

**Minutes of the Meeting of the  
Board of University and School Lands  
May 25, 2021**

The May 25, 2021 meeting of the Board of University and School Lands was called to order at 2:06 PM via Microsoft Teams by Chairman Doug Burgum. All meeting attendees were via Microsoft Teams.

**Members Present:**

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

**Department of Trust Lands Personnel present:**

Jodi Smith	Commissioner
Dennis Chua	Investment Analyst
Christopher Dingwall	Mineral Title Specialist
Robert Dixon	ITD
Susan Dollinger	Unclaimed Property
Scott Giere	Revenue Compliance Auditor
Peggy Gudvangen	Accounting Division Director
Michael Humann	Surface Division Director
Kristie McCusker	Paralegal
Catelin Newell	Administrative Staff Officer
Adam Otteson	Revenue Compliance Director
Rick Owings	EIO Grants Administrator
Kate Schirado	Administrative Assistant
Michael Shackelford	Investments Director
David Shipman	Minerals Division Director
James Wald	Legal Council

**Guests in Attendance:**

Dave Garner	Office of the Attorney General
Reice Haase	Office of the Governor
Leslie Bakken Oliver	Governor's Legal Counsel

**Additional Guests in Attendance:**

Brady Pelton (NDPC)  
Eric Sundberg  
Karlene Fine  
Gary Hagen  
Amy Sisk  
Josh Kevan (RVK)  
Julie Ellingson (Stockmen's Association)  
Lawrence Bender  
Matt Perdue  
Andrea Pfennig  
Ron Ness  
Jim Silrum  
Will Miller

**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 29, 2021 regular meeting and the April 29, 2021 special meeting, was made by Attorney General Wayne Stenehjem and seconded by State Treasurer Thomas Beadle and the motion carried unanimously on a voice vote.

(05/25/21)

## R E P O R T S

**April 2021 Report of Encumbrances Issued by Land Commissioner**

<b>Granted to:</b>	<b>CONTINENTAL RESOURCES INC, OKLAHOMA CITY-OK</b>
For the Purpose of:	Easement: Pipeline-Multiple Pipelines & Communication Cable
Right-of-Way Number:	RW0008538
Trust:	A - Common Schools
Legal Description:	WIL-153-99-21-SE4, WIL-153-99-22-SW4 LESS ACRES CONDEMNED, W2SE4 LESS ACRES CONDEMNED
<b>Granted to:</b>	<b>WILLISTON WATER MANAGEMENT, LLC, DENVER-CO</b>
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008849
Trust:	A - Common Schools
Legal Description:	MOU-152-92-14-SE4, MOU-152-92-23-NE4NW4
<b>Granted to:</b>	<b>WEST DAKOTA WATER LLC, WILLISTON-ND</b>
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008850
Trust:	A - Common Schools
Legal Description:	MOU-153-92-16-NE4, MOU-153-92-16-NW4
<b>Granted to:</b>	<b>QEP ENERGY COMPANY, DENVER-CO</b>
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008853
Trust:	A - Common Schools
Legal Description:	MOU-150-92-15-W2SW4
<b>Granted to:</b>	<b>HESS CORPORATION, HOUSTON-TX</b>
For the Purpose of:	Easement: Drop Line-Multiple Pipelines & Communication Cable
Right-of-Way Number:	RW0008655
Trust:	A - Common Schools
Legal Description:	MOU-157-93-36-SE4
<b>Granted to:</b>	<b>ND GEOLOGICAL SURVEY, BISMARCK-ND</b>
For the Purpose of:	Permit: Access to School Land
Right-of-Way Number:	RW0008839
Trust:	A - Common Schools
Legal Description:	Multiple tracts in Bowman, Burleigh, Emmons, Grant, Morton, Sioux, Slope Counties
<b>Granted to:</b>	<b>EQUINOR PIPELINES LLC, WILLISTON-ND</b>
For the Purpose of:	Easement-Amend: Pipeline-Multiple Pipelines
Right-of-Way Number:	RW0008727
Trust:	A - Common Schools
Legal Description:	MCK-151-101-36-NW4, SE4, SW4
<b>Granted to:</b>	<b>DROPWATER SOLUTIONS LLC, GAINESVILLE-TX</b>
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008858
Trust:	A - Common Schools
Legal Description:	DUN-147-96-36-NW4
<b>Granted to:</b>	<b>MCKENZIE ELECTRIC COOPERATIVE INC, WATFORD CITY-ND</b>
For the Purpose of:	Easement-Amend: Electric-Buried Distribution Line
Right-of-Way Number:	RW0008855
Trust:	A - Common Schools
Legal Description:	DUN-147-96-36-NE4
<b>Granted to:</b>	<b>WILLISTON WATER MANAGEMENT, LLC, DENVER-CO</b>
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008860
Trust:	A - Common Schools
Legal Description:	MOU-151-92-36-W2NE4SW4, NW4SW4, S2SW4

(05/25/21)

### Summary of Spring Surface Lease Auction Results

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

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

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

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

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

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		

### Summary of Oil and Gas Lease Auction

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

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

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

There was a total of 21 bidders who submitted 772 bids on the 63 tracts. The bidders were from 9 states (CA, CO, FL, MN, MT, ND, TX, WA and WY). A total of \$281,476.25 of bonus was collected from the auction.

## **April Unclaimed Property Report**

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

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

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

For the month of April 2021, the Division received 331 holder reports with a property value of \$1,408,881 and paid 228 claims with a total value of \$582,520.

The Department has engaged Marketing & Advertising Business Unlimited, Inc. (MABU), a full-service management, marketing and multimedia production company, to aid the Department in developing and deploying a strategic communications plan surrounding changes to N.D.C.C. ch. 47-30.1 as a result of the passage of Senate Bill 2048 during the Sixty-seventh Legislative Assembly.

**The Financial Report (Unaudited) for period ending February 28, 2021 was presented to the Board for review and is available at the Department upon request.**

### **Investment Updates**

#### **Portfolio Rebalancing Updates**

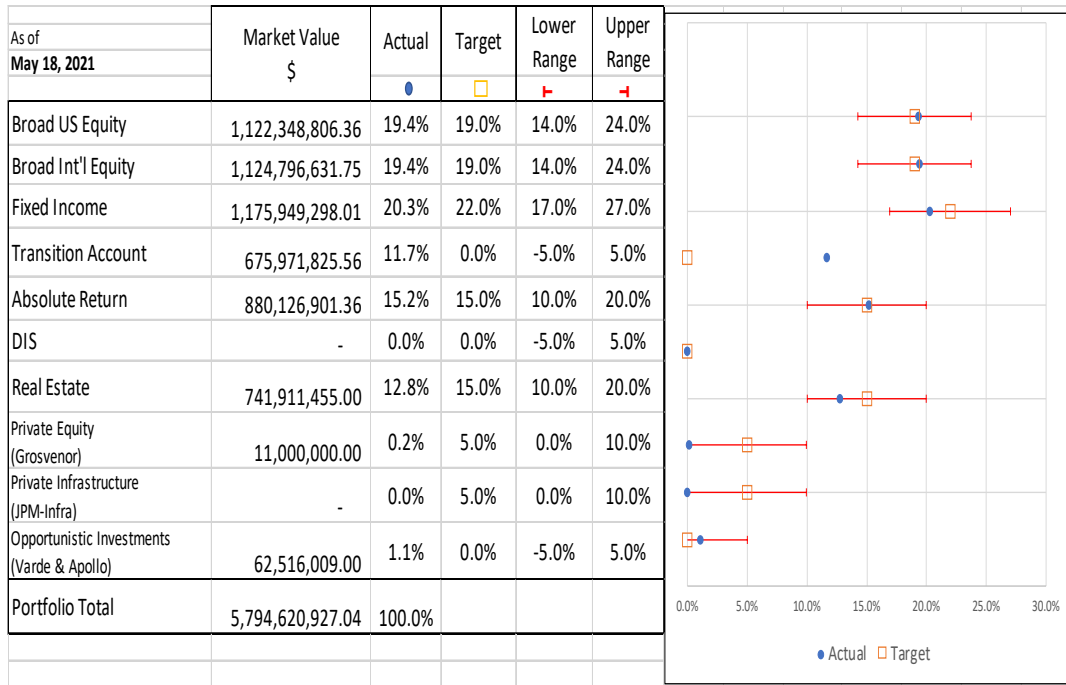
Angelo Gordon Direct Lending Fund IV (Fixed Income) made its initial capital call of \$32.5M bringing its unfunded commitment to \$67.5.

ARES Pathfinder Fund LP (Fixed Income) made a \$10.8M capital call bringing its unfunded commitment to \$84.6M.

GCM (Private Equity) made a capital call of \$1M bringing its unfunded commitment to \$119M.

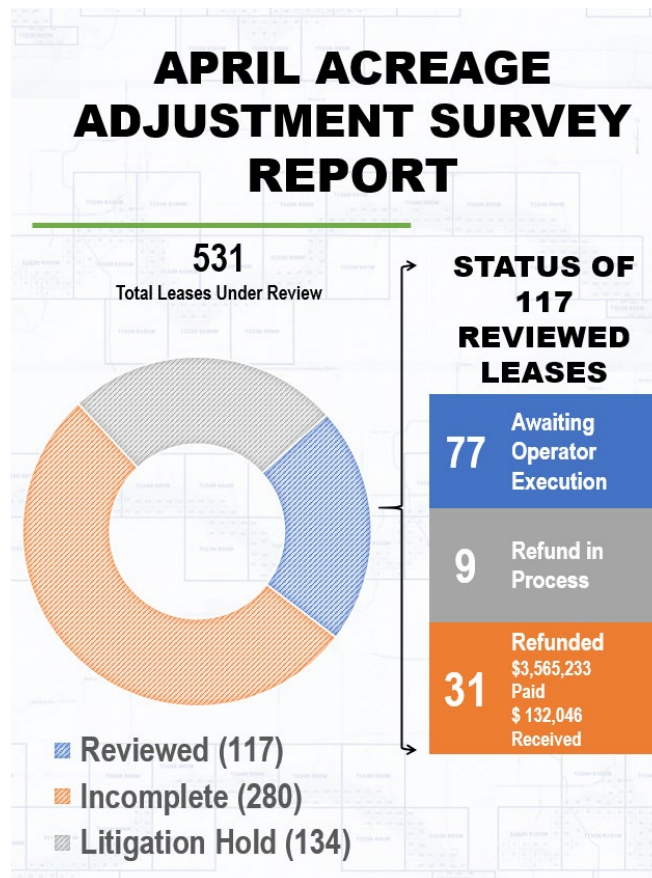
#### **Asset Allocation**

The table below shows the status of the permanent trusts' asset allocation as of May 18, 2021. The figures provided are unaudited.



**Upcoming Investment Manager Meetings**  
There is no upcoming meeting scheduled.

**April Acreage Adjustment Report**



## **Information Technology Project Status Update**

The Department of Trust Land's (Department) 2017-2019 biennial budget appropriation includes \$3.6 million to replace legacy information technology (IT) systems as authorized by Senate Bill 2013 of the Sixty-fifth Legislative Assembly.

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

On April 29, 2019, the new system for Unclaimed Property was successfully launched.

On July 1, 2020, the new Financial Management and Accounting system was successfully launched.

On September 14, 2020, the Revenue Compliance Division successfully launched the migrated and updated software system.

The Surface Land Management System is tentatively scheduled to go-live on August 14, 2021. MABU, a full-service marketing and communications company, has been hired to aid the Department in communication efforts to constituents who will be impacted by the implementation of the new system.

Additional capital funding was approved through Senate Bill 2013 to support the implementation of software for the Minerals Division. A kick-off for the implementation of the new software is scheduled for August 16, 2021.

## **Repayment of Unpaid Royalties Report**

Since the March 25, 2021, Board of University and School Lands meeting, three payors have come into compliance for gas deductions: True Oil, Prima Exploration and Liberty Resources.

## **I N V E S T M E N T S**

### **March Investment Reports – 1st Quarter 2021**

Josh Kevan from RVK will review the performance of the Board of University and School Land's (Board) investment program for the period ending March 31, 2021 and discuss current market conditions.

The first report to be reviewed was prepared by RVK to enable the Board to monitor and evaluate the collective performance of the permanent trusts' investments and the performance of individual managers within the program. In order to provide an overview of the program and highlight critical information, an executive summary has been incorporated into the Board report.

The second report shows the performance of the Ultra-Short portfolio in which the Strategic Investment and Improvements Fund, the Coal Development Trust Fund and the Capitol Building Fund are invested.

RVK Permanent Trust Fund Performance Analysis and RVK Ultra-short Performance Report materials were provided to the Board and are available from the Department upon request.

## S U R F A C E

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

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

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

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

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

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

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

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

Two appraisals were completed as follows:

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

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

NCCC § 15-09-04 states:

*“The board of university and school lands may sell the property described in the application to the applicant at a price not less than the appraised value if the board concludes that the land described in the application is required for the purposes stated in such application and that a conveyance of the property is consistent with this title and the fiduciary responsibilities of the board. If the land described in the application is less than an entire tract, the board, in fixing the price at which such partial tract will be*





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

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		

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

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

Due to the constitution, statutes, and administrative rules in place to address these ethical issues, the Commissioner is requesting the Board provide input on the proposed repeal of the Board of University and School Lands Code of Ethic Policy. This is the “first reading” of the proposed repeal, with suggestions being taken into consideration and a “second reading” to occur on June 24, 2021.

The Board of University and School Lands Code of Ethics Policy first reading was provided to the Board and is available at the Department upon request.

**Term of the Commissioner of University and School Lands**

This agenda item was moved to the June regular Land Board meeting agenda. No formal action was taken.

**Commissioner Annual Review**

This agenda item was moved to the June regular Land Board meeting agenda. No formal action was taken.

**A D J O U R N**

There being no further business, the meeting was adjourned at 3:22 PM.

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Doug Burgum, Chairman  
Board of University and School Lands

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Jodi Smith, Secretary  
Board of University and School Lands