Oregon
Kate Brown, Governor

Department of State Lands
775 Summer Street NE, Suite 100
Salem, OR 97301-1279
(503) 986-5200
FAX (503) 378-4844
www.oregon.gov/dsl

State Land Board

Kate Brown
Governor

Bev Clarno
Secretary of State

Tobias Read
State Treasurer

STATE LAND BOARD

June 9, 2020
10:00 am – 12:00 pm
Teleconference Meeting
The meeting audio will be livestreamed on the
Department of State Lands YouTube Channel

AGENDA

Consent Items

1. Request for approval of the minutes of the February 4, 2020, State Land Board Meeting.

2. Request for approval to initiate the review and determination of the exchange of surface ownership in Harney County.

3. Request for approval to initiate the review and determination of the purchase of 1.7 acres at the primary entrance to the South Slough National Estuarian Research Reserve in Coos County.

Action Items

4. Request for approval of permanent easement for a bridge across Bear Creek in Coos County. (Charles Fellows Road)

5. Request for approval of permanent easement for a bridge across Bear Creek in Coos County. (Parkersburg Road)

6. Department of State Lands Budget Request

7. Oregon Department of Forestry Budget Request

Continued on next page

Informational Items

8. Real Property Annual Report

9. Common School Fund Annual Report

10. Oregon Water Resources Department Mineral Release

11. Other

Meeting audio will be livestreamed at:
https://www.youtube.com/channel/UCQA7FHTWwl-gjJkQeYPJ1IA

If you need assistance to participate in this meeting due to a disability, please notify Arin Smith at (503) 986-5224 or arin.n.smith@state.or.us at least two working days prior to the meeting.

Public Testimony - The State Land Board places great value on information received from the public. The Board accepts comments on ***consent and action agenda items only***.

Providing Public Testimony During Teleconference Meetings – When the Board meets via teleconference, the public may submit written testimony to be read aloud during the meeting, time permitting and at the discretion of the Chair. Testimony may be submitted before or during the meeting.
Email testimony to: landboard.testimony@state.or.us

When providing testimony for a teleconference meeting, please:

- Include your name, organizational affiliation (if any).
- Indicate which consent or action agenda item your testimony relates to
- Indicate if you would like your testimony read aloud during the teleconference. Testimony that exceeds the standard time limit of three minutes per individual may not be read in its entirety.
- If you are submitting testimony while the meeting is in progress, please do so before the agenda item your testimony relates to is discussed.

Please note: The standard time limit is three minutes for each individual. The Board cannot accept testimony on a topic for which a public hearing has been held and the comment period has closed.

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The State Land Board (Land Board or Board) met in regular session by teleconference on April 14, 2020. The meeting audio was livestreamed on the DSL YouTube channel.

Present were:

Kate Brown - Absent	Governor
Bev Clarno	Secretary of State
Tobias Read	State Treasurer

Land Board Assistants

Jason Miner	Governor's Office
Andrea Chiapella	Secretary of State's Office
Ryan Mann	State Treasurer's Office

Department Staff
Vicki Walker Bill Ryan Jean Straight
Arin Smith

Department of Justice
Matt DeVore

In the absence of Governor Brown/Chair, Treasurer Read sat in as Chair and called the meeting to order at 10:35 a.m. The topics discussed and the results of those discussions are listed below. To view the Land Board (Board) meeting in its entirety, please visit our YouTube page: https://www.youtube.com/watch?v=Tj7MikcpRFw&t=9s

Consent Items

1. **Minutes**

   Secretary Clarno made a motion to approve the minutes for the February 4, 2020, Land Board meeting.

   Treasurer Read seconded the motion.

   The consent item was approved at 10:37 a.m.

2. **Request for approval of a term easement for fiber optic cables and associated conduits in the Territorial Sea, landing in Lincoln County at Driftwood Beach State Recreation Site.**

   The Department of State Lands recommends that the State Land Board approve a term easement to Oregon State University to maintain and operate fiber optic cables and associated conduits on, over, under or across the Territorial Sea, landing at the Driftwood

DRAFT

Beach State Recreation Site, south of Newport in Lincoln County pursuant to the terms and conditions of the easement 62235-EA.

Secretary Clarno made a motion to approve item 2.

Treasurer Read seconded that motion.

The consent item was approved at 10:43 a.m.

Action Items

3. **Request for approval of a direct sale of 34.06 acres of subsurface minerals and geothermal rights located in Tillamook County.**

   The Department recommends the State Land Board approve the direct sale of the subsurface minerals and geothermal rights to the North Coast Land Conservancy, located in Tillamook County at Township 2 South, Range 10 West, Section 1, a portion of Tax Lots 1000, 1100 & 1200.

   Secretary Clarno made a motion to approve item 3.

   Treasurer Read seconded that motion.

   The action item was approved at 10:50 a.m.

4. **Request for approval of a permanent easement for a bridge crossing on John Day River Road over the John Day River in Clatsop County.**

   The Department of State Lands recommends that the State Land Board approve the permanent easement to Clatsop County, file number 62338-EA, to build, maintain and operate a bridge over and across the John Day River, on John Day River Road, Clatsop County, Oregon.

   Public comment was received from the Tribal Historic Preservation Office of the Confederated Tribes of the Warm Springs reservation in Oregon regarding potential effects on historic properties or cultural resources within the project area. These concerns were addressed by the County.

   Secretary Clarno made a motion to approve item 4.

   Treasurer Read seconded that motion.

   The action item was approved at 10:55 a.m.

Other

Director Walker reminded everyone that the next meeting will be on June 9th, will likely be another teleconference streamed on YouTube and that the public is able to email their comment ahead of the meeting.

DRAFT

The meeting was adjourned at 10:59 a.m.

_____
Kate Brown, Governor

_____
Vicki L. Walker, Director

DRAFT

Oregon
Kate Brown, Governor

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State Land Board

Kate Brown
Governor

Bev Clarno
Secretary of State

Tobias Read
State Treasurer

State Land Board

Regular Meeting
June 9, 2020
Agenda Item 2

SUBJECT

Request for approval to initiate the review and determination of the exchange of surface ownership of a 160-acre parcel owned by Kevin Thomas for a 164-acre parcel owned by Department of State Lands located in Harney County.

ISSUE

Whether the Land Board should authorize the Department to initiate the review and determination of a potential surface land exchange of properties in Harney County (Appendix A).

AUTHORITY

Oregon Constitution, Article VIII, Sections 2 and 5; pertaining to the Common School Fund and land management responsibilities of the State Land Board.

ORS 273.171; relating to the duties and authority of the Director.

ORS 273.316; relating to the power to exchange lands to accumulate larger tracts.

ORS 273.413; relating to the power to exchange property held as a trust fund asset.

ORS 273.820; relating to the power to exchange Common School Grazing Lands.

OAR 141-067; relating to the sale, exchange and purchase of state land.

SUMMARY

In November 2019, the Department received an Application to Exchange Land from Kevin Thomas, an adjacent landowner to the 164-acre DSL property located at Township 24 South, Range 32.5 East, Section 5, tax lot 1800 in Harney County. For this potential exchange Mr. Thomas has offered a 160-acre parcel of land located at Township 24 South, Range 32.5 East, Section 4 tax lot 1500.

The proposed land exchange would serve to “block up” both the Department’s surface ownership and Mr. Thomas’ surface ownership. The 160-acre parcel DSL would be acquiring is adjacent to a 640-acre parcel of DSL owned land. The swapping of the 160 acres would create a contiguous block of approximately 800 acres of Common School Fund land.

The DSL property in this proposed exchange, along with the adjacent DSL properties are currently leased for grazing by an entity other than Mr. Thomas. The current lessee is in favor of the proposed exchange as it would improve the overall grazing management of the leasehold.

RECOMMENDATION

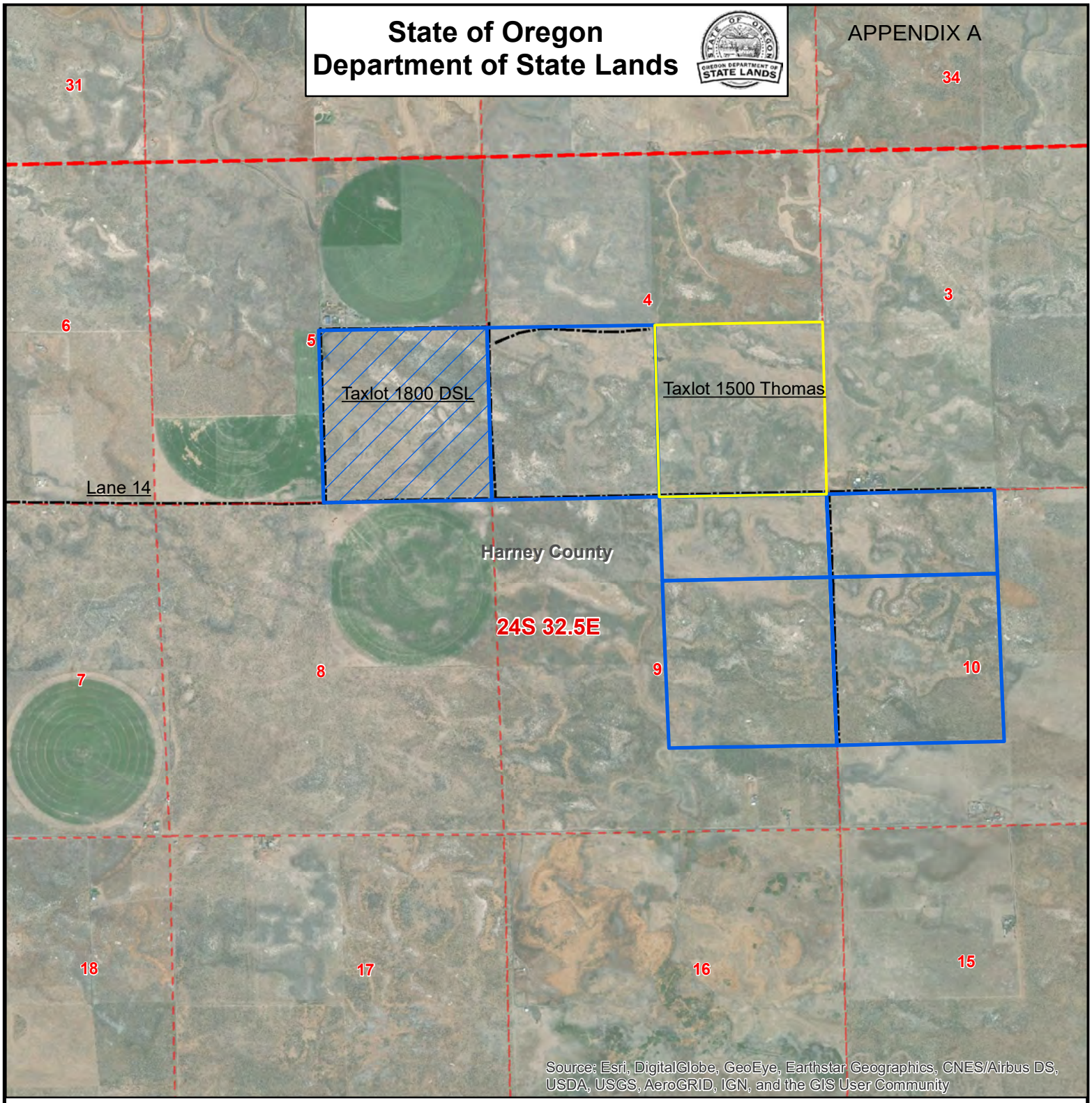
The Department recommends the State Land Board authorize the Department to initiate the review and determination for the potential land exchange of properties in Harney County located at Township 24 South, Range 32.5 East, Sections 4 and 5, Tax Lots 1500 and 1800.

APPENDIX

A. Map

State of Oregon
Department of State Lands

APPENDIX A



APPENDIX A: 62352-LE

Harney County Land Exchange Between DSL and Kevin Thomas
T24S, R32.5E, Sections 4 and 5
Harney County

- Taxlot 1500 Thomas Property
- Taxlot 1800 DSL Property
- DSL_Land
- Townships
- Sections
- Range Management Access Roads

This map depicts the approximate location and extent of a Department of State Lands Proprietary authorization for use. This product is for informational purposes only and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

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Miles

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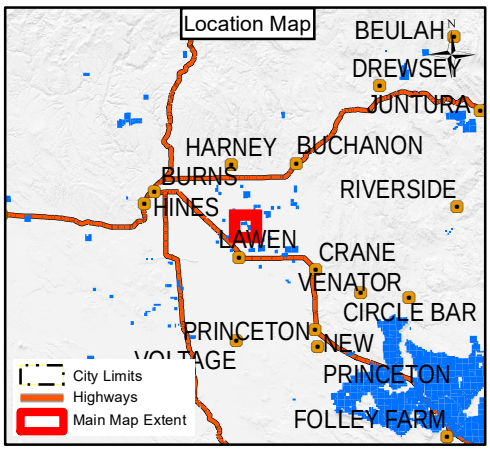
Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

State of Oregon
Department of State Lands
1645 NE Forbes Rd. Suite 112
Bend, OR 97701
541-388-6112
www.oregon.gov/DSL

Date: 4/27/2020



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Tobias Read
State Treasurer

State Land Board

Regular Meeting
June 9, 2020
Agenda Item 3

SUBJECT

Request for approval to initiate review and determination for the purchase of 1.7 acres at the primary public entrance to the South Slough National Estuarine Research Reserve. The purchase includes two properties: a 1.14-acre parcel owned by the Coos County Forest Department and an adjacent 0.56-acre property that is privately owned. Both properties are located adjacent to the entrance driveway to the South Slough Reserve Visitor Center.

ISSUE

Whether the Land Board should authorize the review and determination of the acquisition of properties adjacent to the South Slough Reserve Visitor Center entrance.

AUTHORITY

Oregon Constitution, Article VIII, Sections 2 and 5; relating to the Common School Fund and land management responsibilities of the State Land Board.

ORS 273.055; relating to the power to acquire and dispose of real property.

ORS 273.171; relating to the duties and authority of the Director.

ORS 273.553; relating to the South Slough National Estuarine Research Reserve agreement between Oregon and federal government rules.

ORS 273.554; relating to the powers, membership and procedures of the South Slough National Estuarine Research Reserve Management Commission.

OAR 141-067; relating to the sale, exchange and purchase of state land.

SUMMARY

The South Slough National Estuarine Research Reserve (South Slough Reserve) is requesting permission to initiate due diligence for the purchase of two key properties at the entrance to the reserve's visitor center, which is the primary public access point to the Reserve (Appendix A).

The two properties include the following:

Parcel 1 is located in Coos County, Oregon, at Township 26 South, Range 14 West, Section 27, Tax Lot 100. This 1.14-acre property is owned by Coos County and crosses the existing driveway to the South Slough Reserve Visitor Center.

Parcel 2 is located in Coos County, Oregon, at Township 26 South, Range 14 West, Section 26, Tax Lot 500. This 0.56-acre property that is privately owned and located between Parcel 1 and the South Slough Reserve.

Both owners are supportive of the Reserve purchasing their respective properties.

Project Goal

The goal of this project is to secure state ownership of the entrance to the South Slough Reserve Visitor Center by acquiring 1.7 acres located between Seven Devils Road and the driveway to the Visitor Center. Access to the Visitor Center is currently established through a legal right-of-way easement across the proposed acquisition property.

Expected Results

As a result of this acquisition, the South Slough Reserve will own the entire driveway accessing its visitor center, which is a core facility of the Reserve and the primary public access point for visitors. This will allow the Reserve to implement immediate actions to improve the property, such as removing any remaining infrastructure from the residence, clearing downed and dead vegetation, and planting native plants and shrubs. These cleanup activities will improve the overall condition of the property, reduce wildfire risk, and address visual concerns expressed by the local community.

Intended Benefits and Outcomes

Ownership of the property will put the Reserve in a position to submit future grant proposals to create a welcoming and fully accommodating entrance that will likely include a new parking area and trail connection to the Visitor Center. Once acquired the property will be managed by the Reserve on behalf of DSL as special stewardship lands

and will eventually be brought into the official boundary of the South Slough National Estuarine Research Reserve.

Partners and Professional Networks That Will be Leveraged
The Reserve was recently awarded $60,000 in federal funds to support the acquisition of Parcel 1. This funding comes from a competitive grant program through the National Oceanic and Atmospheric Administration (NOAA) that supports construction and land acquisition projects at National Estuarine Research Reserves.

This federal grant funding requires a 1:1 cost-share from non-federal sources. Funds in the amount of $25,000 is generously being provided by the Friends of South Slough, Inc. to cover a portion of this match requirement (Appendix B). The remaining match requirement will be covered by in-kind staff time and cash from the Department of State Lands, which can include funds used to purchase Parcel 2.

Reserve staff will work closely with staff in the Real Property Program of the Department of State Lands to follow all state-required procedures for due diligence and the eventual purchase of the properties.

Reserve staff will also work with the Coos County Forester and support staff, under the direction of the Coos County Board of Commissioners, to purchase Parcel 1 and transfer legal ownership from the county to the Department of State Lands (Appendix C).

Approvals
On November 15, 2019, the Reserve received approval from the South Slough Reserve Management Commission to move forward with submitting a funding proposal to NOAA for this acquisition.

On November 20, 2019, the Reserve received approval from the State Legislature through the Joint Committee on Ways and Means Subcommittee on Natural Resources to submit a federal funding proposal to NOAA for this acquisition.

The Reserve is currently coordinating with staff from Coquille Indian Tribe; the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw Indians; and the Confederated Tribes of Siletz Indians to request tribal support for this acquisition.

RECOMMENDATION

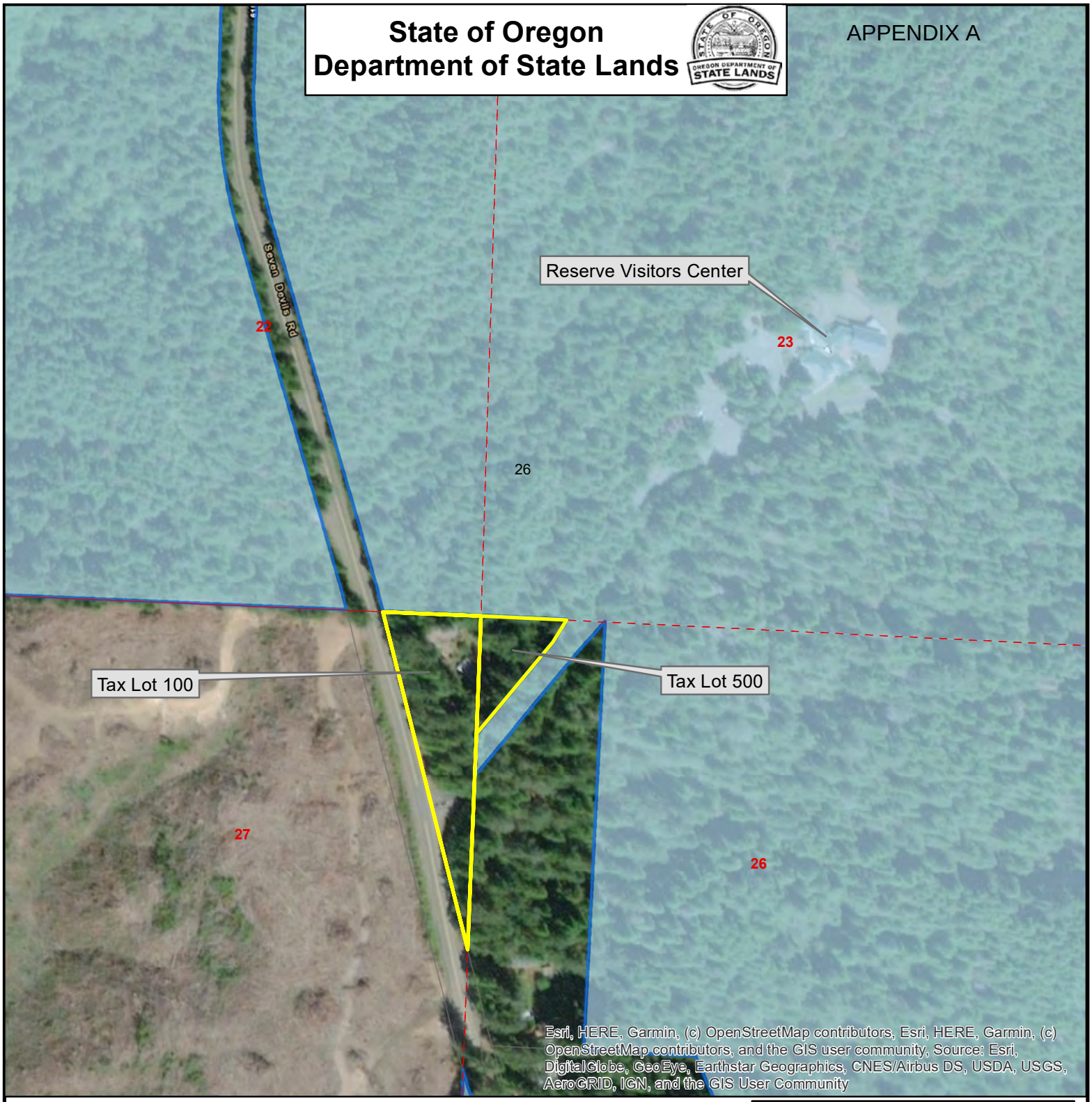
The Department recommends that the Land Board authorize the South Slough National Estuarine Research Reserve through the Department of State Lands' Real Property staff to complete due diligence reports in support of acquiring two tax lots totaling 1.7 acres adjacent to the entrance of the South Slough Reserve Visitor Center.

APPENDICES

Appendix A – Map of Proposed South Slough Reserve Entrance Parcel Acquisition
Appendix B – Letter of Support and Match Commitment from Friends of South Slough Reserve (from NOAA grant proposal)
Appendix C – Letter of Support from Coos County Forester (from NOAA grant proposal)

State of Oregon
Department of State Lands

APPENDIX A



APPENDIX A

SSNERR Acquisition Properties
T24S, R11W, Sections 26 &27
Tax Lot 100: 1.14 acres
Tax Lot 500: 0.56 acres
Coos County

Acquisition Tax Lots
SSNERR Ownership
Sections

0 100 200
Feet

N
W E
S

Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

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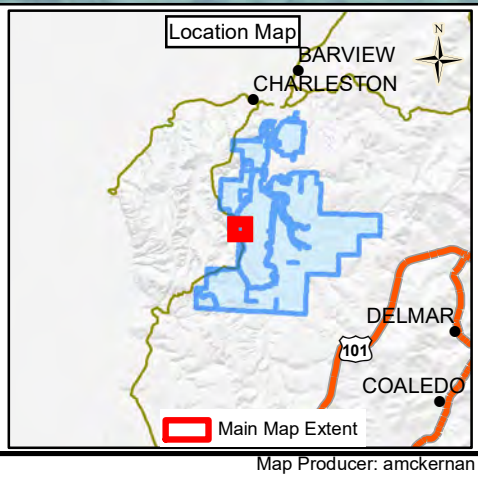
Date: 5/5/2020



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Document Path: C:\GIS Data\SSNERRacquisition.mxd

Map Producer: amckernan

February 7, 2020

National Oceanic and Atmospheric Administration
Office for Coastal Management
1305 East West Highway
SSMC4, 10th floor, Silver Spring, MD 20910

RE: Non-Federal Match Commitment for Land Acquisition Grant

To Whom It May Concern:

The Friends of South Slough Reserve, Inc. (FOSS) is a nonprofit corporation dedicated to protecting the functions, values and processes of estuaries, and enhancing the work of the South Slough National Estuarine Research Reserve (SSNERR). As such, FOSS fully supports the land acquisition proposal being submitted to the National Oceanic and Atmospheric Administration by the SSNERR to acquire 1.14 acres at the entrance of the Reserve.

This land acquisition is a long sought after critical addition to create a welcoming entrance for the public and school groups visiting the reserve for recreation, education programs, and events.

For this acquisition, FOSS is committed to providing $25,000 in cash match to help meet the 50/50 cost share required by the grant program.

If you have questions or concerns, please do not hesitate to contact either of us regarding additional details of this support.

Sincerely,

Christine M. Moffitt
President
mobile: 208-310-3276
christinemoffitt@outlook.com

Todd D. Buchholz
Vice President
541-580-4890
firewinnie@gmail.com

COOS COUNTY FORESTRY

250 N. Baxter Street, Coquille, Oregon 97423

Phone - 541-396-7750
Fax- 541-396-1017

Lance Morgan, County Forester

Kathy Hathaway, Business Operations Manager
Shamus Smith, Forestry Field Foreman
Andrew Kilmer, Forest Tech

February 6, 2020

National Oceanic and Atmospheric Administration
National Ocean Service
Department of Commerce

RE: South Slough Reserve Land Acquisition grant FY2020

To Whom it May Concern,

The Coos County Forestry Department welcomes the opportunity to work with the South Slough National Estuarine Research Reserve in the acquisition of the property in question.

The property is 1.14 acres located in Coos County at Township 26S, Range 14W, Section 27, Tax Lot 100. The property is located between Seven Devils Road and the entrance to the Reserve's Visitor Center.

As current owners of the property, we are willing to sell the property to the Reserve for a negotiated price that will be supported by appraisal values. We understand that due diligence and appraisals will happen prior to the purchase being completed.

We support this project and look forward to continuing a partnership with the South Slough Reserve as we both manage lands and want what is best for the Coos County area.

If you have any questions, please do not hesitate to contact me at 541-396-7750 or lmorgan@co.coos.or.us

Sincerely,

Lance Morgan
Coos County Forester

Coos County is an Affirmative Action/Equal Opportunity Employer and complies with section 504 of the Rehabilitation Act of 1973

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State Land Board

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Governor

Bev Clarno
Secretary of State

Tobias Read
State Treasurer

State Land Board

Regular Meeting
June 9, 2020
Agenda Item 4

SUBJECT

Request for approval of permanent easement for a bridge across Bear Creek in Section 22 of Township 28S Range 14W, Coos County.

ISSUE

Whether the State Land Board should approve a request from Coos County for a permanent easement to maintain the bridge crossing Bear Creek on Charles Fellows Road.

AUTHORITY

Article VIII, Section 5 of the Oregon Constitution; requiring the Land Board to "manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management."

ORS 273.171; relating to the duties and authority of the Director.

OAR 141-123-0010 to 141-123-0120; establishing procedures for granting easements and rights-of-way on trust and non-trust lands and requiring Land Board approval of easements granted in perpetuity.

PUBLIC INVOLVEMENT

The application was circulated to adjoining property owners, various state and federal resource and permitting agencies, and tribal entities.

One comment was received from an adjacent property owner who wanted to ensure this easement renewal would not affect a bridge easement that gave him access to his property. The Proprietary Coordinator for Coos County reached out to the individual by phone to let him know that the easement being renewed would have no effect on the easement for the bridge allowing them to access their property.

A second, neutral, comment was received from the Coquille Indian Tribe requesting that The Tribe be notified 72 hours in advance of any ground disturbing activities within the easement area so a Cultural Resource Monitor can be on site to observe any ground-disturbance work as the easement location is in close proximity to known cultural resources.

All comments received have been addressed and/or forwarded to Coos County.

BACKGROUND

The Charles Fellows Road County Bridge has been in place since 1979 and is needed to keep Charles Fellows Road open, it serves as the only access for three private residences. The current term easement expired on October 31, 2019. Coos County has requested that the easement be made permanent pursuant to 141-123-0070(5).

The application fee of $750.00 was received on December 20, 2019. Pursuant to OAR 141-123-0060(6)(a), no compensation is required for State, County, or City owned bridges located outside city limits.

RECOMMENDATION

Department staff recommend that the State Land Board approve a permanent easement to Coos County, 25978-EA, to maintain and operate a bridge on, over, under or across Bear Creek.

APPENDICES

A. Maps
B. Draft Easement: 25978-EA

EXHIBIT A

25978-EA
T28S, R14W Section 22
1,250 Square Feet
Coos County

- Points of Beginning
- Description lines
- Use Area

This map depicts the approximate location and extent of a Department of State Lands Proprietary authorization for use. This product is for informational purposes only and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

0 80 160
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W E
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Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

State of Oregon
Department of State Lands
775 Summer St NE, Suite 100
Salem, OR 97301
503-986-5200
www.oregon.gov/DSL
Date: 2/20/2020

Document Path: \\domain_dsl1\dsl\LM\Land Manager Jake\Authorizations.mxd

Map Producer: jtaylor

DRAFT

STATE OF OREGON
Department of State Lands

EASEMENT NO. 25978-EA
S&S Bridge

The STATE OF OREGON, by and through its Department of State Lands, GRANTOR, for and in consideration of $ N/A, hereby grants to GRANTEE,

NAME of GRANTEE:	ADDRESS:
Coos County Road Department	250 N Baxter St Coquille, OR 97423

a single use easement and right to construct, maintain, operate and replace a county bridge for public transportation over, upon, and across the following particularly described property situated in Coos County, Oregon, more particularly described as follows:

A strip of State-owned submerged and submersible land 50 feet wide, being 25 feet on either side of the following described centerline:

Beginning at a point which is 60.20 feet North and 537.75 feet West of the one quarter corner common to Sections 22 and 27, Township 28 South, Range 14 West of the Willamette Meridian, Coos County, Oregon;

> thence South 79°00’00” West for a distance of 20 feet more or less, to the Mean High Tide line of the East bank of Bear Creek, said point being the TRUE POINT OF BEGINNING;
>
> thence continuing South 79°00’00” West for a distance of 25 feet more or less to the Mean High Tide line on the West bank of Bear Creek.
>
> containing 0.03 acres or 1,250 square feet, more or less, all being located in Section 22, Township 28 South, Range 14 West of the Willamette Meridian, and as shown on the attached Exhibit A.

This description is used to establish the approximate location and extent of the area subject to this Department of State Lands authorized use and was not prepared by a licensed surveyor. All locations, bearings, and distances were developed in the Oregon Coordinate Reference System Standard; Oregon Statewide Lambert Conformal Conic, NAD 1983, International Feet, GRS 1980 Spheroid.

DRAFT

TO HAVE AND TO HOLD the same unto GRANTEE in perpetuity, subject to the following conditions:

1. GRANTOR has the right to grant additional easements within the area authorized by this easement subject to the provisions of the administrative rules governing the granting of easements.

2. GRANTEE shall obtain prior written approval from GRANTOR prior to:
   a) Changing the type of use authorized by this easement;
   b) Expanding the number of authorized developments or uses;
   c) Changing the authorized area; and/or
   d) Permitting other persons to utilize the easement for uses and developments requiring separate written authorization by GRANTOR pursuant to the administrative rules governing the granting of easements or other GRANTOR requirements.

3. The easement area shall remain open to the public for recreational and other non-proprietary uses unless restricted or closed to public entry by the State Land Board or GRANTOR.

4. GRANTOR and/or its authorized representative(s) shall have the right to enter into and upon the easement area at any time for the purposes of inspection or management.

5. Except as expressly authorized in writing by the Department, GRANTEE shall not:
   a) Cut, destroy or remove, or permit to be cut, destroyed or removed any vegetation, or
   b) Remove any sand and gravel, or other mineral resources for commercial use or sale, that occur in the easement area except as expressly authorized in writing by GRANTOR.

   Routine right-of-way maintenance including vegetation trimming shall be allowed.

6. GRANTEE shall compensate GRANTOR for the fair market value of any commercially valuable timber or sand and gravel resources in the easement area that must be removed during or after placement of the authorized use, or which cannot be developed because of the authorized use.

7. GRANTEE shall conduct all operations within the easement area in a manner that conserves fish and wildlife habitat; protects water quality; and does not contribute to soil erosion, or the introduction or spread of noxious weeds or pests. Upon completion of construction, GRANTEE shall reclaim disturbed lands to a condition satisfactory to GRANTOR.

8. GRANTEE shall obtain a surety bond in the amount of $N/A to ensure compliance with the terms and conditions of this easement.

DRAFT

9. The right to use this easement shall automatically terminate if it, or the development authorized by GRANTOR, is not used within five (5) consecutive years of the date this easement was granted, pursuant to the provisions of the administrative rules governing the granting of easements.

10. Unless otherwise approved in writing by GRANTOR, GRANTEE shall remove all cables, pipes, conduits, roads, and other developments placed by GRANTEE on the easement, and shall restore the surface of the easement area to a condition satisfactory to GRANTOR within one (1) year following termination of use or expiration of this easement.

11. GRANTEE shall inspect the condition of the area authorized by this easement and the developments authorized by this easement on a frequency of: as needed.

12. GRANTOR shall have the right to stop operation of the use authorized by this easement for noncompliance with the conditions of this easement, the provisions of the administrative rules governing the granting of easements, and/or any lawful requirement by a regulatory agency of this STATE.

13. If this easement authorizes the use of state-owned submerged and/or submersible land:
    a) Construction in navigable waters shall conform to the standards and specifications set by the U.S. Army Corps of Engineers and the U.S. Coast Guard for the use authorized by this easement.
    b) Any blasting which may be necessary, or in-water placement, maintenance, or repair of the authorized use shall be performed according to the laws of this STATE, including strict adherence to Oregon Department of Fish & Wildlife in-water work windows.

14. GRANTEE shall pay to GRANTOR the current market value, as determined by GRANTOR, for any unnecessary and non-approved damages to state-owned lands caused by construction or maintenance of the easement.

15. GRANTEE shall pay all assessments that may be legally charged on public lands which are levied against the property subject to this easement, whether or not such assessments have been levied against the easement area or STATE by the assessing agency.

16. GRANTEE shall use the authorized easement area only in a manner or for such purposes that assure fair and non-discriminatory treatment of all persons without respect to race, creed, color, religion, handicap, disability, age, gender or national origin.

17. GRANTEE shall ensure that all state, federal and local permits are consistent and compatible with this authorization prior to work commencing.

18. This easement is freely transferable. However, no transfer may increase the burden on the easement area or detract from the value of the underlying state-owned land.

DRAFT

This easement does not convey an estate in fee simple of the lands used for a right-of-way. This grant is for an easement only, and title remains in the State of Oregon.

STATE OF OREGON, acting by and through its Department of State Lands

_____
DSL Authorized Signature/Printed Name

_____
Date

STATE OF OREGON)
)ss
County of Marion)

This foregoing instrument was acknowledged before me this ____ day of _____, 20___, by _____, the _____ of the Department of State Lands.

_____
Signature
My commission Expires _____, 20__.

DRAFT

CERTIFICATE OF APPROVAL OF CONVEYANCE

(ORS 93.808)

_____, Grantee, hereby approves and accepts, pursuant to ORS 93.808, the grant of an interest in real property from _____, Grantor, as described in the instrument to which this Certificate is attached.

A copy of this Certificate may be affixed to, and recorded with, the instrument described above.

DATED this ____ day of _____, 20___.

_____,
Grantee

By: _____

Name: _____

Title: _____

STATE OF OREGON)
) ss.
County of _____)

On this _____ day of _____, 20___, before me personally appeared _____, who being duly sworn stated that he/she is the _____ of _____, Grantee, and acknowledged the foregoing instrument to be the voluntary act of said Grantee and that he/she executed the foregoing instrument under authority granted by said Grantee.

_____
NOTARY PUBLIC FOR OREGON
My commission Expires: _____

Oregon
Kate Brown, Governor

Department of State Lands
775 Summer Street NE, Suite 100
Salem, OR 97301-1279
(503) 986-5200
FAX (503) 378-4844
www.oregon.gov/dsl

State Land Board

Kate Brown
Governor

Bev Clarno
Secretary of State

Tobias Read
State Treasurer

State Land Board

Regular Meeting
June 9, 2020
Agenda Item 5

SUBJECT

Request for approval of permanent easement for a bridge across Bear Creek in Section 22 of Township 28S Range 14W, Coos County.

ISSUE

Whether the State Land Board should approve a request from Coos County for a permanent easement to maintain the bridge crossing Bear Creek on Parkersburg Road.

AUTHORITY

Article VIII, Section 5 of the Oregon Constitution; requiring the Land Board to "manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management."

ORS 273.171; relating to the duties and authority of the Director.

OAR 141-123-0010 to 141-123-0120; establishing procedures for granting easements and rights-of-way on trust and non-trust lands and requiring Land Board approval of easements granted in perpetuity.

PUBLIC INVOLVEMENT

The application was circulated to adjoining property owners, various state and federal resource and permitting agencies, and tribal entities.

One neutral comment was received from The Oregon Department of Fish and Wildlife stating that this bridge currently functions in a manner that does not impact fish production.

Another neutral comment was received form the Coquille Indian Tribe that stated if there was to be any ground disturbance within the easement area The Tribe should be notified at least 72 hours in advance so they can have a cultural resource monitor present for the ground disturbing work.

All comments received have been forwarded to Coos County.

BACKGROUND

The Parkersburg Road County Bridge has been in place since 1979 and is needed to keep Parkersburg Road open, it also serves as a bypass for State Highway 42S during emergency events. The current term easement expired on October 31, 2019. Coos County has requested that the easement be made permanent pursuant to 141-123-0070(5).

The application fee of $750.00 was received on December 20, 2019. Pursuant to OAR 141-123-0060(6)(a), no compensation is required for State, County, or City owned bridges located outside city limits.

RECOMMENDATION

Department staff recommend that the State Land Board approve the permanent easement to Coos County, 42135-EA, an easement to maintain and operate a bridge on, over, under or across Bear Creek.

APPENDICES

A. Maps
B. Draft Easement: 42135-EA

State of Oregon
Department of State Lands

APPENDIX A

42135-EA
T28S, R14W Section 22
1,650 Square Feet
Coos County

- Points of Beginning
- Description lines
- Use Area

This map depicts the approximate location and extent of a Department of State Lands Proprietary authorization for use. This product is for informational purposes only and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

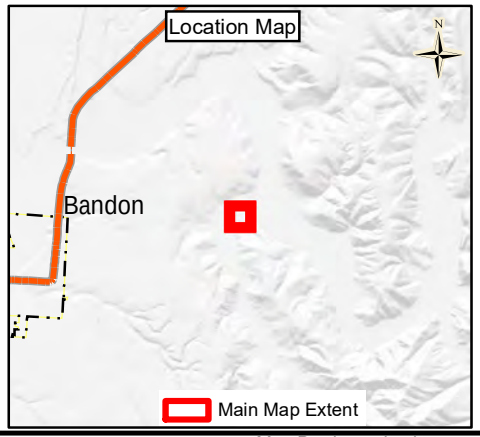
0 100 200
Feet

N
W E
S

Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

State of Oregon
Department of State Lands
775 Summer St NE, Suite 100
Salem, OR 97301
503-986-5200
www.oregon.gov/DSL

Date: 5/4/2020



DRAFT

STATE OF OREGON
Department of State Lands

EASEMENT NO. 42135-EA
S&S Bridge

The STATE OF OREGON, by and through its Department of State Lands, GRANTOR, for and in consideration of $ N/A, hereby grants to GRANTEE,

NAME of GRANTEE:	ADDRESS:
Coos County Road Department	250 N Baxter St Coquille, OR 97423

a single use easement and right to construct, maintain, operate and replace a county bridge for public transportation over, upon, and across the following particularly described property situated in Coos County, Oregon, more particularly described as follows:

A strip of state-owned submerged and submersible land 50 feet wide, being 25 feet on either side of the following described centerline:

> Beginning at a point which is 3463.87 feet North and 80.98 feet East of the one quarter corner common to Sections 22 and 27, Township 28 South, Range 14 West of the Willamette Meridian, Coos County, Oregon;
>
> thence North 29°20’10” East for a distance of 15 feet more or less, to the Mean High Tide line of the South bank of Bear Creek, said point being the TRUE POINT OF BEGINNING of the following described easement;
>
> thence continuing North 29°20’10” East, 33 feet, more or less to the Mean High Tide line on the North bank of Bear Creek,
>
> containing 1650 square feet or 0.04 acres, more or less, all being located in Section 22, Township 28 South, Range 14 West of the Willamette Meridian, and as shown on the attached Exhibit A.

This description is used to establish the approximate location and extent of the area subject to this Department of State Lands authorized use and was not prepared by a licensed surveyor. All locations, bearings, and distances were developed in the Oregon Coordinate Reference System Standard; Oregon Statewide Lambert Conformal Conic, NAD 1983, International Feet, GRS 1980 Spheroid.

TO HAVE AND TO HOLD the same unto GRANTEE in perpetuity, subject to the following conditions:

1. GRANTOR has the right to grant additional easements within the area authorized by this easement subject to the provisions of the administrative rules governing the granting of easements.

2. GRANTEE shall obtain prior written approval from GRANTOR prior to:
   a) Changing the type of use authorized by this easement;
   b) Expanding the number of authorized developments or uses;
   c) Changing the authorized area; and/or
   d) Permitting other persons to utilize the easement for uses and developments requiring separate written authorization by GRANTOR pursuant to the administrative rules governing the granting of easements or other GRANTOR requirements.

3. The easement area shall remain open to the public for recreational and other non-proprietary uses unless restricted or closed to public entry by the State Land Board or GRANTOR.

4. GRANTOR and/or its authorized representative(s) shall have the right to enter into and upon the easement area at any time for the purposes of inspection or management.

5. Except as expressly authorized in writing by the Department, GRANTEE shall not:
   a) Cut, destroy or remove, or permit to be cut, destroyed or removed any vegetation, or
   b) Remove any sand and gravel, or other mineral resources for commercial use or sale, that occur in the easement area except as expressly authorized in writing by GRANTOR.

   Routine right-of-way maintenance including vegetation trimming shall be allowed.

6. GRANTEE shall compensate GRANTOR for the fair market value of any commercially valuable timber or sand and gravel resources in the easement area that must be removed during or after placement of the authorized use, or which cannot be developed because of the authorized use.

7. GRANTEE shall conduct all operations within the easement area in a manner that conserves fish and wildlife habitat; protects water quality; and does not contribute to soil erosion, or the introduction or spread of noxious weeds or pests. Upon completion of construction, GRANTEE shall reclaim disturbed lands to a condition satisfactory to GRANTOR.

8. GRANTEE shall obtain a surety bond in the amount of $ N/A to ensure compliance with the terms and conditions of this easement.

9. The right to use this easement shall automatically terminate if it, or the development authorized by GRANTOR, is not used within five (5) consecutive years of the date this easement was granted, pursuant to the provisions of the administrative rules governing the granting of easements.

10. Unless otherwise approved in writing by GRANTOR, GRANTEE shall remove all cables, pipes, conduits, roads, and other developments placed by GRANTEE on the easement, and shall restore the surface of the easement area to a condition satisfactory to GRANTOR within one (1) year following termination of use or expiration of this easement.

11. GRANTEE shall inspect the condition of the area authorized by this easement and the developments authorized by this easement on a frequency of: as needed.

12. GRANTOR shall have the right to stop operation of the use authorized by this easement for noncompliance with the conditions of this easement, the provisions of the administrative rules governing the granting of easements, and/or any lawful requirement by a regulatory agency of this STATE.

13. If this easement authorizes the use of state-owned submerged and/or submersible land:
    a) Construction in navigable waters shall conform to the standards and specifications set by the U.S. Army Corps of Engineers and the U.S. Coast Guard for the use authorized by this easement.
    b) Any blasting which may be necessary, or in-water placement, maintenance, or repair of the authorized use shall be performed according to the laws of this STATE, including strict adherence to Oregon Department of Fish & Wildlife in-water work windows.

14. GRANTEE shall pay to GRANTOR the current market value, as determined by GRANTOR, for any unnecessary and non-approved damages to state-owned lands caused by construction or maintenance of the easement.

15. GRANTEE shall pay all assessments that may be legally charged on public lands which are levied against the property subject to this easement, whether or not such assessments have been levied against the easement area or STATE by the assessing agency.

16. GRANTEE shall use the authorized easement area only in a manner or for such purposes that assure fair and non-discriminatory treatment of all persons without respect to race, creed, color, religion, handicap, disability, age, gender or national origin.

17. GRANTEE shall ensure that all state, federal and local permits are consistent and compatible with this authorization prior to work commencing.

18. This easement is freely transferable. However, no transfer may increase the burden on the easement area or detract from the value of the underlying state-owned land.

This easement does not convey an estate in fee simple of the lands used for a right-of-way. This grant is for an easement only, and title remains in the State of Oregon.

STATE OF OREGON, acting by and through its Department of State Lands

_____
DSL Authorized Signature/Printed Name

_____
Date

STATE OF OREGON)
)ss
County of Marion)

This foregoing instrument was acknowledged before me this ____ day of _____, 20___ , by _____, the _____ of the Department of State Lands.

_____
Signature
My commission Expires _____, 20___.

CERTIFICATE OF APPROVAL OF CONVEYANCE

(ORS 93.808)

_____, Grantee, hereby approves and accepts, pursuant to ORS 93.808, the grant of an interest in real property from _____, Grantor, as described in the instrument to which this Certificate is attached.

A copy of this Certificate may be affixed to, and recorded with, the instrument described above.

DATED this ____ day of _____, 20___.

_____,
Grantee

By: _____

Name: _____

Title: _____

STATE OF OREGON)
) ss.
County of _____)

On this _____day of _____, 20____, before me personally appeared _____, who being duly sworn stated that he/she is the _____ of _____, Grantee, and acknowledged the foregoing instrument to be the voluntary act of said Grantee and that he/she executed the foregoing instrument under authority granted by said Grantee.

_____
NOTARY PUBLIC FOR OREGON
My commission Expires: _____

Oregon
Kate Brown, Governor

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State Land Board

Kate Brown
Governor

Bev Clarno
Secretary of State

Tobias Read
State Treasurer

State Land Board

Regular Meeting
June 9, 2020
Agenda Item 6

SUBJECT

Request for approval to submit the Department of State Lands 2021-23 budget request.

ISSUE

Whether the Land Board should approve the Department's proposed 2021-23 budget request for submission to the Department of Administrative Services.

AUTHORITY

Oregon Constitution, Article VIII, Section 5; specifying the State Land Board is responsible for managing lands under its jurisdiction *"with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management."*

ORS 273.041 to 273.071; authorizing the Department of State Lands to exercise the administrative functions of the State Land Board.

BACKGROUND

The Department of State Lands is preparing its 2021-23 budget proposal, which maintains current service levels to support continued stewardship of the lands, waters, and funds that directly benefit Oregon communities.

Proposed 2021-23 Policy Packages

The Department has also developed twelve policy packages to significantly advance work in three strategic areas:

- Providing exceptional service to all Oregonians and their communities
- Supporting schools by seeking opportunities to increase Common School Fund revenue
- Protecting lands and waters to ensure their contributions to a thriving Oregon

Packages: Providing Exceptional Service

Transfer Trust Property Programs to State Treasury: Packages 103 and 104.

Senate Bill 454 (2019) authorized transfer of Oregon's unclaimed property and estates programs to State Treasury, a move that will help optimize program performance and reunite even more Oregonians with their lost funds. DSL is working with the Treasurer's Office to ensure a smooth transition of program services and staff.

Package 103 transfers the program budget and provides resources for the physical transfer of the program team. Total amount: (**$10,900,918) Other Funds**

Package 104 includes funds that represent the administrative and operational services provided to Trust Property programs by positions remaining at DSL. Package 104 adds those funds back to the DSL budget, ensuring that all Department programs receive full and necessary support in areas of finance, information technology, and administrative services. Total amount: **$821,281 Other Funds**

Improve Service to Oregon Communities: Package 105.

During the 19-21 biennium, the Department identified multiple program areas – including support for local planning and development, community engagement and public information, land and asset management, and rulemaking – where adding staff

could significantly improve service or protect public assets.

In the 2019-21 biennium, seven limited duration positions were created to address identified gaps, and those positions were evaluated for their potential long-term contributions to improving performance measures and meeting strategic goals. The Department now seeks to convert those limited duration positions to permanent positions with Package 105. Total amount: **$1,632,176 Other Funds**

Package 113 reclasses three positions. The three positions were assessed by the Human Resources Department and determined to be in the wrong classification. The employees have been working out of class in the appropriate classification and this package will finalize the process by funding and adjusting the positions in the classification system. Total amount: **$5,600 Other Funds**

Packages: Supporting Schools

Technology Improvements for Efficiency, Data-Driven Decisions – Packages 106 and 107.

Package 106 adds limitation to continue development of a modern permitting and information system that will better meet customer needs and streamline Department processes. By creating an easy-to-use "self-service" online system for submitting permit applications and accessing data and documents, DSL will increase efficiency and improve customer experiences. The new system is anticipated to launch during the 2021-23 biennium. Total amount: **$4,000,000 Other Funds**

Package 107 adds a dedicated database administrator position to actively manage data. Ongoing technical oversight of the new system supports the Department's emphasis on data-driven decisions. A Department of Administrative Services information technology assessment also recommended adding this position. Total amount: **$241,558 Other Funds**

Grant Fund Carry-Forwards: Packages 111 and 112.

Package 111 carries forward federal grant funds awarded to South Slough National Estuarine Research Reserve. South Slough in FY19-20 secured multiple National Oceanic and Atmospheric Administration grants to fund expansion and improvement

projects, including expansion of the maintenance facility, construction of trail enhancements, and acquisition of property at the visitor center entrance. The grant periods extend into the 21-23 biennium, and unspent funds must be carried forward to complete the projects. Total amount: **$175,000 Federal Funds**

Package 112 carries forward federal grant funds awarded to strengthen DSL's removal-fill program. The Department secured Environmental Protection Agency grants to complete multiple projects, including developing a statewide dataset of approved compensatory mitigation sites, creating a framework to assess mitigation program effectiveness, developing an online training program for using wetland and stream assessment tools, and other projects to improve and enhance the removal-fill program. Work plans and funds for four awards extend into the 21-23 biennium, and unspent funds must be carried forward to complete projects. Total amount: **$150,000 Federal Funds**

Packages: Protecting Lands and Waters

Portland Harbor Superfund Site Cleanup: Packages 101 and 102.

Package 101 provides the legal and environmental expertise necessary to defend the state's interests in the Portland Harbor Superfund Site cleanup and funds two limited duration natural resource specialist positions and a part-time limited duration insurance specialist position that will be split between this work and the abandoned vessels and illegal camping work to ensure DSL's continued participation in the process. The insurance position will additionally act as the DSL's in-house expert for insurance and bonding issues and actions, ensuring protections for all Common School Fund and state assets. The package includes Department of Justice costs, environmental consulting costs, and the limited duration position. Total amount: **$7,840,732 Other Funds**

Package 102 continues the direct cleanup work and includes an estimated $5 million payment to the Portland Harbor Remedial Design Funding Trust. The package also continues administrative expenditures, including additional professional and legal expenditures, at the 2019-21 biennium level of $1.765 million. Total amount: **$6,765,000 Other Funds**

School Forestland Fire Protection and Management: Package 108.

This package provides dedicated forest management services for the Elliott State Forest during the potential transition to an Oregon State University research forest, and provides fire protection for the Elliott and other school forestlands. The package includes continuation of a professional services contract for management of the Elliott, and Oregon Department of Forestry fire protection services for the Elliott's 82,500 acres as well as the 33,000 additional acres of school forestlands. Total amount: **$3,024,354 Other Funds**

Healthy and Safe Public Waters: Packages 109 and 110.

The health and safety of Oregon's public waterways is increasingly impacted by abandoned and derelict vessels and illegal camping. Package 109 adds one permanent position and one limited duration position that will be split between this work and the Portland Harbor work to address these growing hazards. A compliance and outreach coordinator will work directly with local communities, partner organizations and agencies on cleanups, outreach to encourage compliance, coordinating with social services, enforcement, and other actions to reduce unauthorized use. An insurance specialist will ensure insurance requirements for authorized uses adequately protect Oregon's public waters and reduce the state's financial liability. The insurance position will additionally act as the DSL's in-house expert for insurance and bonding issues and actions, ensuring protections for all Common School Fund and state assets. $500,000 to support the continued work in response to the health and safety of public waters, including current and future IGA's and MOU's. $500,000 General Fun to support a state-wide vessel turn-in program. Total amount: **$789,058 Other Funds and $500,000 General Fund**

Package 110 continues the Submerged Lands Enhancement Fund established by the Oregon Legislature in ORS 274.388. This grant program provides local communities and organizations with funds to improve state-owned submerged and submersible land through projects such as removal of abandoned and derelict vessels, marine debris cleanups, invasive species removal, and habitat and water quality enhancement. Total amount: **$200,000 Other Funds**

RECOMMENDATION

The Department of State Lands recommends that the Land Board approve submission of the Department budget, including policy packages 101-112, to the Department of Administrative Services.

Oregon
Kate Brown, Governor

Department of State Lands
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State Land Board

Kate Brown
Governor

Bev Clarno
Secretary of State

Tobias Read
State Treasurer

State Land Board

Regular Meeting
June 9, 2020
Agenda Item 7

SUBJECT

Request for State Land Board approval of the Oregon Department of Forestry's (ODF's) proposed 2021-2023 Common School Fund (CSF) budget.

ISSUE

Whether the State Land Board should approve ODF's proposed CSF budget for submission to the Department of Administrative Services (DAS).

AUTHORITY

Oregon Constitution, Article VIII, Section 5; specifying that the State Land Board is responsible for managing Common School Fund lands.

ORS 273.041 to 273.071; authorizing the Department of State Lands to exercise the administrative functions of the State Land Board.

ORS 273.135 to 273.155; authorizing the Department of State Lands to enter into written agreements with other government agencies for the performance of technical and professional services.

ORS 530.490 to 530.500; authorizing the State Forester to manage, control, and protect the Common School Forest Lands.

SUMMARY

As required in Section 10.1 of the July 1, 2017 Common School Forest Land Management

Agreement, “The Department shall provide a preliminary biennial Department-wide budget to the DSL by August 1 of each even-numbered year.”

DISCUSSION

The Oregon Department of Forestry (ODF) manages 33,005 acres of Common School Forest Land (CSFL) through an agreement among ODF, the State Land Board (SLB), and the Department of State Lands (DSL). ODF’s mission on Common School Forestland is to manage and protect these lands for the maximum short and long-term benefit to the people of Oregon. Within this context, these lands are managed to maximize revenue to the state’s Common School Fund (CSF), consistent with sound stewardship, conservation, and business management principles. CSFL are managed in alignment and consistent with the goals and management direction that are described in the 2012 Real Estate Asset Management Plan.

Oregon Department of Forestry’s Current Service Level Budget (CSL) for all management costs and statewide fire patrol assessments on CSFL for the 2021-2023 biennium is approximately $4.30 million. This compares to the 2019-2021 ODF Legislatively Approved Budget (LAB) for all management costs of $4.35 million.

Through the planning and administration of timber sales ODF estimates that we will generate $8.28 million in total revenue. This will result in a positive cash flow to the Common School Fund of approximately $3.98 million.

At this time, there is one Department of State Lands (DSL) Policy Option Package (POP) for 2021-2023 that could affect CSFL budget authority. The POP would place the cost of Fire Patrol Assessment on CSFLs into the DSL budget. That increase to DSL budget would decrease ODF’s ARB for CSFL to $3.28 million. ODF has several POPs under development that may have a minimal effect on costs associated with administrative services prorate and debt services for the CSFL.

Expected Management Outcomes

CSFL results across the ODF State Forest Division for the 2021-2023 biennium are as follows:

1. Produce an estimated $8.28 million in gross revenues based on ODF’s Fall 2019

revenue projection from all CSFL, resulting in a projected total net revenue to the Common School Fund of $3.98 million over the biennium. It is important to note that the revenue and expenditure projections have a high degree of uncertainty given challenges with predicting future timber sale volume and timber value.

2. For the 2021-2023 biennium, harvest levels from these parcels are projected to be 17.2 million board feet - again recognizing uncertainties associated with predicting future timber market.
3. Assist Department of State Lands in implementation of the 2012 Real Estate Asset Management Plan.
4. Provide for appropriate public access and recreational opportunities on CSFL throughout the state.
5. Continue to implement cultural resource management strategies on CSFL, including consultation with tribes.
6. Continue to provide a variety of opportunities for public participation in ODF's planning processes.

RECOMMENDATION

The Department of Forestry and the Department of State Lands recommend that the State Land Board approve the submission of ODF's 2021-2023 Current Service Level CSFL Budget to the Department of Administrative Services as part of the Department's total budget, with recognition that there may be policy option packages that will cause an increase to ODF's Agency Request Budget.

APPENDICES

A. Draft 2021-2023 biennial budget for Common School Forestland.

Appendix A. Draft 2021-2023 biennial budget for Common School Forestland

2021-23 Oregon Department of Forestry Current Service Level Budget Common School Lands Fund					
	2019-21	2021-23			
Budget Category	Legislatively Approved Budget (LAB)	Current Service Level (CSL)	Policy Packages		Agency Request Budget
Common School Lands Fund					
Personal Services	$1,520,364	$1,835,312	$0		$1,835,312
Services & Supplies	$989,385	$989,903	$0		$989,903
Sub-Total	$2,509,749	$2,825,215	$0		$2,825,215
Indirect Administrative Costs					
Admin Prorate	$825,481	$421,527	$0		$421,527
Debt Service - COP's	$11,342	$0	$0		$0
Seed Orchard	$50,000	$30,400	$0		$30,400
Sub-Total	$886,823	$451,927	$0		$451,927
Indirect Fire Patrol Assessments					
Fire Patrol Assessment (Elliot)	$622,179	$665,830	$0		$665,830
Fire Patrol Assessment (Other)	$336,055	$358,524	$0		$358,524
Sub-Total	$958,234	$1,024,354	$0		$1,024,354
Grand Total	**$4,354,806**	**$4,301,496**	**$0**		**$4,301,496**
FTE	**7.18**	**7.05**	**0.00**		**7.05**

Oregon
Kate Brown, Governor

Department of State Lands
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Salem, OR 97301-1279
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M E M O R A N D U M

State Land Board

Kate Brown
Governor

Bev Clarno
Secretary of State

Tobias Read
State Treasurer

Date: June 9, 2020

To: Governor Kate Brown
Secretary of State Bev Clarno
State Treasurer Tobias Read

From: Vicki Walker, Director

Subject: Annual Report on Common School Fund Real Property for Fiscal Year 2019 (July 1, 2018 to June 30, 2019).

The primary purpose of this report is to provide the State Land Board a year-end summary of the financial performance of the Common School Fund (CSF) trust lands under the Department of State Lands' oversight. Included in the summary are the overall revenues and expenditures associated with these lands, which are the result of a broad range of real property management activities including leases, easements, licenses, special uses, and land sales and exchanges. This annual report presents outcomes from the 2019 fiscal year (July 1, 2018 to June 30, 2019), and includes discussion of future real property management direction and priorities.

DSL ensures a legacy for Oregonians and their public schools through sound stewardship of lands, wetlands, waterways, unclaimed property, estates, and the Common School Fund. In addition to revenue generation for Oregon's schools, DSL's properties allow public use for recreation, hunting/fishing, conservation, open space and wildlife habitat, and benefits to rural economies.

Status of Real Property Asset Classes

Under the direction of the 2012 Real Estate Asset Management Plan, the Department of State Lands (DSL) manages approximately 1.5 million acres of state-owned lands and minerals, which include both "trust" and "statutory" lands. These lands are further categorized into six different real property land classifications: Forestlands; Agricultural Lands; Rangelands; Industrial, Commercial, Residential (ICR) Lands; Mineral and Energy Resource Lands; and Special Stewardship Lands (Appendix A shows a map of the distribution of these across the state).

Table 1. Summary of total acres of state land ownership administered by DSL, by land classification and land type (trust vs. statutory lands)

	Trust Lands (acres)	Statutory Lands (acres)	**Total**
Forestlands	121,550	182	**121,732**
Agricultural Lands	7,822	108	**7,930**
Rangelands	595,841	25,533	**621,374**
Industrial/Commercial/Residential	6,322	469	**6,791**
Mineral and Energy Resources	769,370	498	**769,868**
Special Stewardship Lands	5,212	8,249	**13,461**
Total	1,506,117	35,039	**1,541,156**

Trust Lands

Trust lands (Table 1), also known as "Admission Act" lands, are those lands granted by the federal government to Oregon "for the use of schools" upon its admission into the Union. Trust lands make up 98% of all the uplands managed by DSL for the Land Board, and also include sub-surface minerals and energy resources. The State is obligated to use these lands for the benefit of K-12 schools. The Land Board is directed by Oregon's Constitution to dispose of these lands, or manage these lands with the object of obtaining the greatest benefit for the people of the state, consistent with the conservation of the resource under sound techniques of land management.

Statutory Lands

Statutory lands (Table 1), also referred to as "non-trust" lands, as discussed in this report include Swamp Land Act Lands, lands managed for the South Slough National Estuarine Research Reserve (SSNERR), and the sale of filled lands. These lands are held and managed by the Land Board under the Constitutional obligation to obtain the greatest benefit for the people of the state, consistent with the conservation of the resource under sound techniques of land management. The majority of statutory lands (25,738 acres) are uplands acquired through the Swamp Land Act of 1849. These lands are managed by the Real Property program with the Trust Lands according to their land classification. The lands that make up the SSNERR are managed for the conservation of the South Slough Estuary Reserve per ORS 273.554. Filled lands sales are processed by the Real Property Team, which handles all land transactions for the agency. Management (leases, etc.) of any filled lands is performed by the Aquatic Resource Management program staff.

FY2019 Revenue and Expenditures by Land Class from Authorizations

Appendix B provides a summary of revenues and expenditures organized by land classification for Fiscal Year 2019 (FY2019).

FY2019 Land Sales and Exchanges

In FY19, the Department received revenue from two filled lands sales which entailed two settlements in Portland Harbor totaling $171,600. The Department was engaged in several land sales in FY19 that did not close until FY20.

2012 REAMP Asset Management Performance Measures

Summarized below are the four different financial performance measures identified in the 2012 Real Estate Asset Management Plan (REAMP). The stated aim of the REAMP is to show improvement in these measures over the ten-year timeframe of the plan.

1. Return on Asset Value (ROAV)
Appendix C includes an estimate (by land class) of total asset value for the Common School Fund trust lands. Market value estimates allow for a Return on Asset Value (ROAV) calculation for four trust land classes (forestlands, agricultural lands, rangelands, and ICR lands), and for these land classes combined. In FY2019, the ROAV for all trust lands averaged (0.12%). This measure was primarily influenced by continued expenses on the Elliott State Forest, the cost of wildfires and termination of a significant renewable energy lease. ROAV for the last nine years is graphically represented in Appendix D.

2. Annual Change in Net Operating Income (NOI)
The total NOI for FY2019 was negative ($666,412), a decrease of about $1,471,092 from FY2018. This was largely due to increased expenditures on the Elliott State Forest with no timber sales to offset the expenses, and a drop in NOI for rangelands attributed to increased cost in wildfire expenses of $328,665 and reduced revenue from the loss of a potential wind energy lease of $294,275 together totaling $622,940. When considering land classifications other than forestland, the total NOI for FY2019 was about $410,796, a $1.1 million decrease from FY2018. (Appendix B)

3. Annual Change in Gross Annual Revenue (AR)
The FY2019 Gross Annual Revenue was approximately $4.4 million, a decrease of about $519,251 as compared to FY2018.

4. Annual Land Value Appreciation (LVA)
The FY2019 real property market value is estimated at $577.2 million. This is an overall increase in land value of 5.37% across all land classifications compared to the FY2018 value of $547.8 million. The greatest increases in value were in rangeland and the ICR categories. It should be noted that the addition of the South Redmond tract into Redmond city limits added over $2 million to its value, increasing its value by 35%. The approximate market value is based on best professional judgement by staff. (Appendix C)

2012 Real Estate Asset Management Plan (REAMP) Implementation

Information on the general implementation categories defined in the 2012 REAMP and the distribution of the trust lands across these categories is summarized in Table 2 (excludes waterways and sub-surface mineral rights).The 2012 REAMP Implementation Outcomes include "a rebalanced portfolio through acquisition of assets with high performance potential and the strategic disposal of selected non- or lower-performing assets." DSL will continue to evaluate these non-performing lands in the "none/minimal" category for potential divestment. Net proceeds from trust land sales are deposited into the land revolving account (a sub-account within the Common School Fund), unless otherwise directed by the State Land Board.

Table 2. Summary of revenue potential for lands managed by DSL, by land classification and asset performance category (APC), excluding mineral and energy resources and waterways ownership.

LAND CLASSIFICATION	**PROPERTY REVENUE POTENTIAL (acres)**				
	Long-term[1] Potential	Short-term[2] Potential	Current[3]	None/ Minimal[4]	**Total Acres**
Forestlands	654	777	37,750	82,551	**121,732**
Agricultural Lands		38	7,448	444	**7,930**
Rangelands[5]	2,622	2,618	612,971	3,163	**621,374**
Industrial/Commercial/ Residential	1,336	1,526	2,840	1,089	**6,791**
Special Stewardship Lands	0		1,720	11,741	**13,461**
Total Acres	4,612	4,959	662,729	98,988	**771,288**

[1] Not currently producing revenue, but with strong potential to produce revenue within 10 years.
[2] A strong potential to produce revenue within two years, but not presently generating revenue.
[3] Currently producing annual revenues for the Common School Fund.
[4] Generating minimal or no annual revenue, and low potential for generating revenue in the future. This category includes 6,130 acres of South Slough National Estuarine Research Reserve lands managed for conservation.
[5] Included here are the statutory rangelands (see Table 1), managed by the Real Property program with the trust lands.

Approximately 90,600 acres of trust lands (or 12.3%) are currently not generating positive revenues for the Common School Fund. Approximately 82,500 of those acres are forestlands that were previously managed for DSL by the Oregon Department of Forestry within the Elliott State Forest. The Elliott State Forest is the primary factor affecting the reduced performance on forestlands (see Appendix B) due to reduced timber harvest. Continuing maintenance costs, work to create a Habitat Conservation Plan, and investigation into the transfer of the forest to Oregon State University to create the "Elliott State Research Forest" have kept expenses high in the absence of offsetting timber sales.

About 9,600 acres across all five upland land classes are currently classified as having either short- or long-term potential to generate revenues. DSL will continue to actively evaluate potential opportunities to manage those lands in the future to improve revenue performance. If at a future point in time it's determined these lands are unlikely to be

able to generate revenues, these would then be reclassified as “none/minimal” category lands and shifted into the pool of lands to be evaluated for possible divestment.

The balance of the remaining lands – about 663,000 acres – are currently generating revenue, and DSL will continue to manage these lands accordingly (see Appendix B showing three-year average net revenues). DSL will look for opportunities to increase revenues and decrease expenditures from these lands, consistent with the REAMP. DSL will continuously re-evaluate the entire portfolio of trust lands to ensure the revenue generating status is properly categorized (Table 2). The Real Property program will make on-going adjustments as needed to reflect changes in our knowledge of the lands, any physical changes to the lands (ex. infrastructure investments), and any changes to potential revenue-generating opportunities.

Current and Future Real Property Management Priorities

The Department will continue implementing the 2012 REAMP’s General Management Principles, which include the following (pp.17-18):

1. The Land Board and Department will continue to meet their obligations on trust lands.
2. The Land Board and Department will continue to manage CSF lands to create a sustained and consistent stream of revenue to assist in building the principal of the CSF, thereby increasing annual distributions to schools.
3. The plan balances revenue enhancement and resource stewardship.
4. Consistent with the legacy of the Admission Act, the Land Board will maintain a real property asset portfolio of CSF lands. The allocation of land among land classifications may change over time based on management, reinvestment, and disposal (i.e. divestment) strategies.
5. The Land Board and Department will actively strive to increase the total annual revenues from the real property asset portion of the CSF portfolio through the disposal of trust lands that are not actively managed or are low revenue producers.

DSL is currently engaged in a process to decouple the Elliott State Forest from the Common School Fund Trust Lands revenue generation mandate and to develop a Habitat Conservation Plan with the U.S. Fish and Wildlife Service and National Oceanic and Atmospheric Administration that will allow long-term sustainable timber harvest from the Forest with coverage under the federal Endangered Species Act. The legislature authorized $100 million in bonding to relieve a portion of the Department’s obligation to contribute revenue from the Elliott State Forest to the CSF. The Department is also pursuing the potential opportunity of transferring the Elliott State Forest to Oregon State University to become the “Elliott State Research Forest.”

The Department continues to work through finding a resolution to the revenue challenges associated with managing trust land within the Elliott State Forest as well as across all its forestland classified properties. Part of this work includes analyzing options to reduce costs and increase revenue on certified forestlands. The Department is working with the Oregon Department of Forestry (ODF) on two efforts to do so. One is partnering with ODF in their development of a Habitat Conservation Plan (HCP) for ODF managed forestlands in the western part of the state. An HCP would ultimately reduce management costs and increase certainty regarding future harvest volumes. The other is identifying common school forestlands and Board of Forestry owned forestlands that might be exchanged to consolidate ownership and thereby provide efficiencies for management and harvest of those lands. The DSL forester position hired in early 2019 is facilitating these efforts.

Opportunities to increase revenues on rangelands will be pursued through noxious weed treatment and removal of juniper trees.

The Department is focusing on planning efforts for development or sale of its Industrial, Commercial and Residential (ICR) properties. Recent planning efforts on ICR properties adjacent to/within the Urban Growth Boundaries of the Cities of Bend and Redmond have been successfully moving forward, and sales of these properties are being pursued. These planning activities will result in increased value for the properties which in turn results in the potential for higher future revenue from the sale of the properties. The Department will continue to focus on identification of low revenue-producing properties for transferring out of the Common School Fund portfolio, and where possible improve the potential for revenues to be generated from those lands that are retained.

Summary

The Common School Fund trust land property portfolio, with an estimated value of approximately $577.2 million (Appendix C), is a substantial asset of the Common School Fund as a whole. This $577.2 million value is equivalent to about one-third of the Common School Fund investment holdings, currently valued at approximately $1.75 billion.

Common School Fund trust lands hold a unique position with the primary role of providing revenue for Oregon's public schools. A key element of meeting this mandate is maintaining an accurate and comprehensive inventory of all real property assets and asset values, and continually evaluating their current and potential revenue-generating status. The primary framework for this will be the regular asset performance category (APC) review as discussed in the previous section of this report. These reviews are intended to further fine-tune the evaluation of the various APCs for these lands over time.

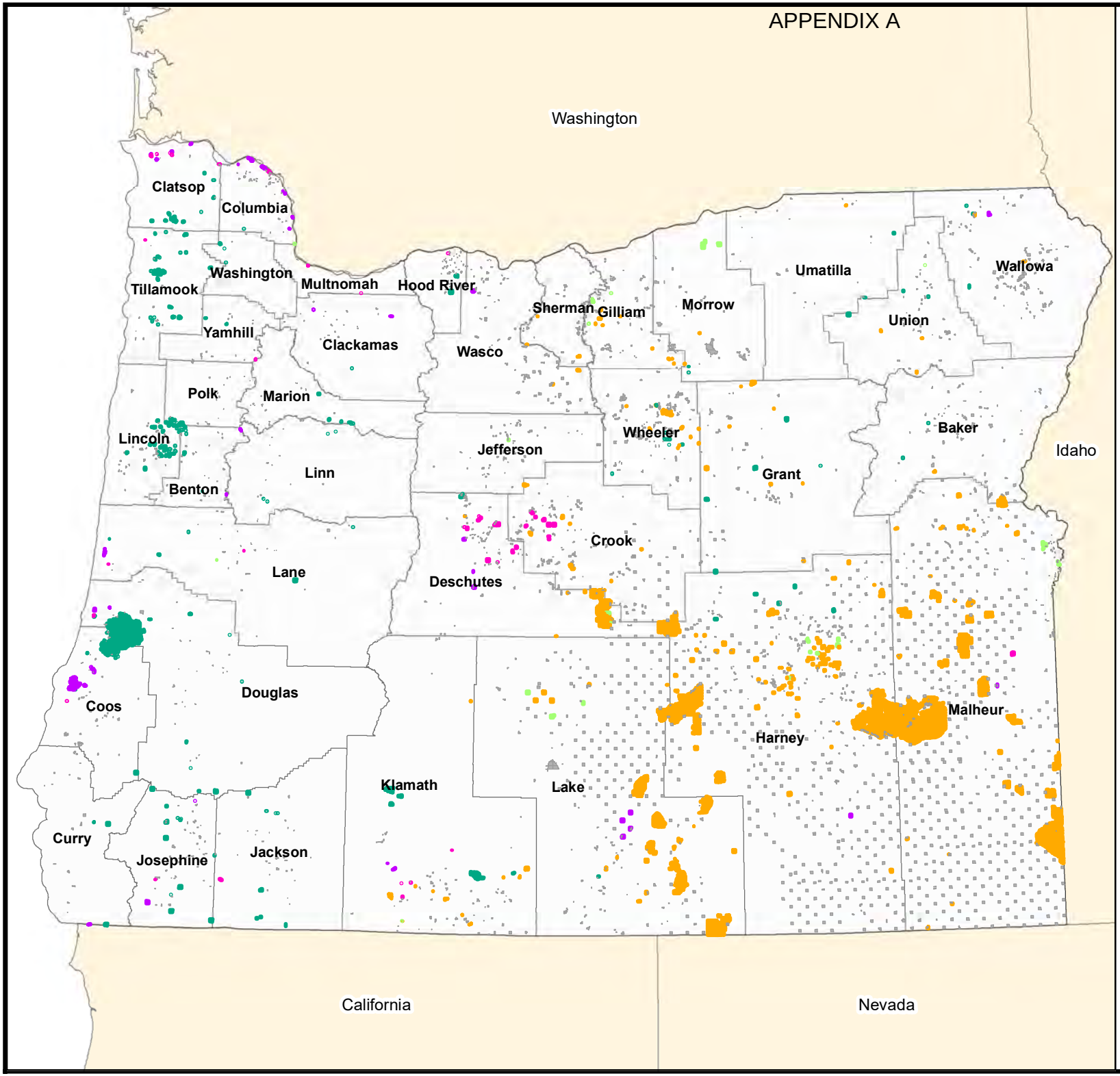
The nature of the Common School Fund trust lands portfolio is such that in has a low return on asset value. However, the Common School Fund trust lands also provide benefits to Oregonians in addition to generating revenue for schools such as: providing open space and wildlife habitat open to the public for recreation, hunting and fishing, and providing cropland and rangelands for lease.

APPENDICES

A. Map of all lands under the authority of the Department of State Lands, by Land Use Class
B. FY2017 – 2019 Real Property Revenue, Expenditures, and Net Operating Income by Land Class
C. FY2019 Financial Performance by Land Class
D. ROAV Graph

APPENDIX A

State of Oregon Department of State Lands



Land Use Class

- Agriculture
- Forest
- ICR
- Mineral Energy
- Rangeland
- Special Stewardship

N
W E
S

Map Projection:
Oregon Lambert Conformal Conic
Datum: NAD 83
International Feet

STATE OF OREGON
OREGON DEPARTMENT OF STATE LANDS

Department of State Lands
775 Summer St. N.E., Suite 100
Salem, OR 97302-1279
503-986-5200

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Printing Date: March 10th, 2020

APPENDIX B

Land Classification	Fiscal Year 2017			Fiscal Year 2018			Fiscal Year 2019			3- Year Avg. Annual Net Operating Income ($)
	Gross Revenue ($)	Expenditures ($)	Net Operating Income ($)	Gross Revenue ($)	Expenditures ($)	Net Operating Income ($)	Gross Revenue ($)	Expenditures ($)	Net Operating Income ($)	
Agricultural Land	$ 241,801	$ 143,418	$ 98,383	$ 345,453	$ 134,164	$ 211,289	$ 322,275	$ 117,519	$ 204,756	***$ 171,476***
Rangeland	$ 1,240,266	$ 593,234	$ 647,032	$ 1,033,755	$ 391,561	$ 642,194	$ 763,166	$ 900,163	$ (136,997)	***$ 384,076***
ICR	$ 1,139,925	$ 933,889	$ 206,036	$ 1,296,932	$ 860,264	$ 436,668	$ 1,266,358	$ 1,012,681	$ 253,677	***$ 298,794***
Forestland	$ 3,522,486	3,726,462	$ (203,976)	$ 2,015,192	$ 2,720,507	$ (705,315)	$ 1,944,538	$ 3,021,746	$ (1,077,208)	***$ (662,166)***
Mineral & Energy Resource	$ 368,601	$ 62,370	$ 306,231	$ 242,907	$ 45,168	$ 197,739	$ 114,492	$ 51,416	$ 63,076	***$ 189,015***
Special Stewardship	$ 15,954	$ -	$ 15,954	$ 22,178	$ 73	$ 22,105	$ 26,337	$ 53	$ 26,284	***$ 21,448***
Revenues do not include land sales or mineral releases.										
Totals	**6,529,033**	**5,459,373**	**1,069,660**	**4,956,417**	**4,151,737**	**804,680**	**4,437,166**	**5,103,578**	**(666,412)**	***$ 402,643***
Totals without Forestlands	***3,006,547***	***1,732,911***	***1,273,636***	***2,941,225***	***1,431,230***	***1,509,995***	***2,492,628***	***2,081,832***	***410,796***	***$ 1,064,809***

Appendix C: FY 2019 Market Value and Performance by Land Class

Land Classification	*Total Acres*	Approximate Market Value (millions)	% of Total Market Value	Annual Net Operating Income (NOI)	Return on Asset Value (ROAV)
Forestlands: Elliott State Forest	*82,500*	$220.8[1]	38.3%	($1,077,025)	(4.9%)
Forestlands: Other than Elliott SF	*38,600*	$103.3 – 113.9 [2]	18.8%	($183)	0%
Agricultural Lands	*8,000*	$20.8-21.9 [3]	3.7%	$204,756	0.96%
Rangelands	*620,000*	$151.0 – 159.0 [4]	26.9%	($136,997)	(0.09)%
ICR Lands	*6,800*	$67.9-75.0 [5]	12.3%	$253,677	0.36%
Special Stewardship Lands	*13,100*	[6]	-	$26,284	
Mineral and Energy Resources	*767,000*	[6]	-	$63,076	
Totals	***1,536,000***	**$577.2**	**100%**	**($666,412)**	**(0.12%)** [7]

Notes:

(1) Final appraised value as determined by a Department-contracted appraisal process in 2016.

(2) Values reported in the FY 2011 Annual Report, using the per-acre equivalent. These are the most recent estimated values and were based on comparable timberland sales conducted at that time.

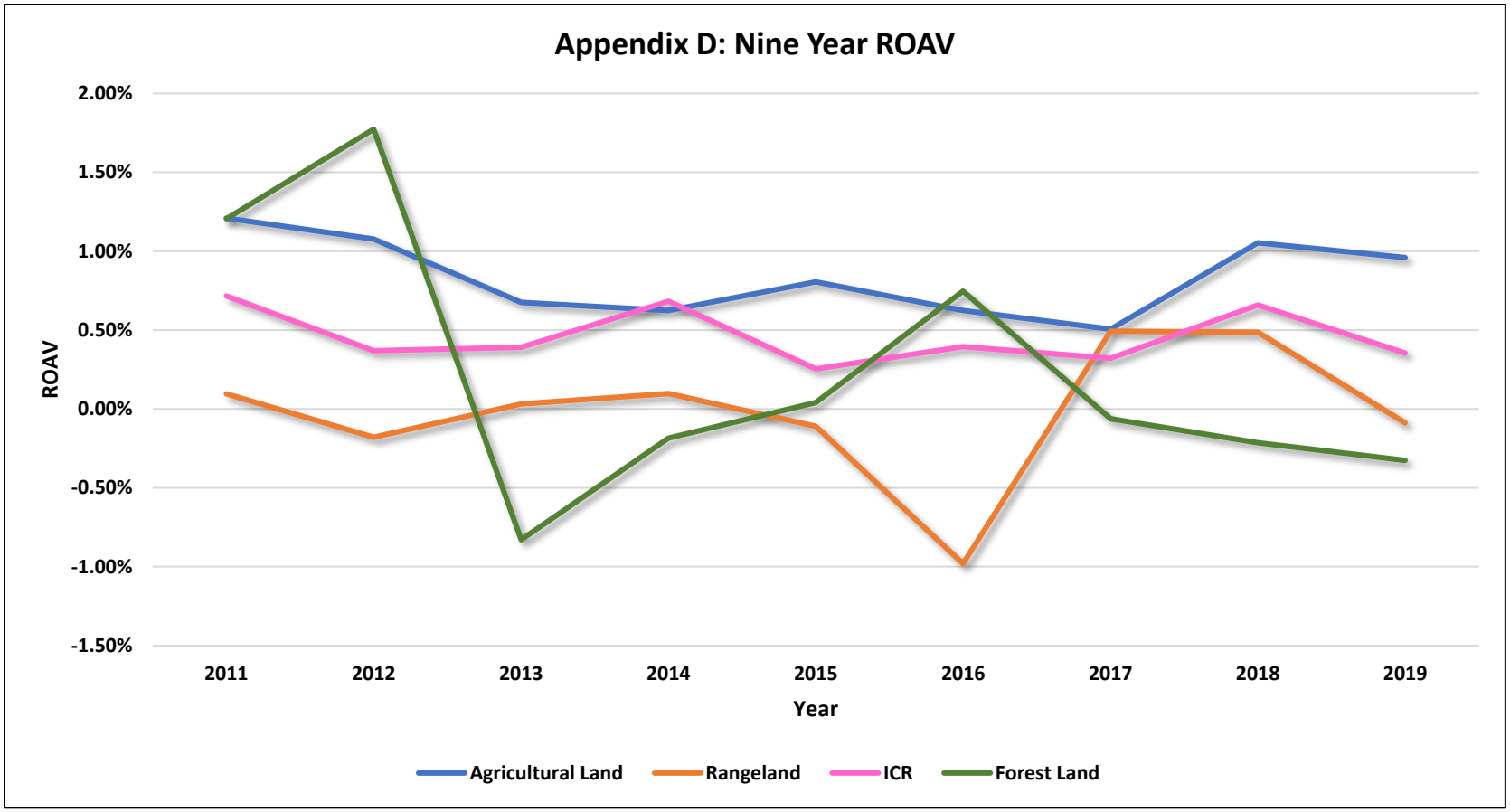
(3) Value estimate is based on figures provided by USDA's report on land sales of Oregon's farm land. The 2019 average price per acre for Oregon's farm land is $2500 as determined by USDA which collects land sales information. This includes all types of farming from dry farming to irrigated produce farming which is very lucrative. Irrigated farm land sales reflect values of $3,000 to $9,000 per acre in the areas in which DSL owns agricultural land. Most of DSL's agricultural land has water rights but does not own the irrigation equipment so the USDA average value has been adjusted from $2,500 to $2,900 per acre for the irrigated land values.

(4) Rangeland values have continued to steadily rise over the past decade. Blocked ranch values per acre have stabilized ($450-$550 per acre for ranches over 3,000 acres with recreational appeal is typical) but can take years to market successfully with a very limited number of these selling annually. Individual properties with smaller acreage average around $200 to $500 per acre. An average individual tract value was designated for each county. DSL's rangeland ownership would take over 50 years to sell and would depress rangeland values because of the large supply. To reflect this, a discount of 30% to 35% has been used to create the value range.

(5) Each property was valued individually through research of comparable sales properties.

(6) Data not available.

(7) Special Stewardship lands cover a wide spectrum of land types that typically have endangered plant species or an unusually well-preserved type of property that are difficult to value. Similarly, valuation of subsurface minerals and energy resources are very difficult to value and much of the subsurface minerals are also tied to DSL-owned surface rights. For these reasons, the return on asset value has not been reported for these categories.


Appendix D: Nine Year ROAV
2.00%
1.50%
1.00%
0.50%
0.00%
-0.50%
-1.00%
-1.50%
ROAV
2011
2012
2013
2014
2015
2016
2017
2018
2019
Year
Agricultural Land
Rangeland
ICR
Forest Land

June 9, 2020

Common School Fund Annual Review

Michael Viteri

Senior Investment Officer

OREGON
STATE
TREASURY

Common School Fund
Asset Allocation Policy

- Approved by the Oregon Investment Council on September 20, 2017.
- Resulted in a 10 percent target allocation to Real Assets and Alternatives.
- Improvement in expected returns while decreasing expected risk.

Common School Fund	Benchmark	Prior Allocation	Approved Allocation	Approved Range
Global Equity	MSCI ACWI IMI Net	60%	45%	40% - 50%
Private Equity	Russell 3000 + 300 bps	10%	10%	8% - 12%
Fixed Income	Bloomberg U.S. Aggregate Bond Index	30%	25%	20% - 30%
Real Assets	NCREIF ODCE QTR LAG (net)	0%	10%	8% - 12%
Alternatives	CPI + 4%	0%	10%	8% - 12%
Cash	Cash	0%	0%	0% - 3%
10-Year Expected Return (Geometric Mean)		**6.5%**	**6.6%**	
Projected Standard Deviation		**14.5%**	**13.2%**	

Source: Updated using Callan 2018 Capital Market Assumptions.

OREGON STATE TREASURY

Common School Fund Performance
(Periods ending December 31, 2019, and March 31, 2020)

-For the year ended December 31, 2019, the CSF posted a 16.04 percent return, outperforming its policy benchmark by 0.89 percent.

-Relative returns were mixed for the trailing three-, five- and ten- year periods, but in a tight range relative to the benchmark.

Period Ending 12/31/19	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Returns	$ 1,900,572,077	4.68%	16.04%	9.35%	6.86%	8.39%
CSF Policy Benchmark		4.49%	15.15%	10.06%	7.36%	8.36%
Excess Return		**0.19%**	**0.89%**	**-0.71%**	**-0.50%**	**0.03%**

Source: State Street

-For the year ended March 31, 2020, the CSF posted a -3.83 percent return, underperforming its policy benchmark by 4.57 percent.
-Relative returns turned negative for all trailing time periods.

Period Ending 3/31/20	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Returns	$ 1,653,710,322	-11.87%	-3.83%	3.35%	3.69%	6.65%
CSF Policy Benchmark		-8.63%	0.74%	5.14%	4.87%	7.04%
Excess Return		**-3.24%**	**-4.57%**	**-1.79%**	**-1.18%**	**-0.39%**

OREGON STATE TREASURY

Common School Fund Performance
(Periods ended December 31, 2019 and March 31, 2020)

Public Equity

– Within Public Equity, the majority of the relative underperformance can be attributed to deliberate and systematic tilts towards Value, Size and Profitability which are supported by robust empirical evidence as persistent and pervasive sources of excess return relative to the market.

Period Ending 12/31/19	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Public Equity Returns	$ 895,189,714	9.23%	26.26%	11.79%	8.21%	9.62%
MSCI ACWI IMI Net		9.05%	26.35%	12.09%	8.34%	8.91%
Excess Return		**0.18%**	**-0.09%**	**-0.30%**	**-0.13%**	**0.71%**

Period Ending 3/31/2020	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Public Equity Returns	$ 674,405,762	-24.72%	-15.15%	-0.44%	1.62%	6.17%
MSCI ACWI IMI Net		-22.44%	-12.73%	0.76%	2.45%	5.80%
Excess Return		**-2.28%**	**-2.42%**	**-1.20%**	**-0.84%**	**0.37%**

OREGON STATE TREASURY

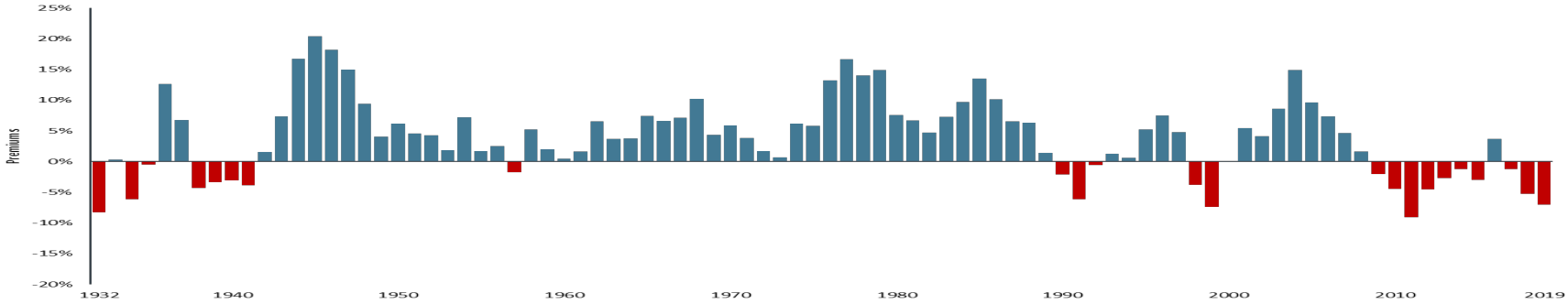
Common School Fund Performance
(Periods ended December 31, 2019)

Public Equity

Calendar year performance differentials between Growth and Value stocks (as defined by the Russell 1000 Growth and Russell 1000 Value index) over the last three calendar years were significant. In 2019, Growth outperformed Value by 9.87 percent. In 2018, Growth outperformed Value by 6.76 percent. In 2017, Growth outperformed Value by a whopping 16.55 percent.

- From a historical perspective, the current U.S. growth/value performance gap is the largest and most sustained since the 1930s.

Historical Observations of the Value Five-Year Premiums: January 1932 – December 2019



Source: Dimensional Fund Advisors

OREGON STATE TREASURY

Common School Fund Performance
(1-year Period ending May 21, 2020)

Public Equity

For the 1-year period (365 days) ending May 21, 2020, the performance differentials between Growth and Value stocks (as defined by the Russell 1000 Growth and Russell 1000 Value index) have gapped out to an incredible 28.8% performance differential.

OREGON STATE TREASURY

Common School Fund Performance
(Periods ended March 31, 2020)

Public Equity

- The S&P 500 is a market index that measures the performance of 500 large companies listed on stock exchanges in the United States.
- The top 10 constituents of the S&P 500 index now represent over 26% of the market value of the US Public Equity stocks. This surpasses any level of concentration in the top 10 since the 1980s (Source: S&P Global).

Top 10 Constituents of the S&P 500 Index (May 20, 2020)

Name	Weight	Shares	Price	Market Value	GICS Sector
Microsoft Corp	5.74%	7,628,806,000	$ 185.66	$ 1,416,364,121,960	Information Technology
Apple Inc	5.40%	4,176,669,100	$ 319.23	$ 1,333,318,076,793	Information Technology
Amazon.com Inc	4.22%	416,469,480	$ 2,497.94	$ 1,040,315,772,871	Consumer Discretionary
Facebook Inc	2.24%	2,406,468,000	$ 229.97	$ 553,415,445,960	Communication Services
Alphabet Inc	1.71%	299,628,000	$ 1,409.16	$ 422,223,792,480	Communication Services
Alphabet Inc	1.70%	298,889,370	$ 1,406.72	$ 420,453,654,566	Communication Services
Johnson & Johnson	1.58%	2,631,872,000	$ 147.68	$ 388,674,856,960	Health Care
Berkshire Hathaway Inc	1.40%	1,956,037,600	$ 176.02	$ 344,301,738,352	Financials
Visa Inc	1.35%	1,711,838,000	$ 193.86	$ 331,856,914,680	Information Technology
JPMorgan Chase & Co	1.16%	3,136,485,000	$ 91.33	$ 286,455,175,050	Financials
Top 10 Constituent Weight	**26.50%**				

Source: Bloomberg

OREGON STATE TREASURY

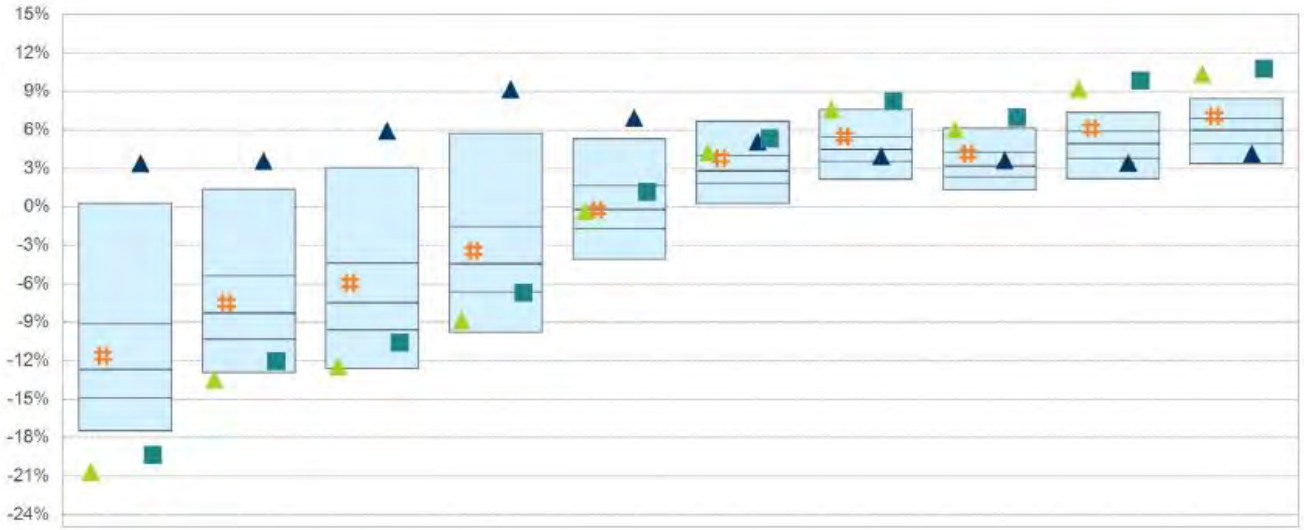
Common School Fund Performance
(Peer Comparison - TUCS Report March 31, 2020)

TUCS Report

Performance Comparison

Total Returns of Master Trust < $5 Billion

Cumulative Periods Ending : March 31, 2020



Percentile Rankings	1 Qtr	2 Qtrs	3 Qtrs	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
5th	0.26	1.38	3.07	5.76	5.32	6.71	7.61	6.11	7.40	8.45
25th	-9.11	-5.38	-4.38	-1.55	1.64	4.01	5.43	4.26	5.93	6.92
50th	-12.68	-8.28	-7.46	-4.40	-0.22	2.81	4.51	3.20	4.92	5.98
75th	-14.90	-10.31	-9.59	-6.60	-1.69	1.85	3.53	2.34	3.81	4.91
95th	-17.48	-12.92	-12.58	-9.77	-4.09	0.29	2.19	1.35	2.21	3.39
No. Of Obs	**471**	**458**	**432**	**429**	**417**	**390**	**389**	**384**	**366**	**328**
# Common School Fund	-11.87 (42)	-7.72 (44)	-6.20 (38)	-3.67 (43)	-0.48 (56)	3.53 (33)	5.23 (29)	3.89 (35)	5.88 (26)	6.84 (28)
▲ Barclays Aggregate	3.15 (1)	3.33 (2)	5.68 (2)	8.93 (3)	6.68 (3)	4.82 (12)	3.71 (71)	3.36 (46)	3.19 (84)	3.88 (92)
▲ Russell 3000	-20.90 (98)	-13.70 (97)	-12.70 (95)	-9.13 (92)	-0.58 (57)	4.00 (25)	7.35 (5)	5.77 (6)	8.96 (1)	10.15 (1)
■ S&P 500	-19.60 (97)	-12.31 (92)	-10.82 (86)	-6.98 (78)	0.93 (34)	5.11 (11)	8.00 (3)	6.73 (2)	9.62 (1)	10.53 (1)

OREGON STATE TREASURY

Common School Fund Performance
(Periods ending December 31, 2019, and March 31, 2020)

Private Equity

- For the one-year period ending December 31, 2019, the CSF's private equity portfolio outperformed its benchmark by 5.07 percent.

Period Ending 12/31/19	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Private Equity Returns	$ 202,601,994	3.44%	11.07%	13.83%	11.33%	13.56%
Russell 3000 + 300 Bps Qtr Lag		1.91%	6.00%	16.18%	13.73%	16.44%
Excess Return		**1.53%**	**5.07%**	**-2.36%**	**-2.40%**	**-2.88%**

- For the one-year period ending March 31, 2020, the CSF's private equity portfolio under-performed its benchmark by 18.25 percent.

Period Ending 3/31/2020	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Private Equity Returns	$ 201,267,784	2.45%	16.62%	14.25%	11.66%	13.30%
Russell 3000 + 300 Bps Qtr Lag		9.88%	34.86%	17.97%	14.55%	16.78%
Excess Return		**-7.44%**	**-18.25%**	**-3.72%**	**-2.89%**	**-3.48%**

OREGON STATE TREASURY

Source: Torrey Cove

Common School Fund Performance
(Periods ending December 31, 2019, and March 31, 2020)

Alternatives

- Although differentiated from public equity factor tilts by investments in event-driven and managed futures, underperformance within Alternatives can also be attributed to pronounced long/short Value exposures (i.e. long Value, short Growth).

Period Ending 12/31/19	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Alternatives Returns	$ 119,813,485	-2.09%	-1.47%	N/A	N/A	N/A
CPI + 400 Bps		1.07%	6.37%	N/A	N/A	N/A
Excess Return		**-3.16%**	**-7.84%**	**N/A**	**N/A**	**N/A**

Period Ending 3/31/2020	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Alternatives Returns	$ 136,561,585	-7.11%	-11.65%	N/A	N/A	N/A
CPI + 400 Bps		1.43%	5.60%	N/A	N/A	N/A
Excess Return		**-8.54%**	**-17.25%**	**N/A**	**N/A**	**N/A**

OREGON STATE TREASURY

Common School Fund Performance
(Periods ending December 31, 2019, and March 31, 2020)

Real Estate

– The real estate portfolio has performed in line with expectations.

Period Ending 12/31/19	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Real Estate Returns	$ 128,802,076	1.48%	6.66%	N/A	N/A	N/A
NCREIF ODCE (Custom Adj)		1.08%	4.64%	N/A	N/A	N/A
Excess Return		**0.40%**	**2.02%**	**N/A**	**N/A**	**N/A**

Period Ending 3/31/2020	Market Value	3 Months	1 Year	3 Years	5 Years	10 Years
Common School Fund Real Estate Returns	$ 131,710,208	0.78%	6.36%	N/A	N/A	N/A
NCREIF ODCE (Custom Adj)		1.27%	4.39%	N/A	N/A	N/A
Excess Return		**-0.49%**	**1.97%**	**N/A**	**N/A**	**N/A**

OREGON STATE TREASURY

CSF Portfolio Construction Update

- Two Alternatives mandates (Bridgewater Optimal Fund and Brookfield Infrastructure Fund IV) funded in 2019.
- One Real Estate mandate (Walton Street) funded in the second half of 2019.
- Staff is currently working on one alternatives investment, one real estate investment, and two private equity commitments, all of which should fund this year.
- Staff expects to reach the OIC-approved target allocation for CSF by late 2020.

CSF Portfolio as of December 31, 2019

Common School Fund	Benchmark	Market Value	Current Allocation	Target Allocation	Approved Range
Global Equity	MSCI ACWI IMI Net	$ 895,189,713.90	47.1%	45%	40% - 50%
Private Equity	Russell 3000 + 300 bps	$ 202,601,993.64	10.7%	10%	8% - 12%
Fixed Income	Bloomberg U.S. Aggregate Bond Index	$ 487,914,680.00	25.7%	25%	20% - 30%
Real Assets	NCREIF ODCE QTR LAG (net)	$ 128,802,075.88	6.8%	10%	8% - 12%
Alternatives	CPI + 4%	$ 119,813,484.94	6.3%	10%	8% - 12%
Cash	Cash	$ 66,249,000.00	3.5%	0%	0% - 3%
		$ 1,900,570,948.36			

Source: State Street

OREGON STATE TREASURY

OREGON
STATE
TREASURY

Tobias Read
Oregon State Treasurer

350 Winter St NE, Suite 100
Salem, OR 97301-3896

oregon.gov/treasury

Oregon
Kate Brown, Governor

Department of State Lands
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Salem, OR 97301-1279
(503) 986-5200
FAX (503) 378-4844
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State Land Board

Kate Brown
Governor

Bev Clarno
Secretary of State

Tobias Read
State Treasurer

M E M O R A N D U M

Date: June 9, 2020

To: Governor Kate Brown
Secretary of State Bev Clarno
State Treasurer Tobias Read

From: Vicki L. Walker
Director

Subject: OWRD Mineral Release in Linn County, LAS File #62546

The Oak Basin LLC owns the surface rights of a 381.8 acre-property located in Linn County at Township 14 South, Range 2 West, Section 19, Tax Lots 402 & 403 and in Section 30, Tax Lots 3302 & 3203.

Oak Basin LLC is obtaining a conservation easement for the property with federal and Oregon Department of Fish and Wildlife (ODFW) grants. The conservation easement is being pursued for permanent conservation of oak habitat and habitat for Fender's Blue Butterfly, an endangered species.

In order to receive the federal and ODFW grants to purchase a conservation easement on the property, Oak Basin LLC must acquire the subsurface mineral rights from the Oregon Water Resources Department (OWRD). OWRD obtained the mineral rights when a foreclosure occurred on a loan to a previous property owner and subsequently retained the subsurface mineral rights when the property sold. OWRD supports the release of the mineral rights and has requested that DSL process the request under OAR 141-073.

ORS 273.780 (3) states, "the mineral and geothermal resource rights shall be retained by the state in the absence of a finding by the State Land Board upon adequate facts presented to it that their sale or exchange is for the purpose of obtaining the greatest benefit for the people of this state, consistent with the conservation of lands under its jurisdiction under sound techniques of land management."

Because all due diligence efforts and reports will be conducted by OWRD and submitted to DSL, this item has been brought to the Board as an informational item. Once a Department of Geology and Mineral Industries (DOGAMI) mineral potential

report has been completed and the Department's review is complete, the Department will submit a recommendation to the Land Board on whether or not to release the minerals.

APPENDICES

A. Map

State of Oregon
Department of State Lands

APPENDIX A

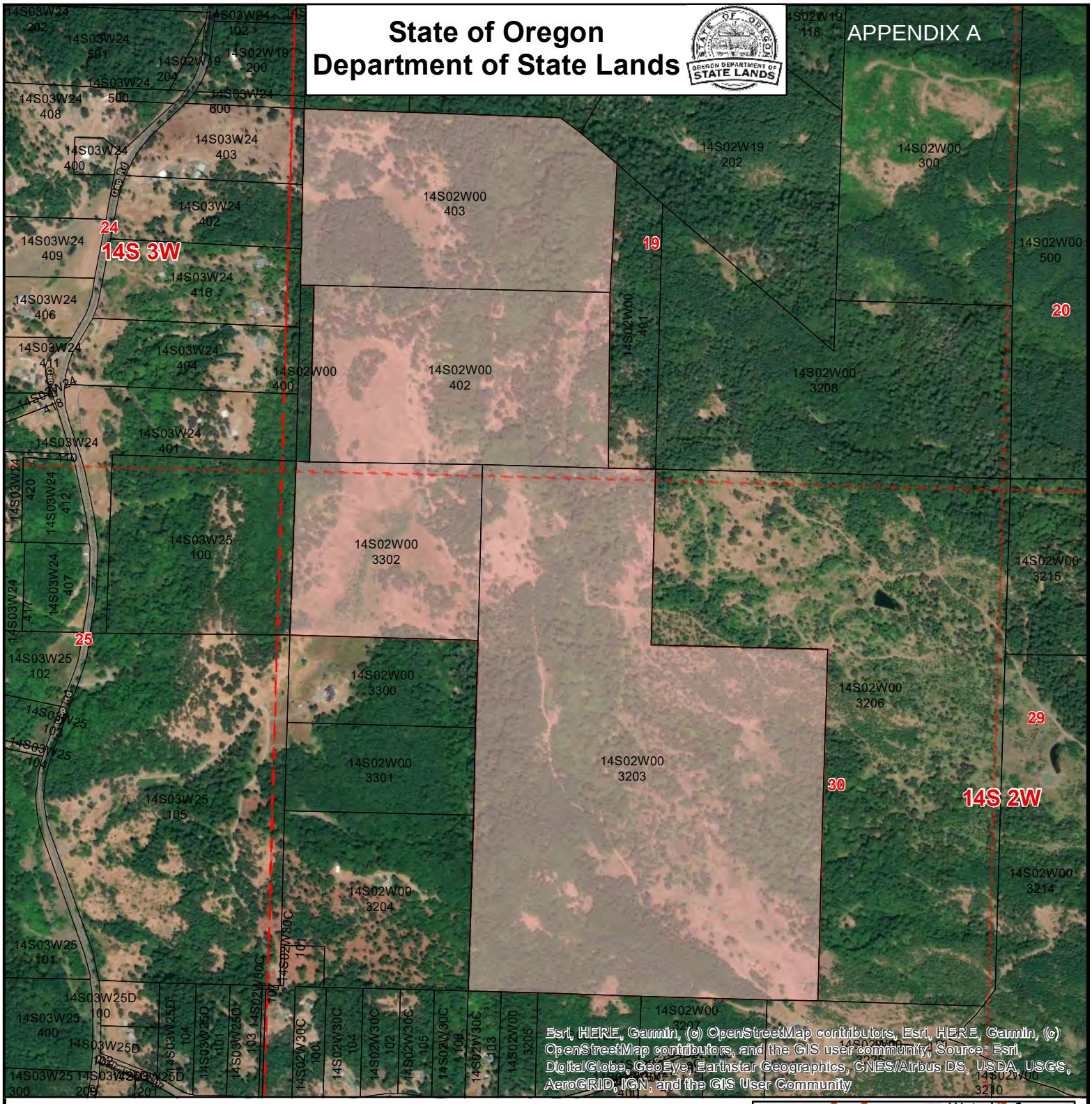

EXHIBIT A: 62546-LS

Minerals Owned by OWRD
14 South 2 West Sec. 19 Tax Lots 402 & 403;
Sec. 30 Tax Lots 3302 & 3203
381.8 acres

Sale Area

This map depicts the approximate location and extent of a Department of State Lands Proprietary authorization for use. This product is for informational purposes only and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

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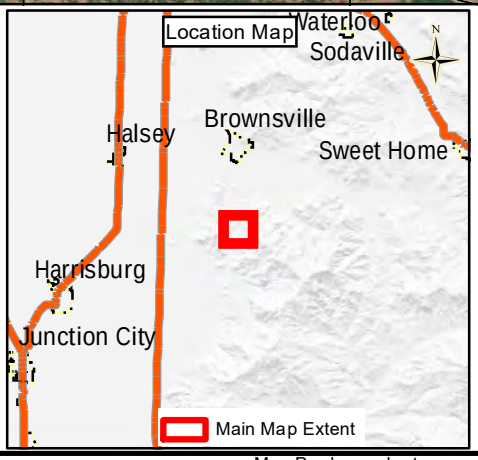
Map Projection:
Oregon Statewide Lambert
Datum NAD83
International Feet

State of Oregon
Department of State Lands
775 Summer St NE, Suite 100
Salem, OR 97301
503-986-5200
www.oregon.gov/DSL
Date: 4/28/2020



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Map Producer: dantonson