on all those parcels of land up
13 in Petaluma Creek on which we are about to consummate
14 transactions under previous authority given by the Com-
15 mission. The first is a correction of the date in the
16 previous resolution -- the date 1935 to be changed to
17 1953. The second has to do with the fact that in the pre-
18 vious authority given by the Commission, recommended by
19 me, that we required these people with whom we are dealing,
20 and who have structures beyond the waterward agreed upon
21 line, to take out permits in advance. Well, I find out
22 from Mr. Watson, who would handle this deal pretty com-
23 pletely with the title companies who are having to pay what
24 damages are to go to the State, that no such agreement had
25 been made. It was just complicating it. So I am recommend-
26 ing that the lease, taking a permit, be stricken from the

1 past recommendation.

2 MR. PEIRCE: Any discussion?

3 MR. KIRKWOOD: I move it.

4 MR. POWERS: Second it.

5 MR. PEIRCE: Moved by Mr. Kirkwood, seconded by Governor
6 Powers that the recommendation be approved. So will be
7 the order.

8 MR. PUTNAM: We have had 21, 22, 23 to 31: A number of
9 actions taken by the Executive Officer during the past
10 interim between the two regular meetings are up for con-
11 firmation by the Commission.

12 MR. PEIRCE: I notice three or four involved that we call
13 "ark sites" -- what's ark sites?

14 MR. PUTNAM: Sort of an old barrel.

15 MR. PEIRCE: Is it a house boat?

16 MR. PUTNAM: Sort of a glorified house boat.

17 MR. PEIRCE: Not really an ark?

18 MR. PUTNAM: I think some of them really are.

19 MR. KIRKWOOD: I move.

20 MR. POWERS: Second.

21 MR. PEIRCE: Moved and seconded that the transactions
22 consummated by the Executive Officer during the interim
23 be approved and so will be the order.

24 MR. PUTNAM: Page 32.

25 MR. SMITH: Sale of vacant Federal land. On May 9, 1951,
26 Mr. Hudson Stover of Blue Lake, California, filed with the

1 State Lands Commission an application to purchase vacant
2 Federal land containing 120 acres in Humboldt County.
3 Subsequently, the State filed a selection application to
4 acquire these lands and they were conveyed to the State on
5 November 3, 1954. For a period during the first few
6 months of 1954, no appraisal staff was available to the
7 Commission to undertake appraisal assignments. During
8 this interim period, arrangements were made to utilize the
9 services of the assessor's staff of several counties based
10 on the recommendations of the respective county assessors
11 and it was agreed that the appraisal work would be accom-
12 plished independent of their respective duties and on a
13 fee basis. Accordingly, the services of Mr. Harold Trott
14 were made available to undertake this appraisal. In accord-
15 ance with the rules and regulations of the State Lands
16 Commission, the lands were appraised in January 1954 by
17 Mr. Trott and the value established at \$1,560. The State
18 Lands Commission, at its meeting held March 26, 1954,
19 approved the sale to Mr. Stover at the appraised value and
20 State patent was issued on June 9, 1955.

21 During the course of recent appraisal work by
22 staff in Humboldt County, information was obtained that
23 the aforesaid lands were valuable timber lands and the sale
24 price established by Mr. Trott was not representative of
25 its true value. An investigation was undertaken by staff
26 members and it appears that the lands are quite valuable,

1 containing in excess of three million board feet of
2 Douglas Fir. Moreover, the information developed indicated
3 that a mutual mistake may have occurred by the failure of
4 the appraiser and the State applicant to properly identify
5 the land. In addition, possible misrepresentation of the
6 State applicant should be considered as a result of the
7 statement under oath that the land is brush and grass land
8 whereas it contained a good quality Douglas Fir.

9 The matter has been referred to the Attorney
10 General for review and we are informed that sufficient
11 grounds appear to exist for the State to act to rescind
12 the patent. If this procedure is followed, the Attorney
13 General suggests that appropriate steps be taken to refund
14 to Stover the purchase price, \$1631.72. In this connection
15 a spot bill has been introduced in the Legislature which
16 can be used to accomplish this purpose if necessary.

17 However, it is possible that the matter may
18 be settled by negotiations and a meeting to that end has
19 been arranged between the State patentee and the Attorney
20 General during the week of February 4, 1957. I understand
21 that has been put over to February 14.

22 It is recommended that the Commission auth-
23 orize the Executive Officer to proceed to secure a return
24 to the State of the fair market value of the 120 acres in
25 Humboldt County, and if equitable settlement cannot be
26 reached by negotiation, that the Executive Officer be

1 authorized to rescind the patent to Mr. Stover and to take
2 such steps as may be necessary to secure the return of the
3 purchase price and expenses paid by Mr. Stover under this
4 transaction.

5 MR. KIRKWOOD: I move the recommendation.

6 MR. PEIRCE: What this amounts to is that we sold this
7 land for \$1,560. It has three million board feet of Doug-
8 las Fir on it which is estimated to be worth about \$30 a
9 thousand or \$90,000.

10 MR. WERNER: It was actually sold for \$30 a thousand.
11 The timber on this subject land was sold to a logger for
12 \$30 on the basis of a cruise. And the three million is
13 on eighty acres and there is 120 acres in the application,
14 so there's 40 acres not included in the figures quoted
15 here -- 40 acres of 100% timber land in addition to the
16 amount quoted here. The timber on this land, about three
17 million feet, was sold for \$30 a thousand, being logged
18 right now.

19 MR. PEIRCE: By Mr. Stover?

20 MR. WERNER: Correct.

21 MR. PEIRCE: What do you value the total timber on the
22 land we sold to Mr. Stover?

23 MR. WERNER: I have not cruised it.

24 MR. PEIRCE: What would your guess be? In other words,
25 you have indicated that the timber on the entire tract
26 exceeds the amount of the three million board feet.

1 MR. WERNER: I would say it would be at least \$100,000.

2 MR. PEIRCE: In excess of the \$90,000?

3 MR. WERNER: It would be in excess of four million feet
4 altogether. This is roughly an estimate, and allowing
5 some margin of profit to the operator we wouldn't be
6 justified in paying more than \$25,000 on it. Four million
7 feet.

8 MR. PUTNAM: Total price, not in addition to

9 MR. PEIRCE: The point is, this independent appraiser
10 appraised this land at \$1,560 and now we find out it has
11 \$100,000 worth of timber on it. Now, this spot bill that
12 you refer to Mr. Smith, would appropriate money to reim-
13 burse to Mr. Stover his investment?

14 MR. SMITH: The amount that he has paid totalling
15 \$1,631.72.

16 MR. PEIRCE: And then who gets the money that has been
17 paid by the timber company for the timber that has been
18 logged?

19 MR. SMITH: That's a legal matter.

20 MR. PEIRCE: In other words, this is another complicated
21 situation here.

22 MR. SMITH: Well, it is.

23 MR. PEIRCE: I want to say right now that every effort
24 must be made to protect the State in this particular trans-
25 action and you should proceed with the Attorney General and
26 determine what records we have; and, if necessary, I believe

1 that I can approve an allocation from the State Emergency
2 Fund to take care of the amount of money involved, which
3 is, you say, some \$1600. Would that be handled on that
4 basis?

5 MR. SMITH: Yes, Mr. Ralph Scott, who is a Deputy
6 Attorney General in this, wants to sit across the table
7 from Mr. Stover and tender to him a complete refund and get
8 the patent back from him; and if he refuses, we will resort
9 to legal action.

10 MR. POWERS: Eighty out of a hundred twenty - -

11 MR. WERNER: They are cutting right now. They probably
12 have maybe a million feet cut off, off the three million.

13 MR. PEIRCE: There's a part that's left?

14 MR. WERNER: It's not contiguous.

15 MR. KIRKWOOD: It seems to me the recommendation should be
16 operated on.

17 MR. PEIRCE: Mr. Kirkwood moves, Governor Powers seconds
18 that the recommendation of the staff be approved. So will
19 be the order.

20 MR. PUTNAM: I think you can handle this one.

21 MR. PEIRCE: Mr. Kirkwood moves, Governor Powers seconds --

22 MR. KIRKWOOD: Pages 34 and 35.

23 MR. PEIRCE: So will be the order.

24 MR. PUTNAM: Now the next few pages are purely informative
25 on the status of legislation which has been previously dis-
26 cussed and we are not recommending any particular action

1 on Pages 36 and 37.

2 Mr. PEIRCE: All right.

3 MR. PUTNAM: On Page 38, at the request of the Attorney
4 General a bill has been introduced in connection with the
5 Orange County case, redefining the boundaries of the grant,
6 which are in dispute at the present time. We collaborated
7 with the Attorney General's office in preparation of that
8 and are merely informing the Commission what we have done
9 and ask their blessing on our action in the matter. Now,
10 as to the legal merits of the bill ...

11 MR. PEIRCE: Any discussion?

12 MR. KIRKWOOD: We adopted some legislation once on behalf
13 of Long Beach. This is what the Attorney General wants
14 and it's my opinion we should proceed on it.

15 MR. PUTNAM: We will have to be guided by him. On the
16 wording of it, this is just a spot bill.

17 MR. POWERS: Yes, if it is the Attorney General's recom-
18 mendation - -

19 MR. PUTNAM: He put it in, by the way.

20 MR. PEIRCE: The recommendation is approved.

21 MR. PUTNAM: The next is legislation which has been
22 introduced in order to correct a mistake which was discov-
23 ered in the description of grant made at Antioch by the
24 previous Legislature.

25 MR. PEIRCE: Governor Powers moves, Mr. Kirkwood seconds.
26 The recommendation is approved.

1 MR. PUTNAM: Then the next one refers to the spot bill
2 that has been introduced on the Stover case.

3 MR. PEIRCE: The recommendation is approved.

4 MR. PUTNAM: Now, then, I think this last is unnecessary
5 in view of the fact that we have got both systems working
6 here as to recording.

7 MR. KIRKWOOD: This is a test run.

8 MR. PUTNAM: Yes, it just happened that way.

9 MRS. STAHL: What about this new position, page 42?

10 MR. PUTNAM: Oh, yes, I forgot 42. To brief that, in the
11 absence of the Assistant Executive Officer I split up his
12 load and I have gone through an awful lot of his papers
13 and so on; and I found that he had an active case load of
14 200 litigatory transactions - including condemnations,
15 title actions and others - and it appears from what I have
16 learned, observation of Mr. Watson, and discussion with his
17 family and so on, that we can't expect him back for at
18 least six months. Now, the load is too much for our office
19 to carry and is way in arrears because of his illness
20 prior thereto. So I am recommending the establishment of
21 a new position, Junior Counsel, to take up just as much of
22 the red tape involved as possible -- not with the idea of
23 supplanting work done by the Attorney General's office but
24 with the idea to get our papers in shape to present to the
25 Attorney General's office and then present to the Commission.

26 MR. KIRKWOOD: This would be a permanent position?

1 MR. PUTNAM: Yes.

2 MR. KIRKWOOD: I think it is high time.

3 MR. PUTNAM: Yes, we are too far gone.

4 MR. PEIRCE: I agree.

5 MR. POWERS: Yes.

6 MR. PEIRCE: All right, the recommendation is approved.

7 Is there any further business to come before the meeting?

8 MRS. STAHL: Any date for the next meeting?

9 MR. PEIRCE: Shall we leave that open?

10 MR. PUTNAM: We will leave that open and before the 15th

11 of March we will have our respective secretaries

12 MR. PEIRCE: The meeting is adjourned.

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