

SENATE ETHICS, ELECTIONS, AND CAMPAIGN FINANCE COMMITTEE

April 27, 1993 Hearing Room B 3:00 p.m. Tapes 51- 53 MEMBERS
PRESENT: Senator Grattan Kerans, Chair Senator Neil Bryant Senator
Joan Dukes Senator Rod Johnson Senator Dick Springer STAFF
PRESENT: Annette Talbott, Committee Counsel Tamara Brickman,
Committee Assistant MEASURES CONSIDERED: Public Hearing SB 320 SB 325

These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in quotation
marks report a speaker's exact words. For complete contents of the
proceedings, please refer to the tapes. TAPE 51, SIDE A

004 CHAIR KERANS: Calls meeting to order at 3:16 p.m.

PUBLIC HEARING ON SB 325

WITNESSES: GERARD K. DRUMMOND, Member, Oregon Investment Council (OIC)
PETER OZANNE, Member, Oregon Investment Council JIM HILL, Oregon State
Treasurer

018 TALBOTT: Explains SB 325. (EXHIBIT A) 047 CHAIR KERANS:
Announces that the committee is waiting to be connected with, Mr. Peter
Ozanne, for a telephone conference. 052 TALBOTT: Refers to the
letters the Special Investigative Committee on PERS Investments received
from members of the OIC. (EXHIBITS B and C) 090 CHAIR KERANS:
Announces the committee will continue to try to connect with Mr. Ozanne
and moves on to testimony from Mr. Gerard Drummond. 101 GERARD
DRUMMOND, Chair, Oregon Investment Council: Comments that he is speaking
on behalf of himself (not on behalf of the OIC) and has been authorized
to speak on behalf of Randall Pozdena, a member of the Council.
Discusses the function of the OIC. Testifies in support of SB 325,
references his letter from November, 1992. (EXHIBIT B) Senate Ethics,
Elections, and Campaign Finance Committee April 27, 1993 - Page 2

161 CHAIR KERANS: Comments that in a recent meeting with the
Treasurer it was stated that by the Treasury's staff that the Chair of
the OIC stated "no specific needs were identified" in regards to
personnel. Comments "I find that to be \$ odds with the testimony here
and reports given to us previously." 175 DRUMMOND: Comments that he did
have a discussion with Treasurer Hill. "I have no quarrel with the
competency or the quality of the people that are currently working for
the State Treasurer's office. I do, however, have a quarrel with the
system, for which Treasurer Hill is not responsible, and that's the
statutory system that calls for the chief investment officer to be
appointed by the State Treasurer and not by the Council, which is
charged with the responsibility for developing investment policies for
the state funds. Under the former Treasurer's regime we did have a
change in the chief investment officer and that process was undertaken
by the Treasurer's office with very little council input. I must say
that I'm quite content and happy with the selection made by Treasurer
Meeker, but I think the system is flawed and I think the council should
be responsible for the selection of those people who implement the
policies established by the council. "

195 CHAIR KERANS: "We will find ourselves probably at odds in front of
this committee with the Treasurer."

198 DRUMMOND: Comments that he understands and respects the Treasurer's position, but thinks "that if the council is going to be held responsible, that the council should have the authority to hire the chief investment officer. Should have the authority to retain outside audit capability, internal audit capability, and outside counsel." Discusses the argument put forth that the members of the OIC are appointed, not elected. 218 SEN. BRYANT: Asks "what different decision do you think you would have made" if SB 325 would have been in effect. Asks if they would have hired independent counsel. 223 DRUMMOND: Responds to Sen. Bryant's question. Comments "we would be better off if we had a request for proposals from an outside auditing firm and were to retain an outside auditing firm to audit the books, take a look at the internal controls and make sure and report to both the Governor and this Legislature that these things are appropriate." 237 SEN. BRYANT: "Do you think you would have had reason to hire an outside counsel, if so for what purpose?" 241 DRUMMOND: "A number of the transactions that the council has asked to approve are quite sophisticated. As it now stands we have to ask permission of the Attorney General's office if we want to hire outside counsel. That sometimes can be awkward because that implies in asking for that permission that we don't believe that the Attorney General's office has the competency to render the service. I think it makes sense to give us the freedom to go to wherever the expertise is. It's no reflection on the Attorney General's office that they don't see a number of these transactions on a daily basis, but there are other lawyers elsewhere that may." 256 SEN. SPRINGER: "I'm concerned or curious how though we avoid the appearance of conflict or impropriety when we ask folks who, obviously have a great deal of background and experience and perhaps other responsibilities to their own business, may be asked to serve as directors in other boards and corporations which may occasionally have business or paths may cross with a sort of investment decisions that the OIC is asked to make. How do you try to deal with that appearance question of any potential conflict or appearance of impropriety? That's directed to board members directly, not to you personally."

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274 DRUMMOND: Responds to Sen. Springer's question. "We are required to disclose, if we are directors of public companies, that our investment managers may be investing in."

291 CHAIR KERANS: Comments that subject will be dealt with in SB 326. "Which would speak to the issue of members of OIC being members of the board of director or taking directorships from firms in which they invest directly." 298 DRUMMOND: Comments that he would be supportive of that. 303 CHAIR KERANS: Discusses the issue of giving the OIC "some personnel under its own supervision, direction, and control." 315 DRUMMOND: Comments on Chair Kerans' statements. 328 CHAIR KERANS: "I think it's a matter of the systemic as opposed to a particular question. It's a matter of providing for if you've got the responsibility you should also have some independent ability to act on your own." 333 DRUMMOND: "Knowing of my concerns and other members' (of the council) concern Treasurer Hill has directly assigned, Dan Smith, the Chief Investment Officer to report to the council, which I think goes somewhat towards solving the problems. The fact is that the Chief Investment Officer is in the State Treasurer's budget, is hired by

the State Treasurer, and presumably fired by the State Treasurer, not by the council. " 344 CHAIR KERANS: "There is nothing wrong with a value from a dynamic tension existing between the council as statutory entity and it having knowledge of its own self, its mission and the Treasury and its mission, and that they are distinct...Rather than saying there is a common wall that you are in one compartment and they are in another compartment. You're not compartmentalized at all and not have been compartmentalized in the past. As a result of that lack of compartmentalization which has definite benefits to it, it also has the potential for the council becoming really the captive of or agent of the incumbent Treasurer or Deputy or Chief Investment Officer. Which it has in the past, in my opinion."

378 DRUMMOND: "You're probably correct."

379 CHAIR KERANS: "We need to call attention to that statutorily. I'm not trying to build a wall between the two, but trying to say that when you step from one plane to the other or from one level to the other, that there is a change in position and relationship, and that we ought to be cognizant of that."

394 PETER OZANNE, Member, Oregon Investment Council: Connected by telephone conference.

401 CHAIR KERANS: Asks if Mr. Ozanne heard Mr. Drummond's testimony.

402 OZANNE: Comments that he heard about half of it and would "concur" in what he heard.

407 CHAIR KERANS: Refers to the letter from Mr. Ozanne dated 11/27/93. (EXHIBIT C)

417 OZANNE: Comments that he would have the letter serve as written testimony and that he has no changes from the letter, except for that he feels stronger. Testifies in support of SB 325. (EXHIBIT C)

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449 CHAIR KERANS: Asks Mr. Ozanne his view on the ability of the council to attain outside legal counsel.

454 OZANNE: Responds to Chair Kerans. Comments that the council should use the Attorney General's office more and that "there are going to be times, as I understand SB 325 on page 2 of section 3 there's a subsection there...I think that 's the section where it says when the State Treasury anticipates or encounters conflicts there is a provision for independent legal counsel. Would that be the provision that would apply to your question here?"

TAPE 52, SIDE A

031 CHAIR KERANS: Comments that it is subsection 4. Reads from subsection 4.

036 OZANNE: Continues commenting on the issue of counsel for the OIC.

046 CHAIR KERANS: Continues.

052 OZANNE: Continues the discussion in regards to the OIC using counsel for complex or esoteric deals.

061 JIM HILL, Oregon State Treasurer: Testifies in opposition to SB 325. Comments that an independent Assistant Attorney General has been assigned to the OIC. Comments that SB 325 would create a system like Washington state's. (EXHIBITS D, E, F) 124 CHAIR KERANS: "Can you looking at SB 325 direct our attention to the part which replicates the Washington system?" 127 TREASURER HILL: "Mr. Chair it is pretty obvious. If you are talking about duplicating a staff of the Treasury what you're doing is basically taking that investment function from the office of the Treasury." 131 CHAIR KERANS: "If you could direct the committee's attention to that portion of the bill which transfers the decision making authority, which is vested in your statutes, and replaces it in the OIC statutes. Where that is found in this bill?" 136 TREASURER HILL: "Mr. Chair it is not found in the bill, but it's the clear implications of the bill. If you are in fact talking about creating its own staff and directing drawing the line between setting policy and actually directing and managing the investments, then you are in effect.."

140 CHAIR KERANS: "Well can you draw my attention to where they will be directing and managing the investments then in SB 325?"

143 TREASURER HILL: "Section 3, line 4."

CHAIR KERANS: "Of page 2?"

TREASURER HILL: "Yes."

CHAIR KERANS: "It says the Oregon Investment Council may..subject to any applicable provision of state personnel, relations law...."

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153 TREASURER HILL: "We just heard testimony from Mr. Drummond indicating, and I assume that you have agreement as you stated agreement with his position, that the council should hire the chief investment officer?"

157 CHAIR KERANS: "No. That's not contained in this bill."

TREASURER HILL: "Is it possible under the bill?"

CHAIR KERANS: "No it is not. Not as presently printed."

160 TREASURER HILL: "Mr. Chair it seems that what you have here is discretion for the council to make very very broad personnel decisions."

162 CHAIR KERANS: "To serve the council in meeting its responsibilities under its statutory obligation. Nothing is taken away from the Treasurer's office in this bill to my knowledge."

165 TREASURER HILL: "If you're talking about duplicating the staff of the treasury. I guess I would have to ask you then what is it that they

would do?" 160 CHAIR KERANS: "I'm not at all interested in duplicating the work of the Treasury in the work of the council." Discusses SB 325 as a "philosophical decision" in giving the OIC its own staff, and discusses the work of the Special Investigative Committee on PERS Investments. Comments that it would supplement the Treasury not "undercut" it. Asks if the Treasurer can "rescind" at any time the directive of assigning Dan Smith to report to the OIC. 200 TREASURER HILL: Comments that he could. CHAIR KERANS: "Could your successor?" TREASURER HILL: "Certainly." CHAIR KERANS: "The Assistant AG, which has been assigned. May Mr. Kulongoski withdraw him tomorrow?" TREASURER HILL: "Presumably." 205 CHAIR KERANS: "You've said that the OIC is to set policy. We think it ought to. We are in complete agreement about that, but should a situation, a system not you, Mr. Smith, and your present personnel, not this board, but rather a system be erected in which decisions regarding some 20 or more billions of dollars in investment funds, the policy for which we set by a part time unpaid board, which meets a half a day a month (to use your terminology) be wholly dependent on staff that it does not have under its own supervision and control? That's the heart of the matter. Is that a possibility?" 218 TREASURER HILL: "No it is not a possibility. You are familiar enough with how we operate to know that there are tremendous resources that are available to the Oregon Investment Council." Discusses the issue of adding an auditor or attorney to the OIC. Discusses resources available to the OIC. "If we are in anyway trying to paint a picture that somehow that the council is somehow standing out there alone without resources, Mr. Chair, that is inaccurate." .~, , These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes. Senate Ethics, Elfftions, and Campaign Finance Committee April 27,1993 - Page 6

244 CHAIR KERANS: "I would never paint it that way. I don't believe that's the case. I don't think it's been the case nor do I think it's the case now. In fact, I think quite frankly the steps taken by your administration are wholly helpful in regard to giving full disclosure and assistance and provision of staff to the council itself. You have persons who are directly under your supervision and control and if they are to be your direct intimate council to you regarding all the activities of your organization, would you want someone else to hire your Chief Deputy? Or Chief of Staff and have them standing as your left and right arm, politically and professionally? And depend upon them at all times with full faith and confidence that while they were on the payroll of someone else and someone else, signature was on their check that they were giving you absolute and unqualified advise? And they in private councils gave you their best advise that that was always in your best interests? Or possibly in the interest of someone who was directing and supervision and controlling their activities? Would you turn the table?"

270 TREASURER HILL: Responds to Chair Kerans' question. "What I want to try to understand is that maybe you can explain to me what it is that the council is not getting as far as setting policy, in terms of expertise, rather it be from my staff, whether it be from seven overlay managers or 26 equity managers. What is it that the council is not getting for setting policy? I want to be very clear about something. The council sets policy. It is not an oversight function of the Treasury. The Treasury takes full responsibility for Mr. Canby's actions. As I recall, throughout that episode I did not see the Oregon Investment Council's names splattered across the papers, and I don't see where they

were held responsible for that actions of Mr. Canby."

CHAIR KERANS: "Don't disagree with you at all."

294 TREASURER HILL: "My predecessor was found to be responsible for that. What I want to do is make sure that we understand clearly what the line is between setting policy and executing that policy."

299 CHAIR KERANS: "How about an example of when your predecessor came in from of the council and waltzed past them a no cut contract for, Mr. George, who was the supervisor of Mr. Canby? Who by definition failed in his responsibility to supervise, Mr. Canby, by virtue of the fact that, Mr. George, did not provide continuing oversight to him, although he was his direct supervisor, yet your predecessor ended up with a no cut contract, that specifically included words that said that he could not be dismissed for anything which he had done prior to the signing of the contract relative to his official duties. In effect saying he gets the \$40,000 in advance and then \$30,000 each 6 months, thereafter for the purposes of assisting in training up the next investment officer, his successor, when he had failed to do so himself and the contract was not cleared by the Department of Justice. There's a case in point. How about when the..."

324 TREASURER HILL: "Can I address these one at a time?" Comments that he does not interpret the contract as a no cut contract.

327 CHAIR KERANS: Asks if Mr. George is still working for the Treasury.

327 TREASURER HILL: Comments that Mr. George is working for the Treasury as "a consultant." Discusses the Jim George issue and states "I'm not sure what this has to do with drawing the line between setting policy and managing the Treasury. If you want to hold me responsible for my predecessor's actions then fine, but I would say that if you want to talk about the value of Jim George to the success of the Treasury overtime, I think that is well documented, but if you want to talk to him about that that's fine. I'm just saying that I'm just trying to understand what it is that the council is not geKing to help set policy."

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348 CHAIR KERANS: "In that case they didn't have their own eyes and ears to ask questions about what is being presented to you, what are the terms, what are the conditions, what are your names being added to, is this something that the OIC is agreeing to. They thought they were reviewing a decision which had already been taken by the Treasury when it turned out in fact the Treasury executed it in behalf of the OIC."

357 TREASURER HILL: Comments that he is not aware to anyone's objection on the council to Mr. George's contract. 360 CHAIR KERANS: "A couple of them, Mr. Ozanne, I believe and, Mr. Pozdena the record will show which one took strong exception to the way in which that was executed." 367 TREASURER HILL: Comments that there has been no motion to remove him "and you know that could be done." 368 CHAIR KERANS: Comments that the contract would allow for his removal but it would not

allow "you to stop paying him." Discusses the Jim George contract.

384 TREASURER HILL: "There is a real difference here. Number one is I am an attorney. Number two we have involved the Attorney General's office in practically every decision that we make. Now if you want to talk if you want to again hold me accountable or say what can happen if someone, my predecessor took a different action, that's fine. What I'm interested in doing is talking about what goes on from here. First of all, we don't do anything, we do very very few things without running it by our counsel. Again requesting an independent Assistant Attorney General and assigning that person to the council. Now we have been in office going four months and these are the changes we have made. If someone chooses to make a decision without discussing with counsel or running it by counsel, then I think that that's a problem and I won't do that. " 410 CHAIR KERANS: Asks what his successor would be bound by,

"relative to these policies that you've enacted. " 423 TREASURER HILL: "My successor would be bound by the things that I gave you a list of and the things that you and I are working on to try to make institutional changes in the Treasury that are going to last beyond you and I. The point is you are talking about fundamentally changing a structure that has been very successful and has worked, for the most part. You are talking about duplicating staff. You're talking about adding resources to a council that already has considerable resources at its disposal, and I go back to my question, again. What is it, under the current system, that the council does not get enough information to set investment policy?" 445 CHAIR KERANS: "Who selects the business consultants and who screens and who does the preliminary work for selection of money managers?"

451 TREASURER HILL: "The Treasury staff does some of that."

453 CHAIR KERANS: "Does the council engage in the preliminary work of review and interview and discussion, examination, analysis, of particular money managers, their track record, their activities, recommendations from other clients...are they involved in the day to day activity which creates that record upon which their decision is made?"

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464 TREASURER HILL: Comments that OIC has hired consultants "that monitor and give updates as to what is going on in the universe of money managers." The consultants are Wilkshire and Russell, Associates.

476 CHAIR KERANS: Asks if there is a statute that requires an "internal" auditor either on the Treasury staff or at the direction of the OIC.

484 TREASURER HILL: Comments that they have an auditor.

CHAIR KERANS: Asks if the auditor can be "dismissed tomorrow."

486 TREASURER HILL: Comments that they could. Discusses the arrangement between the Secretary of State and the Treasury, with regard to an outside "big six accounting firm" for auditing purposes.

498 CHAIR KERANS: Asks if the agreement to have an outside "big six accounting" perform an audit annually should be a statutory requirement.

036 TREASURER HILL: Explains he would find that acceptable on an annual basis. Discusses the issue of audits.

040 CHAIR KERANS: Asks if the auditor should be hired by the Treasury by statute, "and can be removed only directly for cause? Would that be satisfactory, as opposed to giving the power of hiring the internal auditor over to the investment council?"

046 TREASURER HILL: Excuse me for repeating myself, but I would say that having an internal auditor, one internal auditor, is inadequate." Discusses the issue regarding an audit by a "big six accounting firm," and working through the Secretary of State's office for this audit.

055 CHAIR KERANS: "I object strenuously to your description of what is projected in our SB 325 to be a duplication of the Washington State system process."

060 TREASURER HILL: "As long as I can charge you back, Mr. Chair because I stand by the statement and we have a study that we'll submit to the committee and perhaps then everyone can make up their own mind as to whether those problems that they're suffering are pertinent to what we're facing here in SB 325." Continues his testimony in opposition to SB 325. "I will just close with the question again, given the statutory scheme that we have now, where the council sets policy and the Treasurer manages and implements that policy, what is it that the council is not getting to make its decisions?" (EXHIBITS D,E,F)

100 CHAIR KERANS: "The response would be that we seem to have unanimity that among the council regarding that question and thus the difference between the council and yourself. The problem is that we are left to moderate between the two." Continues to discuss the issue of the difference in views between the Treasurer and the OIC.

125 TREASURER HILL: Remarks on the issue of the accountability of elected officials to the public.

134 CHAIR KERANS: Discusses that he and the Treasurer "stand in opposition," and the intent is not to duplicate the Washington state system. Asks if it would be prudent to provide the council with its own staff.

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157 TREASURER HILL: Comments that it would not be imprudent. Comments on the resources available to the OIC. Discusses the provision of the bill which would prohibit the Treasurer from being the Chair of the Oregon Investment Council. "What I would like to say...if the council would so choose that the Treasurer be the Chair, I don't see why that could not be the case, and if for some reason because of the time demands of being on the investment council someone else did not want to chair, I don't understand what the prohibition is or why it is there. During his administration, as I understand it, Tony Meeker never chaired the council and I will tell you I have no desire to chair the council, but if need be for whatever reason to restrict the Treasurer from being the chair of the council, as I would see it the Treasurer is an equal

member of the council and therefore, should have the same privileges as anybody on the council..."

194 CHAIR KERANS: Explains that it "is about" the chair being able to decide the agenda.

231 TREASURER HILL: "Suppose the other members of the council no one wants to chair. Suppose they exercise their will by saying they want the Treasurer...to be the chair."

236 CHAIR KERANS: "I think we disagree on that element of the bill."

TREASURER HILL: "We do."

238 SEN. BRYANT: Discusses the definition of fiduciary as defined by ERISA. Asks if Treasurer Hill has any concerns about adopting a definition of fiduciary defined by ERISA.

248 TREASURER HILL: "Yes we do." Explains that his Chief of Staff will discuss that in his testimony.

251 SEN. BRYANT: "If you feel the need for some additional expertise and legal advice, something that the Attorney General's office does not have, what is your process not for obtaining that additional advice?"

260 TREASURER HILL: Explains that the Attorney General (for legal advice) and the Secretary of State (for auditing purposes) that they would be cooperative to get "whatever help" the Treasury needs.

280 SEN. BRYANT: Asks about the OIC's ability to obtain additional legal services. 286 CHAIR KERANS: Explains that the OIC would if it were an independent entity, and that the Attorney General has the power to decide that issue. Discusses the need to consider SB 325 at another meeting date.

PUBLIC HEARING ON SB 320 WITNESSES: KEVIN HANWAY, Oregon Land Title Association

CRAIG CHISHOLM, President, Oregon Land Title Association

AL RASMUS, Member of Real Estate Agency Advisory Committee, Oregon Land Title Association ALAN BRICKLEY, Chairman, Oregon Land Title Association and Counsel, Chicago Title Insurance Company

PAT RITZ, President, Oregon Title Insurance Company

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DAVID SHIRK, Co-Chairman, Oregon Association of Mortgage Brokers, and Frontier Investment Company

PAUL FRENCH, Director of the Educational Committee of Oregon Association on Mortgage Brokers

342 TALBOTT: Refers to the amendments. (EXHIBIT I)

349 KEVIN HANWAY, Oregon Land Title Association: Testifies in opposition to SB 320, "in particular sections 9-14 of the bill, in its

original form. Section 26 through 30, as it's addressed in the amendments."

364 CRAIG CHISHOLM, President, Oregon Land Title Association: Testifies in opposition to SB 320.

436 AL RASMUS, Member of Real Estate Agency Advisory Committee, Oregon Land Title Association: Testifies in opposition to SB 320. Submits a letter from Lina Stelle. (EXHIBIT K)

TAPE 52, SIDE B

034 RASMUS: Continues testimony in opposition to SB 320.

061 SEN. SPRINGER: Asks questions regarding Mr. Rasmus' testimony.

066 RASMUS: Responds to Sen. Springer. 068 SEN. SPRINGER: Continues to question Mr. Rasmus' in regards to escrow agents.

078 RASMUS: Responds to Sen. Springer. 104 CHAIR KERANS: Discusses the findings of the Special Investigative Committee on PERS Investments, in regards to SB 320. Discusses the issue of who should be held responsible for "bad deals." 136 PAT RITZ, President, Oregon Title Insurance Company: Comments "I don't think our customers would be real happy if all they had to look to was an individual in the area of responsibility." Discusses the issue of who should be held accountable.

175 CHAIR KERANS: Continues to discuss the issue of who should be held accountable for criminal action. "Should the only official be taken is to come for the license of the company when they were also victimized by these felons?...If it's OK with the industry, and that's what you're signing up for, I'd suppose that's OK with me and maybe with the committee. I simply think it seems to that we ought not visit the sins of a felonious employee on the head of an innocent employer."

198 RITZ: "There have been an occasional time where a company was damaged by a the misdeeds of an escrow officer. However, I don't think there is an title insurance company executive in this country that would in exchange for relieving themselves of some of that liability and responsibility trade it for licensing of their employees."

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211 ALAN BRICKLEY, Chairman, Legislative Committee of Oregon Land Title Association and Counsel, Chicago Title Insurance Company: Testifies in opposition to SB 320. Comments on other possible solutions.

257 CHAIR KERANS: Asks if Mr. Brickley has any suggestions to deal with the problem this bill attempts to deal with.

260 BRICKLEY: Comments that he doesn't at this point, but would be "happy to participate in any discussion." Asks a question on SB 320-1 section 13, subsection 3 in regard to the language beginning on line 18. page 9. (EXHIBIT I)

285 TALBOTT: Comments that language applies only to the mortgage arrangers.

289 BRICKLEY: Expresses his concern with this language if it were to be applied to escrow personnel.

313 DAVID SHIRK, Co-Chairman, Oregon Association of Mortgage Brokers, and Frontier Investment Company: Comments that his original testimony was directed towards bill as written. Testifies against SB 320.

Discusses HB 3121. 334 CHAIR KERANS: Comments that the material affecting Mr. Shirk in the SB 320 -1 amendment was taken from HB 3121.

336 SHIRK: Asks for clarification on a couple of issues. Questions regarding regulation by the Department of Real Estate and the definition of mortgage arrangement. 348 TALBOTT: Explains that the definition of mortgage arrangement is still the same as in the original bill.

Discusses the issue of exclusions to the definition. 369SHIRK: Asks if the educational and testing requirements "would stay in tact." Asks if the experience requirements from HB 3121 have been removed.

374 TALBOTT: Comments that the experience requirements have been removed. 383 SHIRK: Testifies in support of dealing with the issues in HB 3121, as opposed to SB 320. Testifies that regulation should go to the Department of Insurance and Finance, rather than the Department of Real Estate.

TAPE 53, SIDE A

034 SHIRK: Continues testimony, introduces Paul French to discuss educational issues. 048 PAUL FRENCH, Director of Educational

Committee of the Oregon Association of Mortgage Brokers: Discusses educational issues. Testifies in opposition to licensing testing in SB 320. (EXHIBIT J) 100 SHIRK: Continues his discussion of HB 3121 and SB 320. 149 CHAIR KERANS: Discusses the work plan for SB 320.

162 CHAIR KERANS: Adjourns the meeting at 5:00 p.m. .

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Submitted by:

Reviewed by:

Tamara Brickman

Annette Talbott Assistant Counsel

EXHIBIT LOG A - Preliminary Staff Measure Summary on SB 325 - Committee Staff - 1 page B - Letter from Gerard K. Drummond dated 11/19/92 - Gerard Drummond - 4 pages C - Letter from Peter A. Ozanne dated 11/27/92 - Peter Ozanne - 2 pages D - Washington State Investment Board Materials - Treasurer Jim Hill - 11 pages E - Newspaper Articles - Treasurer Jim Hill - 18 pages F - Testimony on SB 325 - Rollie WiSB rock - 5 pages G - Relationships that the OIC Directly Manages - Rollie WiSB rock - 1 page H - Preliminary Staff Measure Summary on SB 320 - Committee Staff - 1 page I - Proposed Amendment to SB 320 dated 4/27/93 - Committee Staff - 9 pages J - Testimony on SB 320 - Paul French - 7 pages K - Testimony on SB 320 by Linda Stelle - Alan Rasmus - 1 page L - Testimony on SB 320 - Genoa Ingram - 4 pages

., . . These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.