

BOARD OF UNIVERSITY AND SCHOOL LANDS

**Governor's Conference Room
Ground Floor, State Capitol
June 24, 2021 at 9:00 AM**

To Join Via Teams:

[Join Microsoft Teams Meeting](#)

[+1 701-328-0950](#)

Conference ID: 467 133 101#

AGENDA

➤ = **Board Action Requested**

1. **Approval of Meeting Minutes – Jodi Smith**

Consideration of Approval of Land Board Meeting Minutes by voice vote.

- A. May 2, 2021 – pg. 2

2. **Reports – Jodi Smith**

- A. May Report of Encumbrances – pg. 11
- B. May Unclaimed Property Report – pg. 14
- C. March Financial Position – pg. 15
- D. Investments Update – pg. 24
- E. Energy Infrastructure and Impact Office Report – pg. 25
- F. May Acreage Adjustment Report – pg. 26
- G. May Shut-In Report – pg. 28

3. **Operations – Jodi Smith**

- A. Board of University and School Lands Code of Ethics Policy Manual – pg. 29
- B. Board of University and School Lands Media Policy – pg. 34
- C. Term of the Commissioner of University and School Lands – pg. 37

4. **Surface – Mike Humann**

- A. No Net Loss Preliminary Land Sale Approval T136N R86W Section 28 NW1/4, Section 32 N1/2N1/2, Section 36 SE1/4 - pg. 38

5. **Revenue Compliance – Jodi Smith**

- A. Royalty Repayment Offers – pg. 71

- **Executive session under the authority of NDCC §§ 44-04-19.1 and 44-04-19.2 for attorney consultation with the Board's attorneys to discuss:**

- Royalty Repayment Offers

Next Meeting Date – July 29, 2021

**Minutes of the Meeting of the
Board of University and School Lands
May 25, 2021**

The May 25, 2021 meeting of the Board of University and School Lands was called to order at 2:06 PM via Microsoft Teams by Chairman Doug Burgum. All meeting attendees were via Microsoft Teams.

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Wayne Stenehjem	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Dennis Chua	Investment Analyst
Christopher Dingwall	Mineral Title Specialist
Robert Dixon	ITD
Susan Dollinger	Unclaimed Property
Scott Giere	Revenue Compliance Auditor
Peggy Gudvangen	Accounting Division Director
Michael Humann	Surface Division Director
Kristie McCusker	Paralegal
Catelin Newell	Administrative Staff Officer
Adam Otteson	Revenue Compliance Director
Rick Owings	EIIO Grants Administrator
Kate Schirado	Administrative Assistant
Michael Shackelford	Investments Director
David Shipman	Minerals Division Director
James Wald	Legal Council

Guests in Attendance:

Dave Garner	Office of the Attorney General
Reice Haase	Office of the Governor
Leslie Bakken Oliver	Governor's Legal Counsel

Additional Guests in Attendance:

Brady Pelton (NDPC)
Eric Sundberg
Karlene Fine
Gary Hagen
Amy Sisk
Josh Kevan (RVK)
Julie Ellingson (Stockmen's Association)
Lawrence Bender
Matt Perdue
Andrea Pfennig
Ron Ness
Jim Silrum
Will Miller

A P P R O V A L O F M I N U T E S

A motion to approve the minutes of the April 29, 2021 regular meeting and the April 29, 2021 special meeting, was made by Attorney General Wayne Stenehjem and seconded by State Treasurer Thomas Beadle and the motion carried unanimously on a voice vote.

R E P O R T S

April 2021 Report of Encumbrances Issued by Land Commissioner

Granted to:	CONTINENTAL RESOURCES INC, OKLAHOMA CITY-OK
For the Purpose of:	Easement: Pipeline-Multiple Pipelines & Communication Cable
Right-of-Way Number:	RW0008538
Trust:	A - Common Schools
Legal Description:	WIL-153-99-21-SE4, WIL-153-99-22-SW4 LESS ACRES CONDEMNED, W2SE4 LESS ACRES CONDEMNED
Granted to:	WILLISTON WATER MANAGEMENT, LLC, DENVER-CO
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008849
Trust:	A - Common Schools
Legal Description:	MOU-152-92-14-SE4, MOU-152-92-23-NE4NW4
Granted to:	WEST DAKOTA WATER LLC, WILLISTON-ND
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008850
Trust:	A - Common Schools
Legal Description:	MOU-153-92-16-NE4, MOU-153-92-16-NW4
Granted to:	QEP ENERGY COMPANY, DENVER-CO
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008853
Trust:	A - Common Schools
Legal Description:	MOU-150-92-15-W2SW4
Granted to:	HESS CORPORATION, HOUSTON-TX
For the Purpose of:	Easement: Drop Line-Multiple Pipelines & Communication Cable
Right-of-Way Number:	RW0008655
Trust:	A - Common Schools
Legal Description:	MOU-157-93-36-SE4
Granted to:	ND GEOLOGICAL SURVEY, BISMARCK-ND
For the Purpose of:	Permit: Access to School Land
Right-of-Way Number:	RW0008839
Trust:	A - Common Schools
Legal Description:	Multiple tracts in Bowman, Burleigh, Emmons, Grant, Morton, Sioux, Slope Counties
Granted to:	EQUINOR PIPELINES LLC, WILLISTON-ND
For the Purpose of:	Easement-Amend: Pipeline-Multiple Pipelines
Right-of-Way Number:	RW0008727
Trust:	A - Common Schools
Legal Description:	MCK-151-101-36-NW4, SE4, SW4
Granted to:	DROPWATER SOLUTIONS LLC, GAINESVILLE-TX
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008858
Trust:	A - Common Schools
Legal Description:	DUN-147-96-36-NW4
Granted to:	MCKENZIE ELECTRIC COOPERATIVE INC, WATFORD CITY-ND
For the Purpose of:	Easement-Amend: Electric-Buried Distribution Line
Right-of-Way Number:	RW0008855
Trust:	A - Common Schools
Legal Description:	DUN-147-96-36-NE4
Granted to:	WILLISTON WATER MANAGEMENT, LLC, DENVER-CO
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008860
Trust:	A - Common Schools
Legal Description:	MOU-151-92-36-W2NE4SW4, NW4SW4, S2SW4

(05/25/21)

Summary of Spring Surface Lease Auction Results

The 2021 spring surface lease auctions were completed in person in May. The following table is a summary of the spring auction results as compared to the prior spring auction seasons.

	2018	2019	Online 2020	2021
Number of counties	26	27	24	19
Total tracts offered	82	99	144	66
Number of tracts bid	66 (80.5%)	79 (79.8%)	108 (75%)	56 (85%)
Number of bid tracts bid-up	14 (21%)	27 (34%)	27 (25%)	15 (27%)
Total amount of minimum advertised bids	\$151,276	\$220,960	\$283,859	\$98,815
Total amount received	\$156,286	\$273,177	\$255,173	\$121,605

Unleased tracts offered at the spring auction are available on a first come first serve basis for minimum opening bid until August 31, 2021.

All payments received from the spring auctions have cleared and no issues remain.

Motion: The Board approves the 66 surface leases for the successful bidders from the spring 2021 surface lease auctions to be processed by the Department.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger	X		X		
Superintendent Baesler			X		
Treasurer Beadle			X		
Attorney General Stenehjem		X	X		
Governor Burgum			X		

Summary of Oil and Gas Lease Auction

On behalf of the Board of University and School Lands (Board), the Department of Trust Lands conducted an oil and gas lease auction on www.energynet.com which concluded on May 4, 2021.

There were 63 tracts offered, and all received competitive bids (if the Board does not receive a competitive bid, the lease is awarded to the nominator). The highest bid per acre was \$351.00 in Burke County (20 acres for a total of \$7,020.00). 40 tracts offered benefit the Common Schools Trust Fund; 20 tracts benefit the Strategic Investment and Improvements Fund (SIIF); and one tract benefits the School for the Blind Trust Fund.

County	Tracts/County	Net Mineral Acres	Total Bonus	Average Bonus/Acre
Burke	8	432.00	\$91,617.60	\$271.25
Hettinger	15	838.46	\$10,632.26	\$17.60
McKenzie	2	320.00	\$26,880.00	\$84.00
Slope	27	2992.00	\$11,904.00	\$3.63
Stark	3	89.81	\$2,162.39	\$46.00
Williams	8	920.00	\$138,280.00	\$152.75
GRAND TOTAL	63	5,592.27	\$ 281,476.25	\$64.44

There was a total of 21 bidders who submitted 772 bids on the 63 tracts. The bidders were from 9 states (CA, CO, FL, MN, MT, ND, TX, WA and WY). A total of \$281,476.25 of bonus was collected from the auction.

April Unclaimed Property Report

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of April 2021, the Division received 331 holder reports with a property value of \$1,408,881 and paid 228 claims with a total value of \$582,520.

The Department has engaged Marketing & Advertising Business Unlimited, Inc. (MABU), a full-service management, marketing and multimedia production company, to aid the Department in developing and deploying a strategic communications plan surrounding changes to N.D.C.C. ch. 47-30.1 as a result of the passage of Senate Bill 2048 during the Sixty-seventh Legislative Assembly.

The Financial Report (Unaudited) for period ending February 28, 2021 was presented to the Board for review and is available at the Department upon request.

Investment Updates

Portfolio Rebalancing Updates

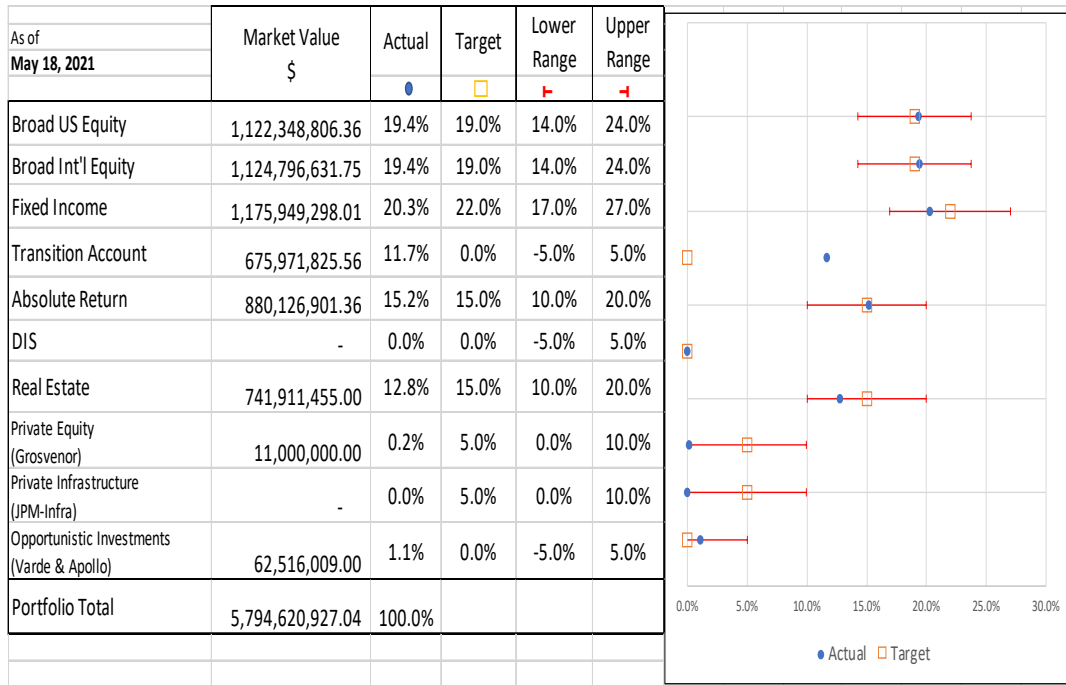
Angelo Gordon Direct Lending Fund IV (Fixed Income) made its initial capital call of \$32.5M bringing its unfunded commitment to \$67.5.

ARES Pathfinder Fund LP (Fixed Income) made a \$10.8M capital call bringing its unfunded commitment to \$84.6M.

GCM (Private Equity) made a capital call of \$1M bringing its unfunded commitment to \$119M.

Asset Allocation

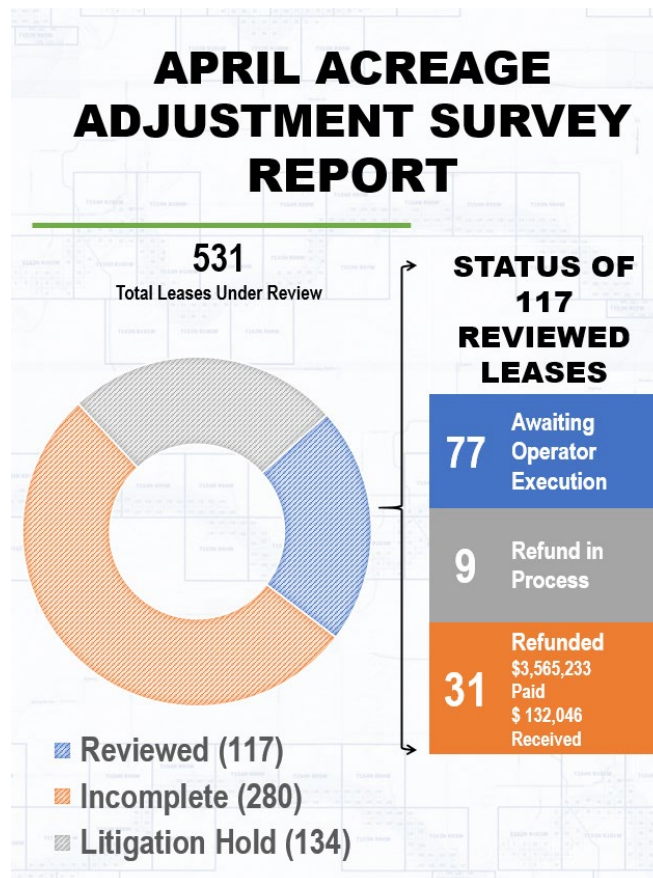
The table below shows the status of the permanent trusts' asset allocation as of May 18, 2021. The figures provided are unaudited.



Upcoming Investment Manager Meetings

There is no upcoming meeting scheduled.

April Acreage Adjustment Report



Information Technology Project Status Update

The Department of Trust Land's (Department) 2017-2019 biennial budget appropriation includes \$3.6 million to replace legacy information technology (IT) systems as authorized by Senate Bill 2013 of the Sixty-fifth Legislative Assembly.

Severe limitations in the current IT system, including redundant manual processes, have hampered efficiencies. Many of the Department's core data management systems were developed in the 1980s and 1990s, using designs and tools no longer supported by vendors. Some supplemental system improvements and purchases have been implemented; however, the outdated database structure restricts many potential improvements.

On April 29, 2019, the new system for Unclaimed Property was successfully launched.

On July 1, 2020, the new Financial Management and Accounting system was successfully launched.

On September 14, 2020, the Revenue Compliance Division successfully launched the migrated and updated software system.

The Surface Land Management System is tentatively scheduled to go-live on August 14, 2021. MABU, a full-service marketing and communications company, has been hired to aid the Department in communication efforts to constituents who will be impacted by the implementation of the new system.

Additional capital funding was approved through Senate Bill 2013 to support the implementation of software for the Minerals Division. A kick-off for the implementation of the new software is scheduled for August 16, 2021.

Repayment of Unpaid Royalties Report

Since the March 25, 2021, Board of University and School Lands meeting, three payors have come into compliance for gas deductions: True Oil, Prima Exploration and Liberty Resources.

I N V E S T M E N T S

March Investment Reports – 1st Quarter 2021

Josh Kevan from RVK will review the performance of the Board of University and School Land's (Board) investment program for the period ending March 31, 2021 and discuss current market conditions.

The first report to be reviewed was prepared by RVK to enable the Board to monitor and evaluate the collective performance of the permanent trusts' investments and the performance of individual managers within the program. In order to provide an overview of the program and highlight critical information, an executive summary has been incorporated into the Board report.

The second report shows the performance of the Ultra-Short portfolio in which the Strategic Investment and Improvements Fund, the Coal Development Trust Fund and the Capitol Building Fund are invested.

RVK Permanent Trust Fund Performance Analysis and RVK Ultra-short Performance Report materials were provided to the Board and are available from the Department upon request.

S U R F A C E

Preliminary Sales approval – East Bismarck Tract (Burleigh County: 10 acres more or less in the northwest corner of section 36-Township139 North, Range 80 West)

On April 26, 2012, the Board of University and School Lands (Board) authorized the first step in selling the East Bismarck tract by completing a market analysis.

- 1) **Marketability Study/Property Analysis:** An analysis of the likely sales of a specific type of real estate product.
- 2) **Market Analysis:** A study of the supply and demand conditions in a specific area for a specific type of property or service.

The Marketability Study and Property Analysis (Attachment 1) was completed and presented to the Board at the June 2013 meeting. Two important observations from the study were:

- 1) "Currently, there is high interest in commercial and industrial development in the Bismarck-Mandan area. Some development experts have been inundated with inquiries; however, they anticipate the increased interest and development will continue for the next two to three years and then decrease..." Page 10.
- 2) "Industrial land has been and remains in short supply...Large tracts of industrial land in the 20–50 acre size category are especially hard to locate in the Bismarck-Mandan metropolitan area ..." Page 10.

Based on the results of this study, it appears that the land along the west and south boundaries of section 36 would be most in demand. Based on surrounding land use and the location of the transmission lines, this property will most likely be developed for light industrial or commercial uses.

With the completion of the Marketability Study/Property Analysis and discussions with local officials concerning possible public uses for Section 36, the Board approved the Commissioner to proceed with the second step, the Real Estate Market Analysis, at the June 2014 meeting. At the October 2015 Board Meeting, KLJ presented the Real Estate Market Analysis (Attachment 2) and recommend sale parcel locations and sizes based on demand and current market conditions.

There has been development on the East Bismarck tract, at the Board's August 2015 meeting the Board was informed that Central Power Electric Cooperative Inc. had submitted an application to purchase approximately 15 acres under N.D.C.C. Chapter 15-09, to develop an electric substation, outpost building and laydown yard. The property is located east of the Capital Electric Cooperative and MDU substations.

Two appraisals were completed as follows:

Burleigh County Appraisal	\$100,000/acre
Point Value Appraisal	\$109,000/acre

The Burleigh County Appraisal was comprised of three comparable sales while the Point Value Appraisal was comprised of the same three sales, plus six additional comparable sales in the area. The Point Value appraisal is well-documented and based on nine commercial development sale properties it is an accurate reflection of true commercial property values. Central Power Cooperative has received a copy of the Point Value appraisal.

NCCC § 15-09-04 states:

"The board of university and school lands may sell the property described in the application to the applicant at a price not less than the appraised value if the board concludes that the land described in the application is required for the purposes stated in such application and that a conveyance of the property is consistent with this title and the fiduciary responsibilities of the board. If the land described in the application is less than an entire tract, the board, in fixing the price at which such partial tract will be

conveyed, shall take its value into consideration together with all detriment caused to the remaining portions of the tract by the conveyance of the partial tract."

The Board approved the appraised value of \$109,000 per acre for the 15 acres of land within Burleigh County, Township 139 North, Range 80 West, Section 36: SW4 required for public purposes and authorized the Commissioner to advertise the proposed sale, conduct a public hearing, and complete the sale to Central Power Cooperative on the Board's behalf.

The sale of a 15-acre parcel to Central Power Cooperative, Inc. left 107 acres more or less in the SW4 of section 36.

The Board has received a second application for the purchase of approximately 10 acres more or less in the NW4 Section 36, T139N, R80W, Burleigh County for expansion of a private business. Per N.D.A.C. 85-04-07-01. Sale of original grant lands.

The board shall retain and manage original grant lands to produce revenue consistent with the long-term maintenance of the original grant lands' income producing potential and ecological health. The commissioner may propose, or accept letters of application for, the sale of original grant lands after the original grant lands have been evaluated by the commissioner for "highest and best use" as defined in North Dakota Century Code section 15-02-05.1 and the department considers the following criteria:

- 1. If the tract has been zoned or has high potential to be zoned residential, commercial, or industrial;**
2. The tract's potential for mineral development, including sand, gravel, clay, and scoria;
3. If the tract has been a source of persistent management problems, resulting in the sale of the tract being prudent from a long-term financial point of view;
4. If the tract and adjacent trust land tracts total less than eighty acres [32.37 hectares] in size, more or less, for grassland and less than forty acres [16.19 hectares], more or less, for cropland or hayland, except those tracts which are severed by a highway, road, railroad, canal, river, or lake, which may be sold if the severed portion is less than these amounts; or
5. If the tract and adjacent trust land tracts exceed eighty acres [32.37 hectares] in size, more or less, for grassland or more than forty acres [16.19 hectares] in size, more or less, for cropland.

Per N.D.A.C. 85-04-07-03, the Department has received a letter of application for purchase of original grant lands from Swenson RV. This letter has been submitted to the Commissioner for preliminary approval or rejection and it was approved. The Commissioner has provided preliminary approval of the land sale.

The Department received three appraisals:

- Point Value Appraisal & Consultation \$200,000 per acre
- County of Burleigh \$116,666 per acre
- Dakota Appraisal & Consulting, LTD. \$90,000 per acre

The Department staff consulted with various industry experts and determined, based upon the comparables listed in each appraisal and the previous sale price of land in the same section, the appropriate land value is \$110,000 per acre.

Per N.D.A.C. 85-04-07-03. Sale procedure.

Upon a determination that the application covers a tract the board is willing to see, the department shall post on the department's website a notice of the application for sale, any supporting documentation, and instructions for submitting public comments. The department also shall publish notice of a letter of application for sale in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune. Notice must be published once each week for three consecutive weeks prior to the deadline for comments. The notice must contain the legal description of the proposed tract and the deadline for comments.

Motion: The Board authorizes the Commissioner to post the sale of Burleigh County: 10 acres more or less in the northwest corner of section 36-Township139 North, Range 80 West for public comment.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger		X	X		
Superintendent Baesler			X		
Treasurer Beadle			X		
Attorney General Stenehjem	X		X		
Governor Burgum			X		

Documents were provided to the Board and are available from the Department upon request.

O P E R A T I O N S

Board of University and School Lands Code of Ethics Policy Manual

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. The Department recommends the Code of Ethics Policy be repealed due to establishment of the North Dakota Ethics Commission under North Dakota Constitution Article XIV in 2019. In addition, Chapter 54-66 of the North Dakota Century Code governs ethical considerations of public officials, together with the Administrative Rules of the North Dakota Ethics Commission (which is not an administrative agency) found in Title 115 of the North Dakota Administrative Rules.

Due to the constitution, statutes, and administrative rules in place to address these ethical issues, the Commissioner is requesting the Board provide input on the proposed repeal of the Board of University and School Lands Code of Ethic Policy. This is the “first reading” of the proposed repeal, with suggestions being taken into consideration and a “second reading” to occur on June 24, 2021.

The Board of University and School Lands Code of Ethics Policy first reading was provided to the Board and is available at the Department upon request.

Term of the Commissioner of University and School Lands

This agenda item was moved to the June regular Land Board meeting agenda. No formal action was taken.

Commissioner Annual Review

This agenda item was moved to the June regular Land Board meeting agenda. No formal action was taken.

A D J O U R N

There being no further business, the meeting was adjourned at 3:22 PM.

Doug Burgum, Chairman
Board of University and School Lands

Jodi Smith, Secretary
Board of University and School Lands

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: May 2021 Report of Encumbrances Issued by Land Commissioner
(No Action Requested)

Granted to: **BRIDGER PIPELINE LLC, CASPER-WY**
For the Purpose of: Easement: Pipeline-Oil Gathering Pipeline
Right-of-Way Number: RW0008829
Date Issued: 5/6/2021
Application Fee: \$250.00
Right-of-way Income: \$5,119.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 8.24
Area (Acres): 0.10
Legal Description: GOL-143-103-36-SE4

Granted to: **HENRY HILL OIL SERVICES LLC, WILLISTON-ND**
For the Purpose of: Easement: Well-Salt Water Disposal Well Extension
Right-of-Way Number: RW0008801
Date Issued: 5/11/2021
Application Fee: \$250.00
Right-of-way Income: N/A (*)
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): N/A
Area (Acres): N/A
Legal Description: WIL-154-100-16-SE4

* agreement contains a recurring payment requirement; \$0.10 per barrel or \$500 per month minimum

Granted to: **ONEOK ROCKIES MIDSTREAM LLC, SIDNEY-MT**
For the Purpose of: Easement: Pipeline-Gas Gathering Pipeline
Right-of-Way Number: RW0008667
Date Issued: 5/13/2021
Application Fee: \$250.00
Right-of-way Income: \$161,250.00
Damage Payment to Lessee: \$182.79
Trust: A - Common Schools
Length (Rods): 354.85
Area (Acres): 4.44
Legal Description: DUN-146-94-36-SE4, SW4

Granted to: **WHITING OIL AND GAS CORPORATION, DENVER-CO**
For the Purpose of: Easement: Pipeline-Oil Gathering Pipeline
Right-of-Way Number: RW0008707
Date Issued: 5/13/2021
Application Fee: \$100.00
Right-of-way Income: \$11,382.00
Damage Payment to Lessee: \$18.95
Trust: A - Common Schools
Length (Rods): 37.91
Area (Acres): 0.05
Legal Description: MOU-153-92-16-NW4

Granted to: **GOODNIGHT MIDSTREAM BAKKEN LLC, DALLAS-TX**
For the Purpose of: Easement: Pipeline-Salt Water Pipeline
Right-of-Way Number: RW0008826
Date Issued: 5/13/2021
Application Fee: \$250.00

Right-of-way Income: \$43,408.00
Damage Payment to Lessee: \$76.72
Trust: A - Common Schools
Length (Rods): 103.52
Area (Acres): 1.29
Legal Description: MOU-153-92-16-NW4

Granted to: **GOODNIGHT MIDSTREAM BAKKEN LLC, DALLAS-TX**
For the Purpose of: Easement: Pipeline-Salt Water Pipeline
Right-of-Way Number: RW0008840
Date Issued: 5/13/2021
Application Fee: \$250.00
Right-of-way Income: \$25,848.00
Damage Payment to Lessee: \$51.64
Trust: A - Common Schools
Length (Rods): 53.37
Area (Acres): 0.67
Legal Description: MOU-153-92-16-NW4

Granted to: **MCKENZIE ELECTRIC COOPERATIVE INC, WATFORD CITY-ND**
For the Purpose of: Easement: Electric-Buried Distribution Line
Right-of-Way Number: RW0008866
Date Issued: 5/14/2021
Application Fee: \$250.00
Right-of-way Income: \$750.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 6.21
Area (Acres): 0.08
Legal Description: DUN-147-96-36-NW4

Granted to: **WHITING OIL AND GAS CORPORATION, DENVER-CO**
For the Purpose of: Easement-Amend: Pipeline-Oil Gathering Pipeline
Right-of-Way Number: RW0008876
Date Issued: 5/13/2021
Application Fee: \$250.00
Right-of-way Income: \$9,204.00
Damage Payment to Lessee: \$15.34
Trust: A - Common Schools
Length (Rods): 30.68
Area (Acres): 0.38
Legal Description: MOU-153-92-16-NW4

Granted to: **BIRD CONSERVANCY OF THE ROCKIES, FORT COLLINS-CO**
For the Purpose of: Permit: Access to School Land
Right-of-Way Number: RW0008871
Date Issued: 5/6/2021
Application Fee: N/A
Right-of-way Income: N/A
Damage Payment to Lessee: N/A
Trust: A - Common Schools, B – School for the Blind, Z – Valley City State University & Mayville State University, U – University of North Dakota, H – State Hospital, D – School for the Deaf, E – Ellendale, W – Sate School of Science
Length (Rods): N/A
Area (Acres): N/A
Legal Description: MER-144-88-16-NE4, NW4, SE4, SW4
MOR-134-80-13-S2SW4, W2SE4
MOR-134-80-23-LOT 3, LOT 7, LOTS 1,2 LESS FEDERAL CONDEMNATION, SW4SE4, LOT 6
MOR-134-80-24-LOT 1, LOT 2, LOT 3, LOT 4, N2NW4, SW4NW4

OLI-141-82-16-NE4 WEST OF HWY, NW4, SE4 WEST OF HWY AND
NORTH OF CNTY ROAD, SE4 WEST OF HWY AND SOUTH OF
CNTY ROAD

Granted to:

For the Purpose of:

Right-of-Way Number:

Date Issued:

Application Fee:

Right-of-way Income:

Damage Payment to Lessee:

Trust:

Length (Rods):

Area (Acres):

Legal Description:

LEGACY RESERVES OPERATING LP, CODY-WY

Permit: Road-Access Road

RW0008875

5/6/2021

\$250.00

N/A

N/A

A - Common Schools

440.86

5.50

MCK-147-104-16-NE4, NW4, SE4

Granted to:

For the Purpose of:

Right-of-Way Number:

Date Issued:

Application Fee:

Right-of-way Income:

Damage Payment to Lessee:

Trust:

Length (Rods):

Area (Acres):

Legal Description:

HESS NORTH DAKOTA PIPELINES, LLC, HOUSTON-TX

Permit: Temporary Construction

RW0008825

5/13/2021

\$250.00

\$2,000.00

N/A

A - Common Schools

N/A

N/A

WIL-156-95-16-NW4

Granted to:

For the Purpose of:

Right-of-Way Number:

Date Issued:

Application Fee:

Right-of-way Income:

Damage Payment to Lessee:

Trust:

Length (Rods):

Area (Acres):

Legal Description:

AMERICAN COLLOID COMPANY, BELLE FOURCHE-SD

Permit: Coal Exploration (Leonardnite)

RW0008873

5/18/2021

\$250.00

N/A

N/A

V- Valley City State University, L – Strategic Investment &
Improvements fund

N/A

N/A

BOW-130-99-1-SW4 (50% mineral ownership; no surface ownership)

ADA-130-98-8-SW4 (50% mineral ownership; no surface ownership)

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: May Unclaimed Property Report
(No Action Requested)

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of May 2021, the Division received 39 holder reports with a property value of \$190,153 and paid 278 claims with a total value of \$449,408.

ITEM 2B

NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report
(Unaudited)

For period ended March 31, 2021



Board of University and School Lands		
Comparative Financial Position (Unaudited)		
Schedule of Net Assets		
Assets by Trust:	March 31, 2021	March 31, 2020
Common Schools	\$5,347,899,688	\$4,179,314,796
North Dakota State University	80,402,426	63,360,895
School for the Blind	14,445,935	11,353,885
School for the Deaf	23,216,745	18,593,981
State Hospital	15,581,367	12,567,926
Ellendale *	25,903,069	20,255,042
Valley City State University	14,208,791	11,327,728
Mayville State University	9,357,572	7,281,895
Youth Correctional Center	27,851,483	21,070,313
State College of Science	20,733,312	16,354,640
School of Mines **	24,923,083	19,414,895
Veterans Home	5,759,703	4,654,003
University of North Dakota	38,943,173	30,618,420
Capitol Building	4,184,128	5,285,575
Strategic Investment and Improvements	693,924,234	748,789,272
Coal Development	71,624,981	71,394,540
Indian Cultural Education Trust	1,377,815	1,104,978
Theodore Roosevelt Presidential Library	53,796,824	13,506,566
Total	\$6,474,134,329	\$5,256,249,350
Assets by Type:		
Cash	283,074,297	113,027,624
Receivables	9,895,170	11,900,064
Investments ***	6,019,209,663	5,057,541,990
Office Building (Net of Depreciation)	320,805	386,133
Farm Loans	5,336,793	9,324,943
Energy Construction Loans	-	926,005
Energy Development Impact Loans	9,972,609	10,722,331
School Construction Loans (Coal)	38,908,935	41,391,562
Due to/from Other Trusts and Agencies	107,416,057	11,028,698
Total	\$6,474,134,329	\$5,256,249,350

*** Ellendale Trust**

The following entities are equal beneficiaries of the Ellendale Trust:

Dickinson State University	School for the Blind
Minot State University	Veterans Home
Dakota College at Bottineau	State Hospital
	State College of Science - Wahpeton

**** School of Mines**

Benefits of the original grant to the School of Mines are distributed to the University of North Dakota.

***** Investments**

Includes available cash available for loans, investments, abandoned stock and claimant liability.

Board of University and School Lands

Comparative Financial Position (Unaudited)

Combined Permanent Trusts

	March 31, 2021	March 31, 2020
<u>Balance Sheet</u>		
Assets:		
Cash	\$47,913,563	\$68,327,859
Interest Receivable	8,309,805	8,179,240
Investments	5,591,527,256	4,334,638,912
Farm Loans	5,336,793	9,324,943
Energy Construction Loans	-	926,005
Due from Other Agencies	12,470,418	10,948,501
Office Building (Net of Depreciation)	320,805	386,133
Total Assets	<u>\$5,665,878,640</u>	<u>\$4,432,731,593</u>
Liabilities:		
Unclaimed Property Claimant Liability	\$16,645,538	\$16,551,604
Due to Other Trusts	-	-
Due to Other Funds	6,756	11,567
Accounts Payable	-	-
Total Liabilities	<u>16,652,294</u>	<u>16,563,171</u>
Equity:		
Fund Balance	4,892,120,248	4,919,177,984
Net Income/(Loss)	757,106,098	(503,009,562)
Total Liabilities and Equity	<u>\$5,665,878,640</u>	<u>\$4,432,731,593</u>
<u>Income Statement</u>		
Income:		
Investment Income	\$100,110,471	\$87,284,276
Realized Gain/(Loss)	145,541,759	(56,705,019)
Unrealized Gain/(Loss)	543,474,120	(571,416,730)
Royalties - Oil and Gas	81,268,859	116,125,962
Royalties - Coal	242,856	383,199
Royalties - Aggregate	603,143	184,589
Bonuses - Oil and Gas	966,430	8,407,997
Bonuses - Coal	-	24,000
Rents - Surface	11,444,940	12,469,530
Rents - Mineral	150,434	141,832
Rents - Coal	26,036	42,668
Rents - Office Building	70,702	68,276
Gain/Loss on Sale of Land - OREO	-	-
Sale of Capital Asset	-	25,000
Oil Extraction Tax Income	46,440,607	73,660,193
Unclaimed Property Income	8,934,177	8,979,489
Total Income	<u>939,274,534</u>	<u>(320,324,738)</u>
Expenses and Transfers:		
Investment Expense	5,047,281	5,942,235
In-Lieu and 5% County Payments	262,264	248,418
Administrative Expense	2,867,056	2,322,347
Operating Expense - Building	106,835	286,824
Transfers to Beneficiaries	173,885,000	173,885,000
Total Expense and Transfers	<u>182,168,436</u>	<u>182,684,824</u>
Net Income/(Loss)	<u>\$757,106,098</u>	<u>(\$503,009,562)</u>

Board of University and School Lands

Comparative Financial Position (Unaudited)

Capitol Building Trust

	March 31, 2021	March 31, 2020
<u>Balance Sheet</u>		
Assets:		
Cash	\$942,571	\$166,131
Interest Receivable	23,162	36,381
Investments	3,218,394	5,083,062
Total Assets	<u>\$4,184,127</u>	<u>\$5,285,574</u>
Liabilities:		
Due to Other Trusts and Agencies	\$0	\$0
Equity:		
Fund Balance	5,535,786	6,548,608
Net Income	(1,351,659)	(1,263,034)
Total Liabilities and Equity	<u>\$4,184,127</u>	<u>\$5,285,574</u>
<u>Income Statement</u>		
Income:		
Investment Income	\$53,813	\$117,910
Realized Gain(Loss)	2,044	22,926
Unrealized Gain/(Loss)	(27,334)	(52,266)
Rents - Surface	165,901	158,525
Rents - Mineral	2,002	2,002
Royalties - Oil and Gas	585,115	834,465
Bonuses - Oil and Gas	2,160	802
Bonus - Coal	-	-
Royalties - Aggregate	-	-
Total Income	<u>783,701</u>	<u>1,084,364</u>
Expenses and Transfers:		
Investment Expense	2,114	2,735
In-Lieu and 5% County Payments	3,620	3,398
Administrative Expense	23,386	16,905
Transfers to Facility Management	1,100,000	2,270,000
Transfers to Legislative Council	36,240	54,360
Transfer to Supreme Court	970,000	
Total Expense and Transfers	<u>2,135,360</u>	<u>2,347,398</u>
Net Income/(Loss)	<u>(\$1,351,659)</u>	<u>(\$1,263,034)</u>

Board of University and School Lands		
Comparative Financial Position (Unaudited)		
Coal Development Trust		
	March 31, 2021	March 31, 2020
Balance Sheet		
Assets:		
Cash	\$299,694	\$220,560
Interest Receivable	478,669	740,539
Investments	21,884,063	18,239,034
Coal Impact Loans	9,972,609	10,722,331
School Construction Loans	38,908,935	41,391,562
Due from other Trusts and Agencies	270,032	268,373
Total Assets	<u>\$71,814,002</u>	<u>\$71,582,399</u>
Liabilities:		
Due to Other Trusts and Agencies	\$189,022	\$187,861
Equity:		
Fund Balance	70,750,579	70,296,353
Net Income	874,401	1,098,185
Total Liabilities and Equity	<u>\$71,814,002</u>	<u>\$71,582,399</u>
Income Statement		
Income:		
Investment Income	\$261,578	\$322,484
Interest on School Construction Loans	426,090	622,544
Realized Gain/(Loss)	9,620	65,039
Unrealized Gain/(Loss)	(148,725)	(179,093)
Coal Severance Tax Income	340,566	360,755
Total Income	<u>889,129</u>	<u>1,191,729</u>
Expenses and Transfers:		
Investment	10,899	8,419
Administrative	3,829	2,647
Transfers to General Fund	-	82,478
Total Expense and Transfers	<u>14,728</u>	<u>93,544</u>
Net Income/(Loss)	<u>\$874,401</u>	<u>\$1,098,185</u>

Board of University and School Lands

Comparative Financial Position (Unaudited)

Strategic Investment and Improvements Fund

March 31, 2021

March 31, 2020

Balance Sheet

Assets:

Cash	\$233,783,459	\$44,176,295
Interest Receivable	1,130,087	2,946,833
Investments	364,146,058	701,666,144
Due from other Trusts or Agencies	94,864,630	-
Total Assets	<u>\$693,924,234</u>	<u>\$748,789,272</u>

Liabilities:

Accounts Payable	\$0	\$0
------------------	-----	-----

Equity:

Fund Balance	767,541,457	1,134,326,018
Net Income	(73,617,223)	(385,536,746)
Total Liabilities and Equity	<u>\$693,924,234</u>	<u>\$748,789,272</u>

Income Statement

Income:

Investment Income	\$4,257,468	\$12,707,345
Realized Gain/(Loss)	154,568	2,433,995
Unrealized Gain/(Loss)	(2,348,686)	(6,809,442)
Interest on Fuel Prod Facility	14,863	-
Royalties - Oil and Gas	51,564,856	69,516,530
Bonuses - Oil and Gas	(820,486)	1,166,894
Royalties - Coal	85,412	323,064
Rents - Mineral	62,271	54,943
Tax Income - Oil Extraction & Production Distribution	258,377,369	-
Total Income	<u>311,347,635</u>	<u>79,393,329</u>

Expenses and Transfers:

Administrative	960,824	1,146,599
Investment Expense	107,745	287,627
Transfers to General Fund	382,200,000	382,200,000
Transfer to Commerce Department		3,000,000
Transfer to Adjutant General		2,502,253
Transfer to Energy Infrastructure& Impact Office		2,000,000
Transfer to Aeronautics Commission		20,000,000
Transfer to ND Parks & Recreation		1,877,500
Transfer to Information Technology Department		25,150,000
Transfer to Industrial Commission		270,000
Transfer to Bank of North Dakota		25,137,707
Transfer to ND Department of Corrections		1,218,000
Transfer to Office of Management & Budget		100,000
Transfer to Agencies with Litigation Pool	656,289	328,201
Transfer to State Treasurer		
Transfer to Environmental Quality	1,040,000	
Transfer from Public Service Commission		(52,818)
Transfer from Department of Health Department		(67,310)
Transfer from Attorney General Office		(6,387)
Transfer from State Highway Patrol		(49,403)
Transfer from Commerce Department		(111,895)
Total Expense and Transfers	<u>384,964,858</u>	<u>464,930,075</u>
Net Income/(Loss)	<u>(\$73,617,223)</u>	<u>(\$385,536,746)</u>

As of March 31, 2021 the SIIF had a fund balance of \$693,924,234. The fund balance is made up of two parts. The committed fund balance is that portion of the fund that has either been set aside until potential title disputes related to certain riverbed leases have been resolved or appropriated by the legislature. The uncommitted fund balance is the portion of the fund that is unencumbered, and is thus available to be spent or dedicate to other programs as the legislature deems appropriate. The uncommitted fund balance was \$426,906,723 as of March 31, 2021.

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Indian Cultural Trust

	March 31, 2021	March 31, 2020
<u>Fiduciary Net Position</u>		
Assets:		
Cash	\$2,102	\$3,331
Interest receivable	1,329	1,240
Investments	1,374,384	1,100,407
Total Assets	1,377,815	1,104,978
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	1,377,815	1,104,978
Total Net Position	\$1,377,815	\$1,104,978
<u>Changes in Fiduciary Net Position</u>		
Additions:		
Contributions:		
Donations	-	-
Total Contributions	\$0	\$0
Investment Income:		
Net change in fair value of investments	173,914	(158,912)
Interest	25,073	22,271
Less investment expense	(1,250)	2,900
Net Investment Income	197,737	(133,741)
Miscellaneous Income	2,905	166
Total Additions	200,642	(133,575)
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	1,031	10
Total Deductions	1,031	10
Change in net position held in Trust for:		
Private-Purpose	199,611	(133,585)
Total Change in Net Position	199,611	(133,585)
Net Position - Beginning FY Balance	1,221,309	1,285,265
Net Position - End of Month	\$1,420,920	\$1,151,680

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Theodore Roosevelt Presidential Library

	March 31, 2021	March 31, 2020
Fiduciary Net Position		
Assets:		
Cash	\$132,909	\$133,448
Interest receivable	(47,882)	(4,170)
Investments	53,711,798	13,377,603
Total Assets	53,796,824	13,506,881
Liabilities:		
Accounts payable	-	315
Total Liabilities	-	315
Net Position:		
Net position restricted	53,796,824	13,506,566
Total Net Position	\$53,796,824	\$13,506,881
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	35,000,012	-
Total Contributions	\$35,000,012	\$0
Investment Income:		
Net change in fair value of investments	3,321,225	(1,799,836)
Interest	587,186	187,873
Less investment expense	29,990	14,726
Net Investment Income	3,878,421	(1,626,689)
Miscellaneous Income	186	82,823
Total Additions	35,030,188	97,548
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	500	315
Total Deductions	500	315
Change in net position held in Trust for:		
Private-Purpose	35,030,688	\$97,233
Total Change in Net Position	35,030,688	97,233
Net Position - Beginning FY Balance	14,918,706	15,050,748
Net Position - End of Month	\$49,949,394	\$15,147,981

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: Investment Updates
(No Action Requested)

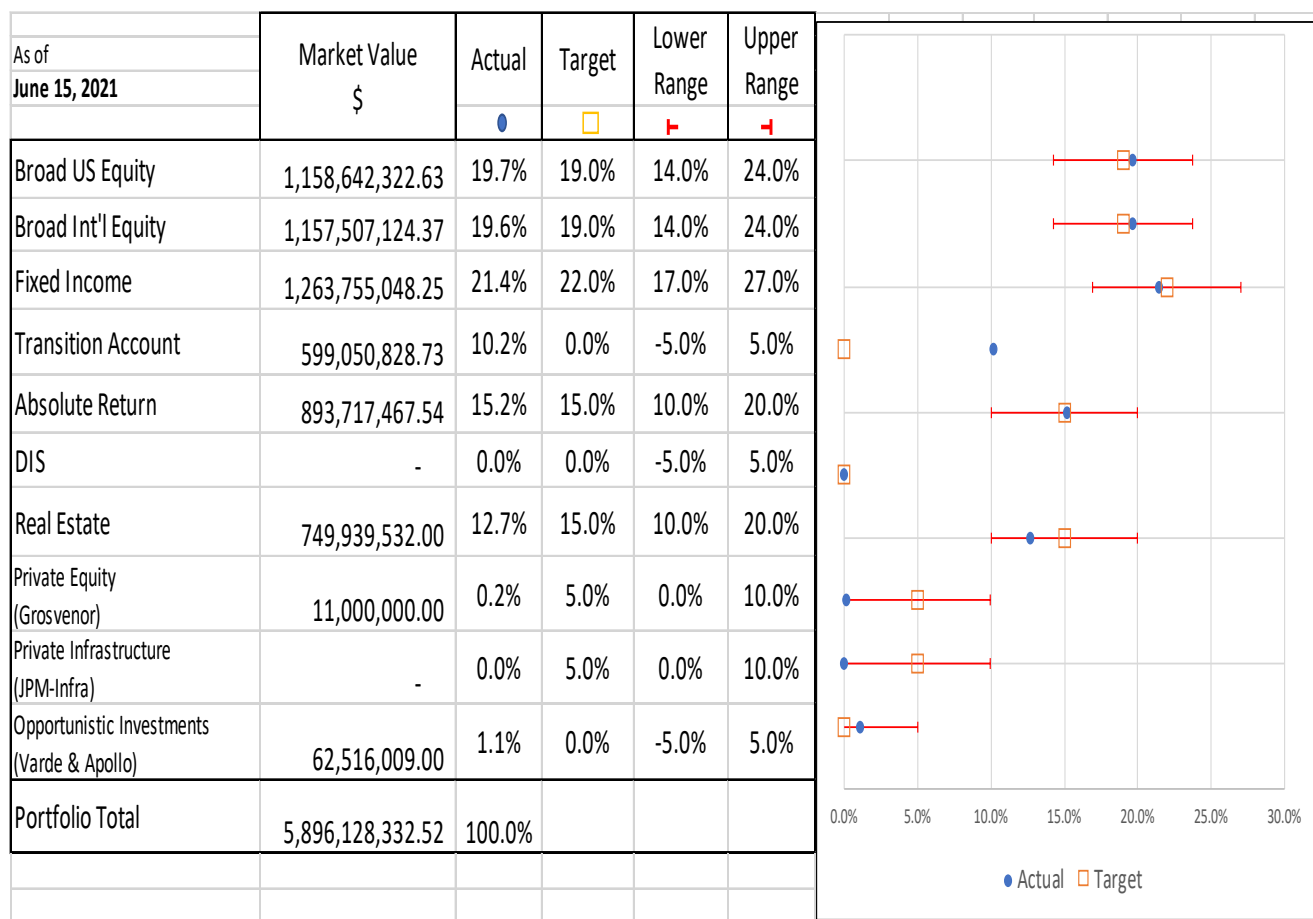
Portfolio Rebalancing Updates

There were no new capital calls made since the last Board meeting. Therefore, total unfunded commitments remained at around \$645.5M. Out of the total unfunded, the following unfunded amounts and fund managers are as follows:

Amount	Fund Manager
\$130M	JPM Infrastructure Fund
\$100M	Harrison Street Core Property Fund LP
\$94.5M	Apollo Accord Fund
\$50M	Varde Dislocation Fund
\$119M	GCM Private Equity
\$84.5M	ARES Pathfinder Fund
\$67.5M	Angelo Gordon DL IV

Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of June 15, 2021. The figures provided are unaudited.



ITEM 2D

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: Energy Infrastructure and Impact Office
Quarterly Program Report
(No Action Requested)

The Energy Infrastructure and Impact Office (EIIO) is a division within the Department of Trust Lands (Department). EIIO provides financial assistance to local units of government that are impacted by oil and gas activity. In turn, EIIO receives a portion of the Oil and Gas Gross Production Tax. The office has been a part of the Department since 1977 and was formally known as the Energy Development Impact Office created under N.D.C.C. ch. 57-62. Over the course of the past 40 years, EIIO has dispersed over \$626 million in funding.

The Oil and Gas Impact Grant Fund currently has 9 grants with a balance of \$972,069.49 as of June 7, 2021. The following shows grant activity for the last seven months:

Oil and Gas Impact Grant Fund	Grants with balances	Current Balance Obligated to Grants
12/1/2020	17	\$2,833,286.75
3/9/2021	12	\$1,591,589.01
6/7/2021	9	\$972,069.49

The Energy Impact Fund, established within Senate Bill 2013 as enacted by the Sixty-fifth Legislative Assembly, was created to supplement the Oil and Gas Impact Grant Fund for the 2017-2019 biennium. House Bill 1013 of the Sixty-sixth Legislative Assembly requires the Commissioner of University and School Lands to transfer any unexpended funds remaining in the Energy Impact Fund when the fund is repealed on June 30, 2021, to the Oil and Gas Impact Grant Fund.

EIIO collaborated with the Williston Basin International Airport and the North Dakota Aeronautics Commission regarding the timeline to get these grants closed out by June 30, 2021. On June 2, 2021, the last payment was made to the Williston Basin International Airport, thus closing out this fund reimbursing the full \$15 Million to the airport. The following shows grant activity for the last seven months:

Energy Impact Fund	Grants with balances	Current Balance Obligated to Grants
12/1/2020	3	\$1,752,239.48
3/9/2021	3	\$1,434,396.94
6/7/2021	0	\$0.00

EIIO is currently managing 9 grants for a total of \$972,069.49. The following shows grant activity for the last seven months:

Oil and Gas Impact Grant Fund	Grants with balances	Current Balance Obligated to Grants	Energy Impact Fund	Grants with balances	Current Balance Obligated to Grants	Total between both Funds
12/1/2020	17	\$2,833,286.75	12/1/2020	3	\$1,752,239.48	\$4,585,526.23
3/9/2021	12	\$1,591,589.01	3/9/2021	3	\$1,434,396.94	\$3,025,985.95
6/7/2021	9	\$972,069.49	6/7/2021	0	\$0.00	\$972,069.49

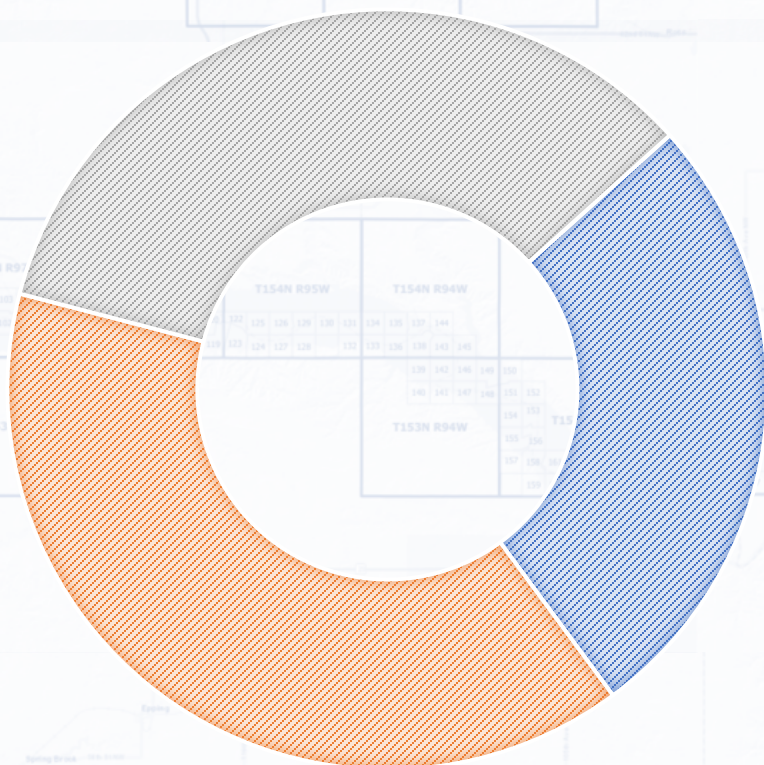
ITEM 2E

MAY ACREAGE ADJUSTMENT SURVEY REPORT

531

Total Leases Under Review




STATUS OF 141 REVIEWED LEASES



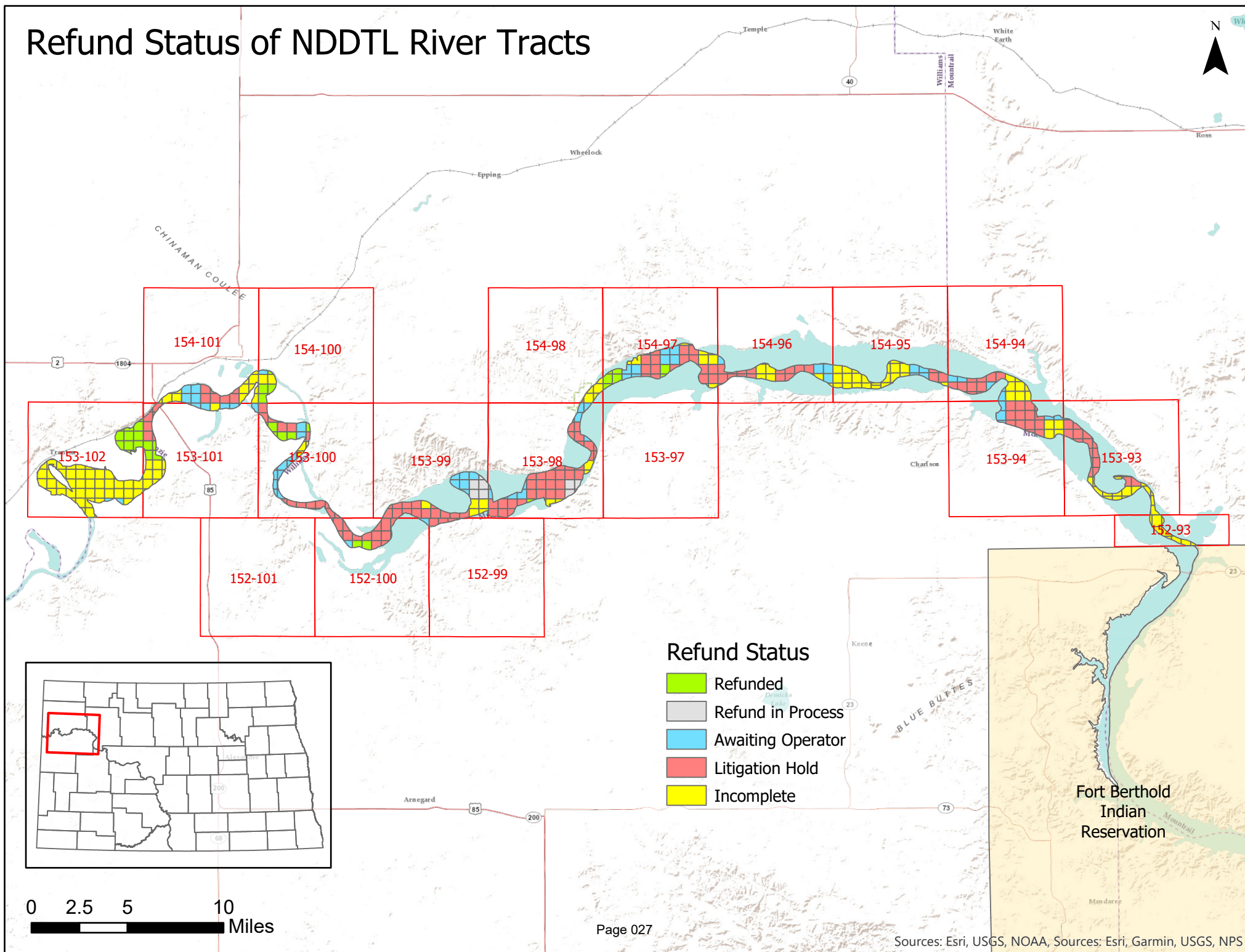
95 Awaiting
Operator
Execution

5 Refund in
Process

41 Refunded
\$3,588,551.49
Paid
\$ 213,903.80
Received

-  Reviewed (141)
-  Incomplete (208)
-  Litigation Hold (182)

Refund Status of NDDTL River Tracts



MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: May 2021 Report of Shut-Ins Approved by Land Commissioner
(No Action Requested)

Granted to:	Marathon Oil Company
For the Purpose of:	Operations
Date Issued:	05/26/2021
Application Fee:	\$100.00
Trust:	SIIF – Strategic Investment and Improvements Fund
Lease:	OG-07-00379, OG-07-00380, OG-07-00381

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: Board of University and School Lands Code of Ethics Policy Manual

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. The Department recommends the Code of Ethics Policy be repealed due to establishment of the North Dakota Ethics Commission under North Dakota Constitution Article XIV in 2019. In addition, Chapter 54-66 of the North Dakota Century Code governs ethical considerations of public officials, together with the Administrative Rules of the North Dakota Ethics Commission (which is not an administrative agency) found in Title 115 of the North Dakota Administrative Rules.

Due to the constitution, statutes, and administrative rules in place to address these ethical issues, the Commissioner is requesting the Board repeal of the Board of University and School Lands Code of Ethic Policy.

The first reading of the policy was held at the May 25, 2021 meeting. The Commissioner requested the Board provide input on the proposed policy. Additionally, an open comment period was held and no comments were received.

Recommendation: The Board repeal the proposed North Dakota Board of University and School Lands Ethics Policy – Chapter 2, General.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

Attachment 1: Board of University and School Lands Code of Ethics Policy

BOARD OF UNIVERSITY AND SCHOOL LANDS

CODE OF ETHICS

SECTION I: PREAMBLE

- (A) The proper operation of democratic government requires that Department employees be independent and impartial; that they not use their position to obtain private benefits; that they avoid action which creates the appearance of using public office to obtain a benefit; that they administer state programs and laws in a manner that does not give an advantage to a particular business or person. It also requires that government policy and decisions be made through the established process of government and that the public have confidence in the integrity of its government.
- (B) According to these principles, this Code of Ethics sets forth the Board of University and School Land's standards of conduct and governing statements concerning employment, financial interests, and other matters for State Land Department employees and for those seeking or doing business with the Board or the Land Department.

SECTION II: DEFINITIONS

The following definitions shall be equally applicable to both the singular and the plural forms of any of the terms defined.

Anything of Value: Anything tangible or intangible, from a single Business or Person, within a calendar year, which exceeds a value of one hundred dollars.

Associated: One who has an interest in a Business or Person, not including ownership or control which is through a mutual fund.

Board: The Board of University and School Lands of North Dakota, consisting of the Governor, Attorney General, Secretary of State, Superintendent of Public Instruction and State Treasurer.

Business or Person: An individual, proprietorship, firm, partnership, joint venture, cooperative, joint stock company, syndicate, business trust, estate, company, corporation, association, club, committee, organization, limited liability company, political subdivision or group of persons acting in concert.

Commissioner: As defined in NDCC 15-02-01, is the individual appointed by the Board of University and School Lands to serve as Land Department Administrator.

Compensation: Anything of Value given for services rendered or to be rendered, not including any compensation paid by the state in consideration for services performed, nor reimbursement of approved expenses.

Confidential Information: Information or records which are not public records under the Constitution and laws of North Dakota (applicable statutory provisions attached).

Department: The North Dakota State Land Department.

Employee: All State Land Department personnel. Independent contractors are not considered Employees.

Family Member: An Employee's spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, grandchild, or an individual who is a member of an Employee's household for more than six (6) months in a year.

Outside Employment: Any gainful employment other than the performance of functions and duties related to an Employee's responsibility to the Board or Department.

SECTION III: GENERAL

An Employee should avoid any action which would result in or might create the appearance of:

- (A) Using public office for private gain.
- (B) Giving preferential treatment to any Business or Person.
- (C) Losing independence or impartiality.
- (D) Making decisions outside official channels.
- (E) Creating an adverse effect to the integrity of the Board or Department.

SECTION IV: PROHIBITION OF ACCEPTANCE OF ANYTHING OF VALUE; EXCEPTIONS AND DISCLOSURE

(A) An employee is prohibited from accepting anything of value. In the event that, on more than two occasions in a calendar year, one Business or Person offers the same Employee Anything of Value, written disclosure of the offers must be made as follows:

- (1) Land Department employees to their immediate supervisor
- (2) Supervisors to the Commissioner
- (3) The Commissioner to the Board

At least annually, or at any other time as directed by the Board, the commissioner shall provide the Board with a report concerning written disclosures received.

- (B) Employees may not accept travel, lodging, or meals from a business or person having matters relating to the Board or Department, except from family members, or with the commissioner's approval. Travel, lodging, meals and registration fees as reimbursement for speaker expenses can be accepted with approval of the commissioner.
- (C) An employee is not prohibited from receiving payment of witness fees as provided by N.D. Administrative Code §§ 4-07-16-03, 4-07-16-04, and 4-07-16-06. No disclosure is required for fees received under the terms of this subsection.
- (D) Employees or family members will be allowed to bid on and purchase any equipment, land, or abandoned property that may be offered for sale by the Department, provided that a competitive, public bidding process is used.
- (E) Gifts of less than \$100.00 received by Department personnel from a business or person will be distributed among all employees of the Department via random drawings, or distributed to non-profit organizations.

SECTION V: MISUSE OF OFFICE.

An Employee shall not use state-owned property for any purpose which is not related to their employment or official position, and is not available to the general public, except the incidental use of office equipment, by employees, at the office, is permitted on personal time.

SECTION VI: USE OF CONFIDENTIAL OR OTHER GOVERNMENTAL INFORMATION.

- (A) An Employee shall not use confidential information obtained by them in their official capacity or position with intent to result in personal gain to themselves, a family member, or to any business or person.

- (B) An employee cannot be involved in financial transactions as a result of any information gained, which is not otherwise publicly available, through the employee's official duties or position.

SECTION VII: DISCUSSIONS, DELIBERATIONS AND VOTES.

An employee shall exclude themselves from any discussions, deliberations, negotiations and votes, involving any business or person with whom they are associated. Any abstention, by a Board member concerning matters before the Board, must be recorded in the Board's minutes.

SECTION VIII: LOANS FROM THE BANK OF NORTH DAKOTA

Employees may obtain a loan or loan participation with the Bank. The loan shall involve no preferential treatment with respect to any loan terms. Any employee subject to this provision may not be involved in any decision regarding the loan on behalf of the Bank. The employee may only be involved in the loan on their own behalf. The limitation does not apply to student loans.

SECTION IX: EMPLOYMENT ISSUES

- (A) An Employee shall disclose previous employment with any business or person seeking action from the Board or the Department. Disclosure shall be made in the same manner described in Section IV (A) of this Code of Ethics.
- (B) An Employee may not be involved in making employment or administrative decisions concerning a family member.
- (C) An employee may not engage in outside employment if outside employment interferes with the employee's responsibilities and duties with the department.

SECTION X: PENALTIES

In compliance with state personnel policies, the Commissioner may recommend to the Board that any one or more of the following actions be taken if it is determined that this Code of Ethics has been violated:

- (A) Cease and desist from the activity which is in violation of this Code of Ethics.
- (B) Forfeit the prohibited contribution to the Common Schools Trust Fund.
- (C) Return the prohibited contribution to the contributor.
- (D) Prohibit a business or person from participating in programs of, receiving any benefits from, or contracting with, the Board or the Department.
- (E) Publicly disclose the violation.
- (F) Restrict an employee's duties with regard to a particular activity.
- (G) Impose corrective or disciplinary action including oral or written warnings.
- (H) Place an employee on a special review period or recommend consideration of a suspension without pay.
- (I) Demotion.
- (J) Termination.

SECTION XI: ADVISORY BOARDS, COMMITTEES

Non-employees who have, or have had, an interest in any business or person, with a matter before the Board, shall disclose that fact to the Board before participating on a Board-appointed committee.

SECTION XII: EXCEPTION PROVISION

The Board may make exceptions to this Code of Ethics if the exception is approved at an open Board meeting.

SECTION XIII: REPORTING ILLEGAL ACTIVITIES

Under NDCC 34-01-20, employees who, in good faith, report a violation or suspected violation of federal or state law or rule to an employer, a governmental body, or law enforcement official, shall receive employment protection.

ADDENDA TO THIS CODE OF ETHICS

Pertinent North Dakota Century Code statutes dealing with conflicts of interests/ethics
Pertinent North Dakota Century Code statutes dealing with confidential records (Agency specific)
North Dakota Century Code Chapter 16.1-08 regarding political contributions

HISTORY:

Adopted: January 25, 1996

Amended: April 23, 2010

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: Board of University and School Lands Media Relations Policy Manual

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. The Board requested the Commissioner prepare a Media Relations Policy that seeks to work cooperatively with the media to disseminate information of public interest and concern in an accurate, complete, and timely manner and in harmony with the official position of the Board.

The Department of Trust Lands (Department) has created a draft policy that the Treasurer and Attorney Generals Office is currently reviewing. It is anticipated the Media Relations Policy will be presented to the Board at the July 29, 2021 Board meeting.

Placeholder for Item 3B Attachment

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: Term of the Commissioner of University and School Lands

N.D.C.C. § 15-02-02 provides:

The term of office of the commissioner [of university and school lands] is four years beginning July first of the year following the general election of the governor and ending June thirtieth of the fourth calendar year after appointment or until a successor is appointed and qualified. The commissioner may be removed for cause at any time during the commissioner's term of office, by a vote of four or more board members. Upon vacancy by death, resignation, or removal, the board shall appoint a commissioner for the remainder of the four-year term.

Jodi Smith was appointed as Commissioner on November 27, 2017, a mid-term appointment which will expire on June 30, 2021.

Recommendation:

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 24, 2021

RE: No Net Loss Preliminary Land Sale Approval T136N R86W Section 28 NW1/4, Section 32 N1/2N1/2, Section 36 SE1/4

Trust Land (Attachment 1 - aerial map)

Grant County

Township 136 North, Range 86 West

Section 28: NW¹/₄

Section 32: N¹/₂N¹/₂

Section 36 SE¹/₄

Provided accessible and leasable land (Attachment 2 - aerial map)

Hettinger County

Township 136 North, Range 94 West

Section 20: S¹/₂NE¹/₄, SE¹/₄

The Board of University and School Lands (Board) received an application from Kelly and Lana Moldenhauer for the purchase of approximately 480 acres of trust land in Grant County (see trust land legal description above) as part of a no net loss land sale in accordance with Chapter 85-04-07 and Chapter 85-04-08 of the North Dakota Administrative Code. To meet the requirements of a no net loss land sale, the applicants/purchasers are required to provide land (see provided accessible and leasable land legal description above) as payment.

The properties were evaluated and appraised as part of a no net loss property sale. The attached Land Evaluations (Attachments 3 and 4) contain land and environmental assessment, rental, and appraisal information for these properties. The Requirements of Sale – Sale Criteria Evaluation is also attached (Attachment 5).

The following is a summary of sale criteria (Attachment 5) considered by the Department of Trust Lands in consideration of a no net loss sale in accordance with subsections a through f of N.D.A.C. 85-04-07-02(2) and 85-04-08-02(2).

a. Equal of greater value

Trust Land Value:	Grant County Appraisal	\$262,625
	Allied Appraisals Inc.	\$293,000

Land to be provided:	Allied Appraisals Inc.	\$382,500
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b. Equal or greater income

Annual Rental Income

Trust Land Fair Market Value (FMV) minimum rent Grant County	\$6,726
--	---------

Land to be provided FMV minimum rent Hettinger County	\$6,721
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Land to be provided current private rent Hettinger County	\$9,360
---	---------

Annual Income Return (rent less tax obligations)

Trust Land FMV minimum rent less taxes Grant County	\$6,624
---	---------

Land to be provided FMV minimum rent less taxes Hettinger County	\$5,677
--	---------

Land to be provided current rent less taxes Hettinger County	\$8,586
--	---------

Comments: The highest and best use for the trust land and the land to be provided is agricultural. The trust land in Grant County for which the sale application was received would have an annual income return of \$6,624. The land to be provided in Hettinger County would have a projected annual income, when applying the Board's FMV rent policy, of \$5,677, resulting in an estimated decrease in annual income of \$957 to the various trusts. Using the current cash rent value (obtained from applicant) there would be an annual income of \$8,586, resulting in an estimated increase in annual income of \$1,962 to the various trusts. It should be noted that the FMV minimum rent is lower because the major soil, Vebar-Cohagen, has a low cropland productivity index which results in the average cropland rental rate for Hettinger County being adjusted downward. The current rental rate of \$40 per acre (\$9,360) is indicative of good demand to rent cropland and a willingness for prospective lessees to pay average to above average rental rates for lower producing cropland.

- c. Acreage. A no net loss sale should result in the board receiving equal or greater acreage. The board may, however, consider receiving less acreage in return for one or more of the following:
 - (1) Improved dedicated access;
 - (2) Substantially higher value; or
 - (3) Substantially higher income.

Comments: Although this transaction would not result in the Board receiving equal or greater acreage, the land to be provided has excellent dedicated access when compared to the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 32 and the SE $\frac{1}{4}$ of Section 36. The land to be provided is of higher value than trust land (\$382,500 versus \$293,000) and would provide similar income (\$5,677 versus \$6,624) using the Board's FMV rent policy and greater income (\$8,586 versus \$6,624) using the current private rental rate.

- d. Consolidation of trust lands. The proposed no net loss sale must not fragment trust land holdings by creating isolated parcels of trust land. In all no net loss sales, the Board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

Comments: The proposed no net loss sale will not fragment trust land holdings by creating an isolated parcel of trust land. All minerals underlying the trust lands would be reserved pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

- e. Potential for long-term appreciation. The proposed no net loss sale must have similar revenue potential as the trust lands.

Comments: The potential long-term appreciation for the land tracts involved in this sale would be similar for this proposed no net loss sale.

- f. Access. A no net loss sale must not diminish access to trust lands. The no net loss land should provide equal or improved access.

Comments: The land to be provided has excellent dedicated access. This land is 1 $\frac{1}{2}$ miles west of the Enchanted Highway and has a good County gravel road (St. Michaels Road) with access approaches along the south side of the tract and good section line access trails along the east and north sides of the tract. Two of the three proposed sale tracts do not have improved dedicated access. The N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 32 is an isolated tract which requires access permission across surrounding private land. Access to the SE $\frac{1}{4}$ of Section 36 from the west would be across private land, while access from the east would be by section line

trail to the southeast corner. The NW¼ of Section 28 has excellent dedicated access as a County Road traverses the tract (58th St SW).

Land adjacent to the proposed land is Wildlife Habitat to the north and east, as the United States Bureau of Reclamation owns the entire section 21 (640 acres), three quarters of section 22 (480 acres) to the east. Land to the north of Section 20 the S½ of Section 17 is owned by the Mott 30 Mile Creek Hunt Club. Land to the south and west is privately owned land used for cropland production.

Per N.D. Admin. Code § 85-04-07-03(3) and N.D. Admin. Code § 85-04-08-03(4) concerning the sale procedure:

Upon a determination that the application covers a tract the board is willing to sell, the department shall post on the department's website a notice of the application for sale, any supporting documentation, and instructions for submitting public comments. The department also shall publish notice of a letter of application for sale in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune. Notice must be published once each week for three consecutive weeks prior to the deadline for comments. The notice must contain the legal description of the proposed tract and the deadline for comments. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled comment period if it appears the omission or error is not prejudicial to the department's interest. All comments must be in writing and contain the following:

- a. Name and address of the interested person;
- b. Applicant's name and address;
- c. The legal description of the proposed tract for sale as shown on the published notice; and
- d. A detailed statement as to whether the interested person supports or opposes the sale.

After public comment and in accordance with N.D. Admin. Code § 85-04-07-03 and N.D. Admin. Code § 85-04-08-03, the board shall review all appraisals, any public comments, other relevant information including title examinations, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price.

Recommendation: **The Board authorizes the Commissioner to post for public comment on the Department's website a notice of the application for sale, any supporting documentation, and instructions for submitting public comments regarding the sale. The Board also authorizes the Commissioner to publish notice of a letter of application for sale in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

Trust Land

Grant County

Township 136 North, Range 86 West

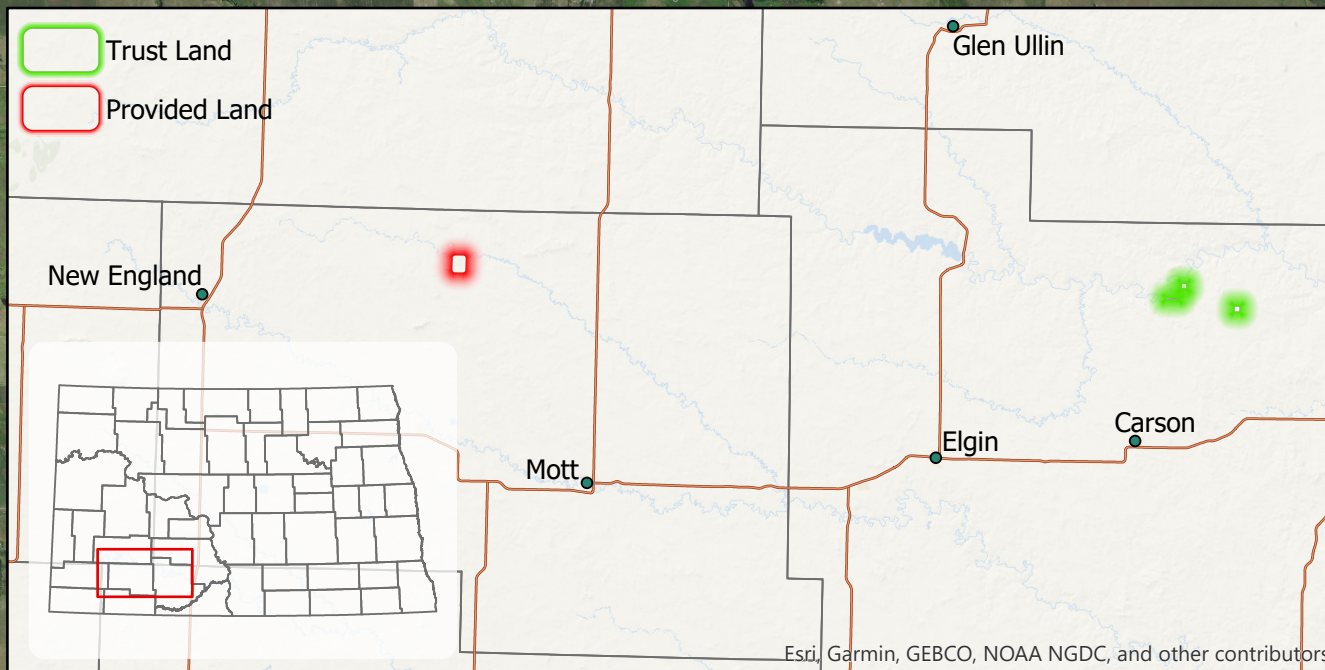
Section 28: NW¼

Section 32: N½N½

Section 36: SE¼



0 0.75 1.5 Miles



Provided Accessible and Leasable Land

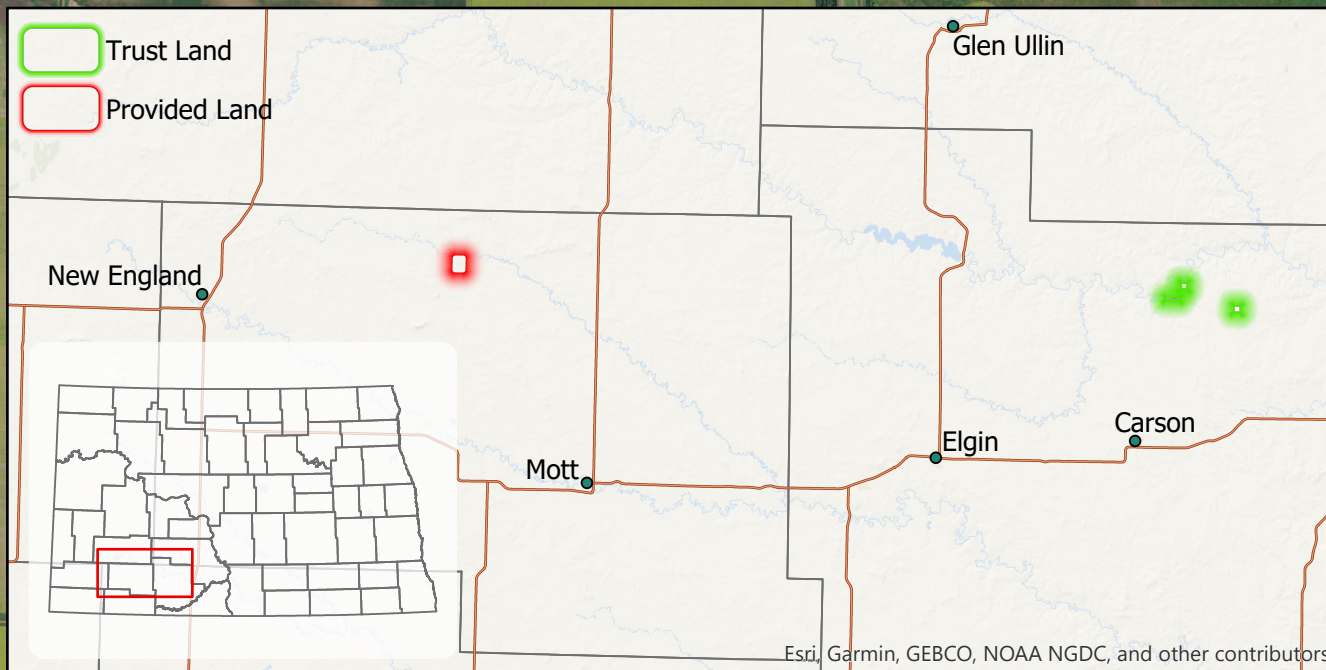
Hettinger County

Township 136 North, Range 94 West

Section 20: S1/2NE1/4, SE1/4



0 0.25 0.5 Miles



Land Evaluation – Trust Land

ND Department of Trust Lands

Trust Land Legal Description:

Grant County – Tract 1

Township 136 North, Range 86 West

Section 28: NW¼

Tract Access: This land is located approximately 11 miles north of Carson North Dakota. An improved road bisects this tract running from northwest to the southeast and severs approximately 43 acres. The exact acreage is unknown because there is no survey for the road which existed prior to being acquired through foreclosure. Tract 1 aerial map is attached.

Landscape Terrain: The area northeast of the road has moderately sloping and strongly sloping terrain having slopes ranging from 6 – 15% slopes, being dissected by many small drainageways. The area southwest of the road has moderately steep to very steep terrain having slopes ranging from 9 – 35% being dissected by intermittent drainageways. Tract 1 topographic map is attached.

Land Use Acres: The entire acreage except for the road is used as grassland.

Fence Improvement: The area northeast of the road is fenced separately from the adjacent private land. The area southwest of the road is fenced only along the road and is open to the adjacent private land. These fences are owned by the current trust land surface lessee.

Developed Land Improvements: No developed permanent land improvements (livestock water developments).

Trash: No trash has been reported on this tract on past department field inspections.

Natural Water Resources: None

Vegetation Present: Native rangeland vegetation with needle and thread grass, needle leaf sedge, sand bluestem, sideoats grama and bluestem with Kentucky bluegrass invading

Noxious Weeds: Leafy spurge has been reported.

Soil Capability, Productivity and Erosion Potential: This tract of land is dominated by Vebar-Flasher-Tally soil complex 9 to 15 percent slopes. The soils in this complex are intricately intermixed or so small that mapping them separately is not practical. Permeability is moderately rapid in the Vebar and Tally soils, rapid in the Flasher soil. Runoff is medium on both soils. Available water capacity is low in the Vebar and Tally soils and very low in the Flasher soil. The land capability classification is Vle. The ecosite of the Vebar and Tally is Sandy, and that of the Flasher soil is Very Shallow. This soil is most used for rangeland pasture. The cropland productivity for this soil is 0 which means this soil is not recommended for cultivation. Tract 1 soils map is attached.

Trespass / Encroachment: None noted.

Environmental Hazards: No environmental hazards have been reported on this tract on past department field inspections.

Protected Types: None noted on past department land inspections.

Potential Use: Grazed or hayed grassland.

Comments: Area southwest of road is good wildlife habitat.

Adjacent Land Use: Rangeland used as pasture with some cropping on the more level higher producing soils.

Appraised Value:

Allied Appraisals of ND, Inc Certified General Appraiser developed an opinion of market value for the property exchange. The market value as of 2/25/2021 is:

\$99,000 Ninety-nine thousand dollars

Title History (Surface):

This tract was acquired through foreclosure of the James N. Lester Farm Real Estate Loan and Mortgage, with the sheriff's deed issued on January 27, 1927. This tract was assigned to the North Dakota State University Trust.

Encumbrances (Surface): County Road

Are there any restrictive Covenants: None known.

Surface Lease History:

2018 to present	Kelly Moldenhauer \$1,749
2013 – 2017	Kelly Moldenhauer \$1,321
2008 – 2012	Kelly Moldenhauer \$1,046

Title History (Minerals): Minerals to be reserved by applicant.

Minerals: None noted.

Mineral Lease History:

Past Mining: None found.

Overall/General Evaluation Comments: Well managed pasture with a good population of native mid-grasses along with Kentucky bluegrass in the swales. Forage utilization is uniform. No Leafy Spurge found north of road but a fair amount is present south of the road.

Revenue Projections:**Current FMV Minimum Rent:**

\$1,749

Projected Annual Income from Tract using Board's FMV:

Anticipated Minimum Lease Rate: \$1,749.00

Less Road and Bridge (\$34.00)

Projected Annual Income \$1,715.00

Any potential long-term value that could be realized:

Land appreciation

Any potential risks to tract value as a Trust asset

Comments: Limited to no risks as a Trust asset

Attached Maps

Aerial map

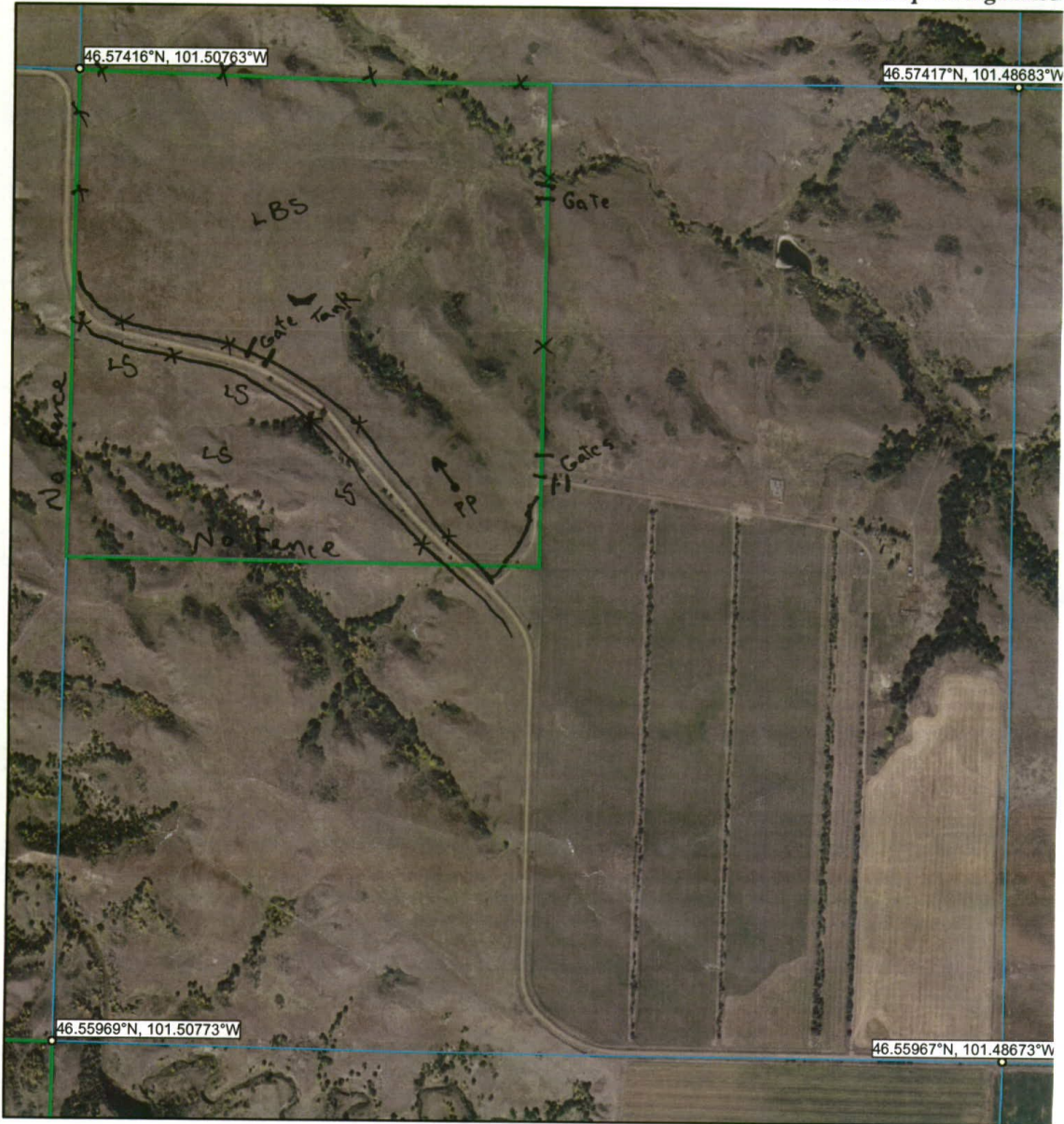
Topographic Map

Soils Map

Aerial Map

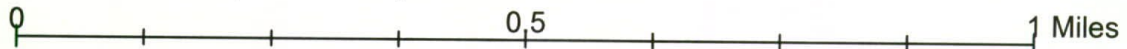
28-T136-R86

Grant County
Township: Unorganized



Map printed: 5/31/2016 North Dakota State Land Department

Map Datum is WGS 84 (same as NAD 83)



Printed: 5/31/2016 -- ND State Land Dep

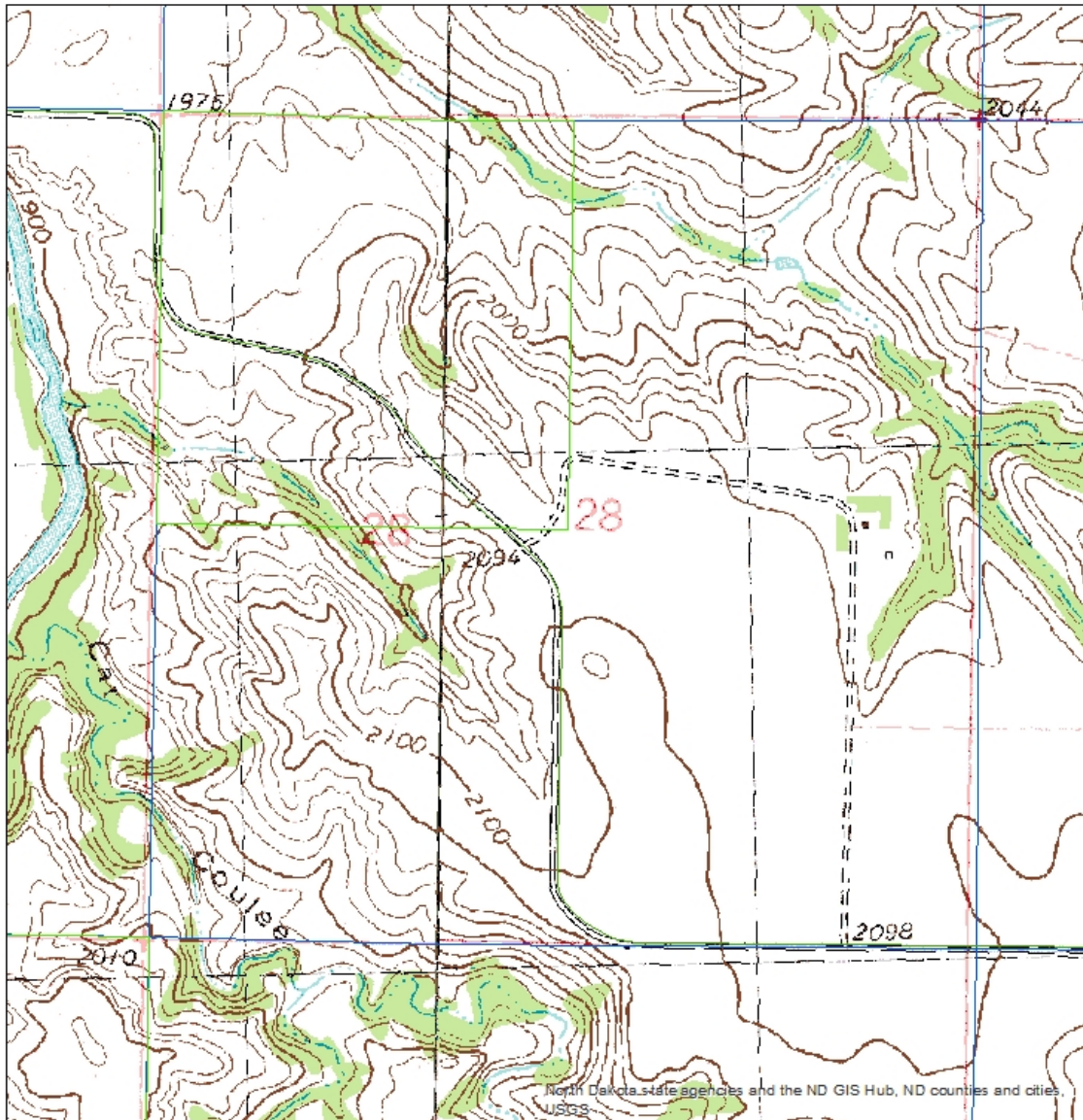


8/31/14

Topographic Map

28-T136-R86

GRANT County



Map Datum is WGS 84 (same as NAD 83)

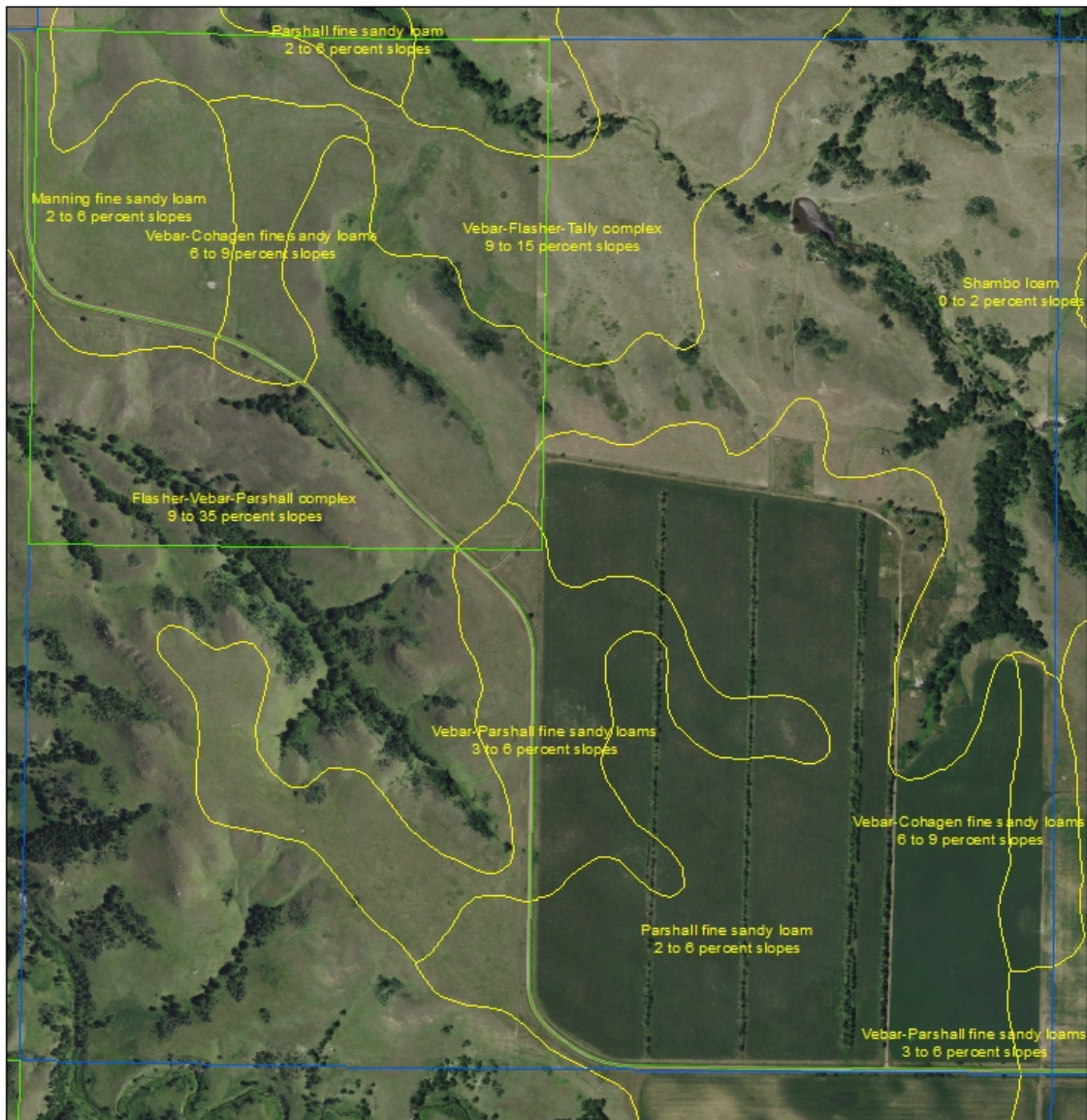
0 0.5 1 Miles

Printed: 8/6/2019 -- ND State Land Dept.

Soils Map

28-T136-R86

GRANT County



Map Datum is WGS 84 (same as NAD 83)

0 0.5 1 Miles

Printed: 8/6/2019 -- ND State Land Dept.

Trust Land Legal Description:**Grant County – Tract 2**

Township 136 North, Range 86 West

Section 32: N½N½

Tract Access: This land is located approximately 11 miles north of Carson North Dakota. Access is extremely difficult. The Heart River prevents access from the west while steep topography makes access difficult but not impossible along the section line from the east. The section line to the east is walkable and is well marked by fence lines. However, a very steep slope on the east side of this tract requires climbing by hanging onto brush. This tract is surrounded on the north, west and south by Moldenhauer land. The only private land not owner by Moldenhauer is to the east and livestock would not be able to climb the extremely steep slope form the east. Access to this tract by the public can only gained by obtaining permission to cross Moldenhauer land.

Landscape Terrain: This tract has moderately steep to very steep terrain having slopes ranging from 9 – 35% being dissected b intermittent drainageways. Tract 1 topographic map is attached.

Land Use Acres: The entire acreage is used as grassland.

Fence Improvement: There is a fence near and along the north and east boundaries of this tract the south and west borders are not fenced and are open to the adjacent private land. The fences are owned by the current trust land surface lessee.

Developed Land Improvements: No developed permanent land improvements (livestock water developments).

Trash: No trash has been reported on this tract on past department field inspections.

Natural Water Resources: None

Vegetation Present: A mix of native and tame mid-grasses.

Noxious Weeds: Leafy spurge is getting established in one ravine.

Soil Capability, Productivity and Erosion Potential: This tract of land is dominated by Flasher-Vebar-Parshall soil complex 9 to 35 percent slopes. The soils in this complex are intricately intermixed or so small that mapping them separately in not practical. Permeability is rapid in the Flasher soil and moderately rapid in the Vebar and Parshall soils. Runoff is rapid. Available water capacity is low in the Vebar and Parshall soils and very low in the Flasher soil. The land capability classification is VIle. The ecosite of the Vebar and Parshall is Sandy, and that of the Flasher soil is Very Shallow. This soil is most used for rangeland pasture. This soil is not suited for cultivation. Tract 1 soils map is attached.

Trespass / Encroachment: None noted.

Environmental Hazards: No environmental hazards have been reported on this tract on past department field inspections.

Protected Types: None noted on past department land inspections.

Potential Use: Grazed and hayed grassland.

Comments: Tract provides good wildlife habitat.

Adjacent Land Use: Rangeland used as pasture with some cropping on the more level higher producing soils.

Appraised Value:

Allied Appraisals of ND, Inc Certified General Appraiser developed an opinion of market value for the property exchange. The market value as of 2/25/2021 is:

\$93,000 Ninety-three thousand dollars

Title History (Surface):

This tract was acquired through foreclosure of the Mina H. Aasved Farm Real Estate Loan and Mortgage, with the sheriff's deed issued on August 3, 1935. This tract was assigned to the Common Schools Trust.

Encumbrances (Surface): None

Are there any restrictive Covenants: None known.

Surface Lease History:

2021 to present	Kelly Moldenhauer \$2,760
2016 – 2020	Kelly Moldenhauer \$1,987
2011 – 2015	Kelly Moldenhauer \$1,538

Title History (Minerals): Minerals to be reserved by applicant.

Minerals: None noted.

Mineral Lease History:

Past Mining: None found.

Overall/General Evaluation Comments: Tract receives periodic grazing use and is partially hayed each year. Grassland use is slight in areas that are not hayed.

Revenue Projections:**Current FMV Minimum Rent:**

\$2,760

Projected Annual Income from Tract using Board's FMV:

Anticipated Minimum Lease Rate:	\$2,760.00
Less Road and Bridge	(\$34.00)
Projected Annual Income	\$2,726.00

Any potential long-term value that could be realized:

Land appreciation

Any potential risks to tract value as a Trust asset

Poor access creates a risk.

Attached Maps

Aerial map

Topographic Map

Soils Map

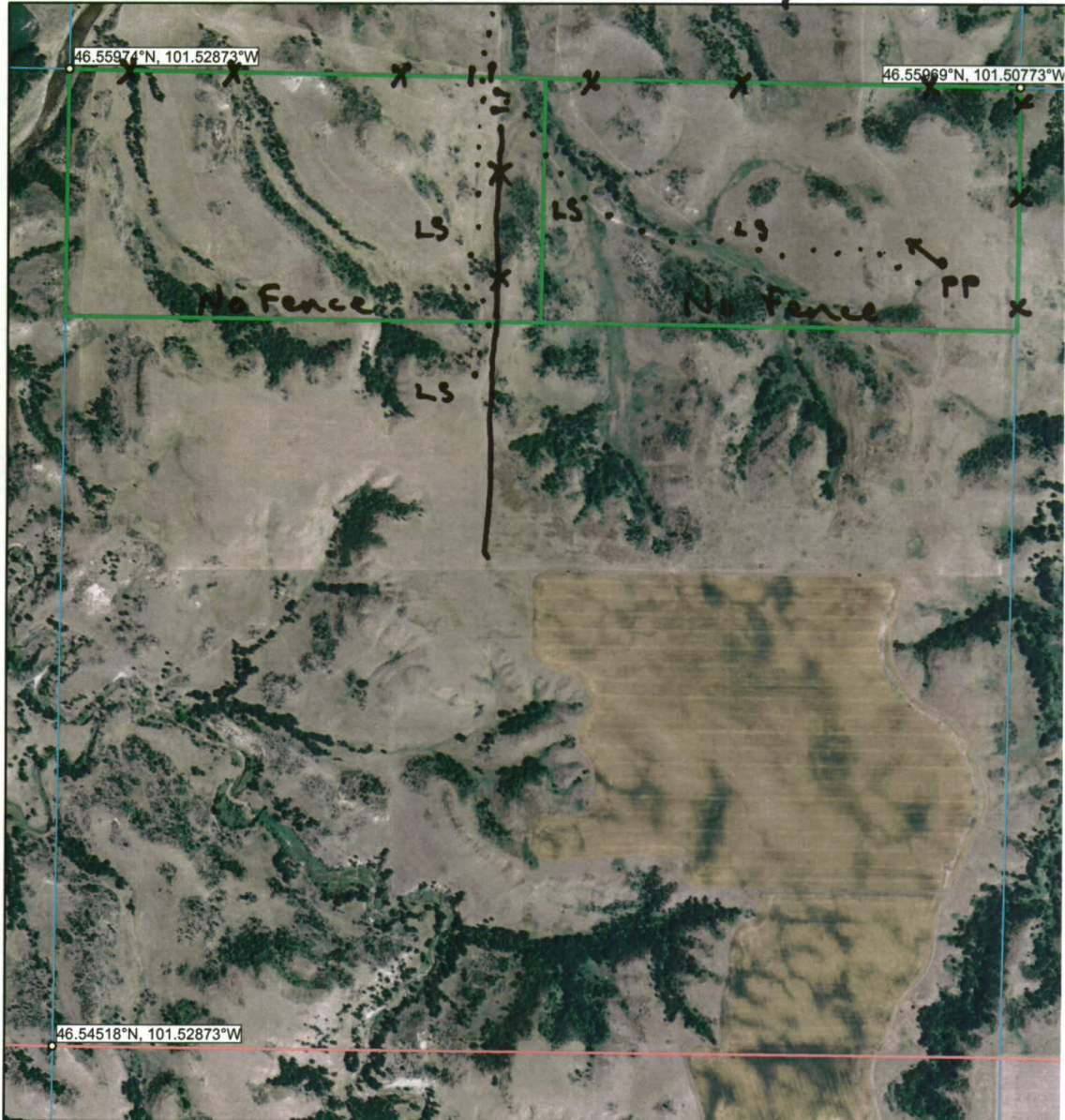
Aerial Map

32-T136-R86

Grant County

Township: Unorganized

To ↑ River crossing

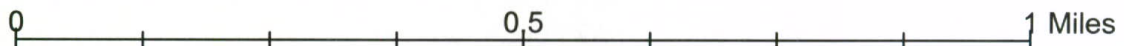


Map printed: 6/6/2014 North Dakota State Land Department

10/20/14



Map Datum is WGS 84 (same as NAD 83)

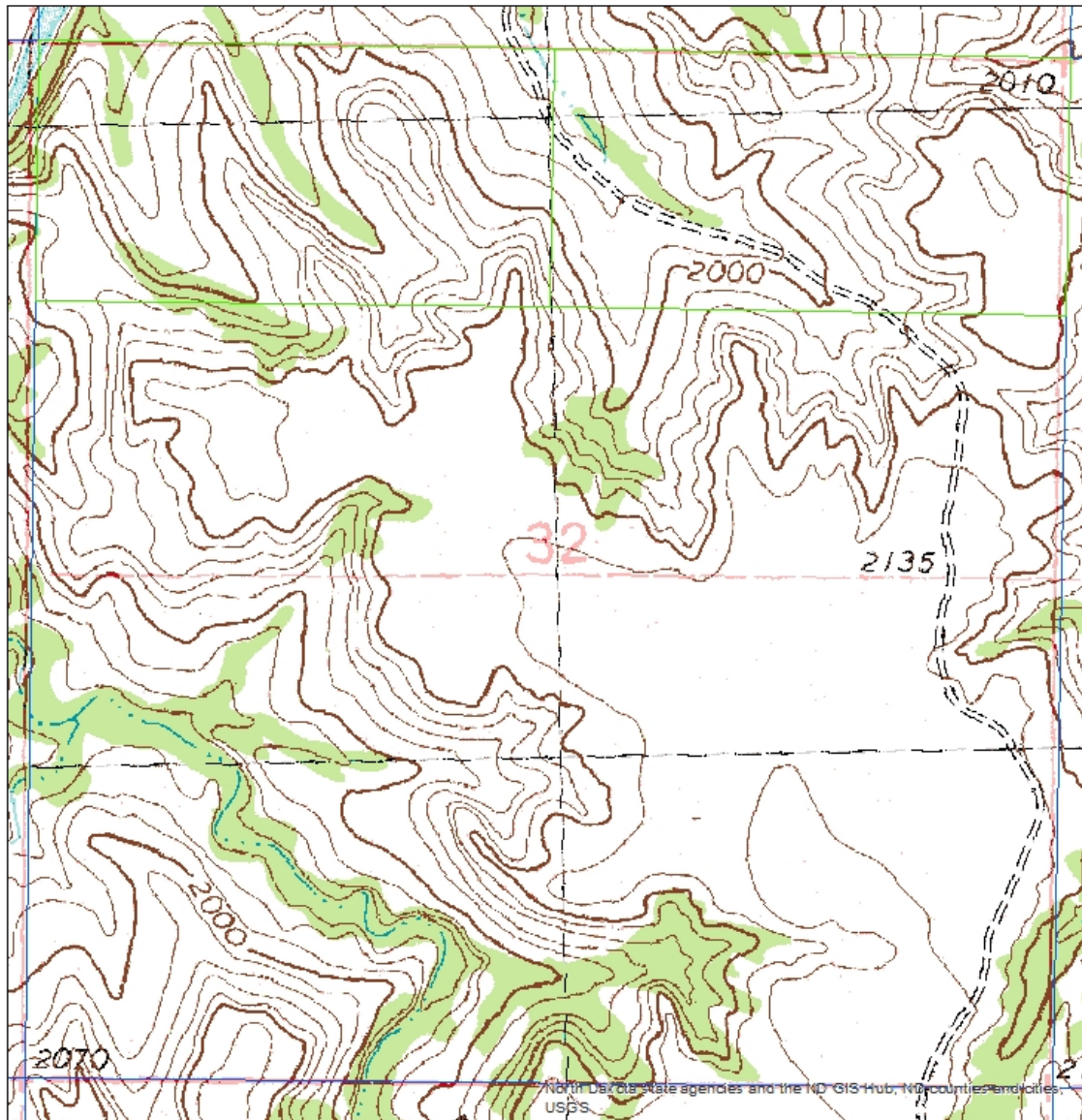


Printed: 6/6/2014 -- ND State Land Dep

Topographic Map

32-T136-R86

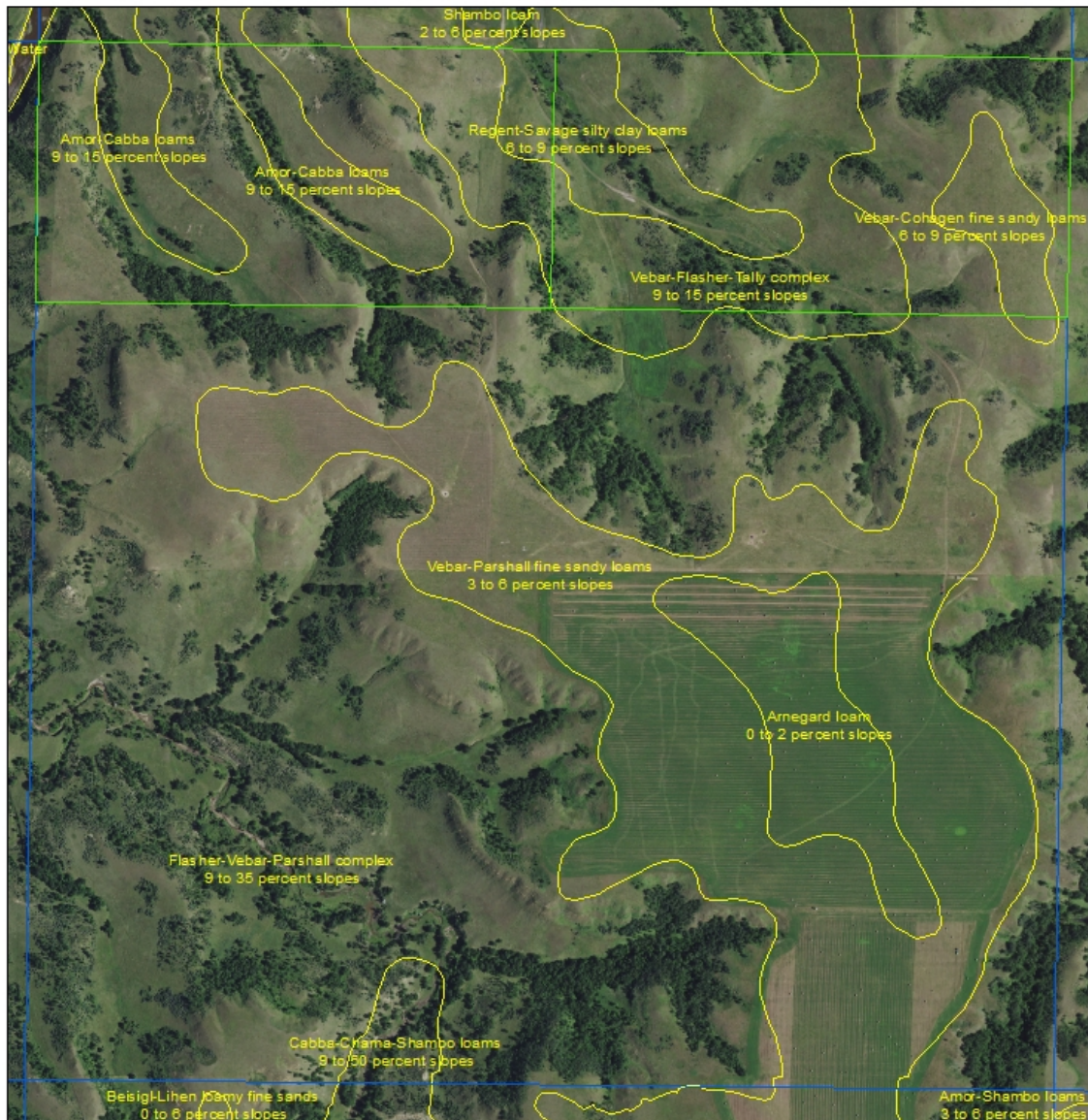
GRANT County



Soils Map

32-T136-R86

GRANT County



Map Datum is WGS 84 (same as NAD 83)

0 0.5 1 Miles

Printed: 8/6/2019 -- ND State Land Dept.

Trust Land Legal Description:

Grant County – Tract 3

Township 136 North, Range 86 West

Section 36: SE¼

Tract Access: This land is located approximately 11 miles northeast of Carson North Dakota. An impassable low area obstructs section line access from the west. Access from the west is through private land. Access from the east is along a section line trail along the south side of section 31 to a gate in the southeast corner of Section 36. Tract 1 aerial map is attached.

Landscape Terrain: This tract has rolling terrain having moderate slopes that range from 6 – 95. Tract 1 topographic map is attached.

Land Use Acres: The entire acreage is used as pastured grassland.

Fence Improvement: The tract is fenced on the north, south and east sides with west side being open to private land to the east. The fences are owned by the current trust land surface lessee.

Developed Land Improvements: No developed permanent land improvements (livestock water developments). Livestock obtain water from adjoining private land to the west.

Trash: No trash has been reported on this tract on past department field inspections.

Natural Water Resources: None

Vegetation Present: Very vigorous stand of desirable native rangeland vegetation with needle and thread grass, needle leaf sedge, sand bluestem, sideoats grama and bluestem with Kentucky bluegrass and brome grass invading.

Noxious Weeds: No noxious weeds noted.

Soil Capability, Productivity and Erosion Potential: This tract of land is dominated by Vebar-Cohagen fine sandy loams. Permeability is moderately rapid, and runoff is medium. Available water capacity is low. The land capability classification is IVe. The ecosite is Sandy. This soil is mostly used for cropland but controlling soil blowing and water erosion are major management concerns if cultivated crops are grown. Pastured grassland is a proper use of this soil. Tract 1 soils map is attached.

Trespass / Encroachment: None noted.

Environmental Hazards: No environmental hazards have been reported on this tract on past department field inspections.

Protected Types: None noted on past department land inspections.

Potential Use: Grazed or hayed grassland.

Comments: Good grassland pasture.

Adjacent Land Use: Rangeland used as pasture with some cropping on the more level higher producing soils.

Appraised Value:

Allied Appraisals of ND, Inc Certified General Appraiser developed an opinion of market value for the property exchange. The market value as of 2/25/2021 is:

\$101,000 One hundred one thousand dollars

Title History (Surface):

This tract was granted at statehood for the support of the Common Schools Trust.

Encumbrances (Surface): None

Are there any restrictive Covenants: None known.

Surface Lease History:

2017 to present	Kelly Moldenhauer \$2,217
2012 – 2016	Kelly Moldenhauer \$1,660
2007 – 2011	Kelly Moldenhauer \$1,315

Title History (Minerals): Minerals to be reserved by applicant.

Minerals: None noted.

Mineral Lease History:

Past Mining: None found.

Overall/General Evaluation Comments: Well managed pasture with a good population of native mid-grasses along with Kentucky bluegrass in the swales. Forage utilization is uniform. No noxious weeds noted.

Revenue Projections:**Current FMV Minimum Rent:**

\$1,749

Projected Annual Income from Tract using Board's FMV:

Anticipated Minimum Lease Rate: \$2,217.00

Less Road and Bridge (\$34.00)

Projected Annual Income \$2,183.00

Any potential long-term value that could be realized:

Land appreciation

Any potential risks to tract value as a Trust asset

Comments: Limited to no risks as a Trust asset

Attached Maps

Aerial map

Topographic Map

Soils Map

Attached Maps

Aerial map

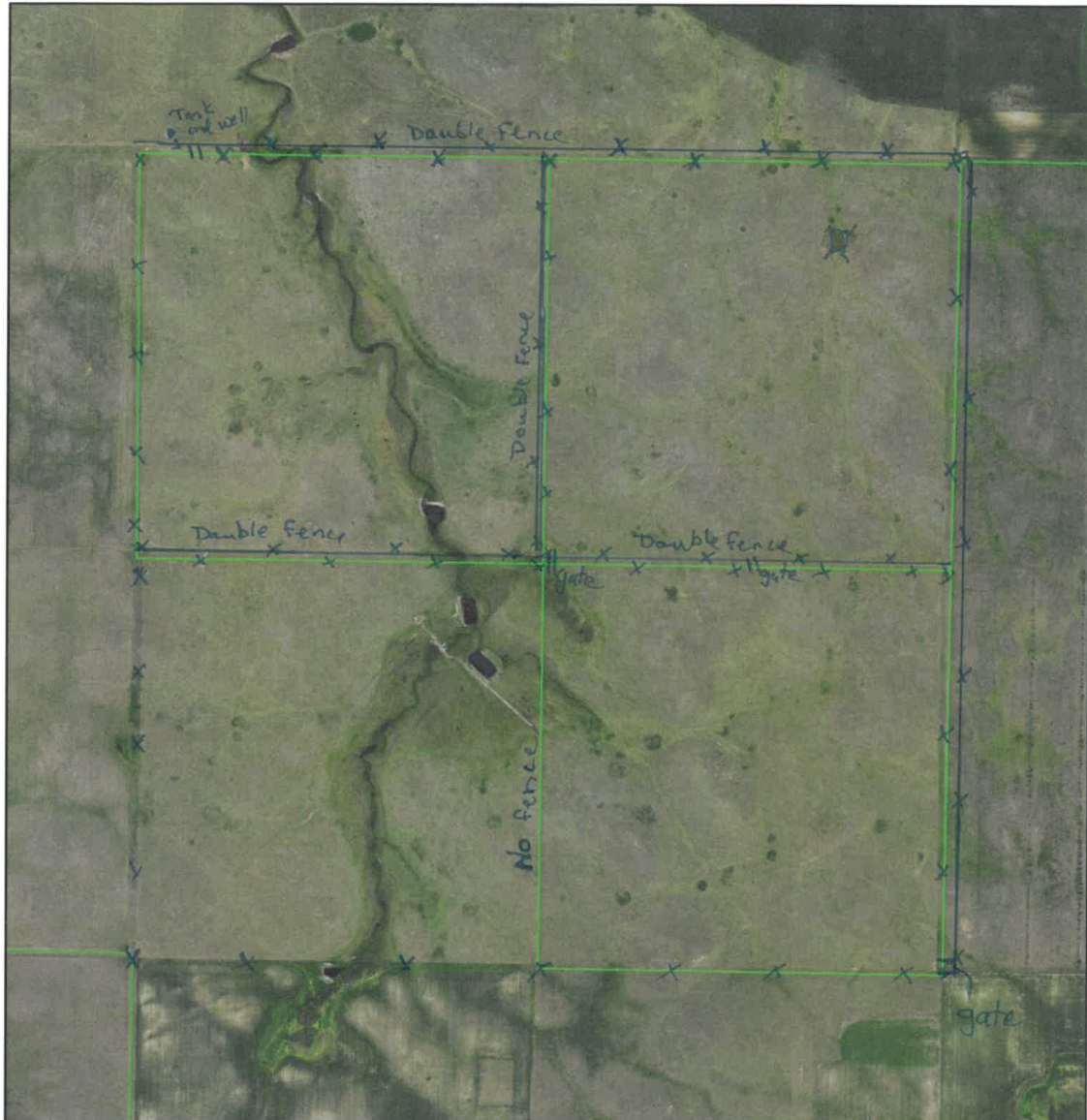
Topographic Map

Soils Map

Aerial Map

36-T136-R86

GRANT County



Map Datum is WGS 84 (same as NAD 83)

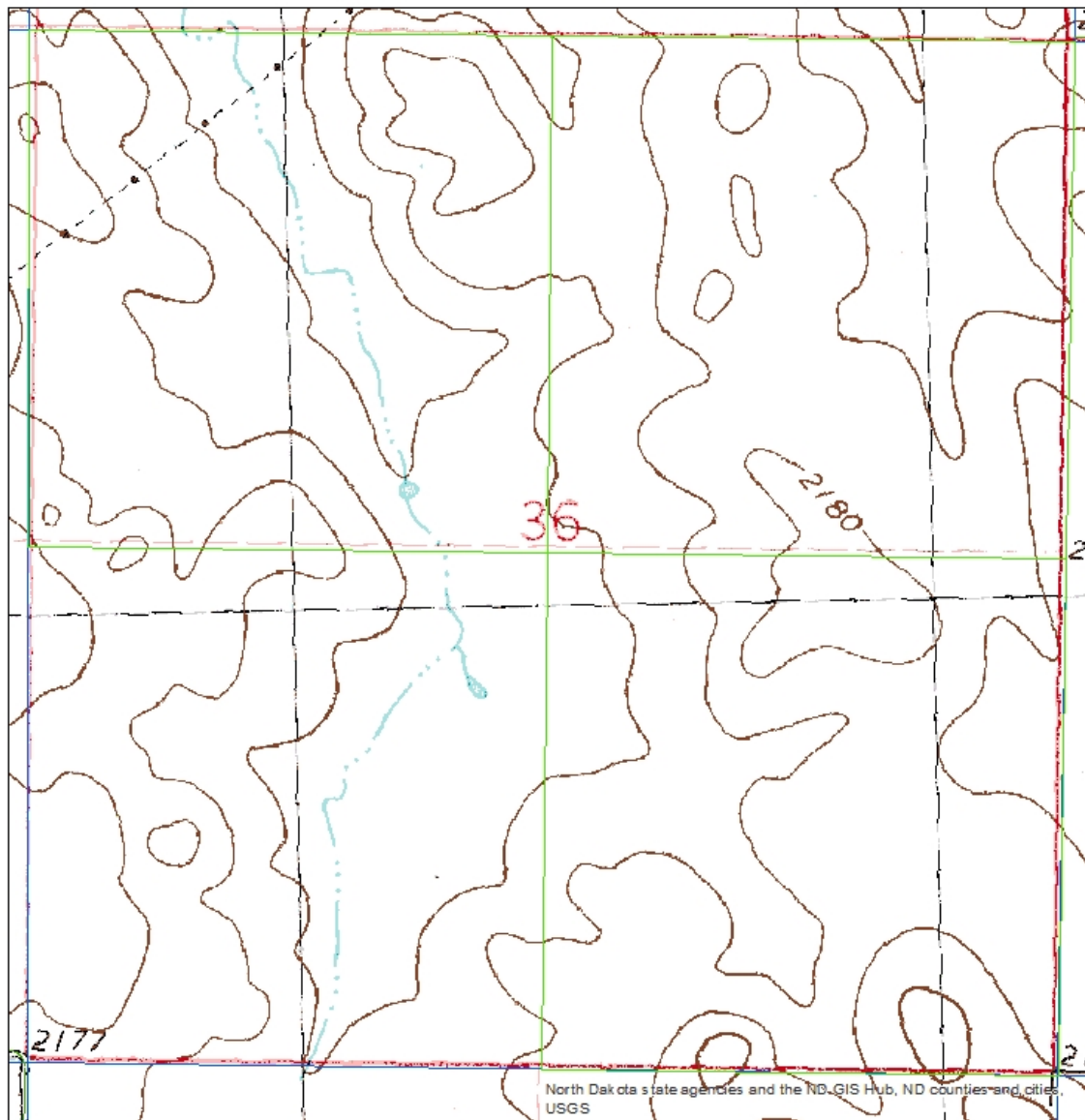
0 0.5 1 Miles

Printed: 8/6/2019 -- ND State Land Dept.

Topographic Map

36-T136-R86

GRANT County



Map Datum is WGS 84 (same as NAD 83)

0 0.5 1 Miles

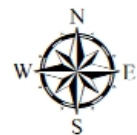
Printed: 8/6/2019 -- ND State Land Dept.



Soils Map

36-T136-R86

GRANT County



Map Datum is WGS 84 (same as NAD 83)

0 0.5 1 Miles

Printed: 8/6/2019 -- ND State Land Dept.

Land Evaluation – Land to be Provided

ND Department of Trust Lands

Proposed Land to be provided legal Description:

Hettinger County

Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼

Tract Access: This land is located 10 miles north Regent North Dakota on paved Highway 103 AVE SW (Enchanted Highway) and 1½ miles east on the St. Michael's Rd. There is a good County gravel road on the south side of the property and good section line trails along the east and north sides of the property. An approach off the County allows for good access along the south side of the property. The section lines along the east and north sides of the property also provide good access for agricultural use (see attached aerial map).

Landscape Terrain: This tract has rolling terrain having moderately sloping (6 – 9%) soils on the uplands with the dominant slopes being 9%. The tract is crossed by shallow to moderately deep drainage ways. The upland side slopes are moderately long and smooth (see attached topographic map).

Land Use Acres: Cropland 234 acres, non-cropland 1.5 acres, County Road and section line 4.5 acres.

Fence Improvement: No Fences

Developed Land Improvements: There is an abandoned building (no functional value) and abandoned water well in the south-central part of the tract approximately 50 yards north of the gravel road.

Trash: No trash was noted.

Natural Water Resources: None

Vegetation Present: The entire tract is cropped with there being 2020 canola crop stubble remaining.

Noxious Weeds: No noxious weeds were noted.

Soil Capability, Productivity and Erosion Potential: This tract of land is dominated by Vebar-Cohagen fine sandy loams 6 to 9 percent slopes. The slopes are predominately 9%. The two soils are intricately intermingled lending is impractical to map them separately. The moderately deep, well drained Vebar soil is on side slopes. It has convex, moderately long, smooth slopes. The shallow, somewhat excessively drained Cohagen soil is on knobs and ridges and has convex, short, smooth slopes. Included with these soils are small areas of Arnegard, Parshall, and Heil soils in swales. Permeability is moderately rapid in the Vebar soil and rapid in the Cohagen soil. Runoff is medium on both soils. Available water capacity is low in the Vebar soil and very low in the Cohagen soil. Although most of the Vebar-Cohagen soil is used for cropping, this soil is highly erodible and has a low cropland productivity rating (44 out of 100). The hazard of soil blowing is severe, and that of water erosion is moderate. This soil is mostly used for cropland but controlling soil blowing and water erosion are major management concerns if cultivated crops are grown (see attached soils map).

Trespass / Encroachment: None noted.

Comments: Land would need to be surveyed to prevent encroachment and establish the west and north boundary as currently the section is farmed as one entire cropping unit.

Environmental Hazards: The abandoned well is a potential environmental hazard being a point source pollution hazard to ground water and should be decommissioned to remediate this potential environmental hazard. The outbuilding although not an environmental hazard should be demolished.

Protected Types: None noted (entire tract has had tillage disturbance)

Potential Use: Hayland is a potential use as well as grassland for wildlife habitat.

Comments: The revenue return from the cropland and hayland uses would be less than the revenue generated from the current cropland use.

Adjacent Land Use: Wildlife Habitat to the north and east, agricultural crop land to the south and west (see attached map)

Comments: The United States Bureau of Reclamation owns the entire section 21 (640 acres) and 3 quarters of section 22 (480 acres land to the east). The Land to the north (S½ of section 17 320 acres) is owned by the Mott 30 Mile Creek Hunt Club. Land to the south and west is in private ownership.

Appraised Value:

Allied Appraisals of ND, Inc Certified General Appraiser developed an opinion of market value for the property exchange. The market value as of 3/23/2021 is:

\$382,500 Three hundred eighty-two thousand five hundred dollars

Title History (Surface): (Title opinion to be completed at a later date)

Encumbrances (Surface):

Are there any restrictive Covenants?

Surface Lease History:

Title History (Minerals): Minerals to be reserved by applicant.

Past Mining: None found.

Overall/General Evaluation Comments: Below average producing cropland in good cultural condition.

FMV Minimum Lease Rate Calculation

$$=(((0.44/0.66)*(41.67*0.95))*234) + (0.05*240)$$
$$= \$6,186$$

Cropland Minimum Rent (Hettinger County floor)
Hettinger County crop minimum \$28.67
= \$28.67*234 + (0.05*240)
= **\$6721 Fair Market Minimum Rent**

Revenue Projections:

Anticipated Fair Market Value Minimum annual rent:
\$6,552
Current Lease annual rent

\$9,630

Appraisal Income Approach annual rent:

\$10,530

Projected Annual Income from Tract using Board's FMV:

Anticipated annual rent	:	\$9,630.00
Less Real Estate Taxes (\$4.35*240)		<u>(\$1,044.00)</u>
Projected Annual Income		\$8,586.00

Any potential long-term value that could be realized:

Land appreciation

Any potential risks to tract value as a Trust asset

Comment: Limited to no risks as a Trust asset

Attached Maps

Aerial map

Topographic Map

Soils Map

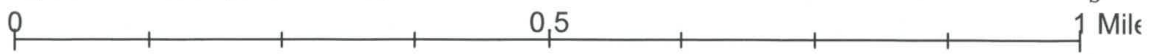
Aerial Map

20-T136-R94

HETTINGER County



Map Datum is WGS 84 (same as NAD 83)



Printed: 8/6/2019 -- ND State Land Dept.

Topographic Map

20-T136-R94

HETTINGER County



Map Datum is WGS 84 (same as NAD 83)



Printed: 8/6/2019 -- ND State Land Dept.

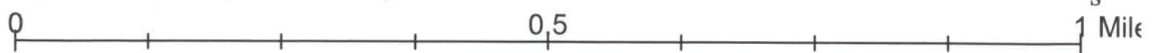
Soils Map

20-T136-R94

HETTINGER County



Map Datum is WGS 84 (same as NAD 83)



Printed: 8/6/2019 -- ND State Land Dept.

Requirements of Sale – Sale Criteria Evaluation

1. The proposed sale would result in no net loss of leasable original grant lands;
2. The applicant agrees to provide accessible and leasable land equal or greater in acres and value to the trust form which the original grant land were sold for which the department then shall consider the criterial listed below in subsections a through f in any no net loss sale. Land provided for a no net loss sale is not required to satisfy all six criteria outlined below.

a. Equal or greater value

Value - Land Sale application parcels

Grant County Appraisal Values

Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$86,625
Section 32: N½N½	\$88,000
Section 36: SE¼	<u>\$88,000</u>
Total	\$262,625

Allied Appraisals Inc. Values

Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$99,000
Section 32: N½N½	\$93,000
Section 36: SE¼	<u>\$101,000</u>
Total	\$293,000

Value - Land to be provided

Allied Appraisals Inc. Value

Hettinger County Township 136 North, Range 94 West

Section 20: S½NE4, SE4	<u>\$382,500</u>
Total	\$382,500

b. Equal or greater income

Land Sale application Fair Market Value minimum rent

Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$1,749
Section 32: N½N½	\$2,760
Section 36: SE¼	<u>\$2,217</u>
Total	\$6,726

Road and Bridges Service Fee (In lieu tax)Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$34
Section 32: N½N½	\$34
Section 36: SE¼	\$34

Land to be provided Fair Market Value minimum rentHettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	<u>\$6,721</u>
Total	\$6,721

Land to be provided current private rental valueHettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	<u>\$9,360</u>
Total	\$9,360

Real Estate Property TaxHettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	\$1,044
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Projected Income (FMV Minimum Rent less taxes)Grant County Township 136 North, Range 86 West

Section 28: NW¼	\$1,715
Section 32: N½N½	\$2,726
Section 36: SE¼	<u>\$2,183</u>
Total	\$6,624

Hettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	<u>\$5,677</u>
Total	\$5,677

Projected Income (current private rental rate)Hettinger County Township 136 North, Range 94 West

Section 20: S½NE¼, SE¼	<u>\$8,586</u>
Total	\$8,586

Comments: The highest and best use for the trust land and the land to be provided is agricultural. The sale application trust land applying the Board's FMV rent policy has a current annual rent income of

\$6,624. The land to be provided would have a projected annual income when **applying the Board's FMV rent policy of \$5,677**, resulting in a **decreased annual income of \$947** to the various trusts. Using the **current cash rent value** (obtained from applicant) would result in an annual income of \$8,586 and **an increase of \$1,962 in annual income** to the various trusts.

- c. Acreage. A no net loss sale should result in the board receiving equal or greater acreage. The board may, however, consider receiving less acreage in return for one or more of the following:
 - (1) Improved dedicated access;
 - (2) Substantially higher value; or
 - (3) Substantially higher income.

Comments: Although this transaction would not result in the Board receiving equal or greater acreage, the land to be provided has excellent dedicated access when compared to 2 of the 3 sale tracts. The land to be provided is of higher value (\$382,500 versus \$293,000) and would provide similar income (\$5,665 versus \$6,624) using Board FMV rent policy and greater income (\$8,586 versus \$6,624) using the current private rental rate.

- d. Consolidation of trust lands. The proposed no net loss sale must not fragment trust land holdings by creating isolated parcels of trust land. In all no net loss sales, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

Comments: The proposed no net loss sale will not fragment trust land holdings by creating an isolated parcel of trust land. All minerals underlying the trust lands would be reserved pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

- e. Potential for long-term appreciation. The proposed no net loss sale must have similar revenue potential as the trust lands.

Comments: The potential long-term appreciation for the land tracts involved in this sale would be similar for this proposed no net loss sale.

- f. Access. A no net loss sale must not diminish access to trust lands. The no net loss land should provide equal or improved access.

Comments: The land to be provided has excellent dedicated access being 1½miles west of the Enchanted Highway having a good County gravel road (St. Michaels Road) with access approached along the south side of the tract and good section line access trails along the east and north sides of the tract, while two of the three sale tracts do not have improved dedicated access. The N½N½ of Section 32 is an isolated tract which requires access permission across surrounding private land, while access to the SE¼ of Section 36 from the west would be across private land to access the trust land from the west, while access from the east would be by section line trail to the southeast corner. The NW¼ of Section 28 has excellent dedicated access as a County Road traverses the tract (58th St SW).

The adjacent land use is Wildlife Habitat to the north and east as the United States Bureau of Reclamation owns the entire section 21 (640 acres) and three quarters of section 22 (480 acres) of land

to the east and the land to the north south half of section 17 (320 acres) is owned by the Moth 30 Mile Creek Hunt Club. Land to the south and west is in privately owned land used for cropland production.

3. Any land acquired pursuant to a sale or original grant lands, subject to no net loss, shall be treated by the board as "original grant lands"

Comments: The SE¼ of Section 36 is original grant land while the NW¼ of Section 28 and N½N½ of Section 32 are tracts acquired through foreclosure. One third of the land to be provided would be treated as "original grant land", while two thirds would be treated as acquired land.

Procedures for Executive Session regarding Attorney Consultation and Consideration of Closed Records

Overview

- 1) The governing body must first meet in open session.
- 2) During the meeting's open session the governing body must announce the topics to be discussed in executive session and the legal authority to hold it.
- 3) If the executive session's purpose is attorney consultation, the governing body must pass a motion to hold an executive session. If executive session's purpose is to review confidential records a motion is not needed, though one could be entertained and acted on. The difference is that attorney consultation is not necessarily confidential but rather has "exempt" status, giving the governing body the option to consult with its attorney either in open session or in executive session. Confidential records, on the other hand, cannot be opened to the public and so the governing body is obligated to review them in executive session.
- 4) The executive session must be recorded (electronically, audio, or video) and the recording maintained for 6 months.
- 5) Only topics announced in open session may be discussed in executive session.
- 6) When the governing body returns to open session, it is not obligated to discuss or even summarize what occurred in executive session. But if "final action" is to be taken, the motion on the decision must be made and voted on in open session. If, however, the motion would reveal "too much," then the motion can be abbreviated. A motion can be made and voted on in executive session so long as it is repeated and voted on in open session. "Final actions" DO NOT include guidance given by the governing body to its attorney or other negotiator regarding strategy, litigation, negotiation, etc. (See NDCC §44-04-19.2(2)(e) for further details.)

Recommended Motion to be made in open session:

Under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes of attorney consultation relating to:

- Royalty Repayment Offers

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

Statement:

“This executive session will be recorded and all Board members are reminded that the discussion during executive session must be limited to the announced purpose for entering into executive session, which is anticipated to last approximately one hour.

The Board is meeting in executive session to provide guidance or instructions to its attorneys regarding the identified litigation. Any formal action by the Board will occur after it reconvenes in open session.

Board members, their staff, employees of the Department of Trust Lands and counsel with the Attorney General staff will remain, but the public is asked to leave the room.

The executive session will begin at: _____AM, and will commence with a new audio recording device. When the executive session ends the Board will reconvene in open session.”

Statements upon return to open session:

State the time at which the executive session adjourned and that the public has been invited to return to the meeting room.

State that the Board is back in open session.

State that during its executive session, the Board provided its attorney with guidance regarding litigation relating to the sovereign lands' minerals claims.

[The guidance or instructions to attorney does not have to be announced or voted upon.]

State that no final action will be taken at this time as a result of the executive session discussion

-or- .

Ask for a formal motion and a vote on it.

Move to the next agenda item.