

**Minutes of the Meeting of the
Board of University and School Lands
May 31, 2018**

The May 31, 2018 meeting of the Board of University and School Lands was called to order at 8:03 AM in the Governor's Conference of the State Capitol by Chairman Doug Burgum.

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Wayne Stenehjem	Attorney General (via telephone)
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Drew Combs	Minerals Division Manager
Susan Dollinger	Unclaimed Property Administrator
Jeff Engleson	Investment Division Manager
Levi Erdmann	Investment Analyst
Michael Humann	Surface Division Manager
Kristie McCusker	Legal Assistant
Rick Owings	Administrative Officer
Gerard Schwan	Grants and Claims Division Manager

Guests in Attendance:

Troy Seibel	Office of the Attorney General
Dave Garner	Office of the Attorney General
Matt Sagsveen	Office of the Attorney General
Leslie Bakken Oliver	Governor's Legal Counsel
Bryan Cortes	Governor's Office
Donald LaFleur	State Auditor's Office
Ed Nagel	State Auditor's Office
Geoff Simon	Western Dakota Energy Association
Brady Pelton	NDPC
Jack Nathe	NDPC
Amy Dalrymple	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 April 24, 2018 meeting was made by Secretary of State Al Jaeger and seconded by State Treasurer Kelly Schmidt and the motion carried unanimously on a voice vote.

O P E R A T I O N S

Operations- Administrative Rules

In House Bill 1300, the 65th Legislative Assembly directed the Board of University and School Lands no longer be exempt from the Administrative Agencies Practice Act. With passage of this legislation, the Department began preparing rules to be considered by the Board, reviewed by the Office of Attorney General, and heard by the Legislative Rules Committee. The intent is to adopt these rules with an effective date of October 1, 2018.

The Department considered existing rules, together with policies and procedures, to incorporate necessary wording from those into rules which comply with the North Dakota Administrative Code. North Dakota Century Code § 28-32-07 states: "Any rule change, including a creation, amendment, or repeal, made to implement a statutory change must be adopted and filed with the legislative council within nine months of the effective date of the statutory change."

Rules concerning General Administration, Energy Infrastructure and Impact Grants, Unclaimed Property, Surface Land Management, and Loan Programs have been posted to the Department's website, publications of a notice of intent have been completed, and copies of these rules have been sent to sponsoring legislators. A public hearing on those rules was conducted on April 18, 2018 with no one from the public attended the hearing, thus the hearing officer (Hope Hogan) opened and closed the hearing. A recording of the hearing has been posted on the Department's website. The Department considered the one written comment received and a copy of the memorandum and the Department's considerations has been attached for the Board's review.

Motion: The Board approves the Commissioner providing the North Dakota Attorney General Office with the General Administration, Energy Infrastructure and Impact Grants, Unclaimed Property, Surface Land Management, and Loan Programs Administrative Rules for legal review.

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

Performance Audit Follow-Up

In January 2015 the State Auditor initiated a performance audit of the Department as directed by the Legislative Audit and Fiscal Review Committee with objectives that included:

- the effectiveness of Unclaimed Property administration,
- the effectiveness of Energy Infrastructure and Impact Office grants administration, and
- the effectiveness and efficiency of the Department of Trust Lands in obtaining, accounting for, and use of resources.

In January 2018 the State Auditor initiated the process of coordinating the follow-up to two of the three reports. The Energy Infrastructure and Impact Office grants has not received a follow-up as the office is being discontinued and the Oil and Gas Impact grants are earmarked funds.

As requested by the Legislative Audit and fiscal Review Committee, the State Auditor conducted follow-up work on findings to determine whether appropriate corrective actions have been taken on the following areas:

Unclaimed Property

1. Finding Property Owners

- 1-1 On-line Search Results
- 1-2 Locate Owners of Property
- 1-7 Property Information Correct
- 1-10 Aggregate Reporting
- 1-13 Processing Claims
- 1-14 Claim Fees

- 1-15 State Agencies Claiming
- 2. Accepting and Maintaining Property
 - 1-6 Early Acceptance of Property
 - 1-8 Safe Deposit Boxes
 - 1-9 Timeliness Safe Deposit Boxes
 - 1-11 Protecting Property
 - 1-12 Sensitive Information
 - 1-16 Property Sales
- 3. Compliance with Unclaimed Property Laws
 - 1-3 Audits of Property Holders
 - 1-4 Training and Information
 - 1-5 Annual Reporting

Trust Assets and Department Resources

- 1. State Land Records
 - 1-1 Trust Assignment
 - 1-2 Correct Interest in Wells
 - 1-7 Monitor Acreage Changes
 - 4-1 IT Systems
- 2. Management of State Land and Royalty Collections
 - 1-3 Royalty Allocation
 - 1-4 Royalty Reporting
 - 1-5 Interest on Late Payments
 - 1-6 Assessing Penalties
 - 1-8 FMV Lease of Land
 - 1-9 On-line Auctions
 - 1-10 Surface Tract Inspections
 - 2-4 Allocating Expenses
- 3. Management of Department of Trust Lands
 - 3-1 Hiring
 - 3-2 HRMS Best Practices
 - 3-3 Veterans Preference
 - 3-6 Performance Evaluations
 - 3-7 Improve Performance Evaluations
 - 4-2 & 4-3 Policies and Procedures
 - 4-4 Management Monitoring
 - 4-5 State Archives

A report of the performance audit follow-up will be presented to Legislative Audit and Fiscal Review Committee in June 2018. A draft of the report has been prepared by the State Auditor's Office is deemed confidential while in draft form according to N.D.C.C. § 54-10-26. To review and consider the draft report, the Board may need enter executive session as permitted under N.D.C.C. § 44-04-19.2, which provides the authority of a governing board to review confidential documents.

At this time the Commissioner recommended the Board consider entering executive session to review confidential documents including the draft report prepared by the State Auditor's Office.

EXECUTIVE SESSION

Motion: Under the authority of North Dakota Century Code Sections §§54-10-26 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes to review confidential documents including the draft report prepared by the State Auditor's Office.

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

At 8:08 AM the Board entered executive session for the purposes outlined in its adopted motion.

EXECUTIVE SESSION

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

Members Absent:

Wayne Stenehjem	Attorney General
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Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Susan Dollinger	Unclaimed Property Administrator
Jeff Engleson	Investment Division Manager
Michael Humann	Surface Division Manager
Kristie McCusker	Legal Assistant
Rick Owings	Administrative Officer
Gerard Schwan	Grants and Claims Division Manager

Guests in Attendance:

Troy Seibel	Office of the Attorney General
Dave Garner	Office of the Attorney General
Leslie Bakken Oliver	Governor's Legal Counsel
Donald LaFleur	State Auditor's Office
Ed Nagel	State Auditor's Office

The executive session adjourned at 8:30 AM and the Board returned to open session and the public was invited to return to the meeting. During the executive session, the Board was provided information from the State Auditor's Office.

Information Technology Project Status Update

The Department's 2017-2019 biennial budget appropriation includes \$3.6 million to replace legacy information technology systems as authorized by Senate Bill 2013.

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

In planning for replacement of the IT system, a business process modeling contractor, Major Oak, was hired in 2016 to identify and document processes and to recommend efficiencies for most operations. Major Oak helped document current state processes for all functional areas of the Department. This was followed by preparation of a model of future-state suggestions to further enhance controls, increase efficiencies, and boost productivity.

In Major Oak's final presentation to the Department, they stated:

The State of North Dakota Department of Trust Lands has multiple customized systems and manual processes to handle its asset management, leasing processes, royalty and rent compliancy, unclaimed property management, and grant & loan management. Department core systems were developed in the late 1980s and early 1990s, using tools that are antiquated and no longer being supported by their producers. The Department also has many outlying manual and paper processes in need of improved systems, data integrations, and reporting. The current database structures have also restricted many process and system improvements due to the need for continual support of the legacy systems.

There are several key IT systems related themes throughout the Department. They include:

Systems Limitations

- Accounting and financial systems do not have internal controls and standard reporting
- Paper-centric processes
- Document creation tools require manual editing
- Systems are not integrated with each other (e.g., Accounting and Minerals)
- Lack of up-to-date GIS capabilities

Automation and Efficiency

- Lack of computer systems to support and enforce process consistency
- Manual tasks require keying and re-keying inputs
- Lack of automated workflows and workflow tracking

Reporting

- Lack of automated reports and dashboards
- Inability to provide timely financial reports and analysis
- Limited visibility into performance information

The Department is in the final stages of the procurement process for the Unclaimed Property replacement software and a contract is expected to be executed by July 2018. Items still under review include:

- Retainage (amount withheld from deliverable payments, then paid upon Final Acceptance)
- Liquidated Damages
- Representations and Warranties
- Secondary Third-Party Licenses
- Personnel
- Product Conformity
- Subscription Fee Cap

Upon Unclaimed Property contract execution, costs associated with project management through the procurement process will be allocated.

The Department created a Request for Proposals (RFP) for their Land Management and Accounting functions, however, the number of responses were limited, and those proposals did not meet the Department's requirements. Accordingly, the Department has not yet issued an award. The Department is looking for assistance in creating additional artifacts and defining a go-forward strategy for the Land Management and Accounting system-related RFPs. In order to prepare for the future system transition and develop an RFP for an appropriate systems provider, the Department is contracting the following services from Major Oak Consulting (Verint) who worked with the Department on the Business Process Modeling project:

1. Create a fully integrated process map with both Land Management and Accounting functions.
2. Refine, clarify and prioritize core system requirements.
3. Complete a refresh of peer and vendor research.
4. Define an RFP go-forward process.

A final report from Major Oak will be available end of August 2018. The Information Technology System Replacement Steering Committee will base the new RFP off of the final report. It is anticipated the new RFP will be released in October 2018.

Budget and Strategic Review

The Department of Trust Lands (Department) has been working internally to align with the Governor's Office and the Office of Management and Budget through the strategic planning and budgeting process.

Historically, the Department has operated without a strategic plan. Over the past month, the Commissioner has worked internally to develop a strategic plan that will set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment. It is a disciplined effort that produces fundamental decisions and actions that shape and guide what the Department is, who it serves, what it does, and why it does it, with a focus on the future.

The strategic plan will serve as a document to communicate with the Department the goals, the actions needed to achieve these goals and critical elements. The Department will align with the strategic plan with a comprehensive collection of ongoing activities and processes to systematically coordinate and align resources and actions with mission, vision and strategy throughout the Department. These activities will transform the static plan into a system that provides strategic performance feedback to decision making and enables the plan to evolve and grow as requirements and other circumstances change.

A copy of the Strategic Plan for the next biennium was provided to the Board and is available at the Department upon request.

Six-month performance review and will serve as the Commissioner's annual review for the year 2018.

As Commissioner, I am fully committed to improving the Department of Trust Lands by making things right for our stakeholders and rebuilding trust. This is a long-term effort that requires commitment, patience and resolve. A focus has been placed for the first six months on five primary areas of improvement within the Department: (1) Performance Audit Review, (2) Information Technology, (3) Administrative Rules, (4) Culture, and (5) Managing Litigation. Additionally, an emphasis has been placed on working with other state agencies and industry leaders to ensure

that the Department's endeavors are of value and contribute to strengthening competences and performances across the State.

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

As the Commissioner, I am taking a direct role in working with the divisions within the Department to capitalize on our capabilities and resources; thus, improving the effectiveness of the Department. Specifically, I am committed to cultivating talent management, leadership and performance culture within the Department. While continuing to deliver our core services, the Department has made significant progress in fulfilling a wide-range of responsibilities:

(1) Performance Audit Review

- Reviewed policies for: Human Resources, Accounting, Information Technology, Investments and Unclaimed Property. Continuing to evaluate policies for Minerals, Surface and Revenue Compliance.
- Implementing effective human resources management through transitioning the primary functionality to HRMS and adoption of necessary policies.

(2) Information Technology

- Conducting a business analysis for divisions – in progress.
- In procurement process of Unclaimed Property software that will go-live by end of biennium. In procurement process of Land Management and Accounting Software.

(3) Administrative Rules

- Writing and development of Administrative Rules for General, Energy Infrastructure and Impact Office, Surface and Loans. Developing Administrative Rules for Minerals and Revenue Compliance.

(4) Culture

- Participating in employee survey which identified numerous areas of opportunity for growth and subsequently implemented necessary changes throughout the Department.
- Evaluating staff functions with compensation review and realignment of several divisions.
- Devoting resources to leadership programs for supervisors.
- Developed an internal strategic plan.
- Conducted SWOT analysis with staff, internal and external partners seeking fresh insights into addressing difficult issues.

(5) Managing Litigation

- Working with attorneys on new and previously existing lawsuits that have significant impact on the Department.

I will continue to provide insights about the Department and identify systemic issues. Over time, I hope these findings generate a broader awareness of significant trends and inspire targeted and innovative approaches to address prevalent areas of growth in the Department. The role of senior leadership remains key to responding to current and emerging challenges. I have a long-term commitment to providing relevant strategic and practical support. I will continue to focus on building and strengthening relationships with community assets to ensure the continued prosperity of the Department.

Over the course of the next six months, my focus will be to reevaluate the organizational structure and outline strengths and weaknesses of the current organizational structure including the origin of current strengths or weaknesses that could influence capacity to achieve future innovation.

Motion: **The Board approve a salary increase to \$130,000 per year for the completion of a six-month review as recommended during the November 22, 2017 Board meeting.**

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

Unclaimed Property Audit of Sony Electronics

In April of 2016, North Dakota authorized a rebate only audit of Sony Electronics by a third party auditor. The auditor identified approximately \$13,000 in unreported Sony rebate checks owing to consumers with last known addresses in North Dakota.

Sony argues they cannot be compelled to report and deliver these rebates to the State because the records were obtained outside of the 7-year lookback period provided for by NDCC 47-30.1-30. North Dakota argues Sony is liable for 100% of the findings.

North Dakota has not previously settled with any holder for less than 100% of what is owed. If the State settles for a lesser percentage, it would then become responsible to pay 100% of the property upon receiving proper claims by the rightful owners.

Motion: **The Board approve the Commissioner the authority to negotiate a resolution with Sony.**

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

ENERGY INFRASTRUCTURE AND IMPACT OFFICE

Energy Infrastructure and Impact Office (EIIO) Contingency Grants

In June 2017, the Board approved the establishment of a contingency grant to utilize undistributed funds from the 2013-2015 and 2015-2017 biennia. Section 10 of Senate Bill 2013 allowed the use of unexpended funds to provide for grants and administrative costs during the 2017-2019 biennium:

SECTION 10. EXEMPTION - OIL AND GAS IMPACT GRANT FUND. The amount appropriated from the oil and gas impact grant fund for the energy infrastructure and impact office line item in section 1 of chapter 13 of the 2015 Session Laws and for oil and gas impact grants in section 5 of chapter 463 of the 2015 Session Laws is not subject to section 54-44.1-11. Any money deposited in the fund for taxable events occurring through June 30, 2017, and any unexpended funds from the appropriation are available for grants and administrative costs associated with the

fund during the biennium beginning July 1, 2017, and ending June 30, 2019.
(Emphasis added).

The Energy Infrastructure and Impact Office nominated members to serve on the Contingency Grant Advisory Committee (Committee), which the Board approved at the December 6, 2017 meeting:

Dan Kalil (township chair), Jay Elkin (county commissioner), Justin Voll (mayor), Marcia Lamb (county auditor), Mark Spooner (township chair), John Bruce (school superintendent), Dave Mahon (school superintendent), Gary Weisenberger (Mayor), and Reinhard Hauck (county commissioner)

The Committee met on December 19, 2017 to establish grant criteria and application requirements. The Board adopted the recommendations by the advisory committee during the January 2018 meeting:

- 1) Eligibility to any political subdivision within an oil producing county in order to offset costs incurred for an emergency or unanticipated need and address how current oil and gas development activities has impacted the applicant since December 6, 2017;
- 2) Grant funds will be through reimbursement of expenditures by the grantee, up to the maximum amount identified in the grant award letter;
- 3) Applicants were allowed to supplement the application after an application deadline;
- 4) The grant announcement commenced February 1, 2018 through 1:00 pm on April 30, 2018, with an advance authorization by the board to allow for repetitive announcements if there are no applicants or are remaining funds left in the grant fund;
- 5) Applications were directed to:
 - a) Be signed by two appointed/elected officials, one being a primary fiscal official;
 - b) Show phases, or time lines, of how the project will be completed within a 24-month window, upon approval of the project;
 - c) Identify how local funds, or other sources of financial support will combine with grant funding, or if there is no other sources of funding available;
 - d) Address factors of health, welfare, and/or safety of the citizens; and
 - e) Provide supporting bids from contractors, with estimates not allowed.

As per the Board approved grant requirements, the grant announcement was released on February 1, 2018 and closed on April 30, 2018. EIIO received and scored 18 applications. The Committee reviewed EIIO's scoresheet and discussed each application thoroughly before finalizing its recommendations during a public meeting on May 11, 2018.

The Committee recommends three of the 18 applications be approved by the Board of University and School Lands.

CONTINGENCY GRANT RECOMMENDATIONS						
POLITICAL SUB NAME	COUNTY	APPLICATION NUMBER	SHORT DESCRIPTION	PROJECT TOTAL	AMOUNT REQUESTED	AMOUNT RECOMMENDED
CITY OF TIOGA	WILLIAMS	A180112	ROAD RECONSTRUCTION AND WATER/SEWER/STORM MAINS	\$2,894,918.00	\$2,000,000.00	\$0
CITY OF TIOGA	WILLIAMS	A180113	ROAD RECONSTRUCTION	\$3,085,420.00	\$2,314,065.00	\$0
CITY OF TIOGA	WILLIAMS	A180114	105TH AVE ROAD RECONSTRUCTION	\$1,362,335.00	\$1,021,750.00	\$0
RENVILLE COUNTY	RENVILLE	A180115	WEST ACRES ACCESS ROAD TO MOUSE RIVER PARK	\$520,000.00	\$300,000.00	\$0
RENVILLE COUNTY	RENVILLE	A180116	MOTORIZED ROAD GRADER	\$286,000.00	\$100,000.00	\$0
RENVILLE COUNTY	RENVILLE	A180117	NORMA ROAD NORTH	\$420,000.00	\$84,000.00	\$0
WARD COUNTY	WARD	A180118	BACKUP GENERATOR FOR SHELTERING	\$119,785.00	\$119,785.00	\$0
CITY OF TIOGA	WILLIAMS	A180119	POLICE PATROL VEHICLES	\$145,000.00	\$108,750.00	\$0
BOWBELLS PSD #14	BURKE	A180120	BUS BARN	\$271,240.00	\$180,850.00	\$0
WILLIAMS COUNTY	WILLIAMS	A180121	DISASTER EVACUATION SHELTER RESOURCE TRAILER SUPPLIES	\$26,916.00	\$19,900.00	\$19,900
MOUNTRAIL COUNTY	MOUNTRAIL	A180122	CTY RD 17 CULVERTS, SUBGRADE REPAIR, AND HBP	\$583,531.00	\$450,000.00	\$0
ZAP RURAL FIRE PROTECTION DISTRICT	MERCER	A180123	TRUCK TAKEOFF MONITOR	\$69,270.00	\$69,270.00	\$11,270
CITY OF RAY	WILLIAMS	A180124	EASY STREET/CTY RD 17 RECONSTRUCTION	\$306,108.00	\$180,527.00	\$0
CITY OF RAY	WILLIAMS	A180125	208 RAILROAD AVE WATER/SEWER REPAIR	\$52,108.00	\$52,108.00	\$0
STARK COUNTY	STARK	A180126	COUNTY FAIRGROUNDS OUTDOOR WARNING SYSTEM	\$22,015.00	\$16,511.00	\$16,511
CITY OF MINOT	WARD	A180127	IN-CAR VIDEO SYSTEM AND BODY-WORN CAMERAS	\$195,000.00	\$195,000.00	\$0
CITY OF UNDERWOOD	MCLEAN	A180128	STORM SEWER MAINTENANCE	\$14,925.00	\$14,925.00	\$0
CITY OF TIOGA	WILLIAMS	A180129	EMERGENCY GENERATORS FOR WASTEWATER SYSTEM	\$201,840.00	\$151,380.00	\$0
				\$10,576,411	\$7,378,821	\$47,681

The Committee recommends the Williams County Emergency Management grant has a funding stipulation that includes a mutual aid agreement as a mobile asset with the surrounding counties of Divide, Burke, Mountrail, and McKenzie Counties.

EIO will have a remaining balance of \$1,952,319 upon approval of the three recommended grants. EIO will advertise the grant June 11, 2018 – August 30, 2018.

Mr. Dave Mahon Superintendent of Schools for Bowman County Public School District is on administrative leave from his position with Bowman County Public School District and will no longer be able to serve as a member for the Committee. EIO has requested a replacement and Mr. David Wagner, Superintendent of Schools for Beach Public School District #3, is able to serve on the Committee.

Motion:

- (1) **The Board awards three grants under the Contingency Grant:**
 - a. **Williams County - \$19,900 for Disaster Evacuation Shelter Resource Trailer Supplies**
 - b. **Zap Rural Fire Protection District - \$11,270 for Truck Takeoff Monitor**
 - c. **Stark County - \$16,511 for County Fairgrounds Outdoor Warning System**
- (2) **Replace Mr. Dave Mahon with Mr. David Wagner on the Contingency Grant Advisory Committee.**

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

INVESTMENT MANAGEMENT DIVISION

RVK Contract Renewal

The Board's relationship with RVK began in 2013 when the firm was chosen through a competitive hiring process by the Board to submit a written report addressing the following issues:

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.
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.

In January 2014, the Board entered into another agreement with RVK to implement the recommendations that came out of RVK's 2013 investment study and to provide performance monitoring services to the Board. This agreement was extended six months to provide for the completion of all searches and the adoption of an Investment Policy Statement by the Board

In July 2015, after reviewing the pros and cons of a potential partnership with the State Investment Board the Land Board voted unanimously to continue to actively manage the permanent trusts' investment program through Department staff with the assistance of a retained investment consultant; while also working with the SIB to minimize costs and fees, and to improve efficiencies. In July 2015 the Board also directed the Commissioner to enter into an agreement with RVK for the following services:

- Advice in setting investment objectives; assisting with the preparation and/or revision of investment policy guidelines, including the selection of target rates of return and allocation of assets among various asset classes and investment vehicles; monitoring trust asset allocations and recommending changes as necessary; and assisting with the transition to new investment options.

- Quarterly investment performance monitoring; reviewing the selection of investment funds according to the Board's investment policy and other appropriate standards; analyzing both portfolio wide and investment manager performance compared to appropriate indices and peer groups; providing quarterly performance reports to the Board that outline and summarize the performance of the portfolio(s) as compared to the appropriate indices, peer groups, and standards.
- Assist with investment manager searches based on the Board's philosophy and performance objectives and evaluating investment manager proposals and presentations, with the exception of illiquid asset classes which will be quoted on a case-by-case basis.
- Due diligence monitoring/reviewing of investment managers; conducting on-site visits of managers as needed; providing periodic review of investment manager fees with recommendations for action to be taken to ensure appropriate fee structure; providing advice in the planning, oversight, and review of asset transitions among investment managers and investment vehicles.
- Providing client education on investment principles, topics, and vehicles, as requested or deemed necessary.

The initial two-year contract with RVK was for the above noted services for a fee of \$145,000 per year and concluded in August 2017. During the August 2017 Board meeting, a one-year extension of the contract was awarded to RVK with an annual fee increase of 3% for a total of \$149,350. This fee included four personal visits per year during which representatives of RVK have reviewed investment performance with the Board, advised on asset allocation and asset class structure issues, reviewed investment policy, and provided the Board with educational presentations and summaries. Additionally, RVK has been a key provider of information and guidance in three manager searches staff has performed during fiscal year 2018. RVK's current contract will expire in August 2018.

Investment consultant relationships should be reviewed periodically to ensure they are still working for all parties. This may entail a more formal procurement effort to determine if other firms can provide better service, or possibly similar services at a lower price; or alternatively a less formal process can be undertaken to evaluate the current relationship to ensure that the Board's objectives are accomplished at a fair price.

Department staff has conducted an internal assessment of similar sized permanent trust investment consulting practices throughout the western U.S. That review involved discussions with permanent trust investment officers in New Mexico and Oklahoma, as well as gathering data about other permanent trust investment programs. During that research it was found that many investment programs maintain consultant relationships for extended periods of time as long as the consultant continues to provide the desired services in an efficient and effective manner at a reasonable price. Consultants are trusted partners and they help shape programs over time. This philosophy is followed by the Oklahoma and New Mexico permanent trusts investment offices, and it is also followed by North Dakota's SIB.

Research into other state permanent trust investment programs indicates that RVK is the consultant of choice for four of the seven largest permanent trust investment programs. The states that currently work with RVK are New Mexico, North Dakota, Oklahoma and Wyoming. The fees paid by each of those states is measurably more than North Dakota has paid historically; if fees are dollar weighted to consider the amount of asset under consultation, the fee being proposed by RVK is less than half what other states pay.

Additionally, RVK was recently named as one of the three investment consulting firms awarded the 2017 large US consultant Greenwich Quality Leader. Greenwich Associates, a trusted independent investment research firm, conducted interviews with over 1,000 senior professionals of large plan sponsors and ranked opinions of their investment consulting relationships on a series of key metrics, including, but not limited to:

- Understanding Clients' Goals and Objectives
- Advice on Long-term Asset Allocation
- Proactive Advice and Innovative Ideas
- Credibility with the Board and/or Investment Committee
- Knowledge of Investment Managers
- Advice on DC Plan Structure and Design
- Satisfaction with Manager Recommendations
- Responsiveness to Client Requests and Needs
- Competitive Fees

Based upon staff's review of other state programs and satisfaction with the services provided by RVK over the past five years, the Commissioner and staff recommend the Board continue contracting with RVK for investment consulting services.

Motion: The Board directs the Commissioner to enter into a 2 year contract negotiations with RVK for comprehensive investment advisory services, including investment performance monitoring, assistance with investment manager searches, ongoing due diligence, investment advice and educational efforts, such contract to be subject to final approval by the Attorney General.

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

Quarterly Investment Reports- 1st Quarter 2018

All investment material presented to the Board is available at the Department upon request.

Fixed Income Search Update

In March 2018, the Board adopted a new structure for the trusts' 21% allocation to fixed income, specifically to adjust the non-core fixed income exposure away from high yield domestic bonds and developed market international bonds, and to add new mandates for structured credit and direct lending. Of the fixed income portfolio, structured credit will be 10% (\$95 million) and direct lending will make up 15% (\$143 million).

The goal of the proposed changes is to reduce the risk and improve the expected returns of the permanent trusts' fixed income portfolio. The recommended changes should result in higher yields, lower interest rate risk, and improved downside protection, while also maintaining the high credit quality of the trusts' fixed income portfolio. The changes will also allow the fixed income portfolio to retain its role in the overall portfolio, which is to provide safety, liquidity, and protection in a deflationary environment.

During April 2018 and May 2018, the Investments Division has worked closely with RVK on these two searches and expects to bring recommendations to the Board in June. Finalists will meet with staff in Bismarck on June 12th and 13th.

April 16	RVK to provide structured credit search book	Completed
April 23	Conference call between RVK and staff to review structured credit products and determine semi-finalists (3-4) to interview via phone	Completed
April 26	RVK to provide direct lending search book	Completed
April 27	Conference call between RVK and staff to review direct lending products and determine semi-finalist (3-4) to interview via phone	Completed
April 30 - May 18	Conference calls with semi-finalists to determine which finalists (2-3 in each category) to bring to Bismarck for in person interviews	Completed
June 12 - 13	Finalist interviews in Bismarck	
June 28	Recommend managers to hire for both the direct lending and structured credit mandates and have those managers present to Land Board	

Direct Lending

Direct Lending investments generally take the form of funds that have distinct fundraising, investment, and harvest periods. Since the funds are not open-ended, the search is limited to funds that are currently raising capital. RVK began the direct lending manager search by compiling a list of all managers that are currently raising funds and have a primary focus on US middle-market loans and loans that are senior in the capital structure. The initial list included 12 funds; one European fund was included in case staff wanted to split the direct lending portfolio between domestic and Europe.

After reviewing product details and holding discussions with RVK, the list of 12 managers was reduced down to six for various reasons, including quality focus, leverage, track record, etc. During mid-May, RVK and staff interviewed six different direct lending managers via phone; after follow-up discussions with RVK, three managers, Angelo Gordon, Ares (SIB manager), and TCW were invited to interview with RVK and staff in person on June 12, 2018 in Bismarck.

Structured Credit

Structured credit investments are a liquid form of credit exposure, including such securities as residential mortgage-backed securities (RMBS), agency mortgage backed securities (MBS), commercial mortgage-backed securities (CMBS) and asset backed securities (ABS). They have the potential to offer diversification from typical stocks and bonds due to the variety of underlying economic sectors that drive the cash flows of these investments. For example, exposures to real estate, consumer credit, and housing provide meaningfully different performance from that of the broad stock and bond markets, and from corporate debt.

RVK began the process using eVestment's structured credit universe; a broad and diverse universe of both quality and opportunistic (riskier) strategies. RVK screened the database to include only managers of quality liquid products with over one billion under investment that had exposure to a variety of structured credit sectors. All of the products reviewed had an average credit quality of A or better except Voya whose product has an average quality of BB, just below investment grade. Voya was included in the search due to its long history and ability to customize a portfolio as needed. The initial screening identified six fund managers to be further reviewed.

After reviewing product details and holding discussions with RVK, four products were deemed suitable for the next phase of review. The remaining four managers were interviewed via phone in early-May. These interviews identified two fund manager finalists, Schroders and Voya, who will be interviewed by RVK and staff on June 13, 2018 in Bismarck.

The interview schedule for June 12th and 13th is as follows:

JUNE 12th – DIRECT LENDING INTERVIEWS

8:00 am - 9:30 am	Angelo Gordon
10:30 am - 12:00 pm	Ares
1:30 pm - 3:00 pm	TCW
3:30 pm	Discuss Interviews

JUNE 13th – STRUCTURED CREDIT INTERVIEWS

8:00 am - 9:30 am	Schroders
10:30 am - 12:00 pm	Voya
1:30 pm	Discuss Interviews

The Commissioner will present a recommendation to the Board in June to hire one structured credit manager and one direct lending manager for the permanent trusts' investment portfolio.

M I N E R A L S

Merricourt Wind Project

EDF Renewable Development, Inc. (EDF) is developing the Merricourt Wind Power Project (the "Project") in McIntosh and Dickey Counties. Permitting is nearly complete and construction is scheduled to begin during the 2nd quarter of 2019. The Department has received the following information relating to the Project:

- The Project involves approximately 13,156 gross acres, primarily in McIntosh County with a small portion in Dickey County;
- The Project will result in approximately 64 total acres of disturbance (less than 1% of the Project boundary);
- The Project includes approximately 75 turbines with an estimated nameplate capacity of 150MW;
- Net capacity factor is ~46-49% or between ~600-650 GWh annually;
- EDF's estimated cost for the Project is approximately \$200 - \$300 Million. It will require approximately 200 temporary jobs positions and 8 -10 full time O&M job positions; and
- The Project is expected to generate over \$675,000 in annual tax revenues

The Project does not include any surface interests controlled by the Board. The Project does, however, include 347.34 mineral acres controlled by the Board that are located in McIntosh County. See Exhibits 1 and 2.

Merricourt Wind Power Project

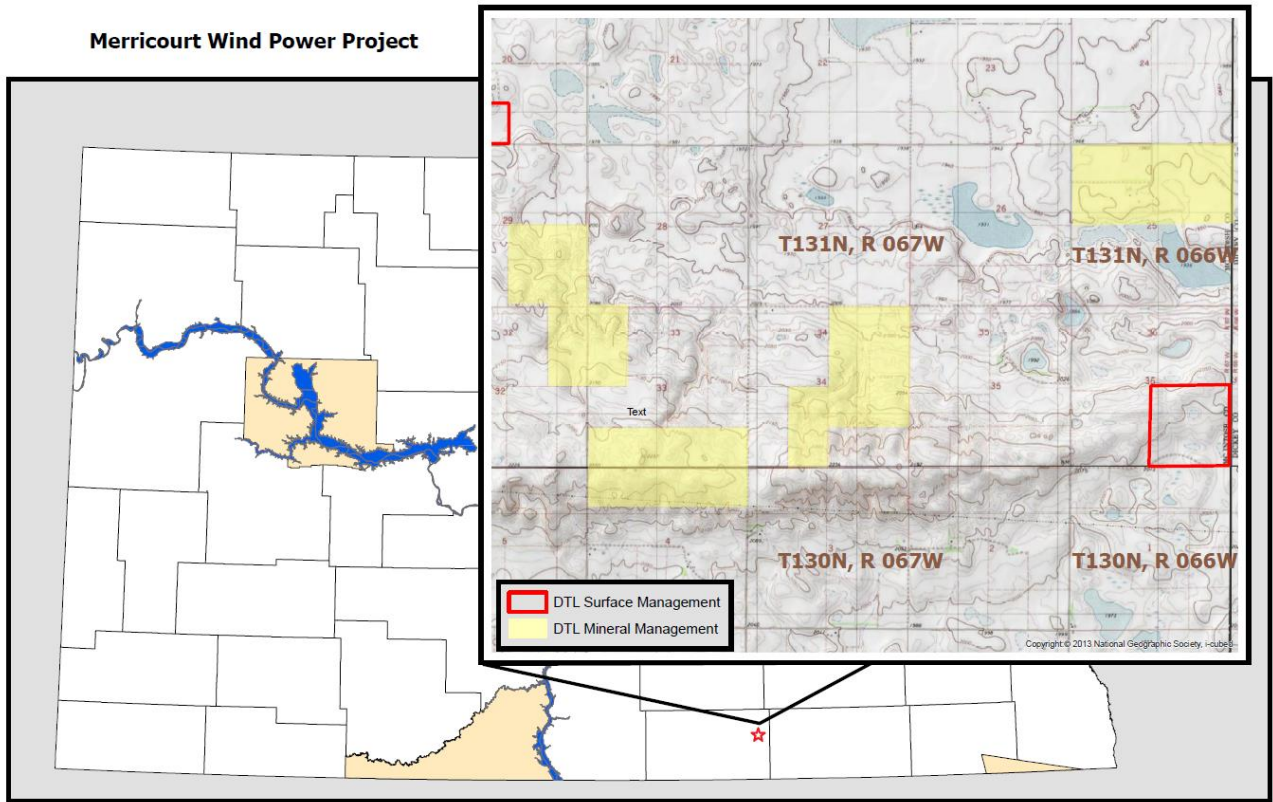


Exhibit 1

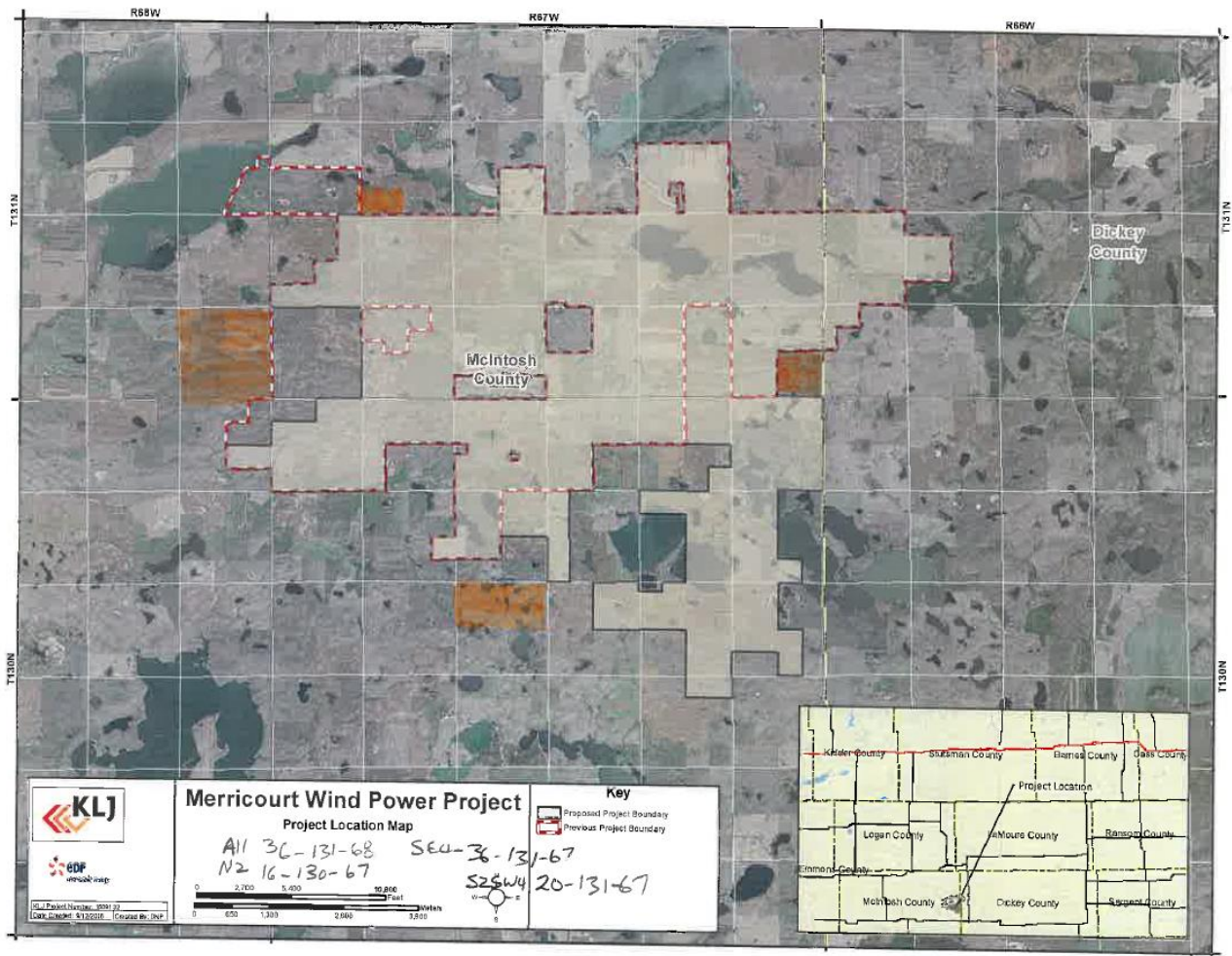


Exhibit 2

State Geologist, Ed Murphy, provided the Department with information regarding the mineral development in the Project area. Murphy advised that although there is the possibility of mineral development, he is “not aware of any element/mineral that would be in the subsurface in that area that would have much of a chance for development in the foreseeable future.”

EDF is requesting a written agreement from the Department whereby the Department subordinates its mineral interests in the Project area to the interests EDF acquires as part of the Project.

To the best of the Department’s knowledge, the Board has never agreed to subordinate its mineral interests in connection with surface operations such as this. Past Subordination requests made to the Board, however, typically have involved Board mineral interests in the oil patch or in coal country.

Legal Description	% owned	Gross Acres	Net Acres
T130-R67 Sec. 4: Lots 1 - 4	50%	150.68	75.34
T131-R67 Sec. 25: N2	5%	320	16
T131-R67 Sec. 29: SE4	50%	160	80
T131-R67 Sec. 32: E2NE4	50%	80	40
T131-R67 Sec. 33: W2NW4	50%	80	40
T131-R67 Sec. 33: S2S2	50%	160	80
T131-R67 Sec. 34: NE4, N2SE4, E2SW4	5%	320	16
Exhibit 3			347.34

EDF informed the Department that its creditors will not fund portions of the Project unless the Board grants it an agreement that subordinates the Board's mineral interests to the surface interests EDF acquires as part of the Project. EDF is also concerned that without a subordination agreement, it may be required to remove or relocate wind towers to accommodate future mineral development.

EDF provided the Department with a proposed Consent and Cooperation Agreement (Exhibit 4) detailing the terms of the subordination of the Board's mineral interests. The Department requests that the Board authorize it to negotiate acceptable terms and work on a proposed agreement regarding the subordination of the Board's mineral interests.

The Board directed the Commissioner to confirm with PSC and Game and Fish the approval stage of the project, confirmation Mericourt is aware of PSC's new indirect mitigation program, obtain a map of proposed wind towers, identify potential economic impairment surrounding surface owners may incur if the Board does not approve the project, and create an internal policy regarding the subordination of the Board's mineral interests.

Wenck Review Update

At the time of statehood, the federal government conveyed ownership of the beds of navigable lakes and streams to North Dakota under the Equal Footing Doctrine. The Board leases the rights to produce oil and gas from minerals associated with sovereign lands, which N.D.C.C. § 61-33-01 defines as "those areas, including beds and islands, lying within the ordinary high water mark of navigable lakes and streams." The Office of the State Engineer has responsibility for defining the ordinary high water mark (OHWM) and management responsibility for the bed of navigable waters and any other minerals therein.

In 2009, Bartlett and West was contracted to complete four task orders or phases of a study of the Yellowstone and Missouri Rivers' OHWM for areas with potential oil and gas development. It should be noted the purpose of the studies was to determine the location of the OHWM. This was the largest study of the OHWM ever completed in North Dakota. Phase I of the study focused on the area west of Williston. Bartlett and West used the State Engineer's OHWM delineation guidelines and conducted an on-the-ground analysis of the vegetation, soils and hydraulic characteristics for a determination of the OHWM of the river. The study was conducted jointly with the State Engineer and is referred to as Phase I.

The Phase II and IV studies focused on the areas east of Williston. Bartlett and West used a combination of pre-reservoir maps and photos, and high resolution scanning equipment to gather information on the historic OHWM of the Missouri River prior to the formation of Lake Sakakawea.

These studies have been used to manage mineral acres underlying navigable waterways and are used as the initial steps in the process of determining eligible acreages for state-issued oil and gas leases on sovereign lands.

During the 2017 legislative session, SB 2134 was adopted which directed the Department of Mineral Resources to select a qualified engineering and surveying firm to conduct a review of the Corps survey segments from the northern boundary of the Fort Berthold Indian reservation to the southern border of sections 33 and 34, township 153 north, range 102 west. Wenck Associates Inc. (Wenck) were contracted to review the delineation of the OHWM of the Corps survey segments. The review was to determine whether clear and convincing evidence establishes that a portion of the Corps survey does not reasonably reflect the OHWM of the historical Missouri riverbed channel under state law.

On April 17, 2018, Wenck presented to the Industrial Commission the scope of work which included the results of their review. The full report was posted to the Department of Minerals website on April 18, 2018. The Department of Trust Lands (Department) is in the process of reviewing the report and will begin comparing the Wenck review to the Phase II study.

The Commissioner recommends the Board consider entering executive session for consultation with legal counsel regarding pending and potential litigation.

EXECUTIVE SESSION

Motion: Under the authority of North Dakota Century Code Sections §§44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes to discuss the Wenck Review and Paul Sorum et al. v. The State of North Dakota, et al.

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

At 9:56 AM the Board entered executive session for the purposes outlined in its adopted motion.

EXECUTIVE SESSION

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

Members Absent:

Wayne Stenehjem	Attorney General
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Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Drew Combs	Minerals Division Manager
Kristie McCusker	Legal Assistant
Rick Owings	Administrative Officer

Guests in Attendance:

Troy Seibel	Office of the Attorney General
Matt Sagsveen	Office of the Attorney General
Leslie Bakken Oliver	Governor's Legal Counsel
Bryan Cortes	Governor's Office

The executive session adjourned at 11:01 AM and the Board returned to open session and the public was invited to return to the meeting. During the executive session, the Board was provided information regarding the Wenck Review and updates for the Paul Sorum et al. v. The State of North Dakota, et al.

Motion: After considerable discussion about the lawsuit entitled Paul Sorum et al. v. the Board of University of School Lands, Industrial Commission, Governor Burgum and Attorney General Stenehjem as well as concerns about conflicts of interests arising from the Governor and Attorney General's seats on the Land Board and the Industrial Commission. The Industrial Commission is represented by outside counsel, it would be in the Land Board's interest to seek representation by outside counsel. So I move to direct Commissioner Smith to work with the Attorney General's office to retain outside counsel at specifically special assistant Attorney General Mark Hanson at the Nilles Law Firm.

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

R E P O R T S

The Financial Statement (Unaudited) for Period Ended February 28, 2018 was provided to the Board

Results of Online May Oil and Gas Mineral Lease Auction

On behalf of the Board, the Department conducted an oil and gas mineral lease auction which concluded on May 1, 2018 on <https://www.energy.net.com/>.

There were 59 tracts offered and all but one received competitive bids. The highest bid per acre was \$1001.00 for 17.39 net mineral acres in Mountrail County.

There were 32 bidders registered, 21 of which submitted bids in the seven-day auction. Bidders were from 6 states (CO, MT, ND, TX, WA and WY).

A total \$279,510.95 of bonus was collected from the auction.

Report of Easements Issued by Land Commissioner from 4/17/18 to 5/16/18

Granted to: **BURKE-DIVIDE ELECTRIC COOPERATIVE, COLUMBUS-ND**
 For the Purpose of: Easement: Electric Distribution Line - Above Ground
 Right-of-Way Number: RW0008009
 Date Issued: 4/17/2018
 Application Fee: \$100.00
 Right-of-way Income: N/A
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Length (Rods): 160.0
 Area (Acres): 1.81
 Legal Description: DIV-160-101-36-NW4

Granted to: **LIME ROCK RESOURCES III-A LP, HOUSTON-TX**
 For the Purpose of: Easement-Amend: Drop Line-Pipeline
 Right-of-Way Number: RW0008201
 Date Issued: 5/16/2018
 Application Fee: \$100.00
 Right-of-way Income: \$1120.00
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Length (Rods): 13.49
 Area (Acres): 0.17
 Legal Description: BRK-160-90-16-NW4

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. Fees may be charged for this use.

Granted to: **USDA-NRCS, BISMARCK-ND**
 For the Purpose of: Letter of Permission: Access to School Land
 Right-of-Way Number: RW0008241
 Date Issued: 4/24/2018
 Application Fee: N/A
 Right-of-way Income: N/A
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 W – ND SCHOOL OF SCIENCE
 I – ND INDUSTRIAL SCHOOL
 Length (Rods): 0
 Area (Acres): 157.5
 Legal Description: BEN-152-71-33-SW4 - Trust W
 BOW-130-105-16-NW4 - Trust A
 BOW-130-106-36-NW4 - Trust A
 EMM-135-75-27-NW4 - Trust A
 GOL-144-104-36-SE4 - Trust A
 MCH-153-77-36-SE4 - Trust A
 MCH-157-75-34-NW4 - Trust I
 MCK-148-104-36-NW4 - Trust A
 MOU-155-94-16-NE4, SW4 - Trust A
 RIC-136-52-36-NE4 - Trust A
 SIO-130-90-36-NE4 - Trust A
 STA-137-93-16-SE4 - Trust A

WIL-157-98-16-SE4 - Trust A
 WIL-158-95-36-NW4 - Trust A

Granted to: NUVERRA ENVIRONMENTAL SOLUTIONS, WATFORD CITY-ND

For the Purpose of: Letter of Permission: Temporary Water Layflat Line
 Right-of-Way Number: RW0008254
 Date Issued: 5/1/2018
 Application Fee: \$100.00
 Right-of-way Income: \$5400.00
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Length (Rods): 327.26
 Area (Acres): 0
 Legal Description: MCK-152-99-36-NE4, SE4

Granted to: HESS BAKKEN INVESTMENTS II, LLC, MINOT-ND

For the Purpose of: Permit: Temporary Construction
 Right-of-Way Number: RW0008257
 Date Issued: 5/7/2018
 Application Fee: \$100.00
 Right-of-way Income: \$11,375.00
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Length (Rods): 0
 Area (Acres): 4.55
 Legal Description: BIL-139-101-16-NE4, NW4

Granted to: WINDRIDGE OIL & GAS LP, BOERNE-TX

For the Purpose of: Letter of Permission: Temporary Water Layflat Line
 Right-of-Way Number: RW0008261
 Date Issued: 5/3/2018
 Application Fee: \$100.00
 Right-of-way Income: \$1650.00
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Length (Rods): 33.0
 Area (Acres): 0
 Legal Description: BRK-164-93-36-SE4

Granted to: ALLIANCE CONSULTING, WILLISTON-ND

For the Purpose of: Permit: Planning & Preconstruction Survey
 Right-of-Way Number: RW0008266
 Date Issued: 4/24/2018
 Application Fee: \$100.00
 Right-of-way Income: \$500.00
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Length (Rods): N/A
 Area (Acres): N/A
 Legal Description: WAR-155-84-1-SW4NW4

Granted to: USDA-NRCS, JAMESTOWN-ND

For the Purpose of: Letter of Permission: Access to School Land
 Right-of-Way Number: RW0008267
 Date Issued: 5/3/2018
 Application Fee: N/A
 Right-of-way Income: N/A
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Length (Rods): 0
 Area (Acres): 0
 Legal Description: GOL-137-104-36-SW4

Granted to: SELECT ENERGY SERVICES LLC, WILLISTON-ND

For the Purpose of: Letter of Permission: Temporary Water Layflat Line
 Right-of-Way Number: RW0008268
 Date Issued: 5/4/2018
 Application Fee: \$100.00
 Right-of-way Income: \$3621.00
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Length (Rods): 219.5
 Area (Acres): 0
 Legal Description: MCK-153-98-36-SW4

Granted to: US FISH & WILDLIFE SERVICE, BISMARCK-ND

For the Purpose of: Letter of Permission: Access to School Land
 Right-of-Way Number: RW0008269
 Date Issued: 5/3/2018
 Application Fee: N/A
 Right-of-way Income: N/A
 Damage Payment to Lessee: N/A
 Trust: A – COMMON SCHOOLS
 Z – VALLEY CITY/MAYVILLE
 Length (Rods): 0
 Area (Acres): 0
 Legal Description: EDD-150-63-16-N2SE4, SW4SE4, LOTS 1,2 - Trust A
 EDD-150-67-9-SE4 - Trust Z
 FOS-147-62-26-SE4 - Trust A
 SHE-148-74-16-S2SW4 - Trust A

Granted to: SAVAGE WATER SOLUTIONS LLC, WILLISTON-ND

For the Purpose of: Letter of Permission: Temporary Water Layflat Line
 Right-of-Way Number: RW0008271
 Date Issued: 5/7/2018
 Application Fee: \$100.00
 \$99.99 – Trust A
 Right-of-way Income: \$2650.01 – Trust C
 Damage Payment to Lessee: N/A
 Trust: C – CAPITOL BUILDING
 A – COMMON SCHOOLS
 Length (Rods): 166.67 (160.61 rods-Trust C; 6.06 rods-Trust A)
 Area (Acres): 0
 Legal Description: MOU-155-94-32-NE4 - Trust C
 MOU-155-94-36-SW4 - Trust A

Investment Updates

Asset Allocation

The status of the permanent trusts' asset allocation as of April 30, 2018:

Asset Class	Long-Term Asset Allocation	4/30/18 Actual Allocation \$	4/30/18 Actual Allocation %
Large Cap US Equity	13.2%	595,613,731	13.3%
Mid/Small Cap US Equity	3.8%	169,342,523	3.8%
International Equity	13.3%	584,705,666	13.1%
Emerging Market Equity	3.7%	166,277,100	3.7%
Total Equities	34.0%	1,515,939,021	33.9%
Domestic Investment Grade	13.0%	578,169,705	12.9%
High Yield FI	2.7%	114,639,534	2.6%
International/Global FI	5.3%	246,074,214	5.5%
Total Fixed Income	21.0%	938,883,453	21.0%
Total Absolute Return	20.0%	893,095,159	20.0%
Commodities	3.0%	136,282,762	3.0%
MLPs	3.0%	140,097,257	3.1%
TIPS	2.0%	88,704,635	2.0%
Natural Resource Equities	2.0%	93,690,889	2.1%
Total Inflation Strategies	10.0%	458,775,544	10.3%
Core Real Estate	8.0%	369,028,361	8.2%
Core Plus Real Estate	7.0%	298,685,375	6.7%
Total Real Estate	15.0%	667,713,736	14.9%
Total Asset	100.0%	4,474,406,913	100.0%

Upcoming Investment Manager Meetings

The following meetings with investment managers are planned to discuss strategy, compliance, and performance. They will be held in the Department's conference room.

June 14, 2018 2:30 PM **Northern Trust Asset Management**

Ultra Short Fixed Income (\$295 million, SIIF/Coal/Capitol)

Small Cap US Equity (\$95 million, PTF Pool)

Robert Gyorgy, Patrick Quinn, and Tamara Doi Beck

Board members are welcome to attend any manager meetings. Please make sure to inform the Commissioner's office if you plan to attend so that enough materials are available.

A D J O U R N

There being no further business, the meeting was adjourned at 11:04 AM.

Doug Burgum, Chairman
Board of University and School Lands

Jodi Smith, Secretary
Board of University and School Lands