

COMMISSIONERS OF THE LAND OFFICE

REGULAR MEETING AGENDA

**MONDAY, JUNE 27, 2016 AT 2:00 P.M.
GOVERNOR'S LARGE CONFERENCE ROOM
STATE CAPITOL BUILDING – SECOND FLOOR
OKLAHOMA CITY, OKLAHOMA**

Call to Order

Roll Call

Declaration of a Quorum

1. Request Approval of Minutes for Regular Meeting Held May 19, 2016

- a. *Presented by Harry W. Birdwell, Secretary*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

2. Secretary's Comments

- a. Distributions to Beneficiaries for Month of June 2016
- b. Comparative Distributions FY2015 and FY2016
- c. Update for 2016 Oklahoma Legislative Session
- d. Report on Medical Examiner Building Project
- e. Announce July 2016 Commission Meeting Cancellation

3. Consideration and Possible Action for Approval of Operational and Capital Budgets for Management of Commercial Investment Property

The following commercial investment properties and the operating expenses and capital budgets are presented for approval FY2017:

<u>Building Address</u>	<u>Operating Expenses</u>	<u>Capital Budget</u>
3017 N. Stiles Av.	\$175,507	\$ 35,500
119 N. Robinson	\$944,680	\$317,500
5005 N. Lincoln	\$246,493	\$ 3,000
City Place Floors - 4, 8, 9 & 10	\$212,796	\$ 10,000

Capital Reserve Fund for seven (7) Trusts - \$1,004,141. 00

Expected total net income for the commercial investment properties is \$1,676,646.

Recommendation: Assistant Secretary recommends approval of the operational and capital budgets for FY2017 for the listed commercial investment properties.

- a. *Presented by Keith Kuhlman, Assistant Secretary*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

4. Consideration and Possible Action to Appraise Land for Sale by Public Bid

<u>Lease No.</u>	<u>Legal Description</u>
109269 Comanche County	SE/4 Sec. 36-4N-11WIM

Crossroads Baptist Church has requested to purchase the above property partly covered by 1.4 acres on a short term commercial lease plus an additional 6.1 acres.

The property will be appraised by three Oklahoma Certified General Appraisers.

Recommendation: The Director of Real Estate Management recommends the property be appraised for sale.

- a. *Presented by James Spurgeon, Real Estate Management Director*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

5. Consideration and Possible Action to Issue Continuous Easements

Lease No.	Legal Description	Easement No.
101824 Greer County	SW/4 Sec. 36-7N-22WIM	9687

Greer County District #2 has requested a continuous easement for bridge improvements. Area requested is 0.33 acres, per provided survey. The easement was appraised at \$500. The appraisal was reviewed by Starr Ryan and approved by James Spurgeon.

Lease No.	Legal Description	Easement No.
100705 Lincoln County	SE/4 Sec. 16-15N-6EIM	9689

The Oklahoma Department of Transportation has made an offer of \$500 for a continuous easement for highway improvements. Area requested is 0.07 acres, per provided survey. The offer was reviewed by Sean Ison and approved by James Spurgeon.

Recommendation: The Director of Real Estate Management recommends approval of the continuous easements.

- a. *Presented by James Spurgeon, Real Estate Management Director*
- b. *Discussion*
- c. *Commissioners action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

6. Consideration and Possible Action to Appraise Land for Sale by Public Bid

Lease No.	Legal Description	Lessee	Rent
101758 Jackson County	NE/4 Sec. 36-4N-20WIM (Subj. to STCL 106172)(Less Improvements)	Rodney L. Bidy	\$3,200

On April 7, 2016, Rodney L. Bidy, requested that approximately 5.2 acres of land be appraised for sale. The Bidy family has occupied this home site since 1914.

The requested acreage is on the edge of the lease and does not unduly impact the remainder of the lease. Improvements are maintained and are currently occupied by the Bidy family.

The property will be appraised by CLO staff appraisers.

Recommendation: The Director of Real Estate Management recommends the property be appraised for sale.

- a. Presented by James Spurgeon, Real Estate Management Director*
- b. Discussion*
- c. Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

7. Consideration and Possible Action for Approval to Sell Land by Public Bid

Lease No.	Legal Description
106432 Canadian County	A tract of land located in the NE/4 and the S/2 of Sec. 16, Township 13 North, Range 05 West of the Indian Meridian, Canadian County, Oklahoma.

In February 2009, the Commissioners granted a 55 year commercial ground lease on this property to Village Verde, LLC for the purpose of developing the land for commercial and residential use. The property is located near the intersection of NW Expressway and Mustang Rd. in northwest Oklahoma City. The residential areas are to be offered for sale at public auction in phases. The lessee received a patent for a 15.76 acre parcel of land, the first phase of the residential land development, from the CLO on September 8, 2011. A patent was approved November 14, 2013 for 30.027 acres, the second phase of the residential land development. The lessee is ready to begin the third phase of the residential development and requests that a 15.382 acres parcel of land in the E/2 of the Section be offered for sale. The value established by the following appraisers is \$360,000 or \$23,404 per acre.

- Wheeler Valuation Advisors, LLC
- Caesar Appraisal Service, Inc.
- RC Borders & Co.

The appraisal has been reviewed and meets Uniform Standards of Professional Appraisal Practice guidelines.

Recommendation: The Director of Real Estate Management recommends the 15.382 acres be offered for sale at public auction with a minimum bid, based upon the appraised total value, of \$360,000 or \$23,404 per acre.

- Presented by James Spurgeon, Real Estate Management Director*
- Discussion*
- Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

8. Consideration and Possible Action to Approve an Amendment to a Long Term Unsubordinated Commercial Ground Lease

Lease No.	Legal Description	Annual Rent	Lessee
109375 Oklahoma County	Lot 1 ex. West 150 ft. of the Plain View Second Subdivision NE/4 Sec. 15-12N-3WIM	\$5,000	50 th & Lincoln, LLC

On June 2, 2015, The Commissioners granted an unsubordinated commercial ground lease to 50th & Lincoln, LLC.

The Lessee has requested a modification to the timetable agreed to in the original Commercial Lease due to circumstantial changes beyond the control of the CLO or Lessee. The time modifications allow for extensions to lessee action dates in each of the Development, Construction and Operations phases.

This amendment also allows the lessee access to and use of an additional 0.465 acre of trust land adjoining the original 0.662 acre commercial lease parcel for parking.

The Lessee has agreed to additional annual rent, based upon area market values, with 5 year rent escalations consistent with the existing contract in consideration for the requested amendment to the contract.

Recommendation: The Director of Real Estate Management recommends the commercial ground lease amendment be approved as presented.

- a. *Presented by James Spurgeon, Real Estate Management Director*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

9. Consideration and Possible Action Regarding the Recommendation of the Investment Committee, Investment Consultant and Staff for Changes to the CLO Investment Plan and Policy

Recommendation: The Chief Financial Officer recommends approval of the changes to the CLO investment plan and policy as recommended by the Investment Committee, consultant and staff as presented.

- a. *Presented by Karen Johnson, Chief Financial Officer*
- b. *Discussion*
- c. *Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

10. Request Approval to Renew the Following Investment Manager Contracts for the Fiscal Year Beginning July 1, 2016

- Aronson+Johnson+Ortiz
- Robeco Investment Management
- Silvercrest Asset Management Group
- DePrince Race and Zollo
- JP Morgan Asset Management
- Allianz Global Investors
- Dodge & Cox Investment Managers
- Cohen & Steers Capital Management, Inc.
- Centersquare Investment Management
- Guggenheim Partner Asset Management
- Vanguard Total International Stock Index
- Fort Washington Investment Advisors
- Tortoise Capital Advisors
- Harvest Fund Advisors
- Cutwater Investor Services Corp.
- BlackRock Russell 1000 Index Fund
- Newmark, Grubb, Levy, Strange & Beffort

Recommendation: The Chief Financial Officer recommends approval to renew the investment manager contracts for FY2017.

- a. Presented by Karen Johnson, Chief Financial Officer*
- b. Discussion*
- c. Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

11. Consideration and Possible Action to Approve Contracts in Excess of \$50,000 in Fiscal Year 2017

- RSM, LLC. - \$50,700
- Office of Management and Enterprise Services - \$300,000
- Galt - \$70,000
- Commissioners of the Land Office - \$411,408
- RVK - \$252,500
- My Consulting - \$61,980
- Terracon - \$60,000

Recommendation: The Chief Financial Officer recommends approval to renew the investment manager contracts for FY2017.

- a. *Presented by Karen Johnson, Chief Financial Officer*
- b. *Discussion*
- c. *Commission Action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

12. Consent Agenda – Request Approval of April 2016 Agency Monthly Division Summary of Activities

The Agenda items presented on the Consent Agenda are considered as one item for voting purposes. The Consent Agenda includes items that are statutorily or constitutionally required to be performed by the Commissioners of the Land Office or are administrative in nature, which are done as a routine action by the Commissioners of the Land Office. If any member of the Commission or any member of the public requests a particular item or items to be considered individually, the matter or matters shall be considered individually.

- a. *Presented by Harry W. Birdwell, Secretary*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

Accounting Division

1. April 2016
 - a. Claims Paid (routine)
 - b. Expenditure Comparison

Minerals Management Division

1. April 2016
 - a. 3/23/16 Awards of Oil and Gas Leases
 - b. Tracts Offered for Lease on 5/18/16
 - c. Assignments of Oil and Gas Leases
 - d. Division Orders

Real Estate Management Division

1. April 2016
 - a. Surface Lease Assignments
 - b. Term Irrigation Permits
 - c. 20 Year Easements
 - d. Renewed 20 Year Easements
 - e. Assignment of Easements
 - f. Soil Conservation Projects
 - g. Long-Term Commercial Lease Assignment
 - h. Short-Term Commercial Lease Renewals

13. Financial Information Regarding Investments and Monthly Distributions (informational only)

Investments

- a. Market Value Comparison April 2016

Accounting

- a. May 2016 Distribution by District and Month

14. Executive Session

- A. Executive Session may be convened pursuant to 25 O.S. § 307(B)(4) allowing confidential communications between the Commission and its attorney concerning pending claims or actions as recommended to permit Commission processing in the public interest regarding a pending CLO mineral income matter, and *Western Farmers Elec. Coop. v. CLO, CV-16-23*.
- B. Executive Session may be held in accordance with 25 O.S. § 307(B)(3) for the purpose of discussing the purchase or appraisal of real property located in Oklahoma and Marshall Counties.
 - a. *Recommendation of Lisa Blodgett, General Counsel*
 - b. *Vote to Convene Executive Session*
 - c. *Executive Session*
 - d. *Vote to Return to Open Session*

15. Consideration and Possible Action on Executive Session Item(s)

The Commission may further consider and take action in open session related to the listed Executive Session agenda items.

- a. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action*

16. New Business

The Commission may discuss, consider and take possible action regarding new business that could not have been reasonably anticipated or was unknown prior to the regular meeting.

Adjourn

NOTICE OF POSTING

Date / Time: Wednesday, June 22, 2016, before 2:00 p.m.

Locations: Commissioners of the Land Office
204 N. Robinson, Suite 900
Oklahoma City, OK 73102
Governor's Large Conference Room
State Capitol, 2nd Floor
Oklahoma City, OK 73105

By: Debra Sprehe, Executive Assistant