AGENDA

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 Shackleford 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  

APPROVAL OF MINUTES

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.

(05/25/21)
REPORTS

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

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.

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

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.

<table>
<thead>
<tr>
<th>Action Record</th>
<th>Motion</th>
<th>Second</th>
<th>Aye</th>
<th>Nay</th>
<th>Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary Jaeger</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Superintendent Baesler</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer Beadle</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attorney General Stenehjem</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governor Burgum</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

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

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

<table>
<thead>
<tr>
<th>As of May 18, 2021</th>
<th>Market Value</th>
<th>Actual</th>
<th>Target</th>
<th>Lower Range</th>
<th>Upper Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad US Equity</td>
<td>$1,122,348,806.36</td>
<td>19.4%</td>
<td>19.0%</td>
<td>14.0%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Broad Int’l Equity</td>
<td>$1,124,796,631.75</td>
<td>19.4%</td>
<td>19.0%</td>
<td>14.0%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>$1,175,949,298.01</td>
<td>20.3%</td>
<td>22.0%</td>
<td>17.0%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Transition Account</td>
<td>$675,971,825.56</td>
<td>11.7%</td>
<td>0.0%</td>
<td>-5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>$880,126,901.36</td>
<td>15.2%</td>
<td>15.0%</td>
<td>10.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>DIS</td>
<td>-</td>
<td>0.0%</td>
<td>0.0%</td>
<td>-5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$741,911,455.00</td>
<td>12.8%</td>
<td>15.0%</td>
<td>10.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Private Equity (Grosvenor)</td>
<td>$11,000,000.00</td>
<td>0.2%</td>
<td>5.0%</td>
<td>0.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Private Infrastructure (JPM-Infra)</td>
<td>-</td>
<td>0.0%</td>
<td>5.0%</td>
<td>0.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Opportunistic Investments (Varde &amp; Apollo)</td>
<td>$62,516,009.00</td>
<td>1.1%</td>
<td>0.0%</td>
<td>-5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Portfolio Total</td>
<td>$5,794,620,927.04</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

531 Total Leases Under Review
117 Reviewed Leases
77 Awaiting Operator Execution
9 Refund in Process
31 Refunded
$3,565,233 Paid
$132,046 Received

531 Reviewed (117)
280 Incomplete (280)
134 Litigation Hold (134)
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.
SURFACE

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:

<table>
<thead>
<tr>
<th>Appraisal Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burleigh County Appraisal</td>
<td>$100,000/acre</td>
</tr>
<tr>
<td>Point Value Appraisal</td>
<td>$109,000/acre</td>
</tr>
</tbody>
</table>

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-Township 139 North, Range 80 West for public comment.

<table>
<thead>
<tr>
<th>Action Record</th>
<th>Motion</th>
<th>Second</th>
<th>Aye</th>
<th>Nay</th>
<th>Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary Jaeger</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Superintendent Baesler</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Treasurer Beadle</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attorney General Stenehjem</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Governor Burgum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

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

OPERATIONS

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.

ADJOURN

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Granted to:</th>
<th>GOODNIGHT MIDSTREAM BAKKEN LLC, DALLAS-TX</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the Purpose of:</td>
<td>Easement: Pipeline-Salt Water Pipeline</td>
</tr>
<tr>
<td>Right-of-Way Number:</td>
<td>RW0008826</td>
</tr>
<tr>
<td>Date Issued:</td>
<td>5/13/2021</td>
</tr>
<tr>
<td>Application Fee:</td>
<td>$250.00</td>
</tr>
</tbody>
</table>
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: $250.00
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:** LEGACY RESERVES OPERATING LP, CODY-WY
For the Purpose of: Permit: Road-Access Road
Right-of-Way Number: RW0008875
Date Issued: 5/6/2021
Application Fee: $250.00
Right-of-way Income: N/A
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 440.86
Area (Acres): 5.50
Legal Description: MCK-147-104-16-NE4, NW4, SE4

**Granted to:** HESS NORTH DAKOTA PIPELINES, LLC, HOUSTON-TX
For the Purpose of: Permit: Temporary Construction
Right-of-Way Number: RW0008825
Date Issued: 5/13/2021
Application Fee: $250.00
Right-of-way Income: $2,000.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): N/A
Area (Acres): N/A
Legal Description: WIL-156-95-16-NW4

**Granted to:** AMERICAN COLLOID COMPANY, BELLE FOURCHE-SD
For the Purpose of: Permit: Coal Exploration (Leonardite)
Right-of-Way Number: RW0008873
Date Issued: 5/18/2021
Application Fee: $250.00
Right-of-way Income: N/A
Damage Payment to Lessee: N/A
Trust: V- Valley City State University, L – Strategic Investment & Improvements fund
Length (Rods): N/A
Area (Acres): N/A
Legal Description: BOW-130-99-1-SW4 (50% mineral ownership; no surface ownership)
ADA-130-98-8-SW4 (50% mineral ownership; no surface ownership)
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.
NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report
(Unaudited)

For period ended March 31, 2021
## Schedule of Net Assets

<table>
<thead>
<tr>
<th>Assets by Trust:</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Schools</td>
<td>$5,347,899,688</td>
<td>$4,179,314,796</td>
</tr>
<tr>
<td>North Dakota State University</td>
<td>80,402,426</td>
<td>63,360,895</td>
</tr>
<tr>
<td>School for the Blind</td>
<td>14,445,935</td>
<td>11,353,885</td>
</tr>
<tr>
<td>School for the Deaf</td>
<td>23,216,745</td>
<td>18,593,981</td>
</tr>
<tr>
<td>State Hospital</td>
<td>15,581,367</td>
<td>12,567,926</td>
</tr>
<tr>
<td>Ellendale *</td>
<td>25,903,069</td>
<td>20,255,042</td>
</tr>
<tr>
<td>Valley City State University</td>
<td>14,208,791</td>
<td>11,327,728</td>
</tr>
<tr>
<td>Mayville State University</td>
<td>9,357,572</td>
<td>7,281,895</td>
</tr>
<tr>
<td>Youth Correction Center</td>
<td>27,851,483</td>
<td>21,070,313</td>
</tr>
<tr>
<td>State College of Science</td>
<td>20,733,312</td>
<td>16,354,640</td>
</tr>
<tr>
<td>School of Mines **</td>
<td>24,923,083</td>
<td>19,414,895</td>
</tr>
<tr>
<td>Veterans Home</td>
<td>5,759,703</td>
<td>4,654,003</td>
</tr>
<tr>
<td>University of North Dakota</td>
<td>38,943,173</td>
<td>30,618,420</td>
</tr>
<tr>
<td>Capitol Building</td>
<td>4,184,128</td>
<td>5,285,575</td>
</tr>
<tr>
<td>Strategic Investment and Improvements</td>
<td>693,924,234</td>
<td>748,789,272</td>
</tr>
<tr>
<td>Coal Development</td>
<td>71,624,981</td>
<td>71,394,540</td>
</tr>
<tr>
<td>Indian Cultural Education Trust</td>
<td>1,377,815</td>
<td>1,104,978</td>
</tr>
<tr>
<td>Theodore Roosevelt Presidential Library</td>
<td>53,796,824</td>
<td>13,506,566</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,474,134,329</strong></td>
<td><strong>$5,256,249,350</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets by Type:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>283,074,297</td>
<td>113,027,624</td>
</tr>
<tr>
<td>Receivables</td>
<td>9,895,170</td>
<td>11,900,064</td>
</tr>
<tr>
<td>Investments ***</td>
<td>6,019,209,663</td>
<td>5,057,541,990</td>
</tr>
<tr>
<td>Office Building (Net of Depreciation)</td>
<td>320,805</td>
<td>386,133</td>
</tr>
<tr>
<td>Farm Loans</td>
<td>5,336,793</td>
<td>9,324,943</td>
</tr>
<tr>
<td>Energy Construction Loans</td>
<td>-</td>
<td>926,005</td>
</tr>
<tr>
<td>Energy Development Impact Loans</td>
<td>9,972,609</td>
<td>10,722,331</td>
</tr>
<tr>
<td>School Construction Loans (Coal)</td>
<td>38,908,935</td>
<td>41,391,562</td>
</tr>
<tr>
<td>Due to/from Other Trusts and Agencies</td>
<td>107,416,057</td>
<td>11,028,698</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,474,134,329</strong></td>
<td><strong>$5,256,249,350</strong></td>
</tr>
</tbody>
</table>

* 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.

ITEM 2C
Page 016
# Combined Permanent Trusts

## Balance Sheet

**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: $5,665,878,640, $4,432,731,593

**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: 16,652,294, 16,563,171

**Equity:**
- Fund Balance: 4,892,120,248, 4,919,177,984
- Net Income/(Loss): 757,106,098, (503,009,562)

Total Liabilities and Equity: $5,665,878,640, $4,432,731,593

## Income Statement

**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: 939,274,534, (320,324,738)

**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: 182,168,436, 182,684,824

Net Income/(Loss): $757,106,098, ($503,009,562)
## Capitol Building Trust

### Balance Sheet

<table>
<thead>
<tr>
<th>Category</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$942,571</td>
<td>$166,131</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>23,162</td>
<td>36,381</td>
</tr>
<tr>
<td>Investments</td>
<td>3,218,394</td>
<td>5,083,062</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$4,184,127</td>
<td>$5,285,574</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Other Trusts and Agencies</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance</td>
<td>5,535,786</td>
<td>6,548,608</td>
</tr>
<tr>
<td>Net Income</td>
<td>(1,351,659)</td>
<td>(1,263,034)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td>$4,184,127</td>
<td>$5,285,574</td>
</tr>
</tbody>
</table>

### Income Statement

<table>
<thead>
<tr>
<th>Category</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>$53,813</td>
<td>$117,910</td>
</tr>
<tr>
<td>Realized Gain/(Loss)</td>
<td>2,044</td>
<td>22,926</td>
</tr>
<tr>
<td>Unrealized Gain/(Loss)</td>
<td>(27,334)</td>
<td>(52,266)</td>
</tr>
<tr>
<td>Rents - Surface</td>
<td>165,901</td>
<td>158,525</td>
</tr>
<tr>
<td>Rents - Mineral</td>
<td>2,002</td>
<td>2,002</td>
</tr>
<tr>
<td>Royalties - Oil and Gas</td>
<td>585,115</td>
<td>834,465</td>
</tr>
<tr>
<td>Bonuses - Oil and Gas</td>
<td>2,160</td>
<td>802</td>
</tr>
<tr>
<td>Bonus - Coal</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Royalties - Aggregate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>783,701</td>
<td>1,084,364</td>
</tr>
<tr>
<td><strong>Expenses and Transfers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Expense</td>
<td>2,114</td>
<td>2,735</td>
</tr>
<tr>
<td>In-Lieu and 5% County Payments</td>
<td>3,620</td>
<td>3,398</td>
</tr>
<tr>
<td>Administrative Expense</td>
<td>23,386</td>
<td>16,905</td>
</tr>
<tr>
<td>Transfers to Facility Management</td>
<td>1,100,000</td>
<td>2,270,000</td>
</tr>
<tr>
<td>Transfers to Legislative Council</td>
<td>36,240</td>
<td>54,360</td>
</tr>
<tr>
<td>Transfer to Supreme Court</td>
<td>970,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expense and Transfers</strong></td>
<td>2,135,360</td>
<td>2,347,398</td>
</tr>
<tr>
<td><strong>Net Income/(Loss)</strong></td>
<td>($1,351,659)</td>
<td>($1,263,034)</td>
</tr>
</tbody>
</table>
## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$299,694</td>
<td>$220,560</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>478,669</td>
<td>740,539</td>
</tr>
<tr>
<td>Investments</td>
<td>21,884,063</td>
<td>18,239,034</td>
</tr>
<tr>
<td>Coal Impact Loans</td>
<td>9,972,609</td>
<td>10,722,331</td>
</tr>
<tr>
<td>School Construction Loans</td>
<td>38,908,935</td>
<td>41,391,562</td>
</tr>
<tr>
<td>Due from other Trusts and Agencies</td>
<td>270,032</td>
<td>268,373</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$71,814,002</strong></td>
<td><strong>$71,582,399</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Other Trusts and Agencies</td>
<td>$189,022</td>
<td>$187,861</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance</td>
<td>70,750,579</td>
<td>70,296,353</td>
</tr>
<tr>
<td>Net Income</td>
<td>874,401</td>
<td>1,098,185</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td><strong>$71,814,002</strong></td>
<td><strong>$71,582,399</strong></td>
</tr>
</tbody>
</table>

## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>$261,578</td>
<td>$322,484</td>
</tr>
<tr>
<td>Interest on School Construction Loans</td>
<td>426,090</td>
<td>622,544</td>
</tr>
<tr>
<td>Realized Gain/(Loss)</td>
<td>9,620</td>
<td>65,039</td>
</tr>
<tr>
<td>Unrealized Gain/(Loss)</td>
<td>(148,725)</td>
<td>(179,093)</td>
</tr>
<tr>
<td>Coal Severance Tax Income</td>
<td>340,566</td>
<td>360,755</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>889,129</strong></td>
<td><strong>1,191,729</strong></td>
</tr>
<tr>
<td><strong>Expenses and Transfers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>10,899</td>
<td>8,419</td>
</tr>
<tr>
<td>Administrative</td>
<td>3,829</td>
<td>2,647</td>
</tr>
<tr>
<td>Transfers to General Fund</td>
<td>-</td>
<td>82,478</td>
</tr>
<tr>
<td><strong>Total Expense and Transfers</strong></td>
<td><strong>14,728</strong></td>
<td><strong>93,544</strong></td>
</tr>
<tr>
<td><strong>Net Income/(Loss)</strong></td>
<td><strong>$874,401</strong></td>
<td><strong>$1,098,185</strong></td>
</tr>
</tbody>
</table>
# Strategic Investment and Improvements Fund

## Balance Sheet

<table>
<thead>
<tr>
<th>Assets:</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$233,783,459</td>
<td>$44,176,295</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>1,130,087</td>
<td>2,946,833</td>
</tr>
<tr>
<td>Investments</td>
<td>364,146,058</td>
<td>701,666,144</td>
</tr>
<tr>
<td>Due from other Trusts or Agencies</td>
<td>94,864,630</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$693,924,234</strong></td>
<td><strong>$748,789,272</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance</td>
<td>767,541,457</td>
<td>1,134,326,018</td>
</tr>
<tr>
<td>Net Income</td>
<td>(73,617,223)</td>
<td>(385,536,746)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td><strong>$693,924,234</strong></td>
<td><strong>$748,789,272</strong></td>
</tr>
</tbody>
</table>

## Income Statement

<table>
<thead>
<tr>
<th>Income:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>$4,257,468</td>
<td>$12,707,345</td>
</tr>
<tr>
<td>Realized Gain/(Loss)</td>
<td>154,568</td>
<td>2,433,995</td>
</tr>
<tr>
<td>Unrealized Gain/(Loss)</td>
<td>(2,348,866)</td>
<td>(6,809,442)</td>
</tr>
<tr>
<td>Interest on Fuel Prod Facility</td>
<td>14,863</td>
<td>-</td>
</tr>
<tr>
<td>Royalties - Oil and Gas</td>
<td>51,564,856</td>
<td>69,516,530</td>
</tr>
<tr>
<td>Bonuses - Oil and Gas</td>
<td>(820,486)</td>
<td>1,166,894</td>
</tr>
<tr>
<td>Royalties - Coal</td>
<td>85,412</td>
<td>323,064</td>
</tr>
<tr>
<td>Rents - Mineral</td>
<td>62,271</td>
<td>54,943</td>
</tr>
<tr>
<td>Tax Income - Oil Extraction &amp; Production Distribution</td>
<td>258,377,369</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>311,347,635</strong></td>
<td><strong>79,393,329</strong></td>
</tr>
</tbody>
</table>

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

### Fiduciary Net Position

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$2,102</td>
<td>$3,331</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>1,329</td>
<td>1,240</td>
</tr>
<tr>
<td>Investments</td>
<td>1,374,384</td>
<td>1,100,407</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,377,815</td>
<td>1,104,978</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net position restricted</td>
<td>1,377,815</td>
<td>1,104,978</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$1,377,815</td>
<td>$1,104,978</td>
</tr>
</tbody>
</table>

### Changes in Fiduciary Net Position

#### Additions:

- **Contributions:**
  - Donations: -
  - **Total Contributions**: $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 1,286,265
- **Net Position - End of Month**: $1,420,920  $1,151,680
<table>
<thead>
<tr>
<th>Theodore Roosevelt Presidential Library</th>
<th>March 31, 2021</th>
<th>March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiduciary Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$132,909</td>
<td>$133,448</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(47,882)</td>
<td>(4,170)</td>
</tr>
<tr>
<td>Investments</td>
<td>53,711,798</td>
<td>13,377,603</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>53,796,824</td>
<td>13,506,881</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>315</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>-</td>
<td>315</td>
</tr>
<tr>
<td><strong>Net Position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net position restricted</td>
<td>53,796,824</td>
<td>13,506,566</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$53,796,824</td>
<td>$13,506,881</td>
</tr>
<tr>
<td><strong>Changes in Fiduciary Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Additions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>35,000,012</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Contributions</strong></td>
<td>$35,000,012</td>
<td>$0</td>
</tr>
<tr>
<td>Investment Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in fair value of investments</td>
<td>3,321,225</td>
<td>(1,799,836)</td>
</tr>
<tr>
<td>Interest</td>
<td>587,186</td>
<td>187,873</td>
</tr>
<tr>
<td>Less investment expense</td>
<td>29,990</td>
<td>14,726</td>
</tr>
<tr>
<td><strong>Net Investment Income</strong></td>
<td>3,878,421</td>
<td>(1,626,689)</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>186</td>
<td>82,823</td>
</tr>
<tr>
<td><strong>Total Additions</strong></td>
<td>35,030,188</td>
<td>97,548</td>
</tr>
<tr>
<td><strong>Deductions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments in accordance with Trust agreement</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>500</td>
<td>315</td>
</tr>
<tr>
<td><strong>Total Deductions</strong></td>
<td>500</td>
<td>315</td>
</tr>
<tr>
<td>Change in net position held in Trust for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private-Purpose</td>
<td>35,030,688</td>
<td>$97,233</td>
</tr>
<tr>
<td><strong>Total Change in Net Position</strong></td>
<td>35,030,688</td>
<td>97,233</td>
</tr>
<tr>
<td>Net Position - Beginning FY Balance</td>
<td>14,918,706</td>
<td>15,050,748</td>
</tr>
<tr>
<td>Net Position - End of Month</td>
<td>$49,949,394</td>
<td>$15,147,981</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Fund Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>$130M</td>
<td>JPM Infrastructure Fund</td>
</tr>
<tr>
<td>$100M</td>
<td>Harrison Street Core Property Fund LP</td>
</tr>
<tr>
<td>$94.5M</td>
<td>Apollo Accord Fund</td>
</tr>
<tr>
<td>$50M</td>
<td>Varde Dislocation Fund</td>
</tr>
<tr>
<td>$119M</td>
<td>GCM Private Equity</td>
</tr>
<tr>
<td>$84.5M</td>
<td>ARES Pathfinder Fund</td>
</tr>
<tr>
<td>$67.5M</td>
<td>Angelo Gordon DL IV</td>
</tr>
</tbody>
</table>

Asset Allocation

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

<table>
<thead>
<tr>
<th>As of June 15, 2021</th>
<th>Market Value</th>
<th>Actual</th>
<th>Target</th>
<th>Lower Range</th>
<th>Upper Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad US Equity</td>
<td>1,158,642,322.63</td>
<td>19.7%</td>
<td>19.0%</td>
<td>14.0%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Broad Int'l Equity</td>
<td>1,157,507,124.37</td>
<td>19.6%</td>
<td>19.0%</td>
<td>14.0%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>1,263,755,048.25</td>
<td>21.4%</td>
<td>22.0%</td>
<td>17.0%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Transition Account</td>
<td>599,050,828.73</td>
<td>10.2%</td>
<td>0.0%</td>
<td>-5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>893,717,467.54</td>
<td>15.2%</td>
<td>15.0%</td>
<td>10.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>DIS</td>
<td>-</td>
<td>0.0%</td>
<td>0.0%</td>
<td>-5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>749,939,532.00</td>
<td>12.7%</td>
<td>15.0%</td>
<td>10.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>11,000,000.00</td>
<td>0.2%</td>
<td>5.0%</td>
<td>0.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Private Infrastructure</td>
<td>11,000,000.00</td>
<td>0.0%</td>
<td>5.0%</td>
<td>0.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Opportunistic Investments</td>
<td>62,516,009.00</td>
<td>1.1%</td>
<td>0.0%</td>
<td>-5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Portfolio Total</td>
<td>5,896,128,332.52</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ITEM 2D

Page 024
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:

<table>
<thead>
<tr>
<th>Oil and Gas Impact Grant Fund</th>
<th>Grants with balances</th>
<th>Current Balance Obligated to Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/1/2020</td>
<td>17</td>
<td>$2,833,286.75</td>
</tr>
<tr>
<td>3/9/2021</td>
<td>12</td>
<td>$1,591,589.01</td>
</tr>
<tr>
<td>6/7/2021</td>
<td>9</td>
<td>$972,069.49</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Energy Impact Fund</th>
<th>Grants with balances</th>
<th>Current Balance Obligated to Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/1/2020</td>
<td>3</td>
<td>$1,752,239.48</td>
</tr>
<tr>
<td>3/9/2021</td>
<td>3</td>
<td>$1,434,396.94</td>
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<tr>
<td>6/7/2021</td>
<td>0</td>
<td>$0.00</td>
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EIIO is currently managing 9 grants for a total of $972,069.49. The following shows grant activity for the last seven months:

<table>
<thead>
<tr>
<th>Oil and Gas Impact Grant Fund</th>
<th>Grants with balances</th>
<th>Current Balance Obligated to Grants</th>
<th>Energy Impact Fund</th>
<th>Grants with balances</th>
<th>Current Balance Obligated to Grants</th>
<th>Total between both Funds</th>
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<tr>
<td>12/1/2020</td>
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<td>$2,833,286.75</td>
<td>12/1/2020</td>
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<td>$1,752,239.48</td>
<td>$4,585,526.23</td>
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<tr>
<td>3/9/2021</td>
<td>12</td>
<td>$1,591,589.01</td>
<td>3/9/2021</td>
<td>3</td>
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<td>$3,025,985.95</td>
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<tr>
<td>6/7/2021</td>
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<td>$0.00</td>
<td>$972,069.49</td>
</tr>
</tbody>
</table>
MAY ACREAGE
ADJUSTMENT SURVEY
REPORT

531
Total Leases Under Review

Reviewed (141)

Incomplete (208)

Litigation Hold (182)

STATUS OF
141
REVIEWED
LEASES

95
Awaiting Operator Execution

5
Refund in Process

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

531
Total Leases Under Review

Page 026
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
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.

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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
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:

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<th>Action Record</th>
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RE: No Net Loss Preliminary Land Sale Approval T136N R86W Section 28 NW¼, Section 32 N½N½, Section 36 SE¼

Trust Land (Attachment 1 - aerial map)
Grant County
Township 136 North, Range 86 West
Section 28: NW¼
Section 32: N½N½
Section 36 SE¼

Provided accessible and leasable land (Attachment 2 - aerial map)
Hettinger County
Township 136 North, Range 94 West
Section 20: S½NE¼, SE¼

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

<table>
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<tr>
<th>Trust Land Value: Grant County Appraisal</th>
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<td>Allied Appraisals Inc.</td>
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<td>Land to be provided: Allied Appraisals Inc.</td>
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</table>

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 |
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 N½N½ of Section 32 and the SE¼ 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 1½ 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 N½N½ of Section 32 is an isolated tract which requires access permission across surrounding private land. Access to the SE¼ 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.

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</table>
Trust Land

Grant County
Township 136 North, Range 86 West
Section 28: NW¼
Section 32: N½N½
Section 36: SE¼

Miles
0 0.75 1.5

New England

Glen Ullin

Elgin

Carson

Mott

Provided Land

Trust Land

Esri, Garmin, GEBCO, NOAA NGDC, and other contributors
Provided Accessible and Leasable Land

Hettinger County
Township 136 North, Range 94 West
Section 20: S½NE¼, SE¼
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 in 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
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.
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 by 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 Vlle. 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

Grant County
Township: Unorganized

Map Datum is WGS 84 (same as NAD 83)

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

10/20/14

Printed: 6/6/2014 – ND State Land Department
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 bromegrass 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
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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Anticipated annual rent</td>
<td>$9,630.00</td>
</tr>
<tr>
<td>Less Real Estate Taxes</td>
<td>($1,044.00)</td>
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<tr>
<td>Projected Annual Income</td>
<td>$8,586.00</td>
</tr>
</tbody>
</table>

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
20-T136-R94

HETTINGER County

Map Datum is WGS 84 (same as NAD 83)

Printed: 8/6/2019 – ND State Land Dept.
Map Datum is WGS 84 (same as NAD 83)
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**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>28: NW¼</td>
<td>$86,625</td>
<td></td>
</tr>
<tr>
<td>32: N½N½</td>
<td>$88,000</td>
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</tr>
<tr>
<td>36: SE¼</td>
<td>$88,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$262,625</strong></td>
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Allied Appraisals Inc. Values

**Grant County Township 136 North, Range 86 West**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>28: NW¼</td>
<td>$99,000</td>
<td></td>
</tr>
<tr>
<td>32: N½N½</td>
<td>$93,000</td>
<td></td>
</tr>
<tr>
<td>36: SE¼</td>
<td><strong>$101,000</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$293,000</strong></td>
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</table>

Value - Land to be provided

Allied Appraisals Inc. Value

**Hettinger County Township 136 North, Range 94 West**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>20: S½NE4, SE4</td>
<td>$382,500</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$382,500</strong></td>
<td></td>
</tr>
</tbody>
</table>

b. Equal or greater income

Land Sale application Fair Market Value minimum rent

**Grant County Township 136 North, Range 86 West**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>28: NW¼</td>
<td>$1,749</td>
<td></td>
</tr>
<tr>
<td>32: N½N½</td>
<td>$2,760</td>
<td></td>
</tr>
<tr>
<td>36: SE¼</td>
<td><strong>$2,217</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,726</strong></td>
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</tr>
</tbody>
</table>
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 rent

Hettinger County Township 136 North, Range 94 West
Section 20: S½NE¼, SE¼ $6,721
Total $6,721

Land to be provided current private rental value

Hettinger County Township 136 North, Range 94 West
Section 20: S½NE¼, SE¼ $9,360
Total $9,360

Real Estate Property Tax

Hettinger County Township 136 North, Range 94 West
Section 20: S½NE¼, SE¼ $1,044

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 $2,183
Total $6,624

Hettinger County Township 136 North, Range 94 West
Section 20: S½NE¼, SE¼ $5,677
Total $5,677

Projected Income (current private rental rate)

Hettinger County Township 136 North, Range 94 West
Section 20: S½NE¼, SE¼ $8,586
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 NW½ 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.
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

<table>
<thead>
<tr>
<th>Action Record</th>
<th>Motion</th>
<th>Second</th>
<th>Aye</th>
<th>Nay</th>
<th>Absent</th>
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</thead>
<tbody>
<tr>
<td>Secretary Jaeger</td>
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<tr>
<td>Superintendent Baesler</td>
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<td>Treasurer Beadle</td>
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<td>Attorney General Stenehjem</td>
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<tr>
<td>Governor Burgum</td>
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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.