

April 3, 2024

Vicki Walker
Director, Oregon Department of State Lands
775 Summer Street NE
Salem, OR 97301

Re: Comments on the DRAFT Asset Management Plan for School Lands

Dear Director Walker,

I have reviewed every AMP published by the Department since 1995, and communicated regularly with DSL on this subject.

The central problem with DSL's management strategy has always been the unwillingness to treat Common School Trust Lands as a money-making asset. Non-financial attributes have always been ranked higher.

This can be seen by comparing the financial performance of Oregon's CSTL with peer states, something Cascade did in a study published in 2018: <https://bit.ly/3dKp5vm>.

Oregon has consistently been outperformed by other states. The comparison with Washington was particularly enlightening, since both Oregon and Washington are heavily forested. As of the date of publication, Washington was earning \$37/acre on its Trust Lands, and Oregon was earning \$4.25/acre.

Nothing has changed since 2018. In the most recent DSL report on the performance of the Common School Fund Real Property, the land portfolio generated NOI of (\$2,339,064) for FY 2023, with a three-year average of (\$872,572).

I understand, of course, that future reports will not be saddled with losses from the Elliott State Forest, so they are likely to be slightly positive. But that's small consolation to taxpayers, who are still subsidizing ongoing losses as the Department tries to reinvent the ESF as a "Research Forest." They are also paying debt service on bonds sold by the state so that they could buy the Elliott from themselves.

It's been obvious for decades that asset management is not a core competency of the Department. The best strategy going forward would be to sell off parcels as market opportunities arise. It would certainly be a mistake to buy any more real property.

Sincerely,

John A. Charles, Jr.
President & CEO

