

**Minutes of the Meeting of the
Board of University and School Lands
June 24, 2021**

The June 24, 2021 meeting of the Board of University and School Lands was called to order at 9:00 AM in the Governor's Conference of the State Capitol and via Microsoft Teams by Chairman Doug Burgum.

Members Present:

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

Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Emily Bosch	Unclaimed Property Claims
Dennis Chua	Investment Analyst
Christopher Dingwall	Mineral Title Specialist
Robert Dixon	ITD
Susan Dollinger	Unclaimed Property
Peggy Gudvangen	Accounting Division Director
Michael Humann	Surface Division Director
Roman Knudsvig	NDDTL Intern
Kristie McCusker	Paralegal
Catelin Newell	Administrative Staff Officer
Adam Otteson	Revenue Compliance Director
Rick Owings	EIIO Grants Administrator
Kate Schirado	Administrative Assistant
Michael Shackelford	Investments Director
David Shipman	Minerals Division Director
Kayla Spangelo	Range Soils Management Specialist
Lynn Spencer	Mineral Title Specialist
Joseph Stegmiller	Range Soils Management Specialist
James Wald	Legal Council

Guests in Attendance:

Dave Garner	Office of the Attorney General
Reice Haase	Office of the Governor
Leslie Bakken Oliver	Governor's General Counsel
Kelly Moldenhauer	Guest
Launa Moldenhauer	Guest
Amy Sisk	Bismarck Tribune
Mike McCleary	Bismarck Tribune
Charles Tuttle	

Additional Guests in Attendance:

Audrey O'Neill
Brady Pelton (NDPC)
Colin Vick
Craig Smith
Gary Hagen
Lawrence Bender
James MacPherson
Mike Nowatzki
Andrea Pfennig

(06/24/21)

Ron Ness
Troy Seibel

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 May 25, 2021 regular meeting was made by Attorney General Wayne Stenehjem and seconded by State Treasurer Thomas Beadle and the motion carried unanimously on a voice vote.

R E P O R T S

May 2021 Report of Encumbrances Issued by Land Commissioner

Granted to: **BRIDGER PIPELINE LLC, CASPER-WY**
For the Purpose of: Easement: Pipeline-Oil Gathering Pipeline
Right-of-Way Number: RW0008829
Trust: A - Common Schools
Legal Description: GOL-143-103-36-SE4

Granted to: **HENRY HILL OIL SERVICES LLC, WILLISTON-ND**
For the Purpose of: Easement: Well-Salt Water Disposal Well Extension
Right-of-Way Number: RW0008801
Trust: A - Common Schools
Legal Description: WIL-154-100-16-SE4

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

Granted to: **ONEOK ROCKIES MIDSTREAM LLC, SIDNEY-MT**
For the Purpose of: Easement: Pipeline-Gas Gathering Pipeline
Right-of-Way Number: RW0008667
Trust: A - Common Schools
Legal Description: DUN-146-94-36-SE4, SW4

Granted to: **WHITING OIL AND GAS CORPORATION, DENVER-CO**
For the Purpose of: Easement: Pipeline-Oil Gathering Pipeline
Right-of-Way Number: RW0008707
Trust: A - Common Schools
Legal Description: MOU-153-92-16-NW4

Granted to: **GOODNIGHT MIDSTREAM BAKKEN LLC, DALLAS-TX**
For the Purpose of: Easement: Pipeline-Salt Water Pipeline
Right-of-Way Number: RW0008826
Trust: A - Common Schools
Legal Description: MOU-153-92-16-NW4

Granted to: **GOODNIGHT MIDSTREAM BAKKEN LLC, DALLAS-TX**
For the Purpose of: Easement: Pipeline-Salt Water Pipeline
Right-of-Way Number: RW0008840
Trust: A - Common Schools
Legal Description: MOU-153-92-16-NW4

Granted to: **MCKENZIE ELECTRIC COOPERATIVE INC, WATFORD CITY-ND**
For the Purpose of: Easement: Electric-Buried Distribution Line
Right-of-Way Number: RW0008866
Trust: A - Common Schools
Legal Description: DUN-147-96-36-NW4

Granted to: **WHITING OIL AND GAS CORPORATION, DENVER-CO**

For the Purpose of: Easement-Amend: Pipeline-Oil Gathering Pipeline
 Right-of-Way Number: RW0008876
 Trust: A - Common Schools
 Legal Description: MOU-153-92-16-NW4

Granted to: **BIRD CONSERVANCY OF THE ROCKIES, FORT COLLINS-CO**
 For the Purpose of: Permit: Access to School Land
 Right-of-Way Number: RW0008871
 Trust: A - Common Schools, B – School for the Blind, Z – Valley City State University & Mayville State University, U – University of North Dakota, H – State Hospital, D – School for the Deaf, E – Ellendale, W – Sate School of Science
 Legal Description: MER-144-88-16-NE4, NW4, SE4, SW4
 MOR-134-80-13-S2SW4, W2SE4
 MOR-134-80-23-LOT 3, LOT 7, LOTS 1,2 LESS FEDERAL CONDEMNATION, SW4SE4, LOT 6
 MOR-134-80-24-LOT 1, LOT 2, LOT 3, LOT 4, N2NW4, SW4NW4
 OLI-141-82-16-NE4 WEST OF HWY, NW4, SE4 WEST OF HWY AND NORTH OF CNTY ROAD, SE4 WEST OF HWY AND SOUTH OF CNTY ROAD

Granted to: **LEGACY RESERVES OPERATING LP, CODY-WY**
 For the Purpose of: Permit: Road-Access Road
 Right-of-Way Number: RW0008875
 Trust: A - Common Schools
 Legal Description: MCK-147-104-16-NE4, NW4, SE4

Granted to: **HESS NORTH DAKOTA PIPELINES, LLC, HOUSTON-TX**
 For the Purpose of: Permit: Temporary Construction
 Right-of-Way Number: RW0008825
 Trust: A - Common Schools
 Legal Description: WIL-156-95-16-NW4

Granted to: **AMERICAN COLLOID COMPANY, BELLE FOURCHE-SD**
 For the Purpose of: Permit: Coal Exploration (Leonardnite)
 Right-of-Way Number: RW0008873
 Trust: V- Valley City State University, L – Strategic Investment & Improvements fund
 Legal Description: BOW-130-99-1-SW4 (50% mineral ownership; no surface ownership)
 ADA-130-98-8-SW4 (50% mineral ownership; no surface ownership)

May Unclaimed Property Report

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

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

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

(06/24/21)

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

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

Investment Updates

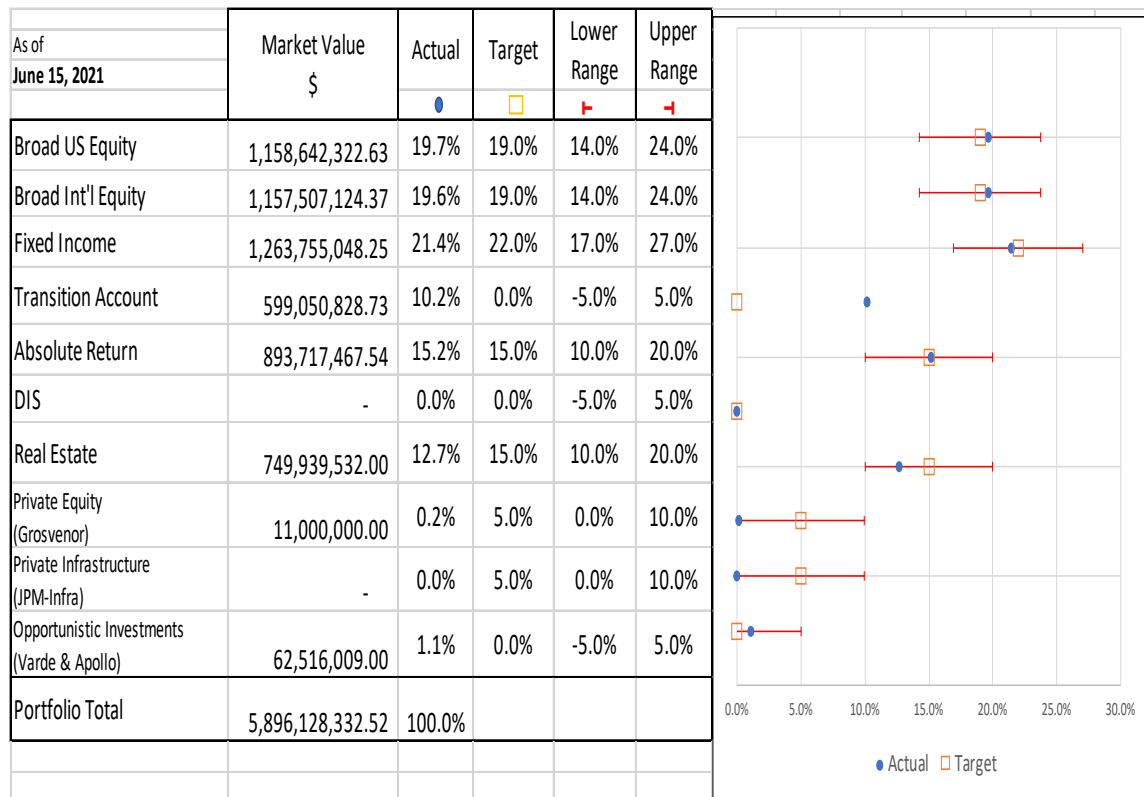
Portfolio Rebalancing Updates

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

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

Asset Allocation

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



Energy Infrastructure and Impact Office Quarterly Program Report

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

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

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

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

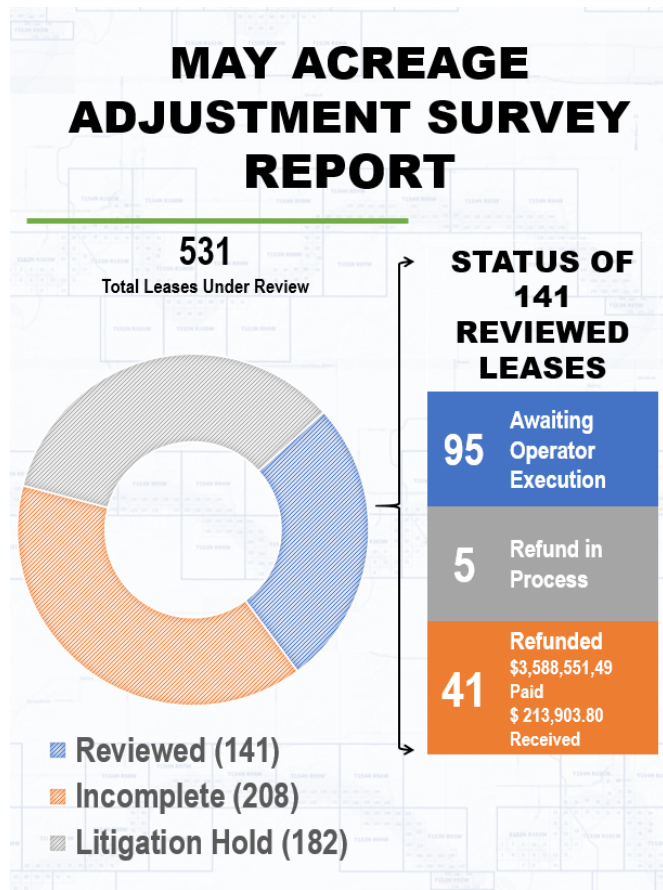
EIO collaborated with the Williston Basin International Airport and the North Dakota Aeronautics Commission regarding the timeline to get these grants closed out by June 30, 2021. On June 2, 2021, the last payment was made to the Williston Basin International Airport, thus closing out this fund reimbursing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

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

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

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

May Acreage Adjustment Report



NDDTL River Tracts map was also presented to the Board and is available upon request.

May 2021 Report of Shut-Ins Approved by Land Commissioner

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

O P E R A T I O N S

Board of University and School Lands Code of Ethics Policy Manual

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management,

(06/24/21)

Investments, and Minerals. The Department recommends the Code of Ethics Policy be repealed due to establishment of the North Dakota Ethics Commission under North Dakota Constitution Article XIV in 2019. In addition, Chapter 54-66 of the North Dakota Century Code governs ethical considerations of public officials, together with the Administrative Rules of the North Dakota Ethics Commission (which is not an administrative agency) found in Title 115 of the North Dakota Administrative Rules.

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

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

Motion: The Board repeal the proposed North Dakota Board of University and School Lands Ethics Policy – Chapter 2, General, superseded by North Dakota Constitution Article XIV and Chapter 54-66 of the North Dakota Century Code.

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

Board of University and School Lands Code of Ethics Policy materials were provided to the Board and are available from the Department upon request.

Board of University and School Lands Media Relations Policy Manual

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

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

Term of the Commissioner of University and School Lands

N.D.C.C. § 15-02-02 provides:

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

members. Upon vacancy by death, resignation, or removal, the board shall appoint a commissioner for the remainder of the four-year term.

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

Motion: The Board appoint Commissioner Jodi Smith for a four-year term, under N.D.C.C. § 15-02-02, term effective July 1, 2021 with a legislative increase of 1.5%.

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

S U R F A C E

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

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

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

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

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

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

- a. Equal of greater value

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

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

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

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

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

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

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

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

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

Motion: The Board authorizes the Commissioner to post for public comment on the Department's website a notice of the application for sale, any supporting documentation,

and instructions for submitting public comments regarding the sale. The Board also authorizes the Commissioner to publish notice of a letter of application for sale in the

official newspaper of the county where the nominated tract is located and in the Bismarck Tribune.

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

No Net Loss Preliminary Land Sale Approval T136N R86W Section 28 NW1/4, Section 32 N1/2N1/2, Section 36 SE1/4 information materials were also provided to the Board and are available from the department upon request.

REVENUE COMPLIANCE

EXECUTIVE SESSION

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

- Royalty Repayment Offers

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

The Board entered into executive session at 10:09 AM.

EXECUTIVE SESSION

Members Present:

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

Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Catelin Newell	Administrative Staff Officer
Kristie McCusker	Paralegal
Rick Owings	EIO

(06/24/21)

Guests in Attendance:

Dave Garner

Leslie Bakken Oliver

Reice Haase

Office of the Attorney General

General Counsel

Governor's Policy Advisor

The executive session adjourned at 11:06 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session meeting, the Board was provided information and no formal action was taken.

A D J O U R N

There being no further business, the meeting was adjourned at 11:06 AM.

Doug Burgum, Chairman
Board of University and School Lands

Jodi Smith, Secretary
Board of University and School Lands