

**Minutes of the Meeting of the
Board of University and School Lands
January 31, 2013**

The January 31, 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:02 AM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General

Members Absent:

None

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Linda Fisher	Unclaimed Property Administrator
Peggy Gudvangen	Account Budget Specialist
Pam Rennich	Director, Revenue Compliance Division
Judith F. Schell	Administrative Assistant

Others in Attendance:

Hope L. Hogan	Office of the Attorney General
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APPROVAL OF MINUTES

A motion to approve the minutes of the December 14, 2013 meeting was made by Treasurer Schmidt and seconded by Attorney General Stenehjem. Motion carried.

Secretary of State Al Jaeger joined the meeting at this time.

STRATEGIC INVESTMENT AND IMPROVEMENT FUND

Strategic Investment and Improvements Fund Balance and Redistribution. As a result of HB1451 passed by the 2011 Legislature, the Strategic Investment and Improvements Fund (SIIF) was created when former Lands and Minerals Trust Fund was merged with the Permanent Oil Tax Trust Fund.

Projections indicate that more than \$200 million of mineral bonuses, rentals and royalties will be collected and that more than \$688 million of oil and gas tax revenue will be deposited into the SIIF during the current biennium. The budget projects that the SIIF will end the 2011-13 biennium

with a balance of \$709.2 million; and will have a balance of \$1.35 billion at the end of the 2013-15 biennium.

According to Century Code, once the unobligated balance in the SIIF reaches \$300 million, 25% of all revenues received for deposit in the fund in subsequent months must be deposited instead into the Legacy Fund.

Even after a recently completed transfer of \$305 million from the SIIF to the General Fund in January the \$300 million threshold was reached when the Treasurer deposited approximately \$81.7 million of gross production and oil extraction tax collections into the SIIF.

With the verification of this unobligated balance, beginning in February 2013 the Treasurer will deposit 25% of the “state’s share” of oil and gas tax revenues previously targeted for the SIIF into the Legacy Fund, and the Department of Trust Lands will begin to transfer 25% of the royalty, bonus and other revenues received by the SIIF into the Legacy Fund (except for the funds that are potentially subject to litigation). The transfer of SIIF royalty and other income to the Legacy Fund will happen during the first week of the subsequent month, once all royalty and other payments have been booked and reconciled.

Motion: That the Board affirm that in January 2013 the Strategic Investment and Improvements Fund reached an unobligated balance exceeding \$300 million and in accordance with NDCC 15-08.1-08, in subsequent months 25% of all oil and gas tax revenue that were designated for deposit into the SIIF and 25% of all other revenues received by the SIIF will be deposited into or transferred to the Legacy Fund.

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

LEGAL UPDATE

Ordinary High Watermark - District Court Decision. On January 28, 2013, in the consolidated cases of *Brigham Oil & Gas v. Land Board* and *Reep v. State*, the Williams County District Court granted the State’s (inclusive of the Land Board, Department of Trust Lands, and Land Commissioner) motion for partial summary judgment on title to shorezone minerals.

The State had requested that the Court find that the title held by the State in the beds of navigable waterways, in particular its title to the subsurface or mineral estate, extends up to the ordinary high water mark; and requested that the Court find that the title held by riparian landowners along navigable waterways in North Dakota, in particular their title to the subsurface or mineral estate, does not extend below the ordinary high watermark.

Two groups of riparian landowners filed summary judgment motions on these issues. Those motions were denied.

The District Court decision will likely be appealed by riparian landowners to the State Supreme Court.

Hope L. Hogan from the Attorney’s General office was present to answer questions on the ruling by the District Court.

LEGISLATIVE UPDATE

The Commissioner provided an update on the Legislative Bills that will affect the Department of Trust Lands and the Board.

R E P O R T S

Audited Financial Statements. The Board was presented with the Audited Financial Statements for June 30, 2012 and 2011.

Financial Statements. The Board reviewed the Financial Statement Summary and Total Assets by Trust as of October 31, 2012. These reports are on file at the Department of Trust Lands office.

Revenue Compliance Division Update. The Revenue Compliance Division has been reviewing past oil and gas royalty payments to determine if payments were made in accordance with the Board's lease terms, rules and regulations, and North Dakota statutes. The total oil and gas royalty revenue collected in the first half of FY 2013 was \$122,145,110. Included in this total is \$2.4 million that is a result of enhanced efforts to examine royalty reports and submittals. The additional collections and corrections are detailed in the following table:

REVENUE COMPLIANCE SUMMARY			
	Fiscal Year Ended June 30, 2012		Two Quarters Ended December 31, 2012
Additional Royalties Collected	\$ 5,033,003		\$ 1,618,460
Additional Taxes or Other Deductions Collected	\$ 541,319		\$ 656,586
Penalties Collected	\$ 437,279		\$ 142,468
Total Collected	\$ 6,011,601		\$ 2,417,514
NDIC Report Corrections	21		21

In addition to royalty collection efforts, the Revenue Compliance Division together with the Minerals Management Division has worked to identify non- and low-producing leases in an effort to encourage leaseholders to satisfy the terms or terminate the lease.

These efforts have motivated operators to renegotiate lease terms and bring the wells back to a more productive status, or to acknowledge the lack of production and allow the lease to expire. To date, this action has resulted in 2,308 acres that were previously designated as "held by production" being made available to lease again, where they can generate new lease bonus revenues for the trusts and eventually higher production and royalty revenues. Some of the acres are on the list for the February 2013 auction.

NON-PRODUCING LEASE SUMMARY			
	Fiscal Year Ended June 30, 2012		Two Quarters Ended December 31, 2012
Acres Relinquished	2,059.86		247.95
Bonus Received from Relinquished Acres	\$ 0		\$ 220,830

Status of Procurement Efforts

Investment Consultant. On January 4, 2013, the Department released a request for proposal seeking a qualified investment consultant to evaluate existing investment policies and to recommend strategies and procedures relating to the investment of trust and other funds. The contractor will be asked to provide:

1. Recommendations for a comprehensive evaluation and rewrite of the Board's investment policies and procedures for the permanent trust funds (PTF) that will help state and ensure long-term goals and objectives for the PTFs.

(01/31/13)

2. A recommendation of an asset allocation policy for the PTFs that, while recognizing the Board's risk tolerance and return expectations, balances the Board's responsibilities under North Dakota law to
 - a. Support the trust beneficiaries;
 - b. Maintain the permanent strength of the fund;
 - c. follow the prudent investor rule
3. A recommendation as to the most appropriate way to transition the PTFs from the current asset allocation plan to the recommended asset allocation plan.
4. An analysis of the costs associated with the recommended asset allocation plan, including performance monitoring and measurement services. This analysis will include an evaluation of various implementation scenarios, including
 - a. an ultra low cost investment approach,
 - b. a more traditional plan sponsor/investment /consultant approach
 - c. an outsourced CIO (including State Investment Board) approach.
5. An analysis of the management of cash and cash-like funds that are not part of the PTF responsibilities of the Board, in particular, the Strategic Investment and Improvements Fund.

The staff will review the proposals and interview finalists in February or March. The objective will be for a formal recommendation of a firm or firms for the Board's consideration at the regular March meeting.

(Treasurer Schmidt offered to assist the staff in the selection of finalists for Board consideration).

East Bismarck Tract. The Department has issued an invitation for proposals for a contractor to be selected for the preparation of a Marketability Study and Property Analysis, for 590 acres owned by the Commons Schools Trust Fund located east of Bismarck Expressway, described as Section 36, Township 139 North, Range 80 West, Burleigh County.

The informal RFP seeks a qualified firm that will 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.

All Terrain Utility Vehicle . The Board recently approved a budget transfer to allow for the acquisition of an off-road utility vehicle.

An RFP is being prepared by the Department staff with recommendations from other state natural resource agencies on specifications for a vehicle equipped for rigorous use. Upon final review by the OMB Procurement Office, the RFP will be issued.

Unclaimed Property Compliance. An Invitation For Bid issued by ND State Procurement in September 2012 on behalf of the Board of University and School Lands (Unclaimed Property Division) has resulted in the following audit contracts being renewed and/or awarded.

Renewed Vendors

- Xerox State and Local Solutions (Quincy, MA) – FKA: Affiliated Computer Services (ACS)
- Audit Services, U.S., LLC (New York, NY)
- Verus Financial LLC (Waterbury, CT)
- Abandoned Property Experts, LLC (Ann Arbor, MI)

New Vendors

- Discovery Audit Services, LLC (Baton Rouge, LA)

- Kelmar Associates, LLC (Wakefield, MA)
- Treasury Services Group, LLC (Kansas City, MO)

Report of Easements Issued by Land Commissioner. (12-07-12 thru 01-15-13)

ROUGH RIDER ELECTRIC COOP, INC. BIL-141-100-16-NE4, NW4, SE4, SW4	Electric Distribution Line	12/21/2012
ROUGH RIDER ELECTRIC COOP, INC. BIL-142-101-36-NE4, NW4, SE4, SW4	Electric Distribution Line	1/11/2013
SLAWSON EXPLORATION CO. INC. MOU-152-92-14-SE4	Multiple Pipelines	1/11/2013
URS CORPORATION WAR-155-84-1-SW4NW4 LYING N & E OF RIVER CENTERLINE	General Land Surveys	1/10/2013
ONEOK ROCKIES MIDSTREAM LLC WIL-153-99-16-NW4	Gas Gathering Pipeline	12/24/2012
LIBERTY RESOURCES LLC WIL-156-100-9-S2SE4	Multiple Pipelines	12/10/2012
WHITING OIL & GAS CORPORATION MOU-154-93-36-SE4, SW4	Amend: Gas Gathering Pipeline	12/13/2012
OASIS PETROLEUM NORTH AMERICA LLC MOU-157-92-15-N2NW4, SE4NW4	Multiple Pipelines	12/6/2012
WARD COUNTY WAR-152-85-36-E2NW4, LOTS 1,2	Road Right-of-Way	1/9/2013
HILAND OPERATING LLC MOU-154-94-16-SE4	Multiple Pipelines	12/11/2012
DENBURY ONSHORE LLC BIL-141-101-16-NW4, SE4, SW4 BIL-141-101-21-NE4	Salt Water Pipeline	12/6/2012
ZENERGY OPERATING COMPANY LLC MCK-150-95-16-NW4, SW4	Salt Water Disposal Well	12/21/2012
MCKENZIE ELECTRIC COOP INC DUN-145-95-16-NE4	Electric Distribution Line	12/11/2012
BELLE FOURCHE PIPELINE CO Amend: Oil Gathering Pipeline MCK-148-101-36-NW4		12/10/2012
WEST RIVER TELECOMMUNICATIONS COOP SHE-146-75-16-SW4	Communication Cable	12/21/2012
HILAND CRUDE LLC MOU-157-92-15-N2NW4, SE4NW4	Oil Gathering Pipeline	12/11/2012
OASIS PETROLEUM NORTH AMERICA LLC BRK-160-92-16-NE4	Multiple Pipelines	12/20/2012

LIBERTY RESOURCES LLC WIL-156-101-16-NE4, SE4	Multiple Pipelines	12/21/2012
SLOPE ELECTRIC COOP INC BOW-131-105-16-NW4, SW4	Electric Distribution Line	12/31/2012
HILAND OPERATING LLC MCK-148-98-16-NE4	Amend: Gas Gathering Pipeline	12/13/2012
WHITING OIL & GAS CORPORATION MOU-155-91-34-SW4	Gas Gathering Pipeline	12/31/2012
HESS CORPORATION MOU-154-93-16-NW4	Amend: Section Line Access Road	1/7/2013
GMX RESOURCES INC BIL-143-99-16-NW4	Amend: Horizontal Oil Well	12/23/2012

The Mineral Lease Auction list for the February 5, 2013 auction was presented to the Board.

A D J O U R N

There being no further business, the meeting was adjourned at 10:11 AM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the meeting of the
Board of University and School Lands**

The Land Board did not have a "February 2013" meeting

**Minutes of the Meeting of the
Board of University and School Lands
March 28, 2013**

The March 28, 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:03 AM by Chairman, Governor Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kirsten Baesler	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General

Members Absent:

Kelly Schmidt	State Treasurer
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Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Michael D. Brand	Director, Surface Management Division
Drew Combs	Director, Minerals Management Division
Gerard Fisher	Assistant Director, Energy Infrastructure & Impact Office
Linda Fisher	Unclaimed Property Administrator
Judith F. Schell	Administrative Assistant

Others in Attendance:

Ronald L. Klotter	R V Kuhns & Associates, Inc.
Marcia P. Beard	R V Kuhns & Associates, Inc.

APPROVAL OF MINUTES

A motion to approve the minutes of the January 31, 2013 meeting was made by Attorney General Stenehjem and seconded by Secretary of State Jaeger. Motion carried.

INVESTMENTS DIVISION

Recommendation to Hire R.V. Kuhns to Perform Investment Study. On January 4, 2013, the Department issued a request for proposals (RFP) seeking a qualified investment consultant to evaluate investment policies and to recommend strategies and procedures relating to the Land Board's investment of the permanent trust funds (PTF) and the management of the Strategic Investment and Improvements Fund (SIIF).

Specifically, the purpose of the project is to provide the Land Board with advice on the following:

1. Recommendations for updated investment policies and procedures to help ensure that the Board meets its long-term goals and objectives for the permanent trusts.

2. A proposed asset allocation policy for the PTFs that recognizes the Board's risk tolerance and return expectations, coupled with the Board's responsibilities under law to:
 - a. support the trust beneficiaries;
 - b. maintain the assets in the funds;
 - c. follow the prudent investor rule.
3. A strategy to transition the PTFs from the current asset allocation plan to the recommended plan. This analysis will include an evaluation of various implementation scenarios, including:
 - a. an ultra low cost investment approach;
 - b. a more traditional plan sponsor/investment /consultant approach;
 - c. an outsourced Chief Investment Officer approach (including State Investment Board).
4. A recommendation for establishing specific goals, objectives and investment policies for the SIIF.

Ten firms responded to the RFP. A committee consisting of State Treasurer Kelly Schmidt, Commissioner Lance Gaebe and Chief Financial Officer Jeff Engleson reviewed all the proposals and chose four firms to interview, including Mercer Hammond; Meketa Investment Group and Callan Associates and RV Kuhns and Associates.

The State Investment Board (SIB) interim Chief Investment Officer joined the review committee in the interviews which occurred on March 11 and March 13, 2013.

All of the firms had the technical skills, tools and expertise to perform the study for the Board, however the reviewing committee found the proposal and interview with R.V. Kuhns as excellent and the proposed fee of \$86,000 in line with other proposals. The committee recommended R.V. Kuhns to perform an investment study of the permanent funds and to prepare recommendations for the management of SIIF.

R.V. Kuhns is an employee owned investment consulting firm based out of Portland Oregon. They have extensive experience working with state permanent trust fund boards including in New Mexico, Wyoming and Oklahoma. They are also the firm selected by the SIB to perform an investment study for North Dakota's Legacy Fund.

Representatives of R.V Kuhns attended the meeting to describe the firm and their plans for the upcoming study. The objective is that the study will be completed by mid summer.

Motion: That the Board hire R.V. Kuhns and Associates Inc. to perform an investment study related to both the permanent trusts under the Board's control, and management of funds within the Strategic Investment and Improvements Fund.

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

MINERALS MANAGEMENT DIVISION

Royalty Rate Application in Counties Bisected By River Acreage. On January 26, 2012 the Board changed its Oil and Gas Rules (85-06-06) to adjust the oil and gas royalty rate from 1/6 to 3/16 on leases issued in Billings, Divide, Dunn, Golden Valley, McKenzie, Mountrail and Williams Counties.

At the February 2013 mineral lease auction, 106 tracts were advertised and offered in Dunn County at the 3/16 royalty rate. It was noted after the auction that 58 of those 106 tracts are under the Missouri River dividing McLean and Dunn counties. As such the appropriate royalty assessment for these bisected tracts has been questioned.

The Dunn/McLean County border is the only circumstance where river acreage bisects a 1/6 county and a 3/16 county.

The Commissioner seeks affirmation that oil and gas leases in this area be issued with a 3/16 royalty as advertised.

Motion: That the Board, in the context of Board rule 85-06-06-08, affirm a decision to assess the higher royalty rate when minerals beneath the boundary of neighboring counties with different royalty rates are offered for lease.

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

SURFACE MANAGEMENT DIVISION

Contract for LiDAR Surveys of Gravel Pits. Gravel mining activity and royalty rates have significantly increased as a result of energy activity. There are currently 14 active leases on more than 2,000 acres of trust land with the potential to produce over \$12 million in royalties. A verification of cubic yards of material mined is needed to ensure accurate royalty payments to the trusts. LiDAR is a promising technology that could assist in measuring gravel extraction. LiDAR is an optical remote sensing technology that can measure the distance, size, volume and other properties of targets using laser mapping tools.

Construction aggregate mining and reclamation in North Dakota is virtually an unregulated industry. The Department develops and enforces mining and reclamation plans and conducts regular inspections on Trust Lands.

Accurate royalty reporting for gravel and mining operations is an area of concern. The amount of material mined is self-reported by the mine operator and is usually based on the weight of loaded trucks or counting of loads. Both methods rely on the mine operator to record and report the information. However, these methods are inaccurate and there is no independent inspection or verification of the amounts mined to ensure accurate royalty payments.

LiDAR can be used to intensively map the terrain to produce sub-centimeter data and at a much lower cost than the less accurate traditional surveying methods. The cost of a LiDAR survey is about \$3,500 per mine site annually. LiDAR also increases safety for the surveyors because they do not have to enter the pit, and mine operations do not have to be suspended to conduct a survey.

For the leases issued since November 2012 and future leases, the LiDAR cost can be charged to the mine operator under the terms of the lease. For older leases that don't contain a survey requirement, the Department would pay the survey costs under continuing appropriation authority, as an expense that adds value to the trusts. Anticipated total annual cost of a contract for LiDAR surveys would be about \$60,000, on a time and materials basis. It is expected that this would be recovered through increased royalty payments.

Motion: That the Board 1) authorize publication of an invitation for firms to submit a proposal to conduct gravel pit LiDAR surveys 2) to authorize the Commissioner to negotiate and complete a contract with an appropriate responding firm not to exceed \$75,000

annually; 3) and to classify the expenditure as a continuing appropriation under NDCC 15-04-24 and 15-07-22, as it adds value to the trusts.

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

ENERGY INFRASTRUCTURE AND IMPACT OFFICE (EIIO) OPERATIONS

EIIO Update. During the 2011-2013 biennium, the Board made 504 Energy Impact grant awards totaling \$124,070,461 from the Oil and Gas Impact Grant Fund. A contingency fund totaling \$244,808 remains available.

Grant Award Recommendations – January through March Calendar Quarter 2013

North Dakota Century Code 57-62-05.5 indicates that the energy infrastructure and impact office director is to “Make recommendations, not less than once each calendar quarter, to the board of university and school lands on grants...”

While a contingency fund remains available for emergency needs, there are currently no pressing requests that demand current consideration. The recommendation to the Land Board for the January through March calendar quarter is that no grant awards be made. The Director recommends that the \$244,808 in the contingency fund be held for possible future emergency requests.

Motion: That the Board affirm that no Energy Infrastructure and Impact Grants be made during this calendar quarter.

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

Summer of 2013 Infrastructure Construction Grant Round

In anticipation of the Legislative appropriation of funds for the 2013-2015 biennium and in order to provide communities with the advantage of the construction season, the EIIO proposes initiating a grant round in April for water, sewer and city infrastructure construction projects. In May, after the appropriations are finalized, regional meetings would be held with applicants, projects would be evaluated and recommendations formulated by the energy impact grants advisory committee. Recommendations for awards could be provided to the Land Board in late May or early June. The Board could pledge grants that would be formally awarded once the biennium started on July 1.

Potential applicants will be clearly informed that results for the grant round will be dependent upon policy decisions and final funding approved by the Legislature.

Motion: That the Land Board authorize the EIIO to proceed with opening a construction grant round in April 2013 for preliminary review of grants to be awarded in the 2013-2015 biennium.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger		X	X		

Superintendent Baesler			X		
Treasurer Schmidt					X
Attorney General Stenehjem	X		X		
Governor Dalrymple			X		

REPORTS

Financial Statements. The Board reviewed the Financial Statement Summary and Total Assets by Trust as of December 31, 2013. These reports are on file at the Department of Trust Lands office and were for the Board's information; no action was required.

Investment Performance Report for Quarter Ended December 31, 2012. The Board reviewed the investment performance of the investment program for the period of October 1, 2012 – December 31, 2012.

February and March Oil and Gas Lease Auction Results. The Board reviewed a report of the results from the February 05, 2013 oil and gas lease sale, which was held in Bismarck, ND and the Board also reviewed a report of the results from the Internet Auction conducted by Energy Net.com in March 2013. The memo is on file at the Department of Trust Lands office and was for the Board's information.

Report of Easements Issued by Land Commissioner.

OXY USA INC BRK-160-91-16-NE4	Equipment Site	02/21/2013
CONSOLIDATED ENTERPRISES INC DUN-142-93-16-NE4, SE4	Communication Cable	03/08/2013
CONSOLIDATED ENTERPRISES INC STA-138-92-16-SE4 STA-138-93-16-NW4, SW4 STA-141-93-36-SE4	Communication Cable	03/08/2013
CONTINENTAL RESOURCES INC MCK-153-94-16-NE4, NW4, SW4	Access Road	02/04/2013
MCKENZIE COUNTY MCK-150-100-36-NW4NW4NE4, S2N2NE4, N2S2NE4	Land Sale: Landfill	01/16/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-152-92-14-SE4	Electric Transmission Line	03/08/2013
TOWER ASSOCIATES LLC BRL-142-78-16-NE4	Wind meteorological tower	02/14/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP 01/31/2013 MOU-156-93-36-SE4	Amend: Electric Distribution Line	
MOUNTRAIL-WILLIAMS ELECTRIC COOP 03/07/2013 MOU-155-93-36-NE4, NW4, SE4	Amend: Electric Distribution Line	
J & M DISPOSAL	Salt Water Pipeline	02/18/2013 (03/28/13)

MCK-153-102-36-E2SW4 E OF ROAD, MOUNTRAIL-WILLIAMS ELECTRIC COOP 03/07/2013 MOU-155-93-36-NE4, NW4 NE4 E OF ROAD, SE4	Amend: Electric Distribution Line	
ONEOK ROCKIES MIDSTREAM LLC DUN-147-96-36-NE4	Gas Gathering Pipeline	03/12/2013
CENTRAL POWER ELECTRIC COOP INC MCL-148-83-16-NW4 MCL-149-85-16-SE4, SW4	Electric Transmission Line	03/04/2013
SADDLE BUTTE ASSETS LLCCO MCK-149-99-16-NE4, NW4	Oil Gathering Pipeline	02/18/2013
ONEOK ROCKIES MIDSTREAM LLC MCK-151-96-36-SE4, SW4	Gas Gathering Pipeline	02/19/2013
WHITING OIL & GAS CORPORATION MOU-153-92-16-NE4, NW4	Oil Gathering Pipeline	02/19/2013
MCLEAN ELECTRIC COOP MCL-148-83-16-NW4	Electric Distribution Line	03/04/2013
PETRO-HUNT LLC WIL-154-99-16-NW4	Access Road	01/31/2013
PETRO-HUNT LLC WIL-154-99-16-NE4, NW4	Access Road	02/04/2013
BURKE-DIVIDE ELECTRIC COOP DIV-161-97-36-SE4, SW4	Electric Distribution Line	01/31/2013
MCKENZIE ELECTRIC COOP INC DUN-147-96-36-NE4	Electric Distribution Line	03/05/2013
HILAND OPERATING LLC BRK-161-94-16-SW4	Amend: Gas Gathering Pipeline	02/28/2013
ONEOK ROCKIES MIDSTREAM LLC MCK-152-98-16-NE4, NW4	Gas Gathering Pipeline	02/26/2013
HESS CORPORATION MOU-154-93-16-NE4, NW4	Multiple Pipelines & Communication Cable	02/28/2013
ONEOK ROCKIES MIDSTREAM LLC MCK-149-99-16-NW4	Amend: Gas Gathering Pipeline	02/04/2013
ND DEPT OF TRANSPORTATION DUN-142-96-36-NW4 WEST OF HWY	Temporary Construction	02/18/2013
WHITING OIL & GAS CORPORATION MOU-154-92-16-NE4	Oil Gathering Pipeline	01/22/2013
WHITING OIL & GAS CORPORATION BIL-141-100-16-NE4, NW4	Amend: Salt Water Pipeline	02/04/2013
ONEOK ROCKIES MIDSTREAM LLC (03/28/13)	Gas Gathering Pipeline	01/25/2013

WIL-156-100-9-S2SE4

HILAND OPERATING LLC
WIL-159-97-36-SE4, SW4

Multiple Pipelines

03/05/2013

ND DEPT OF TRANSPORTATION
DIV-161-100-36-NW4
DIV-163-100-36-NW4

Road Right-of-Way

02/18/2013

ONEOK ROCKIES MIDSTREAM LLC
BIL-142-101-36-NE4, NW4

Amend: Gas Gathering Pipeline

02/07/2013

HILAND OPERATING LLC
MOU-156-94-36-NE4, NW4

Amend: Oil Gathering Pipeline

01/23/2013

HILAND CRUDE LLC, ENID-OK
BRK-160-92-16-NE4

Oil Gathering Pipeline

02/21/2013

CRUSHED ROCK SALES LLC
STA-138-93-16-SE4

Aggregate Prospecting

02/14/2013

CRUSHED ROCK SALES LLC
STA-139-94-36-SW4

Aggregate Prospecting

02/14/2013

CRUSHED ROCK SALES LLC
WIL-158-96-36-NE4

Aggregate Prospecting

02/14/2013

CRUSHED ROCK SALES LLC
WIL-154-100-36-SE4

Aggregate Prospecting

02/14/2013

TRIANGLE USA PETROLEUM CORPORATION
MCK-150-100-16-NW4

Section Line Access Road

03/07/2013

HILAND CRUDE LLC
WIL-159-97-16-NE4, NW4

Oil Gathering Pipeline

03/08/2013

MINNKOTA POWER COOP INC
FOS-147-63-22-NE4

Temporary Construction

02/07/2013

DAYS OF '76 MUSEUM
BIL-138-101-36-NW4, SE4, SW4Letter of Permission:
Access to School Land

02/18/2013

HILAND OPERATING LLC
WIL-159-96-16-NE4

Amend: Gas Gathering Pipeline

02/04/2013

HESS CORPORATION
WIL-156-95-16-NE4, NW4, SW4

Amend: Oil Gathering Pipeline

02/26/2013

HILAND OPERATING LLC
WIL-156-101-36-SE4

Amend: Gas Gathering Pipeline

02/19/2013

TRIANGLE USA PETROLEUM CORPORATION
MCK-152-102-36-SE4

Amend: Horizontal Oil Well

02/21/2013

WHITING OIL & GAS CORPORATION
BIL-141-100-16-NE4, NW4, SE4

Easement Release

02/12/2013

BANNER TRANSPORTATION CO LLC
DIV-160-96-36-SE4

Amend: Multiple Pipelines

02/26/2013

OASIS PETROLEUM NORTH AMERICA LLC

Multiple Pipelines

03/04/2013

(03/28/13)

WIL-156-101-16-NE4

MCLEAN ELECTRIC COOP
MCL-148-83-16-NW4

Easement Release

03/11/2013

GRAVEL PRODUCTS, INC
MOU-152-92-14-SE4

Aggregate Prospecting

03/06/2013

A D J O U R N

There being no further business, the meeting was adjourned at 10:30 AM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the meeting of the
Board of University and School Lands**

The Land Board did not have an "April 2013" meeting

**Minutes of the Meeting of the
Board of University and School Lands
May 30, 2013**

The May 30, 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 3:00 PM by Chairman Governor Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer (via teleconference)
Kirsten Baesler	Superintendent of Public Instruction (via teleconference)
Wayne Stenejem	Attorney General

Members Absent:

None

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Michael D. Brand	Director, Surface Management Division
Linda Fisher	Unclaimed Property Administrator

Others in Attendance:

Larry Taborsky	Aeronautics Commission
Kyle Wanner	Aeronautics Commission
Brady Pelton	ND Association of Oil and Gas Producing Counties
Jerod Tufte	Governor's Office

APPROVAL OF MINUTES

A motion to approve the minutes of the March 28, 2013 meeting was made by Attorney General Wayne Stenejem and seconded by Secretary of State Al Jaeger. Motion carried.

ENERGY INFRASTRUCTURE AND IMPACT OFFICE

Contingency Fund Request – City of Belfield. The current contingency fund balance for the 2011-2013 biennium is \$224,808. The EIIO has received an emergency grant request from the City of Belfield seeking assistance for the replacement of a police vehicle lost in an electrical fire. The vehicle lost was a fully equipped 2006 Ford Explorer; all gear was lost with the exception of spike strips and an M14 rifle. The police department's three officers are currently sharing one remaining police vehicle and are supplementing as needed with personal vehicles.

Replacing the vehicle is estimated to cost \$43,737. With expected recovery from insurance, the city of Belfield is requesting \$18,977 emergency assistance from the EIIO to aid in the replacement of the patrol vehicle and equipping it.

Recommendation: That the Land Board approve the emergency grant of \$18,977 from the Oil and Gas Impact Grant Fund to the City of Belfield, to assist in the replacement and equipping of a police vehicle.

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

Legislative Review and 2013-2015 Biennium Allocation and Schedule. The 2013 Legislative Assembly provided funding and direction to the Energy Infrastructure and Impact Office (EIIO). SB 2013 (Department Appropriation) and HB 1358 were the vehicles used to define program direction for the 2013-2015 biennium.

SB 2013 appropriated \$700,826 to the Energy Infrastructure and Impact Office (EIIO) for administrative costs including salaries. **HB 1358** directs \$240 million to the Oil and Gas Impact Grant Fund with an appropriation of \$239.3 million available for the Land Board to provide as grants through the Energy Infrastructure and Impact Office.

Of the \$239.3 million, HB 1358 identified eight earmarked grant areas totaling \$103.5 of the oil and gas impact grants fund:

- 1) \$5 million to counties experiencing new oil and gas development.
- 2) \$60 million to airports
- 3) \$4 million to Higher Education
- 4) \$3 million for a dust control pilot, \$1 million to each of three counties
- 5) \$7 million for sheriff's departments
- 6) \$7 million for emergency medical services
- 7) \$3.5 million for fire protection districts
- 8) \$14 million to hub cities, \$2 million designated to Williston, \$7 million to Dickinson, and \$5 million to Minot. Hub cities are precluded from receiving any additional funds from the oil and gas impact grants fund.

SB 2013 allows that whatever portion of the \$5 million earmarked for emerging oil producing counties, to be used for other awards if there are unused funds on January 1, 2015. SB 2013 suggests that the Board may award up to \$3 million additional of oil and gas impact dust control grants if the 3 county dust control pilot identified in HB 1358 is deemed successful. In addition to a dramatic increase in the Oil and Gas Impact Grant Fund in HB 1358, the bill also increases the gross production tax allocation to cities and counties and "Hub cities", hub city school districts, other school districts and townships. HB 1358 removed the requirement that the Board provide 35% of Oil and Gas Impact Grant funds to hub cities.

HB 1358 also provided \$9.6 million in one-time funding from the Strategic Investment and Improvements Fund to the Attorney General's Office for grants to law enforcement agencies in oil-impacted counties or in counties impacted by energy activity. The grants will be made by the AG's Drug and Violent Crime Policy Board with the concurrence of the Land Board.

SB 2013 provides biennial carryover authority the oil and gas impact grant funds and flood-impacted political subdivision infrastructure development grants approved by the 2011 Special Legislative Session. As General Fund money, the flood grant funds were set to expire on at the end of the 2013 fiscal year, the carryover authority will allow many political subdivisions additional time to complete projects supported by these funds.

Grant Round Schedule and Preliminary Allocations: Consideration being given to the earmarks identified within HB 1358, the following grant round schedule is being recommended to address these carve outs and additionally the funds remaining to be awarded:

Advisory Committees. During the 2011-2013 biennium, the Board appointed an energy impact grants advisory committee to assist with the grants process. This committee has proven helpful in the grants process, especially during the city grants round.

In consideration of the benefits realized and seeking to further improve the use of committees like this, the EIO proposes specific advisory committees made up of members oriented toward the specific grant round purpose. The advisory groups could assist in developing the recommendations for awards for that specific round. As an example, during the emergency services grant round, a committee would be created from respective EMS, fire and sheriff's departments to assist in formulating award recommendations to the Land Board. The committee appointments would be obtained from recommendations from associations and state departments having a relationship to the specific grants round focus. The existing committee would continue with their focus on the general and the city grants.

This recommended approach to the advisory committee concept should develop an increased ownership in the individual grant round, something clearly realized by the existing committee.

Motion: That the Land Board approve the referenced grants schedule, and preliminary fund allocations, and that the EIO develop a recommendations for focused advisory committees for each grant category as needed, and that with respect to the energy impact airport funds, that the Board approve the Aeronautics Commission as the formal advisory committee.

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

Airport Grant Recommendations. Within HB 1358, the 2013 Legislature allocated \$60 million for grants to airports impacted by oil and gas development. HB 1358 states that the director of the EIO shall develop procedures and requirements necessary for distribution of grants which must include cost-share requirements. This is to include consideration of availability of local funds and to give priority to projects having been awarded or that are eligible to receive federal funding.

The EIO staff worked with North Dakota Aeronautics Commission (NDAC) staff to utilize existing policies, processes, and forms already in place. Recommendations for awards of Oil and Gas Impact Grant Funds were reviewed and approved by the Aeronautics Commission.

The NDAC and EIO jointly submit the following full list of applications and grant recommendations. The list shows total project cost, the local cost share, the state requested funding, the grant being recommended and the percent of requested amount being recommended; the remaining balance is anticipated from Federal or other sources. Of the \$25,597,760 recommended for receiving grants, only 1% (\$219,112) is suggested for non-Federal Airports in New Town and Killdeer. The remaining grants would be provided to airports eligible for, and which have received commitments for federal funding. For the grants matched by federal funds, the distribution of money will be offered in proportion to the federal match.

Recommendation: That the Land Board allocate future awards totaling \$25,597,760 to airports as identified in the included list, indicating the intent of awarding grants during the 2013-2015 biennium. All grant awards are contingent upon the confirmation of identified local and federal cost share.

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

Dust Suppression Grant Recommendations. The 2013 Legislature earmarked \$3 million of the Oil and Gas Impact Grant funds for \$1 million grants to three counties in oil-impacted areas for a pilot project for dust control. The counties are required to file a report with the EIO by January 1, 2014 describing the products used and success or failure in controlling dust.

In coordination with the Department of Health, the Association of Oil and Gas Producing Counties and the dust suppression research contractor of the Industrial Commission, guidelines were developed for the Dust Control Grants.

Legislative intent identified the counties for the pilot project to be Bowman, Dunn and Mountrail counties. Each of the three counties have formally requested the biennial grant of \$1 million, and the EIO recommends committing awards of \$1 million each for Bowman, Dunn and Mountrail Counties for this pilot dust control project for the 2013-2015 biennium.

Recommendation: That the Board approves an allocation of \$3 million of grants equally divided between Bowman, Dunn and Mountrail Counties for a pilot dust control project for the 2013-2015 biennium.

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

City Infrastructure Grant Requests and Hub City Recommendations. The first grant round of the 2013-2015 biennium is the city infrastructure requests. Grant applications were accepted through May 8, 2013. Non-Hub Cities submitted 82 applications for projects totaling \$474.4 million with request for \$422.1 million in funding.

Applicant meetings are occurring May 21, 23, 30, 31 and June 4 at regional locations throughout the West. Scoring of the applications is scheduled to be completed by June 6, 2013. The energy impact grants advisory committee will review the applications and assist in developing a recommendation to the Land Board for awards in time for its June 27, 2013 meeting.

Hub Cities

The Hub cities of Dickinson, Minot and Williston, submitted 32 applications for projects totaling \$349.2 million and requesting \$231.3 million of Energy Impact Grant Funds. Within HB 1358, the Legislature earmarked and capped at \$14 million the support available from the Oil and Gas Impact Grants Fund to hub cities.

A summary of hub city applications:
(05/30/13)

POLITICAL SUB NAME	SHORT DESCRIPTION	PROJECT TOTAL	AMOUNT REQUESTED	LONG DESCRIPTION
CITY OF DICKINSON	WATER AND WASTEWATER INFRASTRUCTURE TO SUPPORT NEW HOUSING AND OTHER NEW DEVELOPMENT	\$136,500,000	\$59,900,000	WATER AND WASTEWATER INFRASTRUCTURE TO SUPPORT NEW HOUSING AND OTHER NEW DEVELOPMENT
CITY OF MINOT	NORTH SANITARY SEWER IMPROVEMENTS - #1 PRIORITY PROJECT	\$32,819,000	\$16,474,000	PROVIDE TRUNK SANITARY SEWER CAPACITY TO OVER 8,343 ACRES OF LAND SUPPORTING CONTINUED CITY GROWTH.
CITY OF MINOT	PUPPY DOG SEWER IMPROVEMENTS PHASE V	\$4,548,000	\$4,548,000	PUPPY DOG SEWER IMPROVEMENTS PHASE V
CITY OF MINOT	SW MINOT SEWER IMPROVEMENTS PHASE 1B	\$5,199,767	\$5,199,767	SW MINOT SEWER IMPROVEMENTS PHASE 1B
CITY OF MINOT	1ST LARSON COULEE TRUNK LINE TO 54TH AVE	\$750,000	\$750,000	1ST LARSON COULEE TRUNK LINE TO 54TH AVE
CITY OF MINOT	30TH AVE NW SEWER EXTENSION	\$695,000	\$695,000	30TH AVE NW SEWER EXTENSION
CITY OF MINOT	SW MINOT SEWER IMPROVEMENTS PHASE 2	\$1,694,200	\$1,694,200	SW MINOT SEWER IMPROVEMENTS PHASE 2
CITY OF MINOT	SW MINOT SEWER IMPROVEMENTS PHASE 3	\$4,935,100	\$4,935,100	SW MINOT SEWER IMPROVEMENTS PHASE 3
CITY OF MINOT	SOUTH MINOT DISTRIBUTION IMPROVEMENTS	\$1,000,000	\$1,000,000	SOUTH MINOT DISTRIBUTION IMPROVEMENTS
CITY OF MINOT	13TH ST SE WATER MAIN FROM PUPPY DOG COULEE TO 31ST AVE SE	\$200,000	\$200,000	13TH ST SE WATERMAIN FROM PUPPY DOG COULEE TO 31ST AVE SE
CITY OF MINOT	37TH AVE SE WATER MAIN FROM 11TH ST TO 2ND ST	\$275,000	\$275,000	37TH AVE SE WATERMAIN FROM 11TH ST TO 2ND ST
CITY OF MINOT	HWY 2 WEST WATER MAIN FROM 33RD ST TO 54TH ST	\$1,000,000	\$1,000,000	HWY 2 WEST WATERMAIN FROM 33RD ST TO 54TH ST
CITY OF MINOT	NE TRANSMISSION 27TH ST TO 55TH ST ALONG 46TH AVE & S TO 30TH AVE	\$2,300,000	\$2,300,000	NE TRANSMISSION 27TH ST TO 55TH ST ALONG 46TH AVE & S TO 30TH AVE
CITY OF MINOT	NE WATER TOWER	\$2,500,000	\$2,500,000	NE WATER TOWER
CITY OF MINOT	NE-NW WATER SYSTEM INTERCONNECT	\$2,000,000	\$2,000,000	NE-NW WATER SYSTEM INTERCONNECT
CITY OF MINOT	SW WATER TOWER	\$2,500,000	\$2,500,000	SW WATER TOWER
CITY OF MINOT	16TH AVE SE WATER MAIN UPSIZING (42ND TO 46TH)	\$750,000	\$750,000	16TH AVE SE WATER MAIN UPSIZING (42ND TO 46TH)
CITY OF MINOT	39TH AVE NW - 16TH ST TO US 83 BYPASS	\$4,500,000	\$4,500,000	39TH AVE NW - 16TH ST TO US 83 BYPASS
CITY OF MINOT	S BROADWAY - 20TH AVE TO 41ST AVE	\$25,300,000	\$25,300,000	S BROADWAY - 20TH AVE TO 41ST AVE
CITY OF MINOT	55TH ST SE - US 2 TO 20TH AVE SE	\$8,000,000	\$8,000,000	55TH ST SE - US 2 TO 20TH AVE SE
CITY OF MINOT	37TH AVE SW ST RECONSTRUCTION - 16TH ST TO 30TH ST	\$4,600,000	\$4,600,000	37TH AVE SW ST RECONSTRUCTION - 16TH ST TO 30TH ST
CITY OF MINOT	30TH ST SW STREET RECONSTRUCTION - 37TH AVE TO 20TH AVE	\$2,100,000	\$2,100,000	30TH ST SW STREET RECONSTRUCTION - 37TH AVE TO 20TH AVE
CITY OF MINOT	30TH AVE NW STREET RECONSTRUCTION - 16TH ST TO BROADWAY	\$6,500,000	\$6,500,000	30TH AVE NW STREET RECONSTRUCTION - 16TH ST TO BROADWAY
CITY OF MINOT	21ST AVE NW STREET RECONSTRUCTION - 16TH ST TO BYPASS	\$3,700,000	\$3,700,000	21ST AVE NW STREET RECONSTRUCTION - 16TH ST TO BYPASS
CITY OF MINOT	20TH AVE SW STREET RECONSTRUCTION - 22ND AVE SW TO 30TH ST SW	\$2,100,000	\$2,100,000	20TH AVE SW STREET RECONSTRUCTION - 22ND AVE SW TO 30TH ST SW

CITY OF MINOT	16TH ST NW - 36TH AVE TO BYPASS	\$1,500,000	\$1,500,000	16TH ST NW - 36TH AVE TO BYPASS
CITY OF MINOT	PUBLIC WORKS BUILDING EXPANSION	\$2,500,000	\$2,500,000	PUBLIC WORKS BUILDING EXPANSION
CITY OF MINOT	PUBLIC WORKS SANITATION BUILDING	\$1,900,000	\$1,900,000	PUBLIC WORKS SANITATION BUILDING
CITY OF MINOT	PUBLIC WORKS STREET DEPARTMENT BUILDING EXPANSION	\$3,000,000	\$3,000,000	PUBLIC WORKS STREET DEPARTMENT BUILDING EXPANSION
CITY OF WILLISTON	SEWER PLANT UPGRADE	\$50,000,000	\$25,000,000	SEWER PLANT UPGRADE
CITY OF WILLISTON	OFFICE BUILDING FOR BUILDING/PLANNING/ENGINEERING	\$5,640,000	\$5,640,000	OFFICE BUILDING FOR BUILDING/PLANNING/ENGINEERING
CITY OF WILLISTON	WATER AND SEWER DRAINAGE IMPROVEMENTS	\$28,200,000	\$28,200,000	WATER AND SEWER DRAINAGE IMPROVEMENTS
	Total	\$349,206,067	\$231,261,067	

Each hub city has provided the EIO with their top priority project for a pledge of awards funds as assigned the the 2013 Legislature in HB 1358. These projects and the recommended pledge awards are as follows:

POLITICAL SUB NAME	SHORT DESCRIPTION	AMOUNT REQUESTED	LONG DESCRIPTION	Recommended Pledge Award
CITY OF DICKINSON	WATER AND WASTEWATER INFRASTRUCTURE TO SUPPORT NEW HOUSING AND OTHER NEW DEVELOPMENT	\$59,900,000	West Lift station & Force main to serve West Ridge, Pinecrest, diesel refinery and the City of South Heart	\$7,000,000
CITY OF MINOT	NORTH SANITARY SEWER IMPROVEMENTS - #1 PRIORITY PROJECT	\$16,474,000	PROVIDE TRUNK SANITARY SEWER CAPACITY TO OVER 8,343 ACRES OF LAND SUPPORTING CONTINUED CITY GROWTH.	\$5,000,000
CITY OF WILLISTON	SEWER PLANT UPGRADE	\$25,000,000	SEWER PLANT UPGRADE	\$2,000,000
			Total Recommended for Pledge Awards	\$14,000,000

Recommendation: That the EIO inform the cities of Dickinson, Minot and Williston, the Board's intent to award \$14 million of grants during the 2013-2015 biennium for the projects and amounts identified in the preceding chart.

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

BOARD AND DEPARTMENT OPERATIONS

Summary of 2013 Non-EIO Legislation Affecting the Board or Department

SB 2013, the appropriation and budget bill for the Commissioner of University and School Lands, was adopted largely as offered in the executive budget with six additional FTEs and operating, salary and equipment appropriations adequate to continue to effectively manage the trusts and the EIO.

SB 2058 was introduced on behalf of the Board to allow the contracting of compliance reviews of entities required to remit Unclaimed Property reports. A provision was also added to the bill which permits the Tax Commissioner to confirm contact information of taxpayers in support of identifying owners of unclaimed property.

SB 2312 removes the statutory minimum royalty on coal leased by the Board; and provides authority to adjust coal royalty rates in best interest of the trusts. The bill also allows the Board to retroactively renegotiate royalty rates on existing leases.

HB 1003 is the appropriation bill for the Attorney General which includes funding and authority for one FTE attorney position relating to the Department of Trust Lands legal work.

HB 1338 directs the Board to study issues related to the management and ownership of land associated with Lakes Oahe and Sakakawea. The bill directs the Board of University and School Lands to "...study options to address the concerns of landowners adjacent to land under the control of the United States army corps of engineers..."

As stated in the bill, the issues to be studied "...must include consideration of control of noxious weeds, protecting public access for hunting and fishing, the costs of possible transition of land from the United States Army Corps of Engineers, and the costs associated with maintaining any property that may become a responsibility of the state. The study must also include consideration of the interests of North Dakota Indian tribes."

The Commissioner provided a fiscal note which estimated the cost of a comprehensive study at \$141,680. The Legislature appropriated \$50,000 of SIIF money for the study, with the authority to request another \$50,000 from the emergency commission if needed.

After the effective date of the Legislation, the Commissioner intends to propose the hiring of a contractor to undertake the study on the Board's behalf.

Strategic Investment and Improvements Fund Several bills made changes that will impact inflows to and transfers from the Board managed Strategic Investment and Improvements Fund (SIIF).

Bills that establish expenditures from the SIIF:

HB 1013 - \$150 million increase in school construction loans (or medical loans if not used)

SB 2187 - \$50 million (plus contingency – see HB 1013) for medical facility loans.

HB 1015 - \$520 million transfer to the General Fund.

HB 1358 - \$21.2 million:

- \$2.0 million to Dept. of Commerce for grants to nursing homes and developmental disabled facilities in oil producing area
- \$9.6 million to Dept. of Human Services for grants to critical access hospitals in oil producing counties
- \$9.6 million to the Attorney General for grants to law enforcement in oil impacted counties

SB 2018 - \$2.5 million to Dept. of Commerce for a grant program to enhance business development near the Grand Forks Air Force Base

SB 2287 - \$25 million for bio-fuels loan guarantee and Bank of ND

SB 2013 - \$50,000 for the Land Board study of Corp of Engineers land around Oahe and Sakakawea

Revenue to the SIIF is impacted by changes in the Gross Production Tax distribution ratios, funding of the heritage fund, transfers to the legacy fund and other allocations of oil and gas taxes. The impact of these changes on SIIF is estimated on a table prepared by Legislative Council, which appears on the following pages.

The Commissioner is working with other agencies to appraise the timing of SIIF cash-flows in order to appropriately invest the money for the time-frames to have funds available as anticipated.

(Re) Appointment of the Commissioner of University and School Lands. Regarding the Commissioner of University and School Lands, NDCC section 15-02-02 reads as follows:

The term of office of the commissioner is four years beginning July first of the year following the general election of the board members 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.

Commissioner Gaebe was selected for the position on April 8, 2010, in a mid-term appointment. This term will expire on June 30, 2013, presuming that the section referenced above regarding the term commencing six-months after the general election, references the majority of the members of the Board.

Under the conditions of NDCC 15-02-02, the Commissioner respectfully requests the Board's review of his performance and compensation in consideration of his appointment for a second term, effective July 1, 2013.

Motion: To reappoint the Commissioner for a second term effective July 1, 2013.

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

REPORTS

Investment Performance Report for Quarter Ended March 31, 2013. The investment performance report covers the performance of the Land Board's investment program for the period of January 1, 2013 – March 31, 2013.

This report is prepared quarterly to evaluate the performance of the investment portfolio as a whole, and the performance of the individual money managers.

Financial Statements. The Board reviewed the Financial Statement Summary and Total Assets by Trust as of March 31, 2013. These reports are on file at the Department of Trust Lands office and were for the Board's information; no action was required.

Revenue Compliance Division Update. The Revenue Compliance Division ensures that royalty and other collections made on behalf of the trusts and other funds are complete and accurate. The Division reviews oil and gas royalty payments to determine if payments were made in accordance with the Board's lease terms, rules and regulations, and North Dakota statutes. The oil and gas royalty revenue collected thru March of FY 2013 was \$187,877,838. Included in this total is \$2.4 million that is a result of enhanced efforts to examine royalty reports and submittals. The additional collections and corrections are detailed in the following table:

REVENUE COMPLIANCE SUMMARY			
	Fiscal Year Ended June 30, 2012		Three Quarters Ended March 31, 2013
Additional Royalties Collected	\$ 5,033,003		\$ 2,416,702
Additional Taxes or Other Deductions Collected	\$ 541,319		\$ 698,189
Penalties Collected	\$ 437,279		\$ 174,340

Total Collected	\$ 6,011,601		\$ 3,289,231
NDIC Report Corrections	21		32

The "penalty" provision in the Board's lease is calculated at the rate of 1% per 30 days. Although it is called a penalty, it is based on the time value of money, and is assessed in lieu of seeking interest on late royalty payments as provided for in N.D.C.C. 47-16-39.1. While \$9.3 million has been collected as a result of the Revenue Division's efforts, most of the money owed is a result of errors and interpretations made by operating oil companies, not the deliberate underpayment of royalties.

In addition to royalty collection efforts, the Revenue Compliance Division together with the Minerals Management Division has worked to identify non and low producing leases in an effort to encourage leaseholders to satisfy the terms or terminate the lease.

These efforts have motivated operators to renegotiate lease terms and bring the wells back to a more productive status, or to acknowledge the lack of production and allow the lease to expire. To date, this action has resulted in 2,468 acres that were previously designated as "held by production" being made available to lease again, where they can generate new lease bonus revenues for the trusts and eventually higher production and royalty revenues. Some of the acres are on the list for the May 2013 auction.

NON-PRODUCING LEASE SUMMARY			
	Fiscal Year Ended June 30, 2012		Three Quarters Ended March 31, 2013
Acres Relinquished	2,059.86		407.95
Bonus Received from Relinquished Acres	\$ 0		\$ 259,230

Report of Easements Issued by Land Commissioner

CONSOLIDATED ENTERPRISES INC BIL-137-100-16-NW4, SE4 BIL-138-100-8-NW4 BIL-139-100-20-NE4 BIL-140-100-16-NW4 BIL-142-100-16-SE4 BIL-143-99-16-NW4	Communication Cable	3/27/2013
HILAND OPERATING LLC WIL-153-98-16-NE4, NW4, SE4	Gas Gathering Pipeline	4/16/2013
WILTON WIND IV LLC For BRL-142-78-16-SE4, SW4	Wind electric collection line	4/16/2013
SOUTHWEST WATER AUTHORITY GOL-144-103-2-SW4	Amend: Potable Water Pipeline	3/14/2013
ZAVANNA LLC MCK-150-102-36-SW4	Salt Water Pipeline	4/3/2013
WEST DAKOTA WATER LLC MCK-152-102-16-SE4	Potable Water Pipeline	4/12/2013
MCKENZIE ELECTRIC COOP INC MCK-151-96-36-NW4, SE4, SW4	Electric Distribution Line	4/12/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP	Electric Distribution Line	5/3/2013

MOU-150-92-10-S2SW4

BRIDGER PIPELINE LLC MCK-151-96-36-SE4, SW4	Oil Gathering Pipeline	4/12/2013
HILAND CRUDE LLC WIL-156-99-16-NE4, SE4 WIL-157-98-16-NE4, NW4 WIL-157-99-36-NE4, SE4, SW4	Oil Gathering Pipeline	5/7/2013
RESERVATION TELEPHONE COOP MCK-150-95-36-LOTS 1,2	Communication Cable	3/20/2013
CONSOLIDATED ENTERPRISES INC DUN-147-96-36-NE4	Communication Cable	3/20/2013
SADDLE BUTTE ASSETS LLC MOU-153-91-16-NE4, NW4, SW4 MOU-155-91-34-S2NE4, N2SE4	Oil Gathering Pipeline	3/20/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP WIL-154-100-16-NE4 WIL-155-100-28-S2SE4	Electric Transmission Line	5/3/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-155-91-34-S2NE4, N2SE4, SW4	Electric Distribution Line	5/3/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-155-94-36-NE4, SE4	Electric Distribution Line	3/14/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP WIL-158-95-36-NE4	Amend: Electric Distribution Line	5/3/2013
HILAND CRUDE LLC WIL-159-96-16-NE4	Oil Gathering Pipeline	3/14/2013
ONEOK ROCKIES MIDSTREAM LLC MCK-151-99-36-SE4	Gas Gathering Pipeline	4/29/2013
WHITING OIL & GAS CORPORATION MOU-155-91-30-NE4	Gas Gathering Pipeline	3/25/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP WIL-153-99-16-NW4	Electric Distribution Line	5/3/2013
ONEOK ROCKIES MIDSTREAM LLC MCK-153-98-36-SW4	Gas Gathering Pipeline	3/21/2013
SAMSON RESOURCES COMPANY DIV-163-100-36-SW4	Amend: Horizontal Oil Well	4/5/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-153-90-16-SW4	Amend: Drop Line-Electric	5/3/2013
AMERICAN EAGLE ENERGY CORP DIV-164-101-36-SE4, SW4	Directional Wellsite Location	4/12/2013
RESERVATION TELEPHONE COOP MCL-148-90-16-E2NE4 (05/30/13)	Communication Cable	5/7/2013

CONSOLIDATED ENTERPRISES INC STA-137-99-16-NW4, SW4 STA-138-99-24-NE4	Communication Cable	4/2/2013
CONSOLIDATED ENTERPRISES INC SLO-136-100-36-NW4 STA-137-99-16-NW4, SW4	Easement Release	4/4/2013
CONSOLIDATED ENTERPRISES INC STA-137-99-16-NW4, SW4	Easement Release	4/4/2013
CONSOLIDATED ENTERPRISES INC STA-138-99-24-NE4	Easement Release	4/4/2013
TARGA ASSETS LLC MCK-153-102-36-E2SW4 E OF ROAD, SE4	Oil Gathering Pipeline	3/25/2013
ONEOK ROCKIES MIDSTREAM LLC DIV-160-98-25-NW4	Gas Gathering Pipeline	4/16/2013
MCKENZIE ELECTRIC COOP INC MCK-150-95-16-NW4	Electric Distribution Line	4/12/2013
LIBERTY RESOURCES LLC WIL-156-100-9-S2SE4	Amend: Horizontal Oil Well	3/20/2013
BEAR TRACKER ENERGY LLC WIL-154-97-16-NW4	Multiple Pipelines	4/5/2013
SELECT ENERGY SERVICES WIL-154-102-36-SW4	Permit:	4/16/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP WIL-156-95-36-NE4, SE4, SW4	Amend: Electric Distribution Line	5/3/2013
BEAR TRACKER ENERGY LLC BRK-160-93-16-NE4, SE4	Oil Gathering Pipeline	4/30/2013
STATOIL OIL AND GAS LP MCK-153-98-36-SW4	Salt Water Pipeline	5/7/2013
TARGA ASSETS LLC MCK-149-99-16-NE4, NW4	Amend: Oil Gathering Pipeline	4/30/2013

The following letters of permission were issued.

US Geological Survey, Jamestown, ND Grassland bird study	Access to School Lands
Dennis Nelson, Mandan, ND	Access to School Land

Spring 2013 Surface Lease Auction Results. The 2013 spring lease auctions were conducted in March and April. The summary of auction results (with comparisons to last spring's auctions) is shown in the table below.

	Spring 2012	Spring 2013
# Of Counties	24	23
# Of Tracts Offered	81	77
# Of Tracts Leased	55 (62%)	66 (86%)
# Of Leased Tracts Bid-Up	10 (18%)	20 (30%)
Minimum \$ Advertised (Leased Tracts)	\$75,663	\$104,069
\$ Amount Received	\$86,970 (15% over minimum)	\$139,753 (34% over minimum)

All payments from spring auctions have cleared and no outstanding issues remain. The Commissioner has approved all leases acquired at the spring auctions.

Oil and Gas Lease Auction Results. The Board reviewed a report of the results from the May 7, 2013 oil and gas lease auction, which was held in the House Chambers at the State Capitol in Bismarck. The memo is on file at the Department of Trust Lands office and was for the Board's information only; no action was required.

A D J O U R N

There being no further business, the meeting was adjourned at 5:10 PM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the Meeting of the
Board of University and School Lands
June 6, 2013**

The June 6, 2013 Special meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 3:05 PM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General (via teleconference)

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Gerard Fisher	Assistant Director, Energy Infrastructure & Impact Office

Others in Attendance:

T J Jerke	The Fargo Forum
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ENERGY INFRASTRUCTURE AND IMPACT OFFICE

Billings County Sheriff Patrol Vehicle Purchase- Emergency Request. (Oil and Gas Impact Grant Fund)

A request for emergency funds was received by the Energy Infrastructure and Impact Office. The remaining contingency balance Oil and Gas Impact Grants Fund for the 2011-2013 biennium is \$205,831.

As a result of a patrol vehicle, the Billings County Sheriff's Office has requested an emergency grant to obtain and equip a replacement vehicle. Sheriff Jergens is currently patrolling using a personal vehicle. The amount requested is \$51,814. Cost includes the vehicle, radio/VRS, light bar/siren and installation of equipment.

Motion: That the Land Board approve an award of \$51,814 from the Oil and Gas Impact Grant Fund to Billings County for an additional sheriff's vehicle.

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

Benson County Request to Change Scope of Flood Grant. (Flood Impacted Political Subdivision Infrastructure Development Fund)

On May 31, 2012, the Board awarded a \$280,003 Flood Impacted Political Subdivision Infrastructure Development Grant to Benson County to assist in the relocation of a flood-prone county shop. The funds were a part of the \$30 million program authorized by the 2011 Special Legislative Session and awarded by the Land Board.

(06/06/13)

Recently, Benson County requested permission to change the scope of the project for the grant for a shop rather to be used for a number of priority road grade raises and road riprap projects including:

Benson County Irvine Road – Raise and rip-rap
 Benson County Fillmore – Raise and rip-rap
 Benson County Wood Lake Road – Material
 Benson County Selz Road – Material
 Repairs on numerous other smaller sites

Motion: That the Land Board approve the scope change in the Flood Impacted Political Subdivision Infrastructure Development Award F120130 to Benson County for the improvements to flood impacted roads.

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

A D J O U R N

There being no further business, the meeting was adjourned at 3:25 PM.

 Jack Dalrymple, Chairman
 Board of University and School Lands

 Lance D. Gaebe, Secretary
 Board of University and School Lands

**Minutes of the Meeting of the
Board of University and School Lands
June 27, 2013**

The June 27, 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:02 AM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Michael D. Brand	Director, Surface Management Division
Levi Erdmann	Programmer Analyst
Gerard Fisher	Assistant Director, Energy Infrastructure & Impact Office
Judith F. Schell	Administrative Assistant

Others in Attendance:

Marcia Beard	R.V. Kuhns
Kristen Steffens	R.V. Kuhns
Nick Smith	The Bismarck Tribune
TJ Jerke	Forum News Services
Vicky Steiner	ND Association of Oil and Gas Producing Counties

APPROVAL OF MINUTES

A motion to approve the minutes of the May 30, 2013 and the June 06, 2013 meeting was made by Secretary Jaeger and seconded by Attorney General Stenehjem. Motion carried.

INVESTMENTS DIVISION

Discussion with R.V. Kuhns. In March the Board hired R.V. Kuhns to assist in the development of a long-term strategic investment plan for the permanent trusts and the Strategic Investment and Improvements Fund.

Marcia Beard, Kristen Steffens and Ron Klotter from R.V. Kuhns, talked with the Board about governance, risk tolerance and asset allocation modeling.

Update on Changes at State Street Global Advisors. On June 19, 2013, State Street Global Advisors (SSgA) announced the restructuring of various investment teams within the corporation.

At the present time, SSgA manages three different portfolios for the Board. Those portfolios and the amount of assets in each as of May 31, 2013 are:

- S&P 500 Index account – \$484.78 million
- Russell Completeness Index account – \$201.26 million
- International Alpha active quant account - \$255.36 million

As part of the restructuring, Didier Rosenfeld, head of EAFE and global active strategies since 2007, will be leaving the firm. Mr. Rosenfeld had been the lead portfolio manager of the International Alpha strategy since its inception in 2000 and was the person with ultimate decision making authority for the strategy. This change does not cause expectation of immediate concern or

certain problems. However, it is another factor that will need to be evaluated to determine if this strategy is maintained going forward.

The changes have no impact on the passive S&P 500 and Russell Completeness Index strategies; they will continue to be managed in a way that replicates the returns of the respective indexes. However, the changes could impact the management of the active International Alpha strategy.

The Commissioner has been closely watching this portfolio due to poor performance and changes in the quantitative model used to run the portfolio. No additional money has been put into the International Alpha account for approximately one year. The performance of this strategy has been acceptable over the past year.

The staff will work with RV Kuhns as part of the investment study to determine if SSgA's International Alpha strategy remains a viable investment option for the permanent trusts in the future.

Fuel Production Facility Loan Guarantee Program. The 2013 Legislature passed SB 2287, which increases the amount of the Strategic Investment and Improvements Fund (SIIF) from \$6.25 million to \$25 million to guarantee certain loans related to the building of a biomass fuel production facility.

The law requires that 30% of the amount lent must be set aside to guarantee loans, up to a maximum guarantee of \$25 million. The Bank of North Dakota (BND) is responsible for managing this loan guarantee program and holding and investing the funds on the Land Board's behalf while the loan guarantee is in place. As the loan is paid down, the amount held by BND to guarantee the loan will also decline.

BND has proposed that the initial guarantee fee be 250 basis points of the total amount borrowed, of which 25 basis points will be retained by BND for administration. The BND has also proposed a yearly fee of 50 basis points on the outstanding balance of the guarantee, of which BND will retain 25 basis points.

Motion: That the Board approve the described fee schedule for the Fuel Production Facility Loan Guarantee Program.

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

Strategic Investment and Improvements Fund – Unobligated Fund Balance. Since 2011, the Board has managed the Strategic Investment and Improvements Fund (SIIF) under the authority outlined in NDCC 15-08.1-08 and 15-08.1-09.

In accordance with NDCC 15-08.1-08, once the unobligated balance in the SIIF reaches \$300 million, 25% of all revenues received for deposit in the fund in subsequent months must be deposited instead into the Legacy Fund.

In January 2013, the Board affirmed that the unobligated balance of the SIIF had reached the \$300 million threshold, thus starting in February 2013 the State Treasurer began depositing 25% of the "state's share" of oil and gas tax revenues previously targeted for the SIIF into the Legacy Fund and the Department of Trust Lands began to transfer 25% of the royalty, bonus and other revenues received by the SIIF into the Legacy Fund.

The 2013 Legislature passed several measures that appropriated money from the SIIF, obligated the SIIF to various loan programs, or require transfers out of the SIIF during the 2013-2015 biennium. These "obligations", when added to the money set aside for potential title disputes, will total more than \$900 million as of July 1, 2013. With the current SIIF balance of approximately \$885 million, these new obligations will bring the unobligated balance of the SIIF below the \$300 million threshold provided by law.

Effective August 1, 2013, entire portion of the “state share” of oil and gas taxes destined for the SIIF should once again be deposited into the SIIF; and 100% of the oil and gas revenues received by the SIIF will stay in the fund, until such time that the unobligated balance of the SIIF once again exceeds the \$300 million threshold.

Motion: **That the Land Board affirm that effective July 1, 2013, the unobligated balance of the SIIF will be below the \$300 million threshold established in NDCC 15-08.1-08 and that effective August 1, 2013, 25% of the revenues directed to the SIIF will no longer be transferred or deposited into the Legacy Fund.**

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

S U R F A C E M A N A G E M E N T D I V I S I O N

East Bismarck Marketability Study and Property Analysis (BRL-139-80-36). 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 evaluated:

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 local jurisdiction planning and zoning plans.
2. Adjacent Lands – land use, access routes and documented master plans for adjacent lands to be developed or recently developed.
3. Present and potential development plans in this area of Burleigh County and the city of Bismarck.
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 presented to the Board. The Department was directed to offer recommendations for next steps at a subsequent Board meeting.

O P E R A T I O N S

Department of Trust Lands Building Improvements. The Department’s 2013-2015 appropriation bill included six additional FTEs to support the activities related to minerals, surface management, accounting and the Energy Infrastructure and Impact Office.

A plan to create additional offices to accommodate the staff expansion in the building was presented to the Board. The plan entails: a current storage space to be converted into two offices; the reception area expanded into the lobby to enlarge two office spaces; and the current supply/photocopy room converted into two offices.

With the remodeling, several areas of carpet will be installed in the upper level to replace all of the 1997 carpet.

The under floor heating and cooling ductwork in the “old” section of the building has deteriorated and collapsed. The contractor will fill the below grade ducts and install ducts in the ceiling to supply HVAC to several rooms in the lower level of the building.

Estimates of the cost of remodeling are \$55,000 to \$60,000. The duct repairs and carpet replacement is estimated at approximately \$20,000 to \$25,000. State law provides that if a building project is less than \$100,000 that work can be done without a formal bidding process. The

(06/27/13)

Commissioner will work with Capitol Facilities Management to ensure that the work is done within the cost estimates.

The building is owned by the Common Schools Trust Fund and as a capital improvement of the property; the cost of the remodel and repairs can be paid with the Trust's continuing appropriation authority under NDCC 15-03-16. .

Motion: That the Board approve the remodeling of the Department of Trust Lands' building under continuing appropriation as a capital improvement of trust property to create additional offices for the Department staff and the Energy Infrastructure and Impact Office, contingent on the final cost estimate of the project being less than \$70,000.

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

Motion: That the Board approve duct work replacement and repairs and to replace the carpeting and update features in the upper level of the Department of Trust Lands' building, contingent on the final cost not exceeding \$35,000.

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

Commissioner Performance Review and Compensation. During its May 2013 meeting, the Board appointed Commissioner Gaebe to a four-year term commencing on July 1, 2013. The Board discussed Commissioner Gaebe's performance and compensation.

Motion: The Board approved an annual salary for the Commissioner of \$120,000 beginning July 1, 2013 with a 4% equity raise to that base contingent on review by the Attorney General's office regarding legislative authorization for compensation adjustments.

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

ENERGY INFRASTRUCTURE AND IMPACT OFFICE

Recommendations for 2013 City Infrastructure Grants. The preliminary grant schedule and funding targets as approved by the Land Board on May 30, 2013 meeting is summarized below:

ENERGY IMPACT GRANT SCHEDULE									
2013-2015 Biennium									
2013-14 Fiscal Year (In Millions)					2014-15 Fiscal Year (In Millions)				
2013	June/July	Hub Cities	\$14 Pledged			Counties Emerging into Energy Sector	\$5 Allocated		2014
	June/July	Dust Control	\$3 Pledged						
	April /July	Airports	\$25.6 Pledged		April/July	Airports	\$24 Allocated		
	April /July	City Infrastructure	\$40 Allocated		April/July	City Infrastructure	\$40 Allocated		
	June/Aug	K-12 Schools	\$12.5 Allocated		June/July	K-12 Schools	\$12.5 Allocated		
	Sept/Nov	Emergency Services & Response Assets & Training	\$20 Allocated		Sept/Nov	Emergency Services & Response Assets & Training	\$4 Allocated		
2014	Dec/Jan	Higher Education	\$4 Allocated						2015
	Feb/Apr	General (all other political subdivisions)	\$4 Allocated		Feb/April	General (all other political subdivisions)	\$4 Allocated		
		Airports (Remaining to be Awarded)	10.4 Allocated						
		Contingency	\$10.1			Contingency	\$6.2		
Total For Awards 2013/14 Fiscal Year			\$143.5735	Total For Awards 2014/15 Fiscal Year			\$95.7		
2013-14 FISCAL YEAR TOTAL PROJECTED AWARDS = \$143.5735									
2014-15 FISCAL YEAR PROJECTED AWARDS = \$95.7									
TOTAL BIENNIAL APPROPRIATION = \$240									
TOTAL BIENNIAL APPROPRIATION FOR AWARDS = \$239.3									
Biennial Total Remaining To Be Awarded = \$239.3									
*(In Millions)									

The preliminary allocation made by the Land Board for the 2013 non-hub cities infrastructure grant round was \$40 million. Eighty-two applications submitted by Non-Hub Cities for projects totaling \$474.4 million with requests for \$422.1 million in funding were discussed by the Board.

The criteria and weighting factors used included:

- Meeting the grant round objective
- Financial need based on levy, cash, debt, revenue and other financial data
- Result of energy activity, relating to the latest county production numbers and active well counts obtained from the industrial commission website
- Project addressing a public safety issue
- Project readiness, i.e. ready to implement
- Contributing to long term economic activity
- A complete application being submitted

The energy impact grants advisory committee reviewed all applications and developed additional criteria to formulate a recommendation for awards.

- Only water and sanitary sewer projects be considered
- Funding to projects that results in serving increased permanent population
- No funding for neglected or mismanaged infrastructure

- No funding for roads or bridges
- No funding for operation, maintenance and replacement of existing facilities, partial consideration provided to increase system capacity
- Non-critical infrastructure, like meter replacements, not included
- Only applications from cities in oil and gas producing counties
- No applicant to exceed a total of \$10 million award
- Grant not to exceed 80% of project cost, not more than requested amount
- Cities with more services were given priority consideration (examples cities with K-12 schools, medical, retail etc)

Using the factors above, 24 recommendations were presented for Board consideration:

POLITICAL SUB NAME	COUNTY	SHORT DESCRIPTION	Award Is For	PROJECT TOTAL	AMOUNT REQUESTED	RECOMMENDED AWARD AMOUNT
CITY OF ALEXANDER	MCKENZIE	WASTEWATER INFRASTRUCTURE IMPROVEMENTS PROJECT	Water and sewer infrastructure resulting from energy-related growth, excludes road related costs	\$12,357,034	\$12,357,034	\$5,000,000
CITY OF BEACH	GOLDEN VALLEY	SANITARY SEWER REPLACEMENT, SEWAGE LAGOON & DRAINAGE DITCH CONSTRUCTION	New sewage lagoon construction	\$3,500,000	\$3,500,000	\$1,665,600
CITY OF BELFIELD	STARK	WATER TOWER, PUMP STATION, TRANSMISSION LINE AT LAGOON CONSTRUCTION	\$1.7478M for lagoon, \$2.480M for water tower, remaining for forcemain/booster station	\$6,637,000	\$6,637,000	\$4,791,420
CITY OF BOTTINEAU	BOTTINEAU	SANITARY SEWER EXTENSION	New trunk sewer line to support growth	\$798,000	\$200,000	\$160,000
CITY OF BOTTINEAU	BOTTINEAU	WATER TRANSMISSION LINE EXTENSION	Water transmission extension to support new development and improve pressure	\$880,410	\$200,000	\$160,000
CITY OF BOWBELLS	BURKE	RECONSTRUCT SECONDARY WASTEWATER LAGOON CELL	Improvements to lagoon cell that is result of energy growth	\$588,000	\$438,000	\$350,400
CITY OF BURLINGTON	WARD	INFRASTRUCTURE IMPROVEMENTS	12" force main. Road replacement is not being funded	\$12,227,410	\$9,781,928	\$1,052,480
CITY OF CROSBY	DIVIDE	2013 WATER AND WASTEWATER INFRASTRUCTURE EXPANSION	Water and sewer infrastructure resulting from energy-related growth	\$10,513,440	\$10,513,440	\$5,000,000
CITY OF GRENORA	WILLIAMS	EAST STREET WATER, SEWER & PAVING IMPROVEMENTS	Water & sewer supporting new growth. Individual service connections excluded	\$1,506,204	\$1,506,204	\$698,563
CITY OF GRENORA	WILLIAMS	HICKMAN STREET WATER, SEWER & PAVING PROJECT	Water & sewer supporting new growth. Individual service connections excluded	\$1,511,179	\$1,511,179	\$684,271
CITY OF KENMARE	WARD	INFRASTRUCTURE IMPROVEMENTS	City Lagoon Expansion	7502078	\$6,001,662	\$1,822,720
CITY OF KILLDEER	DUNN	2013 WATER & WASTEWATER TRUNK LINE EXTENSIONS AND IMPROVEMENTS	Funding of water and sewer extensions; Street replacement is excluded.	\$5,089,160	\$5,089,160	\$3,867,762

POLITICAL SUB NAME	COUNTY	SHORT DESCRIPTION	Award Is For	PROJECT TOTAL	AMOUNT REQUESTED	RECOMMENDED AWARD AMOUNT
CITY OF MOHALL	RENVILLE	MAIN LAGOON LIFT STATION	New lift station costs	\$645,385	\$580,850	\$258,154
CITY OF NEW TOWN	MOUNTRAIL	WATER TREATMENT PLANT EXPANSION	Water Treatment Plant Expansion	\$12,336,536	\$11,297,312	\$9,621,092
CITY OF NEW TOWN	MOUNTRAIL	WATER, SEWER, AND STREET IMPROVEMENTS	Underground mains (excludes service wye's, corp stops, service lines etc) and related admin/engineering costs	\$9,666,635	\$1,423,600	\$378,908
CITY OF PARSHALL	MOUNTRAIL	WASTEWATER TREATMENT FACILITY AND SYSTEM EXPANSION / STREET AND UTILITY IMPROVEMENTS	Phase I Wastewater Treatment Facility System Expansion	\$9,474,898	\$6,243,147	\$4,193,840
CITY OF POWERS LAKE	BURKE	INFRASTRUCTURE EXTENSION - WATER, SEWER, AND STREETS	Water & sewer to support new growth. Individual service connections excluded (wye's, service line, curb stop & box etc.)	\$753,600	\$753,600	\$354,634
CITY OF RAY	WILLIAMS	WATER TANK & WATER MAIN UPGRADE	.75MG Tank design/construction and water transmission main	\$9,670,000	\$5,570,000	\$4,243,280
CITY OF RAY	WILLIAMS	WASTEWATER SYSTEM IMPROVEMENTS-SEWER MAIN REPLACEMENT	Partial award for portion of the wastewater system improvements and sewer main replacement that will serve additional housing	\$8,308,000	\$3,711,000	\$1,484,400
CITY OF RICHARDTON	STARK	WATER AND SEWER IMPROVEMENTS 2012	Half of the lift station cost, 75% of the lagoon cost.	\$1,539,465	\$1,539,465	\$396,999
CITY OF SOUTH HEART	STARK	SOUTH HEART/DICKINSON/DAKOTA PRAIRIE REFINERY PRESSURE SEWER MAIN PROJECT	Pressure Sewer Main Project Cost	\$2,640,430	\$2,640,430	\$2,112,344
CITY OF STANLEY	MOUNTRAIL	WATER, SEWER AND STREET IMPROVEMENTS	Water main extension and water / sewer portion of the frontage road	\$9,116,425	\$6,837,425	\$2,682,160
CITY OF TIOGA	WILLIAMS	WASTEWATER TREATMENT FACILITY & INFRASTRUCTURE IMPROVEMENTS	Water and sewer infrastructure resulting from energy-related growth, excludes road related costs	\$26,391,285	\$26,391,285	\$10,000,000
CITY OF WATFORD CITY	MCKENZIE	WATER, WASTEWATER, TRANSPORTATION, AND FACILITIES IMPROVEMENTS AND PLANNING	Water and sewer infrastructure resulting from energy-related growth, supporting population growth	\$195,486,000	\$195,486,000	\$10,000,000
				\$349,138,574	\$320,209,721	\$70,979,028

Because of the statutory limitation of awarding no more than 60% of the funds in a single fiscal year, the Board targeted \$40 million for each fiscal year of the 2013-2015 biennium for the non-hub cities. The \$70,979,028 recommended for grants exceeds the \$40 million annual allocation but the advisory committee recommended that the Land Board commit the grants, and after the fiscal year begins the Board formally award funds that will be accessed by the cities in each fiscal year.

The remaining 2011-2013 biennial balance in the Oil and Gas Impact Grant Fund is \$154,017. The EIO recommends the balance be awarded to the City of Bottineau for its sanitary sewer

expansion project. The remaining recommended amount for the City of Bottineau's sanitary sewer project, \$5,983, is part of the pledged for award during the 2013-2015 biennium.

Motion: **1) That the Board award to the City of Bottineau for its sanitary sewer expansion project \$154,017 from the remaining 2011-2013 biennial appropriation of the oil and gas impact grant fund, 2); that the Board commit to providing future grants of \$70,825,011 to cities as identified on the preceding list of recommended city allocations, and approve formal awards during each of the fiscal years of the 2013-2015 biennium.**

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

Recommendations for 2013 Sheriffs and Law Enforcement Grants. Of the funds appropriated from oil and gas impact grant fund for the 2013-2015 biennium, the 2013 Legislature designated \$7 million to be awarded to Sheriffs in areas experiencing direct impacts from oil and gas development. The 2013 Legislature also appropriated \$9.6 million to the Attorney General's office to be used for grants to oil and gas development impacted Law Enforcement entities. The Land Board will also approve the Law Enforcement Grants funded through the Attorney General budget.

In an effort to ensure these two areas of funding promote cooperative efforts and do not result in duplication of awards, the Energy Infrastructure and Impact Office (EIIO) recommended working in coordination with the Attorney General's Office utilizing advice of the Drug and Violent Crime Policy Board (DVCPB).

The Drug and Violent Crime Policy Board Members to date are:

Chair

Peter Welte, Grand Forks County State's Attorney

Law Enforcement

Dallas Carlson, BCI Director

State Senator Stan Lyson

Arland Rasmussen, West Fargo Chief of Police

Lonnie Grabowska, Chief Agent

Wade Enget, Mountrail County State's Attorney

Community Services

Terry Traynor, ND Association of Counties

Aaron Birst, ND Association of Counties

Janelle Moos, ND Council on Abused Women's Services

Additional members, including Sheriffs from energy impacted areas will also be asked to serve.

Motion: **That the Board ask the Drug and Violent Crime Policy Board to serve as the advisory committee in making Energy Infrastructure and Impact Grant recommendations for the \$7 million designated for sheriffs by the 2013 Legislature.**

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

K-12 Schools Impact Grant Round and Advisory Committee. The Board allocated \$12.5 million of the oil and gas impact grant funds appropriated in the 2013-2015 biennium for use in a K-12 school's grant round in FY 2014 and again in 2015.

In coordination with Department of Public Instruction, the Energy Infrastructure and Impact Office (EIIO) developed the following preliminary guidelines for K-12 energy development impact grants:

For Energy Impact Grant Dollars, K-12 Schools

The Energy Infrastructure and Impact Office is accepting grant applications from North Dakota's public school districts in oil and gas producing counties experiencing direct impacts from oil and gas development. This grant program focuses on K-12 infrastructure needs to assist schools being impacted by oil and gas development. Projects needing onetime funding to address the impacts, such as for developing affordable teacher housing, temporary portable classrooms to aid in dealing with expanding enrollment, impacted professional development training, technology needs, security improvements and other similar projects to address the impacts to school infrastructure are the focus for this grant round. Salaries are excluded and will not be considered. The Land Board has set aside \$12.5 million for this grant round. Preference will be given to non-hub city school applicants.

Requirements:

1. K-12 Infrastructure needs and improvements necessary as a result of the direct impacts being realized from oil and gas development
2. Priority will be given to projects that will be implemented by the start of the 2013-2014 school year and to projects to address safety and security needs
3. A 20% local match of the total project cost
4. School must be located in an oil producing county

The following education leaders have agreed to serve on a K-12 Schools Impact Grants Advisory Committee, to hone grant guidelines and develop award recommendation for Board consideration:

Steve Holen, Watford City
 Marc Bluestone, New Town
 Ben Schaefer, Ray

Mike Ness, Hazen
 Gary Wilz, Killdeer

Recommendation: **That the Board 1)appoint the school superintendents listed above as well as a representative of the Department of Public Instruction as members of a Schools Impact Grants Advisory Committee to provide guidance on K-12 schools energy impact grants; and 2) to begin accepting applications for Oil and Gas Impact Grants from eligible K-12 schools.**

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

REPORTS

Financial Statements. The Board reviewed the Financial Statement Summary and Total Assets by Trust as of April 2013. These reports are on file at the Department of Trust Lands office and were for the Board's information; no action was required.

Report of Easements Issued by Land Commissioner. (05-08-13 through 06-18-13)

MOUNTRAIL-WILLIAMS ELECTRIC COOP WIL-155-96-16-NE4, NW4, SW4	Amend: Electric Distribution Line	06/07/2013
ROUGH RIDER ELECTRIC COOP INC BIL-141-101-16-SE4 BIL-141-101-21-NE4 BIL-141-101-22-NW4	Electric Distribution Line	05/24/2013
WHITING OIL & GAS CORPORATION BIL-140-100-16-NE4, NW4	Multiple Pipelines	06/04/2013
NORTHWEST COMMUNICATIONS COOP WIL-159-100-16-NW4	Communication Cable	05/13/2013
CRUSHED ROCK SALES LLC	Borrow	05/23/2013
CRUSHED ROCK SALES LLC MOU-156-89-36-NW4 W OF LAKE	Borrow	05/28/2013
CRUSHED ROCK SALES LLC MOU-157-90-36-SW4	Borrow	05/28/2013
HESS CORPORATION	Gas Gathering Pipeline	05/30/2013
ONEOK ROCKIES MIDSTREAM LLC DUN-147-95-16-NE4 SOUTH OF HWY, SE4, SW4 SOUTH	Gas Gathering Pipeline	05/28/2013
ONEOK ROCKIES MIDSTREAM LLC DIV-163-100-36-NW4, SW4	Gas Gathering Pipeline	05/23/2013
WILLIAMS COUNTY HWY DEPT WIL-155-96-36-N2SE4, SW4SE4, NE4	Road Right-of-Way	05/24/2013
SHERIDAN ELECTRIC COOP INC DIV-163-100-34-NW4	Easement Release	05/10/2013
ONEOK ROCKIES MIDSTREAM LLC DIV-162-100-36-SE4	Gas Gathering Pipeline	05/23/2013
LAKE REGION STATE COLLEGE RAM-154-64-16-W2NE4	Wind meteorological tower	06/07/2013
WHITING OIL & GAS CORPORATION MOU-153-91-16-NW4, SW4	Oil Gathering Pipeline	05/20/2013
BRIDGER PIPELINE LLC MOU-153-90-16-SW4	Amend: Oil Gathering Pipeline	06/04/2013
LIBERTY RESOURCES LLC MCK-152-103-36-NW4	Access Road	05/21/2013

HILAND OPERATING LLC
WIL-159-97-16-NW4

Amend: Gas Gathering Pipeline

05/30/2013

The following letters of permission were issued to groups wishing to use school trust lands under the Board's policy for access to trust lands by organizations. No fees are charged for this use.

BIRDING DRIVES DAKOTA, CARRINGTON-ND

Access to School Lands

Coal Development Trust Fund Distributions. In accordance with both Article X of the North Dakota Constitution and N.D.C.C. 57-62-02 the income earned by the Coal Development Trust fund must first be used to replace any uncollectable loans made by the trust and that any remaining income must be deposited in the general fund.

During fiscal year 2012 a total of \$1,035,356 was transferred to the general fund. An additional \$968,080 was transferred to the general fund during 2013, bringing the total for the biennium to \$2,033,436.

A D J O U R N

There being no further business, the meeting was adjourned at 12:03 PM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the Meeting of the
Board of University and School Lands
July 25, 2013**

The July 25, 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:05 AM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State (Via teleconference)
Kelly Schmidt	State Treasurer (Via teleconference)
Kirsten Baesler	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General (Via teleconference)

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Michael D. Brand	Director, Surface Management Division
Levi Erdmann	Programmer Analyst
Gerard Fisher	Assistant Director, Energy Infrastructure & Impact Office
Linda Fisher	Unclaimed Property Administrator
Judith F. Schell	Administrative Assistant

Others in Attendance:

Dallas Carlson	Bureau of Criminal Investigation
Lonnie Grabowska	Bureau of Criminal Investigation
Ginny Peterson	Bureau of Criminal Investigation
Ann Scott	Bureau of Criminal Investigation
Mark Volmer	Minot Public Schools
Hope Hogan	Attorney General Office
T J Jerke	Forum News Services
Brady Pelton	ND Assoc. of Oil & Gas Producing Counties
Nick Smith	The Bismarck Tribune
Tom Stromme	The Bismarck Tribune
Ron Klotter	R V Kuhns
Marcia Beard	R V Kuhns
Kristen Steffens	R V Kuhns

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 June 27, 2013 meeting was made by Attorney General Stenehjem and seconded by Superintendent Baesler. Motion carried.

Approval of Corrected Minutes of September 27, 2012. A recent request for information contained in Board minutes revealed that the following detail relating to the Energy Impact Grant Awards had been inadvertently omitted from the minutes approved by the Board on October 25, 2012.

(07/25/13)

CITY OF DICKINSON	DICKINSON	STARK	PURCHASE OF A LENCO BEARCAT SPECIAL RESPONSE VEHICLE	\$250,000	\$100,000
CITY OF MANDAN (FIRE DEPARTMENT, for NDFA) - Awarded August 2012	MANDAN	MORTON	HAZMAT IQ TRAINING FOR AREA PUBLIC SAFETY STAFF	\$6,000	\$6,000
DUNN COUNTY	MANNIN	DUNN	EMERGENCY RESPONSE VEHICLES	\$80,618	\$40,309
GRENORA AMBULANCE DISTRICT	GRENORA	WILLIAMS	BUILDING/GROUNDS IMPROVEMENT	\$27,725	\$27,725
HALLIDAY RURAL FIRE DISTRICT	HALLIDAY	DUNN	WATER TANKER TRUCK & GRASS UNIT	\$195,541	\$97,770
KENMARE RURAL FIRE PROTECTION DISTRICT	KENMARE	WARD	REPLACE QUICK RESPONSE TRUCK	\$70,000	\$35,000
KILLDEER AREA AMBULANCE DISTRICT	MANNING	DUNN	REPLACING A 1995 AMBULANCE WITH A MODERN 2012 AMBULANCE	\$67,166	\$67,166
KILLDEER AREA AMBULANCE DISTRICT	MANNING	DUNN	CONSTRUCTION OF A NEW AMBULANCE HALL	\$1,071,000	\$14,869
LANSFORD FIRE DISTRICT	LANSFORD	BOTTINEAU	BUNKER GEAR & PAGERS	\$20,000	\$10,000
MARMARTH AMBULANCE SERVICE	MARMARTH	SLOPE	LAPTOPS FOR STUDENTS	\$2,845	\$2,845
MARMARTH AMBULANCE SERVICE	MARMARTH	SLOPE	OFFICE COMPUTER	\$2,850	\$2,850
MARMARTH RURAL FIRE DISTRICT	MARMARTH	SLOPE	PURCHASING PERSONAL PROTECTIVE EQUIPMENT	\$47,106	\$23,553
MAXBASS RURAL FIRE DEPARTMENT	MAXBASS	BOTTINEAU	PICKUP REPLACEMENT	\$64,485	\$64,485

A copy of the corrected minutes was provided for the Board.

Motion: **That the Board approve the September 27, 2012 Board minutes as corrected.**

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

ENERGY INFRASTRUCTURE AND IMPACT OFFICE

Energy Infrastructure and Impact Office. Fiscal Year 2014 City Infrastructure Grant Awards

Hub City Infrastructure Awards: The allocation of grants for hub cities was specified by the 2013 Legislature. The project and the amount previously considered by the Board are identified below:

POLITICAL SUB NAME	DESCRIPTION	AMOUNT REQUESTED	LONG DESCRIPTION	committed amount
CITY OF DICKINSON	WATER AND WASTEWATER INFRASTRUCTURE TO SUPPORT NEW HOUSING AND OTHER NEW DEVELOPMENT	\$59,900,000	West Lift station & Force main to serve West Ridge, Pinecrest, diesel refinery and the City of South Heart	\$7,000,000
CITY OF MINOT	NORTH SANITARY SEWER IMPROVEMENTS - #1 PRIORITY PROJECT	\$16,474,000	PROVIDE TRUNK SANITARY SEWER CAPACITY TO OVER 8,343 ACRES OF LAND SUPPORTING CONTINUED CITY GROWTH.	\$5,000,000

(07/25/13)

CITY OF WILLISTON	SEWER PLANT UPGRADE	\$25,000,000	SEWER PLANT UPGRADE	\$2,000,000
			Total Recommended for Awards	\$14,000,000

Motion: **That the Land Board formally award \$14 million of grants from the oil and gas impact grant fund to the cities for the projects and in the amounts identified in the preceding chart.**

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

Non-Hub City Infrastructure Awards:

During its June 27, 2013 meeting, the Land Board provided intent to award grants during the 2013-2015 biennium of \$70,825,010 to non-hub cities for projects listed below. State statute limits the Board to award no more than 60% of the Oil and Gas Impact Grant funds in a single fiscal year, thus the recommendation is to award \$39,666,162 for FY 2014.

A commitment of \$31,158,848 remains for FY 2015 awards. These amounts were identified in coordination with the cities and their engineers reflecting projected expenditures during each fiscal year.

POLITICAL SUB NAME	COUNTY	Brief DESCRIPTION	Award Is For	2014 FISCAL YEAR RECOMMENDED AWARD	2015 FISCAL YEAR COMMITMENT	TOTAL FY13-15 AMOUNT COMMITTED
CITY OF ALEXANDER	MCKENZIE	WASTEWATER INFRASTRUCTURE IMPROVEMENTS PROJECT	Water and sewer infrastructure resulting from energy-related growth, excludes road related costs	\$2,000,000	\$3,000,000	\$5,000,000
CITY OF BEACH	GOLDEN VALLEY	SANITARY SEWER REPLACEMENT, SEWAGE LAGOON & DRAINAGE DITCH CONSTRUCTION	New sewage lagoon construction	\$999,360	\$666,240	\$1,665,600
CITY OF BELFIELD	STARK	WATER TOWER, PUMP STATION, TRANSMISSION LINE AT LAGOON CONSTRUCTION	\$1.7478M for lagoon, \$2.480M for water tower, remaining for forcemain/booster station	\$2,874,852	\$1,916,568	\$4,791,420
CITY OF BOTTINEAU	BOTTINEAU	SANITARY SEWER EXTENSION	New trunk sewer line to support growth.	\$5,983	0	\$5,983
CITY OF BOTTINEAU	BOTTINEAU	WATER TRANSMISSION LINE EXTENSION	Water transmission extension to support new development and improve pressure	0	\$160,000	\$160,000
CITY OF BOWBELLS	BURKE	RECONSTRUCT SECONDARY WASTEWATER LAGOON CELL	Improvements to lagoon cell that is result of energy growth	\$350,400	0	\$350,400
POLITICAL SUB NAME	COUNTY	SHORT DESCRIPTION	Award Is For	2014 FISCAL YEAR RECOMMENDED AWARD	2015 FISCAL YEAR COMMITMENT	TOTAL FY13-15 AMOUNT COMMITTED

CITY OF BURLINGTON	WARD	INFRASTRUCTURE IMPROVEMENTS	12" force main. Road replacement is not being funded	\$263,120	\$789,360	\$1,052,480
CITY OF CROSBY	DIVIDE	2013 WATER AND WASTEWATER INFRASTRUCTURE EXPANSION	Waste and sewer infrastructure resulting from energy-related growth	3,000,000	2,000,000	5,000,000
CITY OF GRENORA	WILLIAMS	EAST STREET WATER, SEWER & PAVING IMPROVEMENTS	Water & sewer supporting new growth. Individual service connections excluded	\$209,569	\$488,994	\$698,563
CITY OF GRENORA	WILLIAMS	HICKMAN STREET WATER, SEWER & PAVING PROJECT	Water & sewer supporting new growth. Individual service connections excluded	\$205,281	\$478,990	\$684,271
CITY OF KENMARE	WARD	INFRASTRUCTURE IMPROVEMENTS	City Lagoon Expansion	\$455,680	\$1,367,040	\$1,822,720
CITY OF KILLDEER	DUNN	2013 WATER & WASTEWATER TRUNK LINE EXTENSIONS AND IMPROVEMENTS	Funding of water and sewer extensions; Street replacement is excluded.	\$3,867,762	0	\$3,867,762
CITY OF MOHALL	RENVILLE	MAIN LAGOON LIFT STATION	New lift station costs	\$258,154	0	\$258,154
CITY OF NEW TOWN	MOUNTRAIL	WATER TREATMENT PLANT EXPANSION	Water Treatment Plant Expansion	\$481,055	\$9,140,037	\$9,621,092
CITY OF NEW TOWN	MOUNTRAIL	WATER, SEWER, AND STREET IMPROVEMENTS	Underground mains (excludes service wye's, corp stops, service lines etc) and related admin/engineering costs	\$378,908	0	\$378,908
CITY OF PARSHALL	MOUNTRAIL	WASTEWATER TREATMENT FACILITY AND SYSTEM EXPANSION / STREET AND UTILITY IMPROVEMENTS	Phase I Wastewater Treatment Facility System Expansion	\$2,516,304	\$1,677,536	\$4,193,840
CITY OF POWERS LAKE	BURKE	INFRASTRUCTURE EXTENSION - WATER, SEWER, AND STREETS	Water & sewer to support new growth. Individual service connections excluded (wyes, service line, curb stop & box etc.)	\$35,463	\$319,171	\$354,634
CITY OF RAY	WILLIAMS	WATER TANK & WATER MAIN UPGRADE	.75MG Tank design/construction and water transmission main	\$424,328	\$3,818,952	\$4,243,280
CITY OF RAY	WILLIAMS	WASTEWATER SYSTEM IMPROVEMENTS – SEWER MAIN REPLACEMENT	Partial award for portion of the wastewater system improvements and sewer main replacement that will serve additional housing	148,440	1,335,960	1,484,400
CITY OF RICHARDTON	STARK	WATER AND SEWER IMPROVEMENTS 2012	Half of the lift station cost, 75% of the lagoon cost.	\$396,999	0	\$396,999
POLITICAL SUB NAME	COUNTY	SHORT DESCRIPTION	Award Is For	2014 FISCAL YEAR RECOMMENDED AWARD	2015 FISCAL YEAR COMMITMENT	TOTAL FY13-15 AMOUNT COMMITTED

CITY OF SOUTH HEART	STARK	SOUTH HEART/DICKINSON/ DAKOTA PRAIRIE REFINERY PRESSURE SEWER MAIN PROJECT	Pressure Sewer Main Project Cost	\$2,112,344	0	\$2,112,344
CITY OF STANLEY	MOUNTRAIL	WATER, SEWER AND STREET IMPROVEMENTS	Water main extension and water / sewer portion of the frontage road	\$2,682,160	0	\$2,682,160
CITY OF TIOGA	WILLIAMS	WASTEWATER TREATMENT FACILITY & INFRASTRUCTURE IMPROVEMENTS	Water and sewer infrastructure resulting from energy-related growth, excludes road related costs	\$6,000,000	\$4,000,000	\$10,000,000
CITY OF WATFORD CITY	MCKENZIE	WATER, WASTEWATER, TRANSPORTATION, AND FACILITIES IMPROVEMENTS AND PLANNING	Water and sewer infrastructure resulting from energy-related growth, supporting population growth	\$10,000,000	0	\$10,000,000
				\$39,666,162	\$31,158,848	\$70,825,010

Motion: That the Board formally award \$39,666,162 of grants for FY 2014 from the oil and gas impact grant fund to city infrastructure projects as recommended in the preceding table and confirm a commitment of \$31,158,848 for future grants in FY 2015.

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

County Dust Suppression Grant Awards: On May 30, 2013, the Board committed three \$1 million grants to Bowman, Dunn, and Mountrail counties for a pilot project for dust control, the amounts were specified by the 2013 Legislature within HB 1358, along with a requirement for the counties to file a report with the EIO by January 1, 2014 describing the success or failure of various dust control products.

Motion: That the Board formally award \$1 million each to Bowman, Dunn and Mountrail Counties from the oil and gas impact grant fund, for a pilot dust control project for the 2013-2015 biennium.

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

Energy Infrastructure and Impact Office (EIO). Sheriff and Law Enforcement Grants Round Update

The 2013 Legislature designated \$7 million of EIO funds to be awarded to Sheriffs in areas experiencing direct impacts from oil and gas development. Separately, the Legislature appropriated \$9.6 million to the AG's office to be used in part for grants to oil and gas development impacted Law

Enforcement entities. The Drug and Violent Crime Policy Board is serving as the advisory committee to provide grant recommendations to the Land Board for grants.

Requirements identified for this grant round included:

- A. Located in an oil-producing county. These counties include: Adams, Billings, Bottineau, Bowman, Burke, Divide, Dunn, Golden Valley, Hettinger, McHenry, McKenzie, McLean, Mercer, Mountrail, Renville, Slope, Stark, Ward, and Williams.

OR

- B. A non-oil-producing county experiencing criminal justice issues as a result of the oil activities. Applicants must clearly explain how the program proposed is related to the increased oil activities in the state.

Applications were received by the AG's Office and BCI for oil impacted counties and law enforcement agencies that have critical issues needing to be addressed prior to the start of the grant period. Five applications were received from sheriff's departments totaling \$509,400. Other criminal justice applicants submitted five applications for \$666,721. The Attorney General's Criminal Regulatory agency also identified the need for \$149,052 in funding for prosecutorial assistance to state's attorney's in oil impacted counties.

Additional applications from law enforcement, for longer term needs continue to be evaluated, and grant recommendations will be presented for the Board's consideration at a future meeting.

After a review of the emergency requests received, the following recommended awards were considered by the Land Board:

Recommendations - Sheriff's Departments						
Political Sub Name	City	County	Project	Recommended Award	Amount Requested	Long Description
Divide County SO	Crosby	Divide	Equipped Patrol Vehicle, Vests, Radio, In-car Video, (1) Scale for Truck Weighing, Rifles	\$54,184	\$74,201	Safety Issues--Equip new officers, replace inoperable vehicle, replace failing camera system, enforcement of overweight trucks.
Dunn County SO	Manning	Dunn	Housing allowance	\$13,500	\$13,500	Rent @\$2,000/month for 3 months for 1 current and 2 new Deputies (to be hired soon)
McKenzie Co. SO	Watford City	McKenzie	Equipped Squad Vehicle, Equip. New Officers, Overtime, Vests, Radar	\$180,276	\$180,276	Equip two new Deputies and add a squad car, new radar needed due to heavy traffic on Highway 85, Vests are out of date, OT needed to answer amount of calls they are getting.
Stark County SO	Dickinson	Stark	Patrol Vehicle, Investigator Vehicle, Equipment & install for all vehicles (2), Overtime	\$138,450	\$185,700	Transport Vehicle is needed for mental health and prisoner transport. Need OT for these Deputies doing the transport & courtroom security. Deputies are sharing patrol cars due to vehicle breakdown. A second investigative detective has been approved for hiring but not filled yet. No funds to get this detective a vehicle.
Ward Co SO	Minot	Ward	Overtime (for 3 months)	\$4,500	\$55,723	OT is for Patrol Deputy and Narcotics Task Force Officers. Need funding for a Transport Officer so patrol officers will not be taken off the street.
				\$390,910	\$509,400	

Recommendations - Other Criminal Justice						
Political Sub Name	City	County	Project	Recommended Award	Amount Requested	Long Description
Arnegard PD	Arnegard	McKenzie	Fully equipped vehicle, Breathalyzers, Tasers (2), Radar Gun, Radios, Office Equipment, Gun Locker.	\$82,600	\$430,600	Newly established Police Department-need help with equipment and transportation. Houses are for two officers. Will also needs some duty equipment for officers and office equipment. Also requesting one vehicle. They indicate they have no source of match funds. Requesting waiver.
Belfield PD	Belfield	Stark	K-9, Radio Base Station, Portable Radios, Vehicle Repeaters, Vehicle Radios, 2 Vehicles	\$101,770	\$101,770	Officer safety issues. Unable to communicate with dispatch due to location. Current transportation is unsafe and unable to transport or respond to calls.
New Town PD	New Town	Mountrail	None (requested houses)	\$0	\$90,000	Mobile/Modular homes for 2 officers. Priority #1
New Town PD	New Town	Mountrail	K-9 & Patrol Vehicle	\$35,125	\$35,125	Closest K9 is 50 miles away. Need for drug investigations. Also need a patrol vehicle for K-9. Has LEAP grant for \$3,000 to go towards K-9 and City will cover cost of equipping the patrol vehicle (\$9,931.29). Priority #2
New Town PD	New Town	Mountrail	Overtime	\$9,226	\$9,226	OT for Chief, Officers, and Records Clerk 24/7. Priority #3
AG's-Law Enforcement Policy Manual			Per HB 1358-development of a uniform law enforcement and custody manual.	\$750,000	\$750,000	1 year subscription for all law enforcement with sworn personnel to be purchased from the company Lexipol.
				\$978,721	\$1,416,721	

Motion: **That the Land Board adopts the recommendations of the Attorney General's Office Bureau of Criminal Investigation and the EIO as identified in the preceding lists and:**

- 1) **grant awards from the Oil and Gas Impact Grant fund to the sheriff's offices totaling \$390,910;**
- 2) **approves grants totaling \$978,721 to other criminal justice agencies from the \$9.6 million appropriated by the 2013 Legislature to the Attorney General.**

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

Energy Infrastructure and Impact Office. K-12 Schools Impact Grant Round and Advisory Committee

The Board allocated \$12.5 million of the oil and gas impact grant funds for each year of the 2013-2015 biennium for a K-12 school's grant round.

A special meeting of the Land Board will be requested in order to authorize grants that may be needed in advance of the school year.

INVESTMENTS DIVISION

R.V. Kuhns Continued Investment Study. Ron Klotter, Marcia Beard and Kristen Steffens from R.V. Kuhns joined the meeting to for a review of the ongoing investment study.

The R.V. Kuhns' representatives led a discussion related to:

- Fund governance and an evaluation of ways to implement asset allocation and investment policies that the Board will adopt.
- Revised asset allocation modeling of the Common Schools Trust Fund, including projected cash inflows and outflows and reflecting the asset classes that the Board prefers.

OPERATIONS

Study of Land Controlled by the US Army Corps of Engineers. HB 1338 as passed by the 2013 Legislature, directs the Board to "...study options to address concerns of landowners adjacent to land adjacent to land under the control of the United States Army Corps of Engineers surrounding Lake Sakakawea and Lake Oahe. The study must include consideration of control of noxious weeds, protecting public access for hunting and fishing, the costs of possible transition of land from the United States Army Corps of Engineers, and the costs associated with maintaining any property that may become a responsibility of the State. The study must also include consideration of the interests of North Dakota Indian tribes."

The Legislature appropriated \$50,000 from the Strategic Investment and Improvements for the study, with the authority to request another \$50,000 from the emergency commission if needed.

HB1338 also provided that "The board may establish a task force consisting of landowners, hunting and fishing organizations, the game and fish department, the parks and recreation department, the North Dakota national guard, and other parties that utilize the land for access". The results of the study must be reported to legislative management before October 1, 2014.

The study is a general government review which does not involve the trust funds, thus trust assets cannot be expended. Of \$50,000 allocated for this study, administrative costs of \$4,000 are estimated for preparation of the RFP, evaluation of proposals, monitoring of the contractor and travel.

Motion: That the Board direct the Commissioner to prepare a request for proposals for potential contractors to undertake the study and report identified in HB 1338, not to exceed \$46,000.

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

Communications Related to Land Board's Role in Education Funding. The growth of the Common Schools and other educational trusts funds, coupled with the Board's role in managing the Strategic Investment and Investments Fund, has led to many public and legislative information inquiries and generated increased media references.

To assist Board members in responding to questions, the Commissioner distributed a summary sheet regarding the Board of University and School Lands and its responsibilities; the purpose and distributions of the Common Schools Trust Fund; and the role of the Board in managing other state funds.

S U R F A C E M A N A G E M E N T D I V I S I O N

East Bismarck Marketability Study and Property Analysis (BRL-139-80-36). The Marketability Study and Property Analysis of the school trust land property east of Bismarck was recently completed by Ulteig Consulting Services.

Key findings in the Ulteig study include:

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 to enhance the marketability of this original grant land.
2. Present demand for light industrial and commercial land in the Bismarck market area is extremely high and the likely development to occur along the Bismarck Expressway and highway 10 corridors. The size of the parcels offered will influence the pool of potential bidders.
3. The land under the transmission lines that cross the western and northern portions are not unsalable lands. They do have allowable uses in the industrial and commercial market.
4. The meandering water course creates a natural barrier to normal commercial/industrial development, but also creates opportunities for storm water retention areas. Retention areas are very important for this type of land use development.

The Commissioner provided an update on a meeting between the Department staff, Joel Quanbeck (the Ulteig planner who prepared the study) and city of Bismarck planning and zoning staff. The meeting resulted in identification of three additional items that should to be explored before further contract work is considered:

1. A storm water management plan will be required before development can occur. More information is need from the city regarding if the water study can be localized or will need to involve the regional watershed.
2. Bismarck Parks and Recreation Department will be contacted regarding interest in recreation space, possibly in context with the waterway.
3. The city wants to investigate the possibility of locating a fire station on the property.

These issues will continue to be discussed with the Bismarck officials and a progress report will be presented to the Board at a future meeting.

R E P O R T S

Revenue Compliance Division Update. The Revenue Compliance Division ensures that royalty and other collections made on behalf of the trusts and other funds are complete and accurate. The Division reviews oil and gas royalty, and other payments to determine if they are made in accordance with the Board's lease terms, rules and regulations and North Dakota statutes.

The total oil and gas royalty revenue collected in FY 2013 was \$259,252,543. Included in this total is \$4.5 million that is a result of enhanced efforts to examine royalty reports and submittals.

(07/25/13)

In addition to royalty collection efforts, the Revenue Compliance Division together with the Minerals Management Division, has worked to identify non and low producing leases in an effort to encourage leaseholders to satisfy the terms or terminate the lease.

These efforts have motivated operators to renegotiate lease terms and bring the wells back to a more productive status, or to acknowledge the lack of production and allow the lease to expire. To date, this action has resulted in 2,468 acres that were previously designated as "held by production" being made available to lease again.

The August 2013 Oil and Gas Lease Offering was presented to the Board.

Report of Easements Issued by Land Commissioner (06-18-13 through 07-14-13):

HESS CORP (TGP), A DELAWARE CORP MCK-152-95-16-NE4	Multiple Pipelines	6/17/2013
HESS CORP MCK-152-95-16-NE4	Oil Gathering Pipeline	6/17/2013
BEAVER CREEK ARCHAEOLOG	General Land Surveys	6/17/2013
SLOPE ELECTRIC COOP INC BOW-132-102-36-NE4, SE4	Electric Distribution Line	6/17/2013
WHITING OIL & GAS CORP MOU-153-93-36-SE4 NORTH OF HWY	Access Road	6/18/2013
METCALF ARCHAEOLOGIC CONSULTANTS INC	General Land Surveys	6/19/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-154-92-16-NE4	Amend: Electric Distribution Line	6/25/2013
CONSOLIDATED ENTERPRISES INC DUN-142-96-36-NW4 E OF HWY	Amend: Communication Cable	6/25/2013
HILAND CRUDE LLC MCK-152-98-16-NE4, NW4 MCK-153-98-36-SW4	Oil Gathering Pipeline	6/25/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-158-94-16-NE4, NW4	Amend: Electric Distribution Line	6/26/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-155-93-16-SE4	Amend: Drop Line-Electric	6/26/2013
MOUNTRAIL-WILLIAMS ELECTRIC COOP WIL-156-100-9-S2SE4	Amend: Electric Distribution Line	6/26/2013
PETRO-HUNT LLC DUN-145-97-36-SW4	Drop Line-Gas Gathering Pipeline	6/28/2013
MEADOWLARK MIDSTREAM CO LLC DIV-160-100-16-SE4	Oil Gathering Pipeline	7/1/2013
BRIDGER PIPELINE LLC MCK-148-98-16-SW4	Oil Gathering Pipeline	7/2/2013
STATOIL OIL AND GAS LP MCK-151-100-16-NW4	Multiple Pipelines	7/2/2013
MEADOWLARK MIDSTREAM CO LLC WIL-156-99-36-NW4, SE4, SW4	Oil Gathering Pipeline	7/8/2013
CRUSHED ROCK SALES LLC (07/25/13)	Aggregate Prospecting	7/9/2013

DIV-163-101-16-NW4
DIV-163-103-36-SW4

CRUSHED ROCK SALES LLC
MCK-152-95-16-SE4
MCK-153-97-16-NE4

Aggregate Prospecting

7/9/2013

A D J O U R N

There being no further business, the meeting was adjourned at 11:07 AM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the Special Meeting of the
Board of University and School Lands
August 15, 2013**

The August 15, 2013 Special meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 11:05 AM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction (By Telephone)
Wayne Stenehjem	Attorney General (By Telephone)

Members Absent:

None

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Gerard Fisher	Grants Administrator, Energy Infrastructure & Impact Office
Rick Owings	Assistant Administrator, Energy Infrastructure & Impact Office

Others in Attendance:

Robert Marthaller	Department of Public Instruction
Nick Smith	The Bismarck Tribune
Jerod Tufte	Office of the Governor

ENERGY INFRASTRUCTURE AND IMPACT OFFICE

Energy Infrastructure and Impact Office (EIIO). K-12 Schools Impact Grant Round - Critical Needs Award Recommendations

In June, the Board approved preliminary guidelines and made appointments to the Schools Grants Advisory Committee. The advisory committee is to assist in formulating recommendations for K-12 energy development impact grants for Board consideration. The committee included:

Steve Holen, Watford City	Mike Ness, Hazen
Marc Bluestone, New Town	Gary Wilz, Killdeer
Ben Schaefer, Ray	Robert Marthaller, Dept of Public Instruction

The Board also allocated \$12.5 million of the oil and gas impact grant fund for use in the K-12 school's grant round in FY 2014 and again in 2015.

In coordination with Department of Public Instruction, the Energy Infrastructure and Impact Office (EIIO) developed the following guidelines for K-12 energy development impact grants:

Application Requirements:

1. K-12 Infrastructure needs and improvements necessary as a result of the direct impacts being realized from oil and gas development
2. Priority will be given to projects that will be implemented by the start of the 2013-2014 school year and to projects to address safety and security needs
3. A 20% local match of the total project cost

(08/15/13)

4. School must be located in an oil producing county

A total of 42 applications were received requesting \$21,372,613 in grant funds. The applications represented \$30,508,613 of school projects.

Requests were evaluated based upon:

- The need being a direct impact resulting from energy development
- The project meeting the objective identified for the grant round
- The project being ready to implement, i.e. planning and preliminary work completed
- Projects relating to safety issues being given priority
- Aspects of financial need giving consideration to cash on hand, levy and other revenue available including estimated distributions of gross production tax, previous EIO awards, unused EIO award balances and any bond issue or debt

The K-12 Schools Grants Advisory Committee reviewed applications and agreed that award focus be given to:

- Critical and immediate needs
- Facility security needs
- Temporary portable classroom space and improvements to existing classrooms supporting an increase in student population (lockers, HVAC, etc)
- Affordable teacher housing

The following is a list of recommended awards were submitted by the advisory committee:

K-12 Schools Grant Round - Recommended Awards

POLITICAL SUB NAME	COUNTY	APPLICATION NUMBER	SHORT DESCRIPTION	AMOUNT REQUESTED	Recommended Award Description	Recommended Award
ALEXANDER PSD #2	MCKENZIE	A140118	MODULAR TEACHER HOUSING	\$55,000	FOR MODULAR HOME TO PROVIDE HOUSING FOR TEACHERS NEW TO THE DISTRICT.	\$55,000
BEACH PSD #3	GOLDEN VALLEY	A140139	TEACHER HOUSING	\$224,000	FOR A 2-PLEX FROM DYNAMIC HOMES TO ADDRESS AFFORDABLE HOUSING	\$224,000
BEACH PSD #3	GOLDEN VALLEY	A140137	SECURITY CAMERA/DOOR ACCESS	\$56,730	REPLACE AND UPGRADE SECURITY CAMERAS AT LINCOLN ELEMENTARY AND BEACH HIGH SCHOOL. ADD A DOOR ACCESS SYSTEM AT BOTH SCHOOLS.	\$56,730
BELFIELD PSD #013	STARK	A140133	BELFIELD SCHOOL SECURITY PROJECT	\$28,000	INSTALLATION OF AN ELECTRONIC DOOR SECURITY SYSTEM ON THE MAIN ENTRANCE DOORS AS WELL AS A VIDEO SURVEILLANCE SYSTEM INSIDE AND OUTSIDE OF SCHOOL.	\$28,000
BOTTINEAU PSD #1	BOTTINEAU	A140119	INSTALLATION OF A DOOR ACCESS SYSTEM / DOOR REPLACEMENT	\$45,000	OBTAIN DOOR ACCESS SYSTEM TO ADDRESS SECURITY, REPLACE TWO DOORS, ONE IN HIGH SCHOOL, OTHER IN CENTRAL SCHOOL	\$45,000
BOWBELLS PSD #14	BURKE	A140120	TEACHER HOUSING	\$320,000	OBTAIN AND PROVIDE AFFORDABLE HOUSING UNIT FOR TEACHERS.	\$256,000
POLITICAL SUB NAME	COUNTY	APPLICATION NUMBER	SHORT DESCRIPTION	AMOUNT REQUESTED	Recommended Award Description	Recommended Award

BOWMAN PSD	BOWMAN	A140134	BC IMPACT PROJECTS 2013-2014	\$335,280	SECURITY (CAMERAS, LOCKS, FIRE ROUTE SIDEWALK, DOORS, LIGHTING, FENCE) AND ADD TEACHER HOUSING	\$256,080
BURKE CENTRAL PSD #36	BURKE	A140140	HOUSING FOR BURKE CENTRAL TEACHERS	\$256,000	TO BUILD A DUPLEX TO SUPPORT TEACHERS NEEDING AFFORDABLE HOUSING.	\$256,000
DIVIDE COUNTY PSD #1	DIVIDE	A140141	AFFORDABLE TEACHER HOUSING	\$460,000	FOR A 4-PLEX UNIT TO RENT TO TEACHERS PROVIDING AFFORDABLE HOUSING.	\$464,000
DIVIDE COUNTY PSD #1	DIVIDE	A140142	BUS AND BUILDING SECURITY SYSTEMS	\$17,580	SECURITY: INSTALLATION OF SURVEILLANCE CAMERAS IN SCHOOL BUSES. UPGRADE ENTRANCE SECURITY AT SCHOOLS	\$17,583
EIGHT MILE PSD #6	WILLIAMS	A140159	TEACHER HOUSING	\$241,500	PROVIDE TEACHERS WITH AFFORDABLE HOUSING. (2) TRAILERS; INSTALL WATER & SEWER AND ELECTRICAL; PREPARE SUB-GRADE; BACK FILL; SITE PREP; SURVEY/ENGINEERING;	\$193,200
EIGHT MILE PSD #6	WILLIAMS	A140158	SCHOOL SECURITY	\$46,449	REPLACE OUTDATED SECURITY CAMERAS & EQUIPMENT. (32) CAMERAS; (2) OUTSIDE CAMERAS; DVR; (2) MONITORS; (2) SWITCH; CAT5 CABLE; LABOR	\$37,159
GRENOIRA PSD #99	WILLIAMS	A140144	TRANSPORTATION / SCHOOL ADDITION 2013	\$300,000	FOR STUDENT CLASSROOMS	\$100,000
HALLIDAY SCHOOL DISTRICT	DUNN	A140145	HALLIDAY SCHOOL PLAYGROUND SAFETY CONCERN	\$22,645	ADDRESS PLAYGROUND EQUIPMENT SAFETY. REPLACE BARRIER TO HOLD SAFETY MATERIAL AND ADD PEE GRAVEL. FIX BROKEN SWING SET.	\$18,116
KILLDEER PSD	DUNN	A140146	STAFF HOUSING	\$457,600	ADD 2 DUPLEX UNITS TO OFFER AFFORDABLE HOUSING AS PART OF A HIRING PACKAGE.	\$457,600
KILLDEER PSD	DUNN	A140147	PORTABLE CLASSROOMS	\$328,000	ADD PORTABLE CLASSROOMS. REMODEL AND CLASSROOM MOVES. SITE PREPARATION, ADD ELECTRICAL / PLUMBING / HVAC SUPPORTING GROWNTH	\$328,000
KILLDEER PSD	DUNN	A140150	LOCKER INSTALLATION	\$16,190	PURCHASE AND INSTALLATION OF WALL LOCKERS TO SUPPORT INCREASED STUDENT POPULATION	\$16,190
KILLDEER PSD	DUNN	A140148	COMPUTER LAB ROOM REMODEL	\$72,000	TO BE USED FOR HVAC COSTS DURING REMODEL	\$2,400
MANDAREE PSD#36	MCKENZIE	A140121	SCHOOL TEACHER HOUSING	\$800,000	FOR OBTAINING AN 8 PLEX TO PROVIDE AFFORDABLE TEACHER HOUSING.	\$800,000
POLITICAL SUB NAME	COUNTY	APPLICATION NUMBER	SHORT DESCRIPTION	AMOUNT REQUESTED	Recommended Award Description	Recommended Award

MCKENZIE PSD #1	MCKENZIE	A140151	ADDRESS ENROLLMENT INCREASE IMPACT PROJECTS.	\$4,687,437	FOR COSTS TO ADDRESS SAFETY AND SECURITY: ELEMENTARY BUS STOP/PARKING/N ENTRANCE (ADA); ELEMENTARY CLASSROOMS; ELEMENTARY HVAC; EMPLOYEE HOUSING; ELEMENTARY PLAYGROUND; SECURITY; AND LOCKERS	\$1,794,277
NEDROSE ELEMENTARY SCHOOL	WARD	A140122	RENTAL OF PORTABLE CLASSROOMS 2013-2015	\$56,000	FOR EXPENSE TO RENT PORTABLE CLASSROOMS FOR TWO YEARS SUPPORTING GROWTH	\$56,000
NESSON PSD #2	WILLIAMS	A140132	RAY PUBLIC SCHOOL SAFETY RENOVATION	\$338,960	SAFETY AND SECURITY: REPLACE DOORS WITH FIRE RATED DOORS; INSTALLSTION OF CAMERAS AND SECURITY SYSTEM; SUMP PUMPS	\$230,160
RICHARTON-TAYLOR PSD	STARK	A140131	CLASSROOM RENTAL AND FIRE ALARM SYSTEM	\$32,000	SUPPORT STUDENT GROWTH BY RENTAL OF FACILITIES FOR KINDERGARTEN PROVIDING ROOM TO SPLIT THE FIRST GRADERS.	\$32,000
SOUTH HEART PSD	STARK	A140125	MODULAR CLASSROOMS #2	\$385,044	SUPPORT STUDENT GROWTH BY OBTAINING USED MODULAR CLASSROOMS THAT INCLUDE CLASSROOMS, BATHROOMS, MEETING AREA, LAND PREP, WATER/SEWER, ELECTRICAL, ARCHITECTURAL DESIGN, EQUIPMENT.	\$385,044
STANLEY PSD #2	MOUNTRAIL	A140135	ACCESS CONTROL	\$54,240	ADDRESS SECURITY BY ADDING ELECTRONIC ACCESS CONTROL AND CARD READER SYSTEM FOR ALL OUTER DOORS IN THE ELEMENTARY AND HIGH SCHOOL BUILDINGS	\$54,240
SURREY PSD #41	WARD	A140152	PORTABLE CLASSROOMS (10)	\$800,000	ADDRESS STUDENT INCREASES BY RENTAL OF (5) PORTABLE CLASSROOMS FOR 2 YEARS	\$280,000
TIOGA PSD #15	WILLIAMS	A140127	TEMPORARY TEACHER HOUSING	\$180,000	ADD WATER/SEWER & ELECTRICAL CONNECTIONS FOR 6 ADDITIONAL MOBIL HOUSING UNITS TO BE USED TO PROVIDE AFFORDABLE TEACHER HOUSING.	\$180,000
TIOGA PSD #15	WILLIAMS	A140126	SCHOOL EXPANSION/CONSTRUCTION AND SECURIT	\$7,761,200	ADD/IMPROVE SECURITY BOTH CAMPUSES	\$130,000
WESTHOPE PSD #17	BOTTINEAU	A140154	ADMINISTRATIVE OFFICES RELOCATION	\$736,640	ADDRESS SECURITY NEEDS / ENHANCEMENTS	\$80,000
YELLOWSTONE PSD #14	MCKENZIE	A140129	SAFETY UPDATES	\$20,000	ADDRESS SECURITY BY INSTALLING CHAIN-LINK FENCE TO SEPARATE PARKING AND PLAYGROUND; REPLACE FRONT DOORS WITH METAL DOORS; INSTALL TWO WINDOWS FOR VIEWING HALLWAY/ENTRY FROM FRONT OFFICE	\$20,000
						\$6,852,779

The advisory committee requested another grant round be provided in September through November to address needs that become apparent after school starts. Grant round requirements will be developed for use with this future grant round.

Motion: That the Board formally award \$6,852,779 from the Oil and Gas Impact Grant Fund to the 23 K-12 schools identified in the 30 award recommendations listed above. Further, that the Board approve an additional grant round to take place September-November 2013 to address additional impacts being realized by K-12 schools in oil and gas development areas.

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

A D J O U R N

There being no further business, the meeting was adjourned at 11:31 AM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the Meeting of the
Board of University and School Lands
August 29, 2013**

The August 29, 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:04 AM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Michael D. Brand	Director, Surface Management Division
Levi Erdmann	Programmer Analyst
Gerard Fisher	Grants Administrator, Energy Infrastructure & Impact Office
Linda Fisher	Unclaimed Property Administrator
Rick Owings	Assistant Administrator, Energy Infrastructure & Impact Office
Judith F. Schell	Administrative Assistant

Others in Attendance:

Kyle Wanner	ND Aeronautics Commission
Larry Taborsky	ND Aeronautics Commission
Chris Harvey	Attorney General Office
T J Jerke	Forum News Services
Nick Smith	The Bismarck Tribune

APPROVAL OF MINUTES

A motion to approve the minutes of the July 25, 2013 meeting was made by Treasurer Schmidt and seconded by Secretary Jaeger. Motion carried.

ENERGY INFRASTRUCTURE AND IMPACT OFFICE

Emergency Medical Services and Fire Districts Grant Round

The Board has allocated \$13 million for Emergency Medical Services (EMS) and Fire Department grant round consisting of \$7 million for EMS and \$6 million for Fire Protection Districts. These targets match or exceed the amounts designated by the 2013 Legislature in HB 1358 of \$7 million for EMS and \$3.5 million for Fire Protection Districts.

The EIIO proposed grant guidelines:

- Grant applications will be accepted by the EIIO through September 2013. Applications can

be submitted by eligible political subdivisions including counties, cities, rural fire protection districts, ambulance districts.

- This grant round is for EMS and fire department needs resulting from impacts from oil and gas development activities.
- Requests for funding to improve readiness, quality and responsiveness of EMS and fire response teams being impacted from oil and gas development will be considered.
- Applications should be for projects to improve equipment; facilities; safety; planning efforts to develop or formalize county/regional mutual aid/joint powers agreements; oil industry specific training, leadership development; and obtaining assets to improve emergency response.
- Criteria used in evaluating requests include: safety improvement; financial need; result of energy activity; project readiness; and contribution to long-term service/department viability.

In May the Board directed the EIO to organize focused advisory committees for targeted grant round, to assist, along with EIO, the State Fire Marshal and the Health Department to develop award recommendations for the Board's consideration. Following are the names of leaders recommended to be on two advisory committees for award recommendations for EMS and fire departments.

EMS Impact Grants Advisory Committee:

Kari Enget, Powers Lake	Alan Hanson, Williston	Lynn Hartman, Dickinson
Duane Estvold, New Town	Jennifer Hestekin, Bowman	Ann Hafner, Killdeer
Kerry Krikava, Watford City	Jerry Jurena, ND Hospital Assn	

Fire Department Impact Grants Advisory Committee:

Chief Robert (Bob) Sivak, Dickinson	Chief Bruce Schreiner, Garrison
Former Chief Cody Reis, Fairfield	Chief Jamie Germundson, Stanley
Chief Oscar Knudtson, Watford City	Doug Myers, State Fire Marshal's Office

Timelines for this grant round are:

September 2013 -	Accepting applications
October 2013 -	Regional meetings with applicants and scoring application scoring
November 2013 -	Grants advisory committees to develop award recommendations
	Board review of applications and grant awards

Motion: That the Board 1) affirm the EMS and Fire Grants Advisory Committee Member recommendations as identified above to provide guidance on energy impact grants for EMS and Fire Departments; and 2) direct the EIO to publicize and begin accepting applications for Oil and Gas Impact Grants from eligible political subdivisions for eligible EMS and Fire Protection Districts.

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

Energy Infrastructure and Impact Office. Recommendations for EIO Grants to Airports

In HB 1358, the 2013 Legislature identified \$60 million for the 2013-2015 biennium for grants to airports impacted by oil and gas development.

The EIO has worked with the North Dakota Aeronautics Commissioner to implement existing policies, procedures, forms and instructions for airport assistance grant in the Energy Impact grants process. This is to include consideration of availability of local funds and to give priority to projects

having been awarded or that are eligible to receive federal funding. Recommendations for award were reviewed and approved by the Aeronautics Commission. This coordination expedited the grant round for airports.

Motion: That the Land Board award \$27,008,442 from the Oil and Gas Impact Grant Fund to airports as identified in the included list of recommended awards. All grants are contingent upon notice being received by the Aeronautics Commission and the Energy Infrastructure and Impact Office, that the identified local and federal cost share has been approved and is available for project cost share funding, before award reimbursement is made from the Oil and Gas Impact Grant Fund.

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

AIRPORT ENERGY IMPACT AWARD RECOMMENDATIONS - 2013

All Grant Allocations will be approved on a project percentage basis not to exceed the dollar amount approved. When project bids are officially accepted by the airport sponsor, notification will be required to the Aeronautics Commission Office and the Energy Infrastructure and Impact Office to determine the official grant allocation dollar amount. The remaining grant allocation balance for each project will then return to the Energy Infrastructure and Impact Office to be used for future airport project allocations.

COMMERCIAL AIRPORTS	PROJECT DESCRIPTION	TOTAL PROJECT	GRANT \$ RECOMMEND	% RECOMMEND
MINOT	1. FAA 2013 AIP #47 - Construct New Passenger Terminal Apron	\$16,100,000.00	\$805,000.00	5.0%
	2. FAA 2013 AIP #46 - Construct New Passenger Terminal Building *	\$40,000,000.00	\$18,500,000.00	50.0%
	3. Construct Terminal Access Road (SE) Phase 1	\$1,600,000.00	\$800,000.00	50.0%
	4. Construct Terminal Access Road (Loop) Phase 2	\$1,700,000.00	\$850,000.00	50.0%
	5. Relocate Snow Removal Equipment Building (Non-AIP)	\$326,790.00	\$163,395.00	50.0%
	6. Terminal Building Furniture	\$500,000.00	\$100,000.00	20.0%
	7. Construct Baggage Handling System	\$3,250,000.00	\$0.00	0.0%
	8. Passenger Boarding Bridges	\$1,600,000.00	\$0.00	0.0%
	9. Construct Parking Lot (SE) Phase 1	\$2,500,000.00	\$0.00	0.0%
	10. Construct Parking Lot (Loop) Phase 2	\$2,000,000.00	\$0.00	0.0%
	<i>*The state grant allocation for the Minot Terminal will be dispersed upon an official notice being received by the Aeronautics Commission and the Energy Infrastructure and Impact Office, that a Federal Discretionary Grant has been approved for the Minot Terminal Project in the amount needed to complete the project.</i>			
	Sub Total	\$69,576,790.00	\$21,218,395.00	30.5%
DICKINSON	1. FAA 2013 AIP #30 - Construct Airline Apron Expansion	\$995,455.00	\$796,363.00	80.0%
	2. FAA 2013 AIP #30 - Snow Removal Equipment Building and Apron	\$1,919,979.46	\$326,396.00	17.0%
	3. Construct General Aviation Apron Expansion	\$1,500,000.00	\$0.00	0.0%
	4. Terminal Building Improvements	\$167,065.00	\$133,652.00	80.0%
	5. Commercial Service Parking Lot Pavements	\$499,515.69	\$0.00	0.0%
	Sub Total	\$5,082,015.15	\$1,256,411.00	24.7%

COMMERCIAL AIRPORTS	PROJECT DESCRIPTION	TOTAL PROJECT	GRANT \$ RECOMMEND	% RECOMMEND
WILLISTON	1. General Aviation Primary Guiding Documents (Airport Transition Policy, Minimum Standards, Lease Agreements, Rates and Charges Plan ect.)	\$134,063.65	\$67,032.00	50.0%
	2. Airline and Rental Car Agreement Documents (airline lease and rates,	\$100,000.00	\$50,000.00	50.0%
	Sub Total	\$234,063.65	\$117,032.00	50.0%

GENERAL AVIATION AIRPORTS	PROJECT DESCRIPTION	TOTAL PROJECT	GRANT \$ RECOMMEND	% RECOMMEND
BOWMAN	1. FAA 2013 - AIP #2 - Construction of New Bowman Municipal Airport	\$7,069,440.00	\$1,895,823.00	27.0%
CROSBY	1. FAA 2013 - AIP #10 - Apron and Lighting Rehabilitation	\$1,629,238.00	\$845,000.00	52.0%
	2. Apron Drainage Improvements	\$175,000.00	\$157,500.00	90.0%
		\$1,804,238.00	\$1,002,500.00	
KENMARE	1. FAA 2013 - AIP #11 - Rehabilitate Runway, Taxiway, Apron	\$1,351,172.55	\$185,819.00	14.0%
KILLDEER	1. Runway Design	\$160,342.00	\$128,274.00	80.0%
	2. Land Acquisition for Runway Development	\$420,000.00	\$336,000.00	80.0%
		\$580,342.00	\$464,274.00	
MOHALL	1. Design and Construct Airport Fueling System	\$354,562.60	\$265,900.00	75.0%

GENERAL AVIATION AIRPORTS	PROJECT DESCRIPTION	TOTAL PROJECT	GRANT \$ RECOMMEND	% RECOMMEND
NEW TOWN	1. Design of Runway Reconstruction	\$113,548.00	\$90,838.00	80.0%
STANLEY	1. FAA 2013 AIP #11 - Construct Apron/Condensed Environment Assessment	\$441,000.00	\$242,550.00	55.0%
TIOGA	1. Design and Construct Airport Fueling System	\$358,551.80	\$268,900.00	75.0%
	TOTALS	\$86,545,723.75	\$27,008,442.00	31.2%

.Law Enforcement Grant Round Update

In May 2013, the Board allocated \$7 million from the Oil and Gas Impact Grant Fund for awards to sheriff's offices in oil and gas impacted counties during the 2014 fiscal year. This is the same amount designated by the 2013 Legislature.

In July 2013, the Board awarded \$390,910 from the Oil and Gas Impact Grant fund to sheriff's offices and separately approved \$978,721 to other criminal justice agencies from the \$9.6 million appropriated by the 2013 Legislature to the Attorney General (AG). These awards were to address emergency requests made by law enforcement agencies in oil country.

Through July, additional law-enforcement applications were received by the Bureau of Criminal Investigation (BCI) within the AG's office. Twenty-three applications were received from sheriff's offices with projects totaling \$7 million and thirty-six applications were received from other criminal justice agencies with projects totaling another \$7 million. Of all projects submitted, \$4 million is for equipment and \$3.2 million was for vehicles. Additionally, personnel accounted for \$3 million in projects while overtime costs accounted for another \$901,000.

The Drug and Violent Crime Policy Board is reviewing these requests and will develop award recommendations for the Land Board's consideration at its September meeting. Consideration will be given to a 25% local cost share for this grant round.

INVESTMENTS DIVISION

Assigned Fund Balance of the Strategic Investment and Improvements Fund. Revenues from sovereign lands are deposited, along with oil tax collections, into the Strategic Investment and Improvements Fund (SIIF).

The Board has established a reserve within the SIIF, known as the Assigned Fund Balance. This set aside balance relates to potential disputes to the State's ownership of the minerals beneath navigable bodies of water. The Board established an estimate of potential disputed amounts so money would be available for refunds if needed. When it created the SIIF in 2011, the Legislature acknowledged in statute, the Land Board's decision to reserve these funds.

At its September 27, 2012 meeting, the Board affirmed that \$95,799,332 of the SIIF as of June 30, 2012, was subject to these disputes, and should not be transferred out of the fund until title claims to certain riverbed leases have been resolved. The Board also stipulated that any similar revenues received during FY 2013 be included in this reserve.

Based on the Commissioner's analysis there are approximately 602 tracts that contain acreage that could potentially be disputed or questioned, with bonuses and rentals associated with these acres totaling an estimated \$133,985,322. The calculation includes all bonus and rentals received for tracts within the Fort Berthold Reservation, as well as an estimate of the bonus and rentals collected from the approximate "shore zones" of the Missouri and Yellowstone Rivers.

Legal actions related to sovereign ownership continue, but there is no specific outcome anticipated related to these tracts. The Commissioner is seeking this action because it is possible, not probable that at least a portion of funds related to riverbed tracts may need to be refunded in the future. The State Supreme Court has scheduled a September 3, 2013 hearing on one of the cases regarding ownership of sovereign minerals.

Motion: 1) That the Board declare \$133,985,322 as the cumulative "Assigned Fund Balance" of the Strategic Investment and Improvements Fund, as of June 30, 2013. These funds should not be transferred from the SIIF until title claims related to these leases have been resolved, and 2) that any amounts collected on potentially disputed riverbed acreage during FY 2014 be similarly designated for both distribution and financial statement purposes.

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

R.V. Kuhns Investment Study – Continued. Ron Klotter and Marcia Beard from R.V. Kuhns continued discussions with the Board related to the investment study.

The discussion focused on the various asset classes that R.V. Kuhns will use for asset allocation modeling purposes. Information on certain asset classes, including examples of actual investment products or vehicles were presented. R.V. Kuhns led a discussion on the benefits and risks of some of the new asset classes being considered.

It is expected that R.V. Kuhns will return for the Board's September meeting to discuss implementation options and work on a revised investment policy statement.

R E P O R T S

Investment Performance Report for Quarter Ended June 30, 2013. The investment performance report of the Land Board's investment program for the period of April 1, 2013 – June 30, 2013.

A complete copy of this report is on file at the Department of Trust Lands office.

Financial Statements. The Board reviewed the Financial Statement Summary and Total Assets by Trust as of May 31, 2013. These reports are on file at the Department of Trust Lands office.

August Oil and Gas Lease Auction Results. The Board reviewed a report of the results from the August 6, 2013 oil and gas lease sale, which was held in Medora, ND. The memo is on file at the Department of Trust Lands office and was for the Board's information.

Report of Easements Issued by Land Commissioner. (07-14-13 through 08-22-13)

NORTH PLAINS ENERGY LLC DIV-161-100-36-SE4, SW4	Directional Wellsite Location	16-Jul-13
OASIS PETROLEUM NORTH AMERICA LLC WIL-156-101-36-SE4, SW4	Multiple Pipelines	01-Aug-13
GARNER TOWNSHIP GOL-138-104-2-S2NE4, S2NW4	Road Right-of-Way	01-Aug-13
MUREX PETROLEUM CORP DIV-162-101-16-SE4	Salt Water Disposal Well	25-Jul-13
ONEOK ROCKIES MIDSTREAM LLC WIL-157-98-16-NE4	Amend: Gas Gathering Pipeline	25-Jul-13
MCKENZIE ELECTRIC COOP INC MCK-153-94-16-NE4, NW4, SW4	Electric Distribution Line	31-Jul-13
PRIDE ENERGY COMPANY MCK-146-105-36-NE4	Amend: Salt Water Disposal Well	12-Aug-13
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-155-93-36-NE4, NW4	Amend: Electric Distribution Line	16-Aug-13
OXY USA INC DUN-143-97-30-NE4	Section Line Access Road	31-Jul-13
HESS CORPORATION MCK-151-96-36-SE4	Pipeline & Communication Cable	18-Jul-13

PETRO-HUNT LLC DUN-145-97-16-NE4, NW4, SE4, SW4	Access Road	25-Jul-13
DENBURY ONSHORE LLC BIL-141-101-14-SW4	Amend: Vertical Oil Well	16-Jul-13
WHITING OIL & GAS CORPORATION MOU-153-91-16-NW4	Drop Line-Multiple Pipelines	01-Aug-13
SLAWSON EXPLORATION CO MOU-158-94-16-SW4	Amend: Horizontal Oil Well	06-Aug-13
HILAND CRUDE LLC MOU-154-93-16-SE4, SW4	Oil Gathering Pipeline	08-Aug-13
PETRO-HUNT LLC MCK-153-95-16-NW4	Salt Water Pipeline	29-Jul-13
SLOPE ELECTRIC COOP INC BOW-130-104-16-NE4, SE4 LESS SCHOOL SITE	Amend: Electric Distribution Line	31-Jul-13
BEK COMMUNICATIONS COOP KID-140-70-36-NW4, SW4 KID-140-72-16-NE4, SE4 KID-141-71-16-NE4, NW4 KID-141-72-36-SE4, SW4 KID-142-72-30-E2SE4	Amend: Communication Cable	31-Jul-13
WHITING OIL & GAS CORPORATION MOU-153-91-16-NW4	Drop Line-Oil Gathering Pipeline	16-Aug-13
WHITING OIL & GAS CORPORATION MOU-153-91-16-NW4	Oil Gathering Pipeline	31-Jul-13
LIBERTY RESOURCES LLC WIL-156-100-9-S2SE4	Amend: Multiple Pipelines	07-Aug-13
CONTINENTAL RESOURCES INC BOW-130-104-16-NE4	Amend: Vertical Oil Well	16-Aug-13
HILAND CRUDE LLC WIL-156-101-36-SE4	Amend: Oil Gathering Pipeline	08-Aug-13
WESTWOOD PROFESSIONAL SERVICES WAR-155-84-1-SW4NW4 LYING N & E OF RIVER CENTERLINE	General Land Surveys	07-Aug-13
XTO ENERGY INC WIL-153-99-16-NW4	Amend: Horizontal Oil Well	07-Aug-13
BANNER TRANSPORTATION CO LLC WIL-156-102-32-NW4SW4, S2SW4	Amend: Oil Gathering Pipeline	09-Aug-13
HILAND OPERATING LLC WIL-156-102-32-NW4SW4, S2SW4	Amend: Gas Gathering Pipeline	09-Aug-13

The following letters of permission were issued to groups wishing to use school trust lands under the Board's policy for access to trust lands by organizations. No fees are charged for this use.

CALIBER MIDSTREAM ND LLC

Access to School Land – Surface Frac Water Pipeline

VALLEY CITY STATE UNIVERSITY

Access to School Land – Native Mussel Research

A D J O U R N

There being no further business, the meeting was adjourned at 10:56 AM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the Meeting of the
Board of University and School Lands
September 26, 2013**

The September 26, 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:05 AM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasure (Via teleconference)
Kirsten Baesler	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Michael D. Brand	Director, Surface Management Division
Drew Combs	Director, Minerals Management Division
Levi Erdmann	Programmer Analyst
Gerard Fisher	Assistant Director, Energy Infrastructure & Impact Office
Linda Fisher	Unclaimed Property Administrator
Rick Owings	Assistant Administrator, Energy Infrastructure & Impact Office
Judith F. Schell	Administrative Assistant

Others in Attendance:

Ann Scott	ND Attorney General – BCI
Ginny Peterson	ND Attorney General – BCI
Dallas Carlson	ND Bureau of Criminal Investigation
Lonnie Grabowska	ND Bureau of Criminal Investigation
Terry Traynor	ND Association of Counties
Aaron Birst	ND Association of Counties
Ron Klotter	R V Kuhns
Marcia Beard	R V Kuhns
Kristen Steffens	R V Kuhns
James Landenberger	Bartlett and West Engineers Inc.
Kevin Martin	Bartlett and West Engineers Inc.
Craig Smith	Crowley/Fleck Attorneys
T J Jerke	Forum News Services
Nick Smith	The Bismarck Tribune

APPROVAL OF MINUTES

A motion to approve the minutes of the August 15, 2013 Special Meeting and the August 29, 2013 Meeting was made by Secretary of State Jaeger and seconded by Attorney General Stenehjem. Motion carried.

ENERGY INFRASTRUCTURE AND IMPACT OFFICE (EIIO)

Law Enforcement and Sheriff Grant Recommendations.

The Board has allocated \$7 million from the Oil and Gas Impact Grant Fund for awards to sheriff's offices in oil and gas impacted counties during the 2014 fiscal year. This is the same amount designated by the 2013 Legislature. In July 2013, the Board awarded \$390,910 from the Oil and Gas Impact Grant Fund to sheriff's offices and separately approved \$978,721 to other criminal justice agencies from the \$9.6 million appropriated by the 2013 Legislature to the Attorney General (AG). These awards were to address emergency requests made by law enforcement agencies in oil country.

Additional law-enforcement grant applications were received by the Bureau of Criminal Investigation (BCI) within the AG's office. Sheriff's offices submitted 23 applications with projects totaling \$7 million. Other criminal justice agencies submitted 31 applications totaling \$6.2 million.

Of the projects submitted, the following reflects totals by category:

\$4.4 million for equipment \$3.3 million for vehicles
 \$3.9 million for salaries/overtime, \$807,000 for housing
 \$180,000 for training \$185,000 for Supplies
 \$314,000 for remodeling

The Drug and Violent Crime Policy Board (DVCPB) reviewed all applications received and developed a list of recommendations for the Land Board's consideration. The DVCPB members are:

Board Chairman - Peter Welte Wade Enget Jerry Hjelmstad Arlan Rasmussen Rory Teigen Jesse Wellen Aaron Birst Janelle Moos Dave Jurgens Scott Busching Dustin Dassinger Terry Traynor Andrea Martin Lauren Wild Steve Kukowski Jim Lokken	Grand Forks Co. (State's Attorney) Mountrail Co. (States Attorney) ND League of Cities West Fargo PD (Chief) Bowman Co. (Sheriff) Watford City (Chief) Assoc. of Counties (Legal Counsel) NDCAWS (Executive Director) Billings Co. (Sheriff) Williams Co. (Sheriff) Dickinson PD (Chief) Assoc. of Counties (Assist Dir Policy & Programs) Soul Survivor Counseling Service Walsh Co. (Sheriff) Ward Co. (Sheriff) Williston PD (Chief)
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Advisors

Senator Bill Bowman Dallas Carlson Lonnie Grabowska Ginny Peterson Ann Scott	Bowman Co. Director-BCI Deputy Director-BCI Bus. Serv. Manager-BCI Grant Manager-BCI
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The DVCPB suggested a 25% local cost share requirement for law enforcement grants, for entities outside of western counties and incorporated a 10% cost-share for entities within western counties and no cost-share requirement for joint task force agencies.

SHERIFF'S OFFICE GRANTS. The DVCPB recommendations for Oil and Gas Impact grants to sheriff's offices are as follows:

Political Sub Name	County	Total Project Cost	Recommended Award	% Match	Recommended Award is For
Adams County SO	Adams	\$95,000	\$96,750	10%	Fund (All plus added \$2500 for training supplies) Canine Patrol/Narcotics Detection Training; 2 fully equipped Patrol Vehicles; Patrol/Narcotics K-9
Billings County SO	Billings	\$93,163	\$192,691	10%	Fund: Deputy Position, Portable Truck Scales; Scale Rack; MDT; Radar Unit; Road spikes; vest; Taser
Bowman County SO	Bowman	\$91,498	\$82,348	10%	Fund: (All) Patrol vehicle; Radar, In-car cameras, Spike strips, Body armor, Emergency medical kit.
Burke County SO	Burke	\$121,370	\$109,233	10%	Fund: (All) Housing Allowance for 4 Deputies (\$500/mo); Suburban for regulatory; light bars, partitions, radar, radios, in-car video, tablet computer, dispatch system & Netmotion license/yearly fees.
Divide County SO	Divide	\$152,232	\$137,009	10%	Fund: (All) Housing Allowance for 3 Deputies (\$500/mo); 4X4 Patrol Vehicle (fully equipped); Radar units, light bars, truck weights, stop sticks, Vests, Desktop and tablet computers; iMobile & Netmotion license/yearly fees.
Dunn County SO	Dunn	\$761,320	\$457,542	10%	Fund: Housing & Living allowance for 4 people; Hostage Negotiation, Field Officer, , & DEA training; NSAC fees; Truck Scales; 1 suburban (equipped) for scale officer; 1 Tahoe (equipped) for Patrol; 1 1/2 pickup (equipped) for Detective Unit; Toughbooks; Tactical Gear; , Vest for K-9.
Golden Valley County SO	Golden Valley	\$125,966	\$118,725	10%	Fund: furniture and A/V systems; Computer & Laptop; Radar unit; Video Recorders; Vests; Wet/Cold Weather Clothing; Admin/Patrol-Investigations Training.
Hettinger County SO	Hettinger	\$177,645	\$144,311	10%	Fund: 2 SUV's (fully equipped); In-car computers; In-car cameras; AED's, digital cameras, Spike strips, Door breaching kits; Active shooter kits; Air cards.
McKenzie County SO	McKenzie	\$1,480,976	\$1,096,219	10%	Fund: Housing Allowance for 9 positions; Car Cameras; Night/Thermal Vision; Polaris Ranger UTV; Polaris Sportsman ATV; UTV/ATV Trailer; Shotguns; Vests; Entry Shields; Dispatch Radio Counsels; 1 set Truck Weighing Scales; Equipment for 3 new Deputy positions; Evidence Supplies; Clothing; Training equipment; Flash Bangs/ Gas, Smoke grenades; Door Rams; Breaching equipment/supplies; Water Rescue Bags; 3 year supply of Ammo.

McLean County SO	McLean	\$257,047	\$208,912	10%	Fund: (Cut training by \$10,000...included in salary/fringe for positions) 2 Deputy positions; Law Enforcement & Weights & Measures Training; Scales; Digital Video Recorder for vehicle; SUV (shared by 2 staff); Radar, lights/sirens, Radio, Repeater, Computer programs for vehicle, Cage for vehicle; Computer w/ accessories and printer ; Uniforms; Screen for vehicle
Mountrail County SO	Mountrail	\$912,280	\$596,894	10%	Fund: 3 Deputy Sheriff Positions; 3 vehicles (2- 1/2 ton, 1-3/4 ton) & equipment for all 3; 8 truck scales.
Renville County SO	Renville	\$54,132	\$48,719	10%	Fund: (All) 4X4 patrol vehicle; MDT, Radar Unit, In-car video, radios, repeater, light bar, security and cargo cages.
Slope County SO	Slope	\$199,384	\$179,446	10%	Fund: (All) Deputy Position; 1 vehicle; In-Car Cameras; Radar; Office computer; Toughbooks; Communications Tower
Stark County SO	Stark	\$225,082	\$172,937	10%	Fund (All but reduced video cameras to 2 from 5 and reduced supply amount due duplication of request.) In-car video system; Uniforms/Duty Gear/Body Armor; Handguns/Shotguns/Tasers; SUV w/ equipment & install.
Ward County SO	Ward	\$107,932	\$97,139	10%	Fund: (All) In-car camera system (including install & install of receiver in office), Keyloader
Williams County SO	Williams	\$1,269,212	\$1,063,735	10%	Fund: 15-Fully Equipped Patrol Vehicles; Portable and Patrol Radios; Uniform pants and shirts; Upgrade to radio communications system.

Total Award

Recommendations for

Sheriff's Offices

\$6,124,240

\$4,802,609

Like all Energy Impact awards, funds will be disbursed upon project completion, asset acquisition, or documentation of a new hire. All reimbursement requests for these awards will be submitted through the BCI for review of compliance with the terms and cost-share. Once approved by BCI, the sheriff's office reimbursements will be paid from Oil and Gas Impact Grant Fund by the EIO.

Motion: That the Board award \$4,802,609 from the Oil and Gas Impact Grant Fund to sheriff's offices as identified in the preceding list of recommended awards, including referenced cost-share requirements.

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

LAW ENFORCEMENT GRANTS. Under the provisions HB 1358 as passed by the 2013 Legislature, the Land Board is responsible for approving grants to law enforcement agencies to address crime-related activity. The Legislature appropriated \$9.6 million in one-time funding from the Strategic Investment and Improvements Fund to the Attorney General's Office for grants.

The DVCPB recommendations for grants to law enforcement agencies to address crime-related activities in oil development area are as follows:

Recommendation List					
Criminal Justice					
Political Sub Name	County	Total Project Cost	Recommended Award	% Match	Recommended Award is For
Abused Adult Resource Center-Bismarck	Burleigh	\$210,834	\$11,250	25%	Fund: 1 part time Residential Advocate
Belfield PD	Stark	\$159,510	\$88,344	10%	Fund: Some supplies and Equipment as well as 1 Officer Position rather than overtime
Bismarck PD	Burleigh	\$13,296	\$9,972	25%	Fund: (All) K-9 course to train instructors throughout the state.
Bismarck PD	Burleigh	\$2,100	\$1,575	25%	Fund: (All) Bite Suit; Bite Sleeves; Bite Tugs
Bismarck PD/West Dakota SWAT Team	Burleigh	\$12,100	\$9,075	25%	Fund: 2 police radios; 1 mobile data laptop computer
Bismarck PD/West Dakota SWAT Team	Burleigh	\$172,000	\$129,000	25%	Fund: 1 Crisis Response/Command Vehicle
Bowman PD	Bowman	\$116,090	\$101,961	10%	2 Interceptor Vehicles (fully equipped)
Burleigh County SO	Burleigh	\$108,860	\$81,645	25%	Fund (All) In-car Video System w/ installation; Stalker Radar (in car & handheld units).
Burlington PD	Ward	\$76,658	\$68,992	10%	Fund: (All) Patrol Vehicles (2); In-car computers; AEDs, Taser, Vehicle Spikes, Office computer; Docking stations (3); Gun/Evidence Safe
Dickinson PD	Stark	\$540,685	\$488,948	10%	Fund: (All...increased scales from 6 to 8...reduced speed boards from 4 to 2)Simulcast System; Interceptor vehicle (fully equipped); Portable Truck Scales; Speed boards; Transmitter
Domestic Violence Program, NW ND	Mountrail	\$69,494	\$69,494	0%	Fund (All--no match)--2 Advocate positions requested; Salary allowance for Director (\$1460.80/mo)
Dunn County States Attorney	Dunn	\$137,600	\$13,680	10%	Fund: PT Victim Witness Position
Family Crisis Shelter, Inc.-Williston	Williams	\$135,681	\$119,773	10%	Fund: Positions: Advocate; Salary Allowances: Residential Supervisor, (4) Houseparents
Mandan PD	Morton	\$74,348	\$62,732	25%	Fund: 1 Police Officer Position for 18 mos.
McKenzie County States Attorney	McKenzie	\$261,340	\$9,396	10%	Fund: Temporary employee to update Fingerprint Cards and Overtime for Legal Assistant
Medora PD	Billings	\$92,238	\$83,014	10%	Fund: (All) 2-4X4 Expeditions (fully equipped); light bar/sirens; Radio; MDT; strobelights;
Minot PD	Ward	\$210,557	\$189,501	10%	Fund: (All) Interceptor Patrol Cars, fully equipped (2); Transport Van with Equipment; Voted receivers.

Morton County SO	Morton	\$429,400	\$358,720	25%	Fund: (All) 3 Deputy Sheriff positions (salary & fringe) & OT; 3 Police Vehicles (equipped); Deputy Equipment; Cell Phones; Glocks, AR-15, Shotguns.
Morton/Mandan Combined Comm. Center	Morton	\$48,993	\$40,754	25%	Fund: 1 Communication Specialist Position (Salary & Fringe) and Overtime.
Morton County Detention Center	Morton	\$54,338	\$37,870	25%	Fund: (All....increased dollar amount for computer request).OT for 1 correctional officer; FTO, Supervisor, Taser, First Aid/CPR training; Tables, bunk beds, mattresses, pillows; flex cuffs; restraint boards; suicide smocks & blankets; Restraint belts; Handcuffs; Leg Irons.
NW Narcotics TF-Williams Co.	Williams	\$156,708	\$157,808	0%	Fund : (All....reduced housing to \$500/mo)Admin. Assistant Position; OT for 4 agents; Housing Allowance for 4 agents; Joey Transcorder; Currency Scanner. Added \$1100 for scanner maintenance
Powers Lake PD	Burke	\$134,732	\$17,100	10%	Fund: Housing allowance for one officer (\$500/mo)SPECIAL CONDITION...Officer must be a newly hired officer. ; Fund \$10,000 in overtime
Rugby PD	Pierce	\$15,460	\$7,500	25%	Fund: Overtime
SW Narcotics TF-Slope Co.	Slope	\$268,391	\$268,391	0%	Fund: (All) 1 Agent position, 1 Admin Assistant Position; Housing allowance for 3; Surveillance Software; Surveillance Camera; Vehicle Lease for new agent; Portable & Vehicle Radio;
So. Sakakawea Narc TF-Sheridan Co. So.	Sheridan	\$26,569	\$26,569	0%	Fund: (All) 2014 Toyota Tundra; HP Laptop Computer
Stanley PD	Mountrail	\$75,260	\$67,734	10%	Fund: (All) Patrol Vehicle; Night Vision; Computer/Video System.
Tioga PD	Williams	\$1,114,198	\$542,620	10%	Fund: SPECIAL CONDITION: 3 vehicles only awarded after positions hired. (\$32,200 each) & 1 Raptor K-9 vehicle...\$35,00 Max. 1 Officer; ; K-9 Thermal imagers; Night Vision Goggles; Security Camera System; AED's; 5 fully equipped police vehicles (w/ prisoner transport packages); ; PD Server; Radars; Uniforms Narcotics Safe; Bumpers; Desks; Cell phones;
Ward County States Attorney	Ward	\$294,656	\$248,743	10%	Fund: 3 Positions : Victim Witness Coordinator, Legal Office Assistant, & Assistant State's Attorney.
Watford City PD	McKenzie	\$623,920	\$361,640	10%	Fund: Field officer training; host a domestic violence training; 3 fully equipped Ford Expeditions; AR 15's, shotguns, Tasers; Toughbooks and regular computers; Duty Gear.
Williams County States Attorney	Williams	\$242,205	\$187,110	10%	Positions are: Assistant State's Attorney, Victim Witness Advocate, & Office Assistant

Williston PD	Williams	\$676,556	\$608,900	10%	Fund: (All) Patrol Positions (3); 1 SUV, 2 Sedans (all equipped); 1 used vehicle for Detective; Radio Tower; Repeater; AED's, Tasers; 911 telephone equipment & dispatch location.
Women's Action & Resource Center-Beulah	Mercer	\$13,896	\$12,506	10%	Fund: (All) Salary Allowance for Direct Service Advocate (\$276/mo), Shelter Supervisor (\$348/mo) & Admin/Advocate (\$88/mo).

Total Award
Recommendations From
AG's \$9.6 Million
Appropriation

\$7,113,153 \$4,482,317

Funds will be provided on a reimbursement basis upon evidence of cost-share and project completion. Grants to the law enforcement agencies will be paid by BCI from the \$9.6 million appropriated to the Attorney General for this purpose.

The Legislature appropriation and criteria for the law enforcement grants to law enforcement agencies in oil-impacted counties or in other counties if the crime-related activities in oil-impacted counties originated there."

Motion: That the Board approve grants as recommended by the DVCPB excluding Burleigh County, Mandan Police Department, Morton/Mandan Combined Communication Center, Morton County Detention Center and the Rugby Police Department, all of which will be asked to reapply and provide crime-related justification for the requested project grants. Morton County Sheriff's Office also excluded except to receive funding for one deputy and equipped car and a second equipped car if the County hires a second deputy. Thus the Board approve grants in the amount of \$4,051,574 from the Attorney Generals Grant fund, to provide funding to law enforcement agencies to address crime related activity identified in the preceding list of recommended awards. (Exceptions below).

Political Sub Name	Committee Recommended	Suggested Action	Funded	Recommend but not approve		
Burleigh County SO	\$81,645	request crime-related justification		\$81,645		
Mandan PD	\$62,732	request crime-related justification		\$62,732		
Morton County SO	\$358,720	Fund only one deputy and one equipped car; a 2nd car if 2nd new deputy is hired by Morton Co	\$158,478	\$200,242		
Morton/Mandan Combined Comm. Center	\$40,754	request crime-related justification		\$40,754		
Morton County Detention Center	\$37,870	request crime-related justification		\$37,870		
Rugby PD	\$7,500	request crime-related justification		\$7,500		
Total		Total of Reductions		\$430,743		
Action Record		Motion	Section	Aye	Nay	Absent

Secretary Jaeger			X		
Superintendent Baesler			X		
Treasurer Schmidt		X	X		
Attorney General Stenehjem	X		X		
Governor Dalrymple			X		

Energy Infrastructure and Impact Office (EIIO). City of Dickinson's Request For Award Scope Change. In July 2013, the Board approved award G140024 of \$7 million for the City of Dickinson for use on waste water management infrastructure, including a west lift station and a force-main project. The \$7 million for Dickinson was specifically allocated by the Legislature, but the purpose was approved by the Board.

The City has requested a change of scope for this award. Their request is for the \$7 million to instead be used on the following water supply projects:

Project	Est. Total Cost
West Side 1 million gallon storage facility	\$5,800,000.00
West Side 24-inch dedicated watermain	\$6,120,000.00
West Side 18-inch watermain Tie	\$302,000.00

Motion: That the Land Board approve the requested change in scope on Award Number G140024 to the City of Dickinson, that the \$7 million in award funds be allowed to be used for costs they will incur on the identified water supply projects.

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

Award Cancellation Process. The Board was updated on the process to ensure previously awarded grants are claimed. Awards are provided to improve the political subdivisions infrastructure to positively address the energy development impacts. The desire is for the projects to be completed in a reasonable period; usually one to two years.

After the award from the Board, the EIIO seeks concurrence from the political subdivision regarding the amount, timing, and terms of the grant and agreement to comply with local and state laws. An official representing the political subdivision is requested to sign acceptance or to decline the award and return that copy to the office. To date no grant recipients have rejected an award or the terms of the energy impact grants.

While every applicant receiving an award has intent to complete the project promptly, delays are encountered by local match requirements, finalization of additional financing, inability to secure a contractor, regulatory challenges or bidding requirements.

The EIIO annually reviews awards with balances older than three years. Notices of intent to cancel these awards were sent in January. Unpaid balances as of January 2013 are as follows:

FY2009 or older awards	38 awards, total unpaid balance \$104,335.70
FY2010	50 awards, total unpaid balance \$654,449.49

This contact results in one of the following:

- Agreement of cancellation
- An extension is granted when coupled with justification and a plan to complete the project.
- Reimbursement paperwork was submitted.

The cancellation process has resulted in several projects being completed and reimbursed. Political subdivisions identified six awards to cancel, 16 awards have remaining balances of \$1,000 (09/13)

or less for projects, and political subdivisions requested 10 awards be held open through the 2013 construction season.

Balances as of September 18, 2013, excluding those identified by the political subdivision for cancellation are:

FY2009 or older awards	14 awards, total unpaid balance \$15,431.82
FY2010	28 awards, total unpaid balance \$220,714.98

With favorable weather, construction may continue into October. The EIIO will contact the entities with outstanding grants to prompt reimbursement requests. Cancellation recommendations will be brought to the Board for consideration in November or December.

INVESTMENTS DIVISION

R. V. Kuhns Investment Study - Continued

The Board met with Ron Klotter, Marcia Beard and Kristen Stevens from R. V. Kuhns (RVK) to continue work on the investment study.

RVK presented:

- asset allocation targets based on the upon the input from the Board
- offered a revised Investment Policy Statement
- discussed the pros and cons of various implementation options.

The consultants presented a suggested asset allocation policy. The Board's next responsibility will be to adopt an implementation strategy.

Motion: **That the Board adopt the target asset allocation policy of 17% US Equity, 15% International Equity, 23% Fixed Income, 15% Real Estate, 20% Absolute Return and 10% Real Assets as presented by RVK.**

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

MINERALS MANAGEMENT DIVISION

Ordinary High Water Mark Survey – Phase IV . The Board is responsible for the management of minerals within sovereign land. North Dakota Century Code 61-33-01 defines sovereign land as "...those areas, including beds and islands, lying within the ordinary high watermark of navigable lakes and streams..."

These lands are managed in the best interests of all North Dakotans. The delineations of the ordinary high water mark (OHWM) were conducted solely to determine the acres of land below that mark. While the results of these studies may be used to identify sovereign land ownership, the survey contract was not, in and of itself, intended to resolve questions of legal title to the riverbed. On May 17, 2012, the Commissioner initiated the fourth phase of the survey of the ordinary high water mark of the Missouri River. Bartlett and West has completed the final report for Task Order IV of the contract to delineate the OHWM of the river channel from the Four Bears Bridge to the Garrison Dam, as it existed before the man-made lake filled. The survey was completed for a cost

of \$59,000. The Department issued mineral leases based the survey results starting in February 2013.

This OHWM delineation, coupled with the three task orders conducted since 2008, collectively establish the process of determining eligible acreages of sovereign lands for the purposes of issuing oil and gas leases.

The summary final report for Task Order IV was presented to the Board by a James Landenberger, a representative of Bartlett and West. The entire report is available on the Department's website.

R E P O R T S

Light and Radar Surveys (LIDAR) – Proof of Concept. In March, 2013, the Land Board authorized the Commissioner to conduct LIDAR surveys of gravel mines on trust lands to ensure accurate reporting and royalty payments. As a first step, Bartlett and West has completed a project to develop a method for converting in-place measurements of yards of aggregate into yards of stockpiled aggregate.

Kevin Martin, a representative of Bartlett and West gave a short presentation to the Board on the Light and Radar Surveys (LIDAR) they are using to measure the amounts of gravel mined on trust lands.

Based upon the success of the “pilot” effort, proposals will be requested for a larger scope LIDAR review of aggregate mining sites.

Report of Easements Issued by Land Commissioner. (08-22-13 through 09-17-13)

CITY OF BOWMAN BOW-132-102-36-NE4	City Sign Area	9/5/2013
HESS CORPORATION MOU-155-94-32-NE4	Pipeline & Communication Cable	9/10/2013
HESS CORPORATION MOU-155-94-32-NE4	Multiple Pipelines	9/11/2013
ONEOK ROCKIES MIDSTREAM LLC DIV-160-98-25-NW4	Gas Gathering Pipeline	8/29/2013
ONEOK BAKKEN PIPELINE LLC MCK-148-105-36-SW4	Gas Gathering Pipeline	8/29/2013
MCKENZIE ELECTRIC COOP INC MCK-153-96-36-NE4	Drop Line-Electric Distribution Line	9/13/2013
SM ENERGY COMPANY BIL-143-101-16-NE4, NW4, SE4	Salt Water Disposal Well – Extension	9/13/2013
CONTINENTAL RESOURCES INC BIL-144-99-36-SE4	Section Line Access Road	8/28/2013
GRIGGS COUNTY TELEPHONE COMPANY GRI-148-60-36-N2NE4, SW4, SW4SE4 GRI-148-61-36-SE4	Communication Cable	8/21/2013
WHITING OIL & GAS CORPORATION, MCK-149-99-16-NW4	Amend: Horizontal Oil Well	9/10/2013

PETRO-HUNT LLC WIL-154-99-16-NE4	Section Line Access Road	9/4/2013
MINNKOTA POWER COOP INC MCL-143-81-36-NW4 OLI-142-83-36-NE4, NW4	Access Road	9/10/2013
VANTAGE PIPELINE US LP DIV-164-103-36-NW4, SW4 WIL-159-97-36-SE4	Gas Gathering Pipeline	8/29/2013
ONEOK ROCKIES MIDSTREAM LLC BIL-142-102-16-NW4	Easement Release	8/26/2013
VANTAGE PIPELINE US LP DIV-164-103-36-NW4, SW4	Easement Release	8/27/2013
VANTAGE PIPELINE US LP WIL-159-97-36-SE4	Easement Release	8/27/2013
QEP ENERGY COMPANY MCK-149-95-16-NE4, NW4	Soil Testing	9/13/2013

A D J O U R N

There being no further business, the meeting was adjourned at 11:10 AM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the meeting of the
Board of University and School Lands**

The Land Board combined the "October 2013" meeting with the "November 2013" meeting.

**Minutes of the Meeting of the
Board of University and School Lands
November 13, 2013**

The October/November 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room November 13, 2013, at 9:05 AM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General

Members Absent:

None

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Michael D. Brand	Director, Surface Management Division
Drew Combs	Director, Minerals Management Division
Levi Erdmann	Programmer Analyst
Gerard Fisher	Assistant Director, Energy Infrastructure & Impact Office
Rick Owings	Assistant Administrator, Energy Infrastructure & Impact Office
Judith F. Schell	Administrative Assistant

Others in Attendance:

Chris Harvey	North Dakota Attorney's General Office
Tom Nehring	North Dakota Department of Health
Douglas Myers	State Fire Marshal
Ray Lambert	State Fire Marshal
Ron Klotter	R V Kuhns
Marcia Beard	R V Kuhns
Nick Smith	Bismarck Tribune
Mike Nowatski	Forum News Service

APPROVAL OF MINUTES

A motion to approve the minutes of the September 26, 2013 meeting was made by Wayne Stenehjem and seconded by Al Jaeger. Motion carried.

ENERGY INFRASTRUCTURE AND IMPACT OFFICE (EIIO)

Energy Infrastructure and Impact Office. Emergency Medical Services / Fire District Award Recommendations

In August 2013, the Board approved preliminary guidelines and made appointments to the Emergency Medical Services (EMS) and Fire Department Impact Grants Advisory Committees. The purpose of the advisory committees is to assist in formulating recommendations for energy development impact grants for Board consideration. The committees include:

EMS Impact Grants Advisory Committee:

Kari Enget, Powers Lake	Alan Hanson, Williston	Lynn Hartman, Dickinson
Duane Estvold, New Town	Jennifer Hestekin, Bowman	Ann Hafner, Killdeer
Kerry Krikava, Watford City	Jerry Jurena, ND Hospital Assn	

Fire Department Impact Grants Advisory Committee:

Chief Robert (Bob) Sivak, Dickinson	Chief Bruce Schreiner, Garrison
Former Chief Cody Reis, Fairfield	Chief Jamie Germundson, Stanley
Chief Oscar Knudtson, Watford City	Doug Myers, State Fire Marshal's Office

The Board allocated \$7 million of the oil and gas impact grant fund for consideration of EMS needs and \$6 million for fire district applications. These targets match or exceed the amounts designated by the 2013 Legislature in HB 1358 of \$7 million for EMS and \$3.5 million for Fire Protection Districts.

Grant applications were accepted through September, with a total of 142 applications, requesting \$23,851,029 received. The applications represent \$32,631,465 of total proposed projects.

Applications were scored by a representative of the Department of Health, Emergency Medical Services Division; a representative of the State Fire Marshal's Office; and EIIO staff using criteria of:

- The project need as a direct impact result from energy development
- The project meeting the objective identified for the grant round
- The project being ready to implement, i.e. planning and preliminary work completed
- Addressing public and personnel safety
- Financial need- giving consideration to cash on hand, tax levy and other revenue, including previous EIIO awards and debt

The EMS and Fire Department Impact Grants Advisory Committees met in Watford City on November 5, 2013. The committees' focus was to evaluate applications based upon:

- Critical and immediate needs
- Projects supporting enhanced readiness, quality and responsiveness of EMS and fire departments.
- Cooperative county/regional or mutual aid benefit projects that enhance for training, leadership development, and assets to improve emergency response
- Safety improvements, financial need; new builds and lines, project readiness and contribution to long-term service/department viability.

The following list are the awards recommended by the Energy Infrastructure and Impact Office in close coordination with staff from the Emergency Medical Services Division of the Health Department and the State Fire Marshal's Office and the Emergency Medical Services and Fire Department Impact Grants Advisory Committees:

Fall 2013 EMS and Fire Grant Round Award Recommendations

POLITICAL SUB NAME	COUNTY	APP NUMBER	SHORT DESCRIPTION	AMOUNT REQUESTED	Recommended Award
AMIDON RURAL FIRE DISTRICT	SLOPE	A140319	TURNOUT GEAR	\$7,000	\$7,000
BEACH COMMUNITY AMBULANCE SERVICE	GOLDEN VALLEY	A140283	12-LEAD CARDIAC MONITORS	\$48,000	\$24,000
BEACH COMMUNITY AMBULANCE SERVICE	GOLDEN VALLEY	A140282	STAFFING-PARAMEDIC	\$96,000	\$62,000
BEACH COMMUNITY AMBULANCE SERVICE	GOLDEN VALLEY	A140284	MANUFACTURED HOME FOR CREW MEMBERS	\$64,000	\$64,000
BEACH COMMUNITY AMBULANCE SERVICE	GOLDEN VALLEY	A140281	NEW AMBULANCE	\$200,000	\$100,000
BEULAH RURAL FIRE PROTECTION DISTRICT	MERCER	A140235	PPE REPLACEMENT	\$20,340	\$20,340
BILLINGS CO. RURAL FIRE PROTECTION DIST.	BILLINGS	A140288	TECHNICAL RESCUE PROJECT	\$25,982	\$20,786
BILLINGS CO. RURAL FIRE PROTECTION DIST.	BILLINGS	A140290	FIRE SUPPRESSION AND SAFETY PROJECT	\$122,130	\$97,704
BILLINGS CO. RURAL FIRE PROTECTION DIST.	BILLINGS	A140289	TACTICAL TANKER PROJECT, FAIRFIELD STATION	\$250,000	\$200,000
BILLINGS COUNTY	BILLINGS	A140276	COT LOADER	\$22,400	\$22,400
BILLINGS COUNTY	BILLINGS	A140273	STAFFING-PARAMEDIC	\$56,000	\$56,000
BOTTINEAU COUNTY	BOTTINEAU	A140218	QUICK RESPONSE VEHICLE	\$25,000	\$25,000
BOWMAN COUNTY RURAL AMBULANCE DISTRICT	BOWMAN	A140333	STAFFING	\$75,000	\$75,000
BOWMAN COUNTY RURAL AMBULANCE DISTRICT	BOWMAN	A140334	NEW AMBULANCE GARAGE	\$400,000	\$320,000
BURLINGTON CITY FIRE DEPARTMENT	WARD	A140258	SCBA REPLACEMENT	\$150,000	\$75,000

BURLINGTON RURAL FIRE DEPARTMENT	WARD	A140259	RESCUE TRUCK	\$175,000	\$175,000
CITY OF BEACH	GOLDEN VALLEY	A140267	2013 FORD F-150	\$30,000	\$15,000
CITY OF BELFIELD	STARK	A140325	COT LOADER	\$22,400	\$22,400
CITY OF BELFIELD	STARK	A140322	STAFFING-PARAMEDIC AND EMT	\$96,000	\$96,000
CITY OF BELFIELD	STARK	A140324	BUILDING ADDITION	\$320,000	\$288,000
CITY OF BOWMAN	BOWMAN	A140336	PROTECTION EQUIPMENT UPDATE	\$130,280	\$65,140
CITY OF CROSBY	DIVIDE	A140335	PUMPER/TANKER TRUCK	\$319,000	\$159,500
CITY OF DODGE	DUNN	A140205	EMERGENCY NOTIFICATION SIREN	\$10,485	\$9,438
CITY OF KENMARE	WARD	A140286	NEW AMBULANCE	\$80,000	\$80,000
CITY OF MEDORA	BILLINGS	A140253	NEW EMERGENCY SERVICES BUILDING	\$500,000	\$250,000
CITY OF NEW TOWN	MOUNTRAIL	A140297	RESCUE TRUCK	\$99,337	\$99,337
CITY OF STANLEY	MOUNTRAIL	A140270	NEW AMBULANCE	\$200,000	\$200,000
CITY OF STANLEY	MOUNTRAIL	A140278	1/2 RESCUE TRUCK 15 EXTRICATION PPE AND BOOTS	\$187,260	\$187,260
CITY OF TIOGA	WILLIAMS	A140242	BUILDING COMPLETION	\$100,000	\$90,000
CITY OF TIOGA	WILLIAMS	A140243	NEW AMBULANCE	\$200,000	\$180,000
CITY OF WATFORD CITY	MCKENZIE	A140266	NEW AMBULANCE, THREE GLIDE SCOPE, ADDITIONAL EQUIPMENT, STAFFING, VESTS	\$347,880	\$347,880
CITY OF WATFORD CITY	MCKENZIE	A140241	LADDER TRUCK AND TURN OUT GEAR	\$1,100,000	\$880,000
DES LACS FIRE DISTRICT	WARD	A140346	SCBA UPGRADE/PPE TURNOUT GEAR/FIRE EQUIPMENT	\$43,000	\$40,080
DICKINSON RURAL FIRE DISTRICT	STARK	A140263	NEW 1500 GALLON WATER 500 GALLON FOAM PUMPER TENDER	\$625,000	\$500,000
DIVIDE COUNTY AMBULANCE SERVICE	DIVIDE	A140331	STAFFING	\$105,120	\$105,120
EPPING RURAL FIRE DISTRICT	WILLIAMS	A140332	TANKER PUMPER	\$183,000	\$146,400
FORTUNA RURAL FIRE DISTRICT	DIVIDE	A140304	EXTRICATION EQUIPMENT AND TRAINING	\$20,000	\$20,000
GLADSTONE CONSOLIDATED FIRE DISTRICT	STARK	A140317	CONSTRUCTION OF A FIRE HALL	\$350,000	\$175,000
GRASSY BUTTE FIRE DISTRICT	MCKENZIE	A140279	SAFETY GEAR	\$17,600	\$14,080

GRENORA AMBULANCE DISTRICT	WILLIAMS	A140224	EQUIPMENT	\$42,228	\$18,000
GRENORA AMBULANCE DISTRICT	WILLIAMS	A140221	PERSONNEL	\$91,800	\$45,900
GRENORA AMBULANCE DISTRICT	WILLIAMS	A140222	4X4 AMBULANCE	\$240,000	\$100,000
GRENORA FIRE DISTRICT	WILLIAMS	A140255	RESCUE TRUCK AND EQUIPMENT	\$182,000	\$169,600
HALLIDAY RURAL FIRE DISTRICT	DUNN	A140264	FIRE AND AMBULANCE HALL	\$831,400	\$415,700
HAZEN RURAL FIRE PROTECTION DISTRICT	MERCER	A140300	HEAVY RESCUE TRUCK	\$280,000	\$75,000
KENMARE RURAL FIRE PROTECTION DISTRICT	WARD	A140225	FIRE SUITS	\$5,141	\$4,113
KILLDEER AREA AMBULANCE DISTRICT	DUNN	A140309	DEVELOPMENT AND SUSTAINABILITY	\$548,550	\$398,600
LANSFORD FIRE DISTRICT	BOTTINEAU	A140247	OILFIELD AND AUTO EXTRICATION TOOLS AND EQUIPMENT	\$30,000	\$24,000
LIGNITE FIRE DISTRICT	BURKE	A140327	QUICK ATTACK UNIT	\$140,000	\$132,400
MAXBASS RURAL FIRE DEPARTMENT	BOTTINEAU	A140236	BUNKER GEAR REPLACEMENT & ADDITIONAL AIR PACKS	\$28,125	\$22,500
MERCER COUNTY RURAL AMBULANCE DISTRICT	MERCER	A140250	NEW AMBULANCE	\$153,000	\$138,400
MINOT RURAL FIRE DISTRICT	WARD	A140219	NEW RESCUE TRUCK	\$225,000	\$180,000
MOHALL RURAL FIRE DISTRICT	RENVILLE	A140251	EXTRICATION EQUIPMENT/TOOLS	\$22,243	\$17,794
MOHALL RURAL FIRE DISTRICT	RENVILLE	A140252	2014 FORD F550 CAB AND CHASSIS	\$37,145	\$29,716
NEW ENGLAND RURAL FIRE DISTRICT	SLOPE	A140305	WATER TANKER AND SKID UNIT	\$120,000	\$60,000
NEW ENGLAND RURAL FIRE DISTRICT	SLOPE	A140306	NEW AMBULANCE	\$150,000	\$150,000
NEW ENGLAND RURAL FIRE DISTRICT	SLOPE	A140307	EMERGENCY SERVICES BUILDING PROJECT	\$230,000	\$207,000
NEW TOWN AMBULANCE	MOUNTRAIL	A140343	RENOVATION OF EXISTING AMBULANCE HALL	\$583,496	\$583,496
NEW TOWN RURAL FIRE DISTRICT	MOUNTRAIL	A140299	RESCUE AND TANKER TRUCK	\$356,663	\$356,663

NORTHWEST HOSPITAL TAX DISTRICT	DIVIDE	A140244	E EMERGENCY SYSTEM	\$73,836	\$50,000
PARSHALL RURAL FIRE DISTRICT	MOUNTRAIL	A140233	TURNOUT/SCBA	\$155,000	\$124,000
PARSHALL RURAL FIRE DISTRICT	MOUNTRAIL	A140232	NEW FIRE STATION	\$1,300,000	\$200,000
PLAZA FIRE DISTRICT	MOUNTRAIL	A140256	NEW AMBULANCE	\$225,000	\$100,000
PLAZA FIRE DISTRICT	MOUNTRAIL	A140257	BUILDING AN ADDITION	\$325,000	\$162,500
PORTAL RURAL AMBULANCE DISTRICT	BURKE	A140302	NEW AMBULANCE BUILDING	\$254,400	\$203,520
POWERS LAKE RURAL AMBULANCE DISTRICT	BURKE	A140291	AMBULANCE BUILDING COMPLETION	\$130,000	\$130,000
POWERS LAKE RURAL FIRE DISTRICT	BURKE	A140212	PERSONAL PROTECTION GEAR	\$152,000	\$134,400
RAY AMBULANCE DISTRICT	WILLIAMS	A140262	BUILDING EXPANSION	\$287,500	\$258,750
RAY FIRE DISTRICT	BOTTINEAU	A140261	BUILDING EXPANSION	\$287,500	\$258,750
RENVILLE COUNTY RURAL AMBULANCE DISTRICT	RENVILLE	A140296	NEW AMBULANCE	\$31,935	\$31,935
RENVILLE COUNTY RURAL AMBULANCE DISTRICT	RENVILLE	A140293	STAFFING FOR MOHALL AMBULANCE	\$41,845	\$41,845
RICHARDTON RURAL FIRE DISTRICT	STARK	A140313	REPLACE OUTDATED TURNOUT GEAR	\$17,850	\$14,280
RICHARDTON-TAYLOR RURAL AMBULANCE DISTRICT	STARK	A140269	AMBULANCE GARAGE	\$303,306	\$242,645
SENTINEL RURAL FIRE PROTECTION DISTRICT	GOLDEN VALLEY	A140285	NEW TRUCK	\$50,000	\$40,000
SHERWOOD RURAL FIRE DIST	RENVILLE	A140260	UPDATE AMBULANCE EQUIPMENT	\$5,000	\$4,000
SOURIS RURAL FIRE DISTRICT	BOTTINEAU	A140215	SCBA UPDATE	\$8,500	\$7,200
SOUTH HEART FIRE DISTRICT	STARK	A140240	NEW FIRE VEHICLE	\$35,000	\$35,000
STANLEY RURAL FIRE DISTRICT	MOUNTRAIL	A140277	1/2 RESCUE TRUCK AND 15 EXTRICATION PPE AND BOOTS	\$176,880	\$176,880
STARK COUNTY	STARK	A140337	STAFFING	\$25,000	\$25,000

STARK COUNTY	STARK	A140338	DICKINSON AMBULANCE STAFFING AND EQUIPMENT	\$227,666	\$182,133
TOLLEY FIRE DEPARTMENT	RENVILLE	A140330	BUNKER GEAR & FIRE SUITS	\$15,000	\$12,000
TOLLEY FIRE DEPARTMENT	RENVILLE	A140329	60 X 60 BUILDING	\$100,000	\$50,000
TRENTON TOWNSHIP	WILLIAMS	A140314	NEW PUMPER TRUCK	\$300,000	\$240,000
WEST DUNN RURAL FIRE DISTRICT	DUNN	A140308	NEW TRUCK	\$300,000	\$300,000
WESTHOPE RURAL FIRE DISTRICT	BOTTINEAU	A140238	NEW PICKUP TRUCK AND EXTRICATION EQUIPMENT	\$75,000	\$60,000
WILDROSE FIRE DISTRICT	WILLIAMS	A140206	NEW FIRE HALL	\$650,000	\$325,000
WILLISTON RURAL FIRE DISTRICT	WILLIAMS	A140310	WILDLAND-URBAN INTERFACE/PUMPER/RE SCUE TRUCK	\$370,000	\$360,000
87	Awards				\$12,213,585

The \$12,213,585 in recommended awards includes \$5,220,343 for EMS; and \$6,993,242 for fire districts. The Board previously targeted \$13 million for emergency response requests. The \$786,415 will be carried forward and added to the \$4 million allocation for EMS and Fire Departments in FY 2015.

The \$5,220,343 recommended for EMS, means that \$1,779,657 remains to be awarded during the biennium to reach the \$7 million designated by the 2013 Legislature for that purpose.

Motion: That the Board formally award \$12,213,585 from the Oil and Gas Impact Grant Fund to the 65 Emergency Medical Services and Fire Districts identified in the 87 award recommendations listed above. Further, that the Board confirms that \$5,220,343 of the \$7 million designated for EMS and the entire \$3.5 million allocated for Fire Departments as required by the 2013 Legislative Assembly is satisfied.

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

K-12 Schools Grant Round Update

In June, the Board approved preliminary guidelines and made appointments to the K-12 Schools Grants Advisory Committee made up of education leaders. The Board allocated \$12.5 million of the oil and gas impact grant fund for use in the K-12 school's grant round in both FY 2014 and FY 2015. In August 2013, the Board made 30 grants to 23 schools totaling \$6,852,779.

The Board has \$5.6 million remaining of the \$12.5 million that it allocated for schools in the current fiscal year.

Fifty applications requesting \$15.1 million were received in September. Recommendations for awards are planned to be presented to the Board at its December meeting.

Higher Education Institution Grant Round Updates

The 2013 Legislative Assembly identified \$4 million from the oil and gas impact grant fund be designated for awards to institutions of higher education being impacted by oil and gas

development. The EIO is working with the University System to develop grant guidelines. The Chancellor's Office will work with the EIO to provide recommendations for the Board's December meeting.

INVESTMENTS DIVISION

Investment Study. (No Action Required)

Ron Klotter and Marcia Beard from R. V. Kuhns (RVK) attended the meeting to continue work on the Board's investment study.

The consultants have nearly completed the investment review project for which they were hired.

RVK along with the Board:

- Reviewed recommendations to invest the Permanent Trust Funds in accordance with the approved strategic asset allocation targets.
- Reviewed recommendations for the asset allocation of the Strategic Investment and Improvements Fund (SIIF).
- Discussed a proposed implementation strategy and timeline.

The Commissioner sought the Board's direction in the selection of a qualified investment advisory firm or firms, to implement the investments and to serve as retained consultant. Under a renewable annual contract, the consulting firm could remain as a retained "partner," continuing to assist the Board in its fiduciary role in continually monitoring investment risk and performance.

The firm would assist the Board and staff in:

- strategy determination within each asset class
- manager review, due diligence and evaluation
- detailing a transition plan of moving of assets to approved investment managers

North Dakota Century Code 54-44.4-02 provides the Board with an exception to professional services procurement laws in selection of investment advisors.

Motion: That the Board directs the Commissioner to initiate a review of qualified firms to assist in the implementation of the asset allocation plan; and for ongoing investment performance monitoring. The Commissioner should negotiate with a qualified firm and submit the proposed terms for Board consideration at a future meeting.

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

MINERALS MANAGEMENT DIVISION

Coal Leasing Rules Review. The 2013 Legislature passed SB 2312, which removed the statutory royalty minimums for coal. The statute now states in part that for "a royalty upon the coal as the board may deem fair and in the best interest of the state." The bill also permits the Board to renegotiate its existing coal leases.

The bill was introduced and passed because the statutory royalty made the trust coal minerals unprofitable, causing mine operators to consider plans to avoid producing the trust and state minerals.

Assisted by Attorney General staff, the Commissioner has initiated a review of the Board's coal leasing rules, in part to incorporate a mechanism to determine a fair market royalty rate and surface damage consideration.

With the assistance of the AG's office and industry officials, the Commissioner anticipates including a price discovery mechanism or a third party price index provision into the rules, so that a fair basis for royalty determination is established before minerals are nominated for leasing.

The Commissioner intends to deliver a set of proposed coal rules and an updated lease template, for the Board's consideration in the near future.

REPORTS

Eide Bailly Audit: The Board reviewed the Eide Bailly Audit of Financial Statement for year ending June 30, 2013 and 2012.

Financial Statements. The Board reviewed the Financial Statement Summary and Total Assets by Trust as of August 31, 2013. These reports are on file at the Department of Trust Lands office.

Quarterly Update of Revenue Compliance Efforts. The Board reviewed the quarterly summary of the Revenue Compliance Division royalty and other collections made on behalf of the trusts and other funds. The Division reviews past oil and gas royalty payments to determine if payments were made in accordance with the Board's lease terms, rules and regulations, and North Dakota statutes. The total oil and gas royalty revenue collected July - September, 2013 was \$79,702,366. Included in this total is \$1.2 million that is a result of enhanced efforts to examine royalty reports and submittals.

REVENUE COMPLIANCE SUMMARY			
	Biennium 2011-2013		Quarter Ended September 30, 2013
Additional Royalties Collected	\$ 9,544,389		\$ 1,147,011
Additional Taxes or Other Deductions Collected	\$ 1,284,602		\$ 3,078
Penalties Collected	\$ 662,625		\$ 56,530
Total Collected	\$ 11,491,616		\$ 1,206,619
NDIC Report Corrections	55		3

In addition to royalty collection efforts, the Revenue Compliance Division together with the Minerals Management Division has worked to identify non- and low-producing leases in an effort to encourage leaseholders to satisfy the terms or terminate the lease.

These efforts have motivated operators to renegotiate lease terms and bring the wells back to a more productive status, or to acknowledge the lack of production and allow the lease to expire. To date, this action has resulted in 2,627 acres that were previously designated as "held by production" being made available to lease again, where they can generate new lease bonus revenues for the trusts and eventually higher production and royalty revenues.

NON-PRODUCING LEASE SUMMARY			
	Biennium 2011-2013		Quarter Ended September 30, 2013

Acres Relinquished	2,467.81	160.00
Bonus Received from leasing relinquished Acres	\$ 1,298,492	\$ 0

Report of Easements Issued by Land Commissioner. The Board reviewed a memo showing easements issued by the Land Commissioner (09-17-13 through 11-05-13) pursuant to Board authorization.

ENABLE BAKKEN CRUDE SERVICES LLC MCK-148-98-16-NE4 MCK-149-96-36-SE4 MCK-149-97-16-NE4, NW4, SE4 MCK-149-97-36-NW4, W2SW4, LOTS 4,5,6	Multiple Pipelines	09/19/13
ENABLE BAKKEN CRUDE SERVICES LLC DUN-148-96-16-N2SE4, SW4SE4, LOT 2, N2SW4, SE4SW4, LOT 1 DUN-148-97-36-NE4, NW4, SE4	Multiple Pipelines	09/19/13
AMERICAN EAGLE ENERGY CORP DIV-164-102-36-SW4	Section Line Access Road	10/17/13
SAMSON RESOURCES COMPANY DIV-163-100-36-SW4	Amend: Horizontal Oil Well	09/24/13
SHERIDAN ELECTRIC COOP INC DIV-163-100-34-NW4	Electric Transmission Line	10/29/13
MEADOWLARK MIDSTREAM CO LLC MOU-156-93-36-NE4, NW4	Gas Gathering Pipeline	10/07/13
HESS CORPORATION MOU-154-94-16-SE4	Multiple Pipelines & Communication Cable	10/17/13
BRIDGER PIPELINE LLC MOU-153-90-6-NE4	Oil Gathering Pipeline	10/18/13
HESS CORPORATION MOU-155-93-36-NW4	Drop Line-Multiple Pipelines & Communication Cable	10/22/13
CONSOLIDATED TELCOM DUN-144-96-36-SE4, SW4 DUN-144-97-36-SE4	Communication Cable-Buried	10/28/13
HILAND CRUDE LLC WIL-156-100-9-S2SE4	Drop Line-Oil Gathering Pipeline	09/24/13
RESERVATION TELEPHONE COOPERATIVE MOU-150-92-10-S2SW4	Communication Cable-Buried	10/28/13
BOE PIPELINE LLC DUN-144-96-36-SW4	Oil Gathering Pipeline	10/03/13
KEM ELECTRIC COOPERATIVE, INC KID-139-73-2-SW4	Electric Distribution Line	09/24/13
HILAND CRUDE LLC MCK-153-98-36-SW4	Drop Line-Oil Gathering Pipeline	09/16/13
CONTINENTAL RESOURCES INC DIV-161-95-16-NE4, NW4	Salt Water Pipeline	10/30/13

HILAND CRUDE LLC WIL-156-101-16-NE4	Drop Line-Oil Gathering Pipeline	10/18/13
HILAND CRUDE LLC MCK-152-102-36-NE4	Oil Gathering Pipeline	09/26/13
SLOPE ELECTRIC COOP INC BOW-129-102-16-SE4 LESS SCHOOL SITE, SW4	Electric Distribution Line	09/26/13
CONTINENTAL RESOURCES INC BIL-144-99-16-SE4, SW4	Access Road	10/18/13
WHITING OIL AND GAS CORPORATION MOU-153-91-16-NW4	Amend: Drop Line-Multiple Pipelines	09/24/13
SLOPE ELECTRIC COOP INC BOW-130-104-16-NE4	Line-Electric Distribution Line	10/17/13
CONTINENTAL RESOURCES INC MOU-153-93-36-SE4 SOUTH OF HWY	Access Road	10/18/13
ATWELL LLC WAR-155-84-1-SW4NW4 LYING N & E OF RIVER CENTERLINE	General Land Surveys	10/15/13
SAMSON RESOURCES COMPANY DIV-163-100-36-SW4	Amend: Horizontal Oil Well	10/30/13
STUTSMAN COUNTY HIGHWAY DEPT STU-141-67-14-NE4	Lease: Borrow	10/24/13
XTO ENERGY INC For WIL-155-96-16-NE4	Amend: Horizontal Oil Well	10/31/13

The following letters of permission were issued to groups wishing to use school trust lands under the Board's policy for access to trust lands by organizations. No fees are charged for this use.

PLEASANTANDSONS ADA-129-94-16-NE4, NW4	Access to School Land	9/18/13
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November Oil and Gas Lease Auction Results. The Board reviewed a report of the results from the November 05, 2013 oil and gas lease sale, which was held in the House Chambers in the North Dakota State Capitol. The memo is on file at the Department of Trust Lands office and was for the Board's information.

A D J O U R N

There being no further business, the meeting was adjourned at 10:40 AM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands

**Minutes of the Meeting of the
Board of University and School Lands
December 18, 2013**

The December 18, 2013 meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:34 AM by Chairman Jack Dalrymple.

Members Present:

Jack Dalrymple	Governor
Kirsten Baesler	Superintendent of Public Instruction
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Wayne Stenehjem	Attorney General

Members Absent:

None

Department of Trust Lands Personnel:

Lance D. Gaebe	Land Commissioner
Jeff Engleson	Director, Investment Division
Michael D. Brand	Director, Surface Management Division
Drew Combs	Director, Minerals Management Division
Levi Erdmann	Programmer Analyst
Gerard Fisher	Assistant Director, Energy Infrastructure & Impact Office
Linda Fisher	Unclaimed Property Administrator
Peggy Gudvangen	Account Budget Specialist
Rick Owings	Grants Assistant, Energy Infrastructure and Impact Office
Judith F. Schell	Administrative Assistant

Others in Attendance:

Marlyn Vatne	Powers Lake, ND
Chris Harvey	Office of Attorney General
Bob Marthaller	Department of Public Instruction
Larry Skogen	ND University System
Jim Melchior	North American Coal
Jerod Tufte	Governor's Office
Mike Nowatski	Forum News Service
Nick Smith	The Bismarck Tribune

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 November 13, 2013 meeting was made by Secretary Jaeger and seconded by Attorney General Stenehjem. Motion carried.

ENERGY INFRASTRUCTURE AND IMPACT OFFICE (EIIO)

Energy Infrastructure and Impact Office (EIIO). K-12 Schools Impact Energy Grant Round Award Recommendations

The Board allocated \$12.5 million of the oil and gas impact grant fund for K-12 schools in FY 2014. In August, the Board awarded \$6,852,779 to K-12 schools for infrastructure needs resulting from oil and gas development, leaving \$5,647,221 to award to K-12 schools to reach the FY 2014 target.

Applications were accepted September 27, 2013 through October 18, 2013. A total of 50 applications were received requesting \$15,206,258 in grant funds. The applications represent \$22,456,505 of school projects.

The applications were scored by a representative of the Department of Public Instruction and EIIO staff using the following criteria:

- As direct impact resulting from energy development
- The project meeting the grant round objective
- Readiness, i.e. planning and preliminary work completed
- Safety issues
- Financial need including: cash on hand (year-end balance), tax levy and other revenue including estimated gross production tax distributions, previous EIIO awards, unused EIIO award balances and any bond issue or debt

The advisory committee that the Board previously appointed includes:

Steve Holen, Watford City	Mike Ness, Hazen
Marc Bluestone, New Town	Gary Wilz, Killdeer
Ben Schafer, Ray	Robert Marthaller, Dept. of Public Instruction

The Advisory Committee reviewed all applications and focused it's recommendations on:

- Critical and immediate needs
- Security needs
- Temporary portable classroom space and repurposing space to support increases in student population
- Affordable teacher housing

The shaded column in the list on the following pages contains the grants recommended by the EIIO and the advisory committee and approved by the Board. The chart also references totals awarded in FY 2014.

**ENERGY INFRASTRUCTURE AND IMPACT OFFICE -
SECOND 2013 K-12 SCHOOLS AWARDS**

POLITICAL SUB NAME	CITY	COUNTY	APP NUMBER	SHORT DESCRIPTION	AMOUNT REQUESTED	RECOMMENDED AWARDS	AWARDED AUGUST 2013	FY 2014 TOTAL AWARDS
ALEXANDER PSD #2	ALEXANDER	MCKENZIE	A140347	SAFETY OF STUDENTS AND FACULTY	\$43,680	\$30,000		
ALEXANDER PSD #2	ALEXANDER	MCKENZIE	A140349	MODULAR CLASSROOMS	\$148,800	\$148,800		
ALEXANDER PSD #2	ALEXANDER	MCKENZIE	A140348	TEACHER HOUSING	\$268,000	\$268,000	\$55,000	\$501,800
BEACH PSD #3	BEACH	GOLDEN VALLEY	A140351	EDUCATOR HOUSING	\$231,440	\$231,440	\$280,730	\$512,170
BELFIELD PSD #013	BELFIELD	STARK	A140352	SCHOOL SECURITY AND TEACHER HOUSING	\$55,000	\$55,000	\$28,000	\$83,000
BOTTINEAU PSD #1	BOTTINEAU	BOTTINEAU		AWARDED IN AUGUST 2013			\$45,000	\$45,000
BOWBELLS PSD #14	BOWBELLS	BURKE	A140353	SECURITY IMPROVEMENTS	\$50,000	\$40,000	\$256,000	\$296,000
BOWMAN PSD	BOWMAN	BOWMAN	A140355	2013-2014 PHASE 2 IMPACTS	\$291,360	\$129,700	\$256,080	\$385,780
BURKE CENTRAL PSD #36	LIGNITE	BURKE	A140356	SECURITY AND SURVEILLANCE SYSTEM	\$49,600	\$49,600	\$256,000	\$305,600
DIVIDE COUNTY PSD #1	CROSBY	DIVIDE	A140358	PAGING AND CAMERA SURVEILLANCE SYSTEM	\$91,200	\$91,200		
DIVIDE COUNTY PSD #1	CROSBY	DIVIDE	A140360	PURCHASE BUILDING SITE FOR 4-PLEX HOUSING UNIT	\$64,000	\$64,000		
DIVIDE COUNTY PSD #1	CROSBY	DIVIDE	A140359	HANDICAP ACCESSIBLE BUS AND REGULAR BUS	\$213,600	\$35,000	\$481,583	\$671,783
EIGHT MILE PSD #6	TRENTON	WILLIAMS	A140362	TEACHER HOUSING	\$190,000	\$152,000	\$230,359	\$382,359
GRENORA PSD #99	GRENORA	WILLIAMS	A140363	HVAC 2013/2014	\$500,000	\$400,000	\$100,000	\$500,000

HALLIDAY SCHOOL DISTRICT	HALLIDAY	DUNN		AWARDED IN AUGUST 2013			\$18,116	\$18,116
KILLDEER PSD	KILLDEER	DUNN	A140372	SCHOOL SAFETY AND SECURITY	\$69,270	\$48,000		
KILLDEER PSD	KILLDEER	DUNN	A140373	BUS CAMERAS	\$13,720	\$13,720		
KILLDEER PSD	KILLDEER	DUNN	A140374	SCHOOL LUNCH PROGRAM EXPANSION	\$21,092	\$21,092	\$804,190	\$887,002
MANDAREE PSD#36	MANDAREE	MCKENZIE	A140375	CLASSROOM EXPANSION	\$50,316	\$50,316	\$800,000	\$850,316
MARMARTH SCHOOL DISTRICT	MARMARTH	SLOPE	A140376	MARMARTH SCHOOL EXPANSION	\$200,000	\$10,000		\$10,000
MCKENZIE PSD #1	WATFORD CITY	MCKENZIE	A140377	LAND ACQUISITION	\$2,000,000	\$1,376,196	\$1,794,277	\$3,170,473
MOHALL LANSFORD SHERWOOD PSD	MOHALL	RENVILLE	A140378	SECURITY UPDATE	\$102,320	\$82,843		\$82,843
NEDROSE ELEMENTARY SCHOOL	MINOT	WARD	A140379	MODULAR CLASSROOM #2	\$84,128	\$84,128	\$56,000	\$140,128
NESSON PSD #2	RAY	WILLIAMS	A140380	RAY PUBLIC SCHOOL ENERGY IMPACT NEEDS	\$2,380,700	\$750,000	\$230,160	\$980,160
NEWBURG PSD #54	NEWBURG	BOTTINEAU	A140381	INTERCOM, BELL AND KEY FOB SYSTEM	\$52,000	\$40,000		\$40,000
POWERS LAKE PSD #27	POWERS LAKE	BURKE	A140382	SCHOOL CONSTRUCTION AND RENOVATION	\$1,500,000	\$400,000		\$400,000
RICHARDTON-TAYLOR PSD	RICHARDTON	STARK	A140383	TRANSPORTATION AND FACILITY SECURITY	\$52,346	\$25,000	\$32,000	\$57,000

SOUTH HEART PSD	SOUTH HEART	STARK	A140385	SAFETY AND SECURITY NEEDS PROJECT	\$101,186	\$101,186	\$385,044	\$486,230
SOUTH PRAIRIE ELEMENTARY SCHOOL PSD #70	MINOT	WARD	A140386	PORTABLE CLASSROOM ADDITIONS	\$320,000	\$250,000		\$250,000
STANLEY PSD #2	STANLEY	MOUNTRAIL	A140387	TEACHER HOUSING	\$750,000	\$200,000	\$54,240	\$254,240
SURREY PSD #41	SURREY	WARD	A140391	PORTABLE / SECURITY	\$690,000	\$50,000	\$280,000	\$330,000
TIOGA PSD #15	TIOGA	WILLIAMS	A140393	SAFETY TPSD DOOR PROJECTS- HARDWARE AND LOCKS	\$136,000	\$115,000		
TIOGA PSD #15	TIOGA	WILLIAMS	A140392	ELEMENTARY KITCHEN / CAFETERIA	\$686,320	\$279,000		
TIOGA PSD #15	TIOGA	WILLIAMS	A140395	TIOGA SCHOOL EAPC (ARCHITECT) CONVENTIONAL AND TEMPORARY	\$56,000	\$56,000	\$310,000	\$760,000
WESTHOPE PSD #17	WESTHOPE	BOTTINEAU		AWARDED IN AUGUST 2013		\$0	\$80,000	\$80,000
YELLOWSTONE PSD #14	FAIRVIEW	MCKENZIE		AWARDED IN AUGUST 2013		\$0	\$20,000	\$20,000
32	Awards				\$11,462,078	\$5,647,221	\$6,852,779	\$12,500,000

Motion: That the Board award \$5,647,221 from the Oil and Gas Impact Grant Fund to the 24 K-12 schools identified in the 32 award recommendations listed in the preceding chart.

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

Energy Infrastructure and Impact Office (EIIO). Higher Education Energy Impact Grant Round Award Recommendations

The 2013 Legislature designated \$4 million of the Oil and Gas Impact Grant Funds to be awarded to higher education institutions experiencing direct impacts from oil and gas development.

Ten applications requesting \$6.9 million were received from seven higher education applicants.

The Board of Higher Education Chancellor's office reviewed all applications, applying the criteria jointly developed with the EIIO:

- College/University must be located in an oil producing county; or College/University must have a direct and demonstrable oil and gas development impact
- Project addresses impact realized from oil and gas development
- Funds must be used for one-time projects which can be sustained without state Energy Impact grant funding
- Preference given to projects leveraging other fund sources through public/private partnerships.

Using the above criteria, the Chancellor in conjunction with the EIIO recommended the following awards:

Energy Infrastructure and Impact Office Higher Education Grants

Campus	Short Description	Project Description	Requested Amount	Recommended Award
Dickinson State University	Security	Campus Access Control System: <i>Purchase hand hold devices for access control to campus sponsored events such as athletics, theatre, music, etc; and, hardware, wiring, etc. for ID card readers on selected exterior doors on all DSU buildings</i>	\$181,492	\$181,492
Dickinson State University	Housing	Renovation/Addition to one of the three existing residence halls into a more modern residence hall with apartment and suite style living configurations. <i>The renovation would not only assist in the recruitment of students, but also assist in the retention of upper classmen that are looking for affordable apartment style living.</i>	\$2,000,000	\$800,000
Minot State University	Security	Campus Security: <i>Install emergency stations; enhance video surveillance, improve lighting.</i>	\$1,485,000	\$1,018,508
Williston State College	Housing	Dickson Hall: <i>Demolition of vacant residence hall (\$250,000) and construction of WSC/WSC Foundation joint housing project (\$10,000,000).</i>	\$250,000	\$250,000

Williston State College	WF Training	Workforce Training Phase III construction: <i>Construction of a new building to be located adjacent to the Petroleum Safety and Technology Center (East Industrial Park), includes classrooms, offices, conference room, and a reception area. This project will allow the majority of the space vacated in the Crighton Bldg. by TrainND to be returned to the Diesel Program, for program expansion. In addition, last year the diesel program turned over one of their classrooms to TrainND. Other long-term plans may be developed for the Crighton Building, with private industry financial support of renovation.</i>	\$1,750,000 (8/13 SBHE approval \$700,000)	\$1,750,000
			\$5,666,492	\$4,000,000

Motion That the Board award five grants totaling \$4,000,000 from the Oil and Gas Impact Grant Fund to the three higher education institutions identified in the preceding list. Further, that the Board asserts that with these grants that the \$4 million of energy impact grants designated for higher education as required by the 2013 Legislative Assembly is satisfied.

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

Energy Infrastructure and Impact Office (EIIO). Cancellation of Aging Energy Impact Awards

The EIIO staff continues to work with political subdivisions on several aging awards. Results are being realized with reimbursement paperwork being received for several projects previously completed. Some older awards are extended if the political subdivision officials offer justification and a plan that their project will be completed.

Each year, notices of intent to cancel awards which are three years or older are sent to the political subdivisions responsible for the grant.

Cancellation notices will be sent in January 2014 for awards made in Fiscal Year 2011 having unused award balances.

Following is a list of balances of previous EIIO grants that were recommended for cancellation:

AWARDS RECOMMENDED FOR CANCELLATION

Political Subdivision	Award Year	Grant Number	Award Amount	Balance Remaining	Project
ARNEGARD RURAL FIRE DISTRICT	2009	Y04838	\$1,500.00	\$1,500.00	FIRE SUPPORT EQUIPMENT
BIG MEADOW TOWNSHIP	2009	Y04831	\$2,000.00	\$56.00	ROAD MAINTENANCE
BOWBELLS FIRE DISTRICT	2009	Y04938	\$10,000.00	\$21.52	PERSONAL PROTECTION EQUIPMENT
CITY OF BOWMAN	2009	Y04872	\$5,000.00	\$88.35	DECONTAMINATION AREA OF EMERGENCY ROOM

CITY OF NEW TOWN	2009	Y04925	\$10,000.00	\$725.00	MAIN STREET HWY 23
CITY OF RHAME	2010	Y05168	\$10,000.00	\$1,602.50	STREET IMPROVEMENTS
CITY OF TOLLEY	2010	Y04962	\$5,000.00	\$5,000.00	LOADER PROJECT
CITY OF TOLLEY	2010	Y04963	\$5,000.00	\$36.00	STREET IMPROVEMENT & GRAVELING
GOLVA RURAL FIRE DISTRICT	2010	Y05236	\$15,000.00	\$278.00	THERMO IMAGE CAMERA
GRASSLAND TOWNSHIP	2010	Y05054	\$7,500.00	\$278.00	ROAD GRAVELING
HAMLET TOWNSHIP	2009	Y04751	\$3,000.00	\$50.00	GRAVELING, MAINTAINING & ROCK REMOVAL
HARDSCRABBLE TOWNSHIP	2010	Y05138	\$10,000.00	\$552.23	ROAD MAINTENANCE
HORSE CREEK FIRE DISTRICT	2008	Y04439	\$10,000.00	\$9,876.00	PORTABLE FIRE EQUIPMENT
MCKENZIE COUNTY RURAL FIRE PROT. DIST.	2008	Y04538	\$8,000.00	\$13.00	FIRE PAGERS
MODEL TOWNSHIP	2010	Y05135	\$10,000.00	\$546.00	REBUILD & GRAVEL 38TH STREET & 70TH AVENUE
MONT TOWNSHIP	2010	Y05137	\$20,000.00	\$27.70	ROAD MAINTENANCE
PALERMO TOWNSHIP	2009	Y04726	\$10,000.00	\$68.00	GRAVEL ROADS
RHAME RURAL FIRE DISTRICT	2009	Y04946	\$15,000.00	\$14.60	REPLACE RADIO & PAGER
RHAME TOWNSHIP	2010	Y05169	\$10,000.00	\$50.00	FARMSTEAD DUST CONTROL PROJECT
SPRINGBROOK TOWNSHIP	2010	Y05157	\$5,000.00	\$5,000.00	REPLACE BRIDGE & CULVERT
STONE CREEK TOWNSHIP	2008	Y04468	\$4,000.00	\$11.50	GRAVEL, REPAIR & MAINTAIN ROADS
Total Award Balances to Cancel \$25,794.40					

Motion: That the Board cancel the 21 identified grants with a total of remaining balance of \$25,794.40. Subsequently, that the Board declare these funds available for future grants within the oil and gas impact grant fund.

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

INVESTMENTS DIVISION

Contract for Investment Implementation and Performance Monitoring – RV Kuhns

The Board had previously directed the Commissioner to review qualified consulting firms to assist the Board in the implementation of its asset allocation plan for investing of the financial assets of the trusts; and to assist with ongoing investment performance monitoring.

Based on the approved allocation, implementation will entail a search for a manager or multiple managers in emerging market equities, emerging market debt, liquid multi-asset, diversified inflation and core real estate. In addition each current asset class in the portfolio would be

evaluated to determine the appropriate active/passive/manager makeup. Depending on the outcome, additional searches could be needed. Separately, a specific allocation recommendation will be made for the Strategic Investment and Improvements Fund and a manager search or searches will be performed to implement that allocation.

In the search for a contractor to perform our investment study in early 2013, ten nationally recognized investment consulting firms were asked to submit proposals, and three were interviewed. Through that process, R.V. Kuhns and Associates (RVK) was hired to perform the study. After reviewing the responses from that search and in working with RVK on the study, the Commissioner recommends continuing with RVK for the implementation and monitoring role.

The Commissioner asked RVK to provide a breakdown of the scope of work involved to implement the Board's recently adopted asset allocation strategy and separately to provide performance monitoring service for one year, and to present a cost estimate for those services.

RVK's cost proposal separates the investment manager searches/portfolio restructuring from the performance monitoring services. The services would be provided in calendar year 2014, at which time the contract would be reevaluated and renegotiated. The breakdown of costs for the RVK service proposal is summarized:

Manager Searches/Portfolio Restructuring	\$ 130,000
Performance Monitoring	\$ 80,000
Combined Services Discount (20%)	<u>(\$ 42,000)</u>
Total Cost	\$ 168,000

The commissioner recommended hiring RVK as described herein. The asset allocation project would begin in 2014, with the objective to accomplish the majority of manager searches and recommendations for the Board within the six months. The monitoring effort would be ongoing for the calendar year.

Motion: That the Board authorize the Commissioner to enter into a one year engagement with RVK to implement the Board's asset allocation plan and to monitor investment performance, subject to a final review and approval of the contract by the Attorney General.

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

MINERALS MANAGEMENT DIVISION

Proposed Coal Rule Amendments

The 2013 Legislature passed SB 2312 now codified under N.D.C.C. § 15-05-01, which eliminated the statutory minimum royalty for coal leasing and permits the Board of University and School Lands to negotiate royalty rates. The bill also permits the Board to renegotiate its existing coal leases.

Upon reviewing the Board's rules for implementing SB 2312, it became clear that the coal rules, as a whole, needed updating and modifying. An advisory group consisting of representatives of the coal industry, the Attorney General's office, and Department of Trust Lands staff reviewed the entirety of the coal rules.

The group suggested amendments of the coal leasing rules to modernize terminology, streamline processes, and incorporate a royalty negotiation process. The proposed amendments were presented to the Board and a copy as reviewed follows:

**COAL RULES AND REGULATIONS
BOARD OF UNIVERSITY AND SCHOOL LANDS
RULES 15-05**

R 15-05-01 AUTHORITY. These rules are adopted and promulgated by the Board of University and School Lands pursuant to Section 15-05-05 of the North Dakota Century Code. It is intended that these rules will allow the Board to effectively carry out the provisions of North Dakota Century Code Chapter 15-05 and provide a procedure for entering into leases for coal under the control of the Board as required by the fiduciary duties of the Board.

R 15-05-02 DEFINITIONS. As used in these rules, the following definitions shall apply:

1. **"Board"** shall mean the Board of University and School Lands which is composed of the Governor, Secretary of State, Attorney General, State Treasurer and Superintendent of Public Instruction, as provided in Chapter 15-01 of the North Dakota Century Code.
2. **"Coal"** shall mean all kinds of coal and shall include what is known as lignite coal and leonardite.
3. **"Commissioner"** shall mean the Commissioner of University and School Lands as provided for in Chapter 15-02 of the North Dakota Century Code and the Commissioner's designated representatives.
4. **"Department of Trust Lands"** shall mean the office of the Commissioner of University and School Lands.
5. **"Improvements"** shall mean surface improvements, machinery, and other equipment used and necessary for the extraction of coal and work performed in the development of the property for such purposes when the development work is of practical value for future operations upon the land.
6. **"Lessee"** shall mean the original lessee and the assignee of an assignment duly approved by the Board pursuant to Section 15-05-15 of the North Dakota Century Code.
7. **"Mining operation"** shall mean any type of activity, the aim of which is to discover the presence of coal, or to remove the coal so discovered from their original position on or in the land by any means whatsoever.
8. **"Permittee"** shall mean one who holds a prospecting permit from the Board, the aim of which is to discover the presence of coal.
9. **"Surface estate"** shall mean an estate in or ownership of the surface of a particular tract of land.

R 15-05-03 COAL PROSPECTING PERMITS.

1. Applications for prospecting permits shall be considered only for such lands as may be shown to be open for leasing upon the records of the Department of Trust Lands. The Board reserves the right to reject any and all applications at any time before a prospecting permit is issued. If the Board has knowledge that the land contains valuable deposits of coal, it may offer to lease the coal instead of issuing a permit.
2. Each application for a prospecting permit shall be made upon forms prescribed and furnished by the Board and shall be accompanied by an application fee to be determined by the Board. An additional fee for each test hole, to be determined by the Board, shall be paid to the Department of Trust Lands.
3. The prospecting permit shall be for a term of one year and shall be on a form prescribed and furnished by the Board.
4. Prospecting permits may not be assigned.
5. The Board shall have the right to inspect all operations of the permittee pertaining to prospecting activities, and at the request of the Board, the permittee shall make available for inspection in Bismarck, ND such reports, logs, samples, assays, or cores as deemed necessary to properly administer the lands, if such information is available.

6. The Board may cancel a prospecting permit for breach of any of the terms and conditions.
7. Upon discovery of coal in commercial quantities and upon full compliance with the terms and conditions of the prospecting permit, the permittee shall, upon proper application made before the expiration of the prospecting permit, be entitled to a negotiated lease covering all or any legal subdivision of said lands subject to the prospecting permit. The burden shall be upon the permittee to prove discovery of coal in commercial quantities.

R 15-05-04 LANDS SUBJECT TO COAL LEASE. Leases may be issued upon acreage shown to be open upon the records of the Department of Trust Lands . Leases shall not exceed one quarter-section of land.

R 15-05-05 APPLICATION FOR COAL LEASE. Application for leases shall be made upon forms prescribed and furnished by the Board and shall be accompanied by a non-refundable application fee to be determined by the Board.

R 15-05-06 NOTICE OF LEASING COAL LANDS. Upon receipt of an application for a lease and a determination by the Board that the application covers a tract it is willing to lease, it shall give notice, by the publication of such leasing, specifying the legal description of the lands to be leased, the time and place where the leasing will be held and that the Board will negotiate with all interested parties the bonus, term, delay rental and royalty provisions of the lease. The notice shall specify that the Board may accept the best and most acceptable offer and that it need not accept the highest bid. The notice will be published in the official paper of the county or counties in which the land is located and in a newspaper of general circulation published in the City of Bismarck.

R 15-05-07 NEGOTIATION OF COAL LEASES. Anyone is entitled to negotiate with the Board the terms and conditions of a lease. Prior to the time specified for negotiating a lease, each interested party shall submit in writing the bonus, term, delay rental and royalty which they are willing to offer. Each interested party shall make available for inspection in Bismarck, ND documentation showing that the bonus, term, delay rental and royalty being offered are consistent with market rates. Any interested party will have an opportunity to increase such offer in negotiations with the Board. The Board may refuse to enter into any lease, or it may accept what in its opinion is the best and most acceptable bid, and it need not accept the highest bid. The party negotiating a lease with the Board must pay the application fee (if not the original applicant), and one year's rental and bonus upon execution and delivery of the lease.

R 15-05-08 TERM OF COAL LEASE. The Board shall determine the appropriate term of any lease. At the end of the initial lease term, the lessee shall have the right to renew the lease for a like term; provided the lessee is in compliance with the other terms and conditions of the lease.

R 15-05-08.1 TERM OF LEASE ISSUED PURSUANT TO INTERIM COAL LEASING CRITERIA (RESCINDED BY BOARD 12-18-13).

R 15-05-09 MINIMUM DELAY RENTALS. The Board will lease lands for such delay rental as it deems fair and in the best interest of the state, provided that the minimum delay rental shall not be less than five dollars (\$5.00) per acre per year payable for as long as the lease is in full force and effect. The first year's delay rental shall be paid upon execution and delivery of the lease. Delay rental for each subsequent year of the lease shall be due and payable before the anniversary date of the lease, and upon failure to make such delay rental payment the lease shall terminate. The delay rentals paid under the lease shall not be deducted from the royalties as they accrue.

R 15-05-09.1 MINIMUM DELAY RENTALS FOR LEASES ISSUED PURSUANT TO INTERIM COAL LEASING CRITERIA (RESCINDED BY-BOARD 12-18-13).

R 15-05-10 MINIMUM ROYALTY. The Board will lease lands for such royalty rate as it deems fair and in the best interest of the state, provided that the minimum royalty shall not be less than fifteen cents (\$0.15) per ton. The royalty applies only to coal actually mined and saved from the leased premises. If the Board owns the surface estate of a particular tract in addition to the mineral estate, compensation for the surface damage will be

negotiated separately. If the Board owns or controls a smaller interest than the entire and undivided coal estate, the royalty must be paid to it only in proportion to its interest in the entire undivided fee. The Board may adjust royalty interests, if in the best interests of the trust.

R 15-05-11 BOND (RESCINDED BY BOARD 6-30-05).

R 15-05-12 ASSIGNMENTS. A lease shall not be assigned or transferred except with the written consent of the Board. The Board will not approve partial assignments and each assignment request must be accompanied by a non-refundable fee to be determined by the Board.

R 15-05-13 SURFACE OWNER PROTECTION. In all leases or prospecting permits where the Board is leasing or granting the right to explore for coal and has no interest in the surface estate, the lessee or permittee shall comply with the Surface Owner Protection Act (Ch. 321, S.L. 1975, Ch. 38-18, NDCC).

R 15-05-14 SURFACE DAMAGES AND DISRUPTION PAYMENTS. (RESCINDED BY BOARD 12-18-13).

R 15-05-15 FINANCIAL OBLIGATION TO RECLAIM. The lessee shall pay the entire cost of reclamation necessitated by the mining operation.

R 15-05-16 INSPECTION OF RECORDS AND OPERATIONS - REPORTS. To the extent necessary in order to determine compliance with a lease and these rules, the Board shall have the right to conduct a field audit, to inspect books of account, records of production, and the physical operations upon land of the lessee at all reasonable times and lessee shall submit such reports of operations, and productions and sales as the Board may deem necessary.

R 15-05-17 SALE OR LEASE OF STATE-OWNED LAND ON WHICH IMPROVEMENTS HAVE BEEN MADE - RIGHT OF OWNER OF IMPROVEMENTS.

If state-owned lands under a lease upon which improvements have been made are sold or leased to other than the owner of the improvements, the purchaser or new lessee shall pay to the owner of the improvements an amount agreed upon by the parties. If an agreement cannot be reached, the new lessee or purchaser shall pay the price fixed by an appraisal made under the authority of the Board.

R 15-05-17.1 DELEGATION. The Board may delegate to the Commissioner all powers the Board has under these rules, except the Board must approve the issuance of leases.

R 15-05-18 EFFECTIVE DATE. The effective date of these rules shall be July 1, 1975.

History:

Adopted	June 26, 1975
Revised	June 2, 1977
Revised	July 25, 1985
Revised	June 30, 2005
Revised	December 18, 2013

Motion: That the Board adopt the *Board of University and School Lands Coal Rules and Regulations Rules 15-05* as submitted.

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

Request for Oil And Gas Lease Waiver Of 30-Day Interruption Clause

Conoco has requested that the provision of the Board's oil and gas lease which permits for 30 cumulative day cessation of production to allow for of reworking operations be waived and extended to allow time to redrill and stimulate a non-performing well.

The spacing for the West Kellog 24-31H in McKenzie County contains 117.5 acres of minerals that the Board manages. The minerals were leased in November 2004 and initially drilled in January 2008. The well has not produced as expected and Conoco hopes that a recompletion will improve the well's performance.

The Board's lease provisions maintain that the lease will terminate after 60 days of no production and that the operator must commence reworking operations within that time period.

Paragraph 7 of the Board's standard Oil and Gas Lease states in part:

In the event that production of oil and/or gas in commercial quantities on the leased premises, after once obtained shall cease for any cause at or after the expiration of the primary term, this lease shall not terminate if lessee commences additional drilling or reworking operations on the leased premises within sixty (60) days after such cessations, and this lease shall remain in full force and effect so long as such operations continue in good faith, without interruptions totaling more than thirty (30) days during any such operations; if any such operations result in the production of oil and/or gas, this lease shall remain in full force and effect as long as oil and/or gas is produced in commercial quantities.

Conoco is confident that by utilizing improved techniques it can significantly increase the production from this well. Their timetable for the work involved in improving the well will approach 100 days, assuming no interruptions or problems.

The Commissioner anticipates similar requests to rework an existing well, which would require cessation of commercial production during redrilling process. Based upon recent inquiries, it is anticipated that this type of request will become more common.

Motion: That the Board authorize the Commissioner to sign the agreement with Conoco which will maintain the lease hold on the West Kellog 24-31H and permit the company to suspend production for up to 100 days while reworking the well; and separately to permit the Commissioner to approve similar reworking agreements on the Board's behalf if those agreements do not extend beyond 100 days cumulative production cessation and would likely enhance production and thus benefit the Trusts. The Board should be informed of suspension of lease terms.

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

QEP Proposed Grail Bakken Unit

The Board has received a request from QEP Resources to join trust mineral assets with other mineral owners in the South Antelope Field to form the proposed Grail Bakken Unit (24,947 acres).

The Board oversees 1523.67 mineral acres or 6.11 percent within this proposed unit in McKenzie County located just west of the Fort Berthold Reservation boundary.

QEP believes that this unit will increase overall production, protect correlative rights and decrease surface disturbance.

The Commissioner has requested the assistance of the State Geologist to undertake a critical analysis of the proposed unit and to evaluate the potential for increases in the recovery of hydrocarbons.

In the unitizations of multiple pools within a field, the majority of mineral owners must consent to participate in the proposed unit, so affirmative consent must be obtained for the unitization to proceed.

The State Geologist's completed analysis will be presented to the Board at a future meeting.

This memo was for the Boards Information. No action was requested.

O P E R A T I O N S

Contractor to Study Corps of Engineers Land as Required in HB 1338

On November 4, 2013, a request for proposals (RFP) was published to solicit offers for a contractor to conduct a study of issues and concerns relating to U.S. Army Corps of Engineers' Land and provide a report to the Secretary of the Board of University and School Lands as directed by the 2013 Legislature in HB1338.

The bidders were required to describe their plan to perform the following work:

- a. Review testimony in the 2009-2010 North Dakota legislative interim natural resources committee concerning options for noxious weed control on US Army Corps of Engineers land.
- b. Review the 2013 legislative session testimony on HB1338.
- c. Review transfers of land that occurred in South Dakota around Lake Oahe as instructive for the purposes of this study. The land transfer occurred under authority of Title VI of the Water Resources Development Act of 1999 and the Blunt Reservoir and Pierre Canal Land Conveyance Act of 2006.
- d. Assemble a public meeting in Bismarck to include interested individuals and entities as highlighted in HB1338 to help frame the issues and options, and identify options not previously identified.
- e. Review options related to addressing land management and access issues and provide a summary of each option including pros, cons, possible methods of implementation, and potential cost of implementation.

The minimum deliverables and approximate contract schedule is:

- Contract start: Approximately January 6, 2014
- Contractor submits first project progress report to the Board Secretary: March 4, 2014
- Contractor submits second project progress report to the Board Secretary: May 1, 2014
- Contractor submits first draft of study options to the Board Secretary: June 30, 2014
- Contractor shall attend and present a summary of the study report at the August 2014 Board meeting
- Prior to October 1, 2014, contractor is prepared to present a summary of the study report to a legislative committee

Proposals were received from 1) Odney, 2) Eide Bailly LLP, and 3) Covenant Consulting Group. With the assistance of the procurement officer with the state procurement office, on December 5, 2013, the evaluation committee formally reviewed and ranked the proposals.

Proposals were evaluated according to the criteria stated in the solicitation, which included the plan to accomplish the scope of work; experience and qualifications; and cost. The top ranked proposal was from Eide Bailly LLP and the firm indicated that its effort will be led by Jim Hauge.

Motion: That the Board directed the Commissioner to initiate issuance of the notice of intent to award for *RFP 22600-01-2014 – Study of Issues Relating to U.S. Army Corps of Engineers' Land* to Eide Bailly LLP, and authorize the Commissioner to negotiate the contract terms.

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

REPORTS

Investment Performance Report for Quarter Ending September 30, 2013. The investment performance report of the Land Board's investment program was reviewed. A complete copy of this report is on file at the Department of Trust Lands office and was for the Board's information; no action was required.

Financial Statements. The Board reviewed the Financial Statement Summary and Total Assets by Trust as of September 30, 2013. These reports are on file at the Department of Trust Lands office and were for the Board's information; no action was required.

Report of Easements Issued by Land Commissioner. (11-15-13 through 12-09-13: No Action Requested)

AMERICAN EAGLE ENERGY CORP DIV-164-102-36-SW4	Line Access Road	10/17/13
MOUNTRAIL-WILLIAMS ELECTRIC COOP WIL-156-101-36-SE4, SW4	Electric Distribution Line Above Ground	11/15/13
SHERIDAN ELECTRIC COOP INC DIV-163-100-34-NW4	Electric Transmission Line	10/29/13
ONEOK ROCKIES MIDSTREAM LLC MCK-151-100-16-NW4	Gas Gathering Pipeline	11/01/13
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-154-93-16-NE4, NW4, SE4, SW4	Electric Distribution Line Above Ground	11/25/13
HESS CORP MOU-154-94-16-SE4	Multiple Pipelines & Communication Cable	10/17/13
BRIDGER PIPELINE LLC MOU-153-90-6-NE4	Oil Gathering Pipeline	10/18/13
HESS CORP, A DELAWARE CORP MOU-155-93-36-NW4	Drop Line-Multiple Pipelines & Communication Cable	10/22/13
CONSOLIDATED TELCOM DUN-147-95-16-NE4 SOUTH OF HWY, NW4 SOUTH OF HWY, SE4, SW4 SOUTH OF HWY DUN-147-96-36-E2SE4, S2SW4	Communication Cable – Buried	11/20/13
CONSOLIDATED TELCOM DUN-144-96-36-SE4, SW4 DUN-144-97-36-SE4	Communication Cable – Buried	10/28/13

(12/13)

MCKENZIE ELECTRIC COOP INC MCK-152-97-36-NW4, SW4	Electric Distribution Line 1 Above Ground	1/22/13
RESERVATION TELEPHONE COOP MOU-150-92-10-S2SW4	Communication Cable – Buried	10/28/13
CONTINENTAL RESOURCES INC DIV-161-95-16-NE4, NW4	Salt Water Pipeline	10/30/13
HILAND CRUDE LLC WIL-156-101-16-NE4	Drop Line-Oil Gathering Pipeline	10/18/13
TRUE OIL LLC MCK-148-101-36-NW4	Access Road	11/22/13
USG WHEATLAND PIPELINE LLC MCK-151-102-36-NW4, SW4 MCK-152-102-36-SW4	Oil Gathering Pipeline	12/02/13
CONTINENTAL RESOURCES IN Access Road BIL-144-99-16-SE4, SW4		10/18/13
SLOPE ELECTRIC COOP INC BOW-130-104-16-NE4	Drop Line-Electric Distribution Line	10/17/13
RESERVATION TELEPHONE COOP MCK-152-101-36-NW4, SW4	Communication Cable – Buried	11/13/13
CONTINENTAL RESOURCES INC MOU-153-93-36-SE4 SOUTH OF HWY	Access Road	10/18/13
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-155-92-16-NW4	Drop Line-Electric Distribution Line	11/07/13
MOUNTRAIL-WILLIAMS ELECTRIC COOP MOU-155-94-28-NW4	Drop Line-Electric Distribution Line	11/07/13
NORTH PLAINS ENERGY LLC DIV-160-101-16-NE4, SE4	Multiple Pipelines	11/19/13
FIDELITY EXPLORATION & PRODUCTION CO MOU-155-91-30-NE4	Amend: Horizontal Oil Well	11/01/13
EOG RESOURCES INC MOU-153-90-6-NE4	Amend: Horizontal Oil Well	11/21/13
SAMSON RESOURCES COMPANY DIV-163-100-36-SW4	Amend: Horizontal Oil Well	10/30/13
MEADOWLARK MIDSTREAM CO LLC WIL-158-101-36-SE4, SW4	Multiple Pipelines	11/12/13
STUTSMAN COUNTY HIGHWAY DEPT STU-141-67-14-NE4	Lease: Borrow	10/24/13
TARGA BADLANDS LLC MCK-153-102-36-E2SW4 E OF ROAD, SE4	Amend: Oil Gathering Pipeline	11/01/13
XTO ENERGY INC WIL-155-96-16-NE4	Amend: Horizontal Oil Well	10/31/13
SLOPE ELECTRIC COOP INC BOW-131-105-16-SW4	Line-Electric Distribution Line	11/12/13
BUCKHORN ENERGY SERVICES LLC: MOU-154-91-16-SE4	Amend: Salt Water Pipeline	11/15/13

HILAND CRUDE LLC MCK-150-98-36-NE4, SE4, SW4	Oil Gathering Pipeline	11/25/13
ONEOK ROCKIES MIDSTREAM LLC MCK-148-105-36-SW4	Amend: Gas Gathering Pipeline	12/03/13
ROUGH RIDER ELECTRIC COOP, INC BIL-143-99-16-NW4	Drop Line-Electric Distribution Line	11/20/13
HILAND CRUDE LLC MCK-153-98-36-SW4	Amend: Drop Line-Pipeline	11/15/13
MEADOWLARK MIDSTREAM CO LLC WIL-158-103-36-SW4	Drop Line-Saltwater Pipeline	11/25/13
XTO ENERGY INC MCK-150-98-36-SE4, SW4	Amend: Horizontal Oil Well	12/03/13

The following letters of permission were issued to groups wishing to use school trust lands under the Board's policy for access to trust lands by organizations. No fees are charged for this use.

<u>STREAMLINE WATER SERVICES LLC</u> MCK-150-99-16-NW4	Access to School Land
<u>EDDY COUNTY WATER RES DISTRICT</u> EDD-150-63-16-N2SE4, SW4SE4, LOTS 1,2	Access to School Land
<u>PETRO-HUNT LLC</u> WIL-154-99-16-NW4	Access to School Land

ITEMS FOR THE BOARD'S AWARENESS

Proposal To List Two Insects as Threatened or Endangered Species

The US Fish and Wildlife Service recently proposed listing two grassland butterflies for possible listing as threatened or endangered. The proposal to list the Dakota Skipper as a threatened species and a designation of critical habitat, involve several thousand acres of private and trust land. The proposal to list the Poweshiek Skipperling as an endangered species does not appear to impact trust lands under the Board's management.

The Department has assembled a multi-agency science review team to evaluate the methodology the USFWS used to derive its conclusions and recommendations; the technical evaluation is led by the Director of the Surface Division, Dr. Mike Brand.

Trust Surface Land in Heritage Fund Requests

The Department has learned that some requests for Heritage Fund grants involve Board managed land including offers to enhance the wildlife habitat and/or sportsmen's access to Trust land.

The interested organizations were informed that the Department would cooperate and support the efforts, but that responsibility to generate revenue for the trusts is paramount.

Political Subdivision Requests to Purchase Trust Land

The Board is familiar with the process outlined in NDCC ch. 15-09, whereby the Board may sell trust land to a political subdivision for its appraised value, as long as the property will be used for a public purpose consistent with the entity power to condemn land.

The process has been used many times throughout the Board's history. With the dramatic increases in land prices, and thus the appraised value of trust land, some communities may seek to circumvent the legal procedure. Even though the land is leased for grazing, or in limited cases cultivation, the appraisals are for the true and full value of the property for any use. Under the

established process, communities are able to purchase trust land for the appraised value and not via a bidding process, which would be the alternative for selling the land.

Minot Daily News Letter to Editor

Prior to the Minot Public School District's December 10 public vote for a bond issue, a number of misleading letters and statements regarding the Board and Common Schools Trust Funds' role in the construction of local schools were published. In response, the Commissioner submitted a letter to the editor of the Minot newspaper which was published on December 8.

A D J O U R N

There being no further business, the meeting was adjourned at 11:05 AM.

Jack Dalrymple, Chairman
Board of University and School Lands

Lance D. Gaebe, Secretary
Board of University and School Lands