

COMMISSIONERS OF THE LAND OFFICE

REGULAR MEETING MINUTES

WEDNESDAY SEPTEMBER 16, 2015, AT 2:00 P.M.
LAND OFFICE'S LARGE CONFERENCE ROOM
204 N. ROBINSON, SUITE 900
OKLAHOMA CITY, OKLAHOMA

Notice was posted online with the Secretary of State on Friday, August 14, 2015. Public notice was also posted on the Commissioners of the Land Office website and at the Commissioners of the Land Office and Governor's Large Conference Room at the State Capitol Building on Monday, September 14, 2015, before 5:00 p.m.

PRESENT:

Honorable Todd Lamb, Lt. Governor and Vice Chair
Honorable Gary Jones, State Auditor & Inspector and Member
Honorable Jim Reese, President State Board of Agriculture and Member

Land Office STAFF PRESENT:

Harry W. Birdwell, Secretary
Keith Kuhlman, Assistant Secretary
Debra Sprehe, Executive Assistant
David Shipman, Director, Minerals Management Division
Lisa Blodgett, General Counsel
Ed Reyes, Director, Information Technology
James Spurgeon, Director, Real Estate Management Division
Jessica Willis, Director, Communications Division
Diana Nichols, Internal Auditor
Karen Johnson, Chief Financial Officer
Jared Semtner, CLO Staff
Edward Romero, CLO Staff
Micah Lawson, CLO Staff
Jacqueline Walter, CLO Staff
Yasodhara Means, CLO Staff
Tranna Fischer, CLO Staff
Deborah Jacobson, CLO Staff
Marisa Belknap, CLO Staff
Tonja Defatta, CLO Staff
Kathy Costello, CLO Staff
Debbie Welch, CLO Staff

VISITORS:

Keith Beall, Lt. Governor's Office
Carolyn Thompson, State Dept. of Education
Steve Mullins, Governor's Office
Cameron Dawson, Staplegun
Erick Worrell, Staplegun
Jack Bewley, Staplegun
Kyle Ramsey, Staplegun
Jeanette Schreiber, Staplegun
Darren Joworski, Staplegun
Alex Weintz, Governor's Office

Lt. Governor Lamb called the meeting to order at 2:03 p.m., confirmed proper posting of the meeting notice, ensured the presence of a quorum, and called the roll.

Fallin:	Absent
Lamb:	Present
Jones:	Present
Hofmeister:	Absent
Reese:	Present

1. Request Approval of Minutes for Regular Meeting held August 13, 2015

- 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*

This agenda item was presented by Secretary Harry Birdwell. A MOTION was made by Commissioner Jones and seconded by Commissioner Reese to approve the minutes of the August 13, 2015, meeting.

Fallin:	Absent
Lamb:	Aye
Jones:	Aye
Hofmeister:	Absent
Reese:	Aye Motion Carried

Note: Honorable Mary Fallin, Governor and Chairman and Honorable Joy Hofmeister, State Superintendent of Public Instruction and Member entered the meeting at 2:08 pm and 2:09 pm.

2. Secretary's Comments

Secretary Birdwell welcomed the Commissioners to the new Land Office at 204 Robinson in Oklahoma City.

a. Distributions to Beneficiaries for Month of July

The Commission was advised that distributions for the month of August were \$1,000,000 greater than August 2014. For the first two months of the fiscal year, Common education distributions are \$800,000 and Higher Education received \$1,300,000 more than the same period a year ago. Overall, distributions are \$2,000,000 greater than at the same period for FY 2015. (\$21 million versus \$19 million).

b. September Mineral Lease Bonus

Secretary Birdwell advised that just an hour before the Commission meeting began the September lease bonus auction was completed. There were 102 tracts successfully leased for \$11.06 million.

c. Legislative Interim Studies Involving Land Office

Two interim legislative study proposals were reviewed with Commissioners:

- Representative Lewis Moore has proposed to change the method of distributing CLO revenues among Higher Education beneficiaries based on enrollment.
- Representative Casey Murdock wants to evaluate the disproportionate impact of CLO land on some counties. He may introduce legislation to cause the Land Office to make "in lieu of" ad valorem tax payments for counties with the greatest proportion of CLO land.

d. Report on Federal Judicial Developments on Lesser Prairie Chicken and Waters of the United States

Secretary Birdwell reported on two recent Federal Judicial matters which will impact matters of importance to the Land Office.

- For the past several years the Land Office has worked with other Oklahoma agencies to create additional habitat for the lesser prairie chicken. Two weeks ago a federal judge ruled that the listing of the lesser prairie chicken violated the US Fish and Wildlife Department rules, because that agency failed to consider ongoing conservation efforts for a species before listing it as an endangered species.

- A Federal Judge in North Dakota, blocked the Obama administration's controversial rule defining the scope of Clean Water Act protections from going into effect at the end of August. According to the Judge, the EPA rule would have expanded the number of streams and wetlands that qualify for federal safeguards under the Clean Water Act., and appears legally suspect. The Court issued a preliminary injunction halting the rule. EPA will challenge the Judge's ruling.

e. Report on Annual Real Estate Lease Auctions

The Commission was advised that the annual surface lease auctions will be conducted at 11 locations throughout the State beginning October 19 and concluding on November 4. There are 464 tracts being offered in 33 counties for 5 year lease terms.

3. IT Report (informational purposes only)

- 1) IT Accomplishments
- 2) Demonstration of New Land Office Website
- 3) Demonstration of Land Office GIS Capability

- a. *Presented by Land Office staff: Ed Reyes, Jessica Willis and Jared Semtner*
- b. *Discussion*

Secretary Birdwell reported under the direction of Ed Reyes the IT systems at the Land Office have greatly improved in the past year which have enable the staffs to work more efficiently with multiple programs.

Jessica Willis demonstrated the recently released CLO website which offers expanded capabilities and information.

Jared Semtner demonstrated the recently released Geographical Information System (GIS) that allows any interested parties access various forms of information related to the CLO leases (location, lessee, etc.). This information is accessible from the CLO website.

4. Consideration and Possible Action to Approve Continuous Easements

Lease No.	Legal Description	Easement No.
106323, 106324 – Comanche County	SE/4 Sec. 33-2N-12WIM	9505

The City of Lawton has made a request to purchase a continuous easement for a right of way for a road widening project consisting of 1.49 acres for the consideration of \$100,000.00. Appraisal was prepared by Greg Brownsworth and approved by James Spurgeon.

Lease No.	Legal Description	Easement No.
101065 – Logan County	NE/4 Sec. 16-16N-4WIM	9619

The Oklahoma Department of Transportation has made an offer of \$11,505.00 for a continuous easement for highway improvements. Area requested is 3.24 acres. The appraisal was reviewed by Alan Hermanski and approved by James Spurgeon.

Lease No.	Legal Description	Easement No.
101637 – Tillman County	S/2 Sec. 36-1N-16WIM	9612

Tillman County, State of Oklahoma has made a request to purchase a continuous easement for the right of way for a drain and road improvement project consisting of 0.44 acres for the consideration of \$500.00. Appraisal was reviewed by Starr Ryan 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*

This agenda item was presented by James Spurgeon, Real Estate Management Director. A MOTION was made by Lt. Governor Lamb and seconded by Commissioner Reese to approve the continuous easements as presented.

Fallin: Aye
 Lamb: Aye
 Jones: Aye
 Hofmeister: Aye
 Reese: Aye Motion Carried

5. Consideration and Possible Action to Authorize a Professional Services Contract with Daniel Reineke, in the Amount of \$50,000

Authorization of a continuing professional services contract with Daniel Reineke, PE PC is requested in the amount of \$50,000 annually for expert engineering and industry legal support related to the Land Office's royalty interests.

Recommendation: The General Counsel recommends authorization of the professional services contract with Daniel Reineke.

- a. *Presented by Lisa Blodgett, General Counsel*
- b. *Discussion*
- c. *Commissioners action in which the Board may approve, disapprove, or direct staff to take further action*

This agenda item was presented by Lisa Blodgett, General Counsel. A MOTION was made by Lt. Governor Lamb and seconded by Commissioner Jones to approve the professional services contract to Daniel Reineke in the amount of \$50,000.

Fallin:	Aye	
Lamb	Aye	
Jones:	Aye	Motion Carried
Hofmeister:	Aye	
Reese:	Aye	

6. Consent Agenda – Request Approval of July 2015 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. July 2015
 - a. Claims Paid (routine)
 - b. Expenditure Comparison

Minerals Management Division

1. July 2015
 - a. 7/8/2015 Oil and Gas Lease Tabulation
 - b. Assignments of Oil and Gas Leases
 - c. Seismic Exploration Permits
 - d. Division Orders

Real Estate Management Division

1. July 2015
 - a. Surface Lease Assignments
 - b. New Short-Term Commercial Lease
 - c. 20 Year Easements
 - d. Soil Conservation Projects
 - e. 7/28/15 Lease Auction Results

This agenda item was presented by Secretary Harry Birdwell. A MOTION was made by Lt. Governor Lamb and seconded by Commissioner Hofmeister to approve the consent agenda as presented.

Fallin:	Aye	
Lamb	Aye	
Jones:	Aye	
Hofmeister:	Aye	Motion Carried
Reese:	Aye	

**7. Financial Information Regarding Investments and Monthly Distributions
(informational purposes only)**

Investments

- a. Market Value Comparison August 2015

Accounting

- a. July 2015 Distribution by District and Month

8. Executive Session

- A. Executive Session may be convened to discuss, evaluate, and take possible action pursuant to 25 O.S. § 307(B)(4) allowing confidential communications between the Commission and its attorney concerning pending investigations, claims, or actions on recommendation that disclosure will seriously impair the ability of the Commission to process them in the public interest regarding the following matters *CLO v. Pointe Vista Development, CJ-2014-152 & Olympia Oil v. CLO, CJ-2015-1563*; and
- 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 County.
- a. *Recommendation of Lisa Blodgett, General Counsel*
 - b. *Vote to Convene Executive Session*
 - c. *Executive Session*
 - d. *Vote to Return to Open Session*
 - e. *Further consideration and possible action on items discussed during executive session*

This agenda item was presented by Lisa Blodgett, General Counsel who recommends an executive session be convened.

A MOTION was made by Commissioner Hofmeister and seconded by Lt. Governor Lamb to adjourn to an executive session at 2:32 p.m.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Aye	
Hofmeister:	Aye	
Reese:	Aye	

Note: Recording stopped

A MOTION was made by Commissioner Hofmeister and seconded by Lt. Governor Lamb to return to the regular session at 2:57 p.m.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Aye	
Hofmeister:	Aye	
Reese:	Aye	

Note: Recording started

9. Proposed Action on Executive Session Items

The Commission may further consider and take action in open session related to 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*

A MOTION was made by Commissioner Reese and seconded by Lt. Governor Lamb to authorize settlement of the *Olympia Oil v. CLO* case as discussed in executive session, with approval for counsel to draft the final settlement agreement to include release of the current mineral acreage, lease of alternative acreage, and dismissal of the lawsuit and release of all claims against the Land Office.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Aye	
Hofmeister:	Aye	
Reese:	Aye	

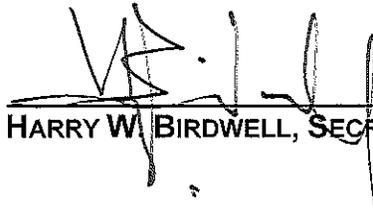
A MOTION was made by Lt. Governor Lamb and seconded by Commissioner Jones to authorize settlement of the *CLO v. Pointe Vista* case as presented in executive session in order to promote economic development in the State, with approval for counsel to draft final settlement documents.

Fallin:	Aye	
Lamb	Aye	Motion Carried
Jones:	Aye	
Hofmeister:	Aye	
Reese:	Aye	

10. 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.

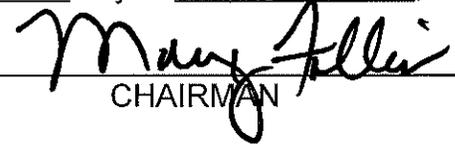
No new business was presented.


HARRY W. BIRDWELL, SECRETARY

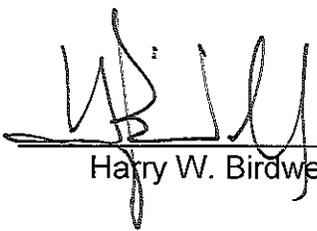
The meeting was adjourned at 2:59 p.m.

I HEREBY CERTIFY that the foregoing is a true, full and correct report of said meeting.

WITNESS my hand and official signature this 8th day of October, 2015


CHAIRMAN




Harry W. Birdwell