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State completes Elliott State Forest land sales

\$4.2 million to benefit Common School Fund for K-12 schools

Salem – The Oregon Department of State Lands (DSL) on Wednesday completed closing paperwork on the sale of three parcels within the Elliott State Forest. The parcels total 1,453 acres, which represent less than two percent of the 85,000 acres of Common School Fund ('Trust') forestlands within the 93,000-acre forest near Reedsport.

Five bids on the three properties were received during the sealed bid auction ending on April 11, 2014. The winning bidders were:

East Hakki Ridge (minimum bid: \$1,820,000)

Seneca Jones Timber

Bid: \$1,895,000

Benson Ridge (minimum bid: \$610,500)

Scott Timber Company

Bid: \$787,000

Adams Ridge 1 (minimum bid: \$595,000)

Scott Timber Company – winning bid

Bid: \$1,875,000

In December 2013, the State Land Board approved selling about 2,700 acres within the Elliott. Managing the Common School Fund land within this forest – which in recent years generated annual net revenues in the \$8 - \$11 million range – cost the fund about \$3 million in fiscal year 2013.

Losses are projected to continue in fiscal year 2014 and beyond, due to reduced timber harvest levels as a result of litigation over threatened and endangered species protection.

“The Land Board realizes the Common School Fund cannot continue to have a net deficit from managing these Trust lands,” said DSL Director Mary Abrams. “This first effort to sell three small parcels was to gauge interest in these properties, as well as determine the market value of land within the forest.”

The \$4.2 million in net proceeds from these sales (after marketing and other transactions costs) will result in hundreds of thousands of additional dollars into the Common School Fund every year from investment returns, said Abrams. The State Treasurer and his colleagues on the Oregon Investment Council oversee the fund’s investments, which have exceeded performance targets over the three-year period ending in 2013, earning a 10 percent average annual return.

Over the next six months, DSL will work with the Land Board to carry out an alternatives analysis for the Trust lands within the Elliott State Forest, Abrams said. The work will include meeting with a wide range of stakeholders and conducting extensive research on potential future business models.

“As trustees of the Common School Fund, the Land Board has a fiduciary responsibility to ensure this real property asset is managed well for the purpose of public education in Oregon. We don’t know right now what the future of these lands will be, but the status quo is untenable. The Department takes this responsibility very seriously as we consider alternatives now and for the future.”

The Department of State Lands expects to sell another 1,250 acres of land (two parcels known as Adams Ridge 2 and Adams Ridge 3) in the fall. The public auction will be conducted by Realty Marketing Northwest.

Abrams emphasized that buyers of all types, including conservation buyers, are encouraged to bid on the properties.

Additional Information:

Common School Fund: <http://www.oregon.gov/dsl/DO/Pages/aboutcsf.aspx>

Elliott State Forest: http://www.oregon.gov/dsl/LW/docs/elliott_one_pager.pdf

Elliott Land Sales:

http://www.oregon.gov/dsl/LW/Pages/Proposed_land_sales_in_coos_and_douglas_counties.aspx

The State Land Board consists of Governor John Kitzhaber, Secretary of State Kate Brown and State Treasurer Ted Wheeler. The Department of State Lands administers diverse natural and fiscal resources. Many of the resources generate revenue for the Common School Fund, such as state-owned rangelands and timberlands, waterway leases, estates for which no will or heirs exist, and unclaimed property. Twice a year, the agency distributes fund investment earnings to support K-12 public schools. The agency also administers Oregon’s Removal-Fill Law, which requires people removing or filling certain amounts of material in waters of the state to obtain a permit.

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