

BOARD OF UNIVERSITY AND SCHOOL LANDS

[Join Microsoft Teams Meeting](#)

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Conference ID: 530 599 238#

May 25, 2021 at 2:00 PM

AGENDA

➤ = **Board Action Requested**

1. **Approval of Meeting Minutes – Jodi Smith**
Consideration of Approval of Land Board Meeting Minutes by voice vote.
 - A. April 29, 2021 – pg. 2
 - B. April 29, 2021 Special Meeting – pg. 22

2. **Reports – Jodi Smith**
 - A. April Report of Encumbrances – pg. 24
 - B. Summary of Spring Surface Lease Auction Results & Approval of Leases – pg. 27
 - C. Oil and Gas Lease Report – pg. 28
 - D. April Unclaimed Property Report – pg. 29
 - E. February Financial Position – pg. 30
 - F. Investments Update - pg. 39
 - G. April Acreage Adjustment Report – pg. 40
 - H. IT Update – pg. 42
 - I. Royalty Repayment Update - pg. 43

3. **Investments – Michael Shackelford**
 - A. 1st Quarter Investment Update – pg. 44

4. **Surface – Michael Humann**
 - A. East Bismarck Tract (Burleigh: 36-139-80) – pg. 67

5. **Operations – Jodi Smith**
 - A. Board of University and School Lands Code of Ethics Policy Manual – pg. 112
 - B. Term of the Commissioner of University and School Lands – pg. 117
 - C. Commissioner Review – pg. 118

Next Meeting Date – June 24, 2021

**Minutes of the Meeting of the
Board of University and School Lands
April 29, 2021**

The April 29, 2021 meeting of the Board of University and School Lands was called to order at 9:00 AM 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

Members Absent:

Kirsten Baesler	Superintendent of Public Instruction
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Department of Trust Lands Personnel present:

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

Guests in Attendance:

Dave Garner	Office of the Attorney General
Reice Haase	Office of the Governor

Additional Guests in Attendance:

Brady Pelton (NDPC)
 Craig C. Smith
 Gary Hagen
 Amy Sisk
 Becky Hagel
 Brad Solberg
 Geoff Simon
 Harrison Street (Jenna and Joey)
 Josh Kevan (RVK)
 Justin (NP News)
 Lawrence Bender
 Cathie Mazza
 Raymond
 Rowen D. (Journalist)
 Michelle Russel-Dowe
 Scott Maynard

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

A motion to approve the minutes of the March 25, 2021 meeting was made by State Treasurer Thomas Beadle and seconded by Attorney General Wayne Stenehjem and the motion carried unanimously on a voice vote.

R E P O R T S

March 2021 Report of Encumbrances Issued by Land Commissioner

Granted to: **CONTINENTAL RESOURCES INC, OKLAHOMA CITY-OK**
 For the Purpose of: On-lease Activity: Pipeline-Multiple Pipelines & Communication Cable
 Right-of-Way Number: RW0008806
 Trust: A - Common Schools
 Legal Description: DUN-147-96-36-NW4

Granted to: **ROBB NARUM, BOWMAN-ND**
 For the Purpose of: Easement: Pipeline-Potable Water Pipeline
 Right-of-Way Number: RW0008824
 Trust: A - Common Schools
 Legal Description: SLO-133-100-16-NW4

Granted to: **BISON MIDSTREAM LLC, HOUSTON-TX**
 For the Purpose of: Easement: Pipeline-Gas Gathering Pipeline
 Right-of-Way Number: RW0008830
 Trust: A - Common Schools
 Legal Description: MOU-158-91-16-SE4, SW4

Granted to: **SLAWSON EXPLORATION COMPANY INC, DENVER-CO**
 For the Purpose of: Easement: Pipeline-Oil Gathering Pipeline
 Right-of-Way Number: RW0008637
 Trust: A - Common Schools
 Legal Description: MOU-152-92-14-SE4

Granted to: **HESS NORTH DAKOTA PIPELINES, LLC, HOUSTON-TX**
 For the Purpose of: Easement-Amend: Pipeline-Multiple Pipelines &
 Communication Cable
 Right-of-Way Number: RW0008809
 Trust: A - Common Schools
 Legal Description: MOU-157-93-36-SE4, SW4

Granted to: **CATES EARTH SCIENCE TECHNOLOGIES INC, BISMARCK-ND**
 For the Purpose of: Permit: Temporary Water Layflat Line
 Right-of-Way Number: RW0008827
 Trust: A - Common Schools
 Legal Description: MOU-150-92-10-S2SW4

Granted to: **SELECT ENERGY SERVICES LLC, WILLISTON-ND**
 For the Purpose of: Permit: Temporary Water Layflat Line
 Right-of-Way Number: RW0008832
 Trust: A - Common Schools
 Legal Description: MOU-156-94-16-SW4

Granted to: **ND GAME & FISH DEPT, RIVERDALE-ND**
 For the Purpose of: Permit: Access to School Land
 Right-of-Way Number: RW0008841
 Trust: A - Common Schools
 Legal Description: PIE-152-73-16-SW4NE4, LOTS 1,2,3

Granted to: **NDSU (DEPT 7650), FARGO-ND**
 For the Purpose of: Permit-Amend: Access to School Land

280

Right-of-Way Number: RW0008846
Trust: A - Common Schools
Legal Description: DIV-160-101-36-SE4
EDD-149-62-36-SW4

Granted to: USDA-NRCS MLRA 53B SOIL SURVEY OFFICE, BISMARCK-ND
For the Purpose of: Permit: Access to School Land
Right-of-Way Number: RW0008847
Trust: A – Common Schools
N – North Dakota State University
U – University of North Dakota
Legal Description: RAM-155-60-10-NE4
RAM-155-60-12-NE4, NW4

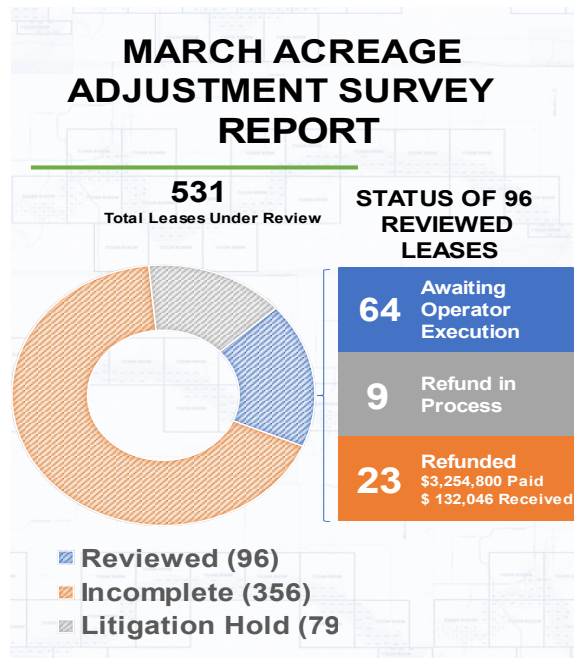
Granted to: HDR ENGINEERING INC, BISMARCK-ND
For the Purpose of: Permit: Planning & Preconstruction Survey
Right-of-Way Number: RW0008836
Trust: A - Common Schools
Legal Description: All Trust Land in North Dakota

Granted to: 4TH DIMENSION SURVEYING AND CONSULTING INC, WILLISTON-ND
For the Purpose of: Permit: Planning & Preconstruction Survey
Right-of-Way Number: RW0008851
Trust: A - Common Schools
Legal Description: All Trust Land in North Dakota

March Oil and Gas Lease Extension Report

In January 2020, North Dakota Administrative Code § 85-06-01-06 was enacted. It provides a lessee the option to request a lease extension.

Continental Resources, Inc., of Oklahoma City, Oklahoma, received a second six-month extension on four leases in Section 30-154N-97W, McKenzie County, and two leases in Section 31-154N-97W, McKenzie County. They have completed the Dallas 4-30 H Well and are in search of a natural gas pipeline.



A map of the tracts involved in the Acreage Adjustment report was provided to the Board and is available at the Department upon request.

Repayment of Unpaid Royalties Report

Since the March 25, 2021, Board of University and School Lands meeting, one payor has come into compliance for gas deductions:

- Marathon Oil

March 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 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 March 2021, the Division received 130 holder reports with a property value of \$157,314 and paid 807 claims with a total value of \$894,409.

The Financial Report (Unaudited) for period ending January 31, 2021 was presented to the Board for review and is available at the Department upon request.

Investment Updates

Portfolio Rebalancing Updates

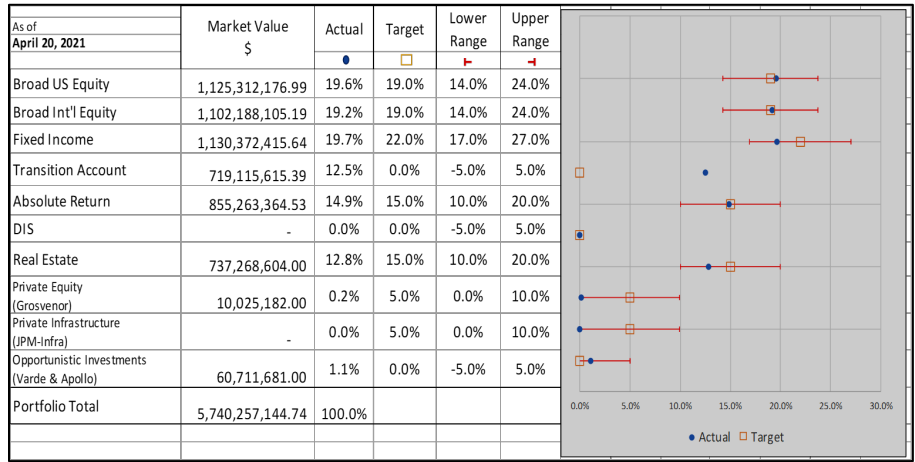
Grosvenor Private Equity made initial capital calls amounting to approximately \$10.025M out of the \$130M committed capital. Additionally, Varde Dislocation Fund LP called capital totaling \$12.5M which brought its total to \$50M out of the \$100M committed to the fund.

After the final close of the Fund, ARES Pathfinder Fund LP (Fixed Income) made a return of capital distribution amounting to around \$1.6M which brought the unfunded commitment to \$95.4M up from \$93.8M last quarter.

Apollo Accord Fund IV LP (Opportunistic Investment) has unfunded commitment totaling \$94.5M. While Angelo Gordon Direct Lending Fund IV (Fixed Income) and JPM-Infrastructure Fund have yet to make a call at this time with commitments of \$100M and \$130M respectively.

Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of April 20, 2021. The figures provided are unaudited.



Upcoming Investment Manager Meetings
There is no upcoming meeting scheduled.

Legislative Update

BILL	TITLE	SPONSORS	COMMITTEE	STATUS		
				House Date of Hearing	Senate Date of Hearing	Governor
HB 1080	Relating to the obligation to pay oil and gas royalties on leases owned and managed by the board of university and school lands.	Rep. Dockter	Finance & Taxation	PASSED yeas 82 nays 10 SIGNED BY SPEAKER	PASSED yeas 39 nays 7 SIGNED BY PRESIDENT	sent
HB 1081	Relating to access to and activities on trustlands; and to provide a penalty.	Rep. Zubke	Energy & Natural Resources	PASSED yeas 68 nays 25 SIGNED BY SPEAKER	PASSED yeas 40 nays 7 SIGNED BY PRESIDENT	SIGNED BY GOVERNOR Filed with Secretary of State – 3/30
HB 1349	Relating to open record and meeting laws; to amend and reenact subsection 9 of section 44-04-17.1, sections 44-04-18.27 and 44-04-19, subsections 1 and 2 of section 44-04-20, and section 44-04-30 of the North Dakota Century Code, relating to open record and meeting laws; and to provide a penalty.	Rep. Devlin, Karls Sen. Dwyer, Lee, Oban	Political Subdivisions	PASSED yeas 77 nays 16 SIGNED BY SPEAKER	PASSED yeas 47 nays 0 SIGNED BY PRESIDENT	SIGNED BY GOVERNOR Filed with Secretary of State 4/20
SB 2013	A BILL for an Act to provide an appropriation for defraying the expenses of the commissioner of university and school lands; to provide for distributions from permanent funds; to provide a report; and to provide an exemption	Appropriations	Appropriations	PASSED yeas 75 nays 17 SIGNED BY SPEAKER	PASSED yeas 47 nays 0 SIGNED BY PRESIDENT	sent
SB 2036	AN ACT to provide for a legislative management study regarding access to lands and electronic posting.	Legislative Management	Energy & Natural Resources	PASSED yeas 91 nays 2 SIGNED BY SPEAKER	PASSED yeas 45 nays 2 SIGNED BY PRESIDENT	SIGNED BY GOVERNOR Filed with Secretary of State – 4/05

SB 2048	Revised Uniform Unclaimed Property Act; to amend and reenact sections 9-12-29, 10-19.1-123, 10-33-114, and 15-02-05.2, subsection 3 of section 23.1-15-07, subsections 8 and 9 of section 26.1-55-02	Industry, Business and Labor	Industry, Business & Labor	PASSED yeas 93 nays 0 SIGNED BY SPEAKER	PASSED yeas 46 nays 0 SIGNED BY PRESIDENT	SIGNED BY GOVERNOR Filed with Secretary of State – 4/20
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SURFACE

Outdoor Heritage Fund Grant Application

The mission of the Board of University and School Lands (Board) is to prudently and professionally, manage assets of the permanent trusts to preserve the purchasing power of the funds, maintain stable distributions to fund beneficiaries, and manage all other assets and programs entrusted to the Board in accordance with the North Dakota Constitution and applicable laws.

The Department is requesting permission to submit a grant to the Outdoor Heritage Fund (OHF) to leverage current efforts to improve management of the 706,600 acres of Trust Lands that will improve boundary identification and access while enhancing the geospatial information available to state agencies and the public.

Agricultural lessees in North Dakota are eligible for various assistance programs to aid in the implementation of conservation practices; many of these important conservation programs are supported by the OHF. This grant will be used to provide accurate information and clarity over tract boundaries. Uncertainty over tract boundaries has resulted in lost opportunities to better manage Trust Lands for economic and environmental goals. This uncertainty has also led to instances of conflict and confusion regarding leasing and appropriate access in the state. Advances in technology and policy changes regarding land access have allowed the Department to begin addressing these issues. However, the benefits of this project warrant a state investment larger than what the Department can fund alone.

The project will principally address OHF Directive B (to improve, maintain and restore water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship by enhancing farming and ranching) by supporting stewardship practices enhancing farming and ranching. It will also address Directives A (providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen) and C (Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public land) by improving/clarifying access for sportsmen and facilitating the conservation of wildlife habitat through active livestock management and improved geospatial information.

The Department will request \$270,000 of funding from the OHF with the Department providing matching funds of \$90,000 for a total project cost of \$360,000. 100% of these funds will go directly to surveying and physically marking Trust Land. This will allow the Project to survey approximately 40 sections of land (25,500 acres).

Having an accurate geospatial representation of Trust Lands managed by the Department will improve the economic, ecological, and recreational management of these tracts. Upgraded data and boundary markings will result in these improvements by:

- A. Supporting consistent siting of agricultural improvements, such as lessee-owned fences.
- B. Supporting consistent siting of encumbrances from energy sector infrastructure and helping guide reclamation efforts.
- C. Improving recreational use of School Trust Lands by clarifying property boundaries and suitable walking access points.
- D. Enhancing wildlife habitat through accurate grazing plans and noxious weed control.
- E. Identifying uncompensated encroachment from adjacent land use and development.
- F. Identifying changes in tract acreages due to accretion for tracts having river courses.

Motion: The Board authorizes the Commissioner to submit a grant application to the Outdoor Heritage Fund requesting the amount of \$270,000 to support the NDDTL acquiring accurate geospatial data on school trust lands.

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

Foster County – T147N R65W Section 4: West 50 rods of SE¼

A 50-acre tract of land in Foster County (see attached Exhibit A), title to which is subject to reversion to the Board of University and School Lands (Board), currently has potentially hazardous materials scattered throughout. This may require extensive cleanup costs be incurred by the Board and impose a long-term negative impact on the property’s usefulness.

Background. The property at issue is a 50-acre tract in Foster County previously used as a gravel pit. The legal description provided in the conveyance deed of record describes the property as “a strip of land fifty (50) rods wide, lying along the west side of the southeast quarter (SE¼) of Section four (4), Township one hundred forty-seven (147) North, of Range sixty-five (65) West, containing fifty (50) acres more or less” (Subject Tract). The SE¼ in which the Subject Tract lies was acquired by the State as Grant Land and assigned to the Youth Correctional Center Trust. The entire SE¼ (160 total acres) was sold on contract to Otto Richter in February of 1910. The contract was later canceled by the Board. On December 30, 1937, Foster County submitted an Application for Site on State Land proposing to acquire the Subject Tract for the purpose of “obtain[ing] gravel for use in gravelling county and township highways” . According to the Board’s meeting minutes, on February 18, 1938, the Board heard a “Right of Way First Reading Gravel Foster County” for the Subject Tract. On March 31, 1938, the Board heard the “Gravel Pit Foster County Second Reading” and unanimously approved the sale of the Subject Tract for use as a gravel pit (see attached Exhibit B). A deed conveying the Subject Tract to Foster County was issued and recorded in Miscellaneous Deed Book 4, Page 385 in the office of the Foster County Recorder on April 19, 1938 (see attached Exhibit C). The remaining 110 acres along the east side of the subject SE¼ was later sold to Luverne Gussiaas, a private party, in March of 1960 and a Patent was issued in April of 1963. The State of North Dakota Acting by and through the Board reserved 50% of all oil, natural gas and other minerals (the word “minerals” includes such clay, coal and uranium as were included within the meaning of that term prior to July 1, 1955) underlying the east 110 acres. No minerals were reserved in the 1938 Deed conveyed to Foster County for the west 50 acres.

The Department of Trust Lands (Department) was recently contacted by Foster County Commissioner Becky Hagel requesting clarification as to whether the conveyance deed issued to Foster County by the Board in 1938 possesses any reversionary interest in the Subject Tract. Foster County is interested in selling this property and is wondering if the deed conveyed the property to Foster County without any other property interests and if the conveyance requires reversion to the State of North Dakota. An Environmental Field Survey Inspection (see attached Exhibit D) was conducted by the Department on December 10, 2020. This survey revealed the Subject Tract is a mined gravel pit which has not been reclaimed and contains unmanaged piles of aggregate and overburden throughout the property. The lack of reclamation has caused the terrain to become incredibly rough and years of non-use has allowed the site to revegetate to smooth brome grass. Additionally, the site has been used as a dump site for asphalt, concrete, and other bulky construction debris. Further, it appears to have been used as a site for public dumping as there are numerous piles of trash scattered throughout containing both potentially hazardous and non-hazardous materials including totes of unlabeled chemicals and unrecognizable appliances.

Assessment. First, it is the Department's belief that significant funds will be needed to clear the Subject Tract of environmental hazards which may negatively affect its long-term usefulness.

Furthermore, the small size of the Subject Tract (50 acres) reduces its attractiveness for to potential lessees for grazing purposes.

Second, the substance of the deed of conveyance issued to Foster County in 1938 was reviewed to determine whether the Subject Tract was subject to a reversionary interest which would cause title to the property to automatically revert back to the State. Upon review of the 1938 conveyance deed, the Department does not believe the Subject Tract is subject to an *automatic* reversion of title back to the Board, but rather that the Board now has a right to reclaim all or part of the interest in the Subject Tract because the property is no longer being used for the purpose for which it was originally conveyed (as a gravel pit) to Foster County in 1938. However, it is important to note that this reversionary right is not automatic, and the Board may choose not to reclaim title to the property.

The language in the deed is vague and unclear as to the specific intent of the parties to that deed at the time of conveyance. While the deed does not contain any express reversionary provision, the deed does declare that the Subject Tract is being conveyed "for public purposes." The Application for Site on State Land submitted to the Board by Foster County on December 30, 1937 indicates that this public purpose was to "obtain gravel for use in gravelling county and township highways." No other public purpose use for the property has ever been suggested. Thus, it is the Department's belief that title to the Subject Tract was conveyed to Foster County in fee simple subject to condition subsequent – that condition being that the property be used as a gravel pit and once the property is no longer used for this intended public purpose, the Board may exercise a right of reentry and reclaim title to the property. This right of reentry in these circumstances is not automatic, but rather must be exercised by the Board to terminate the reversionary estate. The Department has exercised this right of reentry on several other occasions where the deeded property has ceased to be used for the purpose for which it was originally deeded.

Motion: In consideration of the substance of the factors involved with the deed of conveyance issued to Foster County and in consideration of the environmental liabilities attached to the property, any reversionary interests that the State of North Dakota may have in and to the tract of land, the Board requests that Foster County issue a mineral deed conveying 100% of the mineral interest back to the Board, while the Board issues a quit claim deed conveying its reversionary surface interest to Foster County.

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

Supporting documentation provided as attachments to the Board for review are available at the Department upon request.

Board of University and School Lands Capital Repairs

The Department of Trust Lands (Department) needs to replace a retaining wall on the north side of the building. The current retaining wall is cracked and leaning towards the building requiring the removal and replacement of the wall. The estimated cost of the project is \$14,500.

N.D.C.C. § 15-03-16 provides:

There is appropriated annually the amounts necessary to pay costs related to investments controlled by the board of university and school lands, including investment management fees, trustee fees, consulting fees, custodial fees, and the cost of capitalized building repairs and renovations as approved by the board. Each payment must be made from the trust fund for which the investment is made.

Emphasis added.

Motion: The Board approves utilizing continuing appropriations, per N.D.C.C. § 15-03-16, in an amount not to exceed \$16,000, to support the cost of removing and placing the retaining wall.

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

LITIGATION

Newfield Litigation

Case: Newfield Exploration Company, Newfield Production Company, and Newfield RMI LLC v. State of North Dakota, ex rel. the North Dakota Board of University and School Lands and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands, Civ. No. 27-2018-CV-00143

Date Filed: March 7, 2018

Court: District Court/McKenzie County

Attorneys: David Garner

Opposing Counsel: Lawrence Bender - Fredrikson & Byron, P.A. and Michelle P. Scheffler – Haynes and Boone, LLP

Judge: Robin Schmidt

Issues: Plaintiff is seeking a Declaratory Judgment that it is currently paying gas royalties properly under the Board’s lease. Specifically, Plaintiff is asking the Court to order that gas royalty payments made by the Plaintiff be based on the gross amount received by the Plaintiff from an unaffiliated third-party purchaser, not upon the gross amount paid to a third party by a downstream purchaser, and that Plaintiff does not owe the Defendants any additional gas royalty payments based on previous payments.

History: A Complaint and Answer with Counterclaims have been filed. Newfield filed an Answer to Counterclaims. A Scheduling conference was held July 27, 2018. Plaintiffs’ filed a Motion for Summary Judgment on August 13, 2018 and Defendants filed a Cross-Motion for Summary Judgment. Plaintiffs’ Response was filed October 19, 2018 and Defendants’ Reply was filed November 9, 2018. A hearing on the Motions for Summary Judgment was held on January 4, 2019 at 1:30 p.m., McKenzie County. An Order on Cross Motions for Summary Judgment was issued on February 14, 2019, granting Plaintiff’s motion for summary judgment and denying Defendants’ motion for summary judgment. The Judgment was entered March 1, 2019, and the Notice of Entry of Judgment was filed March 4, 2019. Defendants have filed a Notice of Appeal to the North Dakota Supreme Court

(Supreme Court). The trial scheduled in McKenzie County District Court for September 10 and 11, 2019 has been cancelled. Defendants/Appellants' Brief to the Supreme Court was filed April 29, 2019. Plaintiffs/Appellees filed their Brief of Appellees and Appendix of Appellees on June 7, 2019. Defendants/Appellants filed a reply brief on June 18, 2019. Oral Argument before the Supreme Court was held on June 20, 2019. On July 11, 2019, the Supreme Court entered its Judgment reversing the Judgment of the McKenzie County District Court. On July 25, 2019 Newfield filed Appellee's Petition for Rehearing. Also on July 25, 2019, a Motion for Leave to File Amicus Curiae Brief by Western Energy Alliance in Support of Newfield was filed with the Supreme Court. On July 26, 2019, a Motion for Leave to File Amicus Curiae Brief by North Dakota Petroleum Council in Support of Newfield was filed with the Supreme Court. On August 20, 2019, the North Dakota Supreme Court requested Defendants file a Response to the Petition for Rehearing and the two Amicus Curiae Briefs no later than September 4, 2019. Defendants/Appellants filed their Response to Petition for Rehearing on September 4, 2019. A Corrected Opinion was filed by the North Dakota Supreme Court on September 9, 2019, changing the page number of a citation. On September 12, 2019, the North Dakota Supreme Court entered an order denying Newfield's Petition for Rehearing. On September 20, 2019, the opinion and mandate of the Supreme Court was filed with McKenzie County District Court. A Telephonic Status Conference was held October 8, 2019. On October 9, 2019, the District Court issued an Order Setting Briefing Schedule which ordered "the parties to file a brief regarding how they suggest the case proceed after the Supreme Court's decision." The parties filed briefs with the District Court on November 6, 2019. Notice of Appearance for Michelle P. Scheffler of Hayes and Boone, LLP on behalf of Plaintiffs was filed November 7, 2019. Telephonic Status Conference scheduled for March 17, 2020 before the District Court. On May 14, 2020, the Court scheduled a five-day Court Trial to start on October 4, 2021, McKenzie County Courthouse. On July 28, 2020, a Stipulated Scheduling Order was entered, setting dates for various deadlines.

Current Status:

- **On April 1, 2021, the State served Defendants State of North Dakota, ex re. the North Dakota Board of University and School Lands, and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands' Interrogatories, Requests for Production of Documents, and Requests for Admissions to Plaintiff.**
- **On April 1, 2021, the Plaintiffs served the following on the State: Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of a Representative of the North Dakota Department of Trust Lands; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Lance Gaebe; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Taylor K. Lee; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Jodi Smith; and Plaintiffs' First Set of Interrogatories, Requests for Production, and Requests for Admission to all Defendants.**

Mandan, Hidatsa, and Arikara Nation v. U.S. Department of Interior Litigation

Case: Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior; David L. Bernhardt, in his official capacity as Secretary of the United States Department of Interior; and Daniel H. Jorjani, in his official capacity as Solicitor of the United States Department of the Interior; Case No. 20-1918 (ABJ)

Date Filed: July 16, 2020

Court: United States District Court for the District of Columbia

(04/29/21)

Judge: Honorable Amy Berman Jackson
Attorney: Matthew Sagsveen, Beveridge & Diamond

Opposing Counsel: Steven D. Gordon, Philip Merle Baker-Shenk, Timothy Purdon, and Timothy Billion for Plaintiffs; Reuben S. Schifman for United States Department of Interior

Issues: In July, 2020, the Mandan, Hidatsa, and Arikara Nation (Tribe) filed a Complaint against the United States Department of the Interior (DOI); David Bernhardt, Secretary of DOI; and Daniel Jorjani, DOI Solicitor. The Complaint asserts four causes of action. Count One asserts that Solicitor Opinion M-37056 issued May 26, 2020, by Jorjani is flawed because it is inconsistent with past DOI opinions and decisions and contrary to the historical record. Count Two asserts the Opinion is flawed because it is the result of improper political influence. Counts Three and Four seek, essentially, an accounting and seem premised on the success of either Count One or Count Two.

In the Complaint's Prayer for Relief, the Tribe requests: (a) that the Jorjani Opinion, which concluded North Dakota owns the lands beneath the Missouri Riverbed within the Fort Berthold Reservation, be set aside; (b) that the Court grant injunctive relief preventing Defendants from taking any steps to implement the Opinion; (c) that the Court compel DOI to account to the Tribe regarding the Missouri Riverbed and underlying minerals, including the production of minerals and the value of royalties owed thereon; (d) the Court declare the 1979 IBLA *Impel Energy* decision (finding the state does not own the riverbed) is *res judicata* and binding on the DOI; (e) the Court compel DOI to take the requisite administrative steps to document that the Missouri Riverbed and underlying minerals are held in trust by the United States for the benefit of the Tribe; (f) the Court compel DOI to take requisite steps to administer and account for the Tribe's mineral rights in lands underlying the Missouri Riverbed; (g) the Court compel DOI to collect, deposit and invest or pay funds owing to the Tribe for the extraction of minerals from the lands underlying the Missouri Riverbed; (h) that the Tribe be awarded reasonable fees, costs, and expenses, including attorney's fees; and (i) that the Court grant such further relief as the Court deems just and equitable.

Along with its Complaint, the Tribe filed a motion for preliminary injunction asking that the Court to immediately order DOI to refrain from doing anything to implement the Jorjani Opinion until the Court has decided the merits of the Tribe's claims regarding that Opinion.

History: Summons and Complaint filed July 16, 2020. A scheduling conference was held by telephone on July 23, 2020, with a follow up on July 29. The parties agreed the pending motion for preliminary injunction can be considered to be Plaintiff's motion for partial summary judgment on count one and resolved with defendant's cross motion for partial summary judgment as to that count. The merits of count one will be consolidated with any hearing on the motion for preliminary injunction. An Order issued by the Court on July 31, 2020 provides:

- Administrative record - due August 26, 2020;
- Defendant's consolidated opposition to motion for preliminary injunction and cross-motion for partial summary judgment - due September 1, 2020.
- Plaintiff's consolidated reply and cross-opposition to Defendant's motion - due October 1, 2020.
- Defendant's cross-reply to opposition - due October 15, 2020.
- No lease or other official record affecting ownership of the Missouri Riverbed mineral estate within the Reservation may be modified or

changed before 200 days from the date of this order – February 16, 2021, unless Defendant seeks the court’s permission and amendment of the order, the Plaintiff has an opportunity to be heard, and the motion is granted.

That any revenues generated from riverbed mineral development under control of DOI not be disbursed until after the Court’s resolution of the cross-motions for partial summary judgment on count one.

The State of North Dakota filed an Expedited Motion to Intervene on August 10, 2020. The Court issued an Order on August 11, 2020, allowing Plaintiff to respond to the State’s Motion by August 17, 2020, and the State to file a reply by August 21, 2020. The Tribe filed its Opposition to the State Motion to Intervene on August 17, 2020. On August 21, 2020, the State filed its reply to the Tribe’s opposition to the motion to intervene.

Current Status:

- **The Notice of Lodging of Administrative Record was filed on August 26, 2020.**
- **The Court entered its Opinion and Order granting North Dakota’s Motion to Intervene and setting forth requirements for filings.**
- **On September 1, 2020, the United States filed the United States Department of Interior’s Opposition to Plaintiff’s Motion for Preliminary Injunction and Cross-Motion for Partial Summary Judgment.**
- **On September 8, 2020, Plaintiff filed a Motion to Complete Administrative Record and a proposed Order.**
- **Also on September 8, 2020, the State filed the Intervenor-Defendant State of North Dakota’s Cross-Motion for Partial Summary Judgment and Opposition to Plaintiff’s Motion for Preliminary Injunction.**
- **On April 2, 2021, Plaintiff’s Supplemental Submission Regarding Mootness by Mandan, Hidatsa, and Arikara Nation, State of North Dakota’s Response to Mootness, and U.S. Department of Interior’s Response to Order of the Court were filed.**

Continental Interpleader Litigation

Case: Continental Resources, Inc. v. North Dakota Board of University and School Lands, et al., Case No. 1:17-cv-00014

Date Filed: December 23, 2016

Court: Federal District Court, 8th Circuit

Judge: Honorable Daniel Hovland

Attorney: Charles Carvell, David Garner, and Jen Verleger

Opposing Counsel: Lawrence Bender, David Ogden, Paul Wolfson, Shaun Pettigrew, Evelyn S. Ying

Issues: In December 2016, Continental Resources, Inc. (Continental) brought an interpleader action against the Board of University and School Lands and the United States regarding certain public domain lands underlying Continental operated wells located in McKenzie, Mountrail, and Williams Counties. This case involves a disagreement between the State and United States over the location of the ordinary high watermark—and consequently title to underlying minerals—on federally owned land along the now inundated historic Missouri River. Continental is requesting the Court determine title to the disputed lands so that Continental can correctly distribute the proceeds from the affected wells. Continental has claimed that there is “great doubt as to which Defendant is entitled to be paid royalties related to the Disputed Lands.” Currently, Continental is paying the United States its full royalty based on

the acreage it claims. The remaining royalty, over and above what is due the United States, is being escrowed with the Bank of North Dakota.

History:

The United States removed this action to federal district court on January 11, 2017. The Board filed its answer to the complaint on February 13, 2017. The United States filed its answer to the complaint on May 12, 2017. An Amended Complaint was filed by Continental Resources on September 14, 2017. The United States filed a Motion to Dismiss for Lack of Subject Matter Jurisdiction on October 18, 2017. In support of its motion, the United States alleges that it has not waived its sovereign immunity under the Quiet Title Act and that the interpleader action is moot under S.B. 2134.

The Board filed a response on December 20, 2017 opposing the motion to dismiss. Continental filed a response and the United States filed its reply. The United States filed a reply on March 16, 2018. The Board filed a Surreply to the Motion to Dismiss on April, 16, 2018. The Order Denying the United States' Motion to Dismiss for Lack of Subject Matter Jurisdiction was entered on December 31, 2018. The Order provided that North Dakota and the United States confer and submit a proposed scheduling order to the Court no later than sixty days from the date of the order. On January 8, 2019 the United States filed its Motion to Stay Action Due to Lapse of Appropriations. On January 10, 2019, the Court granted the United States' Motion and cancelled the January 24, 2019 scheduling conference. The Order stated the "action is stayed until [federal] appropriations are restored and Department attorneys and the Bureau of Land Management personnel are permitted to resume their usual civil litigation functions." The United States filed a Notice of Restoration of Appropriations on January 28, 2019, which requested the Court set a new scheduling conference date. On January 30, 2019, the Court issued an order granting the motion for scheduling conference, requiring the parties submit a revised scheduling/discovery plan by March 15, 2019, and setting a telephonic scheduling conference for 10:00 a.m., March 18, 2019. The parties filed a Joint Motion for Extension of Time to File Scheduling Proposal and Participate in Scheduling Conference on March 12, 2019. The Court entered an Order granting the extension to April 12, 2019 and a scheduling conference was reset for April 15, 2019. The Scheduling Conference was held on April 15, 2019. On June 14, 2019, the Board of University and School Lands filed its Amended Answer to Amended Complaint with Statement of Claim. By August 13, 2019, the United States shall assert its claims, if any, to the disputed stake. After the August 13, 2019 filing, the proceedings will be stayed until September 19, 2019 or another date set by the Court. During the stay, the United States and the Board are to discuss whether the dispute that gave rise to the litigation can be resolved. By no later than September 19, 2019, the United States and Board shall inform the Court of the status of their discussions and the Court will consider a schedule for the case. A Status Conference was set for September 20, 2019 before Magistrate Judge Clare R. Hochhalter. On August 1, 2019, the Status Conference previously set for September 20 was reset to October 11, 2019 at 10 a.m. before Magistrate Judge Clare R. Hochhalter. On August 13, 2019, the United States filed a Motion for Extension of Time to Plead and Assert Affirmative Claims and the Motion was granted on the same day, giving the United States until August 27, 2019 to file. The United States filed their Answer to Amended Complaint on August 27, 2019. On October 3, 2019, Defendants filed a joint motion and memorandandum for postponement of the October 11, 2019 status conference by 90 days. On October 4, 2019, the Court entered an Order granting the motion to continue status conference. Status conference was reset to January 13, 2020, at 9 a.m. via telephone before Magistrate Clare R. Hochhalter. United States Department of Justice advised it will be working with the United States Department of Interior – Bureau of Land Management regarding a settlement proposal. On November 8, 2019, the Board received an email from the US DOJ in response to the Board's

request that the federal government start settlement discussions by making a proposal to the Board. The email states the federal government believes its OHWM surveys are accurate, and cited N.D.C.C. § 61-33.1-06, which states: “Notwithstanding any provision of this chapter to the contrary, the ordinary high water mark of the historical Missouri riverbed channel abutting . . . public domain lands . . . must be determined by the branch of cadastral study of the [BLM] in accordance with federal law.” Relying on this statute, US DOJ suggests that the federal surveys are presumptively accurate, and then states: “we respectfully suggest that the best and most appropriate path forward would be for representatives of North Dakota to identify the specific areas where it believes the agency erred in identifying the OHWM and proffer the evidence on which it bases that belief. BLM would then assess that evidence in good faith to ascertain if a compromise, aimed at reducing litigation risk, is possible.” Status conference was held January 13, 2020 and another status conference was set for April 7, 2020.

Current Status:

- On April 7, 2020, an Order RE: Briefing Scheduled was issued by the court setting the following deadlines: Motions for Summary Judgment due simultaneously on May 7, 2020; Responses are due June 5, 2020; and Replies are due June 12, 2020.
- On December 8, 2020, the Court issued its Order Granting the United States’ Motion for Partial Summary Judgment.
- Notice of Interlocutory Appeal as to the Order on Motion for Partial Summary Judgment filed by the North Dakota Board of University and School Lands on February 5, 2021. Transmittal of the Notice of Appeal Supplement to the 8th Circuit Court of Appeals was also on February 5, 2021.
- On March 5, 2021, the Board moved for an extension of time to file the Opening Brief and Appendix with the 8th Circuit Court of Appeals and the Court granted that motion the same day.
- On March 23, 2021, the United States’ Motion to Dismiss Appeal for Lack of Appellate Jurisdiction was filed.
- On April 5, 2021, the State filed North Dakota Board of University and School Lands’ Response to United States’ Motion to Dismiss Appeal for Lack of Appellate Jurisdiction.

Nelson, Coachman, & Sorum - Quiet Title Action

Case: Marvin Nelson, Michael Coachman & Paul Sorum v. The Board of University and School Lands of the State of North Dakota – Civ. No. 27-2021-CV-00147

Tribunal: McLean County District Court

Judge: The Honorable Robin Schmidt

Attorney: David Garner

Opposing Counsel: Plaintiffs Appearing Pro Se

Issues: The Board was named as a defendant in the above reference case which was served on April 15, 2021. Plaintiffs have filed a Summons for Petition or Quiet Title, Petition for Quiet Title, and a Memorandum in Support of Petition for Quiet Title. Plaintiffs are seeking to quiet title to the property described as:

That area of the bed of Lake Sakakawea known as Lake Jennie (Jenne Lake) delineated by the US Army Corps of Engineers Shoreline Survey used in acquiring land for the creation of Lake Sakakawea In Section 30 of Township 153 North Range 98 West

and in Sections 23,24,25,26 in Township 153 North Range 99 West (approximately 488.68 acres).

History:

Current Status:

Whitetail Wave Litigation

Case: Whitetail Wave LLC v. XTO Energy, Inc.; the Board of University and School Lands; and the State of North Dakota – 27-2015-CV-00164
Date Filed: June 4, 2015
Court: McKenzie County District Court
Judge: Robin Schmidt
Attorney: David Garner/Jennifer Verleger
Opposing Counsel: Whitetail Wave – Christopher Sweeney; XTO Energy – Lawrence Bender

Issues: On August 1, 2015, the Attorney General’s Office was served with a complaint in the above referenced case. This case is challenging the State’s determination of the OHWM east of the Highway 85 Bridge, near the northern border of the Fort Berthold Indian Reservation. The Board has currently leased minerals pursuant to the Phase II Investigation for this tract. The Plaintiff is requesting that title to the minerals be quieted and has alleged claims of Unconstitutional takings, trespass, slander of title, and constructive trust/unjust enrichment against the State. The complaint also makes a number of claims specific to XTO Energy Inc., the operator of the wells on the tracts in dispute. Specifically, the Plaintiff is requesting that the State’s claim to sovereign lands’ mineral interest be restricted to those minerals located below the OHWM of the Missouri River prior to inundation of the Lake Sakakawea.

An answer was filed on behalf of the Board on July 21, 2015. In January 2016, the State Engineer intervened in the case.

History: Due to the passage of S.B. 2134, the Court ordered the case stayed and all deadlines be held in abeyance until the final review findings under S.B. 2134 are issued by the Industrial Commission. The Board and State Engineer filed a Motion for Continued Stay of Proceedings on October 19, 2018 and XTO filed a Response in Support of Continued Stay on October 26, 2018. On November 5, 2018, the Court entered its Order for Continued Stay of Proceedings, staying the proceedings, holding all deadlines in abeyance, and ordering that upon final disposition of the Sorum lawsuit the parties will request a status conference to schedule a new trial date and reset other deadlines. The continued stay was affirmed on November 27, 2018. On September 30, 2020, the District Court scheduled a Telephonic Status Conference for October 6, 2020. On October 6, 2020, Spencer Ptacek filed a Notice of Appearance on behalf of XTO. On October 7, 2020, the District Court scheduled a pretrial conference for August 10, 2021, and scheduled a five day, six person jury trial for August 16-20, 2021. On October 22, 2020, the Board of University and School Lands and State Engineer filed their Motion to Dismiss and Supporting documents.

Current Status:

- **On November 5, 2020, Plaintiff filed a Notice of Hearing on the Board of University and School Lands and State Engineer’s Brief in Support of Motion to Dismiss for 9:00 a.m. on December 3, 2020, at the McKenzie**

County Courthouse, Watford City, ND. Also filed was Whitetail Wave LLC's Response to State's Motion to Dismiss.

- On November 12, 2020, the Board of University and School Lands and State Engineer's Reply Brief in Support of Motion to Dismiss was filed.
- Also on November 12, 2020, the Response to the State Defendants' Motion to Dismiss was filed by XTO.
- On January 4, 2021, Whitetail Wave filed its Surreply to State's Motion to Dismiss.
- On January 19, 2021 the Board of University and School Lands and State Engineer filed their Response to Whitetail Wave's Surreply Regarding State's Motion to Dismiss.
- On April 13, 2021, the Court entered its Order on State's Motion to Dismiss, denying the State's Motion.

EXECUTIVE 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:

- Newfield Exploration Company et al Civ. No. 27-2018-CV-00143
- Mandan, Hidatsa, and Arikara Nation vs. United States Department of Interior, et al., 1:20-cv-01918
- Continental Resources Case No. 1:17-cv-00014
- Sorum et al. QTA
- Whitetail Wave Case No. 27-2015-cv-00164
- Legislative Update – HB 1080

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

The Board entered into executive session in a separate Microsoft Teams meeting at 9:46 AM with members of the public remaining in the open session Microsoft Teams meeting.

EXECUTIVE SESSION

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Wayne Stenehjem	Attorney General
Thomas Beadle	State Treasurer

Members Absent:

Kirsten Baesler	Superintendent of Public Instruction
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Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Catelin Newell	Administrative Staff Officer
Kristie McCusker	Paralegal
Adam Otteson	Revenue Compliance
David Shipman	Director Minerals Division

Guests in Attendance:

Dave Garner	Office of the Attorney General (present for Sorum, Whitetail and Newfield)
Charles Carvell	Office of the Attorney General (present for MHA and Continental)
Reice Haase	Governor's Policy Advisor

The executive session adjourned at 10:46 AM and the Board returned to the open session Teams meeting to rejoin the public. During the executive session Teams meeting, the Board was provided information and no formal action was taken.

MINERALS

Repayment of Unpaid Gas Royalties Update

The Board of University and School Lands (Board) manages land, minerals, and proceeds as trustee for the exclusive benefit of constitutionally identified beneficiaries, with much of the income going towards funding North Dakota schools and institutions. The Board also manages oil, gas and other hydrocarbons underlying sovereign lands for the State of North Dakota.

The Department of Trust Lands (Department) has persistently worked with operators to collect payment or establish escrow accounts for royalties from the production of minerals, in accordance with the Board's lease, rules, and policies. Royalty audits began in the late 1980's and a Revenue Compliance Division was created in 2011 to ensure that royalty and other collections made on behalf of the trusts and other funds are complete and accurate.

A letter regarding Formal Notification of Gas Royalty Repayment Obligations dated February 11, 2020 (February 2020 Letter), was sent to all entities required to pay royalties to the Board pursuant to the Board's lease. The February 2020 Letter advised all entities who have been deducting post production costs from royalty payments made to the Department that they have been underpaying royalties, contrary to the terms of the Board's lease. Entities were advised that penalties and interest continue to accrue on any unpaid amounts in accordance with the Gas Deduction Compliance Notification until payment is received. On April 8, 2020, the Board extended the date to come into compliance with gas royalty payments, as outlined in the February 2020 Letter, to September 30, 2020. At the August 27, 2020, Board meeting, the Board extended the date to come into compliance with gas royalty payments, as outlined in the February 2020 Letter, to April 30, 2020.

Since the issuance of the February 2020 Letter, the Department has been working with payors who have been deducting post production costs from royalty payments made to the Department to ensure that they are in compliance with the terms of the Board's lease. Since February twenty-five gas royalty payors have requested royalty data to assist in repayment calculations and twelve gas payors have successfully repaid the Department. Roughly 30 gas payors remain out of compliance with the Board's interpretation of its lease:

On May 1, 2021, unless active conversations are occurring with the Department regarding repayment, payors will be subject to 12% interest and 4% penalty.

Motion: The Board authorizes the Commissioner to extend the full repayment deadline of April 30 2021 to July 31, 2021.

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

I N V E S T M E N T S

Commercial Real Estate Manager

In accordance with the Investment Policy Statement (IPS) the Department of Trust Lands (Department) regularly reviews the Permanent Trust Funds' (PTFs) asset allocations for rebalancing purposes. At the end of the first quarter of 2021, the Department determined that the PTFs should be rebalanced out of Public Equities (both domestic and international) and Absolute Return into Fixed Income and Commercial Real Estate (CRE). This determination was due to the outperformance of Public Equities and Absolute Return which brought each asset class above their target allocations.

The Department reviewed its existing CRE managers and determined that more exposure to traditional core real estate would not be prudent due to the already large position in the PTFs. The Department and RVK began the new manager search by compiling a list of the top performing CRE managers within RVK's database. The Department and RVK reviewed the performance and risk history of each manager, along with fees, asset quality, asset characteristics, and investment structures. The Department choose its top two managers and interviewed them to review their investment strategies and processes.

After conducting a thorough due diligence of each manager, the Department and RVK recommend the Board approve a CRE mandate with Harrison Street. Harrison Street is an investment manager headquartered in Chicago, with additional offices in North America and Europe. It has invested over \$40 Billion in real estate and infrastructure and employs 195 professionals. Harrison Street has a strong, transparent investment process.

The Harrison Street Core Property Fund (Harrison Fund) is unique despite its name. Its assets are unlike the assets of a typical core CRE fund. The average core CRE fund tracked by the NCREIF-ODCE Index has the following property allocations: Apartments (37%), Office (34%), Industrial (20%), Retail (15%) and other property types (4%). The Harrison Fund as the following property allocations: Medical Office (32%), Senior Housing (28%), Student Housing (22%), Life Sciences (9%) and Self-storage (9%). The Harrison Fund is completely unlike our other CRE funds and yet is still well diversified and has had strong performance with low volatility.

Motion: The Board approves a \$100 Million investment with Harrison Street Core Property Fund in the commercial real estate asset allocation to partially rebalance the Permanent Trust Fund portfolios, subject to final review and approval of all legal documents by the Office of the Attorney General.

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

RVK CRE Recommendation Memo, RVK CRE Investment Manager Search Presentation and

Harrison Street Core Property Fund Presentation materials were provided to the Board and are available from the Department upon request.

Schroders Securitized Credit Mandate

In October 2020, the Board of University and School Lands (Board) approved a revision to the Fixed Income asset allocation of the Permanent Trust Funds’ (PTFs). During the discussion Department of Trust Lands (Department) staff mentioned that the Schroders’ mandate was also being reviewed for possible changes. The Department has now completed a thorough review of the securitized mandate and determined that a recommendation to expand the credit criteria and asset mixed should be made to the Board.

In June 2018, the Board approved a securitized credit mandate with Schroders. The mandate was for a high-quality, “A+” average investment grade, short duration portfolio of securitized credit (including: residential mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities).

The Department undertook a search of possible managers to take on an expanded securitized mandate. The Department began the new manager search by asking RVK to compile a list of the top performing securitized credit managers within RVK’s database. The Department and RVK reviewed the performance and risk history of each manager, along with fees, asset quality, asset characteristics, and investment structures. The Department identified and interviewed its selection of the top three managers, including Schroders, to review their investment strategies and processes.

After conducting a thorough due diligence of each manager, the Department and RVK recommend the Board approve an expanded securitized credit mandate with Schroders. The new mandate would allow Schroders to move down in average credit quality from A+ to BBB-, as well as allow for the manager to purchase unsecuritized pools or loans and other receivables. Also, moving from a Libor + 175 targeted return to a Libor + 500 targeted return.

Schroders is launching a new securitized investment vehicle, in which, if approved, the PTFs will be the founding limit partner, for which the PTFs will receive a preferred management fee. The Schroders Flexible Securitized Income Fund is an open-end fund with quarterly liquidity. The Department recommends investing the existing securitized mandate (~\$123 Million) and an additional amount from core bonds for a total of \$200 Million.

Schroders is an investment manager headquartered in New York and London, with offices throughout the globe. They have over \$780 Billion in assets under management, including \$16 billion in securitized assets. The securitized credit team consists of 16 investment professionals with deep experience in securitized and asset-based markets.

Motion: The Board approves a \$200 Million investment with Schroders Flexible Securitized Income Fund in the fixed income asset allocation, subject to final review and approval of all legal documents by the Office of the Attorney General.

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

RVK Recommendation Memo, Schroders’ Presentation materials were provided to the Board and are available from the Department upon request.

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A D J O U R N

There being no further business, the meeting was adjourned at 11:28 AM.

Doug Burgum, Chairman
Board of University and School Lands

Jodi Smith, Secretary
Board of University and School Lands

**Minutes of the Special Meeting of the
Board of University and School Lands
April 29, 2021**

The April 29, 2021 special meeting of the Board of University and School Lands was called to order at 4:30 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
Kirsten Baesler	Superintendent of Public Instruction

Members Absent:

Thomas Beadle	State Treasurer
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Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Rick Owings	EIIO Grants Administrator

Guests in Attendance:

Dave Garner	Office of the Attorney General
Reice Haase	Office of the Governor

O T H E R**Commissioner Annual Leave Payout**

N.D. Admin. Code § 4-07-12-08 provides:

No more than two hundred forty hours of accrued annual leave may be carried forward beyond April thirtieth of each year. If a political subdivision that employs individuals in positions classified by human resource management services uses a cutoff date other than April thirtieth, then the political subdivision may continue to do so as long as the same cutoff date is used for all of the agency's employees who occupy positions that are classified by human resource management services, and the two-hundred-forty-hour limit is observed.

From January 2020 thru January 2021, the Commissioner of the Board of University and School Lands has worked 968 hours over the payable 2,264 hours. Due to the increased workload resulting from royalty repayment discussions, COVID-19 related workflow changes, information technology changes, legislative session preparation, and other significant business needs, the Commissioner was unable to utilize annual leave earned.

Under N.D. Admin. Code § 4-07-12-10:

An employee may not be paid for unused annual leave while the employee remains in the service of the agency, except for the following reasons:

1. The employee takes a long-term leave of absence;
2. The employee goes on educational leave;
3. The employee moves to temporary employment; or
4. Human resource management services approves a written request from an agency for an exception to this section for a business-related reason.

When an employee is transferring from one agency to another, the employee must be paid for the difference in hours between what the employee has accumulated and the number of hours the gaining agency will accept. When an employee is leaving the service of the agency, the employee must be paid for all accrued hours of annual leave.

If the Board does not authorize the payout of annual leave earned over the allowable 240 hours, the Commissioner will lose the hours earned.

Motion: The Board authorizes the payout of annual leave earned over the allowable 240 hours of annual leave as of April 30, 2021.

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

A D J O U R N

There being no further business, the meeting was adjourned at 4:35 AM.

Doug Burgum, Chairman
Board of University and School Lands

Jodi Smith, Secretary
Board of University and School Lands

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
May 25, 2021

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

Granted to: CONTINENTAL RESOURCES INC, OKLAHOMA CITY-OK
For the Purpose of: Easement: Pipeline-Multiple Pipelines & Communication Cable
Right-of-Way Number: RW0008538
Date Issued: 4/1/2021
Application Fee: \$150.00
Right-of-way Income: \$173,507.25
Damage Payment to Lessee: \$692.00
Trust: A - Common Schools
Length (Rods): 622.31
Area (Acres): 17.15
Legal Description: WIL-153-99-21-SE4, WIL-153-99-22-SW4 LESS ACRES
CONDEMNED, W2SE4 LESS ACRES CONDEMNED

Granted to: WILLISTON WATER MANAGEMENT, LLC, DENVER-CO
For the Purpose of: Permit: Temporary Water Layflat Line
Right-of-Way Number: RW0008849
Date Issued: 4/1/2021
Application Fee: \$250.00
Right-of-way Income: \$3,535.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 214.00
Area (Acres): 0.00
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
Date Issued: 4/1/2021
Application Fee: \$250.00
Right-of-way Income: \$4,967.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 301.03
Area (Acres): 0.00
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
Date Issued: 4/1/2021
Application Fee: \$250.00
Right-of-way Income: \$2,642.87
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 160.20
Area (Acres): 0.00
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
Date Issued: 4/7/2021
Application Fee: \$100.00

Right-of-way Income: \$12,489.75
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 38.42
Area (Acres): 0.48
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
Date Issued: 4/7/2021
Application Fee: \$0.00
Right-of-way Income: \$0.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 0.00
Area (Acres): 0.00
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
Date Issued: 4/8/2021
Application Fee: \$150.00
Right-of-way Income: \$1,500.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 608.00
Area (Acres): 7.59
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
Date Issued: 4/9/2021
Application Fee: \$250.00
Right-of-way Income: \$1,320.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 80.00
Area (Acres): 0.00
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
Date Issued: 4/14/2021
Application Fee: \$250.00
Right-of-way Income: \$966.00
Damage Payment to Lessee: N/A
Trust: A - Common Schools
Length (Rods): 68.51
Area (Acres): 0.86
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
Date Issued:	4/23/2021
Application Fee:	\$250.00
Right-of-way Income:	\$3,270.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	198.18
Area (Acres):	0.00
Legal Description:	MOU-151-92-36-W2NE4SW4, NW4SW4, S2SW4

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

Date May 25, 2021

RE: Summary of Spring Surface Lease Auction Results

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

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

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

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

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

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

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

RE: Summary of Oil and Gas Lease Auction
(No Action Requested)

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

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

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

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

A total of \$281,476.25 of bonus was collected from the auction.

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

RE: April 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 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.

NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report
(Unaudited)

For period ended February 28, 2021



ITEM 2E

Board of University and School Lands

Comparative Financial Position (Unaudited)

Schedule of Net Assets

Assets by Trust:	February 28, 2021	February 28, 2020
Common Schools	\$5,267,026,624	\$4,835,306,872
North Dakota State University	79,017,991	73,045,419
School for the Blind	14,187,149	13,077,304
School for the Deaf	22,834,488	21,461,616
State Hospital	15,337,118	14,543,754
Ellendale *	25,413,579	23,091,956
Valley City State University	13,983,117	13,079,015
Mayville State University	9,163,286	8,343,920
Youth Correctional Center	27,287,011	24,263,490
State College of Science	20,377,627	18,734,709
School of Mines **	24,475,533	22,408,864
Veterans Home	5,667,751	5,370,289
University of North Dakota	38,289,080	35,203,024
Capitol Building	4,057,371	6,364,125
Strategic Investment and Improvements	629,893,485	741,586,451
Coal Development	71,456,394	71,217,591
Indian Cultural Education Trust	1,358,125	1,325,609
Theodore Roosevelt Presidential Library	53,007,308	15,668,734
Total	\$6,322,833,037	\$5,944,092,742
Assets by Type:		
Cash	228,621,486	94,918,028
Receivables	6,630,282	10,943,897
Investments ***	5,936,324,340	5,766,480,782
Office Building (Net of Depreciation)	336,120	400,092
Farm Loans	5,450,201	9,452,329
Energy Construction Loans	-	945,376
Energy Development Impact Loans	10,036,074	10,783,653
School Construction Loans (Coal)	38,908,935	41,391,562
Due to/from Other Trusts and Agencies	96,525,599	8,777,023
Total	\$6,322,833,037	\$5,944,092,742

*** 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 2E

Board of University and School Lands

Comparative Financial Position (Unaudited)

Combined Permanent Trusts	February 28, 2021	February 28, 2020
Balance Sheet		
Assets:		
Cash	\$48,007,166	\$60,947,383
Interest Receivable	5,233,149	7,974,564
Investments	5,509,252,966	5,036,031,081
Farm Loans	5,450,201	9,452,329
Energy Construction Loans	-	945,376
Due from Other Agencies	11,430,866	8,734,885
Office Building (Net of Depreciation)	336,120	400,092
Total Assets	\$5,579,710,468	\$5,124,485,710
Liabilities:		
Unclaimed Property Claimant Liability	\$16,645,538	\$16,551,604
Due to Other Trusts	-	-
Due to Other Funds	4,574	3,874
Accounts Payable	-	-
Total Liabilities	16,650,112	16,555,478
Equity:		
Fund Balance	4,892,120,248	4,919,177,984
Net Income/(Loss)	670,940,108	188,752,248
Total Liabilities and Equity	\$5,579,710,468	\$5,124,485,710
Income Statement		
Income:		
Investment Income	\$78,198,385	\$71,457,158
Realized Gain/(Loss)	77,099,568	(6,703,776)
Unrealized Gain/(Loss)	550,934,404	93,009,308
Royalties - Oil and Gas	63,736,303	97,991,784
Royalties - Coal	214,598	336,652
Royalties - Aggregate	602,153	181,718
Bonuses - Oil and Gas	965,752	8,407,997
Bonuses - Coal	-	24,000
Rents - Surface	10,798,473	11,677,190
Rents - Mineral	150,427	141,832
Rents - Coal	21,500	38,132
Rents - Office Building	70,702	68,276
Gain/Loss on Sale of Land - OREO	-	-
Sale of Capital Asset	-	25,000
Oil Extraction Tax Income	39,369,796	62,711,692
Unclaimed Property Income	9,301,201	9,331,965
Total Income	831,463,262	348,698,928
Expenses and Transfers:		
Investment Expense	4,311,457	3,860,970
In-Lieu and 5% County Payments	-	248,837
Administrative Expense	2,603,814	2,061,313
Operating Expense - Building	97,883	265,560
Transfers to Beneficiaries	153,510,000	153,510,000
Total Expense and Transfers	160,523,154	159,946,680
Net Income/(Loss)	\$670,940,108	\$188,752,248

Board of University and School Lands

Comparative Financial Position (Unaudited)

Capitol Building Trust

	February 28, 2021	February 28, 2020
Balance Sheet		
Assets:		
Cash	\$814,505	\$716,151
Interest Receivable	22,955	32,137
Investments	3,219,911	5,615,838
Total Assets	\$4,057,371	\$6,364,126
Liabilities:		
Due to Other Trusts and Agencies	\$0	\$0
Equity:		
Fund Balance	5,535,786	6,548,608
Net Income	(1,478,415)	(184,482)
Total Liabilities and Equity	\$4,057,371	\$6,364,126
Income Statement		
Income:		
Investment Income	\$49,595	\$97,224
Realized Gain(Loss)	2,420	20,841
Unrealized Gain/(Loss)	(22,280)	(2,806)
Rents - Surface	156,218	158,525
Rents - Mineral	1,602	1,602
Royalties - Oil and Gas	461,728	714,204
Bonuses - Oil and Gas	2,160	802
Bonus - Coal	-	-
Royalties - Aggregate	-	-
Total Income	651,443	990,392
Expenses and Transfers:		
Investment Expense	2,094	1,919
In-Lieu and 5% County Payments	-	3,398
Administrative Expense	21,524	15,197
Transfers to Facility Management	1,100,000	1,100,000
Transfers to Legislative Council	36,240	54,360
Transfer to Supreme Court	970,000	
Total Expense and Transfers	2,129,858	1,174,874
Net Income/(Loss)	(\$1,478,415)	(\$184,482)

Board of University and School Lands

Comparative Financial Position (Unaudited)

Coal Development Trust

	February 28, 2021	February 28, 2020
Balance Sheet		
Assets:		
Cash	\$197,594	\$116,699
Interest Receivable	342,269	526,020
Investments	21,894,320	18,357,203
Coal Impact Loans	10,036,074	10,783,653
School Construction Loans	38,908,935	41,391,562
Due from other Trusts and Agencies	257,336	141,508
Total Assets	\$71,636,528	\$71,316,645
Liabilities:		
Due to Other Trusts and Agencies	\$180,135	\$99,055
Equity:		
Fund Balance	70,750,579	70,296,353
Net Income	705,814	921,237
Total Liabilities and Equity	\$71,636,528	\$71,316,645
Income Statement		
Income:		
Investment Income	\$233,572	\$256,298
Interest on School Construction Loans	291,090	421,844
Realized Gain/(Loss)	12,163	58,082
Unrealized Gain/(Loss)	(114,565)	(4,432)
Coal Severance Tax Income	298,047	280,243
Total Income	720,307	1,012,035
Expenses and Transfers:		
Investment	10,760	5,752
Administrative	3,733	2,568
Transfers to General Fund	-	82,478
Total Expense and Transfers	14,493	90,798
Net Income/(Loss)	\$705,814	\$921,237

Board of University and School Lands

Comparative Financial Position (Unaudited)

Strategic Investment and Improvements Fund

	February 28, 2021	February 28, 2020
Balance Sheet		
Assets:		
Cash	\$179,466,673	\$32,958,784
Interest Receivable	1,108,652	2,415,170
Investments	364,300,629	706,212,497
Due from other Trusts or Agencies	85,017,532	-
Total Assets	<u>\$629,893,486</u>	<u>\$741,586,451</u>
Liabilities:		
Accounts Payable	\$0	\$0
Equity:		
Fund Balance	767,541,457	1,134,326,018
Net Income	(137,647,971)	(392,739,567)
Total Liabilities and Equity	<u>\$629,893,486</u>	<u>\$741,586,451</u>
Income Statement		
Income:		
Investment Income	\$3,810,200	\$10,096,871
Realized Gain/(Loss)	193,516	2,166,372
Unrealized Gain/(Loss)	(1,825,513)	(89,661)
Interest on Fuel Prod Facility	12,343	-
Royalties - Oil and Gas	39,803,493	58,220,847
Bonuses - Oil and Gas	(383,182)	1,166,894
Royalties - Coal	83,163	300,500
Rents - Mineral	53,427	52,981
Tax Income - Oil Extraction & Production Distribution	205,497,246	-
Total Income	<u>247,244,693</u>	<u>71,914,804</u>
Expenses and Transfers:		
Administrative	890,751	973,512
Investment Expense	105,624	185,010
Transfers to General Fund	382,200,000	382,200,000
Transfer to Commerce Department		3,000,000
Transfer to Adjutant General		2,502,253
Transfer to Energy Infrastructure & Impact Office		2,000,000
Transfer to Aeronautics Commission		20,000,000
Transfer to ND Parks & Recreation		1,877,500
Transfer to Information Technology Department		25,150,000
Transfer to Industrial Commission		270,000
Transfer to Bank of North Dakota		25,137,707
Transfer to ND Department of Corrections		1,218,000
Transfer to Office of Management & Budget		100,000
Transfer to Agencies with Litigation Pool	656,289	328,201
Transfer to State Treasurer		
Transfer to Environmental Quality	1,040,000	
Transfer from Public Service Commission		(52,818)
Transfer from Department of Health Department		(67,310)
Transfer from Attorney General Office		(6,387)
Transfer from State Highway Patrol		(49,403)
Transfer from Commerce Department		(111,895)
Total Expense and Transfers	<u>384,892,664</u>	<u>464,654,371</u>
Net Income/(Loss)	<u>(\$137,647,971)</u>	<u>(\$392,739,567)</u>

As of February 28, 2021 the SIF had a fund balance of \$629,893,486. 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 \$362,875,975 as of February 28, 2021.

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Indian Cultural Trust

	February 28, 2021	February 28, 2020
Fiduciary Net Position		
Assets:		
Cash	\$2,651	\$45,830
Interest receivable	574	1,159
Investments	1,354,899	1,278,620
Total Assets	1,358,124	1,325,609
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	1,358,124	1,325,609
Total Net Position	\$1,358,124	\$1,325,609
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	-	-
Total Contributions	\$0	\$0
Investment Income:		
Net change in fair value of investments	158,881	22,654
Interest	19,690	18,313
Less investment expense	(1,073)	2,900
Net Investment Income	177,498	43,867
Miscellaneous Income	2,905	109
Total Additions	180,403	43,976
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	179,372	43,966
Total Change in Net Position	179,372	43,966
Net Position - Beginning FY Balance	1,221,309	1,285,265
Net Position - End of Month	\$1,400,681	\$1,329,231

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Theodore Roosevelt Presidential Library

	<u>February 28, 2021</u>	<u>February 28, 2020</u>
Fiduciary Net Position		
Assets:		
Cash	\$132,897	\$133,182
Interest receivable	(77,317)	(5,153)
Investments	52,951,728	15,541,021
Total Assets	53,007,308	15,669,049
Liabilities:		
Accounts payable	-	315
Total Liabilities	-	315
Net Position:		
Net position restricted	53,007,308	15,668,734
Total Net Position	\$53,007,308	\$15,669,049
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	35,000,000	-
Total Contributions	\$35,000,000	\$0
Investment Income:		
Net change in fair value of investments	2,734,798	404,291
Interest	377,212	139,824
Less investment expense	23,094	8,370
Net Investment Income	3,088,916	535,746
Miscellaneous Income	186	82,556
Total Additions	35,023,279	90,926
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	500	315
Total Deductions	500	315
Change in net position held in Trust for:		
Private-Purpose	35,023,779	\$90,611
Total Change in Net Position	35,023,779	90,611
Net Position - Beginning FY Balance	14,918,706	15,050,748
Net Position - End of Month	\$49,942,485	\$15,141,359

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

RE: Investment Updates
(No Action Requested)

Portfolio Rebalancing Updates

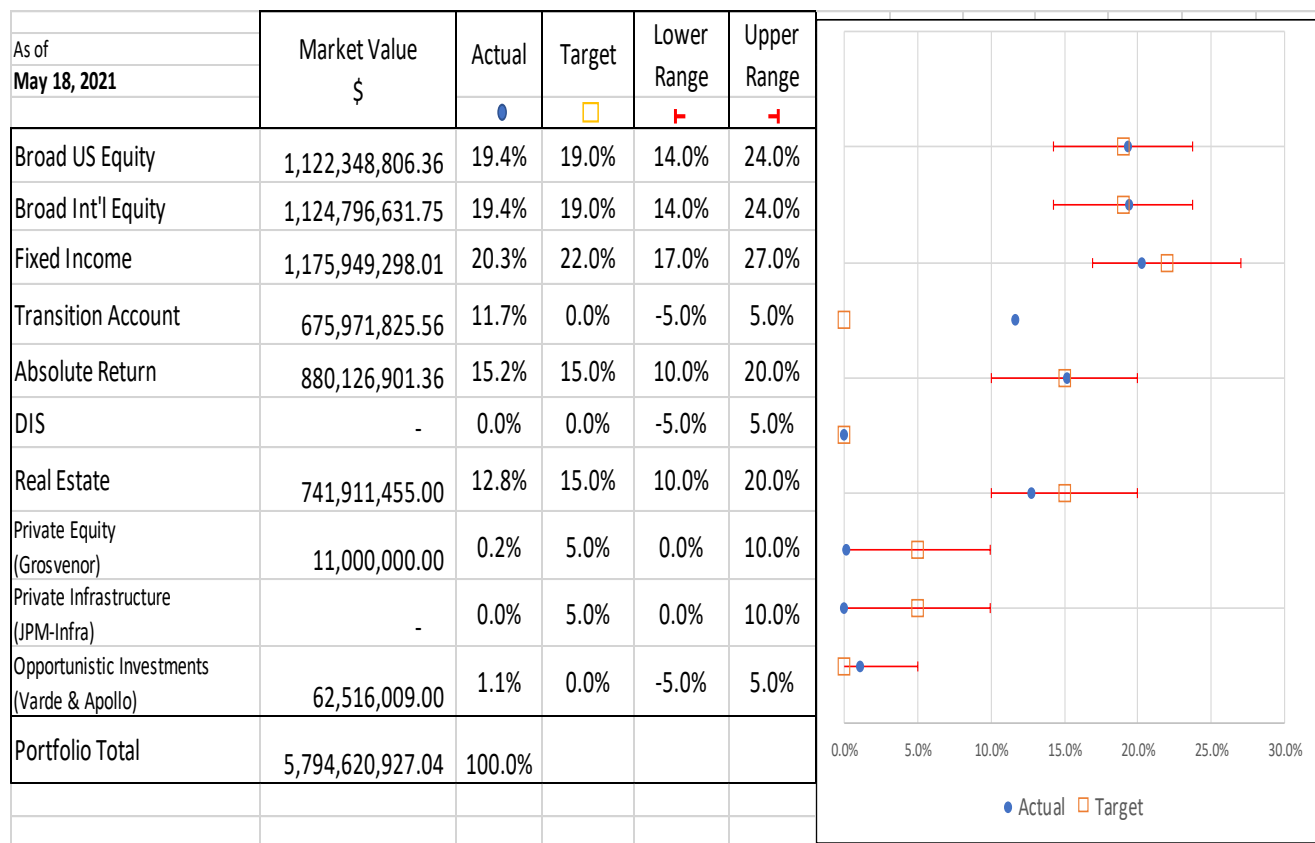
Angelo Gordon Direct Lending Fund IV (Fixed Income) made its initial capital call of \$32.5M bringing its unfunded commitment to \$67.5.

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 SURVEY REPORT

531

Total Leases Under Review






STATUS OF 117 REVIEWED LEASES

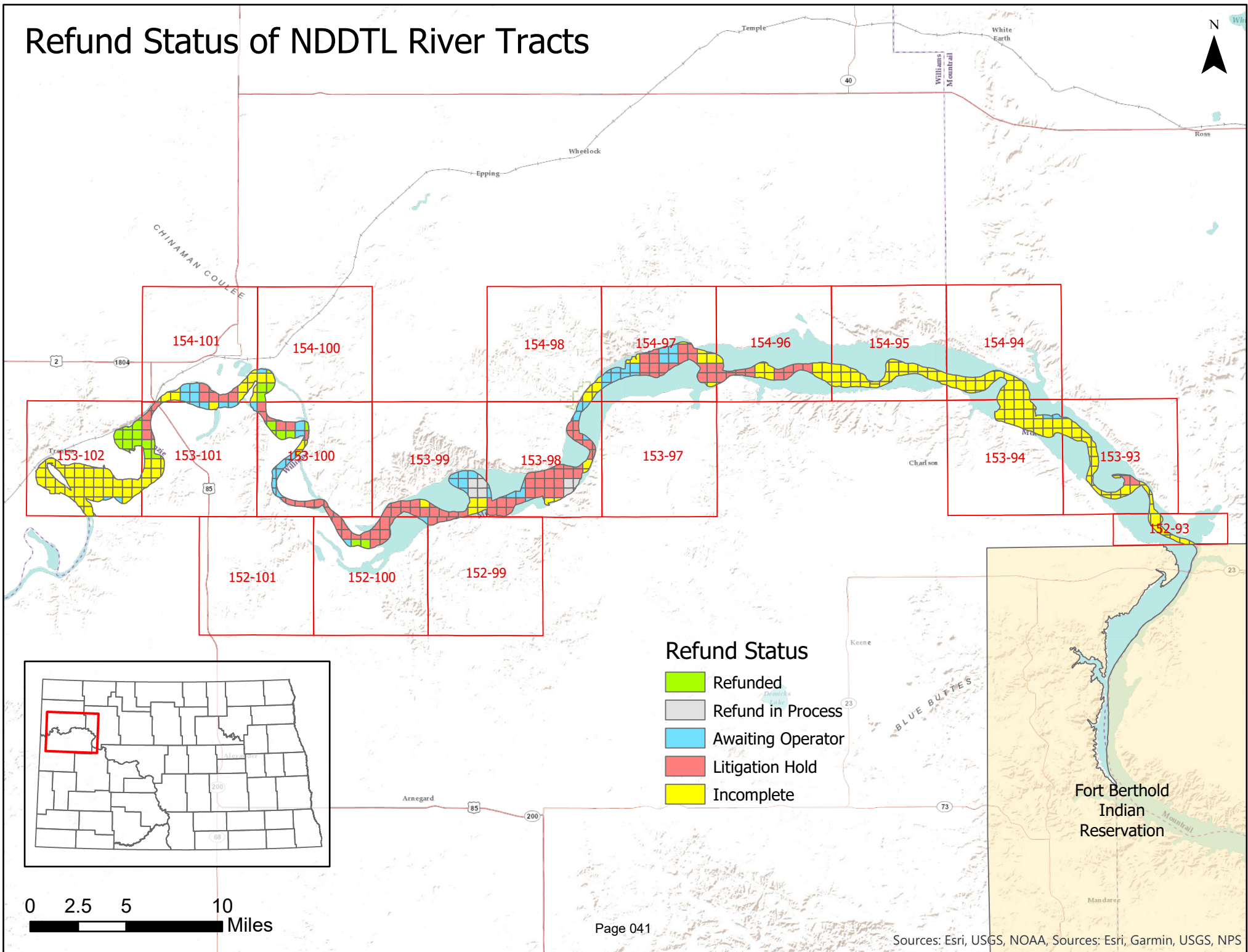
77 Awaiting
Operator
Execution

9 Refund in
Process

31 Refunded
\$3,565,233
Paid
\$ 132,046
Received

-  Reviewed (117)
-  Incomplete (280)
-  Litigation Hold (134)

Refund Status of NDDTL River Tracts



MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

RE: Information Technology Project Status Update

(No Action Requested)

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.

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
May 25, 2021

RE: Repayment of Unpaid Royalties Report
(No Action Requested)

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
- Liberty Resources

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

RE: March Investment Reports – 1st Quarter 2021

(No Action Requested)

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.

Attachment 1: RVK Permanent Trust Fund Performance Analysis

Attachment 2: RVK Ultra-short Performance Report



Investment Performance Analysis

North Dakota Board of University and School Lands

Period Ended: March 31, 2021



I. Capital Markets Review

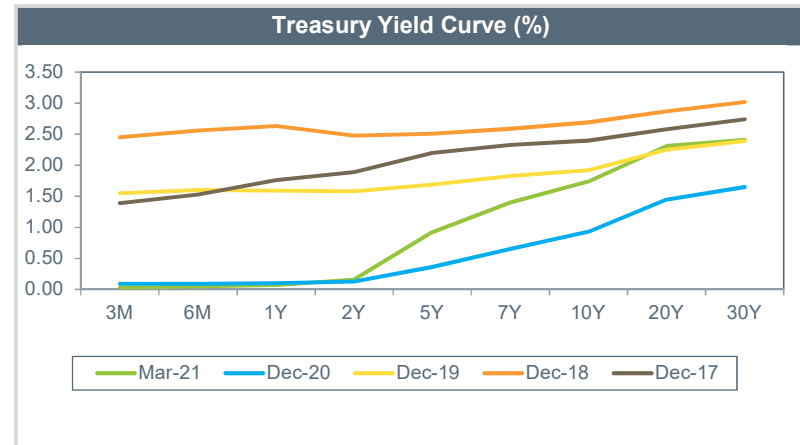


First Quarter Economic Environment

Key Economic Indicators

Investor expectations for a swift global economic recovery rose with the progress of vaccination distribution in the US being a key catalyst. The passage of further fiscal support in the US and anticipation of a bill more focused on infrastructure spending also factored into rising global and US GDP growth forecasts for 2021-22. Monetary policies remained supportive with the Federal Open Markets Committee (FOMC) and other major central banks maintaining interest rate levels near or below zero. In addition, the FOMC reiterated a commitment to accommodative policies until its inflation target is reached and a stronger labor market is sustained. As investors digested the potential for higher future growth and inflation, long-term bond yields moved higher throughout Q1. However, potential drags on sustained economic growth, including newer variants of the coronavirus and the prospect of rising inflationary pressures, remain as risks to the ongoing recovery. Another headwind to the recovery is the lower vaccination rates reported in other developed countries and some emerging market countries making parts of the world more susceptible to further outbreaks. With this backdrop, risk assets delivered positive returns in Q1 with most fixed income groups experiencing negative returns as longer-dated Treasury yields moved higher. Most commodity prices rose during Q1, notably crude oil appreciated quickly, partially driven by a tanker blocking passage of the Suez Canal in March..

Economic Indicators	Mar-21	Dec-20	Dec-19	Dec-17	20 Yr
Federal Funds Rate (%)	0.06 ▼	0.09	1.55	1.33	1.71
10 Year US Treasury Yield	1.74 ▲	0.93	1.92	2.40	5.12
30 Year US Treasury Yield	2.41 ▲	1.65	2.39	2.74	5.46
Consumer Price Index YoY (Headline) (%)	2.6 ▲	1.4	1.5	2.4	2.2
Unemployment Rate (%)	6.0 ▼	6.7	4.4	4.0	5.9
Real Gross Domestic Product YoY (%)	0.4 ▲	-2.4	0.3	3.1	N/A
PMI - Manufacturing	64.7 ▲	60.5	49.7	59.2	52.5
US Dollar Total Weighted Index	114.13 ▲	111.55	114.72	110.07	103.03
WTI Crude Oil per Barrel (\$)	59.2 ▲	48.5	61.1	60.4	62.1

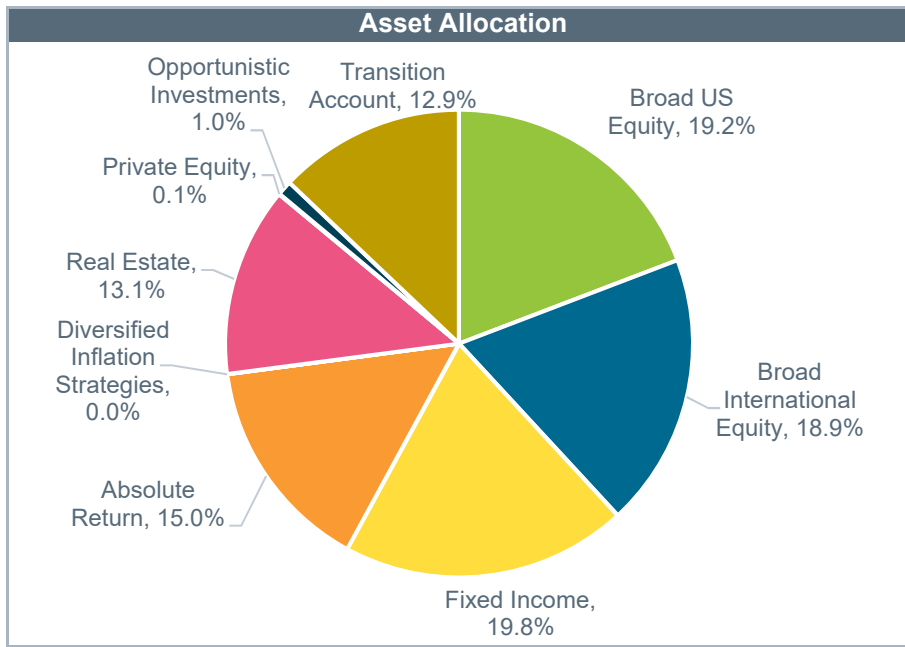


Market Performance (%)	QTD	CYTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	20 Yr
S&P 500 Index (US Large Cap Equity)	6.17	6.17	56.35	16.78	16.29	13.91	10.02	8.47
US Small Cap Equity	12.70	12.70	94.85	14.76	16.35	11.68	8.83	9.76
Developed International Equity	3.48	3.48	44.57	6.02	8.85	5.52	4.10	5.45
Developed International Small Cap Equity	4.50	4.50	61.98	6.32	10.50	8.01	5.74	9.29
Emerging Markets Equity	2.29	2.29	58.39	6.48	12.07	3.65	5.95	10.02
US Aggregate Bond	-3.38	-3.38	0.71	4.65	3.10	3.44	4.29	4.50
3 Month US Treasury Bill	0.02	0.02	0.12	1.49	1.19	0.63	1.16	1.43
US Real Estate	2.09	2.09	2.30	4.88	6.19	9.67	6.31	7.50
Real Estate Investment Trusts (REITs)	8.87	8.87	37.78	9.45	5.33	8.56	6.15	9.97
Commodities	6.92	6.92	35.04	-0.20	2.31	-6.28	-3.42	0.17

Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service. Real Gross Domestic Product YoY (%) is available quarterly. Real estate is reported quarterly; QTD returns are shown as "0.00" on interim-quarter months and until available.

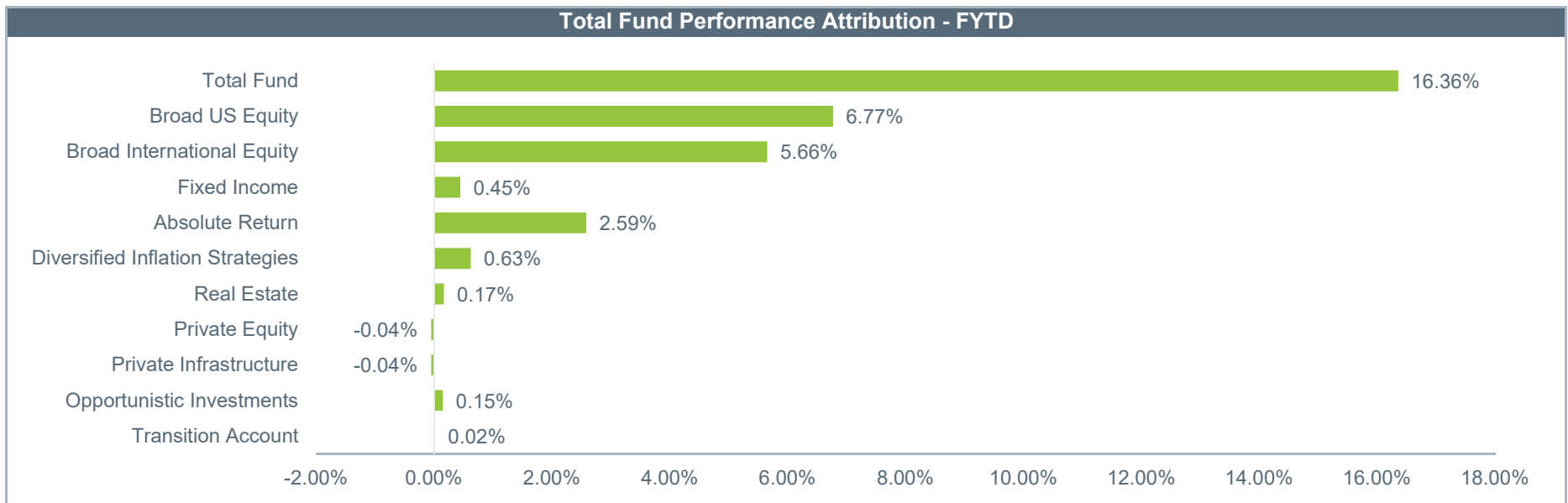
II. Total Fund





Asset Allocation vs. Target Allocation

	Asset Allocation (\$000)	Asset Allocation (%)	Target Allocation (%)
Total Fund	5,660,182	100.00	100.00
Broad US Equity	1,086,728	19.20	19.00
Broad International Equity	1,071,555	18.93	19.00
Fixed Income	1,120,887	19.80	22.00
Absolute Return	847,571	14.97	15.00
Diversified Inflation Strategies	1	-	-
Real Estate	741,911	13.11	15.00
Private Equity	3,000	0.05	5.00
Private Infrastructure	-	-	5.00
Opportunistic Investments	57,516	1.02	-
Transition Account	731,012	12.91	-



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding.

North Dakota Board of University and School Lands
Comparative Performance

As of March 31, 2021

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	3.09	3.09	16.36	28.55	6.02	7.34	5.13	6.05	6.69	08/01/1995
Target Allocation Index (Net)	1.90	1.90	16.36	30.19	8.31	8.58	6.58	7.20	N/A	
Difference	1.19	1.19	0.00	-1.64	-2.29	-1.24	-1.45	-1.15	N/A	
Broad US Equity	6.99	6.99	34.95	65.95	16.91	16.74	13.23	13.04	15.35	07/01/2009
Russell 3000 Index	6.35	6.35	33.19	62.53	17.12	16.64	13.44	13.79	15.75	
Difference	0.64	0.64	1.76	3.42	-0.21	0.10	-0.21	-0.75	-0.40	
Broad International Equity	4.56	4.56	30.02	51.66	5.38	8.94	4.45	5.09	7.06	07/01/2009
MSCI ACW Ex US Index (USD) (Net)	3.49	3.49	28.67	49.41	6.51	9.76	5.26	4.93	7.38	
Difference	1.07	1.07	1.35	2.25	-1.13	-0.82	-0.81	0.16	-0.32	
Fixed Income	-2.11	-2.11	2.59	7.54	4.20	3.57	3.40	3.73	5.51	08/01/1995
Global Fixed Income Custom Index	-3.05	-3.05	-0.83	2.95	4.51	3.51	3.28	3.48	N/A	
Difference	0.94	0.94	3.42	4.59	-0.31	0.06	0.12	0.25	N/A	
Bloomberg US Agg Bond Index	-3.38	-3.38	-2.13	0.71	4.65	3.10	3.31	3.44	5.14	
Difference	1.27	1.27	4.72	6.83	-0.45	0.47	0.09	0.29	0.37	
Absolute Return	5.52	5.52	17.39	29.42	4.07	5.79	N/A	N/A	3.09	07/01/2014
Absolute Return Custom Index	1.68	1.68	17.19	32.28	9.40	9.36	7.17	7.11	6.86	
Difference	3.84	3.84	0.20	-2.86	-5.33	-3.57	N/A	N/A	-3.77	
Real Estate	0.66	0.66	1.92	-0.42	3.58	5.85	N/A	N/A	6.55	07/01/2015
NCREIF ODCE Index (AWA) (Net)	1.91	1.91	3.31	1.50	3.97	5.26	7.29	8.68	6.09	
Difference	-1.25	-1.25	-1.39	-1.92	-0.39	0.59	N/A	N/A	0.46	
Private Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	04/01/2021
Cambridge US Prvt Eq Index	0.00	0.00	24.88	36.71	14.47	15.59	13.01	13.48	N/A	
Difference	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Opportunistic Investments	3.78	3.78	37.35	N/A	N/A	N/A	N/A	N/A	37.35	07/01/2020

Real Estate composite and index performance is available on a quarterly basis.

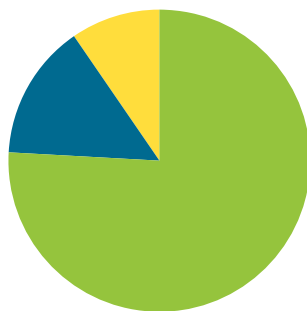
Performance shown is net of fees. Composite inception dates are based on availability of data for each asset class. Please see the Addendum for custom index definitions. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30.

Comparative Performance

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Broad US Equity	6.99	6.99	34.95	65.95	16.91	16.74	13.23	13.04	15.35	07/01/2009
Russell 3000 Index	6.35	6.35	33.19	62.53	17.12	16.64	13.44	13.79	15.75	
Difference	0.64	0.64	1.76	3.42	-0.21	0.10	-0.21	-0.75	-0.40	
State Street Russell 1000 Index SL (CF)	5.92	5.92	31.77	60.53	17.28	N/A	N/A	N/A	16.51	06/01/2017
Russell 1000 Index	5.91	5.91	31.82	60.59	17.31	16.66	13.64	13.97	16.53	
Difference	0.01	0.01	-0.05	-0.06	-0.03	N/A	N/A	N/A	-0.02	
State Street Russell Mid Cap Index (SA)	8.16	8.16	39.30	73.47	14.72	N/A	N/A	N/A	14.23	06/01/2017
Russell Mid Cap Index	8.14	8.14	39.35	73.64	14.73	14.67	11.65	12.47	14.25	
Difference	0.02	0.02	-0.05	-0.17	-0.01	N/A	N/A	N/A	-0.02	
NT Small Cap Core (SA)	12.93	12.93	53.27	99.98	15.76	18.03	11.67	12.05	11.88	07/01/2014
Russell 2000 Index	12.70	12.70	55.36	94.85	14.76	16.35	11.05	11.68	11.15	
Difference	0.23	0.23	-2.09	5.13	1.00	1.68	0.62	0.37	0.73	

Asset Allocation by Manager

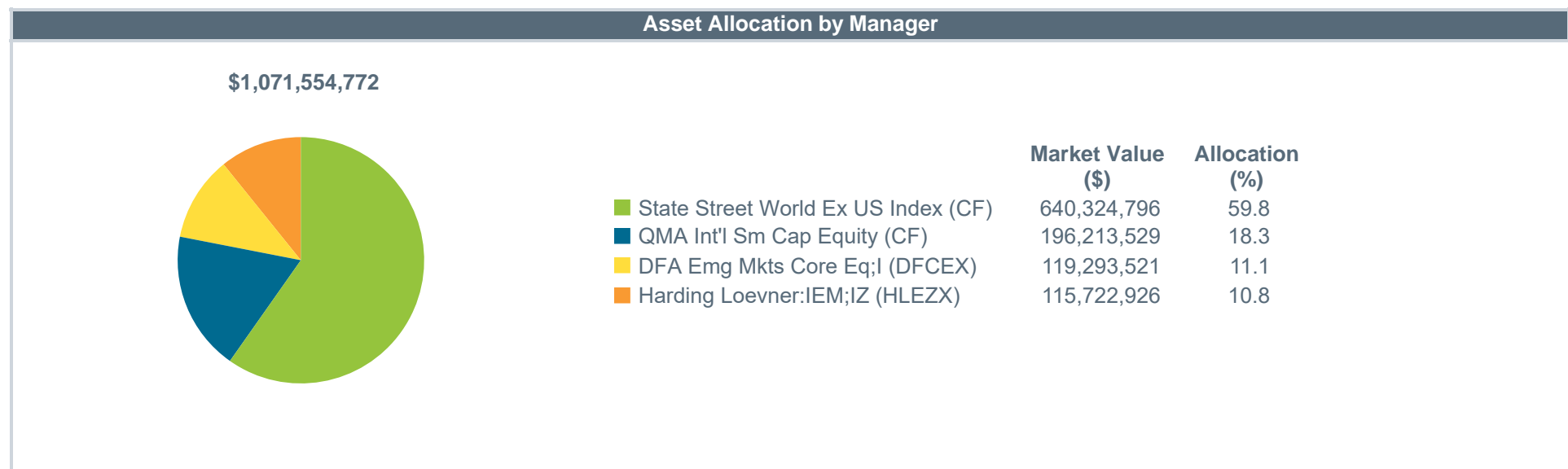
\$1,086,727,852



	Market Value (\$)	Allocation (%)
State Street Russell 1000 Index SL (CF)	824,629,816	75.88
NT Small Cap Core (SA)	157,929,144	14.53
State Street Russell Mid Cap Index (SA)	104,168,893	9.59

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Broad International Equity	4.56	4.56	30.02	51.66	5.38	8.94	4.45	5.09	7.06	07/01/2009
MSCI ACW Ex US Index (USD) (Net)	3.49	3.49	28.67	49.41	6.51	9.76	5.26	4.93	7.38	
Difference	1.07	1.07	1.35	2.25	-1.13	-0.82	-0.81	0.16	-0.32	
State Street World Ex US Index (CF)	4.05	4.05	26.43	45.81	6.27	8.85	N/A	N/A	4.16	07/01/2014
MSCI Wrld Ex US Index (USD) (Net)	4.04	4.04	26.46	45.86	6.34	8.92	4.75	5.21	4.24	
Difference	0.01	0.01	-0.03	-0.05	-0.07	-0.07	N/A	N/A	-0.08	
QMA Int'l Sm Cap Equity (CF)	7.88	7.88	33.53	61.80	2.48	N/A	N/A	N/A	0.23	02/01/2018
MSCI EAFE Sm Cap Index (USD) (Net)	4.50	4.50	35.12	61.98	6.32	10.50	7.42	8.01	4.40	
Difference	3.38	3.38	-1.59	-0.18	-3.84	N/A	N/A	N/A	-4.17	
DFA Emg Mkts Core Eq;l (DFCEX)	5.27	5.27	38.45	67.19	5.05	11.01	N/A	N/A	5.34	07/01/2014
MSCI Emg Mkts Index (USD) (Net)	2.29	2.29	34.13	58.39	6.48	12.07	6.58	3.65	5.82	
Difference	2.98	2.98	4.32	8.80	-1.43	-1.06	N/A	N/A	-0.48	
Harding Loevner:IEM;IZ (HLEZX)	1.75	1.75	36.37	60.29	4.74	11.47	N/A	N/A	5.73	07/01/2014
MSCI Emg Mkts Index (USD) (Net)	2.29	2.29	34.13	58.39	6.48	12.07	6.58	3.65	5.82	
Difference	-0.54	-0.54	2.24	1.90	-1.74	-0.60	N/A	N/A	-0.09	



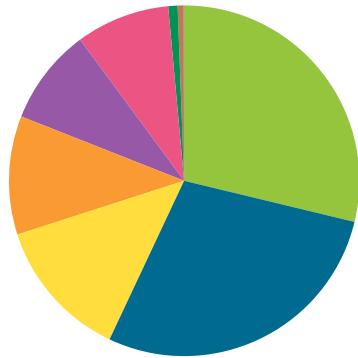
Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Fixed Income	-2.11	-2.11	2.59	7.54	4.20	3.57	3.40	3.73	5.51	08/01/1995
Global Fixed Income Custom Index	-3.05	-3.05	-0.83	2.95	4.51	3.51	3.28	3.48	N/A	
Difference	0.94	0.94	3.42	4.59	-0.31	0.06	0.12	0.25	N/A	
Bloomberg US Agg Bond Index	-3.38	-3.38	-2.13	0.71	4.65	3.10	3.31	3.44	5.14	
Difference	1.27	1.27	4.72	6.83	-0.45	0.47	0.09	0.29	0.37	
Payden & Rygel Long Term (SA)	-3.12	-3.12	-0.47	4.45	4.93	3.96	3.82	3.98	5.74	08/01/1995
Bloomberg US Agg Bond Index	-3.38	-3.38	-2.13	0.71	4.65	3.10	3.31	3.44	5.14	
Difference	0.26	0.26	1.66	3.74	0.28	0.86	0.51	0.54	0.60	
JP Morgan Core Bond (SA)	-2.25	-2.25	-0.88	2.15	4.12	2.78	2.87	N/A	2.46	08/01/2012
Bloomberg US Gov't Crdt Int Trm Bond Index	-1.86	-1.86	-0.78	2.01	4.36	2.75	2.77	2.88	2.34	
Difference	-0.39	-0.39	-0.10	0.14	-0.24	0.03	0.10	N/A	0.12	
Brandywine Gbl Opp Fixed Income (CF)	-3.97	-3.97	9.83	20.89	2.32	4.01	N/A	N/A	2.86	11/01/2014
FTSE Wrld Gov't Bond Index	-5.68	-5.68	-0.22	1.82	2.09	2.15	1.55	1.66	1.98	
Difference	1.71	1.71	10.05	19.07	0.23	1.86	N/A	N/A	0.88	
Loomis Sayles Credit A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	04/01/2021
FTSE Wrld Gov't Bond Index	-5.68	-5.68	-0.22	1.82	2.09	2.15	1.55	1.66	N/A	
Difference	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
AG Direct Lending III LP	0.00	0.00	7.25	10.00	N/A	N/A	N/A	N/A	7.92	09/01/2018
CS Lvg'd Loan Index	0.00	0.00	7.91	18.39	3.45	4.92	3.74	4.20	3.20	
Difference	0.00	0.00	-0.66	-8.39	N/A	N/A	N/A	N/A	4.72	
Ares Pathfinder Fund LP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	03/01/2021
Schroders Securitized Credit (SA)	0.86	0.86	3.78	9.99	N/A	N/A	N/A	N/A	2.35	12/01/2018
3 Month LIBOR Index (USD)+1.75%	0.50	0.50	1.51	2.40	3.61	3.26	2.91	2.67	3.48	
Difference	0.36	0.36	2.27	7.59	N/A	N/A	N/A	N/A	-1.13	
ND Land - PTF Cash (SA)	0.00	0.00	0.03	0.08	1.43	N/A	N/A	N/A	1.40	07/01/2017
ICE BofAML 3 Mo US T-Bill Index	0.02	0.02	0.09	0.12	1.49	1.19	0.87	0.63	1.44	
Difference	-0.02	-0.02	-0.06	-0.04	-0.06	N/A	N/A	N/A	-0.04	
FLP (Loans)	0.69	0.69	3.01	3.74	4.77	5.33	5.52	5.63	6.99	08/01/1995

Performance shown is net of fees. Performance for AG Direct Lending Fund III LP is available quarterly. Interim period performance assumes a 0.00% return. Q1 performance is not yet available for AG Direct Lending III LP. The Global Fixed Income Custom Index currently consists of the Bloomberg US Unv Bond Index. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30.

Asset Allocation by Manager

\$1,120,887,213



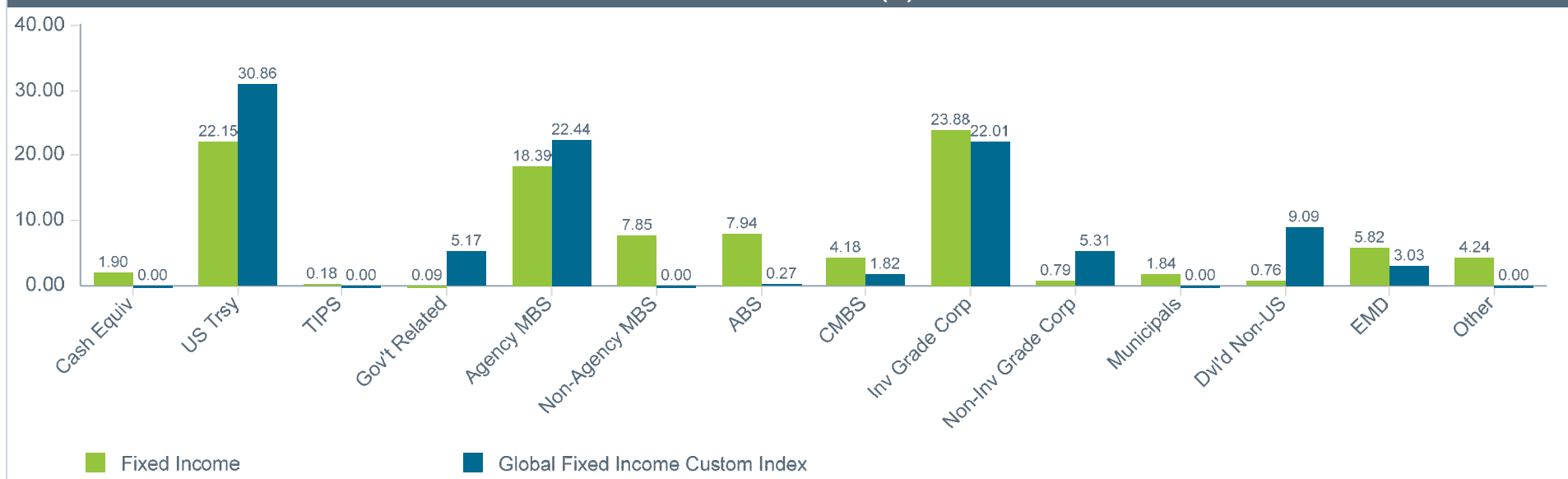
	Market Value (\$)	Allocation (%)
Payden & Rygel Long Term (SA)	322,596,970	28.78
JP Morgan Core Bond (SA)	316,406,511	28.23
AG Direct Lending III LP	145,985,717	13.02
Schroders Securitized Credit (SA)	122,651,630	10.94
Loomis Sayles Credit A	99,752,060	8.90
Brandywine Gbl Opp Fixed Income (CF)	97,102,598	8.66
FLP (Loans)	9,657,100	0.86
Ares Pathfinder Fund LP	6,153,912	0.55
ND Land - PTF Cash (SA)	580,715	0.05

RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Market value for AG Direct Lending III LP is as of 12/31/2021, adjusted for subsequent cash flows. The 03/31/2021 valuation for Ares Pathfinder Fund LP is unavailable and the market value represents capital contributions.

Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	4.83	6.20
Avg. Maturity	7.47	8.28
Avg. Quality	A1	N/A
Coupon Rate (%)	2.68	2.98
Yield To Worst (%)	1.99	1.94
Current Yield (%)	2.76	N/A

Sector Distribution (%)



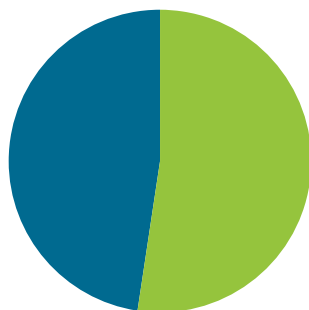
FLP Bank Loans, AG Direct Lending Fund III LP, ND Land - PTF Cash (SA) and Ares Pathfinder Fund LP are excluded from portfolio characteristics and sector distribution. Allocation to "Other" consists of CLOs, MBS Non-US and Non-US Securitized.

Comparative Performance

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Absolute Return	5.52	5.52	17.39	29.42	4.07	5.79	N/A	N/A	3.09	07/01/2014
Absolute Return Custom Index	1.68	1.68	17.19	32.28	9.40	9.36	7.17	7.11	6.86	
Difference	3.84	3.84	0.20	-2.86	-5.33	-3.57	N/A	N/A	-3.77	
GMO:Bchmk-Fr All;IV (GBMBX)	5.00	5.00	13.15	22.02	2.45	4.82	N/A	N/A	2.41	07/01/2014
60% MSCI ACW (Net)/40% Bbrg Gbl Agg Idx	0.91	0.91	17.77	32.72	8.64	9.13	6.61	6.55	6.24	
Difference	4.09	4.09	-4.62	-10.70	-6.19	-4.31	N/A	N/A	-3.83	
PIMCO:All Ast Ath;Inst (PAUIX)	6.00	6.00	21.53	37.48	3.80	6.21	N/A	N/A	2.18	07/01/2014
All Asset Custom Index (EqI Wtd)	0.45	0.45	9.73	18.26	7.14	6.80	5.32	5.46	5.09	
Difference	5.55	5.55	11.80	19.22	-3.34	-0.59	N/A	N/A	-2.91	

Asset Allocation by Manager

\$847,571,379



	Market Value (\$)	Allocation (%)
PIMCO:All Ast Ath;Inst (PAUIX)	443,932,527	52.38
GMO:Bchmk-Fr All;IV (GBMBX)	403,638,853	47.62

Performance shown is net of fees. The Absolute Return Custom Index consists of 60% MSCI ACW IM Index (USD) (Net) and 40% Bloomberg US Agg Bond Index. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.



Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Real Estate	0.66	0.66	1.92	-0.42	3.58	5.85	N/A	N/A	6.55	07/01/2015
NCREIF ODCE Index (AWA) (Net)	1.91	1.91	3.31	1.50	3.97	5.26	7.29	8.68	6.09	
Difference	-1.25	-1.25	-1.39	-1.92	-0.39	0.59	N/A	N/A	0.46	
Morgan Stanley Prime Property (CF)	1.91	1.91	4.51	2.57	5.06	6.64	N/A	N/A	7.31	07/01/2015
NCREIF ODCE Index (AWA) (Net)	1.91	1.91	3.31	1.50	3.97	5.26	7.29	8.68	6.09	
Difference	0.00	0.00	1.20	1.07	1.09	1.38	N/A	N/A	1.22	
UBS Trumbull Property LP (CF)	1.12	1.12	-1.26	-3.84	-0.74	1.79	N/A	N/A	2.91	07/01/2015
NCREIF ODCE Index (AWA) (Net)	1.91	1.91	3.31	1.50	3.97	5.26	7.29	8.68	6.09	
Difference	-0.79	-0.79	-4.57	-5.34	-4.71	-3.47	N/A	N/A	-3.18	
Jamestown Premier Property (CF)	-3.17	-3.17	-8.21	-11.92	-2.25	2.81	N/A	N/A	3.79	07/01/2015
NCREIF ODCE Index (AWA) (Net)	1.91	1.91	3.31	1.50	3.97	5.26	7.29	8.68	6.09	
Difference	-5.08	-5.08	-11.52	-13.42	-6.22	-2.45	N/A	N/A	-2.30	
Prologis Targeted US Logistics LP (CF)	0.00	0.00	9.31	7.37	12.94	14.94	N/A	N/A	14.94	04/01/2016
NCREIF ODCE Index (AWA) (Net)	1.91	1.91	3.31	1.50	3.97	5.26	7.29	8.68	5.26	
Difference	-1.91	-1.91	6.00	5.87	8.97	9.68	N/A	N/A	9.68	
JP Morgan US RE Inc & Grth LP (CF)	0.62	0.62	-0.48	-2.65	1.54	N/A	N/A	N/A	3.72	07/01/2016
NCREIF ODCE Index (AWA) (Net)	1.91	1.91	3.31	1.50	3.97	5.26	7.29	8.68	5.13	
Difference	-1.29	-1.29	-3.79	-4.15	-2.43	N/A	N/A	N/A	-1.41	



Performance shown is net of fees. Real Estate manager and index performance is available on a quarterly basis. Q1 performance is not yet available for Prologis Targeted US Logistics LP (CF). Interim period performance assumes a 0.00% return. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.

Comparative Performance

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Private Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	04/01/2021
Cambridge US Prvt Eq Index	0.00	0.00	24.88	36.71	14.47	15.59	13.01	13.48	N/A	
Difference	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
GCM Grosvenor BUSL LP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	04/01/2021

Asset Allocation by Manager

March 31, 2021 : \$3,000,000



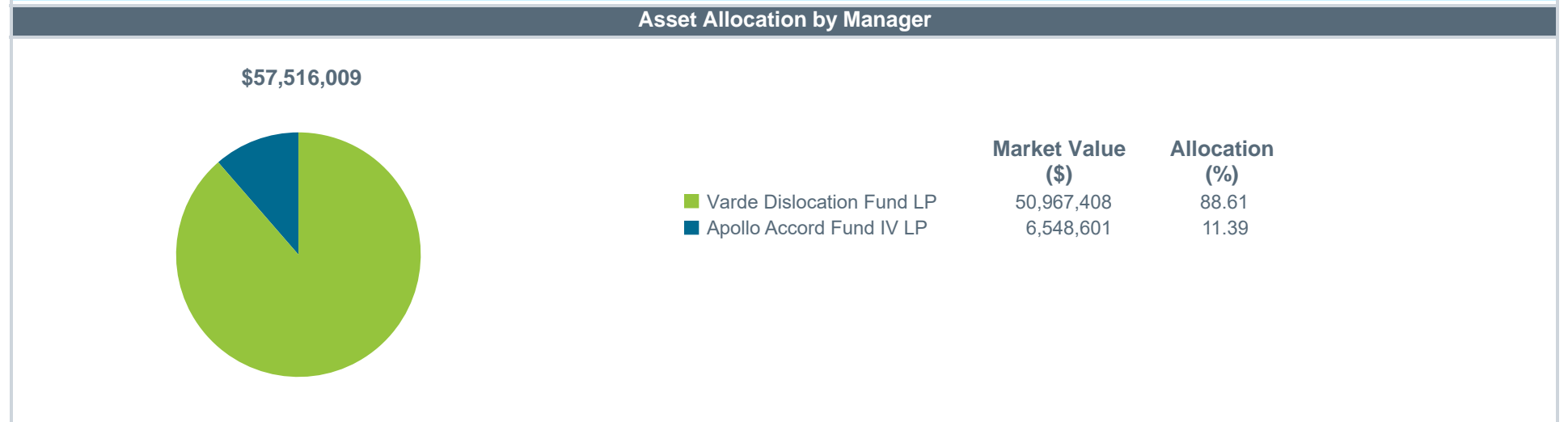
■ GCM Grosvenor BUSL LP

Market Value (\$)
3,000,000

Allocation (%)
100.00

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. During 03/2021, GCM Grosvenor BUSL LP was funded.

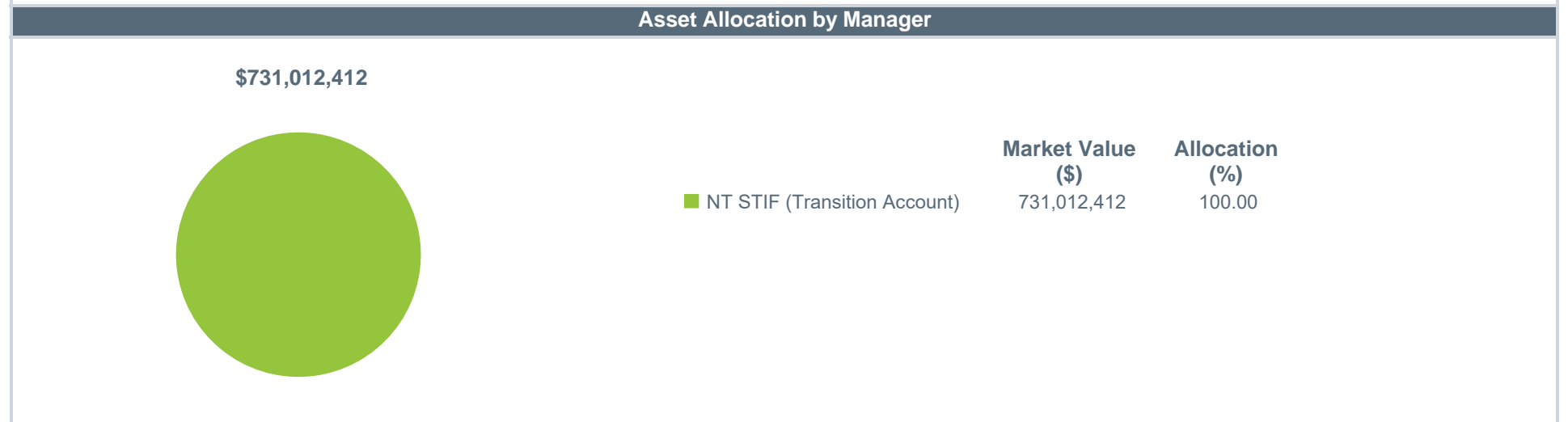
Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Opportunistic Investments	3.78	3.78	37.35	N/A	N/A	N/A	N/A	N/A	37.35	07/01/2020
Varde Dislocation Fund LP	3.58	3.58	39.15	N/A	N/A	N/A	N/A	N/A	39.15	07/01/2020
Apollo Accord Fund IV LP	5.13	5.13	N/A	N/A	N/A	N/A	N/A	N/A	11.79	10/01/2020



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.



Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
NT STIF (Transition Account)	0.06	0.06	0.24	N/A	N/A	N/A	N/A	N/A	0.27	06/01/2020
ICE BofAML 3 Mo US T-Bill Index	0.02	0.02	0.09	0.12	1.49	1.19	0.87	0.63	0.11	
Difference	0.04	0.04	0.15	N/A	N/A	N/A	N/A	N/A	0.16	



III. Addendum



Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
Apollo Accord Fund IV, L.P.	2020	Private Credit - Opportunistic Credit	100,000,000	5,500,000	37,460	6,548,601	N/M	N/A	N/M	1.20
Ares Pathfinder Fund, LP	2020	Private Credit - Specialty Finance	100,000,000	6,344,154	139,550	6,153,912 *	N/M	N/A	N/M	0.99
Varde Dislocation Fund, LP	2020	Private Equity - Distressed	100,000,000	45,000,000	100,849	50,967,408	N/M	N/A	N/M	1.13
Grosvenor - BUSL, LP	2021	Private Equity - Multi-Stage	130,000,000	3,025,182	0	3,000,000 *	N/M	N/A	N/M	0.99
			430,000,000	59,869,336	277,859	66,669,921				

Certain valuations (marked with a **) are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the Bloomberg US Agg Bond Index assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin.

Performance Related Comments

- Manager inception dates shown represent the first full month following initial funding.
- RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Prior historical data was provided by North Dakota Board of University and School Lands.
- Real Estate composite, manager, and index performance are available on a quarterly basis. Market values are as of the most recent quarter-end and adjusted for subsequent cash flows. Interim period performance assumes a 0.00% return.
- Indices show N/A for since inception returns when the fund contains more history than the corresponding benchmark.
- As of 07/2014, composite and manager performance is provided and calculated by RVK.
- Net performance for FLP bank loans represent Fees Payable.
- Market value and performance for AG Direct Lending III LP is as of 12/31/2020, adjusted for subsequent cash flows.
- RVK cautions that the interpretation of time-weighted returns on non-marketable investments such as Private Equity, Private Real Estate, and Private Credit is imperfect at best, and can potentially be misleading.

Index Comments

- The Target Allocation Index (Net) is a static custom index that is calculated monthly and consists of:
 - From 05/2020 through present: 19% Russell 3000 Index, 19% MSCI ACW Ex US Index (USD) (Net), 22% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 15% Absolute Return Index, 5% Cambridge US Private Equity Index, and 5% MSCI World Infrastructure Index.
 - From 07/2019 through 04/2020: 18.5% Russell 3000 Index, 18.5% MSCI ACW Ex US Index (USD) (Net), 23% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 15% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 02/2018 through 06/2019: 17% Russell 3000 Index, 17% MSCI ACW Ex US Index (USD) (Net), 21% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 20% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 07/2016 through 01/2018: 17% Russell 3000 Index, 15% MSCI ACW Ex US Index (USD) (Net), 23% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 20% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 04/2016 through 06/2016: 17.6% Russell 3000 Index, 15.5% MSCI ACW Ex US Index (USD) (Net), 23.8% Global Fixed Income Custom Index, 12% NCREIF ODCE Index (AWA) (Net), 20.7% Absolute Return Custom Index, and 10.4% DIS Custom Index.
 - From 01/2016 through 03/2016: 17.7% Russell 3000 Index, 15.6% MSCI ACW Ex US Index (USD) (Net), 25.3% Global Fixed Income Custom Index, 10% NCREIF ODCE Index (AWA) (Net), 21% Absolute Return Custom Index, and 10.4% DIS Custom Index.
 - From 10/2015 through 12/2015: 17.9% Russell 3000 Index, 15.9% MSCI ACW Ex US Index (USD) (Net), 25.5% Global Fixed Income Custom Index, 9% NCREIF ODCE Index (AWA) (Net), 21.1% Absolute Return Custom Index, and 10.6% DIS Custom Index.
 - From 07/2015 through 09/2015: 19.5% Russell 3000 Index, 17.4% MSCI ACW Ex US Index (USD) (Net), 26.2% Global Fixed Income Custom Index, 4.1% NCREIF ODCE Index (AWA) (Net), 22% Absolute Return Custom Index, and 10.8% DIS Custom Index.
 - From 07/2014 through 06/2015: The index was calculated monthly using beginning of month asset class weights applied to each corresponding primary benchmark return.
 - From 01/2013 through 06/2014: 18.7% Russell 1000 Index, 12.4% Russell 2500 Index, 7.5% FTSE EPRA/NAREIT US Index, 12.4% MSCI EAFE Index (USD) (Net), 33.3% Bloomberg US Agg Bond Index, 0.70% CS Lvg'd Loan Index, 10% Bloomberg US Corp Hi Yld Index, and 5% Bloomberg Gbl Agg Ex USD Index (Hedged).
 - From 07/2009 through 12/2012: 15% Russell 1000 Index, 10% Russell 2500 Index, 6% FTSE EPRA/NAREIT US Index, 10% MSCI EAFE Index (USD) (Net), 32.3% Bloomberg US Agg Bond Index, 1.70% CS Lvg'd Loan Index, 10% Bloomberg US Corp Hi Yld Index, 5% Bloomberg Gbl Agg Ex USD Index (Hedged), and 10% ICE BofAML Cnvt Bonds Index (All Qual).
- The Global Fixed Income Custom Index consists of the Bloomberg US Unv Bond Index. Prior to 03/2019, the index consisted of 75% Bloomberg US Unv Bond Index and 25% Bloomberg Multiverse Index.
- The Absolute Return Custom Index consists of 60% MSCI ACW IM Index (USD) (Net) and 40% Bloomberg US Agg Bond Index.

Addendum

Cont.

The All Asset Custom Index (EqI Wtd) is an equal-weighted hybrid created independently by RVK specifically for PIMCO's All Asset strategies, and it consists of the following benchmarks:

1. Short Term Strategies: ICE BofAML 1 Yr T-Bill Index
2. US Core and Long Maturity Bond Strategies: Bloomberg US Agg Bond Index
3. EM and Gbl Bond Strategies: PIMCO GLADI Index*
4. Crdt Strategies: ICE BofAML US Hi Yld Master II Index
5. Inflation Related Strategies: Bloomberg US Trsy US TIPS Index
6. US Equity Strategies: Russell 3000 Index
7. Global Equity Strategies: MSCI ACW Index (USD) (Net)
8. Alternative Strategies: ICE BofAML 3 Mo US T-Bill Index + 3%

*Performance for the PIMCO Gbl Advantage Bond Index (London Close) prior to 01/01/2004 consists of the JPM EMBI Gbl Dvf'd Index (TR).

PORTLAND

BOISE

CHICAGO

NEW YORK

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Schedule of Investable Assets					
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
MTD	360,896,693	5,323	-151,146	360,750,870	-0.04

Asset Allocation & Performance								
	Market Value (\$)	Performance (%)						
		MTD	QTD	FYTD	CYTD	1 Year	Since Incep.	Inception Date
NT Ultra Short Extended (SA)	360,750,870	-0.04	0.03	0.54	0.03	1.85	1.87	08/01/2015
NT Ultra Short Extended Custom Index		-0.02	-0.01	0.25	-0.01	0.84	1.49	
Difference		-0.02	0.04	0.29	0.04	1.01	0.38	

Fund Objective	
The objective of this fund is to provide capital preservation with returns which exceed that of its custom benchmark, 50% Bloomberg US Gov't Crdt 1-3 Yr Bond Index and 50% ICE BofAML 3 Mo US T-Bill Index.	

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	1.00	1.09
Modified Duration	1.17	1.04
Spread Duration	1.23	1.09
Convexity	N/A	N/A
Avg. Maturity	1.04	1.12
Avg. Quality	Aa1	N/A
Yield To Maturity (%)	0.36	0.17
Coupon Rate (%)	1.53	N/A
Current Yield (%)	1.51	N/A
Holdings Count	120	1,625

Sector Distribution (%)	
Cash Equiv	0.27
US Trisy	83.24
Gov't Related	0.00
Agency MBS	27.48
Non-Agency MBS	0.01
ABS	12.31
Inv Grade Corp	54.87

Sector	NT Ultra Short Extended (SA)	NT Ultra Short Extended Custom Index
Cash Equiv	0.27	0.00
US Trisy	5.06	83.24
Gov't Related	0.00	5.47
Agency MBS	27.48	0.00
Non-Agency MBS	0.01	0.00
ABS	12.31	0.00
Inv Grade Corp	54.87	11.29

Performance shown is net of fees. Net cash flow includes securities lending income and client directed flows. Gain/loss includes dividend and interest income and capital appreciation. Allocations shown may not sum up to 100% exactly due to rounding. The NT Ultra Short Extended Custom Index is calculated monthly and currently consists of 50% Bloomberg US Gov't Crdt 1-3 Yr Bond Index and 50% ICE BofAML 3 Mo US T-Bill Index. Fiscal year end 06/30.



MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

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

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

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

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

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

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

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

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

Two appraisals were completed as follows:

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

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

NCCC § 15-09-04 states:

“The board of university and school lands may sell the property described in the application to the applicant at a price not less than the appraised value if the board concludes that the land described in the application is required for the purposes stated in such application and that a conveyance of the property is consistent with this title and the fiduciary responsibilities of the board. If the land described in the application is less than an entire tract, the board, in fixing the price at which such partial tract will be conveyed, shall take its value into consideration together with all detriment caused to the remaining portions of the tract by the conveyance of the partial tract.”

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

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

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

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

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

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

The Department received three appraisals:

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

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

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

Upon a determination that the application covers a tract the board is willing to 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.

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

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

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

June 27, 2013

RE: East Bismarck Marketability Study and Property Analysis (BRL-139-80-36)
(No Action Required)

In January, 2013, the Department hired a contractor to prepare a Marketability Study and Property Analysis for 590 Common Schools Trust Fund acres located east of Bismarck Expressway, described as Section 36, Township 139 North, Range 80 West, Burleigh County.

Ulteig Engineering was tasked to evaluate:

1. Public works master plans from the City of Bismarck, the recent water main extension, long range transportation plans from the city and state, and coordination with planning and zoning officials with local jurisdiction.
2. Adjacent Lands – what changes in land use, access routes and documented master plans for adjacent lands to be developed or recently developed will likely impact the trust lands.
3. Present demand for land in the Bismarck market area, present and potential development plans in this area of Burleigh County and the city of Bismarck expansion.
4. A general analysis of the likely uses and potential for sale(s) of this land.

The final Marketability Study and Property Analysis report was recently received, and a copy is attached. The Department will review the assessment with the firm and offer recommendations for next steps at a subsequent Board meeting.

Attachment: Study

East Bismarck Marketability Study & Property Analysis

Final Report

June 2013

Prepared for the North Dakota Department of Trust Lands

Prepared by Ulteig

Objectives and Approach

The overall objective of this study is to help the ND Department of Trust Lands assess the potential for sale of Section 36 (Figure A) at the eastern edge of Bismarck. The study includes:

- Evaluation of utility infrastructure, transportation, and land use plans
- Evaluation of current and future development of adjacent lands
- Identification of the present demand for land development in the area
- Identification of likely uses and potential for sale

To achieve the study objective, the following steps were taken:

- Reviewing relevant plans and studies to identify current and anticipated infrastructure capacity; planned or probable land development patterns; and anticipated growth of the Bismarck Mandan metropolitan area
- Interviewing local officials to identify ongoing development activity and emerging influences on future development
- Interviewing development experts to ascertain market demand and potential land use needs in the metropolitan area
- Preparing a land demand evaluation that identifies land development trends and potential uses for Section 36
- Preparing a final report

Figure A. Section 36 Vicinity Map (source: Ulteig)



Existing Infrastructure Conditions

Water main was installed in 2011 along Main Avenue at the south edge of the property. The 2001 update of the water master plan indicates that land in Section 36 would be served in two separate zones due to elevations. The high ground in the northeastern quadrant exists in a water service zone (Zone 2) involving land to the north and east. This zone is serviced by the underground reservoirs at the 16th Street complex; however, a new water tower located on the high ground near a future interchange at 66th Avenue is anticipated to serve this area. The remainder of the section would be served by a water service zone (Zone 1) covering much of central Bismarck with service from an existing underground reservoir and pumping station located at the Hillside Park complex. There appears to be sufficient water storage capacity to serve the section from the existing towers for all except high water demand industrial uses.

Sewer main was installed in 1999 along a route that generally follows the drainage swale running from the north central toward the southwestern corner of the site. The sewer main is positioned low enough to allow gravity flow sewage collection for most of the section. However, the lower end of the drainage swale near the southeastern corner of the section is lower than the sewer main, and depending on the extent to which that area is developed, a lift station could be needed to serve it. The 2001 update of the sewage master plan anticipates a future sewage main running north to south about ½ mile east of Section 36. This may provide an opportunity for gravity flow sewage collection to the east.

A concept-level stormwater master plan completed in 2004 identifies a drainage basin often called the City of Bismarck Landfill Watershed; the basin drains all but approximately 88 acres in the southwestern corner of the Section 36. The remaining 88 acres exist as part of the Hay Creek Watershed. The Landfill Watershed eventually empties into Apple Creek, and ultimately into the Missouri River. The potential for the installation of underground stormwater pipe to convey stormwater through some or all of the section is limited due to cost constraints. The stormwater master plan recommends a protected drainage area via "Development Control Lines" along the Landfill Creek and its major tributaries. These Development Control Lines were recommended to be outside established floodplain boundaries. The floodplain boundaries encompass approximately 112 acres in Section 36. (See Figure B.) Any proposed development would have to provide onsite retention or detention to limit the flows into the drainage swale to predevelopment levels. The stormwater master plan also recommends that regional detention facilities should not be privately owned.

Section 36 is near Interstate 94 and relatively close to rail access and the Bismarck Airport. It has major transportation facilities located on the south and west sides. Additionally, the City of Bismarck plans to straighten and extend Divide Avenue across the north side of the Section. The straightening of Divide Avenue to the west of Expressway was originally intended to be done in 2013, but it has been delayed for at least a year to await sufficient federal funds. The extension of Divide Avenue across the north side of Section 36 would improve its ability to function as a minor arterial to 66th Street and an anticipated future I-94 interchange. Any development in the northeastern part of Section 36 would likely encourage the extension of Divide Avenue and subsequent development or redevelopment of land further east.

Existing Land Use and Special Conditions

Section 36 is zoned agriculture by the City. Land use to the north is primarily industrial and a new industrial park immediately north of the section is in the pre-platting stages with the City of Bismarck. Land use to the east is primarily rural residential and agricultural. Most of the land to the south is part of the Missouri River Complex owned by Burleigh County and will not likely see significant development. Land to the west has a mix of commercial and industrial uses.

FEMA is in the final stages of completing a new DFIRM for Burleigh County which will incorporate and update a 2004 Flood Insurance Study that defined floodplain and floodway areas along the drainage swale which runs through Section 36. Please note the concept-level stormwater master plan completed in 2004 indicates under certain high-water conditions there would be breakout flows from the Landfill

Figure B. Outline of Proposed Floodplain in Section 36 (source: Houston Engineering)



Watershed into the Hay Creek Watershed at a point just east of the WAPA facility near the southwestern corner of the section.

Although a benign influence on the site, the coniferous tree planting which spells BISMARCK is a major landmark which has existed on the site since the early 1970's. Any proposal to remove this landmark could generate concern.

The WAPA facility and its attendant transmission power lines and easements present a major obstacle to some types of development and a minor obstacle to other types of development. In addition to limiting the configuration of development in certain areas, they may be considered an eyesore for potential single-family residential development. While the facility and lines may not prevent development, they could limit the potential value of the land on specific parts of the section.

Visibility and proximity to I-94, Expressway, East Main Avenue, and the future re-route of Divide Avenue all suggest a high potential for development of the section.

Potential Future Development Patterns

The Bismarck-Mandan MPO completed a future land use plan in 2008 focused on the fringe areas of Bismarck, Mandan, and Lincoln. This Regional Future Land Use Plan provides insight into the overall future development patterns in the Bismarck-Mandan metropolitan area; however, it does not identify a future land use for Section 36. Figure C and Figure D from the Plan illustrate the planned future land use pattern. The City of Bismarck is currently completing a Growth Management Plan Update which may define future land uses of undeveloped land at the fringes of the City, including Section 36. (The recent Transit Development Plan anticipates Section 36 becoming a future job center within the next 25 years.)

In a 1998 study prepared for the ND Department of Trust Lands, three alternative master plans illustrated potential development patterns and land uses on the site. These master plans envisioned a mix of industrial, commercial, multi-family residential, and single-family residential uses. The scope of this current study does not include development of new master plans for the site, but the following paragraphs offer rationale for future development patterns and uses. Please note that development is generally most feasible when it can follow the boundaries of existing constraints and natural features. Potential development patterns are also discussed in the Conclusions section of this report.

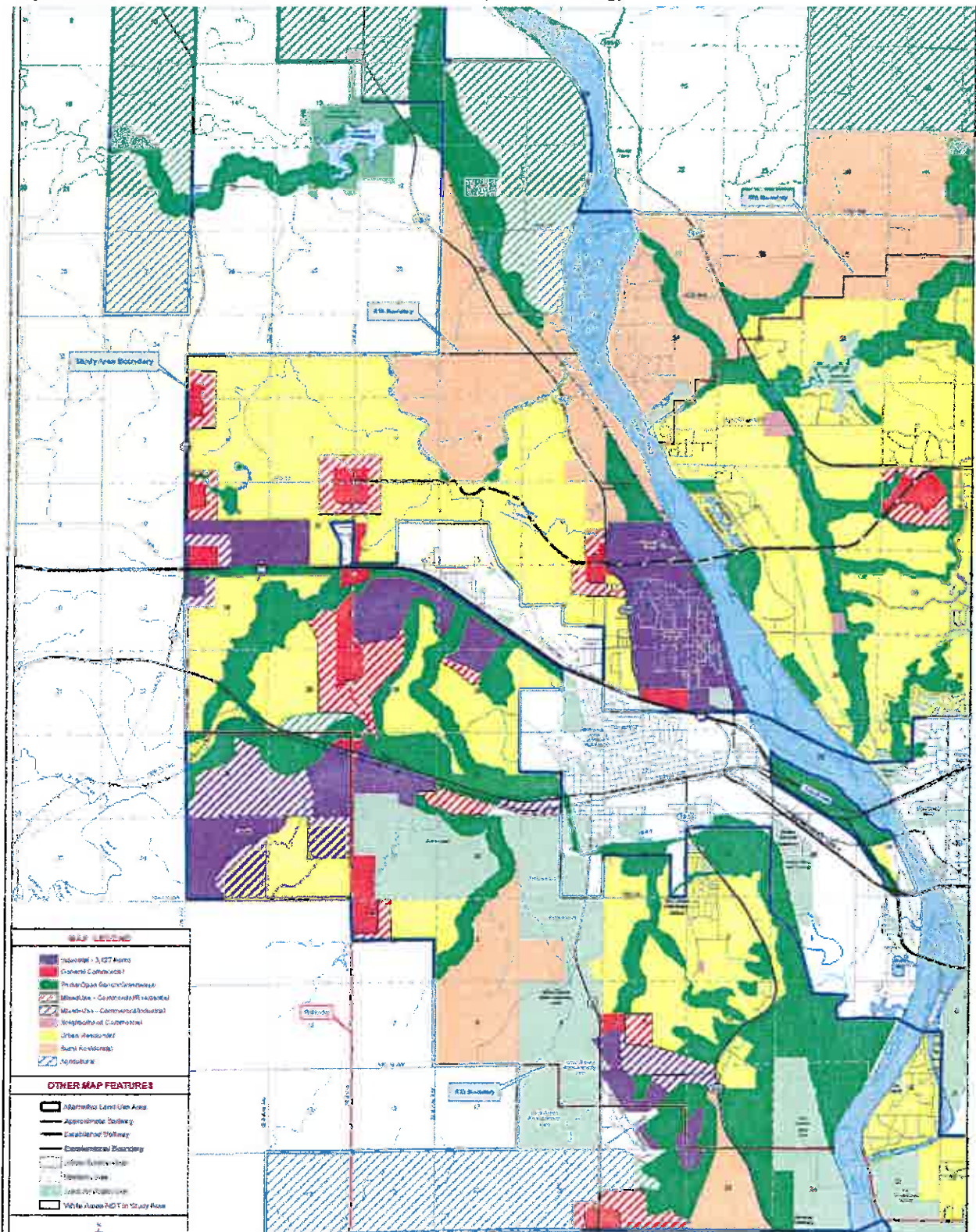
As noted previously, land adjacent to the north side of Section 36 is being proposed as an industrial park. No master plans for development have been identified for the remaining undeveloped land in the surrounding sections. However, cues on potential development options can be derived from typical development patterns and existing site constraints/opportunities. Current surrounding land uses and typical patterns of development suggest:

- Industrial and heavy commercial uses at the western and northern perimeters of the site
- Commercial, industrial, or multi-family residential uses to the south
- Single-family and multi-family residential, commercial, and industrial uses are all possible to the east as long as transition and buffering occurs along the eastern section line
- Potential use of portions of the drainage swale as a wetlands bank, stormwater detention area, or linear park

Additional ideas presented in the media during the course of this study include using some of the land for a mobile home park, affordable housing development, or a large green space.

Currently, future urban density residential is anticipated to the east of Section 36, and additional rural residential development is unlikely to be allowed in that area. The Growth Management Plan project currently underway may provide a solution for the transition of such rural residential developments into the city. Certain rural residential properties may benefit from re-platting into smaller lots for more dense development.

Figure D. Mandan Morton Future Land Use Plan (source: Ulteig)



Current Development Activity

The 2010 Census listed the Bismarck-Mandan MSA population at 108,779 people. There have been increased rates of population growth in last few years. Historic annual growth rates in population in the area have typically been from 1% to 1.5%. Based on the most recent projections developed by the Bismarck-Mandan MPO, the area is expected to grow by 3.5% annually between 2010 and 2020 and then return to a 1% to 1.5% annual growth rate between 2020 and 2040. Actual population projections from the Bismarck-Mandan MPO are provided in Figure E.

Figure E. Population Trends and Projections by Jurisdiction in the Bismarck-Mandan MPO Study Area

Jurisdiction	Apr-10 Census	Apr-10 Cens % of Co.	Jul-11 Est:	Jul-12 Est	Jul-13 Est:	Jul-14 Est:	Jul-15 Est	Jul-16 Est:	Jul-17 Est	Jul-18 Est	Jul-19 Dept Est:	Jul-20 Dept Est:	Jul-30 Dept Est:	Jul-40 Dept Est:
Bismarck	61,272	75.3%	62,608	63,992	65,375	66,758	68,141	69,525	70,908	72,291	73,674	75,058	88,890	102,723
Lincoln	2,406	3.0%	2,494	2,550	2,605	2,660	2,715	2,770	2,825	2,880	2,935	2,990	3,541	4,093
Other County	17,630	21.7%	18,043	18,441	18,840	19,238	19,637	20,036	20,434	20,833	21,232	21,630	25,616	29,602
Total Burleigh Co.	81,308	100%	83,145	84,983	86,820	88,656	90,493	92,331	94,167	96,004	97,841	99,678	118,047	136,418
Mandan	18,331	66.7%	18,499	18,674	18,849	19,025	19,200	19,376	19,551	19,727	19,902	20,077	21,832	23,586
Other County	9,140	33.3%	9,231	9,323	9,411	9,498	9,586	9,673	9,761	9,849	9,936	10,024	10,989	11,775
Total Morton Co.	27,471	100%	27,730	27,997	28,260	28,523	28,786	29,049	29,312	29,575	29,838	30,101	32,731	35,361
Total Bismarck Lincoln, Mandan	82,009	75.4%	83,601	85,216	86,829	88,441	90,056	91,671	93,284	94,898	96,511	98,125	114,263	130,402
Total Other County	26,770	24.6%	27,279	27,764	28,251	28,736	29,223	29,709	30,195	30,681	31,168	31,654	36,915	41,977
Total Burleigh/ Morton Co.	108,779	100%	110,879	112,980	115,080	117,179	119,279	121,380	123,479	125,579	127,679	129,779	150,778	171,779

The recently completed Transit Development Plan contained two maps that summarized the analysis of population and employment growth. These maps, reproduced as Figure F and Figure G, suggest where the population and employment growth is likely to occur.

Bismarck and Mandan are seeing significant growth in development activity which is generally consistent with the MPO growth projections noted previously. Bismarck increased from 24 subdivision applications in 2008 to 43 in 2012. The City increased its number of annexations and detachments from 7 in 2008 to 25 in 2012. It has also experienced growth in many other development indicators such as site plans, land use plan amendments, and building permits. Total residential building permits in Bismarck's municipal boundaries and in its extraterritorial area increased from 595 in 2008 to 1302 in 2012. Much of Bismarck's residential growth is taking place north of I-94. The commercial and industrial growth activity is occurring in several areas including:

- Along the Highway 83 corridor north of I – 94
- Near the Sunrise development in northeast Bismarck
- In the southeastern industrial and heavy commercial areas generally near the Northern Plains Commerce Center

Figure F. Population Growth Areas (source: Nelson/Nygaard)

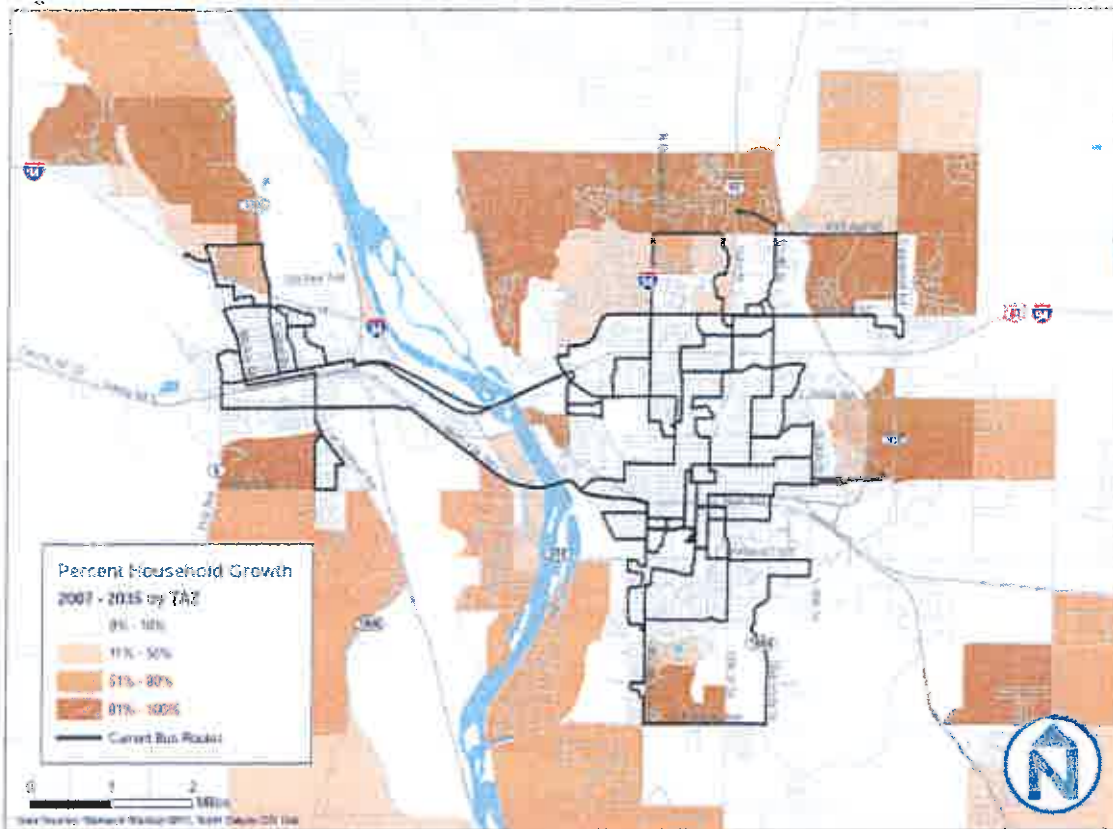
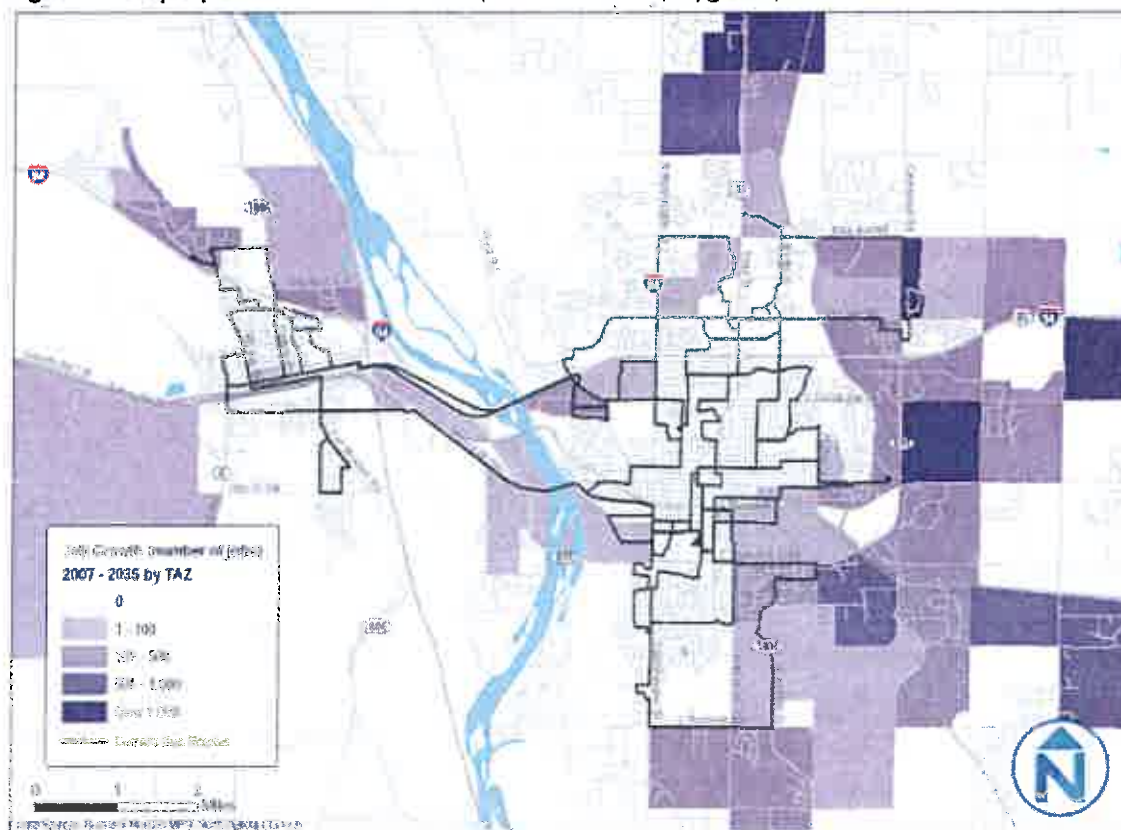


Figure G. Employment Growth Areas (source: Nelson/Nygaard)



Current Market Demand and Interest

Most development experts attribute a significant portion of the recent growth activity to the energy boom in the Bakken oil and gas region. This demand is caused by several factors including, but not limited to:

- Benefits of locating regional distribution or service centers closer to the end users
- High prices of land in the growth centers of the Bakken
- Lack of housing in the Bakken

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. Factors influencing the level of development activity include availability, price, and market category demand.

There is sufficient residential land to meet current market rate residential demand. One development expert noted the substantial increase in residential lot prices during the past year. Given this price increase, one may question whether workforce housing supply will be sufficient for the projected population increase.

The commercial land market also seems to have sufficient supply. But the prime commercial development land within the city is largely used up, so commercial development is pushing outwards. Examples of this include the Sunrise development and the new Sanford campus site. For many categories of commercial land users, the cost of readily developable land has become price prohibitive. Some recent sales for commercial development land have been more than \$20 per square foot. As the price per square foot increases beyond \$10, the type and number of successful commercial developments can shrink.

Industrial land has been and remains in short supply. Had the land just south of the southside Walmart in Bismarck not been recently opened for development, the industrial land market would have likely faced a significant shortage within the year. Large tracts of industrial land in the 20 to 50 acre size category are especially hard to locate in the Bismarck-Mandan metropolitan area, possibly indicating why some recent large site industrial development is occurring in rural Burleigh County. Industrial land adjacent to rail spurs is also largely unavailable. Several development experts commented on the raw land prices needed to allow most industrial land to be developed. Industrial land selling in the \$1 to \$2.25 per square foot price range has more potential buyers than when the land is priced in the \$4 per square foot range, which has been paid in some recent sales. Please note that buyers for larger tracts of land are often more likely to find the increasing industrial land prices cost prohibitive than those needing small tracts.

Market consumption of land by use category also affects market demand. Markets generally support a specific number of players in certain use categories. For example, new electrical construction supply companies recently built facilities in the Bismarck-Mandan area. More supply companies exist in the United States, but additional companies are unlikely to build in the area because the current businesses

have been established, are filling the demand, and will likely retain a competitive edge on any newcomers to the market.

Regional Trends and Forecasts

A number of recently completed studies may provide insight into the regional growth activity and ramifications for the Bismarck Mandan area. These include:

- Power Forecast 2012 prepared by Kadrmas Lee and Jackson
- 2012 North Dakota Statewide Housing Needs Assessment prepared by the Center for Social Research at North Dakota State University
- Assessment of Undiscovered Oil Resources in the Bakken and Three Forks Formations, Williston Basin Province, Montana, North Dakota, and South Dakota, 2013 prepared by the U.S. Geological Survey

These studies anticipate a continued near future growth in development activity and population for the Bakken oil and gas region with a transition to lesser levels of activity, and population levels that are sustained or gradually shrinking.

Conclusions

A better time than now to sell land in Section 36 may never have existed, especially for land adjoining the existing Expressway and East Main Avenue corridors. The proximity of Section 36 to I-94 and its existing frontage make it competitive with other available land and may also provide unique opportunities other land cannot offer. If land in Section 36 had been on the market, it may well have been the preferred land over other nearby land purchased recently.

One of the keys to making the land in Section 36 more marketable is offering the land in tracts more manageable for development. In the past, Section 36 has been offered for sale as an entire parcel or in quarter sections. This approach has at least three drawbacks:

- First, it does not follow the lines of practical development. The existing drainage swale running through Section 36 is both a development barrier and a potential buffer between different types of land use. The existing WAPA facility also acts as a barrier between land along the west side of the section and land along the south side. Allowing a purchaser to acquire tracts without these barriers allows a better return on investment because it eliminates land that cannot be readily developed.
- Second, land offered in such large tracts attracts a limited pool of potential buyers with the resources to make such a large purchase. Offering land in large tracts may eliminate business enterprises if they would be buying more land than needed. The remaining pool of buyers is probably limited to some of the very few known major landholders in the Bismarck area.

- Third, the best market timing for development of different parts of Section 36 may vary. Land along Expressway and Main Avenue may be more likely to be developed in the short term than the land on the east side of the drainage swale.

Allowing or encouraging the extension of Divide Avenue across the north end of the section would enhance value and interest in the sale of land east of the drainage swale and south of the north section line.

Land under the transmission lines has potential uses, such as contractor yards, truck parking, and open space. One potential development pattern along Expressway involves a backage road serving smaller lots with visibility and frontage to Expressway on the west side of the backage road, and larger lots with limited need for visibility to be located on the east side of the backage road.

The Flood Insurance Study now underway will identify floodplain and floodway areas within the section that will impact development. Additionally, some wetland areas are not able to be developed. If these limitations were clearly defined a strategy for enhancing the marketability of the remaining land could be developed. For example, some of these areas could be used for stormwater management to serve the remaining area's stormwater retention needs. This area might also provide space for walking and biking trails, possible educational features, and open space as amenities for the Bismarck community and possibly some of the end users of the site. It might also be beneficial to include the BISMARCK tree landmark in this open space area.

Because the land east of the drainage swale may not be developed into residential land, it may be wise to plant a few rows of trees along the eastern edge of the section to act as a screen or buffer between potential industrial uses to the west and residential uses to the east.

Given the observations and conclusions discussed previously, several next steps for the Department of Trust Lands may be appropriate at this time, including:

1. Assess the drainage swale area assets and opportunities to be utilized for stormwater detention or retention, wetlands banks, recreational or open space uses, buffering between land uses, or other appropriate uses.
2. Define smaller, more marketable tracts of land that follow boundaries created by natural features or existing structures and development. The simplest division involves three tracts:
 - a. Tract A includes land north of the substations and west of the drainage swale,
 - b. Tract B includes land east of the substations and south of the drainage swale,
 - c. Tract C includes land east of the drainage swale
3. Consider marketing the land in Tracts A and B as a series of still smaller tracts because of the potential to obtain a better price for smaller tracts. This would likely entail discussions with the City of Bismarck to coordinate potential sales with future access and development considerations.

TRUST LANDS REAL ESTATE MARKET ANALYSIS



**NORTH DAKOTA DEPARTMENT
OF TRUST LANDS**

**NORTH DAKOTA STATE
LAND BOARD**

**FINAL REPORT
AUGUST 19, 2015**



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FINAL REPORT FOR TRUST LANDS REAL ESTATE MARKET ANALYSIS – BURLEIGH COUNTY

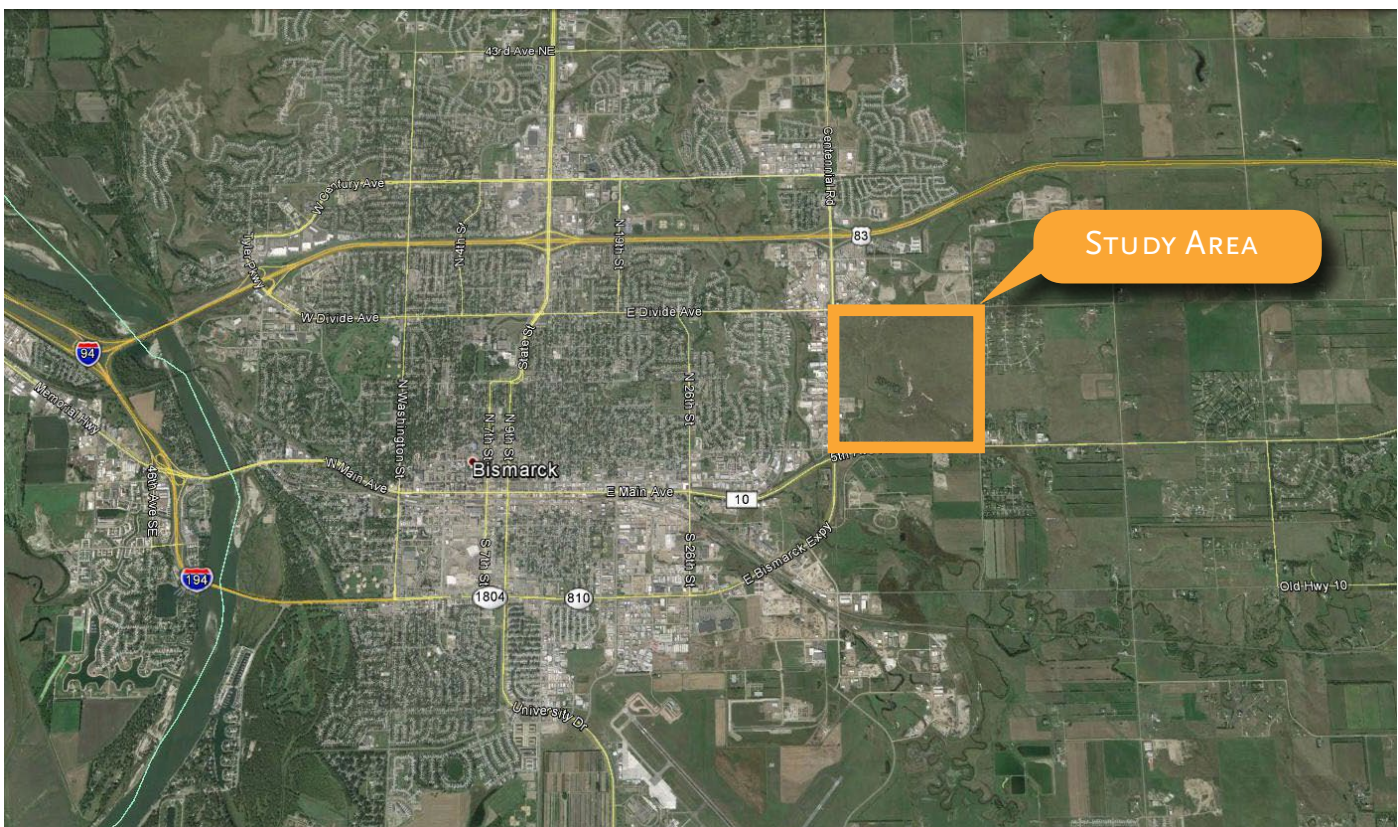
INTRODUCTION

HISTORICAL BACKGROUND

Section 36 Township 139N Range 80W in Burleigh County has been managed by the Board of University and School Lands since the state's inception. The Department of State Trust Lands is charged with management of these properties with the intent of maximizing the income received from them in order to maximize the benefit to the Common Schools Trust Fund.

The Department and the State Land Board have long recognized the special situation of this tract because of its location at the eastern edge of the city of Bismarck (See Figure 1). Past studies have investigated various aspects about the potential sale of this land because it has been recognized that sale of the land would likely produce more monies than can ever be realized through the ongoing rental of the pasture land.

Figure 1 – Vicinity Map



STUDY OBJECTIVES

The objectives of this study are to:

- » Conduct a market study which identifies the potential sales value of land in Section 36 and recommend how the land should be divided for sale.
- » Provide a recommended sales plan with a timeline for each recommended tract of land.

EXISTING AND FUTURE CONDITIONS

NATURAL CONDITIONS

Section 36 has natural features which impact the way it is likely to be developed. Figure 2 illustrates steep slopes that preclude development of any type without cutting and filling. Figure 3 depicts the drainageway that meanders from north to south through the Section. This drainageway has been mapped with floodplain and floodway, which essentially divide the Section into three parts. The national wetlands inventory indicates two areas as wetlands, but there are likely other low lying areas that are also wetlands.

UTILITY LINES AND EASEMENTS

The most physically obvious features of Section 36 are the electrical substations, transmission and distribution lines which spread across the western and northern sides of the site. There are additional underground utility lines and easements. Figure 4 illustrates the centerlines of the above ground lines along their easements, and the location of easements for underground utilities.

Figure 3 – Floodplain and Wetlands

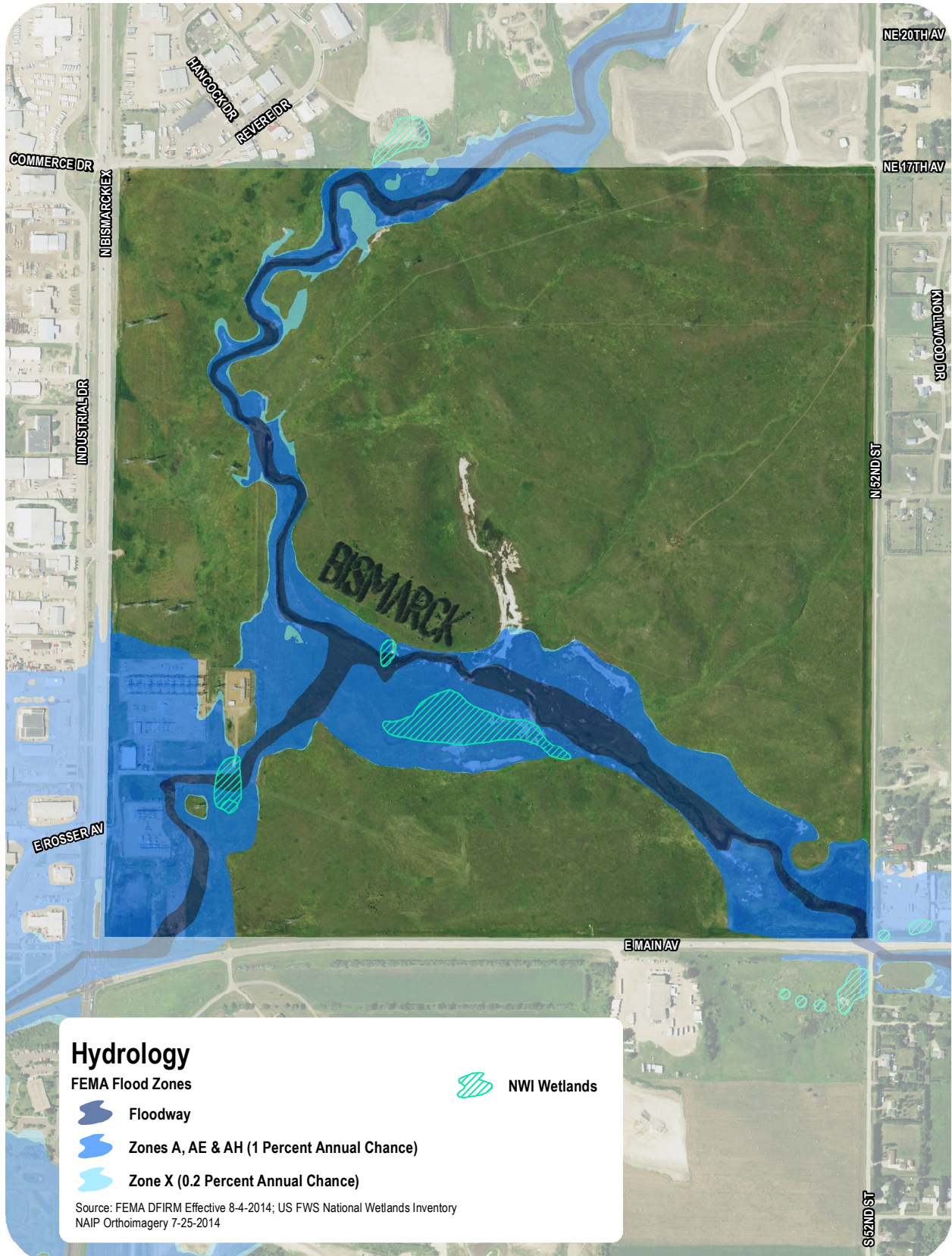
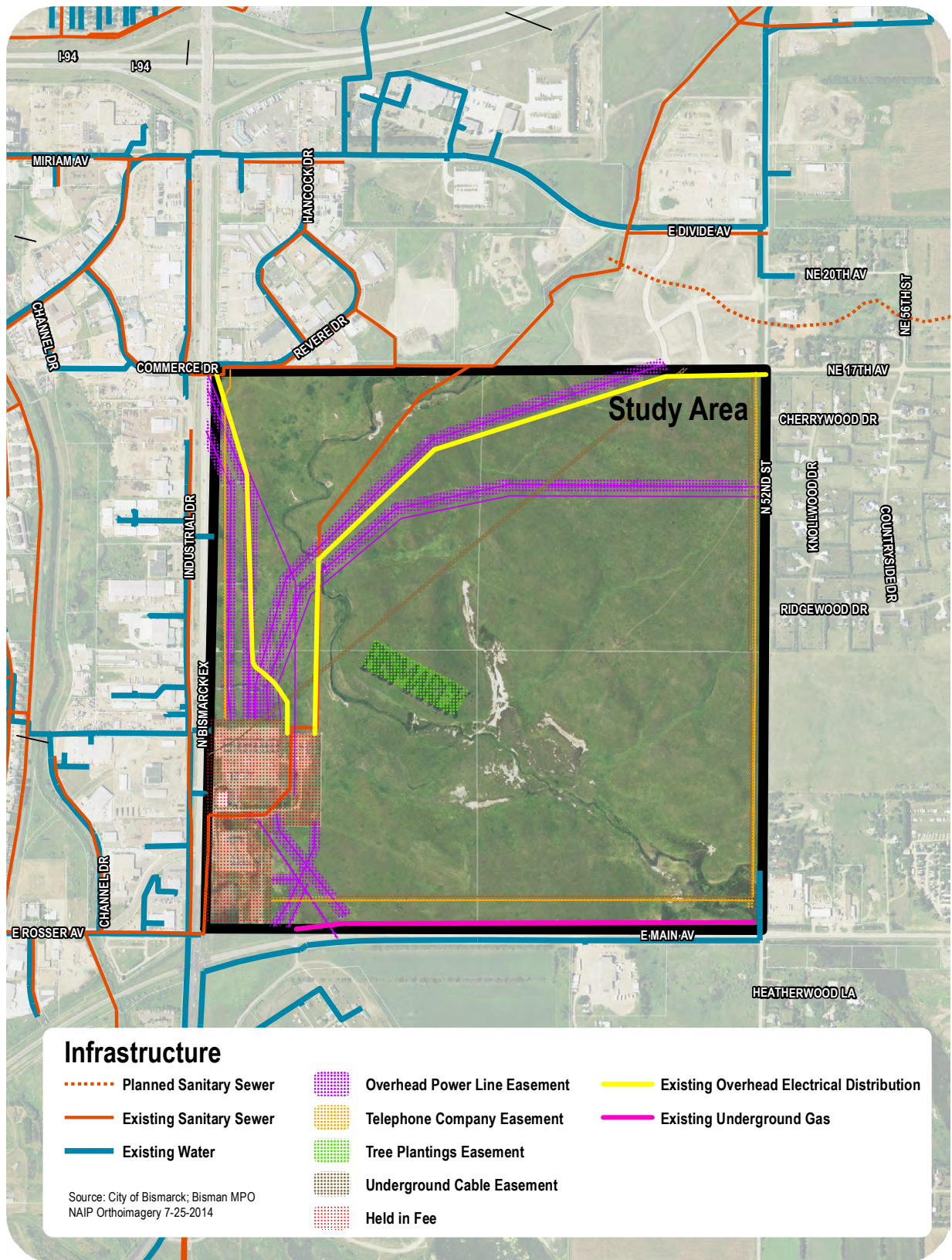


Figure 4 – Utility Lines and Easements



Infrastructure

- - - - - Planned Sanitary Sewer
- Existing Sanitary Sewer
- Existing Water
- ▨ Overhead Power Line Easement
- ▨ Telephone Company Easement
- ▨ Tree Plantings Easement
- ▨ Underground Cable Easement
- ▨ Held in Fee
- Existing Overhead Electrical Distribution
- Existing Underground Gas

Source: City of Bismarck; Bismar MPO
NAIP Orthoimagery 7-25-2014

EXISTING AND FUTURE WATER AND SEWER

Development will require access to municipal sewer and water. As can be seen in Figure 4, a major sewer line roughly parallels the drainageway for much of its length in Section 36. The sewer line has capacity to serve almost the entire Section by gravity. The only location where this is not likely is in the southeastern corner of the site. Figure 4 also shows the existing water distribution system already in place around the Section. When Divide Avenue is relocated to the north section line of Section 36, a trunk line will be installed to connect to the existing water trunk line that runs up to the landfill along 52nd Street. When development occurs within the Section it will be relatively easy to install internal local water mains along the new internal streets.

EXISTING AND FUTURE TRANSPORTATION

Roadways already exist on the west, south and east section lines. Additionally, as inferred previously, Divide Avenue is planned to be realigned to the north section line of the site (See Figure 5). Therefore, access will be available from all four sides of the site. Expressway Boulevard and East Main Avenue are both already principal arterials in the Bismarck transportation network. The realigned Divide Avenue is planned to become a major parallel route for development on the south side of I-94 and will extend all the way east to the planned new interchange at 66th Street. The 2040 Long Range Transportation Plan suggests that east-west and north-south collector roads may be appropriate within the Section. However, the topography within the Section may limit the practicality of this suggestion. Because of planned status as arterial roadways and existing conditions at the perimeter of the site, access locations will be limited. Figure 6 illustrates existing access locations and potential future access locations.

EXISTING AND FUTURE LAND USE AND ZONING

Existing land use on the west and north sides of Section 36 is light industrial or heavy commercial in character where the land is already developed. The south side has some light industrial development and the remaining land is part of the Burleigh County Missouri Valley Complex. It is feasible that more industrial development will also occur on the south side. The east side has some rural residential and minimal light industrial or heavy commercial development. The remaining land on the east side is currently being used for agricultural.

Figure 7 illustrates the existing zoning in the vicinity of Section 36. The Section itself is zoned Agriculture. In order for development to take place in the Section, it will have to be rezoned. Adjoining zoning to the west, north and half of the south side are all MA. This zoning district provides for a broad range of land uses that are industrial in nature, but does not allow the more intrusive uses that are not good neighbors. The majority of the land to the east is zoned rural residential or agricultural. According to the Future Land Use Map and the Bismarck Growth Management Plan of 2014, the undeveloped land on the east side is expected to be developed primarily into urban low-density residential uses. The underlying future land use identified by the 2014 Bismarck Growth Management Plan calls for industrial development on the west and south, for a business park in the northeast and medium density residential on the remainder of the east side (See Figure 8).

When proposed zoning is consistent with the Future Land Use Plan, developers are reasonably assured of the types of development they can complete. If development on the west and south sides of the Section were to follow the guidance of the future land use map, one option would be for it to be zoned MA similar to the land just across Expressway to the west. The MA District allows the most commercial activity while in an industrial zone, providing considerable flexibility for different uses.

Figure 5 – External Road Network

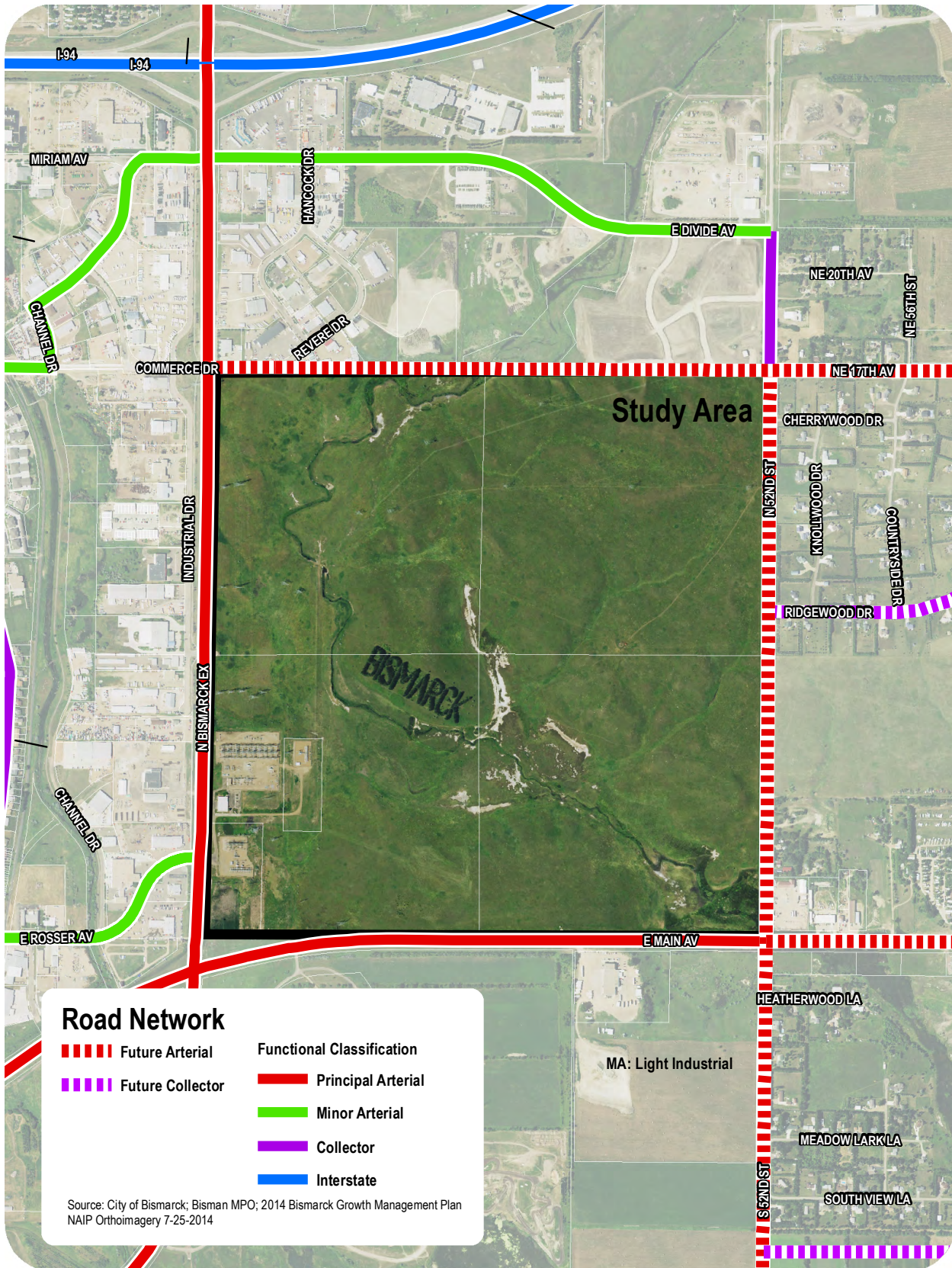


Figure 6 – Access Locations

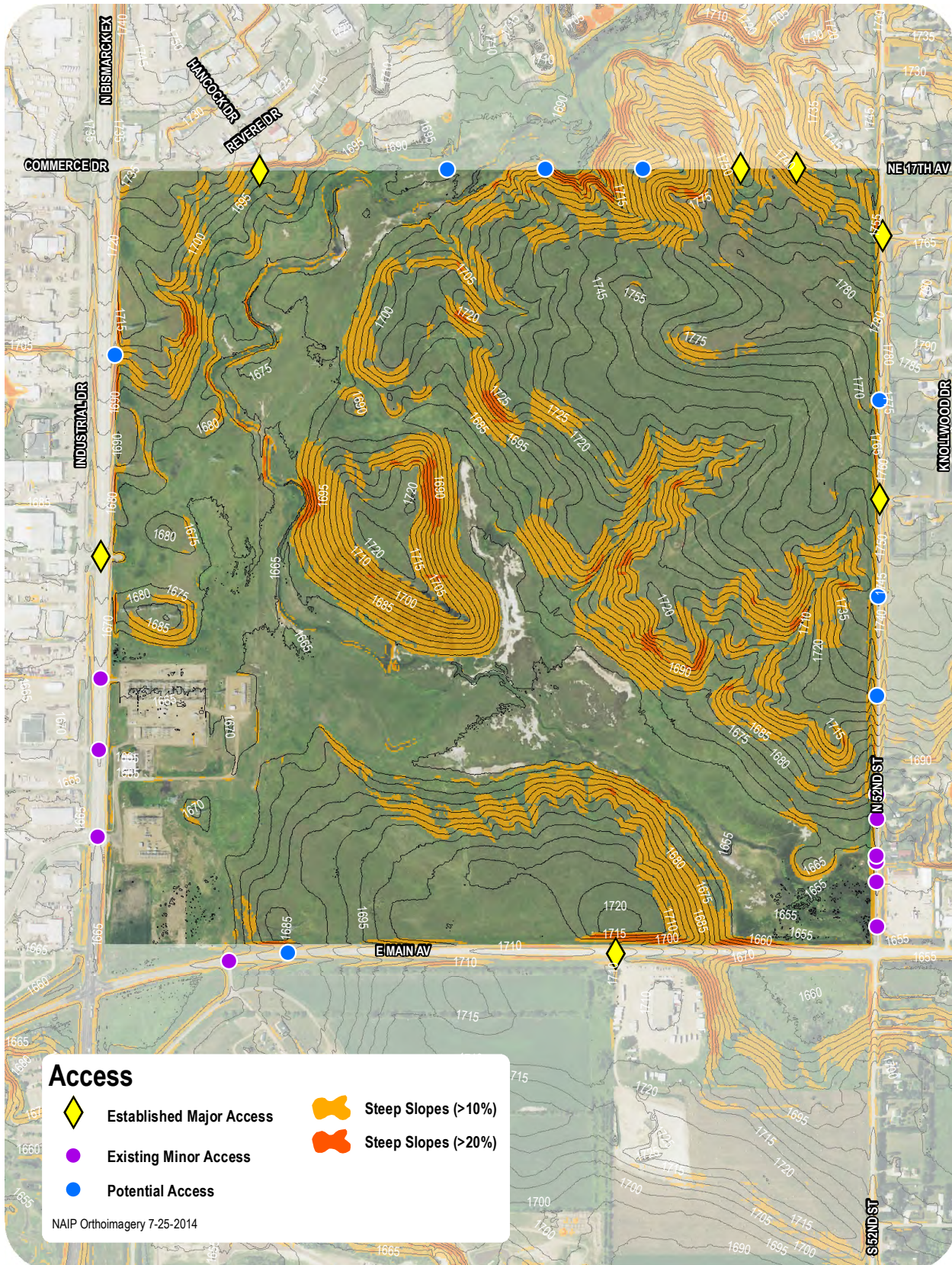


Figure 7 – Existing Zoning

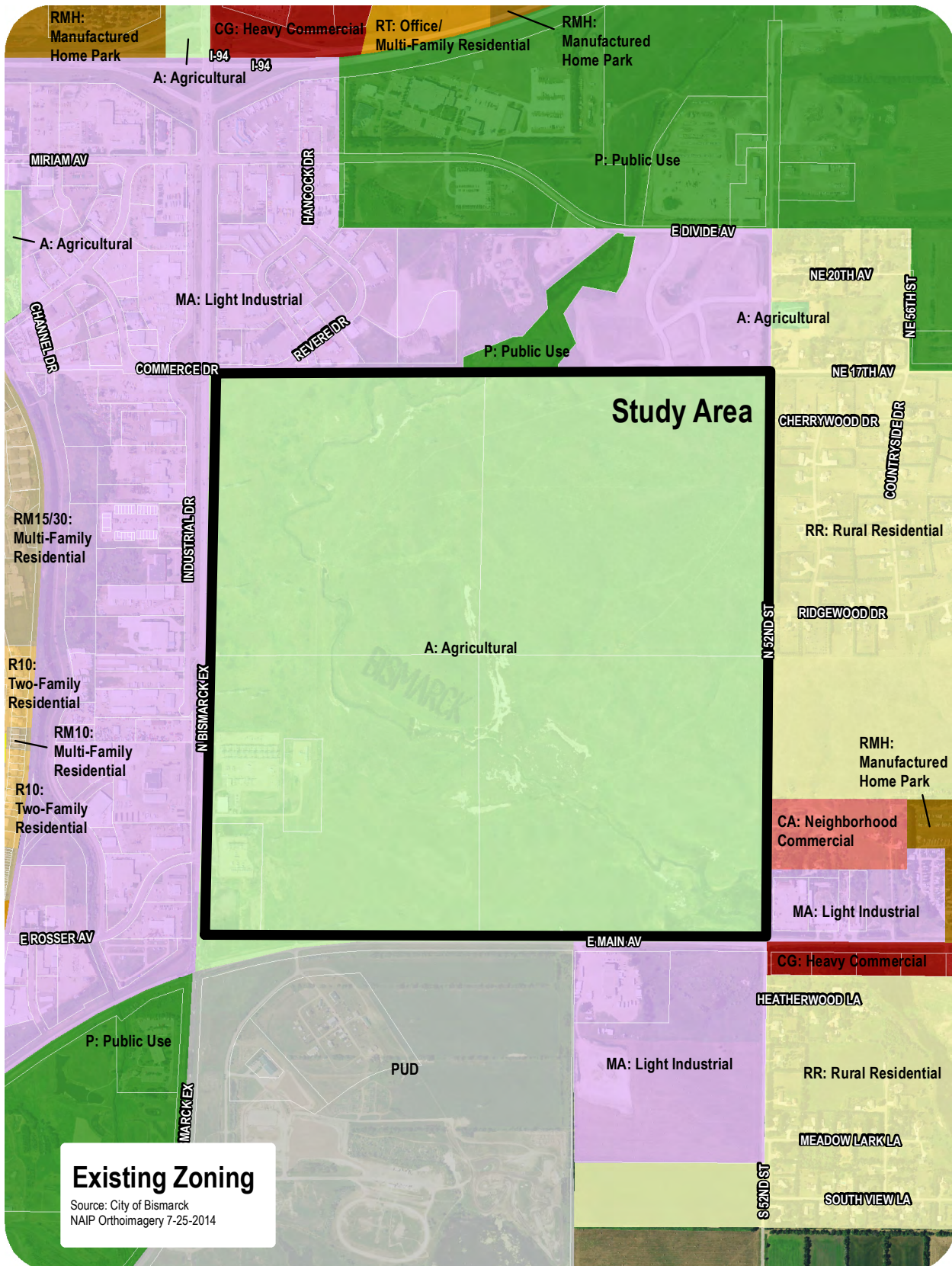


Figure 8 – Future Land Use and Development Alternative 1



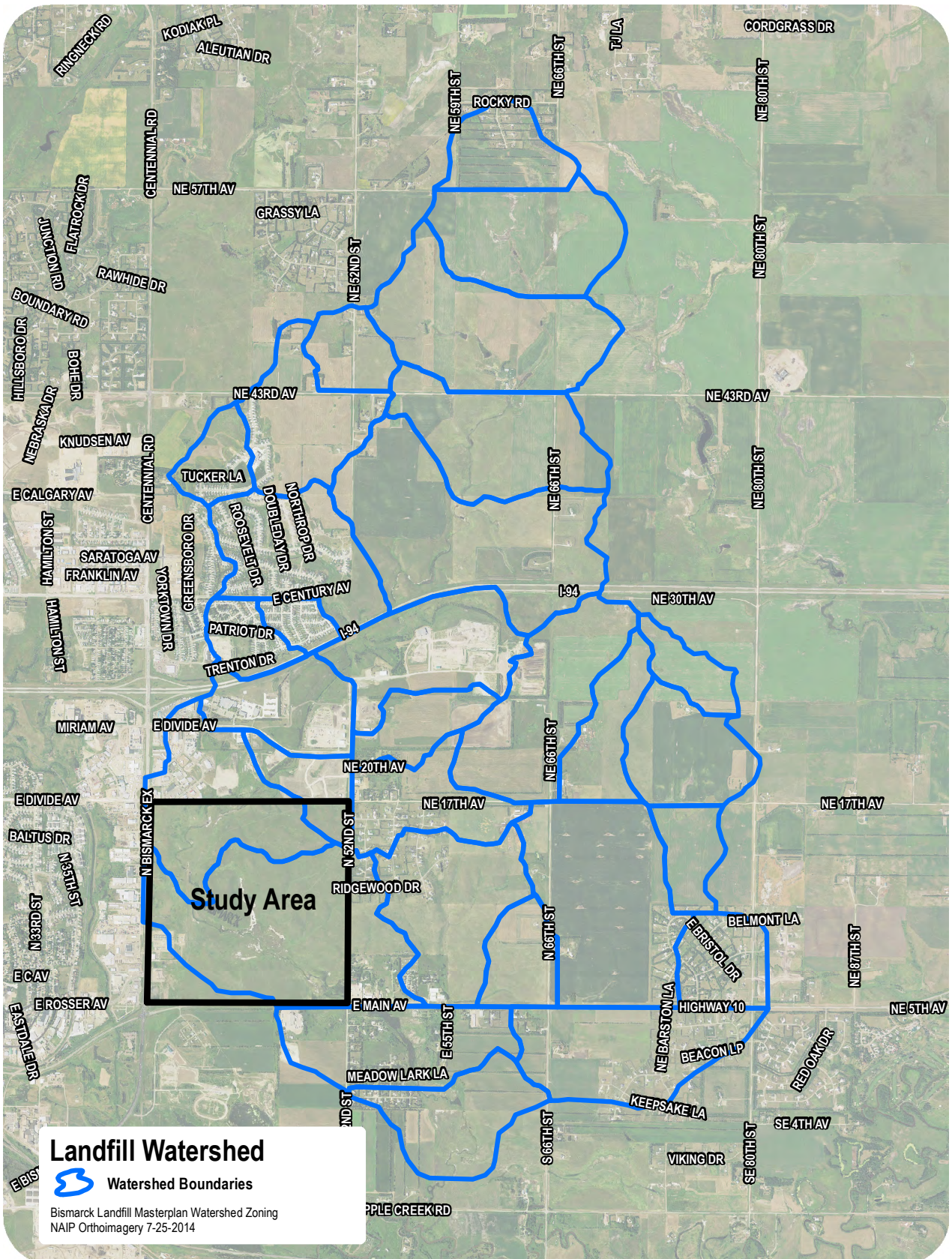
STORM WATER PLANS

A concept-level regional storm water master plan was completed in 2004 for the area known as the Landfill Watershed, which includes Section 36. Figure 9 illustrates the Landfill Watershed, its subwatersheds and the location of Section 36 in this watershed.

Bismarck Director of Utility Operations Keith Demke has indicated that the existing Regional Storm Water Master Plan needs to be updated because significant additional development has occurred within the watershed since 2004 and a new Future Land Use Plan has been adopted by the City of Bismarck. The update would be completed at a more technical level and would include an analysis of water detention needs for Section 36, and appropriate elevations for water storage and potential road crossings. The update would show locations for regional storm water detention areas and conveyance areas, and it would also provide an implementation strategy. The benefit to the Department of Trust Lands for the completion of such a plan is that it provides an overall framework for storm water management of individual developments and plats within Section 36. The update may also provide a basis for the City to purchase land that is not highly developable.

It is reasonable to expect that a regional storm water detention pond of a yet unknown size would be needed in the southeast corner of Section 36. It is the City's practice to acquire land needed for regional storm water ponds in similar situations. If the Regional Storm Water Master Plan were updated, it would provide more guidance on the location of appropriate boundary lines for tracts abutting the drainageway within Section 36. Director of Utility Operations Keith Demke has indicated that the City of Bismarck will update the relevant Regional Storm Water Master Plan over the next several months. The plan is anticipated to be updated in spring 2016.

Figure 9 – Landfill Watershed Boundaries



DEVELOPMENT ALTERNATIVES

CONSTRAINTS

Any wise development is completed in the context of its constraints and opportunities. Constraints help to define the rational options for development patterns and sometimes suggest the type of development as well. This section of the report identifies the constraints of the site and its vicinity, and discusses implications of these constraints.

ACCESS LOCATIONS

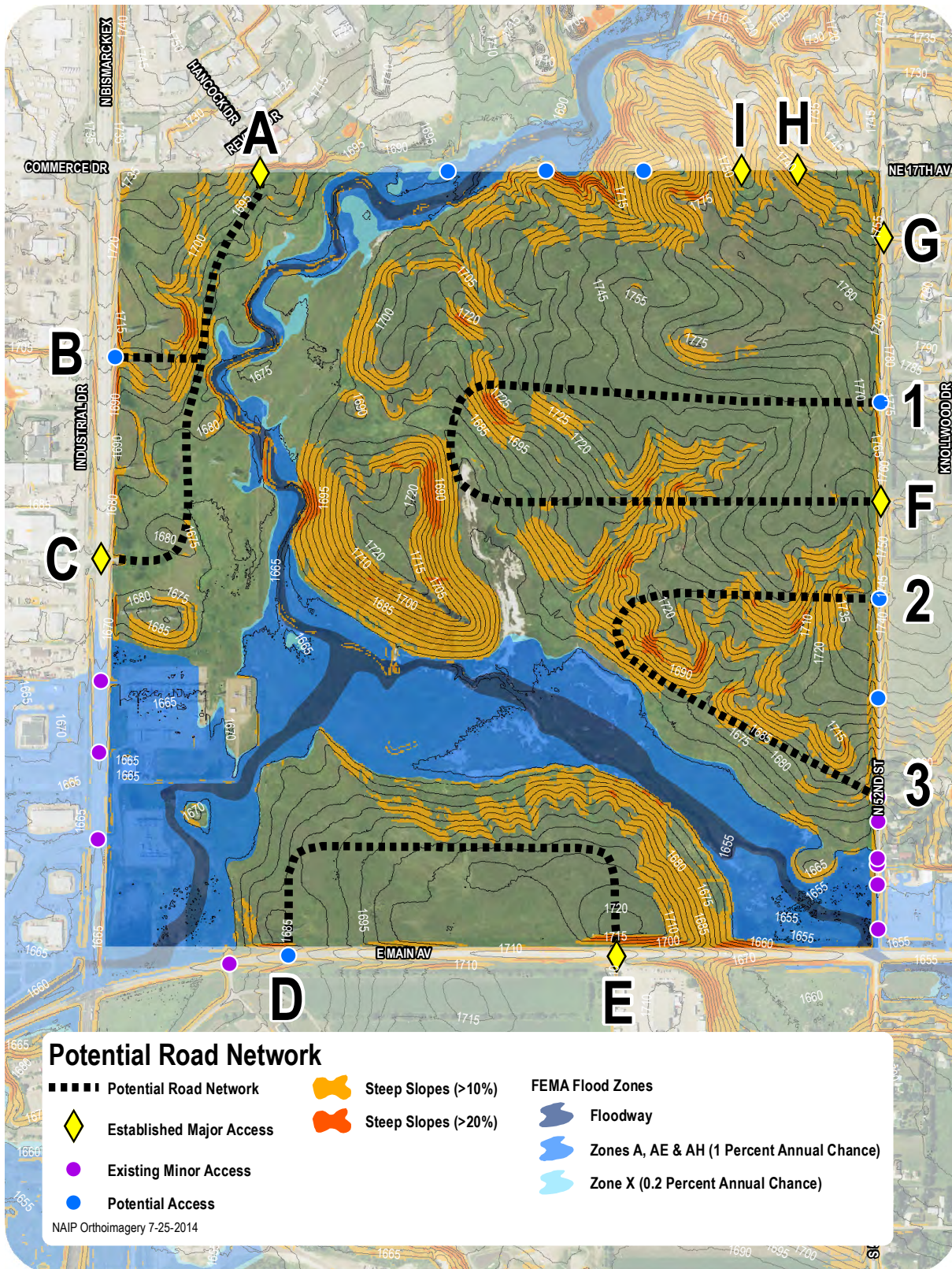
Access locations at the perimeter of the site are a significant determinant in the location of collector roads within the Section. The primary factors that influence access locations for the Section are steep slopes, access spacing guidelines established by state and local governments and the barrier created by the drainageway and the related floodplain and floodway within the site. Figure 10 identifies potential access points based on spacing guidelines for each Section line bordering the site and on existing slope conditions. Access along Expressway is likely to be limited to one point, which does not already exist. Two reasonable options for this access are identified as Point B and Point C in Figure 10. The benefit of Point C is that it already provides access to the west, and provides pasture access to the east. The benefit of Point B is that it is closer to the main area likely to be developed on the west side of the Section, which would potentially reduce the cost of road development for a developer along the west side of Section 36. It is possible that access at Point B would only be allowed as a right in-right out access point.

The most recent Long Range Transportation Plan indicates the expectation of north-south and east-west collector roads being developed in Section 36. The floodplain and steep slopes act as a barrier to through roads running north-south and east-west. Additionally, development in the floodplain creates impacts on other developable land. In order to minimize those impacts, a crossing location at a narrow point in the floodplain would be preferable. Bismarck Traffic Engineer Mark Berg highlighted the benefit of an east-west collector being the ability to reduce indirect travel and shorten trips that for the next twenty years are likely to be primarily in a westward direction from Section 36. The need for a north-south collector road is less clear, and likely would not be pursued in most development concepts.

FLOODPLAIN

The 100-year floodplain impacts development on the site in several ways. First of all, it is low land that is subject to flooding. Second, because of its potential for flooding it is less valuable and less developable. The floodway itself must be protected from any development. The total amount of land in the floodplain is approximately 165 acres. The total amount of land in the floodway is 30 acres. Because the Future Land Use Plan calls out the bottomland running through Section 36 as Conservation land it suggests that this land should not be developed. The amount of land shown as Conservation is 130 acres.

Figure 10 – Access Locations and Potential Barriers for Internal Roads



EASEMENTS AND UTILITY LINES

Figure 4 identified existing easements, transmission, distribution and utility lines which cover a significant part of the Section. The southwest corner contains land owned by other parties and is the least developable because of the density of existing powerlines. These existing conditions limit the options for development in parts of the Section, and reduce the value of land in those areas. Our expectation is that land in the northwest is highly developable, and that land south of the powerlines on the east side is also highly developable.

LAND USE OPPORTUNITIES AND ALTERNATIVES

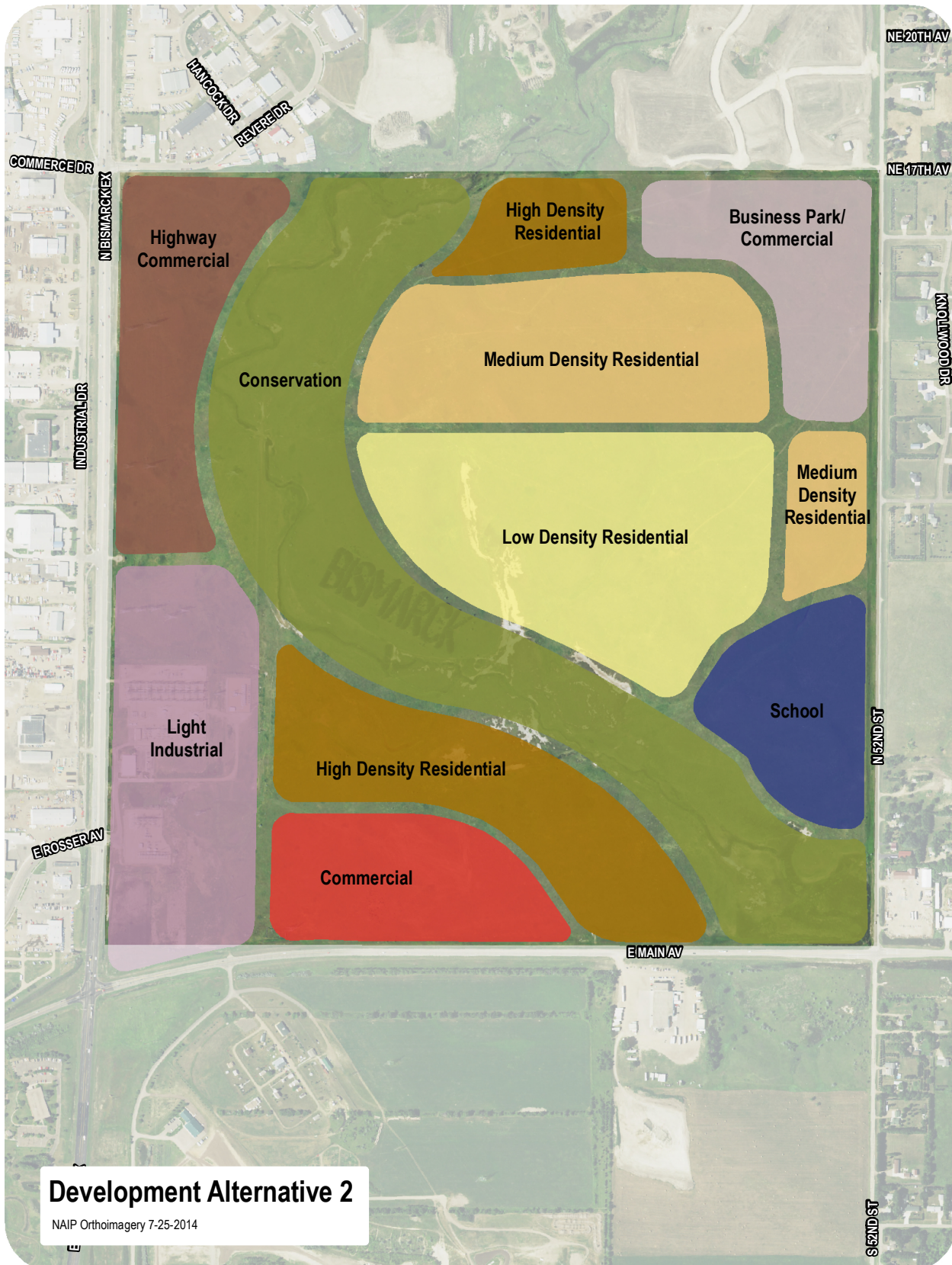
The Future Land Use Plan illustrates one potential development pattern that could occur on the site (See Figure 8). The Future Land Use Plan identifies development along the west and south sides of the site very broadly by calling it industrial. In some ways the term industrial is more constraining than the Bismarck Zoning Districts associated with industrial development. This is because the industrial zone in place for land at the perimeter of the north and west sides of Section 36 is MA. This, as previously noted, allows a wide range of commercial land use activities in addition to the land uses associated with activities typically considered industrial. The Future Land Use Plan identifies development in the northeast corner of the site as a business park. This term could apply to a variety of uses ranging, for example, from freight transfer locations to corporate headquarters. Land located just north of the business park area of the site is also labeled business park in the Future Land Use Plan and is being developed under the MA zoning category. The Future Land Use Plan identifies the remainder of land on the east side of the Section as medium density residential. This does not mean residential development has to all be medium density; instead, it means that the average density works out to 6-7 dwelling units per acre.

Additional opportunities for development outside the land uses identified in the Future Land Use Plan include:

- » Either high-density residential or retail/service center in the northwest corner of the site.
- » High-density residential located behind commercial development on the south side of the site.
- » Larger area of residential development on the east side of the site mixed with a neighborhood commercial center.

These concepts are illustrated in Figures 11 and 12. Ultimately, the choice of land use will be determined by developers and the City of Bismarck. But understanding potential land use scenarios helps to identify appropriate divisions of the land for sale and suggests potential timetables for sale and development.

Figure 11 – Development Alternative 2



Development Alternative 2

NAIP Orthoimagery 7-25-2014

Figure 12 – Development Alternative 3



SALES AND MARKET ANALYSIS

ESTIMATED SALE PRICE

Research on sales of comparable raw land tracts was completed in April 2015. It should be noted that where there are easements or impediments to development, some discount in price should be anticipated. Key factors in comparable land were proximity to the subject tract and having similar considerations (such as tax structure and incentives) from a buyer perspective. Both small tracts and large tracts were evaluated. The research findings are summarized in Figure 13 below.

Figure 13 – Sale Price Analysis

Tract	Size	Price	Price Per Acre
Low price, small tract	2.11 acres	\$211,396.68	\$100,188.00
High price, small tract	3.28 acres	\$611,512.70	\$186,436.80
Subject estimate			\$148,975.00
Low large tract	61.39 acres	\$3,603,470.22	\$58,698.00
High large tract	10.32 acres	\$1,324,521.02	\$128,345.06
Subject estimate			\$81,239.00

Small tract sales are usually measured in dollars per square foot, but have been converted to price per acre for comparison purposes. Small tracts typically sell for a higher price; however, the division of land we anticipate for sale better fits the large tract category.

MARKET ANALYSIS

Data to provide an objective analysis of market demand for the study area is difficult to obtain in part because there is not a master database for sales of commercial and industrial land. Therefore, our analysis was largely dependent on interviews with local experts and our own experience in the community.

We were able to prepare a comparison of absorption rates for residential land in 2014 and 2015, and we found the absorption rate had risen from approximately 11 percent in 2014 to approximately 19 percent in the first five months of 2015. This substantial change suggests that the investment market for residential real estate has become more aggressive despite the downturn in oil prices in late 2014.

Common themes we heard in our contacts with local experts regarding the market for commercial or industrial land were:

- » There is ongoing demand for more land.
- » Prices for land are dependent on visibility, anticipated uses and needs in the area and accessibility.

It is our experience that although residential land is often developed rapidly, commercial or industrial land tends to be on the market for a significantly longer period of time. It is also the case that investors in commercial real estate typically are not also investors in residential real estate, so the sale of land in Section 36 will be for two largely different groups of people.

The size of parcels being sold impacts the number of potential buyers because the larger the purchase price the fewer buyers there are with the financial capacity to buy. Based on confidential sources and our estimated sales price, we estimated the number of potential buyers for various sized tracts of land. These estimates are detailed in Figure 14 and generally match up with anticipated maximum parcel sizes, which are detailed in the following section on the division of land.

Figure 14 – Potential Buyer Analysis

Tract Size (acres)	Estimated Purchase Price	Estimated Number of Potential Buyers
246	\$20,000,000	3
138	\$11,210,982	3
123	\$10,000,000	5
83	\$6,742,837	5
75	\$6,092,925*	5
55	\$4,468,145	15
41	\$3,330,799	15
33	\$2,680,887	15

* Note this parcel contains only about 33 acres of highly marketable land, so this is only a theoretical sales price; actual sale price would likely be lower.

It may be worth noting that short-term market conditions have little bearing for this study because final sales of platted land will not likely be accomplished over the course of months, but rather over several years.

DIVISION OF LAND

One of the key findings of the 2013 East Bismarck Marketability Study and Property Analysis was that saleability of land in Section 36 would be greatly enhanced by division of land into smaller tracts, which would better match a developer's needs. Therefore, this study has focused on identifying factors that should influence that division of land. These factors are discussed in the following list:

1. It is our understanding that the Department of Trust Lands intends to ultimately have no land left to manage in Section 36. This means that land needs to be sold in a manner that includes less desirable or marketable areas with more desirable areas.
2. Land in the floodplain and land already owned by other parties creates a natural division of Section 36 into three separate areas, which very likely will be developed independently.
3. All the land west of the floodplain and north of the WAPA site needs to be sold as one parcel. To split the land into more than one parcel for sale is to invite a no sale for the less desirable area(s). Additionally, access options available by keeping the land in one parcel are much greater, giving the buyer more options for the ultimate configuration and use of the developed land.
4. All of the land south of the floodplain needs to be sold as one parcel. The most reasonable approach to access is illustrated in Figure 15. If the land is split, this access and road network option may not be possible.
5. The remaining land on the north and east side of the floodplain needs to be sold as more than one parcel. This is important because the total area is approximately 316 acres which is too large to be sold as a single tract, because the cost would limit the number of buyers significantly (See Figure 14).
6. Access locations have some bearing on where tract lines should be located because each tract needs to have its own looped access and should not be dependent on another tract for completing the loop. Figure 15 illustrates these conceptual looped accesses.
7. Splitting the land along the south side of the powerline running east-west through the northeast quarter section allows future lots to back onto the powerline easement (See Figure 16). It is unlikely that more than one east-west road is needed for the business park area so the reduced depth of the business park area should still leave it developable and, therefore, saleable.
8. The remaining question is whether or not to split the now expanded residential area into more than one tract. Splitting into more than one tract leaves less flexibility for street layouts, but it increases the number of potential buyers. Access to 52nd is the only reasonable option, so tracts must include frontage on 52nd. One access location is fixed because of the location of Ridgewood Drive in the adjoining section. That intersection should be a primary intersection with the highest potential for a traffic signal in the future. Ideally, there should be one additional intersection to the north and one to the south along 52nd in the residential area. Two intersections would result in potentially negative traffic impacts on 52nd. Two intersections to the south is viable, but not preferable. If the tracts are split along a straight east-west line the natural storm water drainage would involve crossing from one tract to the other. Therefore, the proposed division of residential tracts is designed to allow each to have separate natural drainage systems.

Figure 15 – Potential Road Network

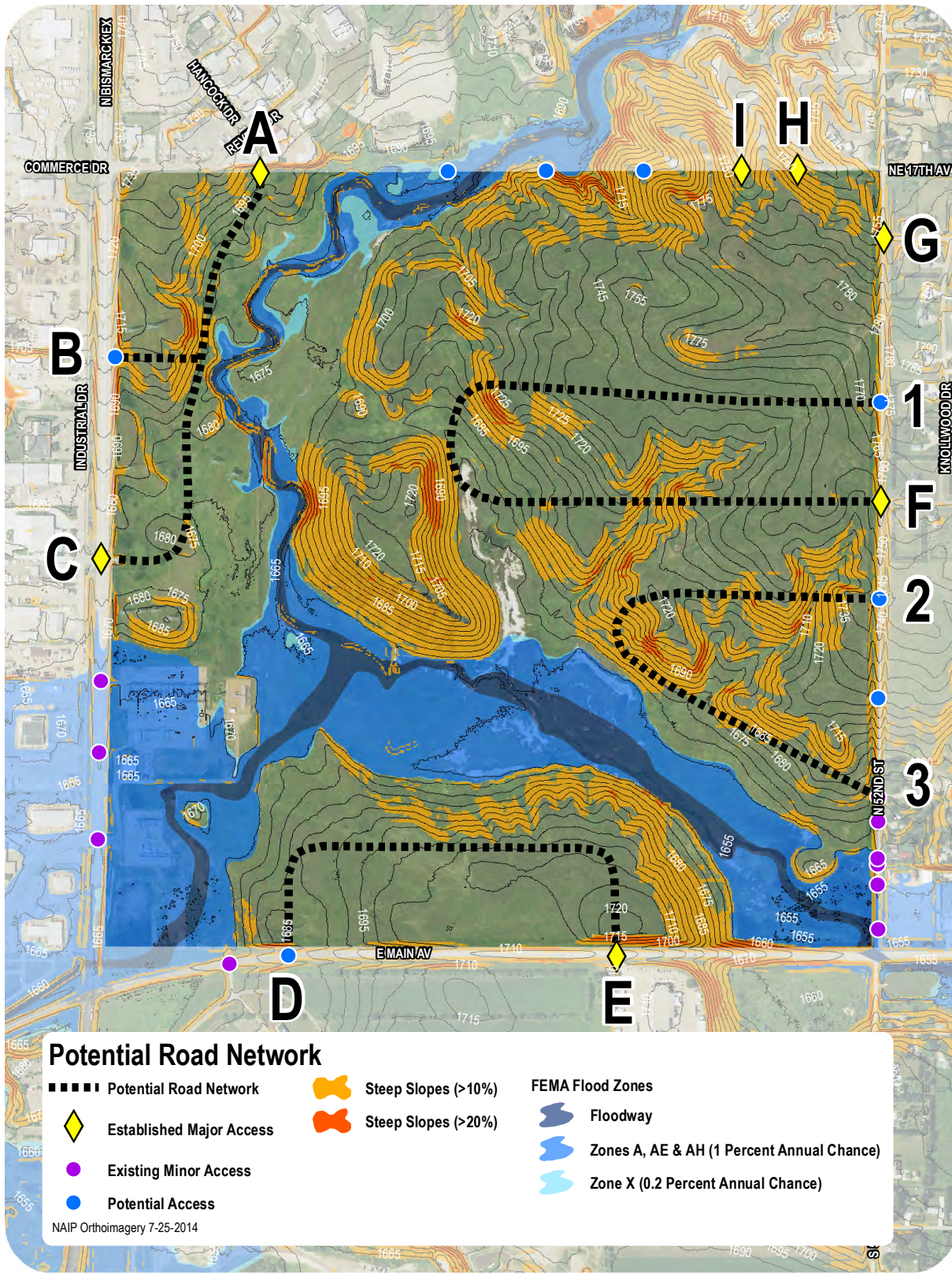
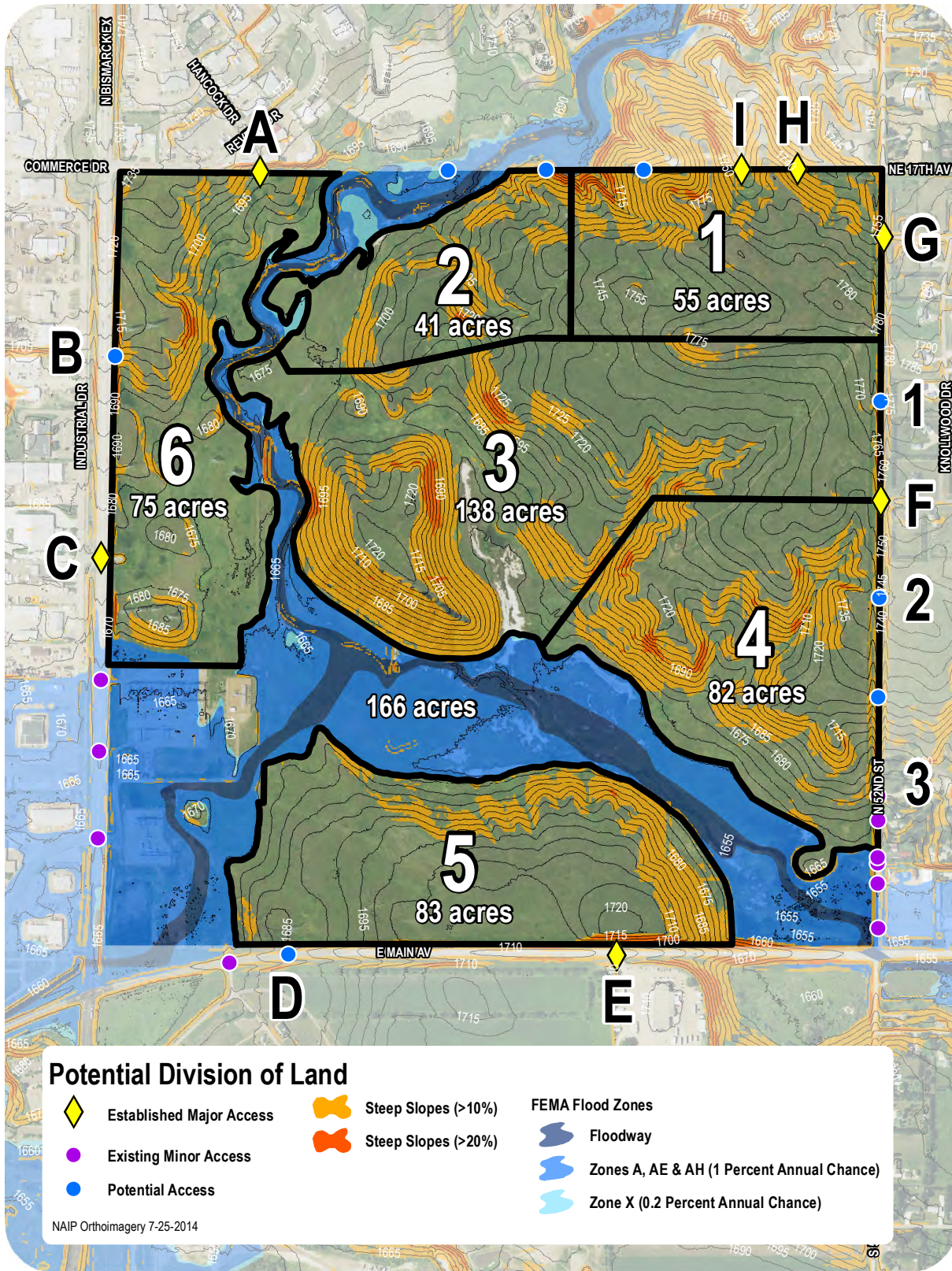


Figure 16 – Potential Division of Land



9. There is potential for some of the land identified for conservation in the Bismarck Future Land Use Plan to be owned by the City of Bismarck. At a minimum, it is reasonable to assume that some of the floodplain area in the southeastern part of Section 36 could be set aside for separate sale and used for storm water detention. Additionally, it is likely that the updated Regional Storm Water Master Plan will identify some additional conveyance areas along the drainageway running through the Section. Such a conveyance area is likely to roughly parallel the existing sewer main that runs through part of the Section. It is also likely to parallel a proposed multi-use trail, which is identified in the Bismarck-Mandan Long Range Transportation Plan. The convergence of the existing sewer main, probable conveyance area and potential multi-use trail along the same general path suggests the potential for additional land that may be in the City's interest to acquire. City acquisition of any land within Section 36 could occur through the "private sale for a public use" process instead of the "public sale" process.

Because of the potential for sale of land along the drainageway for storm water detention, and possibly for other public purposes, the preferred scenario would be to create a tract encompassing land desired by the City from the conservation area. This would result in simple boundary lines for the remaining tracts of land where they abut the drainageway area. If, for some reason, the creation of such a tract is not feasible, the other option will be to create a simple boundary line through the area containing the drainageway that does not follow the exact meander of the drainageway. Figure 17 illustrates the approximate area of each proposed tract if all the land in the floodplain were included in the tract encompassing land desired by the City. The actual area of such a tract to be owned by the City would likely be considerably smaller. Figure 18 illustrates one way to divide the land into tracts if no land is set aside for public purposes.

Figure 17 – Potential Land Division by Future Land Use

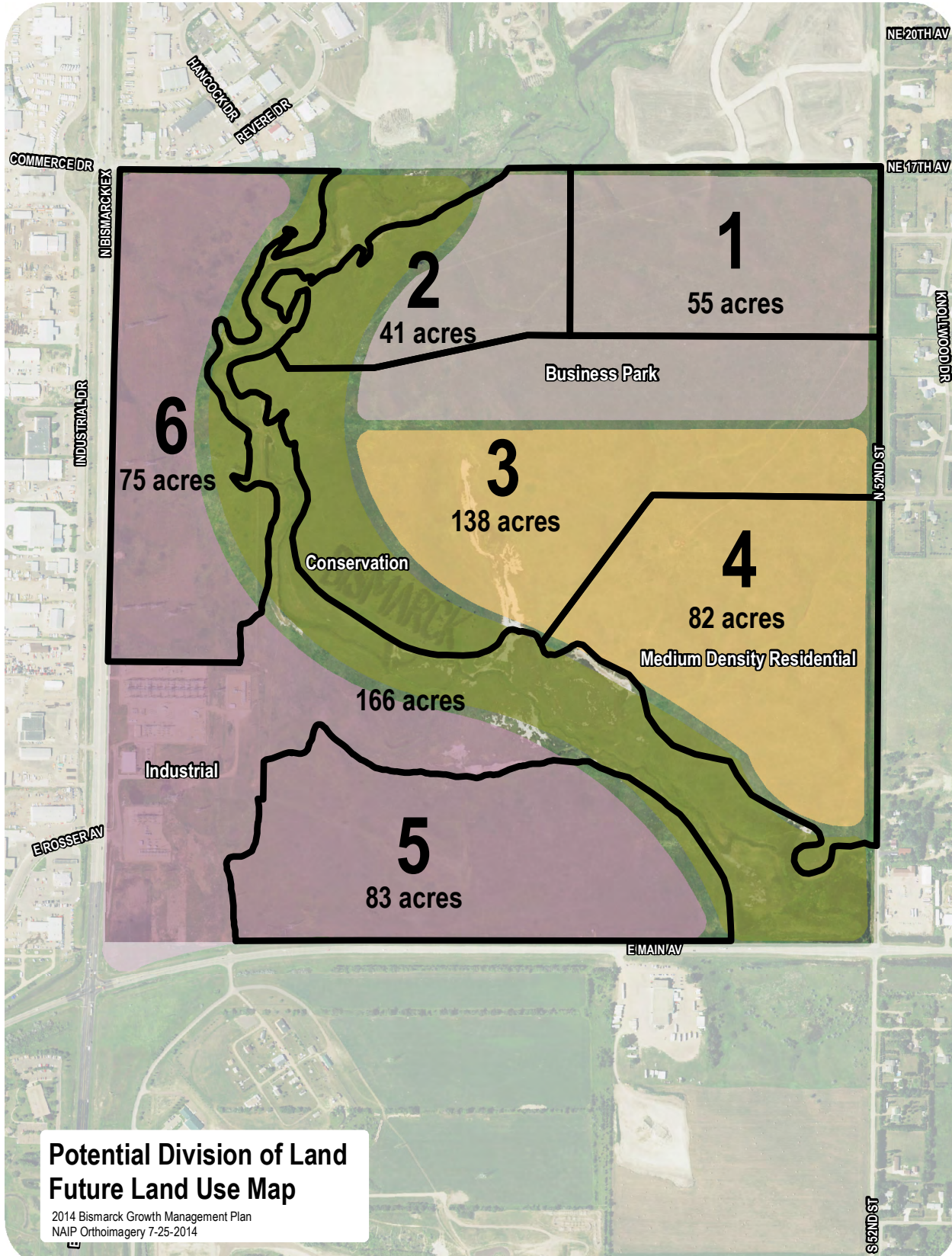


Figure 18 – Alternative Land Division by Future Land Use



SALES PLAN

Based on the analysis for division of land and previous discussion regarding market demand and saleability, the following points summarize the recommended process and timetable for selling the land in Section 36:

1. Coordinate with the City for the update and completion of an existing draft Regional Storm Water Master Plan, which includes Section 36. The Regional Storm Water Master Plan will address storm water management for the watershed in which Section 36 is located, and will identify a primary detention area(s) within Section 36 as well as any additional area along the drainageway to be publicly owned and maintained by the City for storm water management and floodplain management. The master plan is targeted for completion by summer 2016 at the earliest.
2. Because of the potential for sale of some land along the drainageway for storm water management and other public purposes, the preferred scenario would be to create a tract encompassing land from the conservation area to be used for public purposes, and sell that land to the City of Bismarck. This would result in simple boundary lines for the remaining tracts of land where they abut the drainageway area. If, for some reason, the creation of such a tract is not feasible, the other option will be to create a simple boundary line through the area containing the drainageway that does not follow the exact meander of the drainageway. See Figures 17 and 18 for illustrations of these two alternatives.

Assuming the preferred scenario, after the City's acceptance of the Regional Storm Water Master Plan, the process to complete a purchase agreement with the City for public purpose land can be started. The area to be purchased could include the regional storm water detention area(s), and possibly additional area along the drainageway for:

- » Storm water conveyance and flood control
- » Additional land identified by the City for utility access
- » A multi-use trail

The timing of the purchase process will depend on the complexity of the issues involved. Generally, the process is not completed until platting is complete so that the property to be purchased can be platted as lots, making legal descriptions much easier; however, it is possible to complete the purchase before the platting process. The purchase agreement is targeted for completion in 2016.

3. Use the Auditor's Lot process to divide land into saleable tracts, as explained in the previous section of this report.
4. Complete right-of-way sale to the City to allow a realigned Divide Avenue to be constructed and special assessments to be placed against the property. Special assessments are typically applied to property in mid-February of the year following the meeting of the Bismarck Special Assessment Commission's hearing on a completed project. For this project, construction would likely be divided into two phases to be completed in successive years. The first construction year is anticipated to be 2017.
5. Sell potential residential land first (mid-2016) because residential development is the hottest market and getting residential started before industrial or commercial development may enhance the saleability of land slated for residential development. This land is Tracts 3 and 4 as identified in Figure 17.
6. Sell the tract along Expressway as a single parcel when Divide is constructed (late 2017). This land is Tract 6 in Figure 17.
7. Sell the tract along eastern Divide when the Business Park on the north side has been largely filled (timing uncertain but could be as soon as 2016 or as late as 2019). This land is Tracts 1 and 2 in Figure 17.
8. Sell the land along Main Avenue when Midwest Motor Express subdivision is largely filled (timing uncertain but may be as soon as 2016 or as late as 2019). This land is Tract 5 in Figure 17.

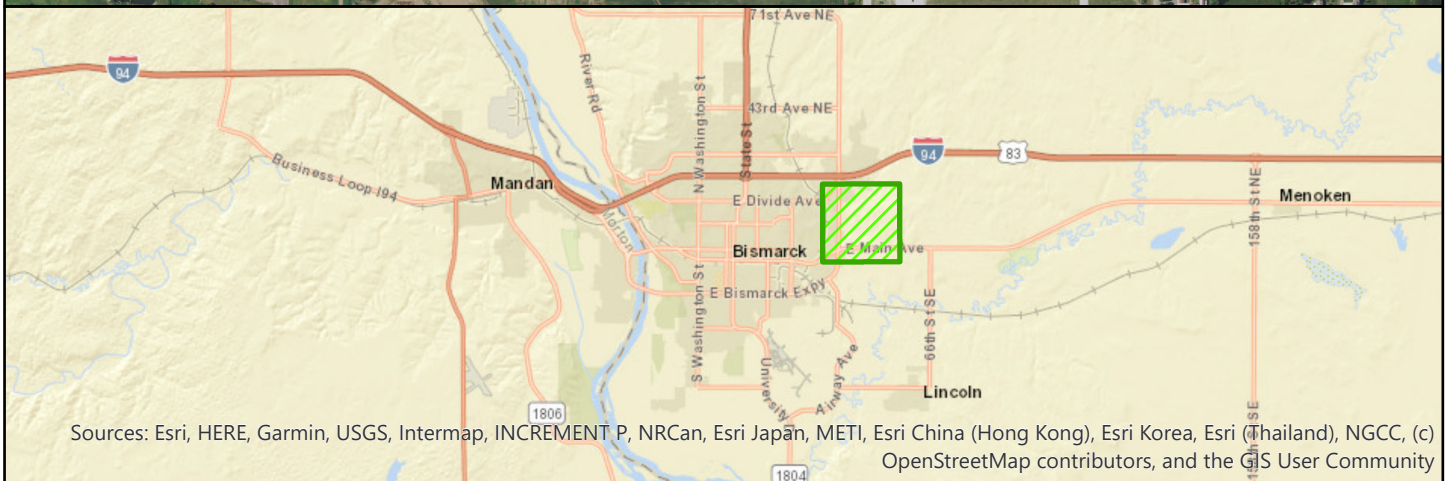


East Bismarck Tract
Burleigh County, T139-R80-S36-NW4



Approximate location of 10
acre parcel

BISMARCK



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

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

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

Due to the constitution, statutes, and administrative rules in place to address these ethical issues, the Commissioner is requesting the Board 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.

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

**BOARD OF UNIVERSITY AND SCHOOL LANDS
CODE OF ETHICS**

SECTION I: PREAMBLE

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

SECTION II: DEFINITIONS

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

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

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

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

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

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

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

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

Department: The North Dakota State Land Department.

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

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

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

SECTION III: GENERAL

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

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

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

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

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

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

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

SECTION V: MISUSE OF OFFICE.

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

SECTION VI: USE OF CONFIDENTIAL OR OTHER GOVERNMENTAL INFORMATION.

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

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

SECTION VII: DISCUSSIONS, DELIBERATIONS AND VOTES.

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

SECTION VIII: LOANS FROM THE BANK OF NORTH DAKOTA

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

SECTION IX: EMPLOYMENT ISSUES

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

SECTION X: PENALTIES

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

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

SECTION XI: ADVISORY BOARDS, COMMITTEES

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

SECTION XII: EXCEPTION PROVISION

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

SECTION XIII: REPORTING ILLEGAL ACTIVITIES

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

ADDENDA TO THIS CODE OF ETHICS

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

HISTORY:

Adopted: January 25, 1996

Amended: April 23, 2010

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

RE: Term of the Commissioner of University and School Lands

Regarding the Commissioner of University and School Lands, N.D.C.C. § 15-02-02 provides:

The term of office of the commissioner 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.

Commissioner Jodi Smith respectfully requests the Board's consideration of an appointment, under N.D.C.C. § 15-02-02, to a second term effective July 1, 2021.

Recommendation: The Board appoint Commissioner Jodi Smith, under N.D.C.C. § 15-02-02, to a second term effective July 1, 2021.

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

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

May 25, 2021

RE: Commissioner Annual Review

As Commissioner and Secretary for the Board of University and School Lands (Board), I am fully committed to the Board and the Department of Trust Lands (Department) vision to be known nationally for superior management of its assets and programs. This will be met through the following shared values:

Communication: We develop and maintain positive relationships, facilitating the open exchange of ideas, opinions and information.

Leadership & Teamwork: We encourage and motivate each other to accomplish goals through collaboration and cooperation across the Department.

Customer Service: We listen and respond effectively to our customers to provide professional and efficient service.

Transparency: We strive to be open, honest, upfront and visible in our actions.

Trust: We foster a high-trust culture that supports a rewarding, healthy, and meaningful work environment for employees.

Reflection of Shared Values and Review of 2020:

In June 2020, the Board was presented with the Commissioner's annual review outlining the multi-phase approach to operationalize the Department's multi-year strategic plan (Attachment 1):

Phase 1: Envision - Build and restructure the foundation of the Department and generate initial cost savings.

Phase 2: Foundation - Improve the level of maturity and reach the next level of efficiency and cost-savings.

Phase 3: Advance – Advance improvement of the level of maturity and address most complex components of the transformation.

Phase 4: Transform - Finalize transformation and fine-tune last details.

As the Commissioner, I am taking a direct role in working with the divisions within the Department to capitalize on our proficiencies and resources; thus, improving the effectiveness of the Department. Specifically, I am committed to cultivating and retaining talent management leadership within the Department. This will optimize efforts to build assets and programs. While continuing to deliver our core services, the Department has made significant progress in fulfilling a wide range of responsibilities with quality and accurate work anchored in shared values.

In August 2020, the Department's Strategic Plan for the 2021-23 biennium (Attachment 2) was presented to the Governor's Office, OMB, and Legislative Council during a budget planning session. This plan was developed by the Department's leadership team through an intensive two-day planning session lead by a facilitator. The resulting document will lead the Department's efforts for the 2021-2023 biennium.

Highlights of 2020 Accomplishments and Results:

- With the onset of the pandemic (COVID-19), the Department quickly modified processes and procedures while maintaining necessary financial controls throughout the Department with the team working remotely.
- Significant progress was made in the Acreage Adjustment Project with 1/3 of the leases having been reviewed.
- Implementation of Financial Management and Accounting IT system.
- Major update of Revenue Compliance IT system.
- Continued building of Surface Land Management IT system with a go-live date scheduled for August 2021.
- Completion of the Mineral Valuation Project.
- Deferred Production Analysis to aid in the Department's cash management during economic downturn.
- Completion of the Land Sales and Exchanges Administrative Rules.
- Successful passage of necessary legislation.
- Oversight of 15 legal cases and 8 bankruptcies affecting the Board.

Departmental transformations required my strong leadership. Skills required to implement and guide necessary systematic changes. Skills to ensure the department is built for future management of assets and programs. Specifically, my leadership skills include my ability to communicate, collaborate with my team, problem-solve, produce quality work, exemplary attendance, punctuality and reliability and my ongoing ability to accomplish goals and meet deadlines.

Subsequent to these accomplishments and over the course of the next year, I will continue to focus on goal achievement while maintaining a consistent high standard in quality of work completed. As the Commissioner, I will persistently discover creative solutions, evaluate possibilities and collaborate on decisions made. It is important that I continue to build resources and provide tools that the team requires to assist them in prioritizing tasks, making decisions, and practicing good quality control.

It is notable during 2020, 17 Board meetings were organized to review a multitude of topics. The goal is to get material posted to the Board and the public the Friday prior to the Board meetings. Information in the packet should provide the necessary information for the Board to vote on actionable items. It is a continued effort to provide enough information to the Board to make a decision without providing too much information, so the Board meetings do not run long or do not stay on topic. This was accomplished under my leadership and the cooperation and collaboration of the Department.

As the Commissioner, I have made a concerted effort to work with other state and local agencies which include:

- | | |
|---------------------------------------|------------------------------------|
| • Game & Fish | • Department of Transportation |
| • Department of Environmental Quality | • Office of Indian Affairs |
| • Office of State Engineer | • Lignite Council |
| • Public Service Commission | • Attorney General Office |
| • Bank of North Dakota | • Commerce Department |
| • North Dakota Pipeline Authority | • Office of Budget and Management |
| • Department of Mineral Resources | • Information Technology |
| • Office of Tax Commissioner | • Department of Public Instruction |
| • Office of Agriculture Commissioner | • Secretary of State |
| • State Geologist | • State Treasurer Office |

- Retirement and Investment Office

- Governor's Office

In summary, during the past year, the Department and the Board have faced unique challenges as a result of COVID-19. Through these challenges, my goal was to prioritize commitments with efficiency. My focus was on strategies that inspired action and results. Throughout the disruption of this unusual circumstance, my leadership goal was to gain trust, provide stability with flexibility, show compassion and inspire hope. All these goals despite the challenges were met. Leading through a time of uncertainty has presented challenges that have taught me many lessons.

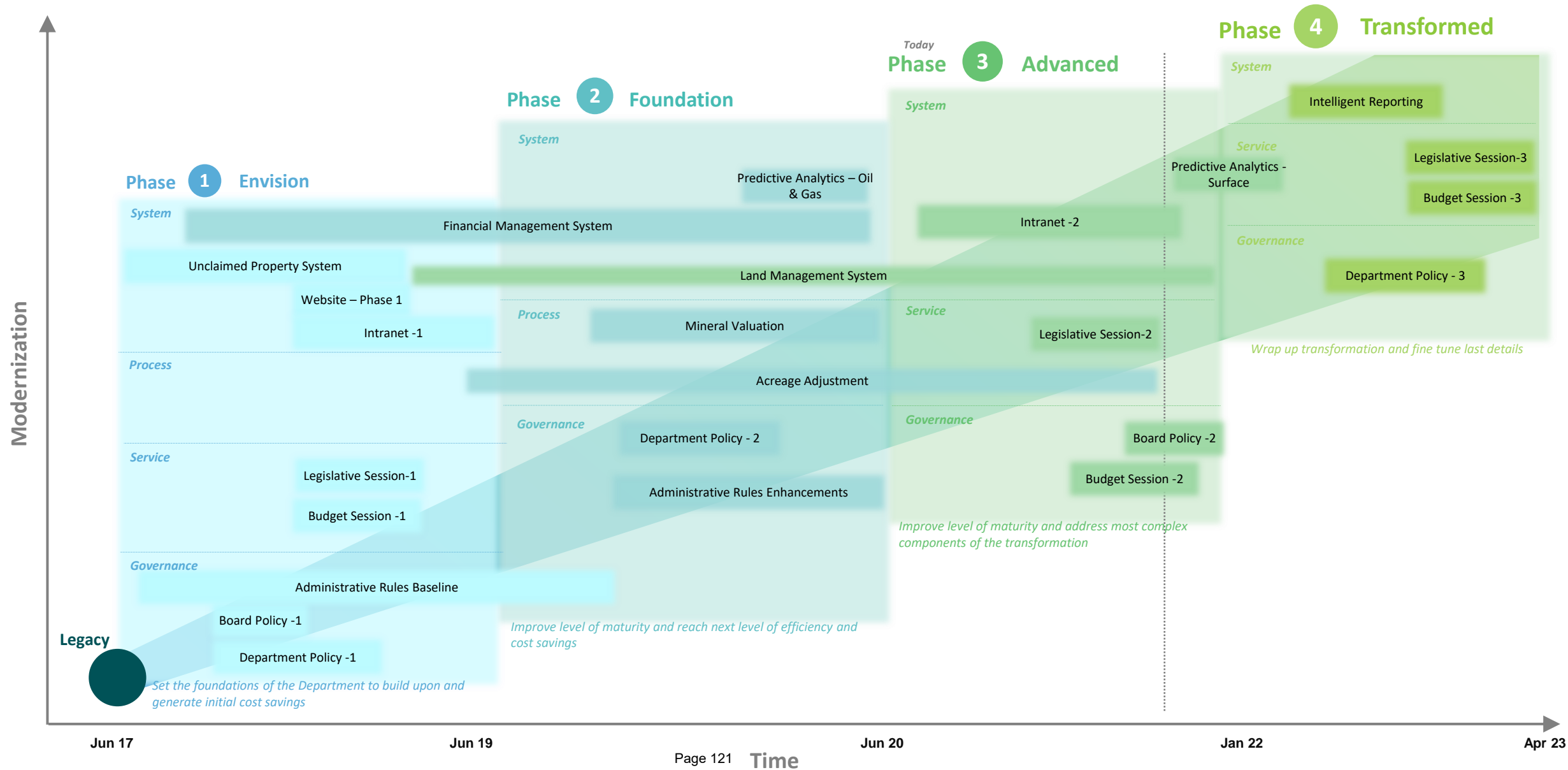
I want to thank the Department staff for their generous support, willingness to collaborate, and flexibility in promoting value and growth within the Department. Their skills and dedication are recognized as fundamental to all successes.

Recommendation: **The Board will begin the annual review process for the Commissioner's position.**

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

Phased approach to the future

Pillars of excellence on the beam of modernization





MISSION & VISION

Mission

The mission of the Board of University and School Lands is to prudently and professionally, manage assets of the permanent trusts in order to preserve the purchasing power of the funds, maintain stable distributions to fund beneficiaries, and manage all other assets and programs entrusted to the Board in accordance with the North Dakota Constitution and applicable state law.

Vision

The Department of Trust Lands is known nationally for superior management of its assets and programs.



VALUES

Communication

We develop and maintain positive relationships, facilitating the open exchange of ideas, opinions, and information

Leadership & Teamwork

We encourage and motivate each other to accomplish goals through collaboration and cooperation across the Department.

Customer Service

We listen and respond effectively to our customers to provide professional and efficient services.

Transparency

We strive to be open, honest, upfront and visible in our actions.

Trust

We foster a high-trust culture that supports a rewarding, healthy, and meaningful work environment for employees.

GOAL: CUSTOMER SERVICE



TO IMPROVE AND ENHANCE THE EDUCATION AND SUCCESS OF OUR COMMUNITIES, OUR STATE, THE NATION AND THE WORLD BY DEVELOPING MORE EFFECTIVE, SUSTAINABLE AND EQUITABLE RELATIONSHIPS WITH OUR CONSTITUENTS.

Digital Transformation

- Acceptance of credit card payments
- Automated online forms
- New Land Management and Financial Accounting Systems
- Online royalty payment portal

Outreach to Increase Access

- Kiosks for Unclaimed Property claims
- Educating constituents on auditing process
- Partnerships with education systems

Effective Stakeholder Relationships

- Improved relationships with key state and federal agencies
- Energy sector partners
- Agricultural partners

Optimal Staffing

- Increased staffing levels
- Professional development for staff

GOAL : MISSION INTEGRATION



TO FOCUS ON THE IMPACTS TO OUR COMMUNITIES THROUGH THE ENGAGEMENT OF STRATEGIC AND COORDINATED ACTIVITIES THAT ALIGNS THE AGENCY MISSION AND THE NEEDS OF OUR CONSTITUENTS.

Digital Transformation

- New Land Management and Financial Accounting Systems

Eliminate 60% requirement in EIO statute

Outreach to Increase Access

- Promote distributions and impact on education
- Promote the utilization of school trust land for educational purposes

Effective Stakeholder Relationships

- Improved relationships with key state and federal agencies, energy sector partners, agricultural partners

GOAL : ENHANCE MANAGEMENT OF ASSETS



TO ADVOCATE FOR AND SUPPORT SUSTAINABLE ASSET MANAGEMENT STRATEGIES THAT MAXIMIZE REVENUE FOR PERPETUAL, INTER-GENERATIONAL DISBURSEMENTS.

Digital Transformation

- Acceptance of credit card payments
- Automated online forms
- New Land Management and Financial Accounting Systems and Investments
- Additional drones for field inspectors
- Online royalty portal system

Enhanced Field Inspections

- Additional drones
- Stronger reclamation program
- Onsite audit of well site

Strengthening Database Performance

- Elimination of antiquated servers
- Shared drive clean-up
- Creation of wind lease database
- Creation of coal database
- Strengthened review of division orders

Real Estate Development

- Development of east Bismarck tract
- Review and development of under utilized tracts

Effective Stakeholder Relationships

- Fee from Game and Fish authorized hunters, anglers and trappers
- Game and Fish wardens enforce on DTL lands

Mitigation Banking

- Develop mitigation banking program to benefit trusts