STATE LAND BOARD

February 9, 2021
10:00 am – 1:00 pm
Zoom Video/Audio Meeting
The meeting video will be livestreamed on the Department of State Lands YouTube Channel

AGENDA

Consent Items

1. Request for approval of the minutes of the December 8, 2021, State Land Board Meeting.

2. Malheur County Land Donation Due Diligence

3. Request to Initiate Permanent Rulemaking

Action Items

4. Request for approval of a direct release of minerals and geothermal right in Marion County

5. Request for approval of the creation of 8.14 acres of New Lands by filling a portion of the State’s ownership within Upper Klamath Lake for the expansion of Highway 140 by the Oregon Department of Transportation (ODOT)

6. Request for final approval to sell a 20-acre parcel of the S. Redmond Tract in Deschutes County

7. Request for approval of a direct release of 381.8 acres of subsurface minerals and geothermal rights located in Linn County

Continued on next page
8. Request for authorization to purchase 1.4 acres in Coos County

**Informational Items**

9. Annual CSF Audit

10. Annual Real Property Report

11. Common School Forest Land Annual Report

12. Other

Meeting video will be livestreamed at: [https://www.youtube.com/channel/UCQA7FHTWwl-gjJkQeYPJ1IA](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 typically accepts comments on consent and action agenda items only.

**Providing Public Testimony During Video Meetings** – When the Board meets by video, the public may provide written or spoken testimony, time permitting and at the discretion of the Chair.

- **Providing Written Testimony**: Written testimony may be submitted at [landboard.testimony@state.or.us](mailto:landboard.testimony@state.or.us). Testimony received by 10 a.m. the day before the meeting is provided to Land Board members in advance and posted on the meeting website. Testimony received after this deadline may not be provided to the Land Board prior to a vote. Please indicate the agenda item your testimony relates to.
• **Providing Spoken Testimony:** The signup deadline to provide spoken testimony at virtual meetings is 10 a.m. the day before the meeting. Signup information is posted on the [Land Board Meetings website](https://landboardmeetings.gov). After signing up, you will receive a confirmation email containing additional information.

When signing up to provide testimony for a video meeting, please:

- Include your name, organizational affiliation (if any).
- Indicate which consent or action agenda item your testimony relates to. *Please note:* Testimony on action items is taken during the item’s presentation, before the Land Board votes. Please review the meeting agenda and be present and prepared to provide testimony at the appropriate time.
- Be aware that there may not be time for everyone who signs up to provide testimony.

Please note: The standard time limit is three minutes for each individual; the actual time available for testimony during Land Board meetings is at the discretion of the Chair. The Board cannot accept testimony on topic for which a formal public hearing has been held or a formal comment period has closed, such as rulemaking or permitting public review and comment periods.
The State Land Board (Land Board or Board) met in regular session by teleconference on December 8, 2020. The meeting audio was livestreamed on the DSL YouTube channel.

Present were:
Kate Brown 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 Lani Ahmadian Ali Ryan Hansen
Arin Smith Jean Straight Geoffrey Huntington

Department of Justice
Matt DeVore

Governor Brown called the meeting to order at 10:02 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

Treasurer Read made a motion to approve the minutes for the October 13, 2020, Land Board meeting.
Secretary Clarno seconded the motion.

The consent item was approved at 10:04 a.m.

Action Items

2. Elliott State Research Forest (ESRF) Proposal of Oregon State University

The Department is now looking to the Land Board to confirm its intention to decouple the Elliott State Forest from the Common School Fund and transfer it to Oregon State University for management as the “Elliott State Research Forest.” The Department also requests
permission to continue its collaboration with OSU and members of the Elliott State Research Forest Advisory Committee to complete the necessary steps to accomplish the decoupling, while fulfilling the Land Board’s original vision and direction. Completion of this process is anticipated to include periodic progress reports to the Land Board, and multiple opportunities for additional input from the public prior to returning to the Land Board for final authorization to complete the transfer.

Director Walker gave an overview of the Elliott State Research Forest project and the work that has been done.

She then introduced Provost Ed Feser and Dean Tom Deluca to present the proposal from the OSU College of Forestry.

10:50 a.m.
Questions were taken from the Board.

11:00 a.m.
Director Walker thanked the ESRF Advisory Committee for their work on the project and members gave their comments and recommendations.

- Keith Tymchuk
- Paul Beck
- Melissa Cribbins
- Ken McCall
- Mary Paulson
- Bob Sallinger

The Board thanked the Advisory Committee for their hard work over the last two years.

11:45 a.m.
Director Walker gave an overview of the Tribal and Public Engagement process regarding the future of the ESF.

11:55 a.m.
Public comment was taken.

12:42 p.m.
Final comments were taken from the Board.

1:00 p.m.
Treasurer Read made a motion to approve the continued collaboration with OSU and the ESRF Advisory Committee to finalize the proposal for a research forest and requested that public input opportunities continue.

Secretary Clarno seconded that motion.

The item was approved at 1:00 p.m.
Informational Items

3. Other
   1:00 p.m.

   • Stevens Road Land Sale
   • UP Letters Pilot Project

The meeting was adjourned at 1:07 p.m.

________________________________________
Kate Brown, Governor

________________________________________
Vicki L. Walker, Director
SUBJECT

Request for the approval to initiate due diligence regarding the potential acquisition through donation of 2,690 acres of irrigated meadow lands and dry rangelands, together known as the Disaster Peak Ranch, located in southern Malheur County, through donation from Western Rivers Conservancy. The property would be managed for cattle grazing and the conservation of the Lahontan cutthroat trout, a federal endangered species.

ISSUE

Whether the Land Board should authorize the initiation of due diligence for the potential acquisition of the Disaster Peak Ranch property.

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 273.055; relating to the Department’s power to acquire and dispose of real property.

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

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

OAR 141-067-0330; relating to the requirement of Land Board approval to purchase lands or acquire donation lands.
Real Estate Asset Management Plan (REAMP), adopted by the Land Board; February 2012.

**SUMMARY**

In the fall of 2019, Western Rivers Conservancy (WRC) approached DSL with a request for the agency to consider accepting the transfer (by donation) of 2,690 acres of land WRC was acquiring from a private entity along McDermitt Creek in southern Malheur County. The purpose of WRC’s acquisition of the property was to secure ownership of one of the last remaining isolated strongholds in the Northern Great Basin of the Lahontan cutthroat trout. This fish species is a federally listed endangered species on the brink of extinction. WRC intends to work with the Oregon Department of Fish and Wildlife (ODFW) on various species-specific restoration projects with the hopes of creating a meta-population through reconnecting 55-miles of contiguous stream.

Species restoration will entail the removal of invasive cutthroat trout and recolonizing the stream with genetically pure strains of Lahontan cutthroat trout which are in the headwaters above man-made fish barriers. Transfer to DSL will ensure the property will be in public ownership to secure access for restoration efforts. In September of 2020, WRC closed on the acquisition and is now the owner of the Disaster Peak Ranch.

The Disaster Peak Ranch consists of 2,690 acres in Oregon, and 655 acres in Nevada, near the town of McDermitt, NV. WRC is working with the Nevada Department of Lands to transfer (by donation) the acres existing in Nevada to their ownership. The 2,690 acres of the ranch in Oregon include 1,449 acres of irrigated meadow land, 1,241 acres of dry rangeland, two homesites, one including an historic barn and corral, as well as outbuildings.

The Disaster Peak Ranch has been operated as a family-owned working cattle ranch for three generations. In the opinion of ODFW and WRC, the family have been excellent land stewards and managed the ranch in a manner consistent with a sustainable grazing operation benefiting watershed health and promoting and enhancing wildlife habitat. The private lands and meadow are in excellent condition.

WRC currently leases the cattle grazing of approximately 750 head annually on the property and in conjunction with a neighboring Bureau of Land Management (BLM) permit (Zimmerman Allotment) on approximately 33,000 acres. That number of cattle is approximately one-third of the allowable use on the BLM permit and two-thirds of the stocking rate on the meadow property. In general, the BLM allotment and meadow property are considered lightly or moderately used. Due to the BLM grazing permit attached to the property, cattle grazing is the most desirable use of the Disaster Peak Ranch in the long-term. WRC approached DSL with this proposition because DSL has the staffing and experience to manage lands for the purposes of cattle grazing, specifically noting that DSL manages tens of thousand acres of similar properties in SE
Oregon. WRC will be retaining approximately 160 acres of the ranch to allow the BLM grazing permit to stay in WRC’s name. DSL would not be able to acquire the BLM grazing permit due to BLM regulations on state agencies holding BLM grazing allotments.

WRC has entered into short-term lease agreements with one of the former owners of the ranch as well as the current cattle grazing lessee to continue ranch operations. The irrigated meadow land has 33 CFS of in-stream or surface water rights on McDermitt Creek used to flood irrigate the meadow in the spring and early summer. The property also includes 19 in-stream stock watering rights in various locations.

The future management of the ranch, if acquired by DSL, would remain unchanged and be managed through a Forage Lease containing a Leasehold Management Plan (LMP) with the lessee and in partnership with ODFW and the U.S. Fish and Wildlife Service (USFWS). Because WRC acquired the property using a grant from the Cooperative Endangered Species Conservation Fund (Section 6 of the ESA) USFWS requirements would be incorporated into the LMP. Those requirements are consistent with current DSL grazing management objectives and are provided below.

Section 6 requirements entail:

- The property is to be used to conserve and recover Lahontan cutthroat trout.
- Ensuring a similar, if not identical, agricultural management regime as that implemented in the past.
- Allowing for adaptive management, so as science/conditions change, so too does management.
- Allowing Federal, State, and NGO partners to access the property for restoration projects (non-native fish eradication, Lahontan cutthroat trout reintroduction, barrier removal, monitoring).
- In instances where agriculture and habitat conservation are in conflict (e.g. a very low water year), conservation interests trump agricultural interests.
- With Lahontan cutthroat trout an already ESA-listed fish, there cannot be any activities that take/harm these fish, including excessive water withdrawals and heavy stream modifications.

If acquired, this parcel will be incorporated into the DSL/USFWS Candidate Conservation Agreement with Assurances for the management of sage grouse habitat.

If the property were transferred to DSL, the Section 6 requirements could be imposed as deed restrictions. Restricted uses will likely include mining of any sort, and the development of infrastructure or renewable energy. The current and best use of this
property is cattle grazing which would provide significant income for the Common School Fund. This use is the main driver in the consideration of this acquisition.

Due diligence on this potential acquisition would be conducted per DSL’s rules governing the sale, exchange and purchase of land, as well as the guidance outlined in the 2012 Real Estate Asset Management plan. Considerations will include operating budget, returns on the property, coordination with local and state agencies, support of other public policies, presence of endangered species, and presence of contaminated or hazardous materials.

RECOMMENDATION

It is the Department’s recommendation that the Land Board approve initiating due diligence for the potential acquisition of 2,960 acres of irrigated meadow and dry rangeland in southern Malheur County for the purposes of cattle grazing and the conservation of the Lahontan cutthroat trout.

APPENDICES

Appendix A: Map
Appendix A: 62416-LA

Western Rivers Acquisition
Disaster Peak
T41S R40E, Tax Lot 200
T41S R39E, Tax Lots 200, 300, 500
2,450 acres

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.

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

DSL Ownership
County Properties for Exchange
Roads
Cities

Appendix A: 62416-LA

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**SUBJECT**

The Department of State Lands (Department) requests approval to initiate permanent rulemaking to amend the rules which authorize special uses on state-owned land (OAR 141-125). Through this rulemaking effort, communication site rules will be renumbered from OAR 141-125 to a new division (OAR 141-126) and amended.

A subsequent new and separate rulemaking request will follow at a later date to create and further develop the rules relating to renewable energy, which are currently contained within OAR 141-125.

**ISSUE**

Whether the State Land Board should initiate permanent rulemaking to amend OAR 141-125 and create OAR 141-126 in order to break out and further detail the communication site rules to keep up with the complexity and rapidly evolving technology of the industry.

**AUTHORITY**

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

ORS 273.041 to 273.071; authorizes the Department of State lands to exercise the administrative functions of the State Land Board; relating to the general powers and duties of Department and Board.
SUMMARY

The Department’s Administrative Rules for Authorizing Special Uses on State-Owned Land have not been thoroughly updated since 2008, though the division was opened in 2015 and 2017 to specifically address geothermal resources. The number of special use requests have increased since 2008. Examples of special use activities needing to be addressed include small product collection or harvest (e.g. pinecones, firewood permits) as well as juniper cutting, athletic events or competitions, and scientific research activities.

Two categories which fall under the special use rules are susceptible to rapidly advancing technology: Communication Sites and Renewable Energy. Both are complex enough to warrant breaking out into separate rule divisions.

Communication site leases include towers and infrastructure supporting the following communication service types: cellular phone, VHF radio, seismic monitoring, Wi-Fi broadband, amateur radio (HAM), emergency services communications and television. Cellular sites are the most striking example, but all may have some elements of the following issues: fluidity in equipment ownership and lease assignments, need to establish a modern fee structure in keeping with the industry, high frequency of sublessees and subcontractors, and complexity with co-locating at communication sites. The new rules will allow a higher level of detail and adaptability in managing communication sites.

RECOMMENDATION

The Department recommends the State Land Board authorize the Department to initiate permanent rulemaking to amend OAR 141-125 and OAR 141-126.
State Land Board

Regular Meeting
February 9, 2021
Agenda Item 4

SUBJECT

Request for approval of a direct release of 44.6 acres of subsurface minerals and geothermal rights located in Marion County, Township 8 South, Range 3 West, Section 12B, Tax Lot 1499, at the former Hillcrest Youth Authority facility, LAS File #62747.

ISSUE

Whether the State Land Board should authorize the direct release of 44.6 acres of subsurface minerals and geothermal rights in Marion County (Appendix A) owned by the Oregon Department of Administrative Services (DAS).

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 273.055; relating to the power to acquire and dispose of real property.
- ORS 273.171; relating to the duties and authority of the Director.
- OAR 141-073; relating to procedures for the sale, exchange, or release and transfer of mineral and geothermal resources owned by other state agencies.
- Real Estate Asset Management Plan (REAMP), adopted by the Land Board, February 2012.
SUMMARY

On June 1, 2020, DAS requested the release of approximately 44.6 acres of subsurface mineral and geothermal rights (Appendix A) at the former Hillcrest Youth Authority facility. DAS was in the process of marketing the property and sold the surface rights to the property to Watch Hill Capital LLC this fall.

DAS supports the direct release of the mineral rights and has requested that DSL process the minerals release request under OAR 141-073.

The Land Board was informed of the request for release of minerals through an informational item (Appendix B) at the August 11, 2020 Land Board meeting. Public notice was sent out to adjacent property owners, local governmental agencies and local tribes. One neighbor called in response to the notice and was satisfied once the purpose of the notice was clarified. The City of Salem sent a letter stating that the mining of minerals is not allowed under its current zoning. The letter was forwarded to the applicant.

The Confederated Tribes of the Grand Ronde and the Confederated Tribes of Warm Springs expressed concern about potential ground-disturbing activity. The applicant has been sent brochures explaining their responsibility to protect cultural resources. On December 31, 2020, the Department received a minerals potential report (Appendix C) from DOGAMI indicating low potential for high-value subsurface minerals for the property.

ORS 273.780 (3) states, “Except as provided in ORS 273.787, 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.”

The sale of the mineral rights for this property will provide the greatest benefit for the people of this state by enabling this property to be re-developed to its highest and best use.

Department policy is to sell subsurface minerals and geothermal rights for a land transaction fee at the rate of $10 per acre. The sale price for this transaction is $446.

RECOMMENDATION

The Department recommends the State Land Board approve the direct sale of the subsurface minerals and geothermal rights to Watch Hill Capital LLC located in Marion
County at Township 8 South, Range 3 West, Section 12B, Tax Lot 1499, at the former Hillcrest Youth Authority facility.

APPENDICES

A. Site Map
B. August 11, 2020 Land Board Agenda Item 4
C. DOGAMI Mineral Review
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.
M E M O R A N D U M

Date: August 11, 2020

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

From: Vicki L. Walker  
Director

Subject: DAS Hillcrest Mineral Release in Marion County  
LAS File #62747

The Department of Administrative Services owns 44.6 acres of subsurface mineral and geothermal rights in Marion County; Township 8 South, Range 3 West, Section 12B, Tax Lot 1499, at the former Hillcrest Youth Authority facility.

The Oregon Department of Administrative Services has been diligently marketing the property for several months and is close to reaching an agreement with a purchaser who is also interested in purchasing the mineral estate.

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.”

This item has been brought to the Board as an informational item. A DOGAMI mineral potential report has been ordered as required by OAR 141-073-0118. Upon completion of the DOGAMI report, the Department will review it and submit a recommendation to the Land Board on whether or not to release the minerals.
MINERAL RESOURCE ASSESSMENT REPORT

HILLCREST PROPERTY
MARION COUNTY, OREGON

by Carlie J.M. Duda¹ and Jason D. McClaughry²

for

Oregon Department of State Lands

2020

¹Oregon Department of Geology and Mineral Industries, 800 NE Oregon Street, Suite 965 Portland, Oregon 97232
²Oregon Department of Geology and Mineral Industries, Baker City Field Office, 1995 3rd Street, Suite 130, Baker City, OR 97814
DISCLAIMER

The Oregon Department of Geology and Mineral Industries is not liable for any claimed damage from the use of this information.

This product is for informational purposes 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. This publication cannot substitute for site-specific investigations by qualified practitioners. Site-specific data may give results that differ from the results shown in the publication.

Expires: 12/1/2021
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SUMMARY

This document describes a desktop mineral resource assessment of state-owned Tax Lot, 01499 in T. 8 S., R. 3 W., Secs. 11 and 12, Marion County, Oregon (herein called Hillcrest Property). The Oregon Department of Geology and Mineral Industries (DOGAMI) conducted this study at the request of the Oregon Department of State Lands (DSL).

The DSL contacted DOGAMI on July 7, 2020 requesting a mineral resource assessment report for Hillcrest Property. The cost estimate, signed by both DSL and DOGAMI, was finalized on December 11, 2020, which authorized the work to proceed. A desktop mineral resource assessment was completed on December 30, 2020. The format of this report and its contents follows the requirements of the DSL-DOGAMI Interagency Agreement (DSL #19-180) for the 2019-2023 biennia.

This review is a low-level, qualitative assessment, designed to provide DSL with general information about the mineral resource potential of Hillcrest Property. A detailed assessment and valuation of potential mineral resources, based on site visits and sampling, was beyond the scope for this work. The occurrence of minerals within the “study area”, an approximately 10 miles (16 km) radius area that borders Hillcrest Property, is summarized below:

<table>
<thead>
<tr>
<th>Type of Commodity</th>
<th>Study Area (Mineral Occurrences)</th>
<th>Hillcrest Property (Mineral Occurrences)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate (sand and gravel; stone, crushed and block;</td>
<td>126</td>
<td>0</td>
</tr>
<tr>
<td>basalt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial mineral (clay)</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Metals/minerals (bauxite, iron, and titanium; copper)</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Coal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Uranium and thorium</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Geothermal features (abandoned)</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Oil and gas wells (abandoned)</td>
<td>8</td>
<td>0</td>
</tr>
</tbody>
</table>
Hillcrest Property’s mineral resource potential is summarized below:

<table>
<thead>
<tr>
<th>Type of Commodity</th>
<th>Resource Potential*</th>
<th>Level of Certainty**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sand and gravel (borrow/fill/topsoil)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Construction material (crushed/block stone- basalt)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Limestone</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Clay</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Pumice</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Silica sandstone</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Bentonite</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Metals (precious, base metals)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Coal</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Uranium and thorium</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Geothermal</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Other industrial minerals (gemstone materials, perlite,</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>zeolite, manganese, titanium, zirconium, etc.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*See Section 5.1 for description of levels of resource potential
**See Section 5.2 for descriptions of levels of certainty

Hillcrest Property has a low potential, level of certainty B (Goudarzi, 1984; see Sections 5.1 and 5.2 in the report; Table 5-1, Table 5-2) for the following non-fuel mineral commodities, including aggregate, industrial minerals (clay, silica sand, pumice, limestone, gem material, dimension stone, other clays (bentonite), perlite, zeolites, manganese, titanium, zirconium, etc.), and metals (precious, oxide, and base) and mineral fuels including coal, uranium/thorium, geothermal, oil, and gas.

1.0 INTRODUCTION

This report describes a desktop mineral resource assessment of the Hillcrest Property, Tax Lot 01499 in T. 8 S., R. 3 W., Secs. 11 and 12, Marion County, Oregon (Figure 2-1). The Hillcrest Property covers 44.6 acres.

1.1 Instructions

The DSL contacted DOGAMI on July 7, 2020 requesting a mineral resource assessment report for Hillcrest Property. The cost estimate, signed by both DSL and DOGAMI, was finalized on December 11, 2020, which authorized the work to proceed. A desktop mineral resource assessment was completed on December 30, 2020. The format of this report and its contents follows the requirements of the DSL-DOGAMI Interagency Agreement (DSL #19-180) for the 2019-2023 biennia.

1.2 Layout of Report

For the convenience of the reader, this report is divided into the following five sections:
- Section 1 is the introduction. It contains the project’s instructions and the layout of report.
- Section 2 is a description of the physical and geologic setting.
2.0 PHYSICAL SETTING

The Hillcrest Property is located along the east side of West Middle Fork Pringle Creek, in South Salem in Marion County, northwest Oregon (Figure 2-1). The Hillcrest Property covers an area of 44.6 acres. Table 2-1 describes the physical setting of the Hillcrest Property; Figure 2-1 shows its location and extent. The parcel’s elevation ranges from approximately 222 to 327 feet, descending from south to north. The highest point in the southern part of Hillcrest Property is elevated above the main part of Pringle Creek at a maximum elevation of 327 ft (Figure 2-1). None of the Hillcrest Property is within a FEMA 100-year Flood Zone (Figure 2-1). FEMA 100-year Flood Zone areas are constrained to the main channels and adjacent areas along the floor of the Willamette Valley (Figure 2-1). The “study area”, is an approximately 10 mile (16 km) radius area centered on the Hillcrest Property (Figure 2-2).

Table 2-1. Hillcrest Property physical setting.

<table>
<thead>
<tr>
<th>Size</th>
<th>44.6 acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topography</td>
<td>Flat</td>
</tr>
<tr>
<td>Shape</td>
<td>irregular</td>
</tr>
<tr>
<td>Zoning</td>
<td>Public &amp; semi-public Uses (from Oregon Explorer; <a href="https://spatialdata.oregonexplorer.info/geoportal/details?id=49bfb86d4e594a3c8fa8d968aaa45e9">https://spatialdata.oregonexplorer.info/geoportal/details?id=49bfb86d4e594a3c8fa8d968aaa45e9</a>)</td>
</tr>
</tbody>
</table>

This part of Marion County has a mild wet climate with warm dry summers and mild rainy winters. The January mean low temperature is approximately 35°F and the July mean high is 82°F. Precipitation is heavy and consistent during the late fall to early-summer wet season, with 90 percent the annual rainfall occurring between October and May and average annual precipitation of 40 inches. Snowfall is minimal except in areas of higher elevation above 800 feet (which includes the South Hills and Turner Hills. The surrounding County is a mixture of cultivated agricultural lands, open grasslands, oak groves, and forest lands.

The Hillcrest Property is accessible from Reed Road SE, via Interstate 5, Kuebler Boulevard, and Battle Creek Road. Land ownership within the study area is predominantly private, with areas of State, Federal, and County lands. State-owned and city-owned parcels are located along the Willamette River (Figure 2-2). The Hillcrest Property is completely surrounded by private land.
Figure 2-1. Vicinity map for Hillcrest Property (red shade). Basemap is scanned version of a 1:24,000 scale USGS topographic map; overlay is 1-m lidar hillshade. Source is NGS Esri Online. Blue shade is the FEMA high-risk flood zone (A).
Figure 2-2. Map of land ownership in the study area. The black circle, which defines the study area, is a 10-mile radius around the Hillcrest Property. The basemap is a 1-m lidar hillshade. Inset map is an oblique view of the Hillcrest Property looking north toward McNary Field. Imagery is from Google Earth™.
3.0 RESULTS

This section presents the results of the mineral resource scoping of the Hillcrest Property. While the focus of this assessment is the Hillcrest Property, the larger study area will be assessed to provide context for the site. A study area of this size provides a greater level of information about the identified occurrence of minerals and the Hillcrest Property’s mineral setting.

Where this report indicates a potential mineral resource might exist, it is important to understand what a “resource” is and means. According to the U.S. Bureau of Mines and U.S. Geological Survey (USGS) Circular 381, “Principles of a Resource/Reserve Classification System, (1980)”, “resource” means, “[a] concentration of naturally occurring solid, liquid, or gaseous material in or on the Earth’s crust in such form and amount that economic extraction of a commodity from the concentration is currently or potentially feasible” (p. 1). An identified resource is a “resource whose location, grade, quality, and quantity are known or estimated from specific geologic evidence” (p. 1).

A resource or identified resource does not infer or imply a “reserve base” or “reserve” exists. A “reserve base” is “that part of an identified resource that meets specific minimum physical and chemical criteria related to current mining and production practices, including those for grade, quality, thickness, and depth” (p. 2). The meaning of a “reserve” is “that part of the reserve base which could be economically extracted or produced at the time of determination” (p. 2).

The non-fuel mineral commodities evaluated for this assessment include aggregate, industrial minerals (clay, silica sand, pumice, and limestone), and metals (precious, oxide, and base). Mineral fuel commodities evaluated are coal, uranium/thorium, geothermal, oil, and gas. Occurrences of other commodities (gem material, dimension stone, other clays (bentonite), perlite, zeolites manganese, titanium, zirconium, etc.) will be reported as industrial minerals when encountered as part of this evaluation.

The term “aggregate” includes gravel and sand and all consolidated stone used for construction and roads. Stone may be further classified as crushed—rock that has been broken into smaller fragments—and blocks. Also, no distinction is made between a mineral occurrence and mineral deposit. The term “mineral occurrence” applies to both and is used to refer to a concentration of a mineral that could be considered valuable by someone somewhere or that is of scientific or technical interest.

3.1 Status of Mineral Surveys

- The locations of known mineral occurrences in the study area are summarized in the Mineral Information Layer for Oregon, release 3 (McCloughry and others, 2020), Niewendorp and others (2012), Wermiel (1987), and Olmstead (1989).
- Gray and Throop (1981) reported on the rock material resources of a four-county area, including Marion County. They provided information useful for short-range planning for rock material supplies used by county planning and public works departments, County and State road and highway departments, private contractors, and private citizens. Basic data for a number of mine sites within the study area was reported, including an occurrence of construction aggregate sited directly adjacent to the Hillcrest Property.
- Corcoran and Libbey (1956) reported on ferruginous bauxite deposits in the Salem Hills. Laterite sections of these deposits are scarce, because they rapidly deteriorate to form soil. Four site occurrences are within the study area; 2 sites of laterite are located ~3.5 to 4.5 miles south of the Hillcrest Property. Two sites of bauxite are also present in the study area; one site is located ~6
miles north of the Hillcrest Property in the Eola Hills, while another site is located ~4 miles east in the Waldo Hills.

- Peterson (1969) reported an occurrence of secondary mineralization of uranium in the study area that was not economically viable.
- Schafer (1956) reported the occurrence of secondary mineralization of uranium on Illahe Hill, ~4.5 miles west of the Hillcrest Property. The occurrence is hosted in tuffaceous marine sandstone of the Oligocene and upper Eocene Eugene Formation. Secondary minerals occur in small amounts over a wide area.
- Weremiel (1987) and Olmstead (1989) reported the locations of hydrocarbon exploration in Marion County. Eight oil and gas exploration wells (abandoned) are present, primarily in the southwest part of the study area, along the Willamette River.
- Wilson and Treasher (1938) reported on refractory clays of Western Oregon, including the Macleay Clay deposit, located ~5 miles east of the Hillcrest Property.

3.2 Mining Claims/Leases

DOGAMI does not maintain records pertaining to public claims or private mineral leases. Land ownership within the study area is mostly private, with less amounts of State-owned and Federal lands (Figure 2-2). The BLM does make some records of mining claims on Federal lands easily available to the public on its LR2000 website (www.blm.gov/lr2000/index.htm) (LR2000, 2013). Only certain types of mineral discoveries can be claimed; these minerals are broadly known as “locatable” (possessing a distinct and special value) and include such things as precious metals, gems, high-value industrial minerals, uranium, etc. Locatable minerals generally do not include construction aggregate, common industrial minerals, oil, gas, coal, or geothermal resources.

No mining claims were located either on the Hillcrest Property, or in the study area. There are 2 closed placer claims in Polk County (outside the study area), and an additional 1,140 mining claims in Marion County (outside the study area).

3.3 Mineral Setting

Brownfield and Schlicker (1981), McClaughry and others (2010), O’Connor and others (2001), Tolan and Beeson (1999), Tolan and others (2000), and Yeats and others (1996) provided the most current and detailed geological mapping in the study area. Later Franczyk and others (2020) compiled that work into a statewide digital compilation and database. This compilation is used to illustrate the geology of the study area in Figure 3-1.

The geology of the study area consists of the upper Eocene Spencer, upper Eocene and Oligocene Eugene, upper Eocene and Oligocene Keasey, and Oligocene and lower Miocene Scotts Mills formations (Figure 3-1). Upper Eocene diabase and Oligocene intrusive rocks locally intrude the section. The Eocene-Oligocene stratigraphic section is unconformably overlain by the early to middle Miocene Columbia River Basalt Group (CRBG). Rocks are variably offset by a number of northeast- to southwest-striking normal faults, including the Turner fault, that are intersected by northwest-southeast-striking normal faults (Yeats and others, 1996; Tolan and others, 2000; Figure 3-1). Extensive areas of Quaternary alluvial and deposits fill the broad Mill Creek and Willamette River valleys (Figure 3-1).

The Hillcrest Property is underlain by the early Miocene Grande Ronde Basalt of the CRBG between the Mill Creek and Willamette River valleys (Figure 3-1). Tolan and others (2000) showed several
orientation measurements from the Grande Ronde Basalt, indicating a low-angle, northeast dipping unit. The Grande Ronde Basalt at the Hillcrest Property is mantled by high terrace gravels of the Willamette Group and Missoula Flood sands and gravels.

### 3.4 Known Mineral Occurrences

In this report, no distinction is made between a mineral occurrence and mineral deposit. The term “mineral occurrence” applies to both and is used to refer to a concentration of a mineral that could be considered valuable by someone somewhere or that is of scientific or technical interest. The known mineral occurrences, geothermal features, and oil and gas exploratory wells in the study area, are tabulated below in Table 3-2 and shown in Figure 3-2. There are 3 occurrences of aggregate (sand and gravel) within 1 mile of the Hillcrest Property. One occurrence of clay is located ~2.5 miles south of the Hillcrest Property, and 1 geothermal occurrence is located ~2.5 miles northeast of Hillcrest Property (Figure 3-2).

#### Table 3-1. Minerals occurrences within the study area.

<table>
<thead>
<tr>
<th>Type of Commodity</th>
<th>Study Area (Mineral Occurrences*)</th>
<th>Hillcrest Property (Mineral Occurrences)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate (sand and gravel; stone, crushed and block; basalt)</td>
<td>126</td>
<td>0</td>
</tr>
<tr>
<td>Industrial mineral (clay)</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Metals/minerals (bauxite, iron, and titanium; copper)</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Coal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Uranium and thorium</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Geothermal features (abandoned)</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Oil and gas wells (abandoned)</td>
<td>8</td>
<td>0</td>
</tr>
</tbody>
</table>

*Mineral occurrence information queried from three spatial databases (see Section 4).
Figure 3-1. Simplified geologic map of the study area. The map base is a 1-m lidar DEM hillshade; the geology is modified from OGDC7, Franczyk and others (2020).

3.4.1 Study Area

- There are 126 aggregate sites in the study area (some points on Figure 3-2 overlap), 84 of which are sand and gravel or fill deposits; Three of these sites are located within 1 mile from the Hillcrest Property. The other 42 sites produced crushed stone, block, or both (McCloughry and others, 2020).
These low-unit-value, high-bulk commodities serve local markets. Specific site conditions or restrictions associated with each site are unknown.

- There are 4 occurrences of industrial minerals, all of which are clay (McClaughry and others, 2020; Figure 3-2).
- There are 9 occurrences of metals. Six of these occurrences are bauxite, iron, titanium, 2 occurrences are identified as uranium, and 1 is listed as copper (McClaughry and others, 2020; Figure 3-2).
- Eight exploration wells, drilled in search of oil or natural gas, are located in the southern part of the study area (Wermiel, 1987; Olmstead, 1989; Figure 3-2). These wells were drilled between 1935 and 1981. Four wells, including the Gilmour 1 and 2, N. Gilmour 1, and Wiederkehr 1 wells were located near Buena Vista, ~10 miles southwest of the Hillcrest Property. The Gilmour 1 and 2 wells were drilled to a depths of 1,560 ft and 1,565 ft by William Craig in 1969 and 1971. No shows of gas were found, but freshwater was encountered. The N. Gilmour 1 was drilled to a depth of 1,603 ft by Jackson-Dahl in 1971. Gas shows were reported. The Wiederkehr 1 well was drilled to a depth of 3,617 ft by the Portland Gas and Coke Company between 1933 and 1935. Gas and oil were reported in saltwater sands. The Steiwer 1 well, drilled to a depth of 2,845 ft by the Portland Gas and Coke Company in 1935, was located ~7 miles south of the Hillcrest Property in the Salem Hills. There were several gas shows reported, some of which were in saltwater sands. The Independence 12-25 well, drilled to a depth of 4,826 ft by the Oregon Natural Gas Development Corporation in 1980, was located ~7 miles southwest of the Hillcrest Property in the Salem Hills. The Eocene Spencer Formation was encountered at depths of 3,098 ft and 4,022 ft in the Independence 12-25 well. The Merrill 1 well, drilled to a depth of 5,282 ft by the Reichhold Energy Corporation in 1975, was located ~6 miles southwest of the Hillcrest Property in the west part of the Salem Hills. Eocene sand was encountered at 3,400 feet, but no shows of gas were reported. The Gath 1 well, drilled to a depth of 6,002 ft by the Quintana Petroleum Corporation in 1981, was located ~4 miles southeast of the Hillcrest Property in the Waldo Hills. No shows of gas were reported. All wells were plugged and abandoned after development.
- There are 2 low-temperature geothermal wells in the study area. One low temperature geothermal occurrence is located ~2.5 miles northeast of Hillcrest Property, near four corners, while the second occurrence is located near Pratum, ~9.5 miles northeast of Hillcrest Property. Maximum recorded water temperatures are 154°F for the well at Four Corners and 66°F for the well at Pratum (Niewendorp and others, 2012).

### 3.4.2 Hillcrest Property

There are no mineral occurrences on the Hillcrest Property. There are 3 occurrences of aggregate (sand and gravel) locations within 1 mile of the Hillcrest Property. One occurrence of clay is present ~2.5 miles south of Hillcrest Property, and 1 geothermal occurrence ~2.5 miles northeast of the Hillcrest Property (Figure 3-2).
Figure 3-2. Mineral occurrences in the study area (black circle). The map base is a 1-m lidar DEM hillshade. Some aggregate point locations overlap.
3.5 Mineral Resource Interpolation

The mineral resource potential is based on the interpolation of the study area’s mineral inventory. Each type of commodity was rated based on the criteria explained by Goudarzi (1984) (see Section 5; Table 5-1, Table 5-2). These criteria were adapted for this report so as to determine relative levels of resource potential and relative levels of certainty of assessment within the Hillcrest Property. A field assessment was not conducted in the preparation of this report. The mineral resource potential of the Hillcrest Property is summarized below and listed in Table 3-2:

- The Hillcrest Property has low potential for an undiscovered industrial mineral resource, level of certainty B.
- The Hillcrest Property has low potential for undiscovered aggregate resources, level of certainty B.
- The Hillcrest Property has low potential for undiscovered resources of the following commodities or mineral fuels: metals; coal, and uranium, and thorium, level of certainty B.
- The Hillcrest Property has low potential for undiscovered geothermal or oil and gas resources, level of certainty B.

Table 3-2. Mineral resource potential in Hillcrest Property.

<table>
<thead>
<tr>
<th>Type of Commodity</th>
<th>Resource Potential*</th>
<th>Level of Certainty**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sand and gravel (borrow/fill/topsoil)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Construction Material (crushed/block stone- basalt)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Limestone</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Clay</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Pumice</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Silica sandstone</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Bentonite</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Metals (precious, base metals)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Coal</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Uranium and thorium</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Geothermal</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Others industrial minerals: (gemstone materials, perlite, zeolite, manganese, titanium, zirconium)</td>
<td>low</td>
<td>B</td>
</tr>
</tbody>
</table>

*See Section 5.1 for description of levels of resource potential

**See Section 5.2 for descriptions of levels of certainty
4.0 LITERATURE SOURCES

Some references below were consulted as a part of this review but may not be cited in the text body because they contain no information on the ODVA Mineral Estate.

Corcoran, R.E. and Libbey, F.W., 1956, Ferruginous bauxite deposits in the Salem Hills, Marion County: Oregon Department of Geology and Mineral Industries Bulletin 46


Oregon Department of Geology and Mineral Industries, 2018, Mineral Land Reclamation and Regulation database.

Oregon Department of Geology and Mineral Industries, unpublished, Oil and Gas database.


Wilson, H. and Treasher, R.C., 1938, Preliminary report of some of the refractory clays of Western Oregon: Oregon Department of Geology and Mineral Industries Bulletin 6, 95 p.

5.0 METHODS AND LIMITATIONS

The Scope-of-Work for this assessment did not include a site visit or field work. The objective of the examination was only to determine and/or confirm through desk-top research that a potential mineral resource exists or there is the potential for one. Data compilation efforts for the assessment includes, but is not limited to the following: published and unpublished geology and mineral/material resource literature available at DOGAMI.

A core part of the mineral inventory process is the review of six datasets:
- MILO-3 (Mineral Information Layer for Oregon, Release 3).
- GTILO-2 (Geothermal Information Layer for Oregon, Release 2).
- MLRR (Mineral Land Reclamation and Regulation program of DOGAMI) databases.
- LR2000, the Federal Bureau of Land Management’s (BLM) electronic database for claims (inactive, closed).
- An unpublished DOGAMI database of oil and gas wells in Oregon.
- OGCD-7 (Oregon Geologic Data Compilation, Release 7).

The collection and presentation of data is facilitated through GIS. This report of findings is tailored to address the required items listed in the Intergovernmental Agreement (IGA), DSL #19-180.

This examination did not include activities such as sampling and systematic geological, geophysical, and geochemical mapping as the basis for determination or confirmation that a mineral resource potential, deposit, or mineral occurrence exists.

A desktop inventory of mineral occurrences cannot alone determine the following:
- The accurate identification of the concentration and occurrence of material in relation to its particular geographical controls.
- The volume of valuable mineral or rock present or removed, and reserves remaining.
- The applicable extraction and processing methods and market factors for its products.

Also, this low-level mineral assessment cannot be the sole basis for an appraisal or the basis for other generally accepted industrial standard for placing a value on and with a resource and the land itself. Users of this report are advised to consult with DOGAMI to gain a better understanding of the inherent limitations of the information herein and its scope of inference.

Provided below are definitions for levels of mineral resource potential and certainty of assessment (modified from Goudarzi, 1984). Under this system, the level of mineral resource potential assigned to a commodity is based on geologic, geochemical, and geophysical characteristics.

An inventory of mineral occurrences cannot be used solely for appraisal purposes or the basis for other generally accepted industrial standard for placing a value on and with resource and the land.
5.1 Levels of Resource Potential (modified from Goudarzi, 1984)

Table 5-1. Levels of resource potential modified from Goudarzi (1984).

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIGH</td>
<td>Mineral resource potential is assigned to areas where geologic, geochemical, and geophysical characteristics indicate a geologic environment favorable for resource occurrence, where interpretations of the data indicate high degree of likelihood for resource accumulation, where data support mineral-deposit models indicating presence of resource, and where evidence indicates that mineral concentration has taken place. Assignment of high resource potential to an area requires some positive knowledge that mineral-forming processes have been active in at least part of the area.</td>
</tr>
<tr>
<td>MEDIUM</td>
<td>Mineral resource potential is assigned to areas where geologic, geochemical, and geophysical characteristics indicate a geologic environment favorable for resource occurrence, where interpretations of the data indicate high degree of likelihood for resource accumulation, where and (or) where an application of mineral-deposit models indicates favorable ground for the specified type(s) of deposits.</td>
</tr>
<tr>
<td>LOW</td>
<td>Mineral resource potential is assigned to areas where geologic, geochemical, and geophysical characteristics define a geologic environment in which the existence of resources is permissive. This broad category embraces areas with dispersed but insignificantly mineralized rock, as well as areas with obvious site limitations and little or no indication of having been mineralized.</td>
</tr>
<tr>
<td>NO</td>
<td>Mineral resource potential is a category that should be reserved for a specific type of resource in a well-defined area.</td>
</tr>
<tr>
<td>UNKNOWN</td>
<td>Mineral resource potential is assigned to areas where information is inadequate to assign a low, moderate, or high level of resource potential.</td>
</tr>
</tbody>
</table>

5.2 Levels of Certainty of Assessment (Goudarzi, 1984)

Table 5-2. Levels of certainty assessment modified from Goudarzi (1984).

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Available information is not adequate for determination of the level of mineral resource potential.</td>
</tr>
<tr>
<td>B</td>
<td>Available information suggests the level of mineral resource potential.</td>
</tr>
<tr>
<td>C</td>
<td>Available information gives a good indication of the level of mineral resource potential.</td>
</tr>
<tr>
<td>D</td>
<td>Available information clearly defines the level of mineral resource potential.</td>
</tr>
</tbody>
</table>
STATE LAND BOARD

Regular Meeting
February 9, 2021
Agenda Item 5

SUBJECT

Request for approval of the creation of 8.14 acres of New Lands by filling a portion of the State’s ownership within Upper Klamath Lake for the expansion of Highway 140 by the Oregon Department of Transportation (ODOT).

ISSUE

Whether the Land Board should authorize the Department to issue an Access Agreement to ODOT to create 8.14 acres of New Lands within Upper Klamath Lake for the purpose of expanding Highway 140, which, would result in the subsequent sale of the New Lands created to ODOT.

AUTHORITY

ORS 265.040; relating to the Departments authority to issue easement on submerged lands.

ORS 274.920; relating to the creation of new lands with approval of the owner of the submerged and submersible lands.

ORS 274.932; relating to the right of a public body to purchase new lands created by it.

OAR 141-068-0100; relating to the Land Board’s authority to grant permission to create new lands.

OAR 141-068-0110; relating to the sale of new lands.
OAR 141-122; relating to the Departments authority to issue easements on submerged land.

**SUMMARY**

On August 12th, 2020, the Department received a completed application from the Oregon Department of Transportation (ODOT) requesting permission to fill in 8.14 acres of submerged land, and creating new lands within the State’s ownership of Upper Klamath Lake in Townships 37 and 38 South, Ranges 07 and 08 East, for the expansion of Oregon Highway 140 (Hwy. 140). The request also includes 9.12 acres of submerged lands that will require a Right-of-Way (ROW) easement for future maintenance of Highway 140. The proposed created new lands and submerged lands requiring a ROW easement are shown on Appendix B.

OARs 141-068 requires that creation of new lands may only be done with the permission of the owner of the submerged lands on which they are created, as well as the permission of the adjacent upland riparian tax lot owner. In the project location, ODOT is the upland riparian tax lot owner and DSL is the owner of the submerged lands. This application underwent a 30-day public review process and received no comments.

ODOT has completed the Removal and Fill (R/F) application process with the Department and fulfilled their obligations of identifying mitigation locations through permit 61953-RF. ODOT coordinated with the Klamath Tribe during design of the highway project and compensatory mitigation plan.

To complete the highway expansion project, ODOT must receive permission from the Department, and be issued a Short-Term Access Agreement for the construction period of the project. Once ODOT has the Short-Term Access Agreement in place, they may then solicit for construction contracts.

Per ORS 274.932 a public body that creates new lands has the right to purchase those new lands within one year of their creation. The sale of new lands must be approved by the State Land Board, and the compensation for the sale of the new lands cannot be calculated until the new lands are created and surveyed. This will result in a second Land Board request for final approval of the sale of the new lands that will include a surveyed acreage of new lands created and the value at which they will be sold.

**RECOMMENDATION**

The Department of State Lands recommends the State Land Board approve the Department’s issuance of a Short-Term Access Agreement to ODOT for the creation of
approximately 8.14 acres of new lands within the States ownership of Upper Klamath Lake in Townships 37 and 38 South, Ranges 07 and 08 East.

APPENDICES

A: Location Map
B: Survey Map
EXHIBIT A: 62440-LS

T37S, R07E Sec. 25 & 36
T38S, R07E Sec. 1
T38S, R08E Sec. 6
~8.14 acres of Fill/New Lands
Klamath County

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.

Date: 10/29/2020

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

App. A
62440-LS ODOT New Lands Klamath Lk
Exhibit A.png Map Producer: amckernan Document Path: O:\Bend\1 Real Property\1 Real Transactions\Fill LED Lands\62440-LS ODOT New Lands Klamath Lk\62440-LS_62440-LS_ExhibitA.mxd
APPENDIX B

OR DOT 140(1) - Klamath County
Boat Marina to Lakeshore Drive

Surveyed by: David Evans & Assoc. for
FEDERAL HIGHWAY ADMINISTRATION
610 East 5th Street
Vancouver, WA 98661
Date: August, 2016

Drawing by:
USDOT/FHWA/WFLHD
Date: February, 2019

Basis of Bearings:
Horizontal: Oregon Coordinate
Reference System
Bend - Klamath Falls Zone
NAD 83(2011)
Epoch 2010.000

Vertical: NAVD88
Units: International Feet

KLAMATH COUNTY, OREGON
RIGHT-OF-WAY

Description of Land:
File 9386001
State of Oregon
775 Summer St. NE, Suite 100
Salem, OR 97301-1279

T. 37 S., R. 7 E., Willamette Meridian
Sec. 25: W½SE¼ & Sec. 36 W½NE¼

Right-of-Way in Acres
Total ROW this Exhibit 73.69
Existing ROW this Exhibit 56.43
Acquired ROW this Exhibit 17.26
Const. Easement this Exhibit N/A

Sheet 1 of 7

SKETCH MAP

T. 37 S., R. 7 E., WILLAMETTE MERIDIAN
Sec. 25: W½SE¼

Upper Klamath Lake

Parcel 1
17.26 ac.

State of Oregon
Department of State Lands

OR DOT 140 - LAKE OF THE WOODS HIGHWAY

Boat Launch

Curve = ALT8A-2
Δ = 36° 15' 44" (LT)
Δc = 34° 10' 48" (LT)
R = 3,496.62'
Ts1 = 1,216.57'
Ts2 = 1,243.50'
L = 2,085.92'
e=4.5%

Right-of-Way in Acres
Total ROW this Exhibit 73.69
Existing ROW this Exhibit 56.43
Acquired ROW this Exhibit 17.26
Const. Easement this Exhibit N/A

Sheet 1 of 7

SKETCH MAP
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROW in Acres</td>
<td>17.26</td>
</tr>
<tr>
<td>Total ROW</td>
<td>73.69</td>
</tr>
<tr>
<td>Right-of-Way in Acres</td>
<td>N/A</td>
</tr>
<tr>
<td>Const. Easement</td>
<td>N/A</td>
</tr>
<tr>
<td>Existing ROW</td>
<td>56.43</td>
</tr>
<tr>
<td>Acquired ROW</td>
<td>17.26</td>
</tr>
</tbody>
</table>

**Description of Land:**

T. 37 S., R. 7 E., Willamette Meridian, Section 36: SW¼NE¼

**SKETCH MAP**
T. 37 S., R. 7 E., WILLAMETTE MERIDIAN

Sec. 36: Lot 3
- Spiral = ALT8A-5B
- $\theta s = 3^\circ 34' 30''$
- $Ls = 220.00'$

Sec. 36: Lot 4
- Spiral = ALT8A-6B
- $\theta s = 1^\circ 01' 15''$
- $Ls = 175.00'$

Upper Klamath Lake

PARCEL 1
- 17.26 ac.
- State of Oregon Department of State Lands

Section 36: E$\frac{3}{4}$SE$\frac{3}{4}$

Right-of-Way in Acres
- Total ROW this Exhibit 73.69
- Existing ROW this Exhibit 56.43
- Acquired ROW this Exhibit 17.26
- Const. Easement this Exhibit N/A

Sheet 4 of 7
APPENDIX B

OR DOT 140(1) - Klamath County
Boat Marina to Lakeshore Drive
Surveyed by: David Evans & Assoc. for
FEDERAL HIGHWAY ADMINISTRATION
610 East 5th Street
Vancouver, WA 98661
Date: August, 2016

Drawing by:
USDOT/FHWA/WFLHD
Date: April, 2019

Basis of Bearings:
Horizontal: Oregon Coordinate
Reference System
Bend - Klamath Falls Zone
NAD 83(2011)
Epoch 2010.000
Vertical: NAVD88
Units: International Feet

KLAMATH COUNTY, OREGON
RIGHT-OF-WAY
Description of Land:
File 9386001
State of Oregon
775 Summer St. NE, Suite 100
Salem, OR 97301-1279
T. 38 S., R. 7 E., Willamette Meridian,
Sec. 36: Lot 4 & Sec. 01: NE¼NE¼
T. 38 S., R. 8 E., Willamette Meridian,
Sec. 06: Lot 1

Right-of-Way in Acres
Total ROW this Exhibit 73.69
Existing ROW this Exhibit 56.43
Acquired ROW this Exhibit 17.26
Const. Easement this Exhibit N/A

Sheet 5 of 7 SKETCH MAP
UPPER KLAMATH LAKE

T. 38 S., R. 8 E., WILLAMETTE MERIDIAN
Sec. 06: Lot 2

SKETCH MAP
SUBJECT

Request for final approval to sell a 20-acre parcel of the South Redmond Tract, southeast of the intersection of SW 19th Street and SW Elkhorn Avenue, in Redmond, Deschutes County, in a direct sale to Oregon Military Department, LAS #57967.

ISSUE

Whether the State Land Board should authorize the direct sale of the 20-acre parcel in Redmond to the Oregon Military Department. (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 273.055; relating to the power to acquire and dispose of real property.
- ORS 273.171; relating to the duties and authority of the Director.
- OAR 141-067; relating to the sale, exchange, and purchase of state land.
- Real Estate Asset Management Plan (REAMP) adopted by the Land Board; February 2012.
- 2008 South Redmond Tract Land Use and Management Plan.

SUMMARY

In 2015, the Oregon Military Department approached DSL to purchase a portion of the South Redmond tract for a new Readiness Center. The 900+ acre South Redmond tract was in the process of being added to Redmond’s Urban Growth Boundary as part
of a regional process that identified a shortage in the Central Oregon area of Large Lot Industrial (LLI) land. The location of the 20 acres needed by Oregon Military Department is key to their operations and includes an easement to reach their military training ground on BLM land to the east.

In the last update to the Land Board in October 2019, the completion of the due diligence reports for the sale of the Large Lot Industrial lands was approved and an update on the progress of a long-term collaboration with Oregon Military Department was provided.

An appraisal has determined the value of this parcel to be $1,662,700, and a purchase and sale agreement has been executed between OMD and DSL, pending final approval by the Land Board of the transaction. A cultural resources review was performed by the DSL archaeologist. Public notice of the sale was sent to local public agencies and tribal authorities. One anonymous objection to the sale was received by the Department on the basis that the property would be used for a military use. The method of sale is Direct sale at appraised value.

**RECOMMENDATION**

The Department recommends the State Land Board authorize the direct sale of the 20-acre parcel located southeast of the intersection of SW 19th Street and SW Elkhorn Avenue at Parcel 2 of Partition Plat 2020-22, located in the northwest quarter of Section 33, Township 15 South Range 13 East, City of Redmond, in Deschutes County to the Oregon Military Department for $1,662,700.

**APPENDICES**

A. Map of Property  
B. Agenda Item 5 October 15, 2019 Land Board Meeting  
C. Land Evaluation Form
Appendix A
South Redmond Tract
T15S, R13E Sections 32 and 33
Deschutes County

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.
State Land Board

Regular Meeting
October 22, 2019
Agenda Item 5

SUBJECT

Request for approval to update and finalize review and determination (due diligence) documents and to sell portions of the South Redmond Tract, consisting of approximately 780 acres of Large Lot Industrial (LLI) lands in Township 15S, R13E, Section 32 and 33 Tax lot 130, W.M. Deschutes County, Oregon.

ISSUE

Whether the State Land Board should authorize the Department to update and finalize review and determination documents for the remaining 780 acres of LLI lands of the South Redmond Tract and to sell the parcel in a phased approach through a brokered or direct sale process.

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 273.055; relating to the power to acquire and dispose of real property.
- ORS 273.171; relating to the duties and authority of the Director.
- ORS 273.780; relating to the retention of mineral rights.
- OAR 141-067; relating to the sale, exchange and purchase of state land.
- Real Estate Asset Management Plan (REAMP), adopted by the Land Board; February 2012.
- 2008 South Redmond Tract Land Use and Management Plan.
South Redmond Tract History and Background:

The South Redmond Tract is a 940-acre parcel owned by the State of Oregon located in Deschutes County, southeast of the City of Redmond (Township 15 South, Range 13 East, Sections 32 and 33). This property was acquired in 2007 by the State Land Board, acting through the Department of State Lands (DSL or Department) from the U.S. Bureau of Land Management (BLM) as an asset of the Common School Fund (CSF). This acquisition partially satisfies a 1991 court decision that the State of Oregon was owed approximately 5,200 acres of federal public domain land in what is known as the in-lieu or indemnity land selection process to satisfy obligations of the federal government stemming from the Oregon Admission Act of 1859. The South Redmond Tract was formerly managed by BLM’s Prineville District as Community Expansion lands under the Department’s 2005 Upper Deschutes Resource Area Management Plan.

The 940 acres is configured as a contiguous block that is located adjacent to and south of the Deschutes County Fairgrounds and Exposition Center, south and east of the City of Redmond’s Juniper Golf Course, and southwest of Roberts Field-Redmond Municipal Airport. At the time of acquisition, the property was outside the Redmond city limits and Urban Growth Boundary (UGB) and was not designated within the City’s 50-year Urban Area Reserve (UAR).

The South Redmond Tract is one of many properties throughout the state which are managed by the State Land Board (through DSL) to benefit the Common School Fund, with revenues dedicated to the support of K-12 public education in Oregon. CSF lands are managed by the State Land Board as a “trust” to maximize short- and long-term revenues consistent with sound stewardship and business management principles. As the trustee, the State Land Board has a duty to maximize the value of, and revenue from CSF lands over the long-term. To achieve the Department’s management objectives and maximize the revenue to the CSF while providing consistent and sound stewardship business practices, the Department established the South Redmond Tract Land Use and Management Plan (Plan).

The Plan was developed through a collaborative planning effort with federal, state and local entities initiated in March 2006, prior to acquisition of the tract from the BLM. While the property was outside the Redmond UGB and not designated as an UAR, it was reasonably expected to be developed for urban uses due to its location adjacent to the UGB, city limits and existing and/or planned urban infrastructure. Planned city and county transportation, water and sewer system improvements on and through the tract also suggested future urban level development. The tract is recognized as a key site to meet the region’s short-term needs for large-lot industrial development. Thus, the Plan recommended a concept for urban development of the property based upon expansion of the Redmond UGB. Many of the assumptions made were predicated based on the Department seeking an economic opportunity amendment to the Redmond UGB to
meet regional industrial land needs and subsequent development of the Tract for LLI uses.

Summary

In 2006, prior to the Department receiving the title to the South Redmond Tract (SRT), a collaborative planning effort was initiated with federal, state and local agencies. In this effort there were four primary concepts developed for the future development of the SRT: mixed use focus, employment/recreation, and two campus industrial scenarios. All scenarios held the assumption that any one scenario would take a minimum of 20-years for development. At the time these scenarios were developed, the mixed-use campus industrial was the scenario that was deemed most responsive to the community and regional needs. The planning effort ultimately led to the development of the South Redmond Tract Land Use and Management Plan that set to accomplish the following:

- Identify recommended land use and land management concepts and management strategies that generate the greatest possible revenues for the CSF, are compatible with community interests, and are consistent with Oregon land use law.
- Bring this property into the Redmond UGB and city limits at the earliest possible time and ensure that it is designated and used for urban uses that respond to community needs and generate revenue as soon as possible.
- Continue the collaborative planning process with federal, state and local agencies initiated prior to the property’s acquisition.
- Ensure that a real estate market perspective is integrated into planning for the site.
- Ensure that short-term management decisions do not irrevocably commit or adversely affect the long-term revenue or value appreciation potential of the Tract.
- Integrate management strategies for this tract with Redmond’s long-term development and growth management needs.
- Facilitate development and implementation of industrial, commercial and residential properties as identified in the Department’s Real Estate Asset Management Plan.
- Manage and plan for the tract to be a model for responsiveness to sustainability principles and global climate change.
In addition, this plan set out a strategy to complete a land exchange for 140 acres with Deschutes County to accommodate an expansion of the fairgrounds, and a land sale of 20 acres for the development of a readiness center for the Oregon Military Department (OMD). DSL has entered into agreements with both OMD and Deschutes County to accomplish a sale and an exchange of approximately 160 total acres of the SRT. Currently, DSL is determining values of properties to complete these transactions and has submitted a partition application to separate the proposed properties from the South Redmond Tract. The remaining 780 acres of land has been incorporated into Redmond city limits and has been designated Large Lot Industrial zoning for future employment opportunities. In short, DSL has accomplished nearly every goal the Land Board approved through the adoption of the South Redmond Tract Land Use and Management Plan in 2008.

So, the Department can continue to meet the goals set forth in the Plan and, more importantly, maximize the revenue returned to the CSF, the LLI lands will need to be sold for the designated use. In order to complete any land sale(s) for the remaining 780 acres of the SRT, due diligence will need to be finalized. Much of the due diligence has already been completed in the process of positioning the SRT into the boundaries of the City of Redmond and taking the preliminary steps to conduct a land exchange with Deschutes County and a land sale to OMD. The Department will need to complete a DOGAMI review to determine if there is any potential significance in the minerals associated with the SRT, an updated appraisal report, and a potential update to the Oregon Biodiversity Information Center (ORBIC) report that is required by the Department of Agriculture to ensure there are no protected plant species on the site.

Upon completion of updating and finalizing the due diligence reporting, the Department will be prepared to pursue land sale opportunities upon approval from the Land Board. In order to better meet the Land Use and Management Plan for the SRT, the Department is proposing to utilize the services of a broker for the disposal of all 780 acres of the LLI zoned lands or by means of a direct sale, as applicable.

Zoning the SRT as Large Lot Industrial was an integral component to the property being incorporated into the City of Redmond boundaries. This zoning designation requires a minimum of one lot that is 200 acres or greater to be sold and developed, with the remaining lots to be identified as 50 to 100 acres in size available for sale and development. To better align with the Plan and ensure that a real estate market perspective is integrated into planning for the site, the Department recommends disposing of the entire 780-acre SRT through a phased approach with a contracted broker or a direct sale. A broker process or a direct sale would allow for the SRT to be disposed of to potential developers suited for large lot developments in a more nimble and responsive manner to meet the needs of the region. In turn, this approach would allow for the maximum return of revenue to the Common School Fund.
In August 2019, the Department received final approval from the City of Redmond for urban growth boundary expansion, annexation into city jurisdiction, and zoning designations for Large Lot Industrial lands. The Department also received approval from the City for a public facilities zoning designation to accommodate the OMD readiness center and county fairgrounds expansion. The SRT planning process has gone through extensive internal and public review to provide transparency to all stakeholders through multiple public hearings at the city and county levels. The Department will continue to work closely with local partners such as Redmond Economic Development Inc. (REDI), Economic Development of Central Oregon (EDCO), Business Oregon and others to ensure both the State’s and local interests are met.

**RECOMMENDATION**

The Department recommends the State Land Board approve the completion of the review and determination (due diligence) documents and the use of a broker or direct sale to dispose of the remaining 780 acres of South Redmond Tract Large Lot Industrial lands to benefit the Common School Fund.

**APPENDICES**

A. Map of Property  
B. SRT Land Use and Management Plan  
C. Findings in support of the L.L.I. zoning designation and approved Masterplan  
D. Timeline of approvals
LAND EVALUATION FORM

1. Evaluation completed in: Office ☒ Field ☒


10. Certified Forest: ☐ Yes ☒ No

11. Leased: ☒ No ☐ Yes Lease #: N/A Type of Use: Bare Land

12. Ownership Type: Surface and Subsurface 13. Mineral Rights: ☐ No ☒ Yes

14. Adjacent Property Owners & Use: To North, East and South is owned by DSL; To West: City of Redmond (golf course).

15. Zoning: Public Facility with underlying Large Lot Industrial

16. Developable Parcel: ☐ No ☒ Yes 17. Minimum acres required for home site N/A

18. Lot of Record: ☐ No ☒ Yes

19. Potential for Zone Change/Partition: N/A

20. Wildlife Overlay: N/A

21. Cultural-Historic: Parcel Reviewed: ☐ No ☒ Yes

22. Previously Field Surveyed: ☐ No ☒ Yes ☐ Partially Date Surveyed: 2008

23. Cultural Resources Identified in field? (if yes, consult with staff archaeo): ☒ No ☐ Yes

24. Probability of Cultural Resources: ☐ None ☒ Low ☐ Medium ☐ High

25. Threatened/Endangered Species: Field Survey Completed: ☒ No/Not Needed ☐ Yes

26. Water Rights: ☒ No ☐ Yes Water Right Info: N/A

27. Irrigation District: Central Oregon Irrigation District

28. Depth of Nearby Wells: 356’-407’

29. On-site/Distance to Existing Electrical Service and what type: Across Street

30. Electrical service provider/PUD Name: Central Electric Cooperative

31. Potential for Alternative Energy: Good for solar

32. Access: 19th Street

33. Legal Access: ☐ No ☒ Yes Gov’t Maintained Road: ☐ No ☒ Yes Road Name/# 19th Street

34. Easements (to/from whom and what type): Parcel will have access easement to the east over land being acquired by Deschutes County in a future land exchange

35. Interior Roads/Trails/Condition: N/A

36. Known Property Boundaries/Corner Survey Markers: N/A

37. Nearest DSL Parcel (direct): Adjacent to North, East and South

38. Topography/Shape of Parcel: Square

39. Vegetation Cover (dominant species, condition, % coverage): Sagebrush and juniper with some native grasses

40. Site Structures/Improvements: N/A
41. View Site/Water Features/Other amenities: N/A
42. Evidence of Prior Impacts/Activities (wildfire, crops, historic home site): N/A

APPENDIX C

43. Lease History: N/A
44. Current Use: Bare Land
45. Agriculture/Timber Potential: N/A
46. Soil Type: Stukel Rock Outcrop-Deschutes Complex, Dry 0% to 8% Slopes
47. NRCS Soil Class: Class 6 48. MB & G Forest Rating: N/A
49. Age of Timber: N/A 50. Timber Volume: N/A
51. Estimated Timber Value: $0
52. Site Index: N/A 53. Type of Timber: N/A
54. % Annual timber volume increase: N/A
55. Fire District/Protection Area: City of Redmond
56. Property Expenses (fire protection costs): $0 57. Other Holding Costs: $0
58. Assessor’s RMV: $0 59. Tax Year: 2020-21
60. Estimated Market Value: $1,662,700 61. Source: Appraisal
62. Known/Proj. AUMs: N/A 63. Annual Lease Amt.: $ N/A
64. 20 year Investment Return based on timber/lease income: N/A
65. Rate of Return on Asset Value (%): N/A
66. Present Value based on Current/Projected Income: N/A
67. Potential developments necessary to increase marketability/land value (ie access, utilities): N/A
68. Est. Annual Income after Development (Improvements/Land-Use Action): N/A
69. Highest and Best Use Conclusion: Large Lot Industrial
70. Comments: This 20 acres tract at the southeast corner of Redmond shall provide a good site for the OMD Readiness Center. It will have an access easement to BLM land to the east for military training exercises.

71. Originator: Clara Taylor Date: 1/11/2021
72. Reviewer: Shawn Zumwalt Date: 01/12/2021
Land Evaluation Form
Instructions

General Instructions: Do not leave a portion of this form blank. If information is unavailable or not applicable please indicate why. This will ensure that everyone who reviews the information knows that the question was not skipped or overlooked, but there is a reason why the question was not addressed.

1. **Evaluation done in: __Office __Field:** By the time the form is completely filled out, both office and field should be checked and initialed by the staff person(s) who worked on the form. Some of the information on the form comes from DSL records, appraisals, GIS data etc. Some information needs to be completed on site in the field. (Real Property staff)

2. **Parcel Name:** DSL name given to parcel, based on names of nearby topographic features, or named county roads. Parcel names may not be derived from names of previous lessees or any person. Do some research before naming the parcel as it may already have been named. (Property Manager)

3. **County:** what county or counties the parcel is located within (Property Manager)

4. **Map & Tax Lot** Township Range Section and tax lot number of parcel being evaluated (Property Manager)

5. **Site #:** In LAS, search and navigate to the Land Parcel page for the parcel being evaluated. The site # is on the first tab called “Land Parcel Site” (Property Manager)

6. **LAS #** In LAS, search and navigate to the Land Parcel page for the parcel being evaluated. The LAS # is the “parcel Number” at the top of the page. (Property Manager)

7. **GIS Acres** Acreage of parcel. Derived from the DSL Land GIS Layer acreage information (Property Manager)

8. **DSL Land Class** Land class code found in LAS, this is set up as a drop down menu in the form- (Property Manager)
   - a. AGR – Agriculture
   - b. FORS - Forest
   - c. ICR – Industrial/Commercial/Residential
   - d. MER- Mineral Energy
   - e. RNGL – Rangeland Leased
   - f. RNGU - Rangeland Unleased
   - g. SPEC – Special Stewardship
   - h. SS - Waterway (Submerged/Submersible)

9. **AMP Category** Drop-down Menu in form. Indicate what parcel is/should be listed as under the DSL Real Estate Asset Management Plan (REAMP) Categories. Category 1 indicates parcel has “Long-Term Potential” meaning that the parcel currently or has the potential to generate revenue over the long term. Category 2 indicates that the parcel has the potential to generate revenue over the short-term (5 years or less). Category 3 indicates that the parcel is currently generating revenue (i.e. currently under lease). Category 4 indicates that parcel is not currently generating

Land Evaluation Form 4/15/15
revenue, and/or there is minimal potential to generate revenue in the future, either short or long term.

10. **Certified Forest** Oregon Department of Forestry Certified forest. This information is found in LAS. (Property Manager)

11. **Leased** Is the parcel under evaluation currently under a DSL lease? If yes please provide the Lease number and type of use. (Property Manager)

12. **Ownership Type** DSL ownership of parcel, either Surface only, Subsurface only, or Surface and Subsurface ownership. This information is found in LAS and is set up as a drop down menu on the form. (Property Manager)

13. **Mineral Rights** Does DSL Own the mineral rights to the parcel? Check Clear Lists (Yes or No) (Property Manager, Ownership Specialist)

14. **Adjacent Property Owners & Use** List by cardinal direction the name of the property owner/BLM District/National Forest Name and the predominant use on the adjacent lands (e.g. North Boundary of parcel is Malheur National Forest, East Boundary is BLM-Burns District, South Boundary is privately owned by John Doe at 12345 Road St Bend, OR 97701 (Irrigated agriculture-alfalfa), West boundary is privately owned by Joe Smith at PO Box 000 Pennsylvania, CA 12345 (rock quarry)) (Asset Analyst, Real Property Staff-field work)

15. **Zoning** What is the county zoning for the parcel in question? Must go to the county website/assessor tax lot records to get this information. (Asset Analyst)

16. **Developable Parcel**: Use county zoning information, appraisal information to determine if parcel is buildable. Include minimum acreage required for home site (Asset Analyst)

17. **Minimum Acres required for home site**: Note minimum acreage required for a home site based on county zoning (Asset Analyst)

18. **Lot of Record**: Need to work with county to determine this, must be completed prior to sale (Asset Analyst)

19. **Potential for Zone Change/Partition**: Determine this based on zoning and development information from the county. (Asset Analyst)

20. **Wildlife Overlay** This is information that is checked as part of county zoning information. DSL also has some wildlife layers in the GIS files (from ODFW). Need to list all wildlife zones by species here. (Asset Analyst)

21. **Cultural-Historic**: Parcel Review is where the Staff Archaeologist has completed a SHPO information request for the parcel in question. (Yes or No) (Archaeologist)

22. **Previously Field Surveyed**: Has any Archaeological field survey been completed at any time for any part or the entire parcel? If yes or partially, list the date(s) of the survey(s). (Archaeologist)

23. **Cultural Resources Identified in the Field**: During any site visits by DSL staff, was there any cultural or historic resources found on site? If no, check the no box. If yes, check the yes box and consult with DSL staff Archaeologist to determine next steps. Parcel may require full pedestrian survey for cultural resources. (Real Property Staff, Archaeologist)

24. **Probability of Cultural resources**: Completed by staff archaeologist, answer None, Low, Medium or High. (Archaeologist)
25. **Threatened/Endangered Species**: Complete an ORBIC data request, perform field survey if necessary, list species (plant and animal) found on site. If no T & E Species indicate “none” (Property Manager)

26. **Water Rights**: Look up water rights information on OWRD Website [www.oregon.gov/OWRD](http://www.oregon.gov/OWRD) go to Maps, click on Interactive Water Right Maps, click on Oregon Water Resources Web Mapping Program. This will get to the interactive web map. Once there, use the map tools to navigate to the parcel location. If there are water right on the parcel, list type and number (i.e. permit, certificate, etc.), name of water right holder, preference date, type of use, Point of Diversion (POD) or Place of Use (POU) and any other relevant information. (Property Manager)

27. **Irrigation District**: Name of irrigation district parcel lies within. If parcel is not within an irrigation district indicate “No District” (Property Manager)

28. **Depth of Nearby Wells**: Information from the OWRD Website from recorded well logs. Go to OWRD website at [www.oregon.gov/OWRD](http://www.oregon.gov/OWRD), go to Maps, click on Interactive Water Right Maps, click on Oregon Water Resources Web Mapping Program. This will get to the interactive web map. Once there, use the map tools to navigate to the parcel location and look for wells (POD’s) in the surrounding area (within 2 miles). Click on the Identify tool and scroll down to the well logs. Click on the well logs to determine depth of the well. List well depths on the form. (Property Manager)

29. **On site/Distance to existing electrical service and what type**: Note where, and in what direction the nearest powerline/transmission line is located from the parcel. Note if the line is a single-phase, three-phase etc. or transmission line. (Real Property Staff-Field work)

30. **Electrical Service Provider/PUD name**: Note who the electrical service provider is for the area. PUD is the Public Utilities District, include this name as well. (Property Manager)

31. **Potential for Alternative energy**: Check available websites for solar, wind and geothermal energy potential for the parcel being evaluated. List the ratings (if any) for each type here. If no potential for all or any type of alternative energy indicate “no wind potential”, “no geothermal potential”, or “no solar potential” (Property Manager)

32. **Access**: Detail any roads (legal or not) that can be used to gain access to the parcel. Include condition of road, type of road, any road names or numbers, or indicate no roads at all. If access is through adjacent private ownership please indicate that as well. (Real Property Staff-whomever does the field work)

33. **Legal Access**: Indicate yes or no if there is legal access to parcel. If it is a government maintained road (county, BLM, USFS) list yes or no and include the road name or number. (Real Property Staff-Field Work)

34. **Easements (to/from whom and what type)**: List any easements on the property. Include deed book and page description and indicate if deed book is DSL or County. (Property Manager, Asset Analyst)

35. **Interior Roads/trails/condition**: if there are any roads within the boundaries of the parcel being evaluated describe them here (Real Property Staff-Field Work)

36. **Known Property Boundaries/Corner Survey Markers**: Indicate and describe the location of any survey markers, brass caps, section corners, witness placards etc. here. (Real Property Staff-Field Work)
37. Nearest DSL Parcel: Describe how far away from the parcel being evaluated the next nearest DSL owned parcel is located. Include what direction and indicate the TRS of the nearest parcel. (Property Manager)

38. Topography/Shape of Parcel: Describe the shape and topography of the parcel. Indicate any distinguishing features such as natural water, slopes etc. (Real Property Staff-Field work, and office work)

39. Vegetation Cover: List the dominant species present in common names, indicate vegetative condition, and percent cover of trees, shrubs and grasses)

40. Site Structures/Improvements: Describe any fences, irrigation structures, water developments, agriculture etc. Include location of structures and indicate size, or length and condition of any structures found on site. (Real Property Staff-Field Work)

41. View Site/Water Features/Other Amenities: Describe any aesthetically pleasing attributes found within and around the parcel. Anything that would be potentially pleasing to a buyer (Real Property Staff-Field Work)

42. Evidence of Prior Impacts/Activities: Describe the location and condition of any evidence of wildfires, crops, timber/logging, recreation or any other historic use. (Real Property Staff-Field Work)

43. Lease History: Was the parcel ever, or is currently leased? Include lease number, Lessee Name, and use. This information can be found in LAS and in old files in Bend and Salem offices (All Real Property Staff)

44. Current Use: Describe any current uses on the property. If known, include the name of who is using the parcel. (All Real Property-Field Work)

45. Agriculture/Timber Potential: Describe the potential for agriculture and timber harvest based on conditions on site i.e. topography vegetation. (Real Property Staff-field work)

46. Soil Type: Describe the soils on site from the NRCS Soils Web Mapping tool. If parcel is in a county where the soil survey is unavailable, describe the soils from what was observed during the site visit. (Property Manager-Real Property Staff)

47. NRCS Soil Class: List the soils class from the NRCS Soils Web Mapping tool. (Property Manager, Asset Analyst)

48. MB & G Forest Rating:

49. Age of Timber: Average age of timber stand, this information comes from the appraisal and timber cruise. (Asset Analyst)

50. Timber Volume: Information comes from the timber cruise (Asset Analyst)

51. Estimated Timber Value: This figure from the timber cruise and appraisal (Asset Analyst)

52. Site Index: Indicate what site index was used for the timber cruise (i.e. either 50 or 100 year indexes) (Asset Analyst)

53. Type of Timber: What timber species are found on parcel, and what species were accounted for in the timber cruise? (Asset analyst)

54. % Annual timber volume increase: What is the percent annual timber volume increase used in the timber cruise? (Asset Analyst)

55. Fire District/Protection Area: Indicate if parcel is under ODF Fire Protection, within the boundaries of a Rangeland Fire Protection Area (RFPA), and/or under the BLM Fire Suppression agreement. List the name of the RFPA if appropriate. (Property Manager)
56. **Property Expenses**: List any property expenses such as fire protection costs (ie funds paid to an RFPA or to ODF). Determine this amount by acre. (Property Manager)
   
   a. For RFPA’s: take full amount paid to RFPA and determine how many DSL acres are within that RFPA boundary. Then determine the per acre rate for fire protection and multiply that amount by the number of acres within the parcel in question.
   
   b. For ODF fire protection: Determine the rate for protection from the previous full calendar year, multiply this number by the number of acres within the parcel in question.

57. **Other Holding Costs**: This is intended to capture the holding costs to DSL. For example: If the parcel in question is classified as Rangeland Unleased (RNGU), the holding costs to DSL would come out of the Rangeland Program costs. To determine this amount on a per acre basis, take the program expenditure amount from the previous calendar year and divide that amount by the total number of acres classified as Rangeland. That will give you the per acre costs for all lands classified as Rangeland. Then take that amount and multiply it by the number of acres within the parcel being evaluated.

58. **Assessor’s RMV**: This is the county assessor’s Real Market Value. This information must come from the county as it is updated annually. (Asset Analyst)

59. **Tax Year**: Indicate what tax year the Assessor’s RMV value is from. (Asset Analyst)

60. **Estimated Market Value**: This value comes from the appraisal. If marketable timber on parcel, indicate what the total market value would be with the timber and without the timber. (Asset Analyst)

61. **Source**: Indicate the source of the appraisal. I.e. who completed the appraisal? (Asset Analyst)

62. **Known/Projected AUM’s**: List the AUM amount the parcel can support. This information either from appraisal, NRCS Soils web mapping tool, or on site determination. (Rangeland Manager)

63. **Annual Lease amount**: Indicate what the Grazing lease rate would be given the AUM amount, or what the current lease fee is if parcel is under lease. (Rangeland Manager)

64. **20 year Investment Return based on Timber/lease income**:

65. **Rate of Return on asset value (%)**:

66. **Present Value based on Current/Projected Income**:

67. **Potential developments necessary to increase marketability/land value (i.e. access, utilities)**: List what developments DSL could complete prior to sale to increase property value prior to sale, also have an option to say none. (Asset Analyst)

68. **Estimate Annual Income after Development (Improvements/Land use action)**: Answer based on question 31 above. Determine value of property after any developments and improvements. Also, determine what income could be if improvements were completed and DSL leased out the property (i.e. for agriculture use) (Asset Analyst/Property Manager)
69. **Highest and Best Use Conclusion**: What is the overall highest and best use of the property? What action, either lease for a specific purpose, or sale would bring the highest value to the Common School Fund? (All Real Property staff)

70. **Comments**: Note any extra comments or information about the parcel here.

71. **Originator**: Names or initials of any and ALL DSL Staff that contributed information to this evaluation and the date the information was added.

72. **Reviewer**: Filled out once Eastern Region Manager has reviewed the form and is satisfied by the information contained. Include date the form was reviewed and accepted.
SUBJECT

Request for approval of a direct release of 381.8 acres of subsurface minerals and geothermal rights located in Linn County, Township 14 South, Range 2 West, Section 19, Tax Lots 402 & 403 and in Section 30, Tax Lots 3302 & 3203, LAS File #62546.

ISSUE

Whether the State Land Board should authorize the direct release of 381.8 acres of subsurface minerals and geothermal rights in Linn County (Appendix A) owned by Oregon Water Resources Department (OWRD).

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 273.055; relating to the power to acquire and dispose of real property.
- ORS 273.171; relating to the duties and authority of the Director.
- OAR 141-073; relating to procedures for the sale, exchange, or release and transfer of mineral and geothermal resources owned by other state agencies.
- Real Estate Asset Management Plan (REAMP), adopted by the Land Board, February 2012.
SUMMARY

On March 23, 2020, Oregon Water Resources Department (OWRD), on behalf of Oak Basin LLC requested the release of approximately 381.80 acres of subsurface mineral and geothermal rights (Appendix A). The Oak Basin LLC owns the surface rights of a 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; OWRD owns the subsurface mineral rights for the property.

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 owned by 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 minerals release request under OAR 141-073.

The Land Board was informed of the request for release of minerals through an informational item (Appendix B) at the June 9, 2020, Land Board meeting. Public notice was sent out to adjacent property owners, local governmental agencies and local tribes. A neighbor wrote back in support of the project. On December 31, 2020, the Department received a minerals potential report (Appendix C) from DOGAMI indicating low potential for high-value subsurface minerals for the property.

ORS 273.780 (3) states, “Except as provided in ORS 273.787, 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.”

The sale of the mineral rights for this property will provide the greatest benefit for the people of this state through a release of mineral rights to conserve oak habitat and habitat for the Fender’s Blue Butterfly, an endangered species.

Department policy is to sell subsurface minerals and geothermal rights for a land transaction fee at the rate of $10 per acre. The sale price for this transaction is $3,818.00.
RECOMMENDATION

The Department recommends the State Land Board approve the direct sale of the subsurface minerals and geothermal rights to the Oak Basin LLC 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.

APPENDICES

A. Site Map
B. June 9, 2020 Land Board Agenda Item 10
C. DOGAMI Mineral Review
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

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.
MEMORANDUM

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
MINERAL RESOURCE ASSESSMENT REPORT

OREGON WATER RESOURCES DEPARTMENT (OWRD MINERAL ESTATE)
MINERAL ESTATE
LINN COUNTY, OREGON

by Jason D. McClaughry¹

for
Oregon Department of State Lands

2020

¹Oregon Department of Geology and Mineral Industries, Baker City Field Office, 1995 3rd Street, Suite 130, Baker City, OR 97814
DISCLAIMER

The Oregon Department of Geology and Mineral Industries is not liable for any claimed damage from the use of this information.

This product is for informational purposes 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. This publication cannot substitute for site-specific investigations by qualified practitioners. Site-specific data may give results that differ from the results shown in the publication.
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Table 5-1. Levels of resource potential modified from Goudarzi (1984). .................................................. 18
Table 5-2. Levels of certainty assessment modified from Goudarzi (1984). ............................................. 18
This document describes a desktop mineral resource assessment of state-owned Tax Lots 402 and 403 in T.14S., R.2W., Sec. 19, and Tax Lots 3302 and 3203 in T.14S., R.2W., Sec. 30 in Linn County, Oregon (herein called the OWRD Mineral Estate). The Oregon Department of Geology and Mineral Industries (DOGAMI) conducted this study at the request of the Oregon Department of State Lands (DSL).

The DSL contacted DOGAMI on June 23, 2020 requesting a mineral resource assessment report for the OWRD Mineral Estate. The cost estimate, signed by both DSL and DOGAMI, was finalized on December 11, 2020, which authorized the work to proceed. A desktop mineral resource assessment was completed on December 30, 2020. The format of this report and its contents follows the requirements of the DSL-DOGAMI Interagency Agreement (DSL #19-180) for the 2019-2023 biennia.

This review is a low-level, qualitative assessment, designed to provide DSL with general information about the mineral resource potential of the OWRD Mineral Estate. A detailed assessment and valuation of potential mineral resources, based on site visits and sampling, was beyond the scope for this project. The occurrence of minerals within the “study area”, an approximately 10 miles (16 km) radius area that borders the OWRD Mineral Estate, is summarized below:

<table>
<thead>
<tr>
<th>Type of Commodity</th>
<th>Study Area (Mineral Occurrences)</th>
<th>OWRD Mineral Estate (Mineral Occurrences)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate</td>
<td>61</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(sand and gravel; stone, crushed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>and block; basalt)</td>
<td></td>
</tr>
<tr>
<td>Industrial mineral</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>(limestone, zeolite, clay)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metals/minerals</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>(bauxite; silver, copper, gold)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Uranium and thorium</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Geothermal features</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>(abandoned)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and gas wells</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>(abandoned)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The OWRD Mineral Estate’s mineral resource potential is summarized below:
<table>
<thead>
<tr>
<th>Type of Commodity</th>
<th>Resource Potential*</th>
<th>Level of Certainty**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sand and gravel (borrow/fill/topsoil)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Construction material (crushed/block stone- basalt)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Limestone</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Clay</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Pumice</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Silica sandstone</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Bentonite</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Metals (precious, base metals)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Coal</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Uranium and thorium</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Geothermal</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Oil and gas</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Other industrial minerals (gemstone materials, perlite,</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>zeolite, manganese, titanium, zirconium)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*See Section 5.1 for description of levels of resource potential

**See Section 5.2 for descriptions of levels of certainty

The OWRD Mineral Estate has a low potential, level of certainty B (Goudarzi, 1984; see Sections 5.1 and 5.2 in the report; Table 5-1, Table 5-2) for the following non-fuel mineral commodities, including aggregate, industrial minerals (clay, silica sand, pumice, limestone, gem material, dimension stone, other clays (bentonite), perlite, zeolites, manganese, titanium, zirconium, etc.), and metals (precious, oxide, and base) and mineral fuels including coal, uranium/thorium, geothermal, oil, and gas.

1.0 INTRODUCTION

This report describes a desktop mineral resource assessment of the OWRD Mineral Estate, Tax Lots 402 and 403 in T.14S., R.2W., Sec. 19, and Tax Lots 3302 and 3203 in T.14S., R.2W., Sec. 30 in Linn County, Oregon (Figure 2-1). The OWRD Mineral Estate covers ~382 acres.

1.1 Instructions

The DSL contacted DOGAMI on June 23, 2020 requesting a mineral resource assessment report for the OWRD Mineral Estate in Linn County. The cost estimate, signed by both DSL and DOGAMI, was finalized on December 11, 2020, which authorized the work to proceed. A desktop mineral resource assessment was completed on December 29, 2020. The format of this report and its contents follows the requirements of the DSL-DOGAMI Interagency Agreement (DSL #19-180) for the 2019-2023 biennia.

1.2 Layout of Report

For the convenience of the reader, this report is divided into the following five sections:

- Section 1 is the introduction. It contains the project’s instructions and the layout of report.
- Section 2 is a description of the physical and geologic setting.
Section 3 is a desktop assessment that describes the OWRD Mineral Estate's potential mineral resources.

Section 4 is a list of references; most of which were consulted as a part of this review but may not be cited in the text body because they contain no information on the OWRD Mineral Estate.

Section 5 contains a brief description of the methods and limitations of the study, along with two reference tables: Levels of Resource Potential and Levels of Certainty. These tables provide a dual scheme that expresses the favorability of the subject area for a given resource and confidence from which the level of resource potential was assigned.

## 2.0 PHYSICAL SETTING

The OWRD Mineral Estate is located, ~4 miles east of Interstate-5 and ~1 mile south-southeast of Union Point in Linn County, along the eastern transition between agricultural lands of the Willamette Valley and forested mountainous terrain of the West Cascades (Figure 2-1). The OWRD Mineral Estate covers an area of ~382 acres. Table 2-1 describes the physical setting of the OWRD Mineral Estate; Figure 2-1 shows its location and extent. The OWRD Mineral Estate is in an upland hill area above the floor of the Willamette Valley, with elevations ranging from ~1198 ft at the southern end of the property to ~546 ft at the northern end of the property (Figure 2-1). None of the OWRD Mineral Estate is within a FEMA 100-year Flood Zone (Figure 2-1). FEMA 100-year Flood Zone areas are constrained to the main channels and adjacent areas along the floor of the Willamette Valley (Figure 2-1). The "study area", is an approximately 10 mile (16 km) radius area centered on the OWRD Mineral Estate (Figure 2-2).

Table 2-1. OWRD Mineral Estate physical setting.

<table>
<thead>
<tr>
<th>Size</th>
<th>~382 acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topography</td>
<td>Hills</td>
</tr>
<tr>
<td>Shape</td>
<td>irregular</td>
</tr>
<tr>
<td>Zoning</td>
<td>Agriculture, Farm and Forest Zone LNM1 (from Oregon Explorer; <a href="https://spatialdata.oregonexplorer.info/geoportal/details;id=49bfb86d4e594a3c8fa8d968aaa45e9">https://spatialdata.oregonexplorer.info/geoportal/details;id=49bfb86d4e594a3c8fa8d968aaa45e9</a>)</td>
</tr>
</tbody>
</table>

This part of Linn County has a cool wet climate with warm dry summers and cold rainy winters. The January mean low temperature is approximately 34°F and the July mean high is 82°F. Precipitation is heavy and consistent during the late fall to early-summer wet season, with rainfall an average of 163 days a year and average annual precipitation of 47 inches. Snowfall is minimal except at the higher elevations in the West Cascades.

The OWRD Mineral Estate is accessible from Gap Road, leading south from Union Point. Land ownership within the study area is predominantly private, with areas of Federal forest land in the southeast quadrant of the study area (Figure 2-2). The OWRD Mineral Estate is completely surrounded by private land.
Figure 2-1. Vicinity map for the OWRD Mineral Estate (red shade). The basemap is scanned version of a 1:24,000 scale USGS topographic map; Source is NGS Esri Online. Blue shade is the FEMA 100-year flood zone, Zone A.
Figure 2-2. Map of land ownership in the study area. The black circle which defines the study area is a 10-mile radius around the OWRD Mineral Estate. The basemap is a 1-m lidar hillshade. Inset map is an oblique view of the OWRD Mineral Estate looking north toward Union Point. Inset imagery is from Google Earth™.
3.0 RESULTS

This section presents the results of the mineral resource scoping of the OWRD Mineral Estate. While the focus of this assessment is the OWRD Mineral Estate, the larger study area will be assessed to provide context for the site. A study area of this size provides a greater level of information about the identified occurrence of minerals and the OWRD Mineral Estate’s setting.

Where this report indicates a potential mineral resource might exist, it is important to understand what a “resource” is and means. According to the U.S. Bureau of Mines and U.S. Geological Survey (USGS) Circular 381, “Principles of a Resource/Reserve Classification System, (1980)”, “resource” means, “[a] concentration of naturally occurring solid, liquid, or gaseous material in or on the Earth’s crust in such form and amount that economic extraction of a commodity from the concentration is currently or potentially feasible” (p. 1). An identified resource is a “resource whose location, grade, quality, and quantity are known or estimated from specific geologic evidence” (p. 1).

A resource or identified resource does not infer or imply a “reserve base” or “reserve” exists. A “reserve base” is “that part of an identified resource that meets specific minimum physical and chemical criteria related to current mining and production practices, including those for grade, quality, thickness, and depth” (p. 2). The meaning of a “reserve” is “that part of the reserve base which could be economically extracted or produced at the time of determination” (p. 2).

The non-fuel mineral commodities evaluated for this assessment include aggregate, industrial minerals (clay, silica sand, pumice, and limestone), and metals (precious, oxide, and base). Mineral fuel commodities evaluated are coal, uranium/thorium, geothermal, oil, and gas. Occurrences of other commodities (gem material, dimension stone, other clays (bentonite), perlite, zeolites manganese, titanium, zirconium, etc.) will be reported as industrial minerals when encountered as part of this evaluation.

The term “aggregate” includes gravel and sand and all consolidated stone used for construction and roads. Stone may be further classified as crushed—rock that has been broken into smaller fragments—and blocks. Also, no distinction is made between a mineral occurrence and mineral deposit. The term “mineral occurrence” applies to both and is used to refer to a concentration of a mineral that could be considered valuable by someone somewhere or that is of scientific or technical interest.

3.1 Status of Mineral Surveys

- The locations of known mineral occurrences in the study are summarized in the Mineral Information Layer for Oregon, release 3 (McCloughry and others, 2020), Niewendorp and others (2012), Wermiel (1987), and Olmstead (1989).
- Gray and Throop (1981) reported on the rock material resources of a four-county area, including Linn County. They provided information useful for short-range planning for rock material supplies used by county planning and public works departments, County and State road and highway departments, private contractors, and private citizens. Basic data for a number of mine sites within the study area were reported, including several construction aggregate sites in the area of the OWRD Mineral Estate.
- Geologic mapping by McCloughry and others (2010) summarized mineral resource potential in the study area. McCloughry and others (2010) did not identify any mineral occurrences on the OWRD Mineral Estate, but discussed the following potential economic resources in the study area:
Locally used aggregate, in the form of crushed rock and gravel, is the major geologic resource mined in the southern Willamette Valley. Washed sand and gravel is mined largely from Quaternary alluvium and terrace deposits bordering major streams. Crushed rock is mined from basalt and andesite quarries, located mainly on the east side of the valley. Large-diameter basalt columns, mined from quarries in intrusions near Eugene are used extensively for decorative stone. Larger basalt columns also have potential for use as riprap for stabilization and erosion control purposes.

Clay used in the manufacturing of red brick has been mined from several localities within the southern Willamette Valley (Wilcox, 1935; Wilson and Treasher, 1938; McClaughry and others, 2010).

- Wermiel (1987) and Olmstead (1989) reported the locations of hydrocarbon exploration in the Willamette Valley. Two natural gas exploration wells were located within the southern Willamette Valley west and northwest of the OWRD Mineral Estate, including the Ira Baker and Kenneth Wetgen et al 26-32 wells.

### 3.2 Mining Claims/Leases

DOGAMI does not maintain records pertaining to public claims or private mineral leases. Land ownership within the study area is mostly private, with less amounts of State-owned and Federal lands (Figure 2-2). The BLM does make some records of mining claims on Federal lands available to the public on its LR2000 website (www.blm.gov/lr2000/index.htm) (LR2000, 2013). Only certain types of mineral discoveries can be claimed; these minerals are broadly known as “locatable” (possessing a distinct and special value) and include such things as precious metals, gems, high-value industrial minerals, uranium, etc. Locatable minerals generally do not include construction aggregate, common industrial minerals, oil, gas, coal, or geothermal resources.

No mining claims were located on the OWRD Mineral Estate. There is 1 closed lode mining claim near Mt. Tom as determined from a LR2000 report run for the study area (Figure 2-2). The commodity of the Mt. Tom claim is unknown.

### 3.3 Mineral Setting

McClaughry and others (2010), O'Connor and others (2001), and Yeats and others (1996) provided the most current and detailed geological mapping in the study area. The geology mapped by McClaughry and others (2010) and compiled in Franczyk and others (2020) is used to illustrate the geology of the study area in Figure 3-1.

The geology of the west side of the southern Willamette Valley consists of an east-dipping section of lower and middle Eocene Siletz River Volcanics overlain unconformably by younger marine sedimentary rocks of the lower Eocene Kings Valley Siltstone, middle Eocene Tyee Formation, middle Eocene Lorane Shale, middle Eocene Yamhill Formation, middle Eocene Spencer Formation, upper Eocene and Oligocene Eugene Formation, and upper Eocene and Oligocene Keasey Formation (McClaughry and others, 2010). Eocene and Oligocene volcanic and marine sedimentary rocks grade upward into a succession of terrestrial volcanic and sedimentary rocks in the study area, along the central and eastern part of the Southern Willamette Valley (Figure 3-1). Rocks that form the southern and eastern upland margins of the southern Willamette Valley in the vicinity of the OWRD Mineral Estate are part of the middle to upper Eocene Fisher Formation and the upper Eocene to early Miocene Little Butte Volcanics (McClaughry and
Eocene to Miocene intrusive rocks locally invade the section. Deeply incised Neogene and Paleogene geologic units exposed along the margins of the Willamette Valley are draped by numerous surficial units including landslide, alluvial and debris fan, and colluvial deposits. The central part of the Willamette Valley is locally blanketed by as much as 100 m (328 ft) of little deformed, semi-consolidated sedimentary deposits (O’Connor and others, 2001). Valley-fill deposits grade westward from coarse sand and gravel alluvial fan and braided river channel deposits along the east valley margin to finer-grained fluviatile and alluvial plain sediments along the southern and western margins of the valley. Many of the uppermost surfaces to the last period of valley aggradation are mantled by the 3 to 6 m (10 to 20 ft) thick sequence of silt and fine sand known as the Willamette Silt. During the Holocene, major drainages including the Willamette, Long Tom, Calapooia, and Santiam Rivers have locally incised through the Willamette Silt depositing sand and gravel in reestablished floodplains.

Late Eocene and Oligocene strata mapped in the study area are subtly deformed into a series of broad northeast plunging folds (McClauhry and others, 2010). This fold belt, herein referred to as the Holley fold belt, consists of a series of broad anticlines and synclines with wavelengths of ~9 km. Folds in the Holley fold belt are best defined along the crest of the Coburg Hills, at Holley, and near Sweet Home. Along the length of the Calapooia River, the Holley fold belt is segmented by the Calapooia fault (Figure 3-1). The Calapooia fault is a sinistral strike slip fault with ~7 km of left-lateral displacement. The Calapooia fault can be traced along upland areas in the eastern part of the project area to the Willamette Valley, where it is concealed beneath Quaternary surficial units. East of Holley, the Calapooia fault is splayed into numerous normal and oblique slip faults that cross-cut the Holley fold belt and cut rocks as young as ~27 m.y. old. (Figure 3-1; McClauhry and others, 2010). The eastern trace of the Calapooia fault forms a distinct topographic lineament that extends southeast into the West Cascades at least 26 km (16 mi).

3.4 Known Mineral Occurrences

In this report, no distinction is made between a mineral occurrence and mineral deposit. The term “mineral occurrence” applies to both and is used to refer to a concentration of a mineral that could be considered valuable by someone somewhere or that is of scientific or technical interest. The known mineral occurrences, geothermal features, and oil and gas exploratory wells in the study area, are tabulated below in Table 3-2 and shown in Figure 3-2. There are no mineral occurrences on the OWRD Mineral Estate. Four locations of aggregate (stone, crushed stone) are located within ~1.5 miles of the OWRD Mineral Estate (Figure 3-2).

Table 3-1. Minerals occurrences within the study area and in the OWRD Mineral Estate.

<table>
<thead>
<tr>
<th>Type of Commodity</th>
<th>Study Area (Mineral Occurrences*)</th>
<th>OWRD Mineral Estate (Mineral Occurrences*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate (sand and gravel; stone, crushed and block; basalt)</td>
<td>61</td>
<td>0</td>
</tr>
<tr>
<td>Industrial mineral (limestone, zeolite, clay)</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Metals/minerals (bauxite; silver, copper, gold)</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Coal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Uranium and thorium</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Geothermal features (abandoned)</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Oil and gas wells (abandoned)</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

*Mineral occurrence information queried from two spatial databases (see Section 4).
3.4.1 Study Area

- There are 61 aggregate sites in the study area (some points on Figure 3-2 overlap), 8 of which are sand and gravel or sand deposits, 44 are crushed stone, and 9 are block or rip-rap stone.
These low-unit-value, high-bulk commodities serve local markets. Specific site conditions or restrictions associated with each site are unknown.

- There are 3 occurrences of industrial minerals: 1 zeolite, 1 clay, and 1 agate. Zeolite and clay occurrences are associated with two units forming part of the Oligocene Mohawk River caldera underlying much of the southeastern part of the study area: the tuff of Mohawk and the basalt of Mt. Tom (McClaughry and others, 2010). Clays associated with the tuff of Mohawk are cream-, orange-, white-, and light green, while clays associated with the basalt of Mt. Tom are chiefly dark red and orange. XRD analyses of clay samples from hydrothermally-altered outcrops of the tuff of Mohawk and basalt of Mt. Tom contain halloysite (kaolinite group; Al₂Si₂O₅(OH)₄), maghemite (Fe₂O₃, γ-Fe₂O₃), and cristobalite (SiO₂). Halloysite is a product of hydrothermal alteration or surface weathering of feldspars and other aluminosilicate minerals.

A halo of zeolite mineralization in the basalt of Mt. Tom is also coincident with the inferred trace of the underlying Mohawk River caldera (McClaughry and others, 2010). Zones of zeolite mineralization are marked by stockwork veining with varieties of zeolite minerals filling cavities along intraflow breccias and cross-cutting vertical fractures. Bristow (1959) reported the occurrence of the zeolite minerals heulandite, chabazite, stilbite, analcime, natrolite, and several unidentified varieties. Kleck (1972) reported the occurrence of thomsonite, mesolite, nontronite, mordenite, phillipsite, gmelinite, and laumontite from several other zeolite localities. Calcite is also reported, as well as pyrite and copper, but the latter two are described as uncommon. XRD analyses of zeolites in the study area by McClaughry and others (2010) indicated the occurrence of laumontite, chabazite, levynite-Ca, and clinoptilolite-Ca.

Agate (Holly Blue agate) is associated with Eocene and Oligocene andesite, basaltic andesite, basalt, and dacite lavas north of Crawfordsville.

- There is one listed occurrence of a metallic mineral (pyrite-calcite) in the study area, reported at Saddle Butte on the east side of Interstate-5, ~9 miles north-northwest of the OWRD Mineral Estate. This occurrence is associated with Eocene and Oligocene intrusive rocks forming Saddle Butte (McClaughry and others, 2010).

- Two exploration wells, drilled in search of natural gas, are located in the central part of the southern Willamette Valley, in the western part of the study area (Wermiel, 1987; Olmstead, 1989; McClaughry and others, 2010; Figure 3-2). The Ira Baker well, drilled to a depth of 10,412 ft by the Mobil Oil Corporation in 1979, is located ~7 miles southwest of the OWRD Mineral Estate. Volcanic and intrusive rocks were encountered in the Ira Baker well below a depth of 1,100 ft. The Kenneth Wetgen et al 26-32 well, drilled to a depth of 2,620 ft by the American Quasar Petroleum Company in 1981, is located ~9 miles northwest of the OWRD Mineral Estate. The top of the Eocene Spencer Formation was encountered at a depth of 1,500 ft in the Wetgen well. Saltwater kicks were identified at depths of 2,030 and 2,560 ft (Olmstead, 1989). Both wells were plugged and abandoned after development.

- There is one water well in the study area with reported geothermal waters, located along Warren Creek, ~5 miles north-northeast of the OWRD Mineral Estate. The well was drilled by Richard Miller to a depth of 145 ft. Maximum recorded temperature of water in the well was 90°F. (http://apps.wrd.state.or.us/apps/misc/vault/vault.aspx?wl_county_code=LINN&wl_nbr=946). (https://www.oregongeology.org/gtilo/ngds/well/LINN-946.pdf)
3.4.2 OWRD Mineral Estate

There are no mineral occurrences on the OWRD Mineral Estate. Four locations of aggregate (stone, crushed stone) are located within ~1.5 miles of the OWRD Mineral Estate (Figure 3-2).

Figure 3-2. Mineral occurrences in the study area (black circle). The map base is a 1-m lidar DEM hillshade. Some aggregate point locations overlap.
3.5 Mineral Resource Interpolation

The mineral resource potential is based on the interpolation of the study area’s mineral inventory. Each type of commodity was rated based on the criteria explained by Goudarzi (1984)(see Section 5; Table 5-1, Table 5-2). These criteria were adapted for this report so as to determine relative levels of resource potential and relative levels of certainty of assessment within the OWRD Mineral Estate. A field assessment was not conducted in the preparation of this report. The mineral resource potential of the OWRD Mineral Estate is summarized below and listed in Table 3-2:

- The OWRD Mineral Estate has low potential for an undiscovered industrial mineral resource, level of certainty B.
- The OWRD Mineral Estate has a low potential for an undiscovered aggregate resource, level of certainty B.
- The OWRD Mineral Estate has low potential for undiscovered resources of the following commodities or mineral fuels: metals; coal, and uranium, and thorium, level of certainty B.
- The OWRD Mineral Estate has low potential for undiscovered geothermal or oil and gas resources, level of certainty B.

Table 3-2. Mineral resource potential in the OWRD Mineral Estate.

<table>
<thead>
<tr>
<th>Type of Commodity</th>
<th>Resource Potential*</th>
<th>Level of Certainty**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sand and gravel (borrow/fill/topsoil)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Construction Material (crushed/block stone- basalt)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Limestone</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Clay</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Pumice</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Silica sandstone</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Bentonite</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Metals (precious, base metals)</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Coal</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Uranium and thorium</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Geothermal</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>low</td>
<td>B</td>
</tr>
<tr>
<td>Others industrial minerals: (gemstone materials, perlite, zeolite, manganese, titanium, zirconium)</td>
<td>low</td>
<td>B</td>
</tr>
</tbody>
</table>

*See Section 5.1 for description of levels of resource potential

**See Section 5.2 for descriptions of levels of certainty
4.0 LITERATURE SOURCES

Some references below were consulted as a part of this review but may not be cited in the text body because they contain no information on the OWRD Mineral Estate.


Web Map: https://gis.dogami.oregon.gov/maps/milo3/


Oregon Department of Geology and Mineral Industries, 2018, Mineral Land Reclamation and Regulation database.
The Scope-of-Work for this assessment did not include a site visit or field work. The objective of the examination was only to determine and/or confirm through desk-top research that a potential mineral resource exists or there is the potential for one. Data compilation efforts for the assessment includes, but is not limited to the following: published and unpublished geology and mineral/material resource literature available at DOGAMI.

A core part of the mineral inventory process is the review of six datasets:

- MILO-3 (Mineral Information Layer for Oregon, Release 3).
- GTILO-2 (Geothermal Information Layer for Oregon, Release 2).
- MLRR (Mineral Land Reclamation and Regulation program of DOGAMI) databases.
- LR2000, the Federal Bureau of Land Management’s (BLM) electronic database for claims (inactive, closed).
- An unpublished DOGAMI database of oil and gas wells in Oregon.
- OGCD-7 (Oregon Geologic Data Compilation, Release 7).

The collection and presentation of data is facilitated through GIS. This report of findings is tailored to address the required items listed in the Intergovernmental Agreement (IGA), DSL #19-180.

This examination did not include activities such as sampling and systematic geological, geophysical, and geochemical mapping as the basis for determination or confirmation that a mineral resource potential, deposit, or mineral occurrence exists.

A desktop inventory of mineral occurrences cannot alone determine the following:

- The accurate identification of the concentration and occurrence of material in relation to its particular geographical controls.
- The volume of valuable mineral or rock present or removed, and reserves remaining.
- The applicable extraction and processing methods and market factors for its products.

Also, this low-level mineral assessment cannot be the sole basis for an appraisal or the basis for other generally accepted industrial standard for placing a value on and with a resource and the land itself. Users
of this report are advised to consult with DOGAMI to gain a better understanding of the inherent limitations of the information herein and its scope of inference.

Provided below are definitions for levels of mineral resource potential and certainty of assessment (modified from Goudarzi, 1984). Under this system, the level of mineral resource potential assigned to a commodity is based on geologic, geochemical, and geophysical characteristics.

An inventory of mineral occurrences cannot be used solely for appraisal purposes or the basis for other generally accepted industrial standard for placing a value on and with resource and the land.

### 5.1 Levels of Resource Potential (modified from Goudarzi, 1984)

Table 5-1. Levels of resource potential modified from Goudarzi (1984).

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HIGH</strong></td>
<td>Mineral resource potential is assigned to areas where geologic, geochemical, and geophysical characteristics indicate a geologic environment favorable for resource occurrence, where interpretations of the data indicate high degree of likelihood for resource accumulation, where data support mineral-deposit models indicating presence of resource, and where evidence indicates that mineral concentration has taken place. Assignment of high resource potential to an area requires some positive knowledge that mineral-forming processes have been active in at least part of the area.</td>
</tr>
<tr>
<td><strong>MEDIUM</strong></td>
<td>Mineral resource potential is assigned to areas where geologic, geochemical, and geophysical characteristics indicate a geologic environment favorable for resource occurrence, where interpretations of the data indicate high degree of likelihood for resource accumulation, where and (or) where an application of mineral-deposit models indicates favorable ground for the specified type(s) of deposits.</td>
</tr>
<tr>
<td><strong>LOW</strong></td>
<td>Mineral resource potential is assigned to areas where geologic, geochemical, and geophysical characteristics define a geologic environment in which the existence of resources is permissive. This broad category embraces areas with dispersed but insignificantly mineralized rock, as well as areas with obvious site limitations and little or no indication of having been mineralized.</td>
</tr>
<tr>
<td><strong>NO</strong></td>
<td>Mineral resource potential is a category that should be reserved for a specific type of resource in a well-defined area.</td>
</tr>
<tr>
<td><strong>UNKNOWN</strong></td>
<td>Mineral resource potential is assigned to areas where information is inadequate to assign a low, moderate, or high level of resource potential.</td>
</tr>
</tbody>
</table>

### 5.2 Levels of Certainty of Assessment (Goudarzi, 1984)

Table 5-2. Levels of certainty assessment modified from Goudarzi (1984).

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>Available information is not adequate for determination of the level of mineral resource potential.</td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>Available information suggests the level of mineral resource potential.</td>
</tr>
<tr>
<td><strong>C</strong></td>
<td>Available information gives a good indication of the level of mineral resource potential.</td>
</tr>
<tr>
<td><strong>D</strong></td>
<td>Available information clearly defines the level of mineral resource potential.</td>
</tr>
</tbody>
</table>
S t a t e   L a n d   B o a r d

Regular Meeting
February 9, 2021
Agenda Item 8

SUBJECT

Request for authorization to purchase 1.14 acres at the primary public entrance to the South Slough National Estuarine Research Reserve currently owned by Coos County Forest Department located on Seven Devils Road in Coos County at Township 26 South, Range 14 West, Section 27, Tax Lot 100, LAS Application #62637.

ISSUE

Whether the State Land Board should authorize the acquisition of 1.14 acres (Appendix A) adjacent to the entrance of the South Slough Reserve’s Visitor Center.

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 273.055; 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.
• Real Estate Asset Management Plan (REAMP), adopted by the Land Board; February 2012.

SUMMARY

In the fall of 2019, Coos County Forestry Department acquired this property by foreclosure for failure of the property owner to pay property taxes. The County removed a mobile home from the property and a considerable amount of trash. Once the property was ready for sale, Coos County contacted the South Slough National Estuarine Research Reserve (SSNERR, or “the Reserve”) to see if it was interested in purchasing the property. The property fronts Seven Devils Road and includes the primary entrance driveway to the Reserve’s Visitor Center that is currently accessed through an easement.

On November 15, 2019, the Reserve received approval from the SSNERR Management Commission to move forward with submitting a funding proposal to the National Oceanic and Atmospheric Administration (NOAA) for this acquisition. The Ways and Means Subcommittee on Natural Resources approved the Reserve’s request to submit the federal funding proposal on November 20, 2019.

In May of 2020, Reserve staff requested input on the proposed acquisition from cultural and natural resources staff of the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians; the Coquille Indian Tribe; and the Confederated Tribes of Siletz Indians. All replied with no concerns.

On June 9, 2020, the Land Board approved the initial due diligence (Appendix B) for the purchase of this property and the adjacent property with 0.56 acres that is privately owned. An appraisal was conducted of the property along with a cultural resources review by the DSL archaeologist. Public notice of the potential acquisition was sent to adjacent property owners, local governmental agencies and tribal authorities. The Friends of South Slough wrote a letter in support of the acquisitions and confirmed their commitment to provide $25,000 for the project (Appendix C).

The Reserve received award notification from NOAA on June 16, 2020. On August 10, 2020, the Ways and Means Subcommittee on Natural Resources approved the Reserve’s expenditure request of the federal grant funds for the acquisition.

On January 19, 2021, the Coos County Board of Commissioners approved and signed a Purchase and Sale Agreement, committing to selling the property to DSL for $85,000. DSL will purchase the property with $60,000 funded by the grant from NOAA and $25,000 provided by the Friends of South Slough Reserve. Negotiations are continuing.
with the private property owner for the 0.56 acres property (tax lot 500) adjacent to the Coos County tract which is also adjacent to the Reserve’s driveway.

**RECOMMENDATION**

The Department recommends the Land Board approve the purchase of tax lot 100, containing 1.14 acres of land adjacent to the entrance of the SSNERR Visitor’s Center.

**APPENDIX**

A. Map of Property  
B. June 9, 2020 Agenda Item 5  
C. Letter of Support from the Friends of South Slough Reserve  
D. Land Evaluation Form
APPENDIX A

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

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.
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.
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)
December 17, 2020

Oregon Department of State Lands
Real Property Program
1645 NE Forbes Rd., Suite 112
Bend, OR 97701

RE: South Slough National Estuarine Research Reserve 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 Oregon Department of State Lands by the SSNERR to acquire two parcels at the entrance of the Reserve: 1.14 acres in Township, 26 South, Range, 14 West, Section 27, Tax Lot 100; and 0.56 acres in Township, 26 South, Range, 14 West, Section 26, Tax Lot 500

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.

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

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

1. Evaluation completed in: Office ☒ Field ☒

2. Parcel Name: South Slough Acquisition 3. County: Coos 4. Map & Tax Lot: 26S 14W, Section 27, TL 100 5. Site #:

6. LAS APP#: 62637 7. GIS Acres: 1.14 8. DSL Land Class: Forestland 9. REAMP Category:

10. Certified Forest: ☐ Yes ☒ No

11. Leased: ☒ No ☐ Yes Lease #: N/A Type of Use: N/A


14. Adjacent Property Owners & Use: South Slough Reserve to north; Rolin Block to east (bare land); Charles Lee 61879 Seven Devils Rd to south (residential acreage); Coos County Forestry Department to west (timber land).

15. Zoning: RR-2-Rural Residential

16. Developable Parcel: ☒ No ☐ Yes 17. Minimum acres required for home site N/A

18. Lot of Record: ☒ No ☐ Yes

19. Potential for Zone Change/Partition: N/A

20. Wildlife Overlay: N/A

21. Cultural-Historic: Parcel Reviewed: ☒ No ☐ Yes

22. Previously Field Surveyed: ☒ No ☐ Yes ☐ Partially Date Surveyed: N/A

23. Cultural Resources identified in field? (if yes, consult with staff archaeo): ☒ No ☐ Yes

24. Probability of Cultural Resources: ☐ None ☒ Low ☐ Medium ☐ High

25. Threatened/Endangered Species: Field Survey Completed: ☒ No/Not Needed ☐ Yes Species: N/A

26. Water Rights: ☒ No ☐ Yes Water Right Info: N/A

27. Irrigation District: N/A

28. Depth of Nearby Wells: 8’ to 51’

29. On-site/Distance to Existing Electrical Service and what type: On-site hookup

30. Electrical service provider/PUD Name: Pacific Power

31. Potential for Alternative Energy: Low

32. Access: Seven Devils Rd

33. Legal Access: ☒ No ☐ Yes Gov’t Maintained Road: ☒ No ☐ Yes Road Name/# Seven Devils Rd

34. Easements (to/from whom and what type): Access Easement for primary driveway to access South Slough’s Visitor Center

35. Interior Roads/Trails/Condition: Gravel Drive

36. Known Property Boundaries/Corner Survey Markers: Several markers on property

37. Nearest DSL Parcel (direct): Adjacent to the north

38. Topography/Shape of Parcel: Undulating with downward slope to the north

39. Vegetation Cover (dominant species, condition, % coverage): Hemlock, Doug fir, native grasses

40. Site Structures/Improvements: Septic System, concrete pad and well
41. View Site/Water Features/Other amenities: Mature trees 
42. Evidence of Prior Impacts/Activities (wildfire, crops, historic home site): Former home site 
43. Lease History: N/A 
44. Current Use: Bare land (former mobile home site) 
45. Agriculture/Timber Potential: N/A 
46. Soil Type: 100% Joaney very fine sandy loam with 0% to 7% slopes 
47. NRCS Soil Class: Class 4 48. MB & G Forest Rating: N/A 
49. Age of Timber: N/A 50. Timber Volume: N/A 
51. Estimated Timber Value: $ N/A 
52. Site Index: N/A 53. Type of Timber: N/A 
54. % Annual timber volume increase: N/A 
55. Fire District/Protection Area: Charleston 
56. Property Expenses (fire protection costs): $N/A 57. Other Holding Costs: $0 
58. Assessor’s RMV (Land Only): $84,900 59. Tax Year: 2020-21 
60. Estimated Market Value: $95,500 61. Source: Appraisal 
62. Known/Proj. AUMs: N/A 63. Annual Lease Amt.: $ N/A 
64. 20 year Investment Return based on timber/lease income: N/A 
65. Rate of Return on Asset Value (%): N/A 
66. Present Value based on Current/Projected Income: N/A 
67. Potential developments necessary to increase marketability/land value (ie access, utilities): N/A 
68. Est. Annual Income after Development (Improvements/Land-Use Action): N/A 
69. Highest and Best Use Conclusion: Residential Home Site 
70. Comments: The property includes the entrance driveway for the South Slough National Estuarine Research Reserve. Purchasing the property will enable the Reserve to create a welcoming entrance to the Visitor’s Center. 

71. Originator: Clara Taylor Date: 1/11/2021 
72. Reviewer: Date:
Land Evaluation Form

Instructions

General Instructions: Do not leave a portion of this form blank. If information is unavailable or not applicable please indicate why. This will ensure that everyone who reviews the information knows that the question was not skipped or overlooked, but there is a reason why the question was not addressed.

1. **Evaluation done in: Office Field:** By the time the form is completely filled out, both office and field should be checked and initialed by the staff person(s) who worked on the form. Some of the information on the form comes from DSL records, appraisals, GIS data etc. Some information needs to be completed on site in the field. (Real Property staff)

2. **Parcel Name:** DSL name given to parcel, based on names of nearby topographic features, or named county roads. Parcel names may not be derived from names of previous lessees or any person. Do some research before naming the parcel as it may already have been named. (Property Manager)

3. **County:** what county or counties the parcel is located within (Property Manager)

4. **Map & Tax Lot** Township Range Section and tax lot number of parcel being evaluated (Property Manager)

5. **Site #:** In LAS, search and navigate to the Land Parcel page for the parcel being evaluated. The site # is on the first tab called “Land Parcel Site” (Property Manager)

6. **LAS #:** In LAS, search and navigate to the Land Parcel page for the parcel being evaluated. The LAS # is the “parcel Number” at the top of the page. (Property Manager)

7. **GIS Acres** Acreage of parcel. Derived from the DSL Land GIS Layer acreage information (Property Manager)

8. **DSL Land Class** Land class code found in LAS, this is set up as a drop down menu in the form- (Property Manager)
   - a. AGR – Agriculture
   - b. FORS - Forest
   - c. ICR – Industrial/Commercial/Residential
   - d. MER- Mineral Energy
   - e. RNGL – Rangeland Leased
   - f. RNGU - Rangeland Unleased
   - g. SPEC – Special Stewardship
   - h. SS - Waterway (Submerged/Submersible)

9. **AMP Category** Drop-down Menu in form. Indicate what parcel is/should be listed as under the DSL Real Estate Asset Management Plan (REAMP) Categories. Category 1 indicates parcel has “Long-Term Potential" meaning that the parcel currently or has the potential to generate revenue over the long term. Category 2 indicates that the parcel has the potential to generate revenue over the short-term (5 years or less). Category 3 indicates that the parcel is currently generating revenue (i.e. currently under lease). Category 4 indicates that parcel is not currently generating
revenue, and/or there is minimal potential to generate revenue in the future, either short or long term.

10. **Certified Forest** Oregon Department of Forestry Certified forest. This information is found in LAS. (Property Manager)

11. **Leased** Is the parcel under evaluation currently under a DSL lease? If yes please provide the Lease number and type of use. (Property Manager)

12. **Ownership Type** DSL ownership of parcel, either Surface only, Subsurface only, or Surface and Subsurface ownership. This information is found in LAS and is set up as a drop down menu on the form. (Property Manager)

13. **Mineral Rights** Does DSL Own the mineral rights to the parcel? Check Clear Lists (Yes or No) (Property Manager, Ownership Specialist)

14. **Adjacent Property Owners & Use** List by cardinal direction the name of the property owner/BLM District/National Forest Name and the predominant use on the adjacent lands (e.g. *North Boundary of parcel is Malheur National Forest, East Boundary is BLM-Burns District, South Boundary is privately owned by John Doe at 12345 Road St Bend, OR 97701 (Irrigated agriculture-alfalfa), West boundary is privately owned by Joe Smith at PO Box 000 Pennsylvania, CA 12345 (rock quarry)*) (Asset Analyst, Real Property Staff-field work)

15. **Zoning** What is the county zoning for the parcel in question? Must go to the county website/assessor tax lot records to get this information. (Asset Analyst)

16. **Developable Parcel**: Use county zoning information, appraisal information to determine if parcel is buildable. Include minimum acreage required for home site (Asset Analyst)

17. **Minimum Acres required for home site**: Note minimum acreage required for a home site based on county zoning (Asset Analyst)

18. **Lot of Record**: Need to work with county to determine this, must be completed prior to sale (Asset Analyst)

19. **Potential for Zone Change/Partition**: Determine this based on zoning and development information from the county. (Asset Analyst)

20. **Wildlife Overlay** This is information that is checked as part of county zoning information. DSL also has some wildlife layers in the GIS files (from ODFW). Need to list all wildlife zones by species here. (Asset Analyst)

21. **Cultural-Historic**: Parcel Review is where the Staff Archaeologist has completed a SHPO information request for the parcel in question. (Yes or No) (Archaeologist)

22. **Previously Field Surveyed**: Has any Archaeological field survey been completed at any time for any part or the entire parcel? If yes or partially, list the date(s) of the survey(s). (Archaeologist)

23. **Cultural Resources Identified in the Field**: During any site visits by DSL staff, was there any cultural or historic resources found on site? If no, check the no box. If yes, check the yes box and consult with DSL staff Archaeologist to determine next steps. Parcel may require full pedestrian survey for cultural resources. (Real Property Staff, Archaeologist)

24. **Probability of Cultural resources**: Completed by staff archaeologist, answer None, Low, Medium or High. (Archaeologist)
25. Threatened/Endangered Species: Complete an ORBIC data request, perform field survey if necessary, list species (plant and animal) found on site. If no T & E Species indicate “none” (Property Manager)

26. Water Rights: Look up water rights information on OWRD Website www.oregon.gov/OWRD go to Maps, click on Interactive Water Right Maps, click on Oregon Water Resources Web Mapping Program. This will get to the interactive web map. Once there, use the map tools to navigate to the parcel location. If there are water right on the parcel, list type and number (i.e. permit, certificate, etc.), name of water right holder, preference date, type of use, Point of Diversion (POD) or Place of Use (POU) and any other relevant information. (Property Manager)

27. Irrigation District: Name of irrigation district parcel lies within. If parcel is not within an irrigation district indicate “No District” (Property Manager)

28. Depth of Nearby Wells: Information from the OWRD Website from recorded well logs. Go to OWRD website at www.oregon.gov/OWRD, go to Maps, click on Interactive Water Right Maps, click on Oregon Water Resources Web Mapping Program. This will get to the interactive web map. Once there, use the map tools to navigate to the parcel location and look for wells (POD’s) in the surrounding area (within 2 miles). Click on the Identify tool and scroll down to the well logs. Click on the well logs to determine depth of the well. List well depths on the form. (Property Manager)

29. On site/Distance to existing electrical service and what type: Note where, and in what direction the nearest powerline/transmission line is located from the parcel. Note if the line is a single-phase, three-phase etc. or transmission line. (Real Property Staff-Field work)

30. Electrical Service Provider/PUD name: Note who the electrical service provider is for the area. PUD is the Public Utilities District, include this name as well. (Property Manager)

31. Potential for Alternative energy: Check available websites for solar, wind and geothermal energy potential for the parcel being evaluated. List the ratings (if any) for each type here. If no potential for all or any type of alternative energy indicate “no wind potential”, “no geothermal potential”, or “no solar potential” (Property Manager)

32. Access: Detail any roads (legal or not) that can be used to gain access to the parcel. Include condition of road, type of road, any road names or numbers, or indicate no roads at all. If access is through adjacent private ownership please indicate that as well. (Real Property Staff-whomever does the field work)

33. Legal Access: Indicate yes or no if there is legal access to parcel. If it is a government maintained road (county, BLM, USFS) list yes or no and include the road name or number. (Real Property Staff-Field Work)

34. Easements (to/from whom and what type): List any easements on the property. Include deed book and page description and indicate if deed book is DSL or County. (Property Manager, Asset Analyst)

35. Interior Roads/trails/condition: if there are any roads within the boundaries of the parcel being evaluated describe them here (Real Property Staff-Field Work)

36. Known Property Boundaries/Cornner Survey Markers: Indicate and describe the location of any survey markers, brass caps, section corners, witness placards etc. here. (Real Property Staff-Field Work)
37. **Nearest DSL Parcel**: Describe how far away from the parcel being evaluated the next nearest DSL owned parcel is located. Include what direction and indicate the TRS of the nearest parcel. (Property Manager)

38. **Topography/Shape of Parcel**: Describe the shape and topography of the parcel. Indicate any distinguishing features such as natural water, slopes etc. (Real Property Staff-Field work, and office work)

39. **Vegetation Cover**: List the dominant species present in common names, indicate vegetative condition, and percent cover of trees, shrubs and grasses

40. **Site Structures/Improvements**: Describe any fences, irrigation structures, water developments, agriculture etc. Include location of structures and indicate size, or length and condition of any structures found on site. (Real Property Staff-Field Work)

41. **View Site/Water Features/Other Amenities**: Describe any aesthetically pleasing attributes found within and around the parcel. Anything that would be potentially pleasing to a buyer (Real Property Staff-Field Work)

42. **Evidence of Prior Impacts/Activities**: Describe the location and condition of any evidence of wildfires, crops, timber/logging, recreation or any other historic use. (Real Property Staff-Field Work)

43. **Lease History**: Was the parcel ever, or is currently leased? Include lease number, Lessee Name, and use. This information can be found in LAS and in old files in Bend and Salem offices (All Real Property Staff)

44. **Current Use**: Describe any current uses on the property. If known, include the name of who is using the parcel. (All Real Property-Field Work)

45. **Agriculture/Timber Potential**: Describe the potential for agriculture and timber harvest based on conditions on site i.e. topography vegetation. (Real Property Staff-field work)

46. **Soil Type**: Describe the soils on site from the NRCS Soils Web Mapping tool. If parcel is in a county where the soil survey is unavailable, describe the soils from what was observed during the site visit. (Property Manager-Real Property Staff)

47. **NRCS Soil Class**: List the soils class from the NRCS Soils Web Mapping tool. (Property Manager, Asset Analyst)

48. **MB & G Forest Rating**:

49. **Age of Timber**: Average age of timber stand, this information comes from the appraisal and timber cruise. (Asset Analyst)

50. **Timber Volume**: Information comes from the timber cruise (Asset Analyst)

51. **Estimated Timber Value**: This figure from the timber cruise and appraisal (Asset Analyst)

52. **Site Index**: Indicate what site index was used for the timber cruise (i.e. either 50 or 100 year indexes) (Asset Analyst)

53. **Type of Timber**: What timber species are found on parcel, and what species were accounted for in the timber cruise? (Asset analyst)

54. **% Annual timber volume increase**: What is the percent annual timber volume increase used in the timber cruise? (Asset Analyst)

55. **Fire District/Protection Area**: Indicate if parcel is under ODF Fire Protection, within the boundaries of a Rangeland Fire Protection Area (RFPA), and/or under the BLM Fire Suppression agreement. List the name of the RFPA if appropriate. (Property Manager)
56. **Property Expenses**: List any property expenses such as fire protection costs (ie funds paid to an RFPA or to ODF). Determine this amount by acre. (Property Manager)
   a. For RFPA’s: take full amount paid to RFPA and determine how many DSL acres are within that RFPA boundary. Then determine the per acre rate for fire protection and multiply that amount by the number of acres within the parcel in question.
   b. For ODF fire protection: Determine the rate for protection from the previous full calendar year, multiply this number by the number of acres within the parcel in question.

57. **Other Holding Costs**: This is intended to capture the holding costs to DSL. For example: If the parcel in question is classified as Rangeland Unleased (RNGU), the holding costs to DSL would come out of the Rangeland Program costs. To determine this amount on a per acre basis, take the program expenditure amount from the previous calendar year and divide that amount by the total number of acres classified as Rangeland. That will give you the per acre costs for all lands classified as Rangeland. Then take that amount and multiply it by the number of acres within the parcel being evaluated.

58. **Assessor’s RMV**: This is the county assessor’s Real Market Value. This information must come from the county as it is updated annually. (Asset Analyst)

59. **Tax Year**: Indicate what tax year the Assessor’s RMV value is from. (Asset Analyst)

60. **Estimated Market Value**: This value comes from the appraisal. If marketable timber on parcel, indicate what the total market value would be with the timber and without the timber. (Asset Analyst)

61. **Source**: Indicate the source of the appraisal. I.e. who completed the appraisal? (Asset Analyst)

62. **Known/Projected AUM’s**: List the AUM amount the parcel can support. This information either from appraisal, NRCS Soils web mapping tool, or on site determination. (Rangeland Manager)

63. **Annual Lease amount**: Indicate what the Grazing lease rate would be given the AUM amount, or what the current lease fee is if parcel is under lease. (Rangeland Manager)

64. **20 year Investment Return based on Timber/lease income**:

65. **Rate of Return on asset value (%)**:

66. **Present Value based on Current/Projected Income**:

67. **Potential developments necessary to increase marketability/land value (i.e. access, utilities)**: List what developments DSL could complete prior to sale to increase property value prior to sale, also have an option to say none. (Asset Analyst)

68. **Estimate Annual Income after Development (Improvements/Land use action)**: Answer based on question 31 above. Determine value of property after any developments and improvements. Also, determine what income could be if improvements were completed and DSL leased out the property (i.e. for agriculture use) (Asset Analyst/Property Manager)
69. **Highest and Best Use Conclusion:** What is the overall highest and best use of the property? What action, either lease for a specific purpose, or sale would bring the highest value to the Common School Fund? (All Real Property staff)

70. **Comments:** Note any extra comments or information about the parcel here.

71. **Originator:** Names or initials of any and ALL DSL Staff that contributed information to this evaluation and the date the information was added.

72. **Reviewer:** Filled out once Eastern Region Manager has reviewed the form and is satisfied by the information contained. Include date the form was reviewed and accepted.
November 23, 2020

To the Director and Manager
State of Oregon, Department of State lands
Salem, Oregon

We have audited the financial statements of the Common School Fund of the State of Oregon Department of State Lands, major governmental fund of the State of Oregon (the Common School Fund), as of and for the year ended June 30, 2020, and have issued our report thereon dated November 23, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated November 23, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Common School Fund solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.
Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Common School Fund is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are the estimate of the unclaimed property that will be distributed and the estimate of allowance for doubtful accounts.

Management’s estimate of the unclaimed property that will be distributed is based on historical collections.

Management’s estimate of the allowance for doubtful accounts is based on a percentage of total receivables.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Common School Fund’s financial statements relate to:

The disclosure of Deposits and Investments and Derivatives in Notes 2 & 3 to the financial statements summarize the valuations for the year ended June 30, 2020.
The disclosure of Custodial Liabilities in Note 4C to the financial statements summarizes the custodial liabilities for unclaimed property for the year ended June 30, 2020.

The disclosure of Fund Equity in Note 10 to the financial statements summarizes the prior period adjustment to correct revenue for the year ended June 30, 2019.

The disclosure for Contingencies in Note 12 to the financial statements summarizes the contingencies for the year ended June 30, 2020.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Common School Fund’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, in a separate letter dated November 23, 2020.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Common School Fund, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Common School Fund’s auditors.
Other Matters

This report is intended solely for the information and use of the State Lands Board, the Director, Oregon Secretary of State Audits Division, and management of Common School Fund and is not intended to be and should not be used by anyone other than these specified parties.

If you should have any questions or comments, we would be pleased to discuss this report with you at your convenience.

Respectfully,

Merina+Co
Tualatin, Oregon
Focused on Your Wants and Understanding Your Needs
FINANCIAL SECTION

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FINANCIAL SECTION
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INDEPENDENT AUDITOR’S REPORT

State Land Board
Oregon Department of State Lands
Salem, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the Common School Fund, a major governmental fund of the State of Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Common School Fund’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Common School Fund’s management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Common School Fund, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Emphasis of Matter

As discussed in Note 1, the financial statements of the Common School Fund are intended to present the financial position, and the changes in financial position, of only the position of the Oregon Department of State Lands that is attributable to the transactions of the Common School Fund. They do not purport to, and do not, present fairly the financial position of the State of Oregon or Department of State Lands as of June 30, 2020, and the changes in their financial position and their cash flows, were applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2020 on our consideration of Common School Fund’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Common School Fund’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Common School Fund’s internal control over financial reporting and compliance.

For Merina+Co
Tualatin, Oregon
November 23, 2020
BASIC FINANCIAL STATEMENTS
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Balance Sheet  
June 30, 2020

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$94,558,039</td>
</tr>
<tr>
<td>Investments</td>
<td>1,726,303,797</td>
</tr>
<tr>
<td>Securities Lending Collateral</td>
<td>6,287,116</td>
</tr>
<tr>
<td>Accounts and Interest Receivables (net)</td>
<td>16,469,660</td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>73,754</td>
</tr>
<tr>
<td>Advances to Other Funds</td>
<td>300,000</td>
</tr>
<tr>
<td>Net Contracts, Notes, and Other Receivables</td>
<td>25,582</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,844,017,948</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES AND FUND BALANCES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$38,515,992</td>
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<tr>
<td>Obligations Under Securities Lending</td>
<td>6,287,116</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>335,168</td>
</tr>
<tr>
<td>Deposit Liabilities</td>
<td>383,714,479</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>428,852,755</strong></td>
</tr>
</tbody>
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**DEFERRED INFLOWS OF RESOURCES**

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<thead>
<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Unavailable revenue - contracts</td>
<td>25,582</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td><strong>25,582</strong></td>
</tr>
</tbody>
</table>

**Fund Balances:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted by:</td>
<td></td>
</tr>
<tr>
<td>Oregon Constitution</td>
<td>1,013,412,454</td>
</tr>
<tr>
<td>Enabling Legislation</td>
<td>401,727,157</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td><strong>1,415,139,611</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</strong></td>
<td><strong>$1,844,017,948</strong></td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
# Statement of Revenues, Expenditures, and Changes in Fund Balances
## For the Year Ended June 30, 2020

### REVENUES
- **Licenses and fees**: $1,538,157
- **Federal**: 447,799
- **Charges for Services**: 311,659
- **Rebates and Recoveries**: 1,572
- **Fines, Forfeitures, and Penalties**: 192,427
- **Rents and Royalties**: 5,679,007
- **Investment Income (Loss)**: (1,021,802)
- **Sales**: 11,129
- **Unclaimed and Escheat Property Revenue**: 25,961,271
- **Other**: 911,488

**Total Revenues**: 34,032,707

### EXPENDITURES
- **Personal Services**: 10,916,711
- **Services and Supplies**: 9,825,334
- **Intergovernmental**: 6,713,333
- **Capital Improvements**: 2,470,194
- **Investment Expenditures**: 5,897,300

**Total Expenditures**: 35,822,872

**Excess (Deficiency) of Revenues Over (Under) Expenditures**: (1,790,165)

### OTHER FINANCING SOURCES (USES)
- **Transfers From Other Funds**: 8,621,290
- **Transfers to Other Funds**: (79,999,248)
- **Insurance Recoveries**: 6,815,599

**Total Other Financing Sources (Uses)**: (64,562,359)

**Net Change in Fund Balances**: (66,352,524)

**Fund Balances - Beginning**: 1,481,511,737
- **Prior Period Adjustments**: (19,602)
- **Fund Balances - Beginning - As Restated**: 1,481,492,135

**Fund Balances - Ending**: $1,415,139,611

The notes to the financial statements are an integral part of this statement.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Oregon Department of State Lands’ Common School Fund have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), and the American Institute of Certified Public Accountants (AICPA).

A – THE REPORTING ENTITY

The Department of State Lands (Department) is the administrative agency of the State Land Board handling the day-to-day work of the board in managing the land and other resources dedicated to the Common School Fund. The State Land Board, which consists of the Governor, the Secretary of State, and the State Treasurer, is the trustee of the fund as outlined in the Oregon Constitution.

The Common School Fund, a governmental fund, was established at statehood and is intended to generate earnings to distribute to public schools. The Common School Fund accounts for programs that manage state-owned land, including a leasing program that generates annual revenues, for the benefit of the public school system. Estate funds that become the property of the state, unclaimed property, and income derived from unclaimed property are also accounted for in this fund. Statutory and constitutional provisions stipulate that the assets of the fund, including investment income, must be used for common school purposes. The primary funding sources for these programs include investment income, leasing revenues, forest management, unclaimed property receipts, and transfers from other funds.

B – FUND FINANCIAL STATEMENTS

The fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances. The statement of revenues, expenditures, and changes in fund balances reports revenues by type and expenditures by natural classification. Other financing sources and other financing uses are reported in the last section of the statement.

C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The Common School Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities existing at the end of the year. For this purpose, revenues are considered available if they are collected within 90 days of the end of the current fiscal year. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. Information for receivables not expected to be collected within one year of the date of the financial statements and payables reported in the financial statements is discussed in Note 4.

D – DEPOSITS AND INVESTMENTS

Deposits
Cash deposits not held in a cash management or investment pool are classified as cash and cash equivalents. Cash deposits that are held in a cash management or investment pool are classified as cash and cash equivalents when the pool has the general characteristics of a demand deposit account. Cash and cash equivalents include: cash on hand, cash and investments held by the Office of the State Treasurer in the Oregon Short-Term Fund (OSTF), cash deposits held in demand deposit accounts with custodial banks, and cash deposits of debt proceeds in investment funds held by a trustee.
Investments
Investments are reported at fair value except for investments in the OSTF with remaining maturities of up to 90 days are carried at amortized cost, which approximates fair value. The Department reports these investments as cash and cash equivalents on the balance sheet, but as investments in Note 2.

Changes in the fair value of investments are recognized as investment income (loss) in the current year.

The fair value of publicly traded debt and equity securities in active markets is determined by the custodian’s pricing agent using nationally recognized pricing services. The custodian’s pricing agent values equity securities traded on a national or international exchange at the last reported sales price and generally values debt securities by using evaluated bid prices. The fair value of publicly traded real estate investment trust (REIT) securities is determined by the custodian’s pricing agent using recognized pricing services.

Derivatives
In accordance with State investment policies, the Office of the State Treasurer participates in contracts that have derivative characteristics. Derivative instruments are used to lower the cost of borrowing, to hedge against fluctuations in foreign currency rates, and to manage the overall risk of investment portfolios. The fair value of all derivative instruments within the Common School Fund are reported on the balance sheet as investments, accounts and interest receivable, and accounts and interest payable. The change in fair value for all Common School Fund derivative instruments is reported with investment income on the statement of revenues, expenditures, and changes in fund balances.

E – RECEIVABLES AND PAYABLES
Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to other funds.” Receivables consist of revenues earned or accrued in the current period and are shown net of estimated uncollectable accounts. Payables consist of amounts owed to vendors for operational expenditures, other state agencies for services received and investment liabilities outstanding.

F – INTERFUND TRANSACTIONS
Inter-fund transactions are transactions between the Common School Fund and other funds included in the Oregon Comprehensive Annual Financial Report. Inter-fund balances (due to/from other funds and advances to/from other funds) result from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Advances to/from other funds are not expected to be repaid within one year. See Note 7 for more in inter-fund transactions.

G – RESTRICTED ASSETS
Conservatorship and other assets are non-cash assets held in trust for third parties in the Unclaimed Property Program.

H – FUND EQUITY
The difference between assets and liabilities plus deferred inflows of resources is labeled “Fund Balance” on the fund financial statements. Fund balance is reported in five components: (1) Non-spendable, (2) Restricted, (3) Committed, (4) Assigned, and (5) Unassigned.

Restricted fund balances are the result of constraints imposed by the law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments. Common School Fund balances are all restricted.
For fund balance classification purposes, the Department determines the appropriate classification of each of their detail-level funds based on the resources accounted for in those funds and the constraints on spending those resources. The Department expends resources from the appropriate fund based on each fund’s specific spending constraints. Ending fund balances, therefore, are the result of that spending.

NOTE 2 – DEPOSITS AND INVESTMENTS

Common School Fund Investment Portfolio held at Treasury
Investments of the Common School Fund held by the State Treasurer (Treasurer) require the exercise of prudent and reasonable care in the context of the Common School Fund’s investment portfolio and as part of an overall investment strategy. The Treasurer is required diversify investments unless it is not prudent to do so. In addition, the Treasurer must exercise reasonable care to incorporate risk and return objectives suitable to the particular investment fund. The Treasurer has a policy and procedure that addresses objectives and strategies for investments of the Common School Fund.

The Common School Fund’s investment policies are governed by statute and the Oregon Investment Council (Council). The Treasurer is the investment officer for the Council and is responsible for the funds on deposit with the Oregon State Treasury (Treasury). The Treasurer works with the State Land Board to ensure implementation of the asset allocation policy that meets the business needs of the Common School Fund. The Council does not make asset allocation changes without considering input from the State Land Board. In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill and caution. The Treasurer is authorized to use demand deposit accounts, fixed income investments, and direct equity investment transactions, although the majority of equity investments are directed by external investment managers under contract with the Council. Investments are managed around a 55 percent equity, 25 percent fixed income, 10% real estate, and 10% diversifying strategies (alternative) target with a range of plus or minus 5 percent, as detailed below. The Common School Fund’s actual asset allocation is monitored monthly relative to established asset allocation policy targets and ranges. A deviation outside of any of the ranges triggers a review and rebalancing back toward the target asset allocation with due consideration given to the liquidity of the investments and transaction costs. Whenever possible, cash flows into and out of the fund are used to rebalance between asset classes. Cash is held only for business operating purposes.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Benchmark</th>
<th>Target Allocation</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equities</td>
<td>Russell 3000 Index</td>
<td>22%</td>
<td>20% - 25%</td>
</tr>
<tr>
<td>International Equities</td>
<td>MSCI ACWI ex-US Index</td>
<td>23%</td>
<td>20% - 25%</td>
</tr>
<tr>
<td>Private Equities</td>
<td>Russell 3000 + 300 bps Index</td>
<td>10%</td>
<td>8% - 12%</td>
</tr>
<tr>
<td></td>
<td>Total Equities</td>
<td>55%</td>
<td>48% - 62%</td>
</tr>
<tr>
<td>US Fixed Income</td>
<td>Barclays Aggregate Index</td>
<td>25%</td>
<td>20% - 30%</td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td>10%</td>
<td>8% - 12%</td>
</tr>
<tr>
<td>Alternative</td>
<td></td>
<td>10%</td>
<td>8% - 12%</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>0%</td>
<td>0% - 3%</td>
</tr>
<tr>
<td>Policy Mix</td>
<td>Weighted aggregate of indexes</td>
<td>listed above at target allocation</td>
<td>100%</td>
</tr>
</tbody>
</table>

Common School Fund Participation in the Oregon Short Term Fund Held at Treasury
The Treasurer maintains the Oregon Short-Term Fund (OSTF), a cash and investment pool that is available for use by the Common School Fund. Because the pool operates as a demand deposit account, the Common
School Fund portion of the OSTF is classified on the financial statements as cash and cash equivalents. Additional information about the OSTF can be found in the OSTF financial statements at:


Common School Fund Investments Held Outside Treasury
Statutes govern the placement of investments of the Common School Fund held outside Treasury as part of trust agreements or mandatory asset holdings by regulatory agencies. The Common School Fund investment portfolio includes $49,585,149 held outside Treasury and is included in the $1,726,303,797 reported investments on the balance sheet.

A – DEPOSITS
Custodial Credit Risk for Deposits
The custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the Department will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Department does not have a formal policy regarding custodial credit risk for deposits. However, banking regulations and Oregon law establish the insurance and collateral requirements for deposit in the OSTF.

Oregon Revised Statutes (ORS) Chapter 295 governs the collateralization of public funds. Depositories are required to pledge collateral against any public fund deposits in excess of the deposit insurance amounts. This requirement provides additional protection for public funds in the event of a depository loss. ORS Chapter 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

ORS Chapter 295 provides the statutory authority for the Public Funds Collateralization Program (PFCP). The Treasury uses an internally-developed web application to administer the PFCP and facilitate depository, custodian, and public official compliance with ORS Chapter 295. Under the PFCP, depositories are required to report quarterly to Treasury, providing quarter-end public fund balances in excess of Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) limits. Depositories are also required to report their net worth and capitalization information. The FDIC or NCUA assigns each bank or credit union a capitalization category quarterly: well capitalized, adequately capitalized, or undercapitalized. Based on this information, the depository’s minimum collateral required to be pledged with the custodian and the maximum liability in the pool of all depositories is calculated for the next quarter. The maximum liability is reported to the depository, Treasury, and the custodian.

Barring any exceptions, a depository is required to pledge collateral valued at no less than 10 percent of its last reported uninsured public fund deposits if the depository is well capitalized and as much as 110 percent if the depository is adequately capitalized, undercapitalized, or assigned to pledge 110 percent by Treasury.

There are three exceptions to this calculation, and any exceptions are required to be collateralized at 100 percent

1. A depository may not accept public fund deposits from one depositor in excess of the depository’s net worth. If the depository has a drop in net worth that takes it out of compliance, the depository is required to post 100 percent collateral on any amount the depositor has in excess of the depository’s net worth while working to eliminate that excess.

2. A depository may not hold aggregate public funds in excess of a percentage of the depository’s net worth based on its capitalization category (100 percent for undercapitalization, 150 percent for adequately capitalized, 200 percent for well capitalized) unless approved for a period of 90 days or less by Treasury.

3. A depository may hold in excess of 30 percent of all aggregate public funds reported by all depositories holding Oregon public funds, only if the excess is collateralized at 100 percent.
Where interest bearing balances within the OSTF exceed the FDIC or NCUA amount of $250,000 the balances were covered by collateral held in the PFCP.

As of June 30, 2020, $877,548 in other depository balances of the Common School Fund was held by two investment firms, not covered by the FDIC rules. However, the firms are members of the Securities Investor Protection Corporation (SIPC) which provides protection up to $500,000, of which $250,000 applies to cash credit balances. Consequently, $250,000 was insured by SIPC and $627,548 was uninsured and held by the counterparty in the Department of State Lands’ name.

**B – INVESTMENTS**

**Custodial Credit Risk**

Custodial credit risk for investments of the Common School Fund is the risk that, in the event of the failure of the counterparty to a transaction, the State will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The Council has no formal policy regarding the holding of the securities by a custodian or counter party. For the year ended June 30, 2020, no investment holdings of the Common School Fund held at Treasury were exposed to custodial credit risk.

A June 30, 2020, the Common School Fund held $49,585,149 in investments outside Treasury. Avenu and Wedbush investment firms held investments totaling $47,445,149. The firms are members of the Securities Investor Protection Corporation (SIPC) which provides protection up to $500,000 of which a maximum of $250,000 applies to cash credit balances. Investments outside Treasury also included $1,840,000 of real estate property and $300,000 of unclaimed collectibles held for auction. All the investment holdings of the Common School Fund held outside Treasury were registered in the Department of State Lands' name and therefore not exposed to custodial credit risk.

**Interest Rate Risk**

Interest rate risk is the risk (variable in value) borne by an interest bearing asset such as a loan or a bond, due to variability of interest rates. Approximately 30 percent of the Common School Fund’s investment portfolio is invested in fixed income securities. Investment policy for fixed income investments of the Common School Fund is to maintain a well-diversified bond portfolio, managed to maximize total return, that reflects the overall characteristics of the Barclays Capital Universal Index Benchmark and to invest opportunistically, using innovative investment approaches within a controlled and defined portfolio allocation.

**Credit Risk and Concentration of Credit Risk**

Credit risk refers to the risk that a borrower will default on any type of debt by failing to make payments which it is obligated to make. Treasury investment policies for fixed income investments of the Common School Fund maintain an overall portfolio quality of at least “A” or higher, maintain an average bond duration level of plus or minus 20 percent of the Barclays Capital Universal Index. No more than 30 percent of the total fixed income portfolio at market value, may be maintained in securities rated less than Baa3. No more than 10 percent of the total fixed income portfolio, at market value, may be maintained in Rule 144A securities. No more than 25 percent of the fixed income allocation shall be invested in a single industry, or Government Agency. Use of leverage in any fixed income securities is not allowed (excluding use of securities in a securities lending program).

**Interest Rate Sensitive Investments**

The Common School Fund held approximately $67.1 million in debt instruments backed by pooled mortgages, TBAs (to-be-announced federal agency-issued mortgage pools), collateralized mortgage obligations (CMOs), or fixed rate mortgages. These securities represent a stream of principal and interest payments from underlying mortgages and consequently, the value of these securities can be volatile as interest rates fluctuate. Assets with these characteristics may also be susceptible to prepayment by mortgage holders which may result in a decrease in total interest realized. Additionally, the risk of default exits and collateral held may potentially be insufficient to
cover the principal due. The Common School Fund also held approximately $8.7 million of asset-backed securities backed primarily by student loan and manufactured housing loan receivables.

The credit rating of the Common School Fund’s investments held at Treasury and using the segmented time distribution method as of June 30, 2020, follows.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Credit Rating</th>
<th>Less than 1</th>
<th>1 to 5</th>
<th>6 to 10</th>
<th>More than 10 or none</th>
<th>Total Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Exempt</td>
<td></td>
<td>$8,550,608</td>
<td>$772,509</td>
<td>$5,642,673</td>
<td>$14,985,790</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Strips Exempt</td>
<td>1,799,670</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,799,670</td>
</tr>
<tr>
<td>U.S. Treasury TIPS Exempt</td>
<td>952,236</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>952,236</td>
</tr>
<tr>
<td>U.S. Federal agency debt AAA</td>
<td>690,009</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>690,009</td>
</tr>
<tr>
<td>U.S. Federal agency debt AA</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>391,317</td>
<td>391,317</td>
</tr>
<tr>
<td>U.S. Federal agency debt Not Rated</td>
<td>1,779,744</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,779,744</td>
</tr>
<tr>
<td>U.S. Federal agency mortgages AAA</td>
<td>1,000,077</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,000,077</td>
</tr>
<tr>
<td>U.S. Federal agency mortgages Not Rated</td>
<td>7,408,424</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,408,424</td>
</tr>
<tr>
<td>Total U.S. government debt</td>
<td>12,677,925</td>
<td>8,550,609</td>
<td>2,320,975</td>
<td>64,510,968</td>
<td>88,060,476</td>
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</tr>
<tr>
<td>Corporate bonds AAA</td>
<td>323,944</td>
<td>1,494,482</td>
<td>131,412</td>
<td>1,949,838</td>
<td></td>
<td></td>
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<tr>
<td>AAA</td>
<td>334,233</td>
<td>1,077,480</td>
<td>1,494,482</td>
<td>1,949,838</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>9,275,620</td>
<td>8,478,476</td>
<td>6,513,956</td>
<td>13,992,432</td>
<td></td>
<td></td>
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<tr>
<td>BBB</td>
<td>4,222,573</td>
<td>11,355,608</td>
<td>19,351,572</td>
<td>36,930,743</td>
<td></td>
<td></td>
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<tr>
<td>BB</td>
<td>1,239,879</td>
<td>2,918,274</td>
<td>3,071,985</td>
<td>6,220,148</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>19,100</td>
<td>40,672</td>
<td>42,938</td>
<td>102,710</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total corporate bonds</td>
<td>15,091,405</td>
<td>24,194,454</td>
<td>32,013,973</td>
<td>35,843,828</td>
<td></td>
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</tr>
<tr>
<td>Non-U.S. government debt AAA</td>
<td>1,714,824</td>
<td>613,338</td>
<td>-</td>
<td>-</td>
<td>2,328,162</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>798,322</td>
<td>73,259</td>
<td>220,048</td>
<td>1,091,629</td>
<td></td>
<td></td>
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<tr>
<td>BBB</td>
<td>3,778,876</td>
<td>3,792,104</td>
<td>9,892,120</td>
<td>17,463,100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>408,000</td>
<td>-</td>
<td>456,500</td>
<td>864,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CC</td>
<td>179,884</td>
<td>-</td>
<td>-</td>
<td>179,884</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>66,400</td>
<td>-</td>
<td>183,305</td>
<td>249,705</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total non-U.S. government debt</td>
<td>66,400</td>
<td>6,879,906</td>
<td>4,478,702</td>
<td>10,751,972</td>
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<tr>
<td>Asset backed securities AAA</td>
<td>2,419,562</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,419,562</td>
<td></td>
</tr>
<tr>
<td>AA</td>
<td>1,513,768</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,513,768</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>2,622,382</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,622,382</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>1,692,645</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,692,645</td>
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<td>CCC</td>
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<tr>
<td>CC</td>
<td>322,645</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>322,645</td>
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</tr>
<tr>
<td>Not Rated</td>
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<td>-</td>
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<td>-</td>
<td>33,655</td>
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</tr>
<tr>
<td>Total asset-backed securities</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>8,657,405</td>
<td></td>
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<td>Collateralized mortgage obligations AA</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>153,761</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>1,195,888</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,195,888</td>
<td></td>
</tr>
<tr>
<td>BBB</td>
<td>806,208</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>806,208</td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td>75,402</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>75,402</td>
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</tr>
<tr>
<td>CCC</td>
<td>164,202</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>164,202</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>59,421</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>59,421</td>
<td></td>
</tr>
<tr>
<td>Total collateralized mortgage obligations</td>
<td>2,454,861</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,454,861</td>
<td></td>
</tr>
</tbody>
</table>
### Investment Maturities (in years)

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Credit Rating</th>
<th>Less than 1</th>
<th>1 to 5</th>
<th>6 to 10</th>
<th>More than 10 or none</th>
<th>Total</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collateralized mortgage backed</td>
<td>AAA</td>
<td>1,177,794</td>
<td>-</td>
<td>-</td>
<td>1,772,064</td>
<td>2,949,858</td>
<td></td>
</tr>
<tr>
<td>securities</td>
<td>AA</td>
<td>1,263,047</td>
<td>-</td>
<td>-</td>
<td>336,751</td>
<td>1,599,798</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>45,559</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>45,559</td>
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<td>9,408</td>
<td>-</td>
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<td>9,408</td>
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<tr>
<td></td>
<td>CCC</td>
<td>32,076</td>
<td>-</td>
<td>-</td>
<td>29,612</td>
<td>61,688</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>342,685</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>342,685</td>
<td></td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>59,479</td>
<td>-</td>
<td>-</td>
<td>16,172</td>
<td>75,651</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Not Rated</td>
<td>656,494</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>656,494</td>
<td></td>
</tr>
<tr>
<td>Total collateralized mortgage backed</td>
<td></td>
<td>3,586,543</td>
<td>-</td>
<td>-</td>
<td>2,154,599</td>
<td>5,741,142</td>
<td></td>
</tr>
<tr>
<td>Domestic fixed income funds</td>
<td>Not Rated</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>262,966,955</td>
<td>262,966,955</td>
<td></td>
</tr>
<tr>
<td>Total debt investments</td>
<td></td>
<td>42,534,538</td>
<td>$39,624,969</td>
<td>$38,813,649</td>
<td>$376,228,323</td>
<td>497,201,479</td>
<td></td>
</tr>
<tr>
<td>Domestic equity securities</td>
<td></td>
<td>281,727,298</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International equity securities</td>
<td></td>
<td>38,405,922</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic equity funds</td>
<td></td>
<td>91,901,429</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International equity funds</td>
<td></td>
<td>326,154,909</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private equity holdings</td>
<td></td>
<td>187,501,732</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic real estate investment trusts</td>
<td></td>
<td>3,476,351</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate open ended funds</td>
<td></td>
<td>129,746,042</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative equity funds</td>
<td></td>
<td>120,602,241</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International rights and warrants</td>
<td></td>
<td>1,247</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investments held at Treasury</td>
<td></td>
<td>1,676,718,648</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Investments of $14,965,790 in U.S. Treasury securities, $1,799,670 in U.S. Treasury Strips, $9,520,236 in U.S. Treasury Inflation Protected Securities (TIPS), and $9,143,344 in Government National Mortgage Association (GNMA), which are reported within U.S. Federal agency mortgages, are explicitly guaranteed by the U.S. government, and therefore, are exempt from credit risk disclosure requirements.

### Investments Held at Treasury

Fixed income securities are classified using final maturity date or next rate reset date, whichever is sooner. Fixed income mutual funds are classified by effective duration, the measurement used by the fund manager.

### Investments Held Outside Treasury

The following table shows the credit rating and segmented time distribution for Investments held outside Oregon State Treasury as of June 30, 2020.
### Notes to the Financial Statements

**June 30, 2020**

#### Investment Type

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Credit Rating</th>
<th>Less than 1</th>
<th>1 to 5</th>
<th>6 to 10</th>
<th>More than 10 years</th>
<th>Total</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Securities</td>
<td>AAA</td>
<td>$3,039</td>
<td>$5,148</td>
<td>$</td>
<td>$-</td>
<td>$8,187</td>
<td></td>
</tr>
<tr>
<td>U.S. Agency Securities</td>
<td>AAA</td>
<td>13</td>
<td>4,483</td>
<td>71</td>
<td>38</td>
<td>4,605</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury Strips</td>
<td>AAA</td>
<td>2,998</td>
<td>2,987</td>
<td>-</td>
<td>-</td>
<td>5,985</td>
<td></td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>AAA</td>
<td>-</td>
<td>-</td>
<td>15,720</td>
<td>15,198</td>
<td>30,918</td>
<td></td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>AAA</td>
<td>37</td>
<td>22,012</td>
<td>80,469</td>
<td>91,720</td>
<td>194,238</td>
<td></td>
</tr>
<tr>
<td>Other Debt Investments</td>
<td></td>
<td>$6,087</td>
<td>$34,630</td>
<td>$96,260</td>
<td>$106,956</td>
<td>243,933</td>
<td></td>
</tr>
<tr>
<td>Mutual Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17,881,945</td>
<td></td>
</tr>
<tr>
<td>Domestic Equity Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28,125,850</td>
<td></td>
</tr>
<tr>
<td>International Equity Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,184,834</td>
<td></td>
</tr>
<tr>
<td>Alternative Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,587</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,840,000</td>
<td></td>
</tr>
<tr>
<td>Other-Collectibles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>300,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$6,087</td>
<td>$34,630</td>
<td>$96,260</td>
<td>$106,956</td>
<td>49,585,149</td>
<td></td>
</tr>
</tbody>
</table>

#### Investment Maturities (in years)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. State agencies are required to deposit moneys in state-qualified depositories under Oregon law. Exceptions due to foreign field offices and related circumstances are approved by the Treasurer. International debt securities denominated in U.S. dollars are not subject to currency risk if the investment’s obligations will be paid in U.S. dollars. Investment policies for fixed income investments under the management of the Treasurer provides for investments of the Common School Fund in non-dollar denominated securities within a target allocation range of 20 to 30 percent of their portfolio. For investments not under the management of the Treasurer there are no formal policies on foreign currency risk. Deposits and investments exposed to foreign currency risk for the Common School Fund as of June 30, 2020, follow:

<table>
<thead>
<tr>
<th>Foreign Currency Denominations</th>
<th>Deposits</th>
<th>International Equity Securities</th>
<th>Non-US Government Debt</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentine Peso</td>
<td>$9,968</td>
<td>$</td>
<td>$89,244</td>
<td>$99,212</td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td>-</td>
<td>505,963</td>
<td>-</td>
<td>505,963</td>
</tr>
<tr>
<td>Chinese Yuan</td>
<td>170,906</td>
<td>-</td>
<td>73,259</td>
<td>244,165</td>
</tr>
<tr>
<td>Euro</td>
<td>-</td>
<td>8,405,954</td>
<td>-</td>
<td>8,405,954</td>
</tr>
<tr>
<td>British Pound</td>
<td>1,253</td>
<td>40,604,693</td>
<td>-</td>
<td>40,605,946</td>
</tr>
<tr>
<td>Hong Kong Dollar</td>
<td>-</td>
<td>1,207,000</td>
<td>-</td>
<td>1,207,000</td>
</tr>
<tr>
<td>Japanese Yen</td>
<td>15,287</td>
<td>3,051,212</td>
<td>-</td>
<td>3,066,499</td>
</tr>
<tr>
<td>Mexican Peso</td>
<td>247,823</td>
<td>-</td>
<td>5,971,449</td>
<td>6,219,272</td>
</tr>
<tr>
<td>Russian Ruble</td>
<td>454,105</td>
<td>-</td>
<td>4,525,330</td>
<td>4,979,435</td>
</tr>
<tr>
<td>Swedish Krona</td>
<td>-</td>
<td>5,579,696</td>
<td>-</td>
<td>5,579,696</td>
</tr>
<tr>
<td>South African Rand</td>
<td>-</td>
<td>4,554,514</td>
<td>-</td>
<td>4,554,514</td>
</tr>
<tr>
<td>Total</td>
<td>$899,342</td>
<td>$63,909,032</td>
<td>$10,659,282</td>
<td>$75,467,656</td>
</tr>
</tbody>
</table>

16
C – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of investments within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Investments held by Treasury:

- **Level 1** – Unadjusted quoted prices for identical instruments in active markets.
  - Investments managed by Treasury: investments in equity securities, including exchange-traded derivatives, when their value is based on quoted prices from an active market; and real estate, which consist of investments in real estate investment trusts, when their valued based on an active market price.
  - Investments not managed by Treasury: funds priced using a fair value per share that is published daily and validated with a sufficient level of observable activity; and equity securities, including exchange-traded derivatives, when their value is based on quoted prices from an active market.

- **Level 2** – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
  - Investments managed by Treasury: investments with remaining maturities of fewer than 90 days are carried at amortized cost, which approximates fair value; investments with maturities of greater than 90 days, debt securities, and investments not valued at fair value per share are valued using the latest bid prices or evaluated quotes from independent pricing vendors, which use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions; certain non-U.S. government commercial paper is reported at amortized cost as independent vendor pricing was not available; and where observable activity is limited, yet supports that the fair value per share represents an exit value of the security at the measurement date.
  - Investments not managed by Treasury: debt securities are valued using the latest bid prices or evaluated quotes from independent pricing vendors, which use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions; and where observable activity is limited, yet supports that the fair value per share represents an exit value of the security at the measurement date.

- **Level 3** – Valuations derived from valuation techniques in which significant inputs are unobservable.
  - Investments not managed by Treasury: in the absence of quoted market prices, such as equity securities that trade infrequently or not at all, valuations are based on the last traded price or prices provided by investment managers; and funds that do not meet the criteria to be measured at fair value because the fair value per share (or its equivalent) was not calculated in a manner consistent with the Financial Accounting Standards Board’s measurement principles for investment companies.

Investments that are measured at net asset value (NAV) as a practical expedient, such as private equity, real estate open ended funds, and alternative equities, are excluded from the fair value hierarchy if the NAV (or its equivalent) was calculated in a manner consistent with the Financial Accounting Standards Board’s measurement principles for investment companies.

Private equity consists of 14 funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged-buyouts, venture capital, growth equity, fund of funds, co-investments...
and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing member. These funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next 12-14 years.

Investments in real estate open ended funds have been valued based on the NAV per share (or its equivalent) as provided by the fund manager and consist of investments in two open ended funds that permit quarterly redemption of shares, subject to certain requirements being met.

Alternative equity funds seek to provide diversification and inflation hedging characteristics to the Common School Fund and consist of four investments in commingled funds which permit monthly redemption of shares, subject to certain requirements being met. The fair values of the investments have been determined using NAV per share (or its equivalent) as provided by the fund manager.

Real estate property investments held outside of the Oregon State Treasury are valued by appraisals using market sales approach and income approach. Collectibles held outside Treasury are valued using comparative sales.

The following table shows the fair value classification hierarchy for investments as of June 30, 2020:

<table>
<thead>
<tr>
<th>Investments by Fair Value Level</th>
<th>Fair Value Classification Heirarchy</th>
<th>Total Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Investments Held at Treasury</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury</td>
<td>$</td>
<td>$14,965,790</td>
</tr>
<tr>
<td>U.S. Treasury Strips</td>
<td>$</td>
<td>$1,799,670</td>
</tr>
<tr>
<td>U.S. Treasury TIPS</td>
<td>$</td>
<td>$9,520,236</td>
</tr>
<tr>
<td>U.S. Federal Agency Debt</td>
<td>$</td>
<td>$2,861,070</td>
</tr>
<tr>
<td>U.S. Federal Agency Mortgages</td>
<td>$</td>
<td>$58,913,710</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>$</td>
<td>$107,143,660</td>
</tr>
<tr>
<td>Non-US Government Debt</td>
<td>$</td>
<td>$22,176,980</td>
</tr>
<tr>
<td>Asset Backed Securities</td>
<td>$</td>
<td>$8,657,405</td>
</tr>
<tr>
<td>Collateralized Mortgage Obligations</td>
<td>$</td>
<td>$2,454,861</td>
</tr>
<tr>
<td>Collateralized Mortgage Backed Securities</td>
<td>$</td>
<td>$5,741,142</td>
</tr>
<tr>
<td>Domestic Fixed Income funds</td>
<td>$</td>
<td>$262,966,955</td>
</tr>
<tr>
<td>Total debt securities</td>
<td>$</td>
<td>$497,201,479</td>
</tr>
<tr>
<td>Domestic equity securities</td>
<td>$281,727,298</td>
<td>-</td>
</tr>
<tr>
<td>International equity securities</td>
<td>$38,405,922</td>
<td>-</td>
</tr>
<tr>
<td>Domestic equity funds</td>
<td>$91,901,428</td>
<td>-</td>
</tr>
<tr>
<td>International equity funds</td>
<td>$49,207,506</td>
<td>$276,947,402</td>
</tr>
<tr>
<td>Real Estate Investment Trust</td>
<td>$3,476,351</td>
<td>-</td>
</tr>
<tr>
<td>International rights and warrants</td>
<td>$1,247</td>
<td>-</td>
</tr>
<tr>
<td>Investments Held at Treasury</td>
<td>$372,818,324</td>
<td>$866,050,309</td>
</tr>
<tr>
<td>Investments Measured at Net Asset Value (NAV):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private equity</td>
<td>$187,501,732</td>
<td>-</td>
</tr>
<tr>
<td>Real estate open ended funds</td>
<td>$129,746,042</td>
<td>-</td>
</tr>
<tr>
<td>Alternative equity</td>
<td>$120,602,241</td>
<td>-</td>
</tr>
<tr>
<td>Total investments measured at NAV</td>
<td>$437,850,015</td>
<td>-</td>
</tr>
<tr>
<td>Total Investments Held at Treasury</td>
<td>$1,676,718,648</td>
<td>-</td>
</tr>
</tbody>
</table>

continued on next page
The following table shows the investments measured at net asset value per share (or its equivalent) including unfunded commitments and redemption as of June 30, 2020.

<table>
<thead>
<tr>
<th>Investments Measured at Net Asset Value (NAV)</th>
<th>Fair Value</th>
<th>Unfunded Commitments¹</th>
<th>Redemption Frequency (If Currently Eligible)</th>
<th>Redemption Notice Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private equity</td>
<td>187,501,732</td>
<td>36,937,510</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Real estate open ended funds</td>
<td>129,746,042</td>
<td>-</td>
<td>Quarterly</td>
<td>15 - 45 days</td>
</tr>
<tr>
<td>Alternative equity</td>
<td>120,602,241</td>
<td>15,095,722</td>
<td>Monthly</td>
<td>3 - 10 days</td>
</tr>
<tr>
<td>Total Investments at fair value</td>
<td>$437,850,015</td>
<td>$ 52,033,232</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Excludes new commitments not yet funded at June 30, 2020.

D – SECURITIES LENDING

CSF participates in securities lending transactions in accordance with State investment policies. The Oregon State Treasury has, through a Securities Lending Agreement, authorized State Street Bank and Trust Company (State Street) to lend the CSF securities pursuant to a form of loan agreement. Both the State and borrowers maintain the right to terminate all securities lending transactions on demand. There were no significant violations of the provisions of securities lending agreements during the year ended June 30, 2020.

During the year State Street had the authority to loan short-term, fixed income, and equity securities and to receive as collateral U.S. dollar and foreign currency cash, U.S. government and agency securities, and foreign sovereign debt of Organization of Economic Cooperation and Development countries. Borrowers were required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned U.S. securities, international fixed income securities, or 105 percent in the case of international equity. The custodian did not have the ability to pledge or sell collateral securities absent a borrower default, and during the fiscal year the State did impose restrictions on the amount of loans the custodian made on its behalf. The State is fully indemnified against losses due to borrower default by its custodian. There were no losses during the year from the failure of borrowers to return loaned securities and no recoveries of amounts from prior losses.
As of June 30, 2020, the fair value of cash and non-cash collateral received was $9.7 million and invested cash collateral was $5.6 million for CSF. There were no significant violations of the provisions of securities lending agreements during the period of these financial statements.

State Street, as a lending agent, has created a fund to reinvest cash collateral received on behalf of the OSTF. CSF receives an allocated portion of this activity based on its deposits in OSTF. As of June 30, 2020, CSF’s allocated portion of cash collateral received and invested cash collateral were $637.9 thousand and $637.9 thousand respectively. Securities on loan from OSTF in total included U.S. Treasury securities (58.80%), U.S. Agency securities (23.64%), and domestic fixed income securities (17.56%).

As permitted under the fund’s Declaration of Trust (Declaration), participant purchases and redemptions are transacted at $1 per unit (“constant value”) based on the amortized cost of the fund’s investments. Accordingly, the securities lending collateral held and the obligation to the lending agent are both stated at constant value on the balance sheet and statement of net position.

The maturities of investments made with cash collateral did not generally match the maturities of the securities loaned. Since the securities loaned are callable on demand by either the lender of borrower, the life of the loans at June 30, 2020, is effectively one day. On June 30, 2020, the CSF had no credit risk exposure to borrowers because the amounts the State owes to borrowers exceed the amounts borrowers owe the State. The following table shows the combined balances of the securities on loan, cash and securities collateral received, and investments of cash collateral held.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Cash and Securities Collateral Received</th>
<th>Securities on Loan at Fair Value</th>
<th>Investments of Cash Collateral at Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury securities</td>
<td>$1,826,875</td>
<td>$1,790,619</td>
<td>$1,826,999</td>
</tr>
<tr>
<td>U.S. Agency securities</td>
<td>1,728,050</td>
<td>1,694,946</td>
<td>-</td>
</tr>
<tr>
<td>Domestic equity securities</td>
<td>3,849,140</td>
<td>3,759,545</td>
<td>2,208,004</td>
</tr>
<tr>
<td>Domestic debt securities</td>
<td>1,612,133</td>
<td>1,582,041</td>
<td>1,612,242</td>
</tr>
<tr>
<td>International equity securities</td>
<td>634,110</td>
<td>597,480</td>
<td>2,360</td>
</tr>
<tr>
<td>Total</td>
<td>9,650,308</td>
<td>9,424,631</td>
<td>5,649,605</td>
</tr>
<tr>
<td>Allocation from Oregon Short Term Fund</td>
<td>782,050</td>
<td>766,322</td>
<td>637,937</td>
</tr>
<tr>
<td>Total</td>
<td>$10,432,358</td>
<td>$10,190,953</td>
<td>$6,287,542</td>
</tr>
</tbody>
</table>

**NOTE 3 – DERIVATIVES**

Derivatives are financial instruments whose value is derived from underlying assets, reference rates, or indexes. They generally take the form of contracts in which two parties agree to make payments at a later date based on the value of the underlying assets, reference rates, or indexes. The main types of derivatives are futures, forwards, options and swaps. In the Common School Fund portfolio, forward currency exchange contracts may be used to gain exposure or hedge against the effects of fluctuations of foreign currency exchange rates. A foreign currency exchange contract is a forward contract that is a commitment to purchase or sell a foreign currency at the future date at a negotiated forward rate. Foreign currency forward contracts are privately negotiated contracts with customized terms and are transacted in over-the-counter markets. Risk associated with such contracts includes movement in the value of foreign currencies and the failure of the counter party to perform.
The following table shows the foreign currency exchange contracts subject to foreign currency risk within the Common School Fund as of June 30, 2020:

<table>
<thead>
<tr>
<th>Currency Options</th>
<th>Net Receivables</th>
<th>Net Payables</th>
<th>Total Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yuan Renminbi $</td>
<td>-</td>
<td>$ 128</td>
<td>$ 128</td>
</tr>
<tr>
<td>Mexican Peso -</td>
<td>(16,677)</td>
<td>(26,286)</td>
<td>(42,963)</td>
</tr>
<tr>
<td>Russian Ruble -</td>
<td>-</td>
<td>(280,009)</td>
<td>(280,009)</td>
</tr>
</tbody>
</table>

**Currency Forward Contracts**

In the Common School Fund portfolio, rights and warrants are often obtained and held due to existing investments. Rights are the right, but not the obligation, to purchase newly issued equity shares, often in proportion to the number of shares currently owned, in a specific company, at a pre-established price on or within a predetermined date. A warrant provides the holder the right, but not the obligation, to purchase securities from the issuing entity at a specific price and within a certain period. Rights and warrants are privately transacted in over-the-counter markets. Both are subject to general market risk and liquidity risk.

The following table shows the related net appreciation in fair value amounts and the notional amounts of derivative instruments outstanding within the Common School Fund as of June 30, 2020:

<table>
<thead>
<tr>
<th>Investment Derivatives</th>
<th>Fair Value</th>
<th>Classification</th>
<th>Fair Value</th>
<th>Notional Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Exchange Forwards</td>
<td>$ 1,079,609</td>
<td>Long Term Instruments</td>
<td>$ (322,844)</td>
<td>$ 3,341,070</td>
</tr>
<tr>
<td>Rights</td>
<td>15,714</td>
<td>Common Stock</td>
<td>1,247</td>
<td>7,422</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,095,323</strong></td>
<td><strong>$ (321,597)</strong></td>
<td><strong>$ 3,348,492</strong></td>
<td></td>
</tr>
</tbody>
</table>

1 Negative values (in brackets) refer to losses
2 Notional may be a dollar amount or size of underlying for futures and options
3 Excludes futures margin payments

The fair value of derivative instruments is reported on the balance sheet as investments, accounts and interest receivables, and accounts payable. Changes in fair value of derivative instruments during the fiscal year are reported on the statement of revenues, expenditures, and changes in fund balance as investment income.
NOTE 4 – RECEIVABLES AND PAYABLES

A – RECEIVABLES
The following table disaggregates receivable balances reported in the financial statements as accounts and interest receivable (net). Receivable reported for governmental activities as of June 30, 2020:

<table>
<thead>
<tr>
<th>Governmental activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General accounts</td>
<td>$12,525</td>
</tr>
<tr>
<td>Interest</td>
<td>1,894,123</td>
</tr>
<tr>
<td>Investment broker receivable</td>
<td>14,563,013</td>
</tr>
<tr>
<td>Other Noncurrent Receivables</td>
<td>127,908</td>
</tr>
<tr>
<td>Gross receivables</td>
<td>16,597,569</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(102,327)</td>
</tr>
<tr>
<td>Total receivables, net</td>
<td>$16,495,242</td>
</tr>
</tbody>
</table>

B – PAYABLES
The following table disaggregates accounts payable reported in the financial statements as general accounts payable and broker payable. Payables reported for governmental activities as of June 30, 2020:

<table>
<thead>
<tr>
<th>Governmental activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General accounts payable</td>
<td>$857,761</td>
</tr>
<tr>
<td>Investment broker payable</td>
<td>37,658,231</td>
</tr>
<tr>
<td>Total payables</td>
<td>$38,515,992</td>
</tr>
</tbody>
</table>

C – DEPOSIT LIABILITIES
Deposit liabilities consist of unclaimed property held in custody by the Department in perpetuity for the rightful owner as required by ORS 98.302-98.436 and 98.991-98.992. The unclaimed property liability is reported at approximately 45% of the total unclaimed property being held. An annual adjustment is made to this account to reduce the amount reported to the amount actually expected to be paid out based on a history of the account. The total legal liability for the unclaimed property program as of June 30, 2020, was $776,249,441. The accumulated annual adjustment as of June 30, 2020, was $392,534,961.

NOTE 5 – LEASES

A – OPERATING LEASES
The Department has entered into various non-cancelable rental agreements that are accounted for as operating leases because the agreements do not meet the criteria to be classified as capital leases. Operating lease payments are chargeable as rent expense and reported in services and supplies. Rental costs for operating leases for the year ended June 30, 2020, were $137,046. The following table shows future minimum rental payments for operating leases in effect as of June 30, 2020.
Oregon Department of State Lands
Common School Fund
Notes to the Financial Statements
June 30, 2020

### Payments

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$111,561</td>
</tr>
<tr>
<td>2022</td>
<td>135,774</td>
</tr>
<tr>
<td>2023</td>
<td>138,356</td>
</tr>
<tr>
<td>2024</td>
<td>145,283</td>
</tr>
<tr>
<td>2025</td>
<td>146,814</td>
</tr>
<tr>
<td>2026-2030</td>
<td>475,968</td>
</tr>
<tr>
<td>Total future minimum rental payments</td>
<td>$1,153,756</td>
</tr>
</tbody>
</table>

### B – LEASE RECEIVABLES

The Department receives rental income from land and property leased to non-state entities. For the year ended June 30, 2020, the Department received rental income of $184,986 on leased assets with a fair market value of $1,840,000. The leased assets are considered investments of the Department of which the fair market value includes net depreciation of $61,053 over the cost of the leased assets. Future minimum lease revenues for non-cancelable operating leases as of June 30, 2020:

<table>
<thead>
<tr>
<th>Year ending June 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$57,836</td>
</tr>
<tr>
<td>2022</td>
<td>59,572</td>
</tr>
<tr>
<td>2023</td>
<td>61,359</td>
</tr>
<tr>
<td>2024</td>
<td>63,199</td>
</tr>
<tr>
<td>2025</td>
<td>65,095</td>
</tr>
<tr>
<td>2026-2030</td>
<td>261,780</td>
</tr>
<tr>
<td>Total future minimum rental revenues</td>
<td>$568,841</td>
</tr>
</tbody>
</table>

### NOTE 6 – POLLUTION REMEDIATION OBLIGATION

Pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. This includes pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities and post remediation monitoring. Excluded from pollution remediation obligations are obligations for pollution prevention and control activities, fines and penalties, landfill closure and post closure care, and other future remediation activities required upon retirement of an asset. The Common School Fund recognizes a pollution remediation obligation when it can reasonably estimate the range of expected cash outlays.

The Department is involved in negotiations related to a confidential, non-judicial mediation process that will result in an allocation of costs associated with investigation and cleanup of contamination of the in-river portions of the Portland Harbor Superfund site. There are over 200 parties, private and public, that may eventually bear a share of the costs. The Environmental Protection Agency (EPA) issued a Record of Decision estimating the cleanup to cost $1.1 billion and take approximately 13 years to complete. It is too early to estimate the total cleanup costs that may be shared by the liable parties and what portion of that will be assessed against the Common School Fund. The Portland Harbor Superfund site is discussed in greater detail in note 12.
On May 31, 2019, the Department entered into a settlement agreement for funding remedial design with the EPA, Oregon Department of Transportation, and the City of Portland for the Portland Harbor Superfund site cleanup. The EPA settlement agreement for funding remedial design requires the State to pay $6 million to EPA in July 2019 and up to $6 million by June 2021, not to exceed $12 million in total. As of June 30, 2020, the EPA informed the Department that the second payment of $6 million for remedial design was not necessary.

The Department is entering contracts for Portland Harbor cleanup activities estimated at $2.1 million. The pollution remediation obligation of $2.1 million for the Portland Harbor Superfund site is recorded in the State of Oregon Comprehensive Annual Financial Report for the year ended June 30, 2020, Statement of Net Position.

NOTE 7 – INTERFUND TRANSACTIONS

Inter-fund balances reported in the financial statements as of June 30, 2020:

<table>
<thead>
<tr>
<th>Due to Other Funds</th>
<th>Environmental Management</th>
<th>Common School</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$</td>
<td>$ 545</td>
</tr>
<tr>
<td>Environmental Management</td>
<td>-</td>
<td>334,623</td>
</tr>
<tr>
<td>Common School</td>
<td>73,754</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 73,754</td>
<td>$ 335,168</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Advances from Other Funds</th>
<th>Common School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Management</td>
<td>$ 300,000</td>
</tr>
</tbody>
</table>

Inter-fund balances result from the time lag between the date a transaction for inter-fund goods and services or reimbursable expenditures is recorded and the date the payment between funds is made. Advances to other funds are not expected to be repaid within one year.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Oregon State Treasurer (Treasurer) is a constitutional officer within the executive branch of the state of Oregon, elected by statewide vote. As chief financial officer for the state, the Treasurer heads the Oregon State Treasury (Treasury). Treasury acts as the central bank for all state agencies and is the largest financial institution in the state. Treasury manages the portfolio of investments for the state’s funds, including the Common School Fund.

The State Land Board, which consists of the Governor, Secretary of State and Treasurer, is the trustee of the Common School Fund as outlined in the Oregon Constitution. The Common School Fund’s investment policies are governed by statute and the Oregon Investment Council. The Treasurer is the investment officer for the Investment Council. During the year ended June 30, 2020, the Common School Fund paid Treasury $520,810 in fees for the management of the Common School Fund investment portfolio.
NOTE 9 – RISK FINANCING

The State of Oregon administers property and casualty programs covering State government through its Insurance Fund. The Insurance Fund services claims for: direct physical loss or damage to state property; tort liability claims brought against the State, its officers, employees or agents, workers’ compensation; employee dishonesty; and faithful performance coverage for certain positions by law to be covered and other key positions.

As a state agency, the Department participates in the Insurance Fund. The cost of servicing insurance claims and payments is covered by charging an assessment to each entity based on its share of services provided in a prior period. The total statewide coverage assessment is based on independent biennial actuarial forecasts and administrative expenses, less carry-forward or equity in the insurance fund. For the Common School Fund the amount of claim settlements did not exceed insurance coverage for each of the past three years.

NOTE 10 – FUND EQUITY

As of the June 30, 2020, the beginning fund balance was restated by $19,602 as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$1,481,511,737</td>
</tr>
<tr>
<td>Prior Period Adjustments</td>
<td>(19,602)</td>
</tr>
<tr>
<td>Beginning Balance - Restated</td>
<td>$1,481,492,135</td>
</tr>
</tbody>
</table>

The adjustment of $19,602 was made to correct revenue that was recognized in the incorrect period.

Restricted fund balances result from constraints imposed by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments. Enabling legislation authorizes the Department to levy, access, charge, or otherwise mandated payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation. As of June 30, 2020, the Common School fund balance of $1,415,139,611 is restricted for K-12 Education.

NOTE 11 – COMMITMENTS

Commitments are defined as existing arrangements to enter into future transactions or events, such as contractual obligations with vendors for future purchases or services at specified prices and sometimes at specified quantities. Commitments may also include agreements to make grants and loans.

As of June 30, 2020, the Department had the following personal services contract commitments in effect:

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Funds</td>
<td>$90,632</td>
</tr>
<tr>
<td>Other Funds</td>
<td>9,314,787</td>
</tr>
<tr>
<td><strong>Total commitments</strong></td>
<td><strong>$9,405,419</strong></td>
</tr>
</tbody>
</table>

The Oregon Investment Council has entered into agreements that commit the investment managers for the Common School Fund (CSF), upon request, to additional investment purchases up to a predetermined amount. As of June 30, 2020, the Common School Fund had approximately $92 million in commitments to purchase private equity and real estate open ended fund investments. These amounts are unfunded and are not recorded in the financial statements.
NOTE 12 – CONTINGENCIES

PORTLAND HARBOR SUPERFUND SITE

The Department is involved in negotiations related to a confidential, non-judicial mediation process that will result in an allocation of costs associated with the investigation and cleanup of sediment contamination in the Portland Harbor, a ten-mile stretch of the lower Willamette River area that the U.S. Environmental Protection Agency (EPA) has listed as a Superfund site under the federal Superfund law (CERCLA). The Department is one of over 100 parties, private companies, and public entities that may eventually be found liable for a share of the costs related to investigation and cleanup of the site.

The Department has received General Notice Letters from the EPA informing it is a potentially responsible party (PRP) under CERCLA for cleanup costs at the site. The EPA’s letter to the Department charges that the State, through the Department and the State Land Board, is a PRP because of releases of hazardous substances by third-parties on submerged and submersible leased lands owned by the state in trust for the public and managed by the Department. Under CERCLA, responsible parties can be held jointly and severally liable for all costs, subject to certain defenses.

On January 6, 2017 EPA issued a Record of Decision (ROD) for the final cleanup remedy which EPA estimates will cost $1.05 billion and take approximately 13 years to complete. Other parties estimate that it is a $3 billion remedy that will take 20 years to complete. Liable parties under CERCLA are responsible for funding this remedial action, as well as other preliminary actions required before full implementation of the ROD, such as additional investigation, remedial design, and agency oversight. EPA has asked PRPs to step forward to perform components of the ROD or risk enforcement action. The Portland Harbor Superfund mediation will allocate response costs among all liable parties.

In September 2018, the EPA signed an Administrative Settlement and Order on Consent which obligates four PRP parties to undertake pre-remedial design sampling to investigate the current state of sediment contamination in the site. This sampling investigation and related deliverables were provided to EPA in June 2019. In September 2019, EPA concluded that the data from the sampling was of suitable quality for further use, though EPA and the four PRP parties remain in discussion about how the data may impact future cleanup work.

It is also too early to estimate the proportionate share of the liability for cleanup costs, if any, that may ultimately be assessed against the Common School Fund. It is not known when the mediation process will end.

The Portland Harbor Superfund will also involve a separate allocation of liability for injuries to natural resources caused by contamination at the site, which is an additional type of recovery under the Superfund law known as natural resource damages (NRD). The NRD claim will be asserted against all PRPs, including the Department, by the Portland Harbor natural resource trustees, a group composed of five tribes, two federal agencies, and the State. The trustees have initiated a cooperative injury assessment process funded by thirty parties, the goal of which is to reach settlements of the NRD claim based on readily available information. The state is seeking a settlement of its NRD liabilities. It is too early to evaluate what, if any, share of the liability the Common School Fund may ultimately bear for NRD claim.

The Department is pursuing claims for insurance coverage of its Portland Harbor defense costs and any future liabilities for cleanup costs and natural resource damages. These claims are based on commercial general liability insurance policies the State held from 1968 to 1972 that listed the Department as an additional insured. These insurance carriers have agreed to participate in funding the Department’s defense in Portland Harbor proceedings but have reserved their rights to deny indemnity coverage. In June 2019, the State executed a settlement agreement with several insurers regarding their obligation to pay for most of the Department’s defense costs through 2024.
OTHER REPORTS
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

State Land Board
Department of State Lands
Salem, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Balance Sheet and the related Statement of Revenues, Expenditures, and Changes in Fund Balance of the Common School Fund, a major governmental fund of the State of Oregon as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Common School Fund’s basic financial statements, and have issued our report thereon dated November 23, 2020.

The financial statements present only the Common School Fund and are not intended to present fairly the financial position and cash flows of the State of Oregon or the Oregon Department of State Land and the results of their operations in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Common School Fund’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Common School Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of Common School Fund’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Common School Fund’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and
accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

For Merina+Co
Tualatin, Oregon
November 23, 2020
MEMORANDUM

Date: February 9, 2021

To: Governor Kate Brown
   Secretary of State Shemia Fagan
   State Treasurer Tobias Read

From: Vicki Walker, Director

Subject: Annual Report on Common School Fund Real Property for Fiscal Year 2020 (July 1, 2019 to June 30, 2020).

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 2020 fiscal year (July 1, 2019 to June 30, 2020), and includes discussion of future real property management direction and priorities.

Outside of revenue generation, 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. DSL’s real properties provide public use for recreation, hunting/fishing, conservation, open space and wildlife habitat, and benefit 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 includes 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)

<table>
<thead>
<tr>
<th>Land Classification</th>
<th>Trust Lands (acres)</th>
<th>Statutory Lands (acres)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forestlands</td>
<td>122,335</td>
<td>182</td>
<td>122,517</td>
</tr>
<tr>
<td>Agricultural Lands</td>
<td>7,822</td>
<td>108</td>
<td>7,930</td>
</tr>
<tr>
<td>Rangelands</td>
<td>595,837</td>
<td>25,533</td>
<td>621,370</td>
</tr>
<tr>
<td>Industrial/Commercial/Residential</td>
<td>6,320</td>
<td>469</td>
<td>6,789</td>
</tr>
<tr>
<td>Mineral and Energy Resources</td>
<td>768,649</td>
<td>502</td>
<td>769,151</td>
</tr>
<tr>
<td>Special Stewardship Lands</td>
<td>5,200</td>
<td>8,347</td>
<td>13,547</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,506,163</td>
<td>35,141</td>
<td>1,541,304</td>
</tr>
</tbody>
</table>

**Trust Lands**

Trust lands (Table 1) are those lands granted by the federal government to Oregon “for the use of schools” upon its admission into the Union – also known as “Admission Act” lands. Trust lands make up 98% of all the uplands managed by DSL for the Land Board, and also include subsurface minerals and energy resources. The Land Board is directed by Oregon’s Constitution to manage these lands for the primary purpose of generating revenues for K-12 public education. This mandate places a trust obligation on the Board to maximize revenue to benefit multiple generations of K-12 students, and requires obtaining market value from the sale, rental or use of Admission Act lands.

**Statutory Lands**

Statutory lands (Table 1) – also referred to as “non-trust” lands – as discussed in this report include Swamp 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 for the greatest benefit of all Oregonians. There are 25,738 acres of statutory upland acquired through the Swamp Land Act of 1849. These lands are managed by the Real Property program with the Trust Lands and are classified as statutory rangelands. The lands that make up the SSNERR are managed for the conservation of the South Slough National Estuarine Research Reserve per ORS 273.553.

**FY2020 Revenue and Expenditures by Land Class from Authorizations**

Appendix B includes a summary of revenues and expenditures organized by land classification for Fiscal Year 2020 (FY2020).
**FY2020 Land Sales and Exchanges**

Currently revenue from land sales and exchanges is not attributed to the specific land classifications from which it is sold (i.e. rangelands or forestlands), and therefore does not contribute to items 1 – 4 defined in the Asset Performance Measures below. Revenue from land sales and exchanges are recorded to the Land Revolving Fund, within the Common School Fund, as described in ORS 273.413. Some land sale projects are long term in nature and do contribute expenditures towards certain land classifications, especially in the ICR category. In FY2020, the Department executed two filled lands sales, one mineral sale and two ICR sales contributing approximately **$5.1 million to the Land Revolving Fund**, with the Helvetia ICR sale accounting for $4.2 million. The Department had to purchase the East Hakki Ridge forestlands parcel back for $2.4 million, due to a lawsuit, leaving **net land sale revenue at $2.7 million**.

**2012 REAMP Asset Management Performance Measures**

The four different financial performance measures identified in the 2012 Real Estate Asset Management Plan (REAMP) are summarized below. The stated aim of the REAMP is to show improvement in these measures over the ten-year timeframe of the plan. The REAMP anticipates that year-to-year fluctuations will likely occur that may deviate from a long-term positive trend for these measures, these fluctuations in ROAV for the last 10 years are graphically represented in Appendix D.

1. **Return on Asset Value (ROAV)**
   
   Appendix C includes an estimate (by land class) of total asset value for the Common School 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 FY2020, the ROAV for all land classifications averaged (0.25%), not including revenue from land sales. This measure was primarily influenced by continued expenses on the Elliott State Forest.

2. **Annual Change in Net Operating Income (NOI)**
   
   The total NOI for FY2020 was negative ($197,585), an increase of about $468,827 from FY2019. This was largely due to increased expenditures on the Elliott State Forest with no timber sales to offset the expenses, and a decrease in expenditures, primarily fire expenses for Rangelands. The Helvetia industrial property in FY19 was the largest NOI income lease for ICR properties, averaging over $180,000 per year over seven years. This property was sold in December 2019. Certified forestlands contributed $971,728 in net revenue, while non-certified forestlands and the Elliott State Forest resulted in net losses of $51,451 and $1,837,165, respectively. When considering land classifications other than the Elliott State Forest, the total NOI for FY2020 was about $1,639,580 (Appendix B). If land sales were added to the calculation, total NOI for FY2020 is $2,497,987.
3. Annual Change in Gross Annual Revenue (AR)

The FY2020 Gross Annual Revenue was approximately $5.17 million, an increase of about $736,853 as compared to FY2019. When considering land classifications other than forestlands, the FY2020 AR was down $59,512 (Appendix B). If land sales are added to the calculation, Gross AR is $10.2 million.

4. Annual Land Value Appreciation (LVA)

The FY2020 real property market value is estimated at $584.7 million. This is an overall increase in land value of 1.28% across all land classifications compared to the FY2019 value of $577.2 million. The approximate market value is based on analysis of comparative sales, national data and 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 nonperforming 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.

<table>
<thead>
<tr>
<th>LAND CLASSIFICATION</th>
<th>PROPERTY REVENUE POTENTIAL (acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Long-term¹ Potential</td>
</tr>
<tr>
<td>Forestlands</td>
<td>654</td>
</tr>
<tr>
<td>Agricultural Lands</td>
<td></td>
</tr>
<tr>
<td>Rangelands⁵</td>
<td>2,622</td>
</tr>
<tr>
<td>Industrial/Commercial/</td>
<td>1,336</td>
</tr>
<tr>
<td>Residential</td>
<td></td>
</tr>
<tr>
<td>Special Stewardship Lands</td>
<td>0</td>
</tr>
<tr>
<td>Total Acres</td>
<td>4,612</td>
</tr>
</tbody>
</table>

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 Generating minimal or no annual revenue, and low potential for generating revenue in the future. This category includes approximately 6,680 acres of tax-lotted South Slough National Estuarine Research Reserve lands managed for conservation.
⁴ Included here are the statutory rangelands (see Table 1), managed by the Real Property program with the trust lands.
Approximately 99,935 acres of lands 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, and 6,680 of those acres are managed for the conservation of the SSNERR. The Elliott State Forest is the primary asset affecting the reduced performance on forestlands (see Appendix B). This is the result of no timber harvest revenue and high costs associated with the forest. Costs include ongoing road maintenance and reforestation expenses, work to create a Habitat Conservation Plan, and work associated with the potential transfer of the forest to Oregon State University to create the “Elliott State Research Forest.”

About 9,600 acres across all five upland land classes are currently classified as having either short- or long-term potential to generate revenues. Examples of short and long-term revenue potential properties are identified on page 22 of the REAMP. 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 acres are unlikely to be able to generate revenues, these would then be reclassified as “none/minimal” category lands and shifted into the pool of acres 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 reevaluate the entire portfolio of trust lands to ensure the revenue generating status is properly categorized (Table 2). The Real Property program will make ongoing 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 continues to implement 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 pursuing an opportunity to transfer the Elliott State Forest to Oregon State University to become the Elliott State Research Forest. The State Land Board voted unanimously at the December 8, 2020 Land Board meeting for DSL to continue working with OSU to complete the transfer. A significant condition of the transfer is the decoupling of the Elliott State Forest from the Common School Fund Trust Lands revenue generation mandate. In addition, DSL is 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 while protecting wildlife species of concern.

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, which is documented in a certified forestlands report completed in 2020.

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 the sale of a portion of the Bend “Stevens Road” property has been completed in FY 2021. The sale of the “South Redmond Large Lot Industrial property is currently being pursued. These planning activities have resulted 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.

The REAMP (2012) is a ten-year planning document. The Department will revisit and update the REAMP in the coming year and plans to bring the revised REAMP to the Land Board for adoption in February 2022.

**Summary**

The Common School Fund trust land property portfolio, with an estimated value of approximately $584.7 million (Appendix C), is a substantial asset of the Common School Fund as a whole. This $584.7 million value is equivalent to about one-third of the
Common School Fund investment holdings, currently valued at approximately $1.73 billion.

Common School 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.

Common School trust lands also provide value to Oregonians by providing access to wildlands and open space for recreational uses such as hunting, fishing, camping, hiking, biking, off trail exploration and other uses. This is particularly important in recent years as many large-scale owners of private lands have restricted access for recreation or have started charging fees for access.

**APPENDICES**

A. Map of all lands under the authority of the Department of State Lands, by Land Use Class
B. FY2018 – 2020 Real Property Revenue, Expenditures, and Net Operating Income by Land Class
C. FY2020 Financial Performance by Land Class
D. ROAV Graph
This Product is for informational purposes 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.

Printing Date: 12/28/2020
FY2018-FY2020 Real Property Revenues, Expenditures (Direct only) and Net Operating Income by Land Class
(Does not include land sales/exchanges, South Slough expenditures/revenues, or capital expenditures.)

<table>
<thead>
<tr>
<th>REAL ESTATE ASSET MANAGEMENT PLAN TRADITIONAL REPORTING</th>
<th>Fiscal Year 2018</th>
<th>Fiscal Year 2019</th>
<th>Fiscal Year 2020</th>
<th>3-Year Avg. Annual Net Operating Income ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Land</td>
<td>$345,453</td>
<td>$322,275</td>
<td>$117,519</td>
<td>$211,289</td>
</tr>
<tr>
<td>Rangeland</td>
<td>$1,033,755</td>
<td>$763,166</td>
<td>$900,163</td>
<td>$642,194</td>
</tr>
<tr>
<td>ICR</td>
<td>$1,296,932</td>
<td>$1,012,681</td>
<td>$253,677</td>
<td>$1,012,681</td>
</tr>
<tr>
<td>Forestland</td>
<td>$2,015,192</td>
<td>$1,944,538</td>
<td>$3,021,746</td>
<td>$705,315</td>
</tr>
<tr>
<td>Mineral &amp; Energy Resource</td>
<td>$242,907</td>
<td>$114,922</td>
<td>$51,416</td>
<td>$197,739</td>
</tr>
<tr>
<td>Special Stewardship</td>
<td>$22,178</td>
<td>$73</td>
<td>$26,284</td>
<td>$22,178</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$4,956,417</td>
<td>$4,437,166</td>
<td>$5,103,578</td>
<td>$804,680</td>
</tr>
</tbody>
</table>

FORESTLANDS BREAKDOWN (numbers not inclusive of land sales revenue/expenditures)

| Certified forestlands | $2,015,192 | $1,944,538 | $3,021,746 | $579,287 | $457,605 | $457,605 | $1,486,760 | $1,486,760 | $1,486,760 | $2,604,064 | $1,632,336 | $971,728 | $669,540 |
| Elliott Forest | $1,179,664 | $1,388,071 | (1,077,208) | $73 | $132,193 | $(1,387,898) | $132,193 | $42,195 | $89,998 | $1,468,242 |
| Non-certified forestlands | $104,938 | $146,915 | $146,915 | $146,938 | $132,193 | $146,915 | $132,193 | $42,195 | $89,998 | $(1,468,242) |
| Real Property Total without Elliott | $4,956,417 | $4,437,166 | $5,103,578 | $804,680 | $5,174,019 | $1,984,344 | $4,437,166 | $5,317,604 | $(197,585) | $(19,772) |

LAND SALES BREAKDOWN (expenditures only represent purchases and are not inclusive of planning expenses)

| Land Sales (Land Revolving Account) | $254,515 | $172,000 | $172,000 | $172,000 | $172,000 | $172,000 | $5,107,675 | $2,412,103 | $2,695,572 | $1,040,696 |
| TOTALS with Land Sales | $5,210,932 | $4,609,166 | $5,103,578 | $1,059,195 | $4,436,993 | $3,715,507 | $721,486 | $5,174,019 | $3,534,439 | $1,639,580 | $1,448,470 |
## Appendix C: FY 2020 Market Value and Performance by Land Class

<table>
<thead>
<tr>
<th>Land Classification</th>
<th>Total Acres</th>
<th>Approximate Market Value (millions)</th>
<th>% of Total Market Value</th>
<th>Annual Net Operating Income (NOI)</th>
<th>Return on Asset Value (ROAV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forestlands: Certified Forest</td>
<td>31,500</td>
<td>$85.1 - 93.9 (2)</td>
<td>15.3%</td>
<td>$971,728</td>
<td>1.09%</td>
</tr>
<tr>
<td>Forestlands: Non-Certified Forest</td>
<td>8,500</td>
<td>$18.2 - 20.0 (2)</td>
<td>3.3%</td>
<td>($51,451)</td>
<td>(0.27%)</td>
</tr>
<tr>
<td>Forestlands: Elliott State Forest</td>
<td>82,500</td>
<td>$220.8(1)</td>
<td>37.8%</td>
<td>($1,837,165)</td>
<td>(0.83%)</td>
</tr>
<tr>
<td>Agricultural Lands</td>
<td>8,000</td>
<td>$15.8-17.4 (3)</td>
<td>2.8%</td>
<td>$189,546</td>
<td>1.14%</td>
</tr>
<tr>
<td>Rangelands</td>
<td>621,000</td>
<td>$154.8 – 172.0 (4)</td>
<td>27.9%</td>
<td>$334,699</td>
<td>0.21%</td>
</tr>
<tr>
<td>ICR Lands</td>
<td>6,800</td>
<td>$71.1-79.4(5)</td>
<td>12.9%</td>
<td>$100,757</td>
<td>0.13%</td>
</tr>
<tr>
<td>Special Stewardship Lands</td>
<td>13,500</td>
<td>(6)</td>
<td>-</td>
<td>$4,303</td>
<td></td>
</tr>
<tr>
<td>Mineral and Energy Resources</td>
<td>769,000</td>
<td>(6)</td>
<td>-</td>
<td>$89,998</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>1,541,000</td>
<td>$584.7</td>
<td>100%</td>
<td>($197,585)</td>
<td>(0.03%) (7)</td>
</tr>
<tr>
<td>Totals with Land Sales</td>
<td>1,541,000</td>
<td>$584.7</td>
<td>100%</td>
<td>$2,497,987</td>
<td>0.43%</td>
</tr>
</tbody>
</table>

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 farmland. The 2020 average price for Oregon’s farmland is $2530 per acre 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 farmland sales reflect values of $3,000 to $10,000 per acre in the areas in which DSL owns agricultural land. 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. Overall drop in DSL’s agricultural values is due to fewer acres being classified as irrigated acres.
4. Rangeland values have continued to steadily rise over the past decade but have slowed over the past year. 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.
*No data available for Elliott State Forest and Forest Other Than Elliott SF apart from All Forest Land prior to 2015.
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Financial and Asset Management  Pg 3
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Annual Report Located at:
https://www.oregon.gov/ODF/Pages/Reports.aspx
Executive Summary

DATE: February 9, 2020

TO: Governor Kate Brown
Secretary of State Shemia Fagan
State Treasurer Tobias Read

FROM: Peter Daugherty, Oregon State Forester

SUBJECT: Fiscal Year 2020 Annual Report for Common School Forest Land

During fiscal year 2020 the Oregon Department of Forestry (ODF) managed 33,005 acres of Common School Forest Land (CSFL). As trustee of the CSFL, the State Land Board (SLB) oversees management to provide Oregonians the greatest benefit, consistent with resource conservation and sound land management strategies. Within this context, these lands are managed to maximize revenue to the state’s Common School Fund (CSF) through an agreement among ODF, the SLB and the Department of State Lands (DSL). The DSL 2012 Real Estate Asset Management Plan directs that these lands provide a sustained, even flow of timber harvest. ODF achieves this mandate through goal-driven forest management plans approved by the Oregon Board of Forestry and the SLB. Net revenues generated from CSFL are dedicated to the CSF.

This agreement and partnership among ODF, DSL and the SLB requires ODF to present an annual report regarding the status of management of CSFL. This status report includes information related to timber management (volume and value of harvested, sold and planned timber sales), fiscal year operating costs, revenue transferred to the CSF, reforestation, intensive management accomplishments and costs, and other information affecting CSFL management and operations.

Fiscal Year 2020 Harvest and Revenue

In 2020, net operating income increased due to increased volume harvested from CSFL timber sales. ODF continues stewardship of 33,005 acres of CSFL through active management, supervising and administering timber operations, monitoring environmental successes and sustaining critical wildlife habitat areas.

A number of reforestation and replanting projects were completed successfully, and young stand management activities continue to actively grow healthy, sustainable forests for future generations – providing a range of longer-term natural benefits such as wood products, diverse ecosystems and habitat, and clean air and water.
1. CSFL Harvest Volume:
   a. 5.6 MMBF
   b. 20 percent increase from FY 2019

2. Revenue Transfers to CSF:
   a. $2.6 million
   b. 37 percent increase from FY 2019

3. Net Operating Income (NOI): NOI is the total revenue received by ODF minus management costs. It is influenced by the same factors that affect volume and value, as well as management expenses.
   a. $1,103,223
   b. 16 percent increase from FY 2019

4. CSFL Management costs:
   a. $1.5 million
   b. 9 percent increase from FY 2019

5. CSFL sales sold in FY 2020 (not yet harvested)
   a. 11.7 MMBF
   b. Approximately $5.1 million in timber sale value (prior to CSFL management costs)

Other Forest Management Activities
Reforestation and young stand management are integral to ensuring a sustainable flow of wood and future habitat development. On CSFL in FY 2020, 228 acres were reforested and 911 acres received young-stand management treatment, improving overall forest health and future growth.

This annual report summarizes CSFL management activities from July 1, 2019 through June 30, 2020.
Financial and Asset Management

Overview
This report primarily focuses on FY 2020 (July 1, 2019 through June 30, 2020). However, forest management often requires evaluating trends in revenue and costs for previous biennia (e.g., sales approved in one year’s operating plan may be harvested over one to three subsequent years). Revenue transferred to the CSF from management of CSFL has varied over the past 10 years from $1.9 million to $11 million annually. This time period includes fiscal years prior to July 1, 2018, when ODF managed the Elliott State Forest.

The primary factors influencing revenue fluctuations include: housing starts, lumber prices, harvest timing, individual sale volumes and value, changing ratios between harvests on CSFL and Board of Forestry lands (BOFL), endangered species act protection measures and uncertainty and constraints associated with litigation.

Net Operating Income (NOI)
NOI for CSFL for FY 2020 was $1,103,223. NOI was calculated for FY16, FY18 and FY19 by subtracting costs from total revenue invoiced. FY17 and FY20 was calculated by subtracting costs from total revenue transferred to DSL. Starting in FY20 we are showing only what was transferred to DSL. NOI ranged from $395,017 to $2.9 million for CSFL in the past 5 years (Table 1).

<table>
<thead>
<tr>
<th>Table 1: Net Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2020</td>
</tr>
<tr>
<td>FY2019</td>
</tr>
<tr>
<td>FY2018</td>
</tr>
<tr>
<td>FY2017</td>
</tr>
<tr>
<td>FY2016</td>
</tr>
<tr>
<td><strong>5 Year Average</strong></td>
</tr>
</tbody>
</table>

Annual Revenue
Annual revenue is reported throughout this report, with influencing factors included for context.

Fiscal Year 2020 Revenue and Investment Costs
During FY 2020, $2.6 million in revenue was transferred to DSL (Table 2). Total charges for managing the CSFL totaled $1.5 million during FY 2020 (Table 2). These expenditures include State Forests Division personnel in Salem, three regional areas, and seven districts. The units are responsible for timber sale contract development and compliance, reforestation and intensive management activities, Endangered Species Act compliance, research and monitoring, forest planning and overall program administration.

Other charges to the CSF, referred to as “Net Revenue Transfers,” totaled $403,559 in FY 2020 (Table 3). This is approximately 27 percent of total overall costs. Revenue transfers include a
prorated portion of ODF’s total costs for capital improvement projects, debt service and seed orchard management for reforestation and genetically improved seed.

Revenue transfers also include a portion of overall agency administration prorate which totaled $384,981. It is ODF’s goal to ensure that allocation of agency administrative costs accurately reflects work performed by administrative and managerial staff, and that each program pays their appropriate share of administrative costs.

J.E. Schroeder Seed Orchard costs for FY 2020 were $6,830. These funds were used to produce genetically improved seed (superior growth, wood quality, and disease tolerant characteristics as identified through traditional breeding and selection methods) appropriate for reforesting state forestlands.

The ODF Fire Protection Division assessed DSL $501,397 for wildfire protection on approximately 137,960 acres. This is assessed against all of DSL lands including timber and grazing lands that ODF does not manage. The cost to protect 33,005 acres of ODF managed CSFL was approximately $102,000.
# CSFL Revenues and Expenditures for FY 2020

## Details of FY 2020 Administrative Costs

### Table 3: Details of FY 2020 Administrative Transfer Costs

<table>
<thead>
<tr>
<th>Administrative Revenue Transfers</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Prorate Charge</td>
<td>$384,981</td>
</tr>
<tr>
<td>J.E. Schroeder Seed Orchard</td>
<td>$6,830</td>
</tr>
<tr>
<td>Residual Equity</td>
<td>$406</td>
</tr>
<tr>
<td>Bond Principal</td>
<td>$11,065</td>
</tr>
<tr>
<td>Bond Interest</td>
<td>$277</td>
</tr>
<tr>
<td><strong>ADMINISTRATIVE TRANSFER COSTS TOTAL</strong></td>
<td><strong>$403,559</strong></td>
</tr>
</tbody>
</table>

---

1 Starting FY19 SW Oregon and Coos Districts are being managed out of Western Lane.

---

## Table 2: CSFL Revenues and Expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>T &amp; E Surveys</td>
<td>$318,681</td>
<td>$255,732</td>
<td>$84,315</td>
<td>$86,288</td>
<td>$108,828</td>
</tr>
<tr>
<td>Salem Program</td>
<td>$616,137</td>
<td>$503,060</td>
<td>$205,326</td>
<td>$163,254</td>
<td>$297,652</td>
</tr>
<tr>
<td>Total Salem Expenditures</td>
<td>$934,818</td>
<td>$758,793</td>
<td>$289,641</td>
<td>$269,542</td>
<td>$406,480</td>
</tr>
<tr>
<td>Total District Expenditures</td>
<td>$1,825,312</td>
<td>$1,612,930</td>
<td>$583,272</td>
<td>$653,170</td>
<td>$690,803</td>
</tr>
<tr>
<td>Administrative Transfers</td>
<td>$752,033</td>
<td>$733,924</td>
<td>$448,370</td>
<td>$444,470</td>
<td>$398,296</td>
</tr>
<tr>
<td><strong>Total Expenditures + Transfers</strong></td>
<td>$3,512,163</td>
<td>$3,105,647</td>
<td>$1,321,283</td>
<td>$1,367,182</td>
<td>$1,495,579</td>
</tr>
</tbody>
</table>

### Table 2: CSFL Revenues and Expenditures

<table>
<thead>
<tr>
<th>District</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tillamook</td>
<td>$132,713</td>
<td>$128,778</td>
<td>$182,519</td>
<td>$184,428,21</td>
<td>$204,029,19</td>
</tr>
<tr>
<td>Astoria</td>
<td>$65,785</td>
<td>$65,667</td>
<td>$85,919</td>
<td>$109,456,59</td>
<td>$96,495,74</td>
</tr>
<tr>
<td>Forest Grove</td>
<td>$18,199</td>
<td>$20,358</td>
<td>$24,237</td>
<td>$37,185,61</td>
<td>$29,816,57</td>
</tr>
<tr>
<td>West Oregon</td>
<td>$263,039</td>
<td>$272,127</td>
<td>$317,171</td>
<td>$361,443,13</td>
<td>$460,863,18</td>
</tr>
<tr>
<td>North Cascade</td>
<td>$37,468</td>
<td>$37,196</td>
<td>$45,108</td>
<td>$44,683,30</td>
<td>$42,793,52</td>
</tr>
<tr>
<td>SW Oregon</td>
<td>$250,521</td>
<td>$234,398</td>
<td>$306,241</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Coos</td>
<td>$2,547,397</td>
<td>$2,157,530</td>
<td>$96,289</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Southern Oregon State Forests</td>
<td>$52,009</td>
<td>$70,641</td>
<td>$55,730</td>
<td>$429,292,33</td>
<td>$437,344,44</td>
</tr>
<tr>
<td>Klamath-Lake</td>
<td>$145,035</td>
<td>$118,953</td>
<td>$208,069</td>
<td>$200,692,84</td>
<td>$224,236,82</td>
</tr>
<tr>
<td><strong>Total Expenditures + Transfers</strong></td>
<td>$3,512,163</td>
<td>$3,105,647</td>
<td>$1,321,283</td>
<td>$1,367,182</td>
<td>$1,495,579</td>
</tr>
</tbody>
</table>

## Table 2: CSFL Revenues and Expenditures

<table>
<thead>
<tr>
<th>District</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tillamook</td>
<td>$24,748</td>
<td>$13,569</td>
<td>$14,823</td>
<td>$127,484</td>
<td>$87,153</td>
</tr>
<tr>
<td>Astoria</td>
<td>$27,118</td>
<td>$137,300</td>
<td>$307,332</td>
<td>$482,885</td>
<td>$919,403</td>
</tr>
<tr>
<td>Forest Grove</td>
<td>$3,164</td>
<td>$29,300</td>
<td>$301,498</td>
<td>$322,422</td>
<td>$491,240</td>
</tr>
<tr>
<td>West Oregon</td>
<td>$931,851</td>
<td>$1,143,029</td>
<td>$896,188</td>
<td>$1,254,904</td>
<td>$131,847</td>
</tr>
<tr>
<td>North Cascade</td>
<td>$937,821</td>
<td>($23,149)</td>
<td>$5</td>
<td>$262</td>
<td>$431</td>
</tr>
<tr>
<td>SW Oregon</td>
<td>$0</td>
<td>$72,080</td>
<td>$490,844</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Coos/Elliott</td>
<td>$4,230,051</td>
<td>$2,547,842</td>
<td>$19,229</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Southern Oregon State Forests</td>
<td>$158</td>
<td>$0</td>
<td>$1,100</td>
<td>$83,850</td>
<td>$266,161</td>
</tr>
<tr>
<td>Klamath-Lake</td>
<td>$292,334</td>
<td>$20,055</td>
<td>$64,931</td>
<td>$47,910</td>
<td>$143,650</td>
</tr>
<tr>
<td><strong>Revenues Transferred to DSL</strong></td>
<td>$6,448,023</td>
<td>$3,496,412</td>
<td>$2,001,213</td>
<td>$1,899,423</td>
<td>$2,598,802</td>
</tr>
</tbody>
</table>

---

1 Starting FY19 SW Oregon and Coos Districts are being managed out of Western Lane.
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Timber Sales Value of Timber Removed</th>
<th>Timber Harvest Volume (MMBF) Removed</th>
<th>Average Sold Sale Stumpage Price/MBF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$2,597,050</td>
<td>5.590</td>
<td>$439</td>
</tr>
<tr>
<td>2019</td>
<td>$2,057,269</td>
<td>4.671</td>
<td>$170</td>
</tr>
<tr>
<td>2018</td>
<td>$1,534,693</td>
<td>3.573</td>
<td>$476</td>
</tr>
<tr>
<td>2017 Elliott State Forest (Coos District)</td>
<td>$2,691,137</td>
<td>7.758</td>
<td>$347</td>
</tr>
<tr>
<td>2017 Other CSFL</td>
<td>$1,152,934</td>
<td>2.765</td>
<td>$413</td>
</tr>
<tr>
<td><strong>Total 2017</strong></td>
<td><strong>$3,844,071</strong></td>
<td><strong>10.523</strong></td>
<td><strong>$413</strong></td>
</tr>
<tr>
<td>2016 Elliott State Forest (Coos District)</td>
<td>$3,416,945</td>
<td>7.990</td>
<td>$327</td>
</tr>
<tr>
<td>2016 Other CSFL</td>
<td>$2,454,497</td>
<td>6.170</td>
<td>$347</td>
</tr>
<tr>
<td><strong>Total 2016</strong></td>
<td><strong>$5,871,441</strong></td>
<td><strong>14.160</strong></td>
<td><strong>$332</strong></td>
</tr>
<tr>
<td>2015 Elliott State Forest (Coos District)</td>
<td>$3,592,162</td>
<td>8.260</td>
<td>$436</td>
</tr>
<tr>
<td>2015 Other CSFL</td>
<td>$2,367,124</td>
<td>6.990</td>
<td>$356</td>
</tr>
<tr>
<td><strong>Total 2015</strong></td>
<td><strong>$5,959,286</strong></td>
<td><strong>15.250</strong></td>
<td><strong>$375</strong></td>
</tr>
<tr>
<td>2014 Elliott State Forest</td>
<td>$2,524,725</td>
<td>6.960</td>
<td>$434</td>
</tr>
<tr>
<td>2014 Other CSFL</td>
<td>$1,503,429</td>
<td>4.000</td>
<td>$205</td>
</tr>
<tr>
<td><strong>Total 2014</strong></td>
<td><strong>$4,028,154</strong></td>
<td><strong>10.960</strong></td>
<td><strong>$411</strong></td>
</tr>
<tr>
<td>2013 Elliott State Forest</td>
<td>$1,606,932</td>
<td>4.514</td>
<td>$288</td>
</tr>
<tr>
<td>2013 Other CSFL</td>
<td>$1,992,098</td>
<td>6.562</td>
<td>$328</td>
</tr>
<tr>
<td><strong>Total 2013</strong></td>
<td><strong>$3,599,030</strong></td>
<td><strong>11.076</strong></td>
<td><strong>$308</strong></td>
</tr>
<tr>
<td>2012</td>
<td>$12,004,481</td>
<td>32.250</td>
<td>$313</td>
</tr>
<tr>
<td>2011</td>
<td>$11,569,905</td>
<td>32.116</td>
<td>$317</td>
</tr>
<tr>
<td><strong>Last 5 Year Average</strong></td>
<td>$3,180,905</td>
<td>7.7</td>
<td>$366</td>
</tr>
<tr>
<td><strong>10 Year Average</strong></td>
<td>$5,306,538</td>
<td>14.0</td>
<td>$355</td>
</tr>
</tbody>
</table>

2 Timber Sale Value is gross timber sale’s value before project work credits have been subtracted
Forest Land Management

During FY 2020 ODF managed 33,005 acres of CSFL (Table 5). Activities conducted on CSFL managed by ODF include: timber harvest, reforestation and intensive management, and road construction and maintenance. These lands are composed of four DSL Asset Management Plan forestland classifications: General Stewardship, Focused Stewardship, Special Use and High Value Conservation Areas.

Timber Management Activities
A total of 12 active sales were harvested in FY 2020, producing 5.59 mmbf with a value of $2,597,050 (Table 7). In addition, there were 8 sales sold in FY 2020, producing approximately 11.72 mmbf (Table 6).

All planned sales on CSFL in FY 2021 are estimated to produce 4.3 mmbf with a net value of $1.9 million (Table 8).

Reforestation and intensive management activities such as site preparation, planting and thinning are used to promote healthy and productive forest land. Table 9 summarizes planned and completed acres and costs for these activities on CSFL.

Table 10 provides information about the road system management on CSFL by District and County.
### Activity Summary for FY 2020

Table 7. Active Timber Sales on Common School Forest Lands

<table>
<thead>
<tr>
<th>Sale Name</th>
<th>ODF District</th>
<th>District</th>
<th>CSFL % of Sale</th>
<th>Total Sale Volume (MBf)</th>
<th>CSFL Volume (MBf)</th>
<th>CSFL Acres Partial Cut</th>
<th>CSFL Acres Regen.</th>
<th>Total Project Costs</th>
<th>CSFL Project Costs</th>
<th>Net CSFL Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manzanita Woman</td>
<td>West Oregon</td>
<td>Klamath-Lake</td>
<td>20%</td>
<td>3,068</td>
<td>812</td>
<td>0</td>
<td>14</td>
<td>$75,429</td>
<td>$15,056</td>
<td>$268,885</td>
</tr>
<tr>
<td>Rock Fall</td>
<td>West Oregon</td>
<td>Astoria</td>
<td>42%</td>
<td>2,332</td>
<td>968</td>
<td>0</td>
<td>42</td>
<td>$78,104</td>
<td>$32,444</td>
<td>$315,423</td>
</tr>
<tr>
<td>Sassy Sally</td>
<td>Tillamook</td>
<td>KL-341-2019-W00513-01</td>
<td>100%</td>
<td>4,710</td>
<td>4,710</td>
<td>0</td>
<td>135</td>
<td>$1,600,014</td>
<td>$9,708</td>
<td>$561,351</td>
</tr>
<tr>
<td>Woods Way</td>
<td>Forest Grove</td>
<td>FG-341-2018-T18029-01</td>
<td>34%</td>
<td>2,346</td>
<td>2,742</td>
<td>0</td>
<td>69</td>
<td>$57,313</td>
<td>$48,407</td>
<td>$1,323,392</td>
</tr>
<tr>
<td>High Standards</td>
<td>West Oregon</td>
<td>Astoria</td>
<td>100%</td>
<td>1,495</td>
<td>1,492</td>
<td>0</td>
<td>49</td>
<td>$62,396</td>
<td>$62,271</td>
<td>$561,351</td>
</tr>
<tr>
<td>Beaver Nation</td>
<td>Tillamook</td>
<td>TL-341-2018-T18029-01</td>
<td>7%</td>
<td>4,710</td>
<td>4,710</td>
<td>0</td>
<td>135</td>
<td>$1,600,014</td>
<td>$9,708</td>
<td>$561,351</td>
</tr>
<tr>
<td>Duchess and the Duke</td>
<td>Forest Grove</td>
<td>FG-341-2018-T18029-01</td>
<td>34%</td>
<td>2,346</td>
<td>2,742</td>
<td>0</td>
<td>69</td>
<td>$57,313</td>
<td>$48,407</td>
<td>$1,323,392</td>
</tr>
<tr>
<td>Lost Steere</td>
<td>West Oregon</td>
<td>Astoria</td>
<td>100%</td>
<td>1,495</td>
<td>1,492</td>
<td>0</td>
<td>49</td>
<td>$62,396</td>
<td>$62,271</td>
<td>$561,351</td>
</tr>
<tr>
<td>Milk Creek</td>
<td>Southern Oregon</td>
<td>WL-341-2018-W00513-01</td>
<td>100%</td>
<td>4,710</td>
<td>4,710</td>
<td>0</td>
<td>135</td>
<td>$1,600,014</td>
<td>$9,708</td>
<td>$561,351</td>
</tr>
<tr>
<td>Tom Folley Salvage</td>
<td>Southern Oregon</td>
<td>WL-341-2018-W00513-01</td>
<td>100%</td>
<td>4,710</td>
<td>4,710</td>
<td>0</td>
<td>135</td>
<td>$1,600,014</td>
<td>$9,708</td>
<td>$561,351</td>
</tr>
</tbody>
</table>

Totals: 17,316 MBf, $4,897,506

All dollar amounts are rounded to the nearest whole dollar.

*GD Yainax is a pulp thinning and the revenue will be reinvested in road construction and maintenance resulting in no net revenue.

### Planned Timber Sales for FY 2021

Table 8: Annual Operation Plan Timber Sales Planned On CSFL in FY 2021

<table>
<thead>
<tr>
<th>Sale Name</th>
<th>ODF District</th>
<th>CSFL Percent of Sale</th>
<th>Timber Sale Volume (MBF)</th>
<th>CSFL Volume (MBF)</th>
<th>CSFL Acres Regen Cut</th>
<th>CSFL Acres Partial Cut</th>
<th>Total Sale Value</th>
<th>CSFL Project Costs</th>
<th>Net CSFL Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamlet 8</td>
<td>Astoria</td>
<td>9%</td>
<td>1,865</td>
<td>164</td>
<td>0</td>
<td>27</td>
<td>$652,743</td>
<td>$23,231</td>
<td>$53,388</td>
</tr>
<tr>
<td>Harlan Hangover</td>
<td>West Oregon</td>
<td>33%</td>
<td>3,510</td>
<td>1,174</td>
<td>21</td>
<td>0</td>
<td>$1,667,298</td>
<td>$13,608</td>
<td>$544,161</td>
</tr>
<tr>
<td>Just in Beaver</td>
<td>West Oregon</td>
<td>34%</td>
<td>1,784</td>
<td>614</td>
<td>13</td>
<td>0</td>
<td>$802,742</td>
<td>$18,242</td>
<td>$245,666</td>
</tr>
<tr>
<td>Rebott</td>
<td>West Oregon</td>
<td>63%</td>
<td>3,736</td>
<td>2,344</td>
<td>69</td>
<td>0</td>
<td>$1,774,724</td>
<td>$26,152</td>
<td>$1,087,068</td>
</tr>
</tbody>
</table>

Total: 10,895 MBf, $4,897,506

All dollar amounts are rounded to the nearest whole dollar.
Reforestation and Intensive Management for FY 2020

Table 9: Intensive Management Activities On CSFL - FY 2020

<table>
<thead>
<tr>
<th>Management Activity</th>
<th>Acres Planned</th>
<th>Acres Completed</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Planting*</td>
<td>234</td>
<td>228</td>
<td>$73,966</td>
</tr>
<tr>
<td>Interplanting</td>
<td>45</td>
<td>41</td>
<td>$12,239</td>
</tr>
<tr>
<td>Invasive Plant Control</td>
<td>4</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Precommercial Thinning**</td>
<td>10</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Pruning</td>
<td>0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Release-Chemical- Aerial</td>
<td>0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Release-Chemical-Hand**</td>
<td>169</td>
<td>74</td>
<td>$6,438</td>
</tr>
<tr>
<td>Release-Mechanical-Hand**</td>
<td>20</td>
<td>41</td>
<td>$18,358</td>
</tr>
<tr>
<td>Site Prep –Mechanical</td>
<td>10</td>
<td>19</td>
<td>$5,459</td>
</tr>
<tr>
<td>Site Prep – Slash Burning</td>
<td>73</td>
<td>23</td>
<td>$895</td>
</tr>
<tr>
<td>Site Prep-Chemical- Aerial</td>
<td>0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Site Prep-Chemical- Hand</td>
<td>130</td>
<td>130</td>
<td>$11,326</td>
</tr>
<tr>
<td>Surveys - Invasive Plants</td>
<td>0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Surveys – Reforestation</td>
<td>100</td>
<td>345</td>
<td>$0</td>
</tr>
<tr>
<td>Tree Protection- Barriers**</td>
<td>5</td>
<td>10</td>
<td>$3,442</td>
</tr>
<tr>
<td>Tree Protection- Direct Control</td>
<td>0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Underplanting*</td>
<td>0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>800</td>
<td>911</td>
<td>$132,122</td>
</tr>
</tbody>
</table>

*Planting costs include all costs including seedlings & seed.
**Some districts used inmate labor. Inmate crew costs are covered in this table.

Road Management Activities for FY 2020

Table 10: FY 2020 Annual Road Work – CSFL

<table>
<thead>
<tr>
<th>District &amp; County</th>
<th>Aggregate/Paved Surface (miles)</th>
<th>Dirt Surface (miles)</th>
<th>Bridge</th>
<th>Fish Pipes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Constructed</td>
<td>Improved</td>
<td>Vacated</td>
<td>Constructed</td>
</tr>
<tr>
<td>West Oregon/Lincoln</td>
<td>0.00</td>
<td>0.78</td>
<td>0</td>
<td>0.61</td>
</tr>
<tr>
<td>West Oregon/Polk</td>
<td>0.00</td>
<td>0.24</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>0.0</strong></td>
<td><strong>1.02</strong></td>
<td><strong>0.0</strong></td>
<td><strong>0.61</strong></td>
</tr>
</tbody>
</table>
Links To More Information

Stand Level Inventory
Forest Inventory Report covers the fiscal year-end stand level inventory estimates on Board of Forestry and Common School Land for each district.

Stream and Watershed Restoration
Restoration reports summarize all restoration activity reported to OWEB by State Forest Districts since 1995.

Forest Health
- Aerial Survey Summary Reports by ODF Area
- Forest Health Highlights Report - Joint Publications of Oregon Department of Forestry and USDA Forest Service, Pacific Northwest Region