



DEPARTMENT OF
TRUST LANDS

BIENNIAL REPORT

2017-2019

DEPARTMENT OF TRUST LANDS

2017-2019 BIENNIAL REPORT

Dear Governor Burgum and Secretary Jaeger:

As the United States expanded west of the Mississippi River in the early 1800's, our federal government made the decision to provide grants of land to each new state to provide assets that could be used to generate a perpetual source of revenue to support public education.

Funding for education remains at the forefront of many conversations across North Dakota, whether it be for children in overcrowded schools or for additional funding for our major universities. Since statehood, Article IX of the North Dakota Constitution has entrusted the management of acquired and grant land to the Board of University and School Lands (Board) for the support of the trusts benefitting public education and other beneficiaries.

The Board continues to balance generating revenue for each of the trusts while increasing the compatibility of trust activities with the economic future of North Dakota. The Board's innovative approach is consistent with the fiduciary duty, and includes:

- A comprehensive asset management framework that balances short-term revenue generation with long-term value maintenance and enhancement
- Collaborative planning approaches to decision making that engage external stakeholders
- Conservation projects that enhance revenue potential, offer ecosystem services, and allow multiple uses

This approach assists the Board in producing larger, more reliable revenues for trust beneficiaries, accommodating public interests and concerns, and enhancing the overall decision-making environment within which trust management occurs.

The assets managed under the Board's guidance have grown markedly, supporting beneficiaries and designated purposes. During the 2017-2019 biennium, the Board distributed more funds to K-12 public schools than any other biennium in North Dakota's history.

Presented herein is the 2017-2019 Biennial Report of the Commissioner of University and School Lands on behalf of the Board of University and School Lands. This report represents an overview of the asset management responsibilities of the Board, Commissioner, and Department of Trust Lands under the authority of the Enabling Act, North Dakota Constitution, and North Dakota Century Code.

Respectfully submitted,

Jodi Smith, Commissioner

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DEPARTMENT OF TRUST LANDS' MISSION AND HISTORY

Mission

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

Vision

The Department of Trust Lands is known nationally for superior management of its land and mineral assets, unclaimed property, energy grant distributions, and investment portfolio.

History

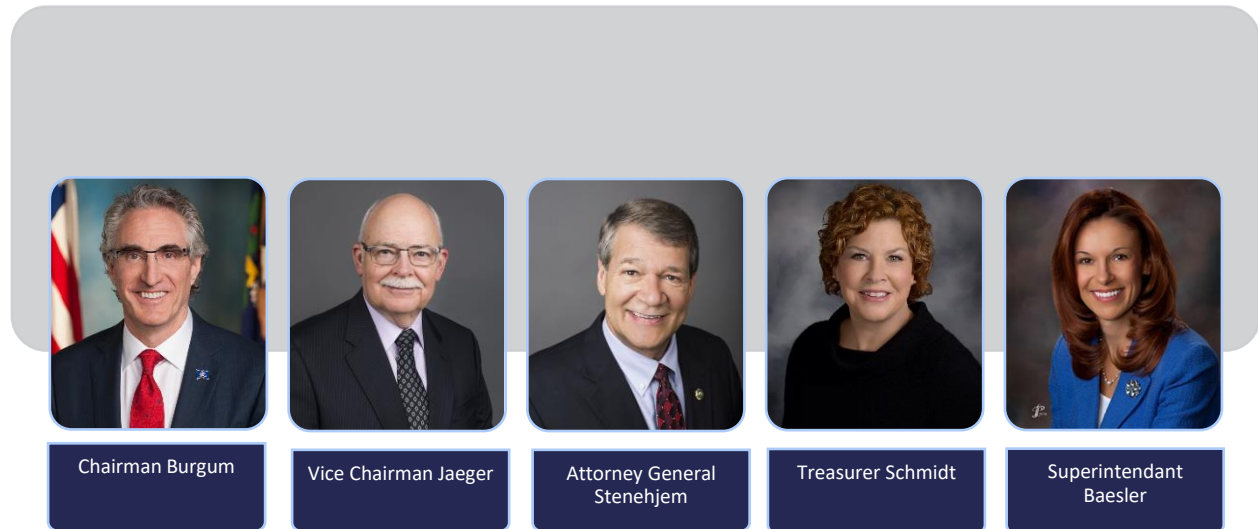
In 1889, Congress passed the [Enabling Act](#) "to provide for the division of Dakota [Territory] into two states, and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and state governments, and to be admitted into the union on an equal footing with the original states, and to make donations of public lands to such states." *Act of February 22, 1889, Ch. 180, 25 Statutes at Large 676*. Section 10 of this Act granted sections 16 and 36 in every township to the new states "for the support of common schools." In cases where portions of sections 16 and 36 had been sold prior to statehood, indemnity or "in lieu" selections were allowed. In North Dakota, this grant of land totaled nearly 2.6 million acres.

The Enabling Act provided further land grants to the State of North Dakota for the support of colleges, universities, the state capitol, and other public institutions. Revenues are generated through the prudent management of trust assets, which assets include approximately 706,600 surface acres and nearly 2.6 million mineral acres. Article IX, Section 2 of the North Dakota Constitution that the "net proceeds of all fines for violation of state laws and all other sums which may be added by law, must be faithfully used and applied each year for the benefit of the common schools of the state and no part of the fund must ever be diverted, even temporarily, from this purpose or used for any purpose other than the maintenance of common schools as provided by law."

To Thomas Jefferson (Jefferson) education for all the children of the United States was the key to creating a strong democracy. Jefferson's idea was to look for a way to fund education by using the land to generate funding. With approval of the Enabling Act in 1889, Congress granted North Dakota the ability to become a state. The Board of University and School Lands (Board) is part of that Act, making it an agency that predates statehood.

The Enabling Act, the North Dakota Constitution, and statutes passed over the last 130 years, have defined the role of the Board and its beneficiaries.

The Board – consisting of the Governor, Secretary of State, Attorney General, Superintendent of Public Institution, and State Treasurer – invests the revenues generated from the trust lands into a diverse portfolio of financial assets. Educational and other institutions are the primary beneficiaries of the various permanent trust funds, pursuant to Article IX of the North Dakota Constitution.



The Commissioner of University and School Lands (Commissioner) is appointed to act on the Board's behalf. In 2011, the Board adopted the name "Department of Trust Lands" as the common reference for the office of the Commissioner. Prior to that time, it was informally called the "State Land Department."

The North Dakota Department of Trust Lands (Department) serves as the administrative agency of the Board and Commissioner. Along with being responsible for the management and stewardship of educational trusts, the Department oversees mineral acres and other assets utilized for the benefit of public schools and other institutions in North Dakota. The Department operates the state's Unclaimed Property Division and the Energy Infrastructure and Impact Office.

Over the years, several constitutional amendments and legislative changes have affected the economic landscape. Despite these changes, the Board and Department have maintained stable investment returns, expanding income sources, and sensible maintenance of real property, with trust beneficiaries and all North Dakota residents benefiting from the efforts of the Board and the Department.

As detailed in statute (N.D.C.C. chs. 15-01, 15-05, 15-08.1, 61-33), the Board has:

- Full control of the selection, appraisal, rental, sale, disposal, and management of:
 - Lands donated or granted for the support and maintenance of the common schools
 - Lands which fall to the state by escheat
 - Lands donated or granted for the maintenance of other state institutions
 - Lands acquired as a result of mortgage foreclosure when loans granted by the trust funds default
- Responsibility for the investment of the permanent funds derived from the sale of any trust lands

- Full control of property that falls to the state by escheat and of the proceeds of all gifts and donations to the state for the support or maintenance of the common schools
- Ability to provide refunds in the event of an error
- Authority to award and distribute energy infrastructure and impact grants
- Authority to lease lands for the production of oil, gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, or colloidal or other clays and may make and establish rules and regulations for development and drilling operations
- Authority to manage minerals acquired or conveyed to the State via the Bank of North Dakota (BND) or State Treasurer
- Responsibility to manage the state possessory interests in oil, gas, and related hydrocarbons in the sovereign lands lying within the ordinary high water mark of navigable lakes and streams

INVESTMENT MANAGEMENT

Revenue has stabilized and continues to provide increased distributions from the trusts. In the 2017-2019 biennium, distributions by the trusts totaled \$288,264,000, paying 11.5% of public education funding per student in North Dakota.

PERMANENT TRUST FUNDS

The Board manages the trust land and minerals in addition to their proceeds, for the exclusive benefit of supporting the common schools (primary education) and the institutions for which the lands were granted. Additionally, the Board manages other funds for the state and other beneficiaries. In accordance with Article IX of the North Dakota Constitution, the trust funds must be managed to preserve purchasing power and to maintain stable distributions to trust beneficiaries.

Revenues are generated through the prudent management of permanent trust assets, including land, minerals, and investments. The surface acres are leased to ranchers and farmers, who assist in their care; mineral acres are leased for oil, gas, coal, and aggregate development. All revenues generated are deposited into the trust funds and are invested in a diversified portfolio of financial assets.

REVENUE AND DISTRIBUTION HISTORY

Article IX, Section 2 of North Dakota Constitution provides:

Distributions from the common schools trust fund, together with the net proceeds of all fines for violation of state laws and all other sums which may be added by law, must be faithfully used and applied each year for the benefit of the common schools of the state and no part of the fund must ever be diverted, even temporarily, from this purpose or used for any purpose other than the maintenance of common schools as provided by law. Distributions from an educational or charitable institution's trust fund must be faithfully used and applied each year for the benefit of the institution and no part of the fund may ever be diverted, even temporarily, from this purpose or used for any purpose other than the maintenance of the institution, as provided by law.

For the biennium during which this amendment takes effect, distributions from the perpetual trust funds must be the greater of the amount distributed in the preceding biennium or ten percent of the five-year average value of trust assets, excluding the value of lands and minerals. Thereafter, biennial distributions from the perpetual trust funds must be ten percent of the five-year average value of trust assets, excluding the value of lands and minerals. The average value of trust assets is determined by using the assets' ending value for the fiscal year that ends one year before the beginning of the biennium and the assets' ending value for the four preceding fiscal years. Equal amounts must be distributed during each year of the biennium.

Educational and institutional trust distributions are based upon the growth in value of the trusts' financial assets over time, rather than on the amount of interest and income earned by each trust during the year. Biennial distributions from the permanent trust funds must be 10 percent of the five-year average value of trust assets, excluding the value of lands and minerals. Equal amounts are distributed during each year of the biennium. With the substantial growth in trust assets over the past 10 years, distributions to beneficiaries have significantly increased.

The key to a successful endowment type investment program is to maintain spending levels at sustainable rates. That was the objective of the constitutional spending formula implemented in 2009. It was advanced with the specific purpose of balancing the Board's dual mandates to preserve the purchasing power of the trusts and maintain stable distributions to beneficiaries.

In reviewing the historical annual distributions from the Common Schools Trust Fund (CSTF) and the amount of income and assets available to make those distributions, there are two distinct time periods that should be considered:

- Statehood through FY 2009: In most of the years leading up to 2009, "interest and income" including investment income and dividends, surface rentals, and mineral rentals were distributed to the common schools. Revenues from mineral royalties and bonuses, easements, unclaimed property, etc., were deposited into the corpus and could not be distributed.

The exception was through a constitutional measure during 1980 through 1984 when a portion of the mineral lease bonuses collected were distributed, resulting in higher payout rates.

- FY 2010 to present: Since Fiscal Year (FY) 2010, distributions have been based on the growth in value of the trust fund over time as determined under the formula found in Article IX, Section 2 of the North Dakota Constitution. Revenues from all sources are deposited into the fund and the total financial value determines distributions.

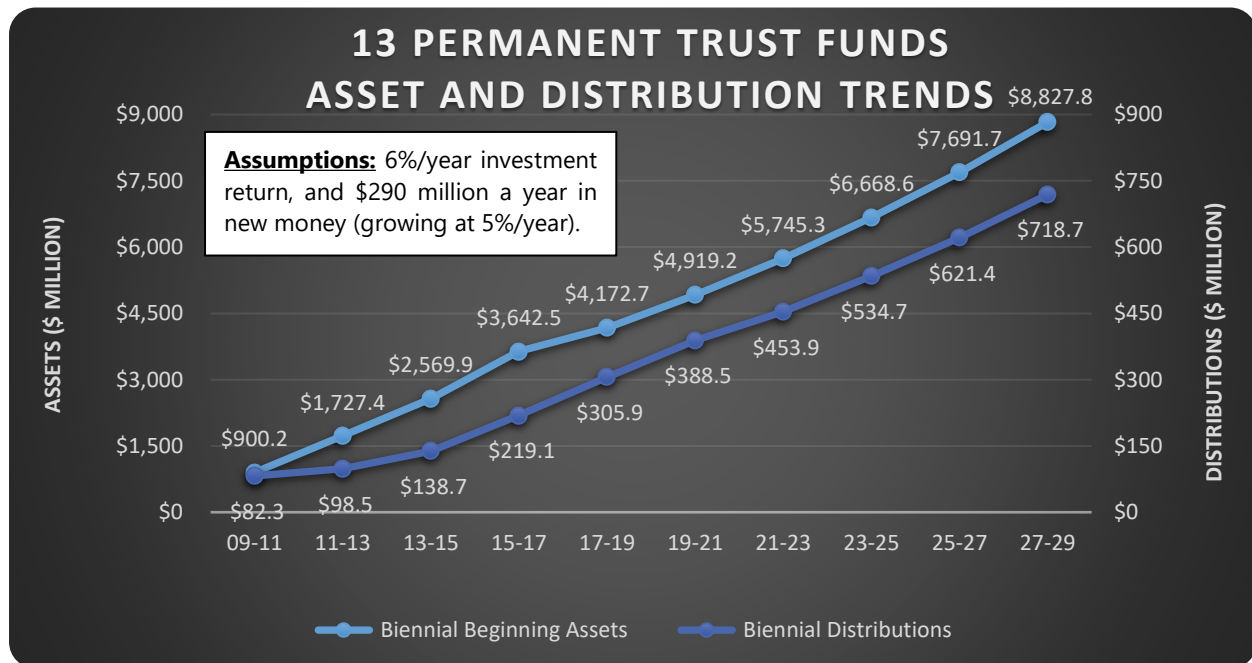
Over time, the formula will generate a yearly distribution rate of between 4.0-4.5%, although the exact rate for each year depends on the amount of new money flowing into the fund and investment returns. The more money flowing into the CSTF, the lower the distribution percentage will be since the statutory 5% distribution payout is based on a trailing five-year average balance of the fund (meaning the faster the fund grows the lower the percentage payout, especially since it is calculated biennially instead of annually).

The chart below shows CSTF distributions compared to the fund's beginning financial assets from FY 2009 through FY 2019. For many of the previous 40 years, distributions were made at

unsustainable rates. The combination of constitutional language, legislative appropriation of distributions, and an objective to increase distributions made it difficult to manage the spending rate. In 1995, the Board adopted an asset allocation leading toward a total return investing and the percentage of assets approach to distributions. At that time, the Board adopted a 20-year forward looking asset allocation plan to decrease the distribution rate below 5% and increase exposure to equities to more than 50% to balance the dual mandates to preserve the purchasing power of the trust and maintain stable distributions to beneficiaries.

Legislative action in 2001 resulted in an unanticipated bump to the permanent trust funds' distributions of 20%, undoing the Board's plan to reduce the distribution rate. The disruptive distribution led the Board to further investigate a total return and percent of assets approach to investing and distributions.

In 2003, the Board accepted investment consultant DiMeo-Schneider's asset allocation study, leading to its 2005 legislative resolution and 2006 ballot measure amending Article IX distributions. That law became effective July 1, 2009.



The Board manages other funds for the state and other beneficiaries. Two funds are private purpose trust funds; the Indian Cultural Education Trust and Theodore Roosevelt Presidential Library and Museum Endowment Fund. The remaining funds of the Department are governmental funds.

Indian Cultural Education Trust

The Indian Cultural Education Trust was created in 2003 to generate income to benefit Indian culture (N.D.C.C. ch. 15-68). Present assets are managed for the benefit of the Mandan, Hidatsa, and Arikara Nation Cultural Education Foundation. This trust's assets are managed, and distributions determined, in the same manner as the permanent trust funds.

Theodore Roosevelt Library and Museum Endowment Fund

The Theodore Roosevelt Presidential Library and Museum Endowment Fund (TR Fund) was created to generate income to be used for the operation and maintenance of the library and museum, after the Theodore Roosevelt Presidential Library Foundation has raised or secured binding pledges of \$100 million. The TR Fund is managed through an agreement between the Office of the North Dakota Governor and the Board. In May of 2019 the first deposit, totaling \$15 million, was made to the Board for the Theodore Roosevelt Presidential Library and Museum Endowment.

Capitol Building Fund

The Capitol Building Fund was established by N.D.C.C. § 48-10-02 pursuant to Article IX of the North Dakota Constitution. Section 12 of the Enabling Act authorized the land grant for “public buildings at the capital of said states.” N.D.C.C. § 48-10-02 defines the fund, outlines its purposes, and assigns management of the land and the fund’s investment to the Board. Unlike the permanent trust funds created under Article IX, this fund is fully expendable and is subject to legislative appropriation each biennium.

Strategic Investment and Improvements Fund

The Strategic Investment and Improvements Fund (SIIF) is financed by the revenues earned from sovereign mineral acres, including those formerly owned by the BND and State Treasurer and minerals located under navigable rivers and lakes (N.D.C.C. ch. 15-08.1, § 61-33-07). The SIIF also receives a portion of the oil and gas production and extraction taxes (N.D.C.C. § 57-51.1-07.5). This fund may be appropriated by the legislature for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government (N.D.C.C. § 15-08.1-08).

Coal Development Trust Fund

The Coal Development Trust Fund was established by N.D.C.C. ch. 57-62, pursuant to Article X, § 21 of the North Dakota Constitution. The Fund receives 30 percent of the coal severance tax. This fund is held in trust and is administered by the Board for loans to coal impacted counties, cities, and school districts as provided by N.D.C.C. § 57-62-03, and for loans to school districts pursuant to N.D.C.C. ch. 15.1-36. Any balance not loaned is invested according to Board policies.

The income earned by this fund is transferred to the State General Fund each year.

SURFACE MANAGEMENT

The Surface Management Division manages more than 706,000 surface acres owned by the various trust funds under the Board's control. The major source of income from these lands comes from agricultural leases (grassland, crop and hay land uses), with significant revenue generated from rights-of-way, surface damage agreements, and construction aggregate mining. The objective of surface management is to obtain a "fair market" return from the trust lands while maintaining or improving the condition and value.

Professional staff work day-to-day on land management projects that result in the generation of surface revenue and land improvement on trust lands. These projects include:

- Linear easements
- Oil well pad, saltwater disposal sites, pipeline and road siting and reclamation
- Developing water wells, pipelines, dams, and dugouts for livestock water and wildlife enhancement
- Grazing management plans for improving range condition and productivity
- Cooperative trash site clean-up and abandoned water well sealing
- Gravel and scoria mine site reclamation
- Noxious weed chemical and biological control
- Coal mine reclamation
- Monitoring flood affected tracts
- Seismic permitting
- Lessee and right-of-way contacts and public inquiries

There were 278 rights-of-way issued during the 2017-2019 biennium. The majority of the right-of-way requests are directly related to oil and gas development activities. Right-of-way activity continues to be much greater than during the pre-oil development activity period. This sustained high activity is expected to persist until sufficient pipelines and electrical lines have been installed to support the necessary infrastructure for new wells. Right-of-way consideration payments have generated \$7.77 million dollars for the trusts over the biennium.

During the 2017-2019 biennium the Department acquired 1.61 acres through a Williams county township road right-of-way reversion.

The trust lands have been leased by generations of North Dakotans for agricultural purposes. The land is leased in a series of auctions held each fall and spring. All auctions are open to the public and the lease goes to the highest bidder with the minimum bid set by the Commissioner based upon the Board's Fair Market Value Minimum Rent Policy. The Department manages nearly 4,800 active surface land leases. Leasing interest continues to be high with over 99 percent of the tracts offered successfully leased. The Department generated \$17.4 million in rental income through the surface lease program, an increase of \$1.5 million over the prior biennium.

The surface acres managed by the Department are inspected at least once during the five-year lease period by trained field inspectors to help with early detection of noxious and invasive weed species and to monitor land integrity. Reclamation inspections assist in determining whether a right-of-way having surface disturbance is meeting agreement vegetation standards, noxious and invasive weed control, and erosion. The surface inspection program generates approximately 1,500 tract inspections on an annual basis. These inspections are generally fall integrity inspections, reclamation inspections, livestock grazing, noxious weed, unleased tract, and posting inspections.

The table below illustrates the surface acres by county managed by the Department.

SURFACE ACRES BY COUNTY							
As of June 30, 2019							
County	Acres		County	Acres		County	Acres
Adams	17,097.52		Golden Valley	28,983.55		Ramsey	2,056.50
Barnes	2,803.32		Grant	33,517.76		Ransom	1,120.00
Benson	11,999.60		Griggs	1,741.24		Renville	1,910.12
Billings	30,927.06		Hettinger	9,892.50		Richland	513.68
Bottineau	3,271.94		Kidder	28,643.79		Rolette	6,226.08
Bowman	29,310.48		LaMoure	1,435.72		Sargent	1,128.17
Burke	16,137.16		Logan	9,421.53		Sheridan	25,826.44
Burleigh	27,891.66		McHenry	22,720.56		Sioux	23,411.56
Cass	40		McIntosh	6,209.87		Slope	23,605.98
Cavalier	556.47		McKenzie	64,586.70		Stark	6,150.13
Dickey	3,981.51		McLean	20,890.99		Stutsman	15,627.81
Divide	20,791.24		Mercer	15,129.38		Towner	8,076.00
Dunn	25,673.31		Morton	18,101.82		Walsh	160
Eddy	10,292.81		Mountrail	32,445.59		Ward	10,798.98
Emmons	13,533.97		Nelson	2,694.45		Wells	5,251.89
Foster	3,111.51		Oliver	7,588.41		Williams	38,382.45
Grand Forks	1,274.77		Pierce	13,664.93		Total	706,608.91

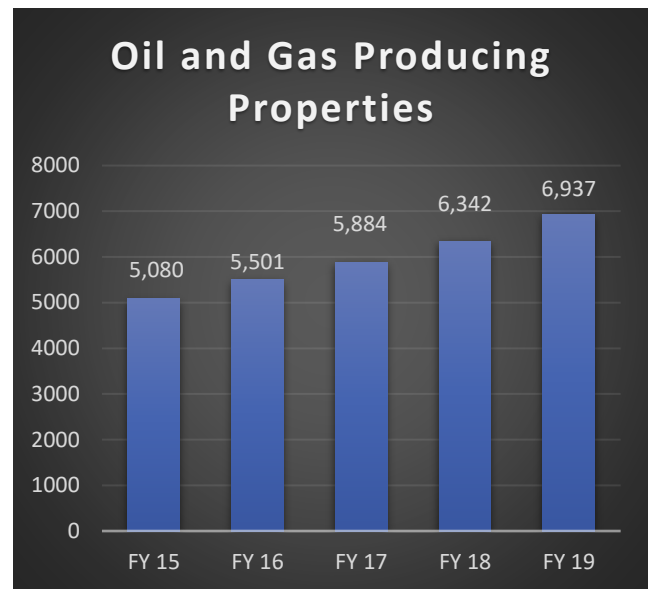
Surface Acres by Trust Fund	
As of June 30, 2019	
Trust Fund	Acres
Common Schools	631,805.68
School for the Blind	3,481.69
Capitol Building	9,994.45
School for the Deaf	4,830.44
Ellendale State College	4,912.82
State Hospital	2,206.11
ND Youth Correctional Center	3,584.42
School of Mines ¹	3,330.38
North Dakota State University (NDSU)	15,120.23
Veterans Home	2,753.69
University of North Dakota (UND)	8,897.98
Valley City State University	640
ND State College of Science	3,712.94
Mayville State University	640
Valley City/Mayville ²	6,824.08
Farm Loan Pool ³	3,714.00
Indian Cultural Education	160
Total	706,608.91
1	The benefits of the original grant to the School of Mines are distributed to the University of North Dakota.
2	Receipts from acreage held jointly by Valley City and Mayville State Universities are allocated 62.5% to Valley City and 37.5% to Mayville.
3	Receipts from this acreage are allocated to the permanent trusts that have an interest in the Board's Farm Loan Pool.

MINERALS MANAGEMENT

The Minerals Division oversees nearly 2.6 million mineral acres throughout the state. The Minerals Division's activities include analysis, title work, and administration of oil and gas leasing, as well as management of coal, potash, and other mineral leasing operations. The Minerals Division optimizes revenue contributions to the trusts and funds by ensuring effective and responsible collection of revenue from mineral assets. The main source of income is from lease bonus payments and royalties.

As of June 30, 2019, the Department managed an interest in over 44 percent of the 15,428 producing wells in North Dakota. Production from 6,937 producing properties, including both unitized fields and wells, was monitored during FY 2019, which was up from 6,342 producing properties in FY 2018.

During the 2017-2019 biennium, the Minerals Division offered 764 leases, generating \$6.3 million in bonuses. As of the end of the biennium, 718,991 acres are under 8,713 leases.

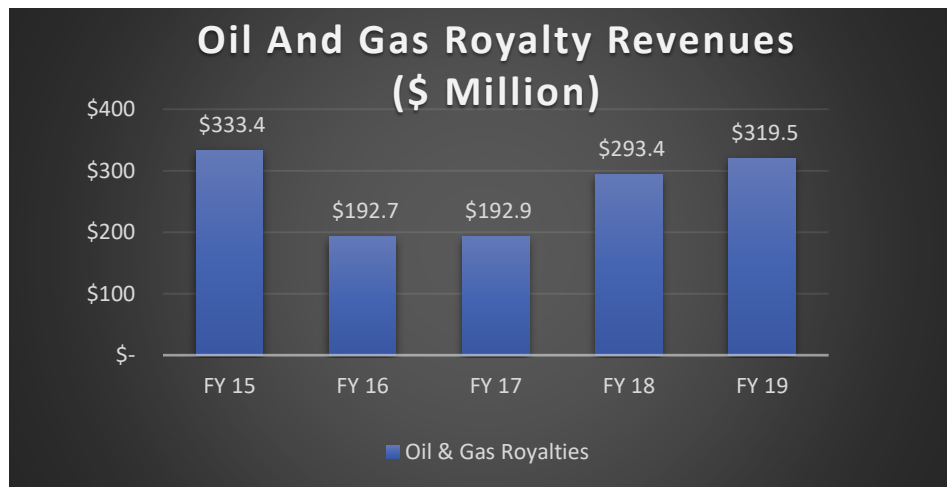


Leased Acres and Bonuses Received in 2017-2019			
	Acres	Bonus	Avg Bonus per Acre
Billings	6,832.51	\$ 781,662.80	\$ 114.40
Bottineau	240.00	\$ 7,680.00	\$ 32.00
Bowman	923.80	\$ 10,427.99	\$ 11.29
Burke	4,867.85	\$ 540,467.02	\$ 111.03
Divide	6,303.46	\$ 362,029.50	\$ 57.43
Dunn	9,168.69	\$ 2,168,526.58	\$ 236.51
Golden Valley	7,801.14	\$ 131,270.26	\$ 16.83
Hettinger	160.00	\$ 160.00	\$ 1.00
McKenzie	7,259.65	\$ 776,543.32	\$ 106.97
McLean	402.63	\$ 33,981.35	\$ 84.40
Mountrail	10,405.96	\$ 1,555,039.76	\$ 149.44
Renville	79.87	\$ 4,353.37	\$ 54.51
Slope	640.00	\$ 1,280.00	\$ 2.00
Stark	635.41	\$ 12,824.92	\$ 20.18
Ward	8,977.22	\$ 269,141.73	\$ 29.98
Williams	720.16	\$ 68,244.80	\$ 94.76
Total	65,418.35	\$ 6,723,633.40	\$ 102.78

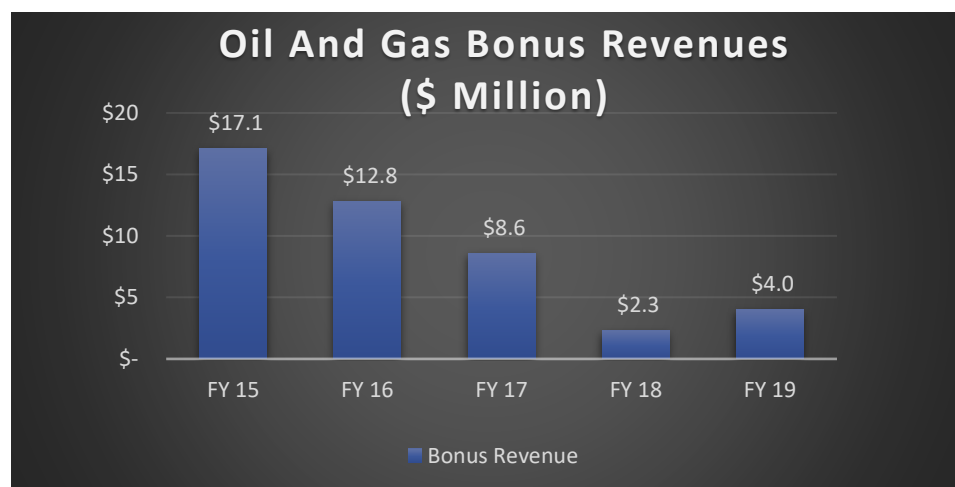
REVENUE COMPLIANCE

The Department's Revenue Compliance Division is responsible for developing and implementing procedures to assure the timely and accurate accounting of all royalties, bonuses, rentals, and other revenues received. A significant amount of time is dedicated to evaluating the accounting and collection of oil and gas royalties.

The Department collected oil and gas royalties of approximately \$293.4 million in FY 2018 and \$319.5 million in FY 2019.

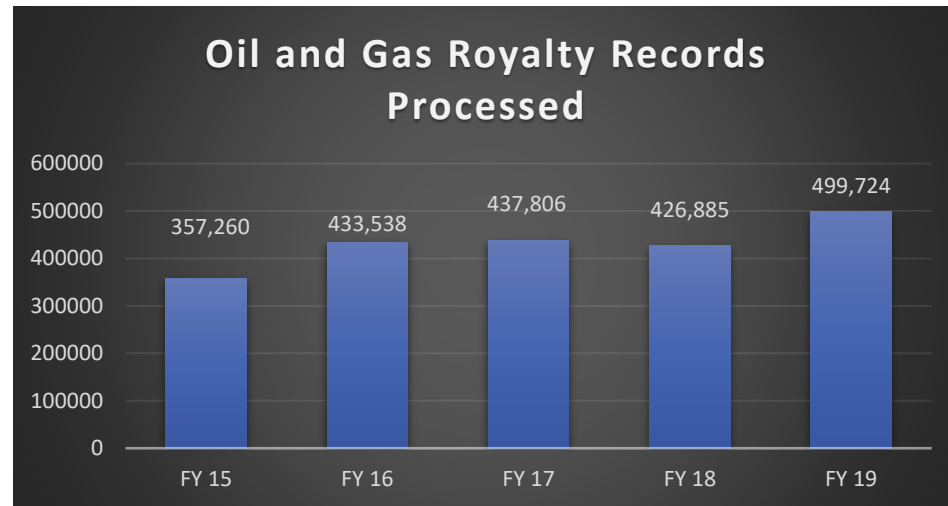


Bonus revenue received totaled \$2.3 million in FY 2018 and \$4.0 million in FY 2019 as most of the favorable oil and gas production areas were already under lease. Subsequently, as the bonus revenues declined over the past several years, the oil and gas royalties generally increased due to growth in production and increased oil and gas prices.



PAYMENT RECORDS

Royalty records include prior period adjustments and current period payments. Often, multiple transactions will occur on the same statement for the same property due to multiple tracts in the same spacing unit, reporting of various products, and prior period adjustments. Fluctuating oil prices do not have an immediate effect on the volume of royalty records processed.



COLLECTIONS

Royalty data is reviewed for discrepancies in volume, ownership, valuation, and lease terms. Reported volume data is compared with the North Dakota Industrial Commission's data to identify variances. Additionally, division orders and submitted royalty reports are reviewed to identify potential issues. These efforts have brought additional revenue to the trusts that may not have otherwise been collected. The enhanced efforts have resulted in additional royalty collections over the prior four fiscal years. The table below details the results of these efforts.

Collections				
	FY 16	FY 17	FY 18	FY 19
Additional Royalties Collected	\$ 915,778	\$ 295,678	\$ 81,436	\$ 490,829
Repaid Taxes and Deductions Taken in Error	353,256	42,580	797,882	0
Penalties Collected	486,998	306,473	293,365	564,617
Total Collections	\$1,756,032	\$644,731	\$1,172,683	\$1,055,446

FINANCIAL REPORTS

Brady Martz Certified Public Accountants and Consultants completed its review of the Department's financial statements for the year ending June 30, 2019. The draft report identified no audit findings or recommendations. The full report can be found on the Department's [website](#).

While the Department saw an increase in work, the Board saw a reduction in funding, resulting in a decrease in FTEs from 33 in the 2015-2017 biennium to 31 in the 2017-2019 biennium while managing \$5.1 billion in assets, more than 706,000 surface acres, and over 2.6 million mineral acres.

Board of University and School Lands		
Comparative Financial Position (Unaudited)		
Schedule of Net Assets		
Assets by Trust:	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Common Schools	\$4,651,515,838	4,318,989,728.00
North Dakota State University	72,045,457	68,579,594
School for the Blind	12,682,481	11,304,019
School for the Deaf	21,251,342	20,736,182
State Hospital	14,603,478	14,441,234
Ellendale *	21,852,063	20,594,016
Valley City State University	12,936,711	12,290,979
Mayville State University	8,093,248	7,464,850
Youth Correctional Center	24,651,950	23,206,107
State College of Science	17,946,053	16,559,299
School of Mines **	21,883,980	20,356,806
Veterans Home	5,370,988	5,287,355
University of North Dakota	34,344,393	31,876,111
Capitol Building	6,548,608	4,723,483
Strategic Investment and Improvements	1,134,326,018	354,701,097
Coal Development	70,296,353	69,591,292
Indian Cultural Education Trust	1,285,256	1,269,705
Theodore Roosevelt Presidential Library	15,050,748	-
Total	<u>\$6,146,684,965</u>	<u>\$5,001,971,857</u>

Assets by Type:		
Cash	\$128,131,969	27,963,593.00
Receivables	50,537,931	48,389,277
Investments ***	5,808,514,418	4,825,753,950
Office Building (Net of Depreciation)	428,010	483,851
Farm Loans	9,229,151	7,106,929
Energy Construction Loans	979,447	1,040,078
Energy Development Impact Loans	11,269,205	11,973,940
School Construction Loans (Coal)	41,707,151	44,321,823
Due to/from Other Trusts and Agencies	98,115,243	36,962,784
Accounts Payable	(2,227,560)	(2,024,368)
Total	\$6,146,684,965	5,001,971,857

*** Ellendale Trust**

The following entities are equal beneficiaries of the Ellendale Trust:

Dickinson State University	School for the Blind
Minot State University	Veterans Home
Dakota College at Bottineau	State Hospital
	State College of Science - Wahpeton

**** School of Mines**

Benefits of the original grant to the School of Mines are distributed to the University of North Dakota.

***** Investments**

Includes available cash available for loans, investments, abandoned stock and claimant liability.



ENERGY INFRASTRUCTURE AND IMPACT OFFICE

The Board has authority to award and distribute energy infrastructure and impact grants from moneys deposited in the Oil and Gas Impact Grant Fund. The Energy Infrastructure and Impact Office (EIO) is the division within the Department responsible for administering grants. EIO 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.

EIO receives grant applications from cities, schools, counties, and other political subdivisions. The applications are reviewed with an Advisory Committee appointed by the Board, which makes recommendations to the Board for final approval. Each grant's Advisory Committee considers the grant criteria, eligibility, and application guidelines, and all meetings are conducted under the Open Meetings Laws.

Over the course of the past 40 years, EIO has dispersed over \$624 million in funding. The amount of funding available to this program over the last five biennia was:

- \$8 Million in the 2009-2011 biennium
- \$135 Million in the 2011-2013 biennium
- \$240 Million in the 2013-2015 biennium
- \$140 Million in the 2015-2017 biennium
- \$40 Million in the 2017-2019 biennium

On January 1, 2019 the EIO implemented Administrative Rules as a result of House Bill 1300, in which the Sixty-fifth Legislative Assembly directed the Board no longer be exempt from N.D.C.C. ch. 28-32. Those rules can be found at [Title 85](#) of the North Dakota Administrative Code, and include the following chapters:

- 85-02-01 Definitions
- 85-02-02 Grant Processing
- 85-02-03 Grant Award
- 85-02-04 Aged Grants

In the 2017-2019 Biennium the Legislative Assembly appropriated \$40 Million to the Williston and Dickinson Airports in Senate Bill 2013.



Section 10 of SB 2013 allowed EIO to fund operational expenses of the EIO and award contingency emergency grants with funds available from unexpended grant funds from previous awards. Ten grant rounds were held throughout the biennium. The grant round objective was to offset costs incurred for an emergency or unanticipated incident where the damage was directly related to or impacted by current oil and gas development. The Board awarded 13 grants, for a total of \$3,145,558, to political subdivisions with contingency funding.

The chart below reflects both the \$40 million for the Williston and Dickinson Airports (per SB 2013) and \$3.1 million for political subdivisions impacted by current oil and gas development were awarded during the biennium.

2017-2019 Biennium Breakdown		
Grant Round	Amount of Projects	Amount Awarded
Williston Airport - 2018	\$8,758,442	\$5,643,174
Dickinson Airport - 2018	\$3,965,326	\$1,402,065
Williston Airport - 2018	\$71,279,603	\$12,856,826
Contingency Grant - 1st Round	\$10,576,411	\$47,681
Contingency Grant - 2nd Round	\$1,710,367	\$250,000
Williston Airport - 2018	\$42,687,361	\$14,356,826
Dickinson Airport - 2018	\$25,783,150	\$3,597,935
Williston Airport - 2018	\$9,230,468	\$2,143,174
Contingency Grant - 3rd Round	\$2,481,453	\$1,007,577
Contingency Grant - 4th Round	\$15,182,289	\$1,840,300
Subtotals	\$191,654,870	\$43,145,558.00

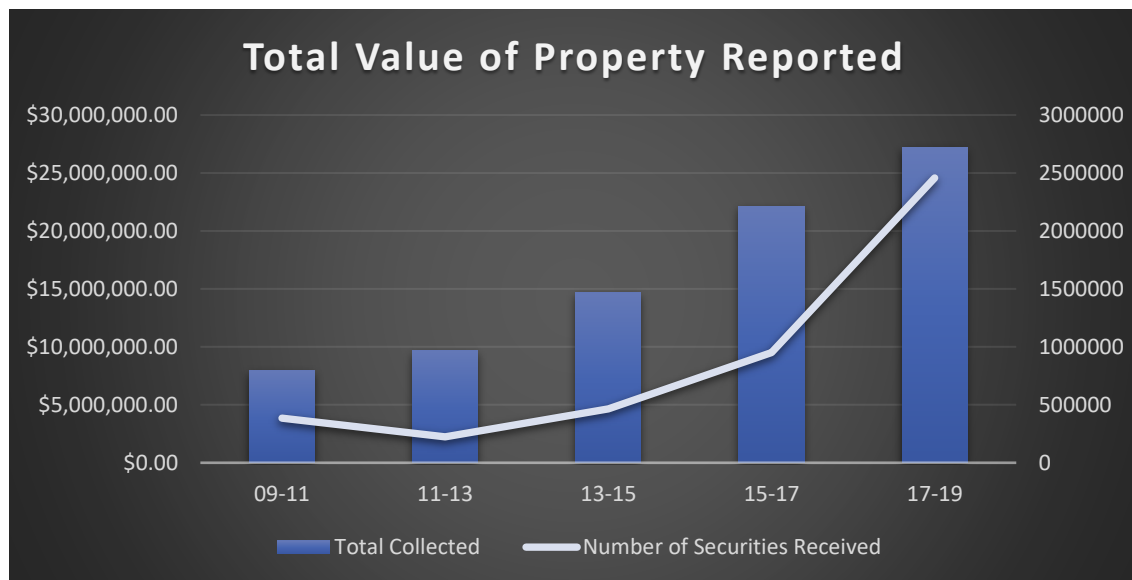
UNCLAIMED PROPERTY

The Unclaimed Property Division administers and enforces the Uniform Unclaimed Property Act (N.D.C.C. ch. 47-30.1) which has been in effect since 1975. The program's objectives are to reunite lost and abandoned property with its rightful owner and to safeguard this property from being used for personal gain by non-owners. The property is maintained to the credit of the CSTF with revenue earned on the investment of properties benefiting school funding.

In August of 2017, the Unclaimed Property Division began the Request for Proposal process to replace its existing software. On April 29, 2019 the Kelmar Unclaimed Property Software Solution (KAPS) went live. In tangent with the KAPS go live, the new unclaimed property website was launched at www.unclaimedproperty.nd.gov, advertising an additional 48,000 properties.

With the implementation of the KAPS system and in conjunction with the new website, the Division can now "fast track" eligible claims. This adds efficiency to the Unclaimed Property Division and returns funds to owners in a shorter time. Between April 30, 2019 and June 30, 2019, 152 claims were approved and paid through the fast track process. This was a 55% fast track pass rate with a total dollar value of \$27,244.84.

The 2017-2019 biennium saw a total of 8,807 properties paid, resulting in \$7,355,430.95 returned to owners. Abandoned property reported to the Department totaled \$27,239,906.13 from the receipting of 5,365 holder reports and 67 safe boxes.



On January 1, 2019 the Unclaimed Property Division also implemented Administrative Rules as a result of House Bill 1300. Those rules can be found at [Title 85](#) of the North Dakota Administrative Code and include the following chapters: 85-03-01 Definitions

- 85-03-02 Reporting Abandoned Property
- 85-03-03 Claiming Property