Elliott State Research Forest: SB 1546 and Contract Term Sheet

Board of Trustees Briefing
October 28, 2022
Governance: Elliott State Research Forest Authority (ESRFA)

- SB 1546 passed in February 2022 legislative session
- Common School Fund decoupled at $221M
- ESRFA establishes on January 1, 2024, if not sunset

ESRFA Mission
Establish the Elliott State Research Forest as an enduring, publicly owned, world-class research forest to advance and support:

- forest health, climate resilience, carbon sequestration, biodiversity, recovery of imperiled species, water quality and quantity, recreational opportunities and local economies
- Manage in accordance with foundational documents:
  - Habitat Conservation Plan
  - Forest Management Plan
  - OSU Research Forest Proposal
Elliott State Research Forest Authority

• Board of Directors
  • Appointed by the State Land Board (SLB)
    » College of Forestry Dean is a standing member
  • Oversees the operational and fiscal integrity of the Authority
  • Approves budgets and operations plans
  • Ensures transparency and public participation in decision making
  • Contracts with OSU to lead research forest management and operations

• SLB approves amendments to foundational documents

• Advantages
  • Stand alone agency solely focus on success of the ESRF mission
  • Meets stakeholders’ need for public oversight
  • Allows OSU to conduct world class research
  • Mitigates OSU’s financial risk
SB 1546 Sunset Clause

On or before July 1, 2023:

1. Financial obligations to the Common School Fund related to the Elliott State Forest are satisfied

2. State Land Board votes to decouple the Elliott State Forest from the Common School Fund

3. NMFS and USFWS jointly publish notice of a final HCP and EIS

4. DSL contracts for third-party expertise to provide input informing review of the ESRF financial assessment and concludes that the plan demonstrates financial viability (in progress)

5. State Land Board approves a forest management plan

6. **OSU Board of Trustees authorizes the university to participate in management of the Elliott State Research Forest**
OSU Board Action

• OSU Board Sunset decision precedes ESRFA establishment and contract (timing issue).

• Staff recommend approval to include:
  • Contract term sheet setting the essential terms for negotiations
  • Satisfaction with financial terms

• Proposed Timeline:
  Nov. 2022       Stakeholder feedback and SLB discussions
  Dec. 13, 2022   Land Board votes on SLB sunset provisions
  Jan. 2023       Term Sheet update to BoT
  Jan.-Mar. 2023   Additional Discussions with SLB
  Apr. or May 2023 BoT vote on sunset provision
Term Sheet Key Provisions

• Term: 50 years with five 10-year renewals
• OSU manages the forest to include research and operations
• Financials
  • OSU paid for management from timber harvest revenue.
  • OSU not compelled to expend E&G funds
  • Other harvest revenue held in reserves (rainy day fund)
• Executive Director employed by ESRFA
  • CoF Dean defines qualifications and nominates
  • Executive Director must be eligible for OSU employment
• ESRFA prohibited from interfering with academic freedom and research
• Strong exit rights