

7/29/1980

OREGON
ENVIRONMENTAL QUALITY
COMMISSION MEETING
MATERIALS



State of Oregon
**Department of
Environmental
Quality**

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MINUTES OF THE SPECIAL MEETING
OF THE
OREGON ENVIRONMENTAL QUALITY COMMISSION
July 29, 1980

On Tuesday, July 29, 1980, at 1:00 p.m., a special conference call meeting of the Commission was held.

Connected by conference telephone call were Commission members: Joe B. Richards, Chairman; Mary V. Bishop; and Fred J. Burgess. Commissioners Albert H. Densmore, and Ronald M. Somers were unavailable for the call. Present in room 511 of the DEQ Offices in Portland were the Department's Director, William H. Young; Mr. Howard Rankin, Bond Counsel; Mr. Ed Wells, Financial Consultant; Mr. Kevin Peterson, Oregon Department of the Treasury; and several members of the DEQ staff.

AWARD OF BIDS FOR SALE OF \$40 MILLION IN POLLUTION CONTROL BONDS

Mr. Young reviewed for the Commission the bids received. Three bids were offered at the bid opening at 11:00 a.m. this morning. The first bid was from the Oregon Bank representing a conglomerate, the lead bank of which was Chase-Manhattan with a bid of 8.0121; First National Bank representing Continental Illinois and others with a bid of 8.354715; and U.S. Bank representing Citibank, Bank of America and Morgan Guaranty with a bid of 8.0432.

In reviewing the interests on the years, after the bids were open, Howard Rankin indicated that the apparent low bid of Oregon Bank was disqualified because of the nature of the interest return shown year-by-year.

At the request of the Commission, Mr. Rankin explained the reason the bid was disqualified. All bidders must comply with the requirements in the Notice of Bond Sale. One of these requirements states that they may not have a declining coupon rate after 1991; they must remain at a level rate or increase their rate. The Oregon Bank bid with a declining rate from 1991 to 1992. Mr. Rankin said this was a deficiency in the bid and in his opinion disqualified the bid because it did not meet the requirements of the Notice of Bond Sale and the Commission could not accept it. He said the Oregon Bank and Chase Manhattan were aware of the coupon limitations, but the person in New York who prepared the bid consulted the Daily Bond Buyer which contained the wrong information. He realized his error later, but after the bids had already been opened. Mr. Rankin said this is recognized in the bond community to be a non-qualifying bid. Therefore, the Commission can consider only the bids of First National Bank and U.S. Bank.

Mr. Young said the Commission did have the option to reject all bids, and instruct the staff to go out for bids at a later date. However, the bond market could change drastically by that time.

Mr. Young said it was his recommendation, and the recommendation of the State Treasurer that the Commission accept the bid of U.S. Bank of 8.0432. Chairman Richards asked what the Financial Consultant expected the range of the bids to be. Mr. Young replied they had been hopeful the bonds could be sold at 8 percent or under. Given the bond market during the last week, Mr. Young said he was not disappointed with the bids received. Mr. Young also informed the Commission that primarily due to the shortfall in State of Oregon revenues, the rating on Oregon bonds had been reduced by the rating bureaus.

It was MOVED by Commissioner Burgess, seconded by Commissioner Bishop and carried unanimously that the recommendation to accept the bid of U.S. Bank of 8.0432 be approved.

REQUESTS BY WASHINGTON AND YAMHILL COUNTIES TO BURN CEREAL GRAIN FIELDS

Mr. Young informed the Commission that the Department had received a request from the State Department of Agriculture to allow Washington and Yamhill Counties the unusual burn of cereal grain fields. This request was made because of the amount of volcanic ash on the fields which causes a severe problem on equipment and people when the fields are combined, flailed, chopped and turned as they normally are required to be. There is also concern about the air pollution problem caused when ash is kicked into the air during this process.

Mr. Young stated the Department had not really had a chance to assess this request yet but just wanted to draw it to the Commission's attention. Acreage amounts are estimated to be about 20,000 acres in Yamhill County and 30,000 to 60,000 acres in Washington County.


Chairman Richards asked if this burn would be outside the mandated acreage. Mr. Young replied that after consulting with Ray Underwood, Department of Justice, this would be considered a type of hardship burn requiring a demonstration of hardship, either by the individual grower or across the board, with an analysis by the staff and a recommendation forwarded to the Commission. It would require Commission action to allow this burn.

Chairman Richards said that the Commission may have to take action on this matter at a conference call meeting, but requested sufficient time to review written information from the staff before action would be taken.

No action was necessary at this time.

There being no further business, the meeting was adjourned.

Respectfully submitted,


Carol A. Spletstaszer
Recording Secretary