

Senate T&E Committee  
June 17, 1991  
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Executive Appointments/  
Reappointments

SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

June 17, 1991Hearing Room 343  
3:00 P.M.State Capitol  
Salem, OR

Tapes 151 - 152

Executive Appointments/Reappointments  
Peter Ozanne, Elizabeth Tower, Keith Phildius,  
Steven Corey and Harold Pollin

MEMBERS PRESENT:           SEN. WAYNE FAWBUSH, CHAIR  
                              SEN. SCOTT DUFF  
                              SEN. JEANNETTE HAMBY  
                              SEN. JIM HILL  
                              SEN. EUGENE TIMMS

MEMBERS EXCUSED:SEN. PEG JOLIN

STAFF PRESENT:           JOSEPH CORTRIGHT, EXECUTIVE OFFICER  
                              TAMIRA MILLER, POLICY ANALYST  
                              JERI CHASE, OFFICE MANAGER  
                              HOLLY BROWN, COMMITTEE ASSISTANT

WITNESSES:PETER OZANNE  
                              ELIZABETH TOWER  
                              KEITH PHILDIUS

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 151, SIDE A

000 SEN. HILL convenes the meeting at 3:12 p.m.

Executive Appointment/Reappointment - Peter Ozanne - Oregon Investment Council

005 PETER OZANNE: I am a partner in a Portland law firm - Schwabe, Williamson, and Wyatt - specializing in complex business litigation. My professional experience has been divided between the public and private sector - half of it on the University of Oregon Law Faculty and the other half divided

between private law practice in the states of California and Oregon. I have an interest in public policy and this appointment is an important chance to participate in issues of public policy.

049 SEN. HILL: How do you see your duty on the Oregon Investment Council?

051 OZANNE: I would see my role as making judgements for investment based on information presented by the staff/advisors.

069 SEN. DUFF: Do you invest, personally, in stocks, bonds, and futures contracts?

071 OZANNE: I haven't made a lot of money to invest. My only investment has been in PERS. This appointment also goes along with an appointment to the PERS Board. I have a Keogh plan with my law firm. I am virtually a non-investor.

080 SEN. DUFF: What investment area do you see us making in the future? There has been criticism of investment approaches in the past.

082 OZANNE: The Council's most important role is to provide policy guidance over the allocation of the public's assets. The major proportion of the fund should be in the traditional equity stocks and bonds. That is the current council's policy. There has been discussion of leverage buy-outs, international equities, etc. We need to account and adjust to some serious changes in the market - serious debt problems in the public sector. The international equity market would be interesting to look to. The leverage buy-out activity will not continue in the future because of the lack of capital. So, first, I would look to traditional investments; next to non-traditional (real estate, venture capital, international markets) as a more aggressive portion, but with caution. We need to spread the risk so that we have a diversified portfolio. Nationally, this fund is one of the best performers in the country. I would like to continue to see that performance. Therefore, we need an element of aggression but an overall balance and diversity.

113 SEN. DUFF: It is interesting that you mentioned venture capital. There was consideration of the Treasurer's Office taking management of the state's venture capital fund - ORTDC - but that is now not going to happen. Would you be interested in becoming more involved in that?

121 OZANNE: I would look at anything that was recommended we look at, including venture capital. My own view is that venture capital funds are narrowing and will be less available. I would look with a heightened scrutiny at that area because it is riskier. In general, capital is tightening up. We need to be smart investors and anticipate the trends.

139 SEN. HAMBY: Do you have a strong bias about leveraged buy-outs, one way or the other?

139 OZANNE: No. I am familiar with the arguments of great opportunity. There is the concern that these kinds of buy-outs are not in the interest of the economy, entities being bought out, or the state. You have to look at them on a case-by-case basis. The Council has done a good job of reaping these investments' benefits while still furthering the interests of the businesses and workers involved.

185 MOTION: SEN. HAMBY MOVES the appointment/reappointment of Peter Ozanne to the Oregon Investment Council.

VOTE: Passes, 4-0. Voting AYE: SEN. DUFF, HAMBY, J. HILL, and TIMMS.  
EXCUSED:  
SEN. FAWBUSH and JOLIN.

Executive Appointment - Elizabeth J. Tower - Oregon Tourism Council

198 ELIZABETH TOWER: I am a resident in Eugene and have been in advertising for the past ten years. I am currently an accounts supervisor at Faden and Company. I am interested in this appointment because I have been watching where the state is going in tourism development and have been impressed. Oregon needs to be promoted in a manner that encourages people to come here for recreation/location, and I want to see that effort continue.

232 SEN. HILL: What do you think our strategy in tourism should be for moving into the next century?

234 TOWER: I would continue the efforts that are going on now. I would also like to expand in-state promotion. This is a positive, pro-growth, clean industry for the state to support.

243 SEN. TIMMS: Tourism has really developed in the past few years, especially in financing. What do you think are some alternative ways to fund tourism in Oregon - other than through General Fund or lottery dollars?

253 TOWER: I would need more information about the options. I would be very much opposed to seeing the budget cut. It would be unfortunate to lose the presence that tourism has developed.

266 SEN. TIMMS: I think that is an important issue in the future. Idaho funds their tourism efforts strictly through a hotel/motel tax. It is not a popular idea in Oregon, but I think we are going to have to look at it. The time is coming, with decreased revenues.

285 TOWER: I have worked with clients and their budgets before. Advertising is often viewed as not

necessary as long as people are visiting. When you stop putting your message in front of the public, you are forgotten.

297 SEN. DUFF: Newspaper readership is decline. Is that generally true for print media declining? What other types of media can we use - economical ways?

301 TOWER: There are those who will say that print media is declining - that television is the primary source for receiving information/news. I believe that people use the print media - newspapers - for finding out more about that news. The magazine publications - Sunset, Travel and Leisure, etc. - will draw the reader who is in the mindset for a vacation. You need to weigh the dollars and look for the best way to use the media. I have a lot of experience in that area and could make recommendations and ideas. The Tourism Division is also important.

330 SEN. HILL: Do you think ethnic minorities could play a greater role and benefit from Oregon's tourism activities and how?

335 TOWER: The role I see ethnic minorities playing is showing what we have to offer in way of cultural diversity.

348 SEN. HILL: Would you intentionally promote an idea that involved ethnic minorities?

349 TOWER: It would depend completely on the idea.

383 MOTION: SEN. TIMMS MOVES the appointment of Elizabeth J. Tower to the Oregon Tourism Council.

387 VOTE: Passes, 4-0. Voting AYE: SEN. DUFF, HAMBY, J. HILL, and TIMMS. EXCUSED: FAWBUSH and JOLIN.

Executive Appointment - Keith Phildius - Oregon Tourism Council

410 KEITH PHILDIUS: I have a background that includes extensive time in the aviation business - principally with United Airlines - and time at the Port of Portland. Most of my activities at United were in sales and marketing - both international and domestic. As aviation director with the Port of Portland, the focus has been on the development of the international arena. This took time and effort, just as a tourism market takes time and effort to develop. I was involved in the development of the strategic plan in 1988 in tourism.

469 SEN. HILL: Most tourists come to Oregon by automobile. Do you think we should have a strategy to encourage them to come from greater distances? What would that strategy be?

477 PHILDIUS: There are a number of components in the tourism market. Most of the automobile traffic comes from California and Washington. That is a major component (70 percent) and should remain a primary focus, but I believe that the international component is the growth component for the future. We need to develop this market - both from other places in the United States and from other countries.

TAPE 152, SIDE A

028 SEN. HILL: Do you have any specific ways to accomplish that?

029 PHILDIUS: The market has to be sized for business and potential. Then you determine the product/services the tourist will seek in Oregon. Germans, for instance, like nature and backpacking. We have that available in a state that has a population about 1/10th of Germany's. That is a way to identify the market, understand who your audience is, then marketing to them.

038 SEN. DUFF: I know of a project in Eastern Oregon where people have a hunting operation (for small game and pheasants), attracting people to come and hunt on their property. However, an airport link throughout the state of Oregon is needed. Is this something we could promote?

046 PHILDIUS: Yes. That is a part of "sizing" the market - determining how much traffic there is. If there is enough, you offer that opportunity of serving that market to an interested airline. Then you look at the products/services offered and package that in an attractive manner.

053 SEN. DUFF: There are many areas in the eastern portion of the state that are very attractive to visit but are not served by air - or it is very difficult. Do you have a proposal to address that?

059 PHILDIUS: There is something called fly-drive market - flying people in and then packaging with rental car companies. That could be an opportunity.

071 SEN. TIMMS: What would you have the council do more of in terms of helping the Port of Portland and airline service in this state? Where are we not doing what we should in encouraging tourism through the Port of Portland?

076 PHILDIUS: The council has been very supportive of the Port, understanding the Port's role in bringing service in. We have received written support, support from the Governor's Office visiting international airlines, support from the state agencies, etc.

091 SEN. TIMMS: There is a member on the council that is the manager/owner of the Airport Sheraton Hotel. It is very easy to over-accentuate one area for international markets. What affect will having

two people from the Port of Portland have on the council?

100 PHILDIUS: I don't think there would be any affect. The council's mission, which I support, is to grow tourism traffic into Oregon. Each portion of Oregon has highly attractive components. I have no interest in focusing on one part of the state. One of Oregon's greatest strength's is its diversity; that makes it highly marketable. That is important to me.

112 SEN. DUFF: Last summer there was an air tour around the state of various airports that seemed to be very popular. Is that something we can stimulate?

117 PHILDIUS: I believe it is. One way to market yourself is to expose the decision-makers to the product first-hand. Familiarization tours are a highly successful way to do that and I would encourage that to continue.

148 MOTION: SEN. HAMBY MOVES the appointment of Keith Phildius to the Oregon Tourism Council.

154 VOTE: Passes, 5-0. Voting AYE: SEN. DUFF, HAMBY, J. HILL, JOLIN, TIMMS, and FAWBUSH. EXCUSED: SEN. JOLIN.

Executive Reappointments - Steven Corey and Harold Pollin - Oregon Tourism Council

166 MOTION: CHAIR FAWBUSH MOVES the reappointments of Steven Corey and Harold Pollin to the Oregon Tourism Council.

174 MOTION: SEN. HILL MOVES that the appointments/reappointments to the Oregon Tourism Council be moved en bloc.

178 VOTE: Passes, 5-0. Voting AYE: SEN. DUFF, HAMBY, J. HILL, JOLIN, TIMMS, and FAWBUSH. EXCUSED: SEN. JOLIN.

Other Committee Business

188 CHAIR FAWBUSH: The Ways and Means Committee will begin review of the lottery bills tomorrow. We have final agreement from the Co-Chairs to move ahead on SB 364, with some amendments that were recommended by REP. VAN VLIET to assure that they only contract out. Most of the budget notes are consistent with our actions. There are not a whole lot of budget notes. Regarding the \$850,000 up-front planning monies, with no more than \$350,000 of that going to counties, the counties are trying to have that changed to no less than. Things seem to be going well. If the video poker bill does not pass, things will change. Tentative analysis is that if we do not do video poker, there would be approximately \$100 million. The video poker bill is being moved through

Judiciary and will probably come out of that committee with a minority report and a lot of questions as to whether or not it will pass the Senate Floor. The main lottery allocation bill has passed, the budget notes are still being considered.

233 JOE CORTRIGHT: The only issue I see is whether or not the video lottery share for counties will be included in this bill. That needs to be raised. Those may be drafted as separate amendments.

250 CHAIR FAWBUSH: They raised the amount from \$150 million to \$153 million. VISTO was taken out by the Co-Chairs and the reason for that was that it had carry-over that they haven't spent.

279 SEN. HAMBY: But they are out of money at the end of this year. They have committed those funds. Plus, there is another House Bill that drops the age of participation to 14, so more kids would be able to participate and now there will not be funds.

282 CHAIR FAWBUSH: HB 3474 is still in limbo. The two subcommittee chairs are discussing which subcommittee the bill will move through. If you are concerned about VISTO and they are truly going to be out of funds at the end of the year, you need to discuss that with the sponsor of HB 3474.

300 SEN. DUFF: What is happening with the Forest Institute bill?

312 CHAIR FAWBUSH: HB 2419 is still in this Committee while the forest practices bill is being considered. We have agreement with the Senate President that we will move that bill when we can. A lot of people don't understand this bill. I do think the forest industry should have a commodity commission and part of that is education from their point of view. I may not always agree with it, but this is legitimate. They understand the changes that have been made to the bill, part of which will get the industry to educate and cooperate among its members.

334 SEN. HILL: Does the industry have a marketing arm? Yes. Most commissions are about marketing. This is one thing I do not understand. I can understand being forced to pay because every member benefits from a marketing activity. Regarding the education component, when it goes beyond a marketing position, I don't care for it.

361 SEN. DUFF: The Wheat Commission does three major things: 1) research and development (everyone benefits from that); 2) marketing (we benefit from that); 3) public information. Part of what is included in public information is technology transfer to growers. The commission also contracts to the Oregon Wheat Growers League that operates a unique and long-running conservation program. However, that

is a contest, so we cannot receive state-wide media. The forest industry needs that public coverage of its activities.

397 SEN. HILL: Why can't the marketing arm do all this?

406 SEN. TIMMS: The Beef Council also does education that is covered through the brand fees.

412 CORTRIGHT: The Western Wood Products Association is the marketing organization for dimensional lumber and the American Plywood Association for the other.

418 CHAIR FAWBUSH: Those are specific marketing organizations funded by voluntary assessments throughout the western states. What we are trying to do is to get the Oregon industry to look at more diversification and cooperation within itself. Some of that will include marketing, but the amendments include requiring them to look at other things - education of their own members about better forest products, different marketing, secondary wood products, etc. No one else is doing any of these things. There is no existing organization that brings the secondary and primary producers together. One of their charges will be more marketing activity as a unit throughout the state and all the members will be assessed. One of the major advantages of a commodity commission is the ability to delegate power of taxation so that all beneficiaries pay.

453 SEN. HILL: I just don't see public relations as much of a priority, compared to marketing, for the producers. This is a different type of organization.

464 CHAIR FAWBUSH: It definitely did start out as a different type of organization and there are those of us who made a big effort to make this look more like a real commodity commission that performs these different functions. They have acknowledged the narrow focus of this and are interested in working with the recommendations that are included in the amendments.

478 SEN. TIMMS: There are a lot of members of commodity commissions that do not like their assessments. A lot of them do not belong to associations. Timber people are very independent and have never gotten together.

TAPE 151, SIDE B

035 CHAIR FAWBUSH: We will be having at least one more meeting because we still have to move HB  
241 9 out of this committee.

037 CHAIR FAWBUSH adjourns the meeting at 4:13 p.m.

Submitted by,

Jeri Chase  
Office Manager

EXHIBIT SUMMARY

No exhibits submitted