

SENATE ETHICS, ELECTIONS, AND CAMPAIGN FINANCE COMMITTEE

May 11, 1993 Hearing Room B 3:00 p.m. Tapes 62 and 63
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: Work Session SB 325 SB 319
SB 323 SB 324

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 62, SIDE A

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

WORK SESSION ON SB 325

016 CHAIR KERANS: Calls witnesses that did not have the opportunity to testify on SB 325 at the last hearing. Refers to the amendments.
(EXHIBIT A)

025 GARY BRUEBAKER, Deputy State Treasurer: Submits Rollie WiSB rock's testimony for the record. (EXHIBIT D) Testifies in opposition of SB 325. (EXHIBIT C) 048 CHAIR KERANS: Discusses that it is not the intention of the committee to institute a Washington style Treasury Department. 059 BRUEBAKER: Continues testimony. (EXHIBIT C)

066 CHAIR KERANS: Asks Mr. Bruebaker if he has seen the SB 325-1 amendments. Clarifies that Mr. Bruebaker was not speaking to the SB 325-1 amendments. He was testifying in regards to the original bill. Asks that Mr. Bruebaker address his testimony to the SB 325-1 amendments. Explains that the auditor is out of the SB 325-1 amendments. (EXHIBIT A) 083 BRUEBAKER: Begins speaking to the dash one amendments. Discusses that the Treasurer's office is opposed to lines 8 and 9 (on page 1) in dash 1 amendments. Senate Ethics, Elections, and Campaign Finance Committee May 11, 1993 - Page 2

093 BOB MUIR, Assistant Attorney General: Discusses concern with the intent of line 7, page 2. Asks if the intent of to prohibit consecutive annual audits. Concerned with the word "not" in the middle of the sentence. (EXHIBIT A)

099 CHAIR KERANS: Discusses that was the intent.

103 MUIR: Discusses lines 4 and 5, page 2, in regards to the expenses of the Oregon Investment Council. (EXHIBIT A) 108 ANNETTE TALBOTT, Committee Counsel: Comments that the change was "not requested specifically," the change was made by Legislative Counsel. 111 MUIR: Comments that they do not have any specific objections.

115 BRUEBAKER: Comments that the Treasurer's office does not concur with lines 6 through 21. "We do not believe that they should be able to hire outside audit firms outside of the Secretary of State's. We still do not believe that they need staff." (EXHIBIT A)

122 CHAIR KERANS: Comments that he is noting for the record the objection.

123 BRUEBAKER: "We are, however, OK with the rest of the page."

127 CHAIR KERANS: "So noted. "

131 BRUEBAKER: Ask for clarification with lines 6, 7, and 8 on page two, with regard to independent auditors. "Is that for the council doing that or is that the Treasury doing that?" (EXHIBIT A) 136 CHAIR KERANS: "I had directed that the amendment take care of that back to the Treasurer and away from the council." 138 TALBOTT: Explains that it does what Chair Kerans directed. 139 BRUEBAKER: "In that case, Mr. Chair we would not have a problem with it." 143 CHAIR KERANS: Discusses the reasons for changing it back to the Treasurer.

145 BRUEBAKER: "The only qualification that I have that I want to point out to you is that not being able to do consecutive audits would be very expensive." Discusses the opposition to page 3, line 8, with regard to the reimbursement for expenses. Discusses opposition to section 6 with regard to "the position of internal auditor...we believe that there is better continuity if you have a management service employee." (EXHIBIT A)

162 CHAIR KERANS: "It's a term of four years. There is nothing in here to prevent after a change of administration the next Treasurer of reviewing and analyzing the work and value of the incumbent and reappointing that person. You're not prohibited from doing that."

174 BRUEBAKER: "No, Mr. Chair, they would not be. There is also nothing to prohibit them from eliminating a qualified internal auditor and appointing a political person." . 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, Elections, and Campaign Finance Committee - May 11, 1993
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176 CHAIR KERANS: Asks what the difference is between "exempt and management as it impinges upon the - question of a quote political person."

177 BRUEBAKER: Comments that an exempt person can be let go at anytime without cause. "A management service position a person can only be let go if there is good cause."

184 CHAIR KERANS: "So on line 19, page 3, where it says 'exempt' you want to insert the word 'management?' Are you OK then?" (EXHIBIT A)

184 BRUEBAKER: "We would be Ok if we would also strike 'for the term of four years.'" (EXHIBIT A)

186 CHAIR KERANS: Discusses that he has no problem with that. "The record that I want to establish here is that you've got an internal auditor who is qualified to do the work."

200 BRUEBAKER: "Mr. Chair we would want nothing less than that."

201 CHAIR KERANS: "The only reason that you can get rid of them is for cause relative to their own mismanagement of their own activities or their failure to perform their duties."

206 BRUEBAKER: "We agree with that."

207 CHAIR KERANS: Comments that they further define that in subsection 2. Asks if they have any objection to the bar to appointing a political person. (EXHIBIT A)

214 BRUEBAKER: Comments that he does not have any problem with the way that is written. "If you want to have some kind of credential or experience...~ he credential you might want to put in is a Certified Internal Auditor (CIA), rather than a Certified Public Accountant (CPA)."

219 CHAIR KERANS: Asks what a Certified Internal Auditor is.

220 BRUEBAKER: Explains what a CIA is.

222 CHAIR KERANS: Asks if they could have either a CPA or CIA.

226 BRUEBAKER: "Or have experience."

228 CHAIR KERANS: "Let's just leave Certified Internal Auditor."
(EXHIBIT A)

229 BRUEBAKER: Discusses that they may want to expand "instead of saying pension fund investments say financial institutions or something. Since we're actually more than just a pension fund." (EXHIBIT A)

232 CHAIR KERANS: "Of public investments?"

BRUEBAKER: "Yes."

CHAIR KERANS: "That's the broadest of all terms." Discusses that section 7 "simply names a list of persons. Then in section 8 we would apply the prudent investor definition." (EXHIBIT A)

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248 BRUEBAKER: Discusses that page 4, line 6 they would like to insert the word "state" between "investing" and "funds." (EXHIBIT A)

251 CHAIR KERANS: "Excellent. Section 8. This is their language?"

254 TALBOTT: Explains that it is HB 2164 which passed of the Senate Business, Housing, and Consumer Affairs Committee. 257 MUIR: Explains the status of HB 2164. 261 CHAIR KERANS: Asks if they need to duplicate it.

BRUEBAKER: "Doesn't hurt."

264 TALBOTT: Refers to information on the prudent investment rule.
(EXHIBIT B)

272 CHAIR KERANS: Discusses that subsection 8 of section 8 is the committee's language. (EXHIBIT A)

276 BRUEBAKER: Recommends changes in regard to section 8, sub 8. "We would like to put in that they 'knowingly shall engage in.' At the end of line 23 add the word 'knowingly.'" (EXHIBIT A)

279 CHAIR KERANS: Comments that it would go on line 24. "Shall knowingly." (EXHIBIT A)

283 TALBOTT: Discusses the reason why the Special Investigative Committee introduced "this particular type of language."

299 CHAIR KERANS: Explains what the committee is looking for. Discusses the word "knowingly."

316 MUIR: "Would the inquiry be directed at the person who is going to employ the real estate broker or the real estate agency?"

321 CHAIR KERANS: "The real estate agency."

322 TALBOTT: Comments that they want to "double check with the licensing agency."

CHAIR KERANS: Continues discussing the subject of directing the inquiry at the real estate agency.

332 BRUEBAKER: Asks about replacing "knowingly" with language "that says 'without first inquiring.'" Comments that they are relying on another body to get them information.

336 CHAIR KERANS: Comments that would be fine and asks them to work it out.

338 BRUEBAKER: Discusses a second change. "On line 27 we would like to take out the word 'inactive.'" Explains time that the Treasurer's office does business with people who have inactive licenses. (EXHIBIT A)

344 CHAIR KERANS: "Then they're not performing professional real estate activities."

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345 TALBOTT: Discusses the real estate code.

353 CHAIR KERANS: Discusses page 2, with regard to the council. Discusses subsection 4, lines 9 - 21, the issue of providing the council "with an individual. " Discusses the position of the "Administrative Secretary. " Asks Mr. Bruebaker if he understands that SB 325 does not replicate the "Washington model." (EXHIBIT A) 434 BRUEBAKER: Comments that they understand that SB 325 does not replicate the Washington Treasury. Discusses the concern the Treasury has with giving the council individual staff. 446 CHAIR KERANS: Asks Mr. Bruebaker if he was in the hearing when the chair and other members of the council testified in regard to adding staff to the Oregon Investment Council.

453 BRUEBAKER: Comments he was not at the hearing, but that he has heard the tapes. CHAIR KERANS: "They said that they felt there was such a need. Is that not correct?" BRUEBAKER: "Yes, Mr. Chair they did."

457 CHAIR KERANS: Discusses the difference between the Oregon Investment Council and the State Treasury on SB 325. Discusses the Treasurer's objection to prohibiting the Treasurer from serving as Chair of the Oregon Investment Council.

TAPE 63, SIDE A

033 MUIR: Submits testimony in regard to SB 325 as written on behalf of the Department of Justice. (EXHIBIT E) 042 JACK SOLLIS, Political Action Committee, Oregon Public Employees' Retirement: Testifies that the SB 325-1 amendments "eliminate all of the objections." (EXHIBIT F)

055 MOTION: CHAIR KERANS: MOVES to restore the bracketed language on page 2, line 4 "investment of ficer" and "State Treasurer" on line 5 of the SB 325-1 amendment. MOVES to delete the boldfaced "council" on line 4, page 2 and the boldfaced "council" on line 5, page 2. MOVES to delete the word "may" on line 9 and insert the word "shall." VOTE: CHAIR KERANS: Hearing no objections THE MOTION IS ADOPTED. 066 CHAIR

KERANS: Discusses section 2, page 2, line 7 in regard to performing consecutive audits. "Shall not perform more than two annual audits? We had that in an earlier version, as I understand. We shall not perform more than two consecutive annual audits." 073 SEN. BRYANT: Discusses that he would support such an amendment. 077 MOTION: CHAIR KERANS: MOVES to insert, on page 2, line 7, after the word "perform" the words "more than two." VOTE: Hearing no objections THE MOTION IS ADOPTED. - 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, Elections, and Campaign Finance Committee May 11, 1993 - Page 6

078 CHAIR KERANS: Discusses a possible amendment to subsection 5, line 21. Inserting "investors of public funds" in place of "financial institutions." 093 BRUEBAKER: Asks if the language "public funds or financial institutions." 095 CHAIR KERANS: Comments that would be fine. 096 MOTION: CHAIR KERANS: MOVES to insert the words "investors of public funds and" after the word "or" on line 20, page 2 of the SB 325-1 amendment. VOTE: CHAIR KERANS: Hearing no objection THE MOTION IS ADOPTED. 103 CHAIR KERANS: Discusses the reason for naming the proposed staff position "Administrative Secretary."

117 BRUEBAKER: Asks what the pay range will be for the "Administrative Secretary."

118 CHAIR KERANS: "Commensurate with the qualifications. It's up to the council." Discusses section 6.

125 BRUEBAKER: "Under the internal auditor. Shall be a Certified Internal Auditor or have experience, training, and special qualification relating to auditing. We had changed it to public investments. Perhaps if we could make that 'public investments and/or financial institutions' or just the word 'or financial institutions?' That way we wouldn't want to preclude ourselves from being able to get someone who had an array of experience auditing financial institutions with investments and activities very similar to what we have."

135 CHAIR KERANS: "So it would read, 'the internal auditor shall be a Certified Internal Auditor or have experience, training, and special qualifications related to auditing of public investments or financial institutions.'"

140 RANDALL EDWARDS, Executive Assistant, Oregon State Treasury: Asks for clarification on section 5, line 9, "other personnel incurred."

146 CHAIR KERANS: "Let's take out and other Oregon Investment Council

personnel. So it would read 'As reimbursement for personnel expenses for the Administrative Secretary of the Oregon Investment Council incurred by the Oregon Investment Council the council may deduct.'" Discusses that SB 325 has a subsequent referral to Ways and Means. 155 CHAIR KERANS: Comments that the council will be involved in deciding the range of pay.

156 SEN. JOHNSON: Asks how Mr. Bruebaker feels about section 6.

159 BRUEBAKER: Comments that they don't think that section is needed, but they don't have any problem with it.

161 SEN. JOHNSON: "It says 'shall' not 'may.' You will be required to hire this person."

162 BRUEBAKER: Comments that they already have a "very qualified person."

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164 CHAIR KERANS: "So it reads 'the position of Internal Auditor is created. The Internal Auditor shall be appointed by the State Treasurer. The Internal Auditor shall be in the management service and may be dismissed by the appointing authority only for good cause.' Then sub 2 'The Internal Auditor shall be a certified internal auditor or have experience, training, and special qualifications related to auditing of public investments or financial institutions.' On line 6, we've included as a friendly amendment the word 'state' after the word 'investing' (page 4, line 6). And counsel and Mr. Bruebaker have been tasked on sub 8 on page 5 to get the tenses correct."

179 MUIR: Comments that he has language for section 8.

180 CHAIR KERANS: Comments that they'll just do it by concept.

184 MOTION: CHAIR KERANS: MOVES SB 325 as AMENDED by SUBSEQUENT REFERRAL to the Committee on Ways and Means with a DO PASS recommendation. VOTE: CHAIR KERANS: Hearing no objections the MOTION CARRIES.

WORK SESSION ON SB 319

203 ANNETTE TALBOTT, Committee Counsel: Discusses the SB 319-1 amendment and the Treasurer's submitted amendment. (EXHIBITS G and H)

214 CHAIR KERANS: Discusses the work plan for SB 319. Beginning with the SB 319 -1 amendments. (EXHIBIT G) 209 TALBOTT: Discusses subsection 4. The issue of purchasing property for more than the fair market value of the property and trying to access any previous appraisals performed on the real property. Discusses the Treasurer's suggestion of requesting from the seller any appraisals performed on the real property within the last 3 year. 232 CHAIR KERANS: Asks if the changes on lines 6, 8, and 9 of SB 319-1 get at what the Treasurer is suggesting. 240 GARY BRUEBAKER, Deputy Oregon State Treasurer: "That's fine." 245 CHAIR KERANS: "We are both OK down through line 9." 246 TALBOTT: Discusses line 11 on SB 319-1 which is "the addition that the Treasury suggested." Explains the difference between this

section and the subsection 4 of the Treasury's proposal dated 5/11/93, which would not require the use of a certified appraiser. Asks if that is the substantive difference. (EXHIBITS G and H) 268 CHAIR KERANS: Comments that the Treasury's language was inserted on line 11, but the state certified appraiser as defined in ORS 674.010. 277BOB MUIR, Assistant Attorney General: Comments that the brackets are "merely editorial not substantive. Paragraph 6 is the rule and it has the language in it." Comments that it was done to avoid repetition.

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282 CHAIR KERANS: "We kind of like it appearing here."

284 SEN. BRYANT: Comments there might be situations where a state certified appraiser is not wanted. "But certainly an appraiser certified by some state or having the necessary credentials." Provides an example to the committee.

298 TALBOTT: Comments that the reference is to the law enacted by the federal law "which requires all appraisers be certified." Comments that it was a suggestion of Legislative Counsel.

306 CHAIR KERANS: "And it's no different from what you've already proposed in your own amendments." 307 MUIR: Discusses that the substantive amendment difference would be the "qualified investment manager or advisor." Discusses paragraph 4 in relation to the real property investment program, which relies on "Alex Brown, which has in house people who are not licensed but they are very qualified appraisers." Paragraph 5 relates to the mortgage loan program in which appraisals are required by certified appraisers.

327 TALBOTT: Explains that her understanding of the "real estate contractor they currently have that purchases property that they do within the first calendar year an appraisal after purchase."

332 MUIR: "They do but the appraisals are not necessarily done by a certified appraiser outside of their offices." Explains that it is an appraisal done by a "qualified investment manager who can appraise property."

337 CHAIR KERANS: Asks who the qualified investment manager or advisor doing the appraisals on real property purchases "outright through our investment program."

343 MUIR: Explains that the firm is Alex Brown, Kleinwort, Benson.

348 CHAIR KERANS: "What do we go against in the event that they are wrong?"

349 MUIR: Explains that they would go against the firm. Comments that Alex Brown's assets much more significant "than any certified appraiser would ever be."

355 STEVE FRASER, Commercial Mortgage Officer, Oregon State Treasury: Clarifies when Alex Brown's staff is doing the valuation and that there is an "outside third party appraisal that's conducted under their guidance and three years after that they are getting another appraisal."

370 CHAIR KERANS: Comments that there is nothing wrong with language on lines 10- 13. (EXHIBIT G)

383 FRASER: Discusses the issue regarding the appropriate time period.

388 BRUEBAKER: Comments that previously "we had calendar year after the year that it was purchased in."

393 CHAIR KERANS: "Why don't we just simply say, within the year following the purchase?"

MUIR: "Yeah. "

395 CHAIR KERANS: "So we don't really need to pick up 'qualified investment manager or advisor' for purposes of sub 4. Is that correct?"

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400 MUIR: "That is correct. For purposes of fulfilling its fiduciary duty and going into a transaction the ~- Investment Manager may still use in house qualified appraisers."

CHAIR KERANS: "That is not prohibited."

409 TALBOTT: Discusses subsection 5. Comments that the language was "inadvertently" left out of the LC draft. Comments that that language appears in the proposed amendments submitted by the Treasurer. (EXHIBITS G,H)

420 CHAIR KERANS: Asks the Treasurer's office if they support that language.

422 MUIR: "The language we proposed was a loan or to invest in a loan. The distinction we're trying to draw there is that while sometimes the Treasury originates loan, and that's an investment in a loan."

432 CHAIR KERANS: Comments on Mr. Muir's statement. "That would be on line 15, 'make investments from any investment fund in a loan..'"

MUIR: "'Or make a loan.'"

CHAIR KERANS: "'Or make a loan secured by real property.' We got it." Asks if there is anything that the committee has not picked up from the Treasurer's amendment. (EXHIBIT H)

444 MUIR: Discusses why the "reference to agents" was placed in the amendments.

449 CHAIR KERANS: "For the record we wanted to make sure that everybody understands that was the case, but the great fear on the part of both Committee Counsel, the Chair, and Legislative Counsel is the negative affect of saying agent here and not having it elsewhere and leaving you in the position where you are either prohibited from doing that or released from the requirements of this on such an agent."

463 MUIR: "There is some legislative history, now, through your own remarks that you understand they do in fact operate through agents."

467 CHAIR KERANS: "When they do we understand that they (the Treasurer and the OIC) have got to meet the standards set down here."

472 MUIR: "The Treasury understands the responsibilities this bill would establish lies with the OIC and the Treasurer, and it's not discharged simply because agents are used. The responsibility still rests with them."

479 CHAIR KERANS: Asks if Mr. Bruebaker has that understanding.

480 BRUEBAKER: Comments that he does.

481 MUIR: "There was a reference from 'another' to 'the other.'" Explains that it is not sufficient that the person has certification in "another state it has to be the state in which the property is located."

488 CHAIR KERANS: Discusses Mr. Muir's comments. "If you want to say 'the other state' then we'll say 'the other state.'"

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TAPE 62, SIDE B

036 SEN. BRYANT: Discusses his concern with bringing someone into Oregon who is certified in different state. 042 FRASER: Discusses Sen. Bryant's comments. Refers to line 13 of the SB 319 -1 amendment. "What if there was a period after the word 'state.'" Explains what the suggestion would do. (EXHIBIT G) 050 CHAIR KERANS: Discusses Mr. Fraser's remarks and Sen. Bryant's concern. 068 MOTION: CHAIR KERANS: MOVES SB 319 AS AMENDED TO THE FLOOR with a DO PASS recommendation with the request to RESCIND the SUBSEQUENT REFERRAL to Business, Housing, and Consumer Affairs. VOTE: CHAIR KERANS: Hearing no objection THE MOTION CARRIES. EXCUSED: Sen. Johnson. 072 SEN. BRYANT: Asks a question of in regards to a "losing property" and the decision to "unload the property." Asks if there is anything in SB 319 that would prohibit the Treasurer from doing so. 078 CHAIR KERANS: "None what so ever."

WORK SESSION ON SB 323

084 ANNETTE TALBOTT, Committee Counsel: Refers to the hand engrossed SB 323 -1 and the Treasurer's amendments. (EXHIBITS I,J,K) 093 CHAIR KERANS: Asks Committee Counsel to discuss SB 323-1.

094 TALBOTT: Comments that up to section 3 the Treasurer's office has agreed with the draft. (EXHIBIT I)

096 CHAIR KERANS: Reads the definition of "State Agency" in section 1, subsection 2.

099 TALBOTT: Discusses the requirement that the report be in writing and within 30 days of discovering the loss of public funds or property, found on lines 14 and 15, section 2.

CHAIR KERANS: "And there's no problem with that between us?"

102 TALBOTT: "I don't believe so, Mr. Chair." Discusses section 3. Explains that it is the language the committee worked on 4/22/93 "with the addition of the 'investment' instead of 'public,' which was suggested by the Treasurer's of fice. " (EXHIBITS I,J) Discusses the Treasurer's proposal, with regard to the frequency of reports of the loss. (EXHIBIT K)

111 CHAIR KERANS: Discusses the amendment submitted by the State Treasurer recognizes. "Let's take your section 3 and have it read 'shall be reported at least annually to the Oregon Investment Council and the Legislative Assembly.'" Discusses the problem with having the report come out while the Legislature is in session. (EXHIBIT K)

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133 BOB MUIR, Assistant Attorney General: Comments that he doesn't think the Treasurer would have any problem "substantively" with that. Asks who the Treasurer presents the report to when the Legislature is not . . m session.

136 CHAIR KERANS: Explains that the individual members would get the report.

145 GARY BRUEBAKER, Deputy State Treasurer: "Would it not be aufficient to provide it to the Legislative Fiscal office for you?"

146 CHAIR KERANS: "No." Asks how big a report they are talking about. He mentions they are just talking about the loss portions.

156 STEVE FRASER, Commercial Mortgage Officer, Oregon State Treasury: Discusses the possibility of "quite a volume of individual holdings...it's conceptually how many pages might be included, could be fairly large. n

169 CHAIR KERANS: "How about to the investment council and to the office of the Speaker and President of the Senate and Chairs of relevant committees?"

173 BRUEBAKER: Asks for a definition of relevant committees.

174 CHAIR KERANS: Discusses what types of committees would be relevant. "That will work for me how about you?"

BRUEBAKER: "Yes. "

180 CHAIR KERANS: Asks what the difference is between the committees subsection 2 and the Treasurer's. "It's just the next Legislative session, is that right?"

TALBOTT: "I think so, Mr. Chair."

189 MUIR: Explains that the only difference is the "next session reference."

191 CHAIR KERANS: "This one is in fact an 8 1/2 by 11 sheet of paper.

This is where something goes bad, it was done outside the guidelines...lets's make it 'and report annually to the Legislative Assembly.' And that goes to all members."

202 TALBOTT: Comments that they "need to say in the same year. In the sense they may not have one annually, but they have to report it in that same calendar year. Is that what you mean?"

205 CHAIR KERANS: "So that you report it to the investment council, the Audits Division and within that year, the Legislative Assembly."

213 MUIR: Comments that the 90 days is inconsistent.

214 TALBOTT: "The 90 days is inconsistent with the next session." Comments that she is not sure what the intent of the drafter was.

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217 BRUEBAKER: "Annually." 220 CHAIR KERANS: "Let's have the 90 days run] . to the Audits Division and the council and the annual run to the Legislature."

226 MUIR: "Does the last sentence concerning the 90 day reporting in the first paragraph in section 1 remain or is it being deleted?"

230 CHAIR KERANS: "Oh no we took that out. I took your sub 3 as we rewrote it." Explains that they have picked up the Treasurer's subsection 1 of section 3 and subsection 2 is divided to reflect 90 days to the OIC and Audits Division, and annually to the Legislature. (EXHIBITS I,J,K)

236 MOTION: CHAIR KERANS: MOVES the amendments to SB 323- 1.

VOTE: CHAIR KERANS: Hearing no objections the MOTION IS ADOPTED.

EXCUSED: Sen. Johnson. 238 MOTION: CHAIR KERANS: MOVES SB 323 AS AMENDED to the ~OOR with a DO PASS recommendation with the request to RESCIND THE SUBSEQUENT REFERRAL to the Committee on Business, Housing and Consumer Affairs. VOTE: CHAIR KERANS: Hearing no objection THE MOTION CARRIES. EXCUSED: Sen. Johnson.

WORK SESSION ON SB 324

250 ANNETTE TALBOTT, Committee Counsel: Discusses SB 324 and explains that is in regards to the "public records and disclosure of the annual reports of the Treasury and the OIC." Explains that the new language in on lines 28 A-I. Comments that the LC draft left "off the issue of the fee language." (EXHIBIT L)

272 CHAIR KERANS: Discusses the story run in the Wall Street Journal on KKR on April 26. Discusses the issue of fees and R.J. Reynolds.

292 TALBOTT: Discusses line 12A of the SB 324-1 hand engrossed to which exhibits would be public records, not those exempt under the exemption of public records. (EXHIBITS L, M, and O) Comments that the Treasure differs on the exact language but the concept was similar. Comments on the difference between the committee's amendments and the

Treasurer's. Asks if they are referring to the "asset class, so that it would be broad. As opposed to 'by fund.'" (EXHIBIT N) 316 STEVE FRASER, Commercial Mortgage Officer: "The intent would be by class of the asset as opposed to and that is the distinction that we're trying to highlight. 320 CHAIR KERANS: Discusses the work plan for SB 324. 336 CHAIR KERANS: Adjourns meeting at 4:40 p.m.

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Submitted by: Reviewed by: Tamara Brickman ette Talbott
Assistant Counsel

EXHIBIT LOG A - SB 325-1 Amendment dates 5/10/93 - Committee Staff - 5 pages B - Restatement of the Law/Prudent Investor Rule - Committee Staff - 9 pages C - Testimony on SB 325 - Gary Bruebaker - 5 pages D - Testimony on SB 325 - Rollie Wisbrock - 5 pages E - Department on Justice letter on SB 325 - Ted Kulongoski - 3 pages F - Testimony on SB 325 - Jack Sollis - 2 pages G - SB 319-1 Conceptual Committee Amendment dated 4/22/93 - Committee Staff - 1 page H - Proposed Amendment to SB 319 dated 5/11/93 - Jim Hill - 2 pages I - Hand engrossed SB 323-1 dated 5/11/93 - Committee Staff - 2 pages J - SB 323-1 Conceptual Committee Amendment dated 4/22/93 - Committee Staff - 1 page K - Proposed Amendment to SB 323 dated 5/11/93 - Jim Hill - 2 pages L - Hand engrossed SB 324-1 dated 5/11/93 - Committee Staff - 4 pages M - SB 324-1 Conceptual Committee Amendment dated 4/22/93 - Committee Staff - 1 page N - Proposed Amendment to SB 324 dated 5/11/93 - Jim Hill - 1 page O - SB 324-2 Amendment dated 4/22/93 - Committee Staff - 1 page

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.