

BOARD OF UNIVERSITY AND SCHOOL LANDS

AGENDA

**Governor's Conference Room
State Capitol, Ground Floor
September 26, 2013
9:00 AM**

* = Board Action Requested

9:00 AM – 9:30 AM

1. APPROVAL OF MINUTES

- * A. August 15, 2013 Special Meeting
- * B. August 29, 2013 Regular Meeting

2. ENERGY INFRASTRUCTURE AND IMPACT OFFICE (EIIO)

- * A. Law Enforcement and Sheriff Grant Recommendations
- * B. City of Dickinson's Request For Award Scope Change
- * C. EIIO Award Cancellation Process

9:30 AM – 10:30 AM

3. INVESTMENTS

R. V. Kuhns Investment Study - Continued

10:30 AM – 11:00 AM

4. MINERALS MANAGEMENT DIVISION

Ordinary High Water Mark Survey – Phase IV

5. REPORTS

- A. Light and Radar Surveys (LIDAR) – Proof of Concept
- B. Report of Easements Issued by the Land Commissioner

Meeting call number is 1-888- 346-3659 (Access code 5160380#)

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

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

Members Present:

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

Members Absent:

None

Department of Trust Lands Personnel:

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

Others in Attendance:

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

ENERGY INFRASTRUCTURE AND IMPACT OFFICE

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

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

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

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

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

Application Requirements:

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

3. A 20% local match of the total project cost
4. School must be located in an oil producing county

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

Requests were evaluated based upon:

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

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

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

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

K-12 Schools Grant Round - Recommended Awards

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

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

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

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

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

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

A D J O U R N

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

Jack Dalrymple, Chairman
Board of University and School Lands

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

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

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

Members Present:

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

Department of Trust Lands Personnel:

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

Others in Attendance:

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

APPROVAL OF MINUTES

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

ENERGY INFRASTRUCTURE AND IMPACT OFFICE

Emergency Medical Services and Fire Districts Grant Round

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

The EIIO proposed grant guidelines:

- Grant applications will be accepted by the EIO through September 2013. Applications can be submitted by eligible political subdivisions including counties, cities, rural fire protection districts, ambulance districts.
- This grant round is for EMS and fire department needs resulting from impacts from oil and gas development activities.
- Requests for funding to improve readiness, quality and responsiveness of EMS and fire response teams being impacted from oil and gas development will be considered.
- Applications should be for projects to improve equipment; facilities; safety; planning efforts to develop or formalize county/regional mutual aid/joint powers agreements; oil industry specific training, leadership development; and obtaining assets to improve emergency response.
- Criteria used in evaluating requests include: safety improvement; financial need; result of energy activity; project readiness; and contribution to long-term service/department viability.

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

EMS Impact Grants Advisory Committee:

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

Fire Department Impact Grants Advisory Committee:

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

Timelines for this grant round are:

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

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

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

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

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

The EIO has worked with the North Dakota Aeronautics Commissioner to implement existing policies, procedures, forms and instructions for airport assistance grant in the Energy Impact grants process. This is to include consideration of availability of local funds and to give priority to projects having been awarded or that are eligible to receive federal funding. Recommendations for award were reviewed and approved by the Aeronautics Commission. This coordination expedited the grant round for airports.

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

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

AIRPORT ENERGY IMPACT AWARD RECOMMENDATIONS - 2013

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

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

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

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

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

.Law Enforcement Grant Round Update

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

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

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

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

INVESTMENTS DIVISION

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

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

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

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

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

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

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

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

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

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

R E P O R T S

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

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

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

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

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

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

MCK-151-96-36-SE4

PETRO-HUNT LLC
DUN-145-97-16-NE4, NW4, SE4, SW4

Access Road 25-Jul-13

DENBURY ONSHORE LLC
BIL-141-101-14-SW4

Amend: Vertical Oil Well 16-Jul-13

WHITING OIL & GAS CORPORATION
MOU-153-91-16-NW4

Drop Line-Multiple Pipelines 01-Aug-13

SLAWSON EXPLORATION CO
MOU-158-94-16-SW4

Amend: Horizontal Oil Well 06-Aug-13

HILAND CRUDE LLC
MOU-154-93-16-SE4, SW4

Oil Gathering Pipeline 08-Aug-13

PETRO-HUNT LLC
MCK-153-95-16-NW4

Salt Water Pipeline 29-Jul-13

SLOPE ELECTRIC COOP INC
BOW-130-104-16-NE4, SE4 LESS SCHOOL SITE

Amend: Electric Distribution Line 31-Jul-13

BEK COMMUNICATIONS COOP
KID-140-70-36-NW4, SW4
KID-140-72-16-NE4, SE4
KID-141-71-16-NE4, NW4
KID-141-72-36-SE4, SW4
KID-142-72-30-E2SE4

Amend: Communication Cable 31-Jul-13

WHITING OIL & GAS CORPORATION
MOU-153-91-16-NW4

Drop Line-Oil Gathering Pipeline 16-Aug-13

WHITING OIL & GAS CORPORATION
MOU-153-91-16-NW4

Oil Gathering Pipeline 31-Jul-13

LIBERTY RESOURCES LLC
WIL-156-100-9-S2SE4

Amend: Multiple Pipelines 07-Aug-13

CONTINENTAL RESOURCES INC
BOW-130-104-16-NE4

Amend: Vertical Oil Well 16-Aug-13

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

Amend: Oil Gathering Pipeline 08-Aug-13

WESTWOOD PROFESSIONAL SERVICES
WAR-155-84-1-SW4NW4 LYING N & E OF RIVER CENTERLINE

General Land Surveys 07-Aug-13

XTO ENERGY INC
WIL-153-99-16-NW4

Amend: Horizontal Oil Well 07-Aug-13

BANNER TRANSPORTATION CO LLC
WIL-156-102-32-NW4SW4, S2SW4

Amend: Oil Gathering Pipeline 09-Aug-13

HILAND OPERATING LLC
WIL-156-102-32-NW4SW4, S2SW4

Amend: Gas Gathering Pipeline 09-Aug-13

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

CALIBER MIDSTREAM ND LLC	Access to School Land – Surface Frac Water Pipeline
VALLEY CITY STATE UNIVERSITY	Access to School Land – Native Mussel Research

A D J O U R N

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

Jack Dalrymple, Chairman
Board of University and School Lands

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

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

September 26, 2013

**RE: Energy Infrastructure and Impact Office (EIIO)
Law Enforcement and Sheriff Grant Recommendations**

The following is the most current grant schedule and funding targets including the award amounts as already approved by the Board.

ENERGY IMPACT GRANT SCHEDULE

Updated: August 29, 2013

2013-2015 Biennium					
		2013-14 Fiscal Year (In Millions)		2014-15 Fiscal Year (In Millions)	
2013	June/July	Hub Cities	\$14 Awarded		
	June/July	Dust Control	\$3 Awarded		
	April/July	Airports	\$27 Awarded	April/July	Airports \$24 Allocated
	April/July	Watford City Airport	\$1 Pledged		
	April/July	City Infrastructure	\$40 Awarded	April/July	Infrastructure \$30.825 Pledged
	June/July	Sheriff's	\$3.993 Awarded	April/July	City Infrastructure \$9.175 Allocated
	June/Aug	K-12 Schools	\$6.8 Awarded	June/July	K-12 Schools \$12.5 Allocated
	Sept/Nov	K-12 Schools	\$5.7 Allocated		
		Emergency Services & Response Assets & Training	\$13 Allocated	Sept/Nov	Emergency Services & Response Assets & Training \$4 Allocated
	Sept	Sheriff's	\$6.6007 Allocated		
2014	Dec/Jan	Higher Education	\$4 Allocated		
	Feb/Apr	General (all other political subdivisions)	\$4 Allocated	Feb/Apr	General (all other political subdivisions) \$4 Allocated
		Airports (Remaining to be Awarded)	\$8 Allocated		
		Contingency	\$10.1		Contingency \$6.2
		Total For Awards 2013/14 Fiscal Year	\$143.6	Total For Awards 2014/15 Fiscal Year	\$95.7

2013-14 FISCAL YEAR TOTAL PROJECTED AWARDS = \$143.6

2014-15 FISCAL YEAR PROJECTED AWARDS = \$95.7

TOTAL BIENNIAL APPROPRIATION = \$240

TOTAL BIENNIAL APPROPRIATION FOR AWARDS = \$239.3

Biennial Total Remaining To Be Awarded = \$148.1

***(In Millions)**

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

Through July, additional law-enforcement applications were received by the Bureau of Criminal Investigation (BCI) within the AG's office for non-emergency award requests. Sheriff's offices submitted 23 applications with projects totaling \$7 million. An August 2013 Board update indicated that 36 applications totaling another \$7 million were received from other criminal

justice agencies, however five applications were withdrawn, reducing applications that were considered to 31 applications totaling \$6.2 million.

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

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

Following is a list of the applications received and considered by the BCI and reviewed by the Drug and Violent Crime Policy Board (DVCPB):

Applicant List				
Sheriff's Departments				
Political Sub Name	County	Project	Total Project Cost	Long Description
Adams County SO	Adams	Training; 2 vehicles; K-9	\$95,000	Canine Patrol/Narcotics Detection Training; 2 fully equipped Patrol Vehicles; Patrol/Narcotics K-9
Billings County SO	Billings	Equipment	\$93,163	Portable Truck Scales; Scale Rack; MDT; Radar Unit; Prisoner Cage.
Bowman County SO	Bowman	Vehicle; Equipment	\$91,498	Patrol vehicle; Radar, In-car cameras, Spike strips, Body armor, Emergency medical kit.
Burke County SO	Burke	Housing Allowances; Overtime; Vehicle & Equipment; Equipment; Licensing Fees	\$121,370	Housing Allowance for 4 Deputies (\$500/mo); Suburban for regulatory; lightbars, partitions, radar, radios, in-car video, tablet computer, dispatch system & Netmotion license/yearly fees.
Divide County SO	Divide	Housing Allowances; Overtime; Vehicle & Equipment; Equipment; Licensing Fees	\$152,232	Housing Allowance for 3 Deputies (\$500/mo); 4X4 Patrol Vehicle (fully equipped); Radar units, light bars, truck weights, stop sticks, Vests, Dektop and tablet computers; IMobile & Netmotion license/yearly fees.
Dunn County SO	Dunn	Overtime; Housing Allowances; Living Allowances; Training; Conference Fees; Scales; 3 Vehicles; Boat; Equipment; Weapons/Ammo; K-9 Supplies/Vet Services	\$761,320	Housing & Living allowance for 4 people; Hostage Negotiation, Field Officer, Spanish, & DEA training; NSAC fees; Truck Scales; 1 suburban (equipped) for scale officer; 1 Tahoe (equipped) for Patrol; 1 1/2 pickup (equipped) for Detective Unit; Toughbooks; Tactical Gear; Fixed Wing Aircraft Rental; Dog Food, Vest and Vet for K-9.

Golden Valley County SO	Golden Valley	Overtime; Remodels w/ Furnishings/Equipment; Computers; Supplies; Equipment; Clothing; Ammo; Training	\$125,966	Interview Room and Training Room remodels along with furniture and A/V systems; Computer & Laptop; Radar unit; Video Recorders; Vests; Wet/Cold Weather Clothing; Admin/Patrol-Investigations Training.
Hettinger County SO	Hettinger	Vehicles; Equipment; UTV	\$177,645	2 SUV's (fully equipped); In-car computers; In-car cameras; AED's, digital cameras, Spike strips, Door breaching kits; Active shooter kits; Polaris Ranger UTV; Air cards.
McKenzie County SO	McKenzie	Overtime, Housing & Living allowances; Training; Equipment; Supplies; Training Weapons & Ammo; Regular Weapons & Ammo; UTV; ATV; Boat; Radio Tower Upgrades; Radio Counsels; Scales; K-9 Equip/Training; Grenades;	\$1,480,976	Housing Allowance for 9 positions; Living Allowance for 15 positions; Car Cameras; Night/Thermal Vision; Polaris Ranger UTV; Polaris Sportsman ATV; UTV/ATV Trailer; Boat (fully equipped); Shotguns; Vests; Entry Shields; Dispatch Radio Counsels; 1 set Truck Weighing Scales; Equipment for 3 new Deputy positions; Evidence Supplies; Clothing; Training equipment; Flash Bangs/ Gas, Smoke grenades; Door Rams; Breaching equipment/supplies; Water Rescue Bags; 3 year supply of Ammo.
McLean County SO	McLean	2 positions; 1 vehicle; training; equipment; computers; firearms; Taser	\$257,047	2 Deputy positions; Law Enforcement & Weights & Measures Training; Scales; Digital Video Recorder for vehicle; SUV (shared by 2 staff); Radar, lights/sirens, Radio, Repeater, Computer programs for vehicle, Cage for vehicle; Computer w/ accessories and printer (including paper); Uniforms; Screen for vehicle
Mountrail County SO	Mountrail	4 position, Overtime, Vehicles, Equipment, Scales	\$912,280	4 Deputy Sheriff Positions; 4 vehicles (2- 1/2 ton, 2-3/4 ton)w/ equipment; 16 truck scales.
Renville County SO	Renville	Vehicle; Equipment	\$54,132	4X4 patrol vehicle; MDT, Radar Unit, In-car video, radios, repeater, light bar, security and cargo cages.
Slope County SO	Slope	1 Position, Vehicle, Radios, Equipment, Computers, Tower, Vests.	\$199,384	Deputy Position; 1 vehicle; In-Car Cameras; Radar; Office computer; Toughbooks; Communications Tower
Stark County SO	Stark	Equipment; Supplies; Weapons; Vehicle	\$225,082	In-car video system; Uniforms/Duty Gear/Body Armor; Handguns/Shotguns/Tasers; SUV w/ equipment & install.
Ward County SO	Ward	Equipment	\$107,932	In-car camera system (including install & install of receiver in office), Keyloader

Williams County SO	Williams	Vehicles (equipped); Radios; Communications System upgrade; Boat; Uniforms	\$1,269,212	15-Fully Equipped Patrol Vehicles; Portable and Patrol Radios; 250 GD Equipped Boat; Uniform pants and shirts; Upgrade to radio communications system.
Total of Sheriff's Applications			\$6,124,240	

Applicant List				
Criminal Justice				
Political Sub Name	County	Project	Total Project Cost	Long Description
Abused Adult Resource Center-Bismarck	Burleigh	Hiring advocates; Fund office supplies and other needs.	\$210,834	1 full time & 6 part time advocate positions. Copy machine lease; Office supplies; Printing; Postage, Utilities; Security; Food.
Barnes County SO	Barnes	Overtime, Equipped Vehicle	\$152,800	New Deputy OT; Fully Equipped Vehicle.
Belfield PD	Stark	Overtime; Equipment; Supplies; Ammo; Weapons; Tasers; Tires; Training; Office equipment/supplies; Laptop; Internet; Phone & fax lines; Toughbooks	\$159,510	Equipment/Supplies: Assorted safety and traffic supplies, evidence & fingerprint supplies, Evidence lockers, K-9 supplies; Various office supplies; Cell phones; Century code books; Printer
Bismarck PD	Burleigh	K-9 Instructor Course	\$13,296	K-9 course to train instructors throughout the state.
Bismarck PD	Burleigh	K-9 Supplies	\$2,100	Bite Suit; Bite Sleeves; Bite Tugs
Bismarck PD/West Dakota SWAT Team	Burleigh	Radios; Computer	\$12,100	2 police radios; 1 mobile data laptop computer
Bismarck PD/West Dakota SWAT Team	Burleigh	Command Vehicle	\$172,000	1 Crisis Response/Command Vehicle
Bowman PD	Bowman	Vehicles; Toughbooks; Vests	\$116,090	2 Interceptor Vehicles (fully equipped)
Burleigh County SO	Burleigh	Equipment; Radars	\$108,860	In-car Video System w/ installation; Stalker Radar (in car & handheld units).
Burlington PD	Ward	Vehicles; Equipment; Computer; Supplies	\$76,658	Patrol Vehicles (2); In-car computers; AEDs, Taser, Vehicle Spikes, Office computer; Docking stations (3); Gun/Evidence Safe
Dickinson PD	Stark	Radio/Communication System; Vehicle; Equipment	\$540,685	Simulcast System; Interceptor vehicle (fully equipped); Portable Truck Scales; Speed boards; Transmitter
Domestic Violence Program, NW ND	Mountrail	Two positions; Salary Allowance	\$69,494	2 Advocate positions requested; Salary allowance for Director (\$1460.80/mo)
Dunn County States Attorney	Dunn	Contract two positions; Travel & Training for positions; Office supplies/equipment; Software.	\$137,600	Contract with a Special Assistant Prosecuting Attorney and Victim Witness Advocate; Travel & Training for Atty & Advocate
Family Crisis Shelter, Inc.-Williston	Williams	1 position; 5 salary allowances; Office & computer equipment; Cell phone costs.	\$135,681	Position: Advocate; Salary Allowances: Residential Supervisor, (4) Houseparents; Cell phone for Advocate.

Grenora, City of	Williams	House	\$150,000	House for one Williams County Deputy
Griggs County SO	Griggs	Equipment/Supplies	\$9,100	Stalker Radio; In-car printers & equipment; Law Enforcement Scanner; Thermal Paper
Jamestown PD	Stutsman	2 Vehicles (equipped)	\$86,050	1 Patrol Vehicle; 1 Detective Vehicle
Mandan PD	Morton	Position	\$74,348	1 Police Officer Position for 16 mos.
McKenzie County States Attorney	McKenzie	Fund part of salary for one position and fully fund another; Contract a position; overtime; housing allowances; Office equipment/furniture/supplies; Phones	\$261,340	Partial salary funding request is to pay the difference between State's atty salary full time salary requested in budget and the actual salary of part time SA and 2 Assistants; Contract would be for a Prosecutor.
Medora PD	Billings	Vehicles; Equipment; Computer; Supplies	\$92,238	2-4X4 Expeditions (fully equipped); light bar/sirens; Radio; MDT; strobe lights;
Minot PD	Ward	Overtime; 3 vehicles & equipment.	\$210,557	Interceptor Patrol Cars, fully equipped (2); Transport Van with Equipment; Voted receivers.
Morton County SO	Morton	3 Positions; Overtime; Vehicles; Weapons; Equipment; Phones.	\$429,400	3 Deputy Sheriff positions (salary & fringe) & OT; 3 Police Vehicles (equipped); Deputy Equipment; Cell Phones; Glock, AR-15, Shotguns.
Morton County Detention Center	Morton	Overtime; Training; Facility Furniture; Computers; Supplies; Restraint Supplies	\$48,993	OT for 1 correctional officer; FTO, Supervisor, Taser, First Aid/CPR training; Tables, bunk beds, mattresses, pillows; flex cuffs; restraint boards; suicide smocks & blankets; Restraint belts; Handcuffs; Leg Irons.
Morton/Mandan Combined Comm. Center	Morton	1 position; Overtime	\$54,338	1 Communication Specialist Position (Salary & Fringe) and Overtime.
NW Narcotics TF-Williams Co.	Williams	1 Position; Overtime; Housing Allowance, Equipment;	\$156,708	Admin. Assistant Position; OT for 4 agents; Housing Allowance for 4 agents; Joey Transcorder; Currency Scanner.
Powers Lake PD	Burke	Overtime; Housing allowance; Training; Vehicle; Equipment; Supplies	\$134,732	Housing allowance for one officer (\$1500/mo); Police Training; Pickup; MDT; Radio, AED's; Police Uniforms & Equipment; Water Rescue Equipment; Credit Card Machine & supplies.
Rugby PD	Pierce	Overtime; Training; Equipment	\$15,460	Officer training; Traffic Radar Unit
SW Narcotics TF-Slope Co.	Slope	2 Positions; Overtime; Housing Allowance, Equipment; Vehicle Lease; Radios; Software; Office & Regular Supplies	\$268,391	1 Agent position, 1 Admin Assistant Position; Housing allowance for 3; Surveillance Software; Surveillance Camera; Vehicle Lease for new agent; Portable & Vehicle Radio;
So. Sakakawea Narc TF-Sheridan Co. So.	Sheridan	Vehicle; Laptop	\$26,569	2014 Toyota Tundra; HP Laptop Computer
Stanley PD	Mountrail	Body Armor; Vehicle; Equipment; Supplies; Computer;	\$75,260	Patrol Vehicle; Night Vision; Computer/Video System.
Steele County SO	Steele	Trailer; Radar	\$8,700	Radar Trailer; Stalker Radar

Stutsman County SO	Stutsman	Vehicles; Radios; Equipment; Supplies; Software, Weapon	\$137,830	2 Vehicles w/ equipment; Mobile and Portable Radios; In-Car Video; Taser; CIS MDT Software, Bullberry Map Software.
Tioga PD	Williams	2 Positions; Training; Equipment; Supplised; 10 Vehicles (equipped); Weapons; Toughbooks Computers	\$1,114,198	1 Officer; 1 Dispatcher; K-9 Recertification & Dispatcher training; Thermal imagers; Night Vision Goggles; Security Camera System; AED's 9 fully equipped police vehicles (w/ prisoner transport packages); 1 Raptor K-9 vehicle; PD Server; Radars; GPS; Uniforms; Radios; K-9 Supplies; Narcotics Safe; Bumpers; Desks; Cell phones;
Ward County States Attorney	Ward	3 positions; Computers & equipment/software; Office supplies/furniture; Reference materials; Licenses/Dues	\$294,656	Positions are: Victim Witness Coordinator, Legal Office Assistant, & Assistant State's Attorney.
Watford City PD	McKenzie	Overtime; Training; 3 vehicles (equipped); Radios; Weapons; Computers; Supplies; Gear; Office Renovations	\$623,920	Field officer training; host a domestic violence training; 3 fully equipped Ford Expeditions; AR 15's, shotguns, Tasers; Toughbooks and regular computers; Duty Gear; Office Remodel to expand.
Williams County States Attorney	Williams	3 positions; Computers & equipment/software; Office supplies/furniture; Licenses/Dues	\$242,205	Positions are: Assistant State's Attorney, Vicitim Witness Advocate, & Office Assistant
Williston PD	Williams	3 positions; 3 vehicles & equipment; 1 used vehicle; Tower; Office Furniture; Equipment.	\$676,556	Patrol Positions (3); 1 SUV, 2 Sedans (all equipped); 1 used vehicle for Detective; Radio Tower; Repeater; AED's, Tasers; 911 telephone equipment & dispatch location.
Women's Action & Resource Center-Beulah	Mercer	Salary allowances; Phone costs	\$13,896	Salary Allowance for Direct Service Advocate (\$276/mo), Shelter Supervisor (\$348/mo) & Admin/Advocate (\$88/mo).
Total for Other Agencies			\$7,113,153	

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

Board Chairman - Peter Welte, Grand Forks Co. (State's Attorney)
 (Alternate) - Lonnie Grabowska, Deputy Director-BCI

*Committee Chairs

Committee 1

*Wade Enget, Mountrail Co. (States Attorney)
 Jerry Hjelmstad, ND League of Cities
 Arlan Rasmussen, West Fargo PD (Chief)
 Rory Teigen, Bowman Co. (Sheriff)
 Jesse Wellen, Watford City (Chief)

Committee 2

*Aaron Birst, Assoc. of Counties (Legal Counsel)
Janelle Moos, NDCAWS (Executive Director)
Dave Jurgens, Billings Co. (Sheriff)
Scott Busching, Williams Co. (Sheriff)
Dustin Dassinger, Dickinson PD (Chief)

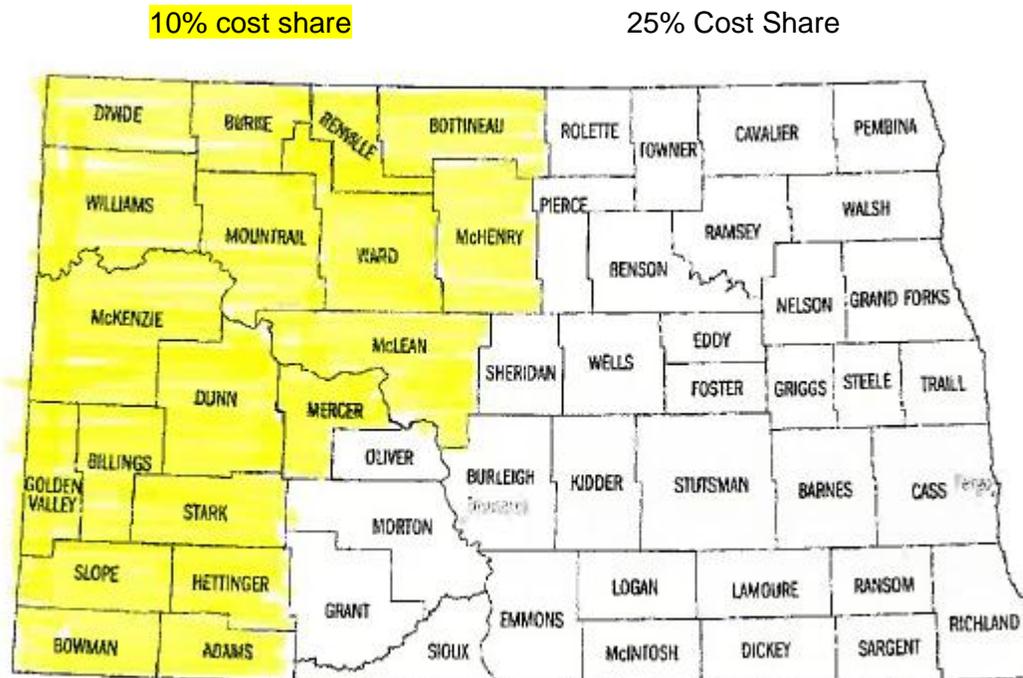
Committee 3

*Terry Traynor, Assoc. of Counties (Assistant Director Policy & Programs)
Andrea Martin, Soul Survivor Counseling Service
Lauren Wild, Walsh Co. (Sheriff)
Steve Kukowski, Ward Co. (Sheriff)
Jim Lokken, Williston PD (Chief)

Advisors

Senator Bill Bowman, Bowman Co.
Dallas Carlson, Director-BCI
Lonnie Grabowska, Deputy Director-BCI
Ginny Peterson, Bus. Serv. Manager-BCI
Ann Scott, Grant Manager-BCI

The DVCPB initially identified a 25% local cost share objective for law enforcement grants, however while reviewing application details, the group adjusted its cost share guidelines to 25% for entities outside of western counties (highlighted in yellow); 10% cost-share for entities within western counties and no cost-share requirement for task force agencies. A copy of the map used by the DVCPB:



Hettinger and Adams counties are not currently oil producing counties

SHERIFF'S OFFICE GRANTS

The DVCPB recommendations for Oil and Gas Impact grants to sheriff's offices are as follows:

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

McLean County SO	McLean	\$257,047	\$208,912	10%	Fund: (Cut training by \$10,000...included in salary/fringe for positions) 2 Deputy positions; Law Enforcement & Weights & Measures Training; Scales; Digital Video Recorder for vehicle; SUV (shared by 2 staff); Radar, lights/sirens, Radio, Repeater, Computer programs for vehicle, Cage for vehicle; Computer w/ accessories and printer ; Uniforms; Screen for vehicle
Mountrail County SO	Mountrail	\$912,280	\$596,894	10%	Fund: 3 Deputy Sheriff Positions; 3 vehicles (2- 1/2 ton, 1-3/4 ton) & equipment for all 3; 8 truck scales.
Renville County SO	Renville	\$54,132	\$48,719	10%	Fund: (All) 4X4 patrol vehicle; MDT, Radar Unit, In-car video, radios, repeater, light bar, security and cargo cages.
Slope County SO	Slope	\$199,384	\$179,446	10%	Fund: (All) Deputy Position; 1 vehicle; In-Car Cameras; Radar; Office computer; Toughbooks; Communications Tower
Stark County SO	Stark	\$225,082	\$172,937	10%	Fund (All but reduced video cameras to 2 from 5 and reduced supply amount due duplication of request.) In-car video system; Uniforms/Duty Gear/Body Armor; Handguns/Shotguns/Tasers; SUV w/ equipment & install.
Ward County SO	Ward	\$107,932	\$97,139	10%	Fund: (All) In-car camera system (including install & install of receiver in office), Keyloader
Williams County SO	Williams	\$1,269,212	\$1,063,735	10%	Fund: 15-Fully Equipped Patrol Vehicles; Portable and Patrol Radios; Uniform pants and shirts; Upgrade to radio communications system.
Total Award Recommendations for Sheriff's Offices		\$6,124,240	\$4,802,609		

The EIIO Director appreciates the efforts by the BCI to facilitate the DVCPB to advise the Land Board on grant recommendations for the Oil and Gas Impact Grants funds allocated to energy development impacted sheriff's offices.

The proposed awards include a suggested 10% local cost share recommendation. Like all Energy Impact awards, funds will be disbursed up of project completion, asset acquisition or hire. All reimbursement requests for these awards will be submitted through the BCI for review of compliance with the terms and cost-share. Once approved by BCI, the sheriff's office reimbursements will be paid from Oil and Gas Impact Grant Fund by the EIIO.

Recommendation:

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

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

LAW ENFORCEMENT GRANTS

Under the provisions HB 1358 as passed by the 2013 Legislature, the Land Board is responsible for approving grants to law enforcement agencies to address crime-related activity. The Legislature appropriated \$9.6 million in one-time funding from the Strategic Investment and Improvements Fund to the Attorney General's Office for grants. The grants are to be made by the AG's Drug and Violent Crime Policy Board with the approval of the Land Board.

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

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

McKenzie County States Attorney	McKenzie	\$261,340	\$9,396	10%	Fund: Temporary employee to update Fingerprint Cards and Overtime for Legal Assistant
Medora PD	Billings	\$92,238	\$83,014	10%	Fund: (All) 2-4X4 Expeditions (fully equipped); light bar/sirens; Radio; MDT; strobelights;
Minot PD	Ward	\$210,557	\$189,501	10%	Fund: (All) Interceptor Patrol Cars, fully equipped (2); Transport Van with Equipment; Voted receivers.
Morton County SO	Morton	\$429,400	\$358,720	25%	Fund: (All) 3 Deputy Sheriff positions (salary & fringe) & OT; 3 Police Vehicles (equipped); Deputy Equipment; Cell Phones; Glocks, AR-15, Shotguns.
Morton/Mandan Combined Comm. Center	Morton	\$48,993	\$40,754	25%	Fund: 1 Communication Specialist Position (Salary & Fringe) and Overtime.
Morton County Detention Center	Morton	\$54,338	\$37,870	25%	Fund: (All...increased dollar amount for computer request).OT for 1 correctional officer; FTO, Supervisor, Taser, First Aid/CPR training; Tables, bunk beds, mattresses, pillows; flex cuffs; restraint boards; suicide smocks & blankets; Restraint belts; Handcuffs; Leg Irons.
NW Narcotics TF-Williams Co.	Williams	\$156,708	\$157,808	0%	Fund : (All....reduced housing to \$500/mo)Admin. Assistant Position; OT for 4 agents; Housing Allowance for 4 agents; Joey Transcorder; Currency Scanner. Added \$1100 for scanner maintenance
Powers Lake PD	Burke	\$134,732	\$17,100	10%	Fund: Housing allowance for one officer (\$500/mo)SPECIAL CONDITION...Officer must be a newly hired officer. ; Fund \$10,000 in overtime
Rugby PD	Pierce	\$15,460	\$7,500	25%	Fund: Overtime
SW Narcotics TF-Slope Co.	Slope	\$268,391	\$268,391	0%	Fund: (All) 1 Agent position, 1 Admin Assistant Position; Housing allowance for 3; Surveillance Software; Surveillance Camera; Vehicle Lease for new agent; Portable & Vehicle Radio;
So. Sakakawea Narc TF-Sheridan Co. So.	Sheridan	\$26,569	\$26,569	0%	Fund: (All) 2014 Toyota Tundra; HP Laptop Computer
Stanley PD	Mountrail	\$75,260	\$67,734	10%	Fund: (All) Patrol Vehicle; Night Vision; Computer/Video System.
Tioga PD	Williams	\$1,114,198	\$542,620	10%	Fund: SPECIAL CONDITION: 3 vehicles only awarded after positions hired. (\$32,200 each) & 1 Raptor K-9 vehicle...\$35,00 Max. 1 Officer; ; K-9 Thermal imagers; Night Vision Goggles; Security Camera System; AED's; 5 fully equipped police vehicles (w/ prisoner transport packages); ; PD Server; Radars; Uniforms Narcotics Safe; Bumpers; Desks; Cell phones;
Ward County States Attorney	Ward	\$294,656	\$248,743	10%	Fund: 3 Positions : Victim Witness Coordinator, Legal Office Assistant, & Assistant State's Attorney.

Watford City PD	McKenzie	\$623,920	\$361,640	10%	Fund: Field officer training; host a domestic violence training; 3 fully equipped Ford Expeditions; AR 15's, shotguns, Tasers; Toughbooks and regular computers; Duty Gear.
Williams County States Attorney	Williams	\$242,205	\$187,110	10%	Positions are: Assistant State's Attorney, Victim Witness Advocate, & Office Assistant
Williston PD	Williams	\$676,556	\$608,900	10%	Fund: (All) Patrol Positions (3); 1 SUV, 2 Sedans (all equipped); 1 used vehicle for Detective; Radio Tower; Repeater; AED's, Tasers; 911 telephone equipment & dispatch location.
Women's Action & Resource Center-Beulah	Mercer	\$13,896	\$12,506	10%	Fund: (All) Salary Allowance for Direct Service Advocate (\$276/mo), Shelter Supervisor (\$348/mo) & Admin/Advocate (\$88/mo).
Total Award Recommendations From AG's \$9.6 Million Appropriation		\$7,113,153	\$4,482,318		

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

The EIIO Director appreciates the efforts of the DVCPB to offer law enforcement award recommendations, however additional information may be necessary to ensure compliance with the authorizing legislation.

Section 11 of HB 1358 outlines the appropriation and criteria for the law enforcement grants. The Legislature directed the funds *"to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in oil-impacted counties originated in any of those counties."*

Most of the grant recommendations presented by the DVCPB fall within the intent of the legislation; however several applicants cited only increases in population and traffic as the basis for their request. The Director suggests some law enforcement agencies should provide additional documentation regarding the crime-related activity impacting oil-impacted counties, before receiving funding. Specifically, the following grants could be delayed pending additional information:

Political Sub Name	Project	Committee Recommended	Description	Suggested Action	Still Fund	Reduction
Burleigh County SO	Equipment; Radars	\$81,645	Fund (All) In-car Video System w/ installation; Stalker Radar (in car & handheld units).	request crime-related justification		\$81,645
Mandan PD	Position	\$62,732	Fund: 1 Police Officer Position for 18 mos.	request crime-related justification		\$62,732
Morton County SO	3 Positions; Overtime; Vehicles; Weapons; Equipment; Phones.	\$358,720	Fund: (All) 3 Deputy Sheriff positions (salary & fringe) & OT; 3 Police Vehicles (equipped); Deputy Equipment; Cell Phones; Glock, AR-15, Shotguns.	Fund only one deputy and one equipped car; a 2nd car if 2nd new deputy is hired	\$158,478	\$200,242

Morton/Mandan Combined Comm. Center	1 position; Overtime	\$40,754	Fund: 1 Communication Specialist Position (Salary & Fringe) and Overtime.	request crime-related justification		\$40,754
Morton County Detention Center	Overtime; Training; Facility Furniture; Computers; Supplies; Restraint Supplies	\$37,870	Fund: (All...increased dollar amount for computer request).OT for 1 correctional officer; FTO, Supervisor, Taser, First Aid/CPR training; Tables, bunk beds, mattresses, pillows; flex cuffs; restraint boards; suicide smocks & blankets; Restraint belts; Handcuffs; Leg Irons.	request crime-related justification		\$37,870
Rugby PD	Overtime; Training; Equipment	\$7,500	Fund: Overtime	request crime-related justification		\$7,500
Total		\$589,220		Total of Reductions		\$430,742

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

September 26, 2013

**RE: Energy Infrastructure and Impact Office (EIIO)
City of Dickinson's Request For Award Scope Change**

In July 2013, the Board approved award G140024 of \$7 million for the City of Dickinson for use on waste water management infrastructure, including a west lift station and a force-main project. The \$7 million for Dickinson was specifically allocated by the Legislature, but the purpose was approved by the Board.

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

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

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

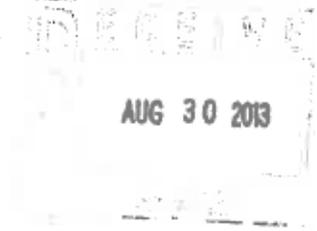
Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Schmidt					
Attorney General Stenehjem					
Governor Dalrymple					



CITY OF DICKINSON

99 2ND STREET EAST • DICKINSON, ND 58601

www.dickinsongov.com



August 29, 2013

- Administration
- Finance
701-456-7744
Fax 701-456-7723

Lance Gaebe
 Director
 Department of Trust Lands
 PO Box 5523
 Bismarck, ND 58506-5523

- City Assessor
701-456-7734

Director Gaebe:

- Fire
701-456-7625

As the City of Dickinson plans the largest infrastructure expansion in its history and then pay for that infrastructure expansion it has come to our attention that the State Revolving Loan Fund (RLF) is an excellent source of financing for our waste water projects but is much more difficult to obtain for our potable water projects.

- Municipal Court
701-456-7726

It is with this knowledge in mind that I would like to respectfully ask that the recent seven million dollar grant award to help fund our west lift station and forcemain project be reapplied to the following potable water projects:

- Police Department
701-456-7759
Fax 701-456-7680

<u>Project</u>	<u>Est. Total Cost</u>	<u>Grant Funds</u>
West Side 1 Million Gallon Storage Facility	\$5.8 million	\$5.8 million
West Side 24-inch Dedicated Watermain	\$6.12 million	\$888,200
West Side 18-inch Watermain Tie	\$302,000	\$301,800

- Building Inspector
- Cemetery
- Engineering
- Solid Waste
- Streets
- Wastewater
- Water
701-456-7744

It would be our intent to utilize the RLF to finance the west lift station and forcemain. I appreciate any flexibility you can provide. All of these projects are included in the list of 27 varies projects that we are designing, bidding or building at this time.

Respectfully,

Shawn Kessel
 City Administrator

- Special Assessments
701-456-7720

Cc: Dickinson City Commission

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

September 26, 2013

**RE: Energy Infrastructure and Impact Office (EIIO)
Award Cancellation Process**

The Board provides energy impact grants based on impacts resulting from oil and gas development. Awards are provided expecting completion of them will improve the political subdivisions infrastructure to positively address the impacts. Project readiness is part of the evaluation for award consideration. The desire is for the projects to be completed in a reasonable period; usually one to two years.

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

Some project plans change and can impact award usage as well as award status. While every applicant receiving an award has intent to complete the project promptly, delays are encountered by local match requirements, finalization of additional financing, inability to secure a contractor, regulatory challenges or bidding requirements. In rare instances projects are completed under budget, resulting in unused awarded funds.

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

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

This contact results in one of the following:

- Confirmation that cancellation is acceptable.
- An extension is granted when coupled with justification and a plan to complete the project. A typical timeframe targeted for completion is by the end of the summer construction season.
- In other instances, the project was completed and reimbursement paperwork was submitted.

The cancellation process has resulted in several projects being completed and reimbursed. Political subdivisions identified six awards to cancel, 16 awards have remaining balances of \$1,000 or less for projects reimbursed short of the full award amount, and political subdivisions requested 10 awards be held open through the 2013 construction season.

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

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

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

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

September 26, 2013

RE: R. V. Kuhns Investment Study - Continued
(No Action Requested)

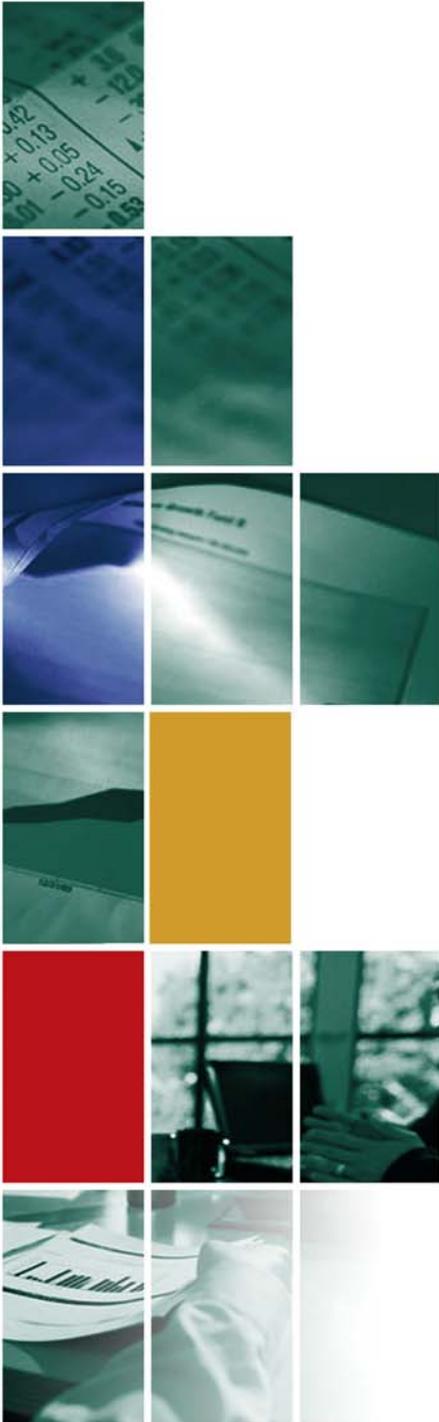
Ron Klotter, Marcia Beard and Kristen Stevens from R. V. Kuhns (RVK) will be here once again this month to continue work on the investment study.

Last month the discussion focused on the asset classes to be included in the asset allocation modeling process.

This month RVK will focus on:

- defining asset allocation targets based on the previous input from the Board
- presenting and discussing a revised Investment Policy Statement
- providing a detailed analysis of the pros and cons of various implementation options.

The consultants have nearly completed a suggested asset allocation policy and implementation plan for the Trusts. The Board's active participation in the study has augmented RVK's efforts to develop a solid recommendation.



North Dakota Board of University and School Lands

Long-Term Strategic Investment Plan Review

Asset Structure and Implementation Discussion

September 26, 2013

Marcia Beard

Ron Klotter, CFA

Kristen Steffens, CFA

RVKuhns

▶▶▶ & ASSOCIATES, INC.



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- I. Summary of Previous Discussions and Agenda for Today**

- II. Asset Class Structure Discussion**

- III. Implementation Options**

- IV. Investment Policy Statement (IPS) Update**

- V. Next Steps**



I. Summary of Previous Discussions and Agenda for Today



Summary of Previous Discussions

- ▶ At the August meeting, the Board reviewed implementation options and additional details of the new asset classes proposed for investment.
 - ▶ These asset classes include Liquid Multi-Asset/GTAA, Diversified Inflation Strategies, and Real Asset/Inflation Hedge.
- ▶ The Board provided initial confirmation of the proposed asset allocation target, which considers all Board input received to date.

	Proposed Allocation
US Equity	17%
International Equity	15%
Fixed Income	23%
Real Estate	15%
Absolute Return	20%
Real Asset	10%
Total	100%



Agenda for Today

1. Provide an asset class structure discussion, with additional information and a more detailed analysis of potential investments for the equity and fixed income allocations of the portfolio.
2. Provide further detail on the implementation options for PTFs and SIIF.
3. Discuss the Investment Policy Statement (IPS) for the PTFs and SIIF.

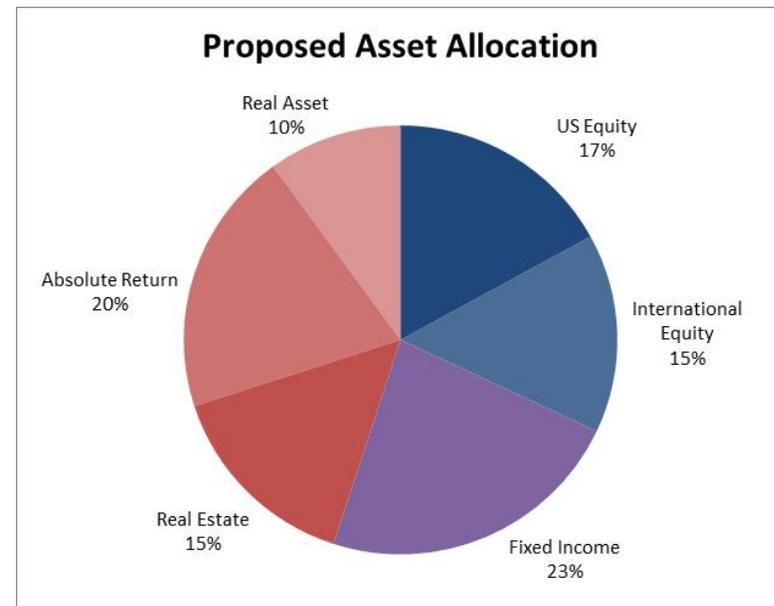
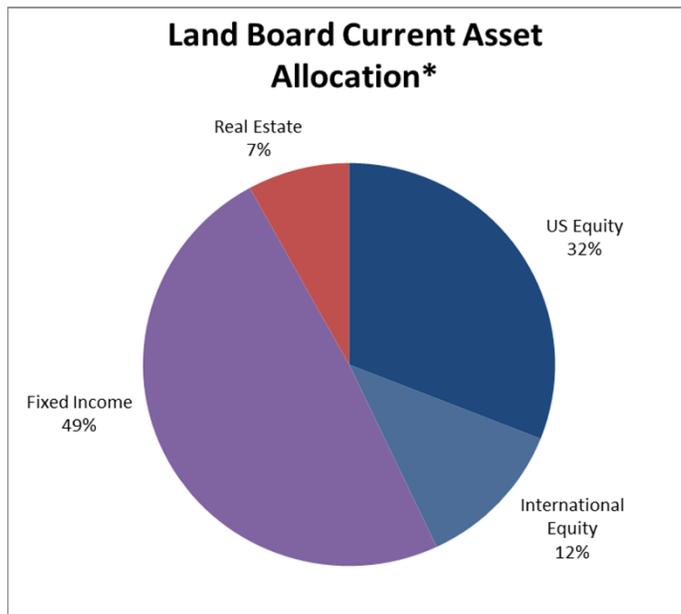


II. Asset Class Structure Discussion



Asset Allocation and Policy Development

- ▶ The proposed asset allocation structure adds further diversification through:
 - ▶ Adding emerging market international equity exposure.
 - ▶ Further diversifying the fixed income exposure.
 - ▶ Diversifying real estate by adding both core and value-added investment strategies.
 - ▶ Introducing liquid multi-asset/GTAA and diversified inflation hedge investments.

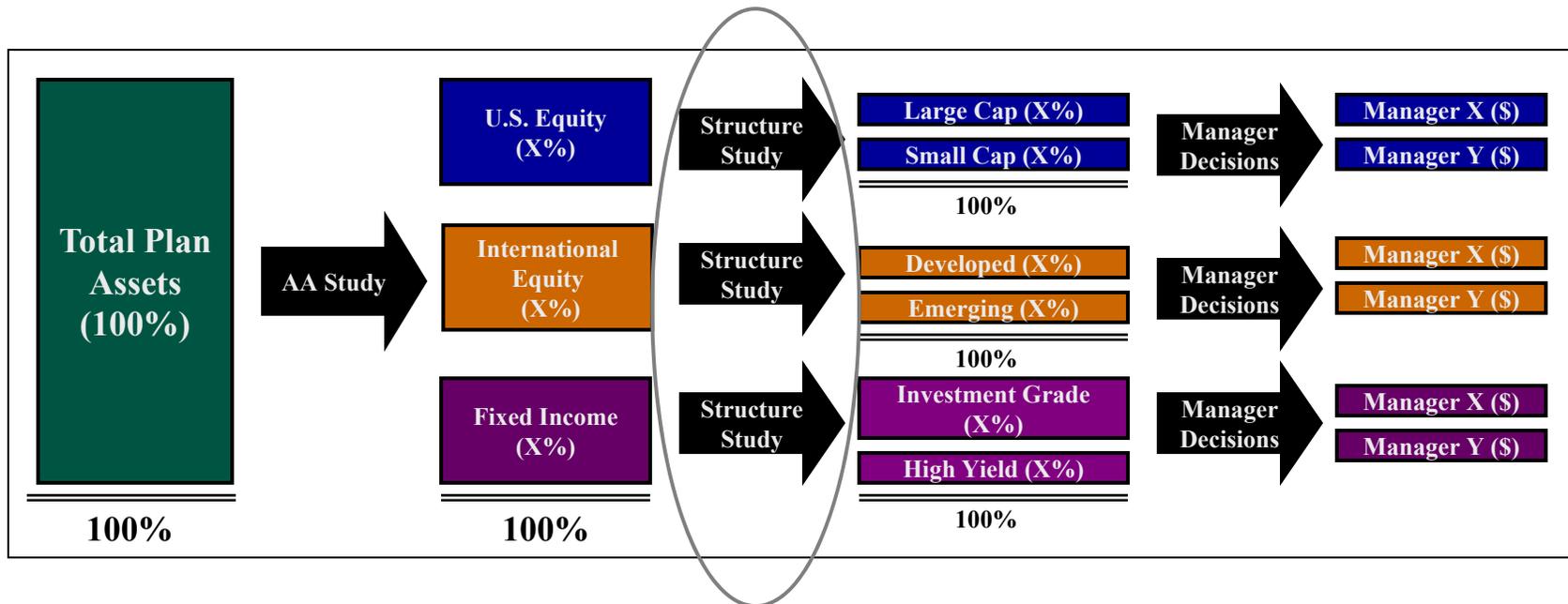


*Data as of March 31, 2013



Asset Allocation and Implementation

- ▶ We have focused our previous discussions primarily on strategic asset allocation.
- ▶ Asset Class Structure studies seek to answer the following questions after completion of an asset allocation:
 - ▶ What sub-asset class structure results in the optimal mix of excess return and tracking error relative to a benchmark?
 - ▶ What is the optimal mix of active and passive strategies, as well as the number of investments to utilize?





Factors to Consider in Asset Class Structure

▶ **Client-specific factors:**

- ▶ Preferences
- ▶ Objectives
- ▶ Tolerance for variance around the benchmark (i.e. active risk, tracking error)
- ▶ Size of allocations (minimums)
- ▶ Resources and governance (appetite for complexity)

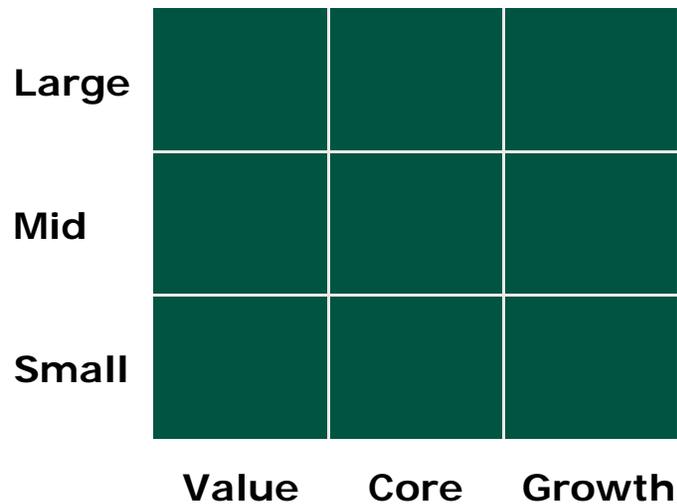
▶ **Portfolio exposures, risks, and biases:**

- ▶ Style
- ▶ Sector
- ▶ Market cap
- ▶ Geography
- ▶ Exposure to a single manager
- ▶ Concentration at security level
- ▶ Tracking error and volatility



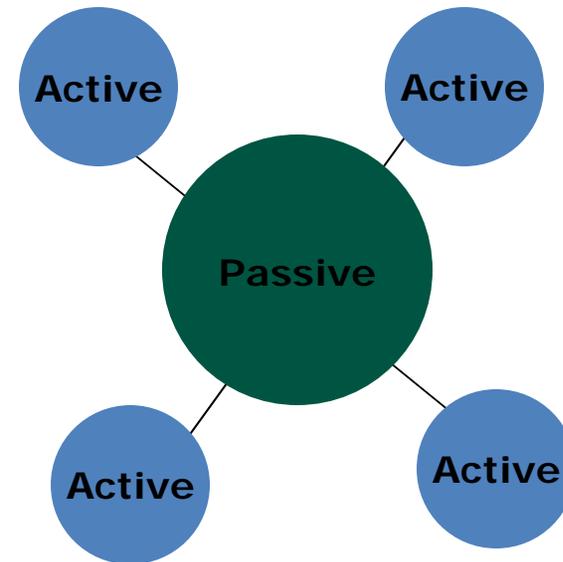
Commonly Used Equity Asset Class Structures

Style Box Approach



- ▶ Remains benchmark sensitive.
- ▶ Applies constraints via “style boxes” (i.e. large cap value, large cap growth).
- ▶ Tends to have a higher potential manager count which may increase fees and monitoring required.
- ▶ Allows for greater control via narrow mandates.

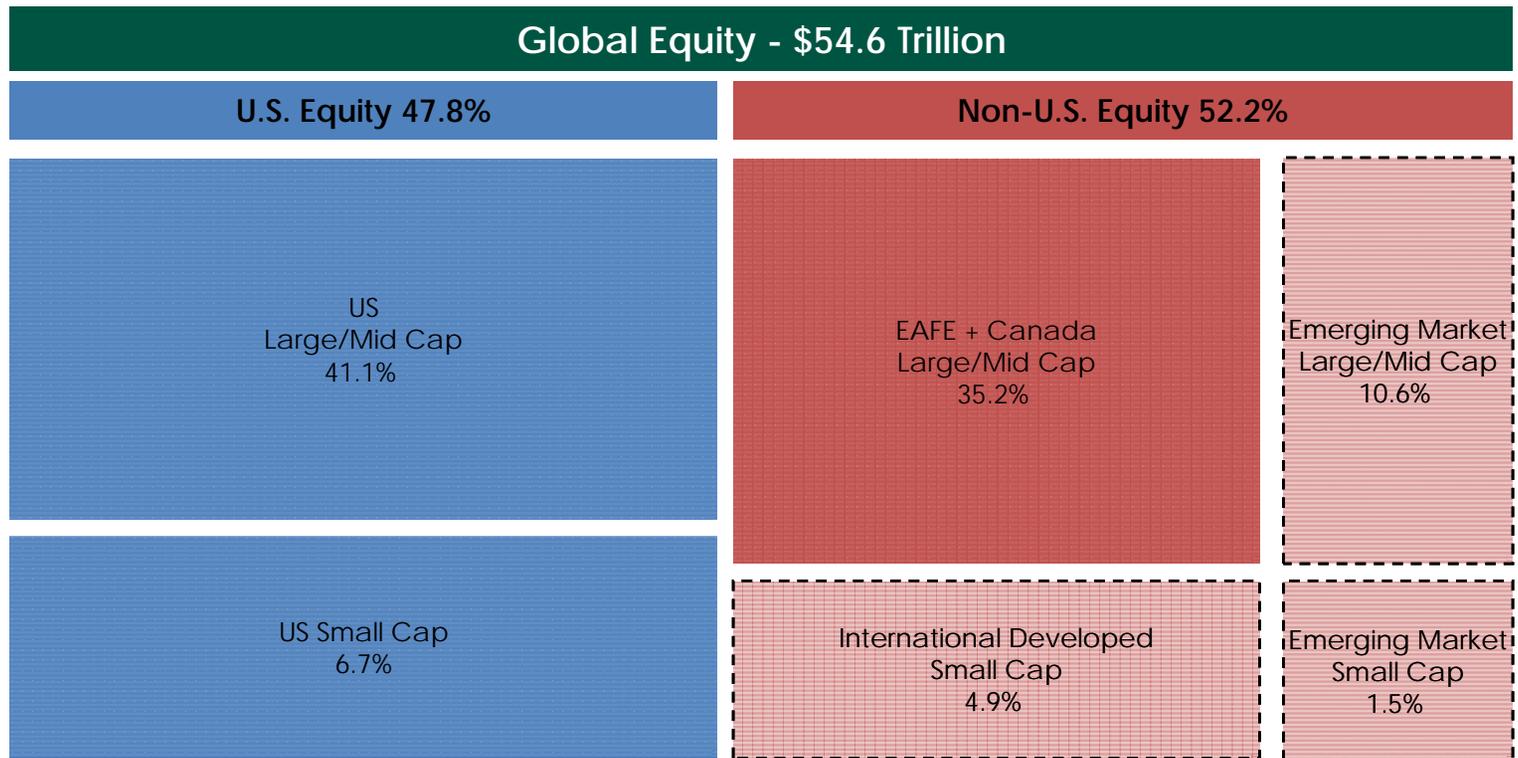
Core-Satellite Approach



- ▶ Individual active mandates are less benchmark sensitive.
- ▶ Separates beta (passive core) from alpha (active satellite) to control costs and tracking error.
- ▶ Satellite strategies may include all cap, concentrated, or micro cap strategies.



Equity Market Overview



Not currently held by North Dakota Board

- ▶ Through current allocations, the Land Board does not have exposure to approximately 17% of the Global Equity market, and 32% of the Non-U.S. Equity market.

Note: Global segmentation and market capitalizations are based on MSCI definitions from the All Country World Investable Market Index (ACW IMI) series.



Effectiveness of Active Management

MANAGER EXCESS RETURNS SUMMARY
LONG TERM THREE-YEAR ROLLING AVERAGE (NET OF FEES)

US EQUITY				
	25th Percentile	Median	75th Percentile	Dispersion
US Small Cap Value Equity (Jan 2001 - Dec 2012)	3.61%	1.01%	-1.49%	5.10%
US All Cap Core Equity (Jan 2001 - Dec 2012)	2.89%	0.87%	-1.39%	4.28%
US Small Cap Core Equity (Jan 2001 - Dec 2012)	2.68%	0.39%	-1.75%	4.43%
US Large Cap Value Equity (Jan 2001 - Dec 2012)	1.80%	0.01%	-1.70%	3.50%
US Large Cap Growth Equity (Jan 2001 - Dec 2012)	2.01%	-0.05%	-1.93%	3.95%
US Small Cap Growth Equity (Jan 2001 - Dec 2012)	2.65%	-0.07%	-3.00%	5.65%
US Large Cap Core Equity (Jan 2001 - Dec 2012)	1.36%	-0.24%	-1.80%	3.16%
US Mid Cap Growth Equity (Jan 2001 - Dec 2012)	1.99%	-0.40%	-2.58%	4.56%
US Mid Cap Value Equity (Jan 2001 - Dec 2012)	1.33%	-0.67%	-2.46%	3.79%
US Mid Cap Core Equity (Jan 2001 - Dec 2012)	1.01%	-0.95%	-2.95%	3.97%

More Active
Management Success



Less Active
Management Success

MANAGER EXCESS RETURNS SUMMARY
LONG TERM THREE-YEAR ROLLING AVERAGE (NET OF FEES)

INTL EQUITY				
	25th Percentile	Median	75th Percentile	Dispersion
Intl Small Cap Equity (Jan 2001 - Dec 2012)*	4.03%	1.07%	-1.83%	5.86%
Intl Emerging Markets Equity (Jan 2001 - Dec 2012)	2.21%	-0.03%	-2.37%	4.58%
Intl Large Cap Equity (ACW ex US) (Jan 2001 - Dec 2012)	1.59%	-0.78%	-2.77%	4.36%
Intl Large Cap Core Equity (Jan 2001 - Dec 2012)	0.75%	-0.86%	-2.39%	3.14%

More Active Management
Success



Less Active Management
Success



Current Land Board Portfolio Equity Manager Structure

	3/31/13 Market Value (\$ mil.)	% of Equity Portfolio	% of Total Assets
Large Cap U.S. Equity	\$464.46	43%	19%
State Street – S&P 500 Index (Passive)	\$464.46		
Small/Mid Cap U.S. Equities	\$318.93	29%	13%
Northern Trust- Small/Mid Cap (Active)	\$123.78		
State Street – Small/Mid Index (Passive)	\$195.15		
International Equities	\$301.69	28%	12%
State Street – International Alpha (Active)	\$245.86		
NTGI – EAFE Index (Passive)	\$55.83		
Total Equities	\$1,085.08		

- ▶ Passive Mandates: 66% of Equity Portfolio
- ▶ Active Mandates: 34% of Equity Portfolio



Consideration for Equity Allocations

	Current Allocation	Proposed Allocation	Comments
Large Cap US Equity	19%	12%	Maintain passive exposure
Small/Mid Cap US Equity	13%	5%	Maintain passive and/or enhanced index exposure; consider active management
International Equity	12%	10%	Maintain passive exposure for core exposure; consider adding international small cap exposure
Emerging Market	-	5%	Consider passive or active exposure
Total Equity Allocation	44%	32%	

- ▶ The current mandates and managers can be transitioned into the proposed allocations.
- ▶ Additional new mandates can be added when an implementation structure is chosen by the Board.

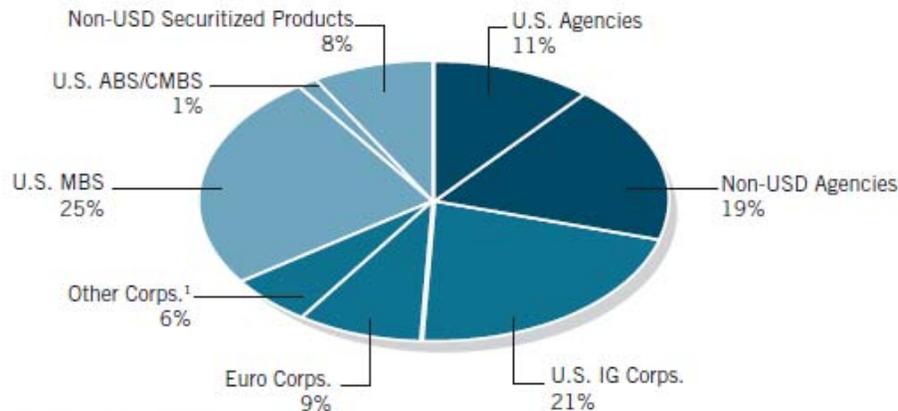
Data as of March 31, 2013



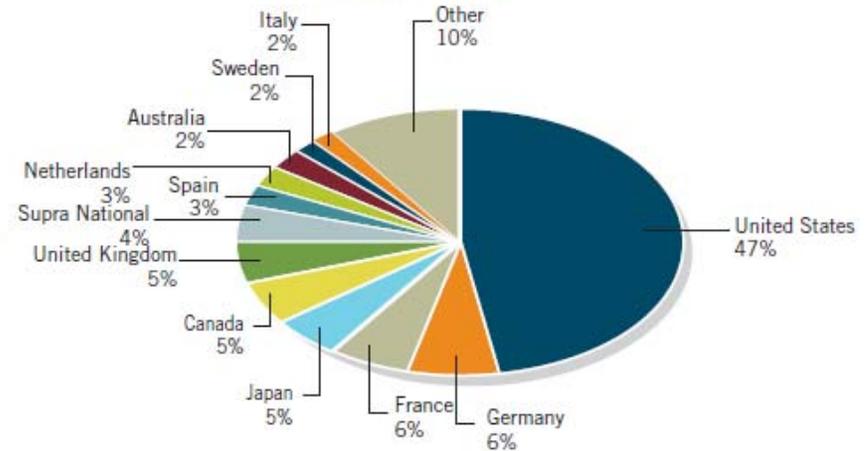
Fixed Income Market Overview

Global Fixed Income market: approximately \$24.5 trillion
\$19.2 trillion (excluding Treasuries)

Sector Weights



Country Weights



- Agencies: 30%
- Corporates: 35%
- Securitized: 35%

- ▶ The Land Board has U.S. and International exposure through the existing fixed income active managers, as well as exposure to high yield and bank/farm loans.

¹ Non-USD/Non-Euro IG Corporates

Source: T.Rowe Price, Barclays. Data as of December 31, 2012



Current Fixed Income Managers

	3/31/13 Market Value	% of Fixed Income Portfolio	% of Total Assets
US Investment Grade Fixed Income	\$811.06	68%	33%
Payden & Rygel – Aggregate	\$242.87		
JP Morgan – Intermediate	\$242.58		
BND – Project Notes	\$2.7		
Payden & Rygel – GNMA/Short Bond	\$97.47		
Northern Trust – TIPS	\$179.83		
Payden & Rygel – Cash	\$45.61		
International Investment Grade Fixed Income	\$119.39	10%	5%
First International Advisors	\$119.39		
High Yield	\$238.85	20%	10%
Lazard Asset Management	\$238.85		
Bank/Farm Loans	\$26.97	2%	1%
BND – Farm Loan Pool	\$24.89		
BND – Energy Construction Loans	\$2.08		
Total Fixed Income	\$1,196.27		

Data as of March 31, 2013



Consideration for Fixed Income Allocations

	Current Allocation	Proposed Allocation	Comments
US Investment Grade	33%	10%	Consider passive and/or active exposure
International Investment Grade	5%	5%	Consider passive and/or active exposure
High Yield	10%	4%	Maintain active exposure
Bank/Farm Loans	1%	2%	Maintain active exposure
Emerging Market Debt	-	2%	Consider active exposure
Total Fixed Income Allocation	49%	23%	

- ▶ The overall fixed income exposure will decrease significantly.
- ▶ The current mandates and managers can be mapped to the new allocations with adjustments to mandate sizes.
- ▶ Additional new mandates can be added when an implementation structure is chosen by the Board.

Data as of March 31, 2013



Current Alternatives Managers

	3/31/13 Market Value	% of Alternatives	% of Total Assets
Real Estate Investment Trusts (REITS)	\$185.16	100%	7%
Delaware Investment Advisors	\$185.16		

Data as of March 31, 2013



Consideration for Alternative Allocations

	Current Allocation	Proposed Allocation	Comments
Real Estate: Core		5%	Consider active exposure
Real Estate: Value-Added		5%	Consider active exposure
Real Estate: REITs	7%	5%	Maintain active or passive exposure
Liquid Multi-Asset/GTAA		20%	Consider active exposure: multiple mandates
Diversified Inflation Strategies		10%	Consider active exposure : multiple mandates
Total Alternatives Allocation	7%	45%	

- ▶ The majority of the Alternatives allocations will require new manager searches.
- ▶ The current REIT portfolio potentially can be maintained within the proposed allocations.



III. Implementation Options



Investment Decision Making Options

In this section we will revisit the following options for making and implementing investment decisions for consideration by the Board:

1. Implement an Investment Committee (IC)
2. Delegation to the North Dakota State Investment Board (SIB)
3. Delegation to Staff



Fiduciary Responsibility of the Board

The Board retains fiduciary responsibility under each implementation structure.

Duties governing bodies should retain:

- ▶ Setting, documenting and maintaining investment policy and guidelines.
- ▶ Selecting senior staff.
- ▶ Determining the asset allocation for the Funds including selection of assets classes to include and a rebalancing policy.
- ▶ Selection of consultants.
- ▶ Setting performance and risk objectives for the Funds.
- ▶ Monitoring compliance with all policies.



1. Implement an Investment Committee

- ▶ **Description:** Investment Committee (IC) appointed by the Board; fiduciary duty is retained by the Board.
- ▶ **Advantages:**
 - ▶ An IC likely would not require legislative changes to the governance structure.
 - ▶ The IC can make recommendations to implement the Board's investment policies including asset allocation, asset class structures, hiring/firing of managers, and ongoing monitoring.
 - ▶ Broad asset class and sub asset class targets can be established to meet the specific objectives of the PTFs and SIIF.
- ▶ **Disadvantages:**
 - ▶ Board will need to remain engaged to approve IC recommendations regarding implementation.
 - ▶ Board will need to select an IC.
- ▶ **Key Questions:**
 - ▶ *Who are the appropriate members of the IC?*
 - ▶ *What functions should be delegated to the IC?*
 - ▶ *What will be the relationship between the IC and Staff?*



2. Full Delegation to the North Dakota SIB

- ▶ **Description:** Board delegates some or all implementation of investment decisions to the State Investment Board (SIB); fiduciary duty is retained by the Board.
- ▶ **Advantages:**
 - ▶ SIB will be responsible for customized asset class structures, hiring/firing of managers, and ongoing monitoring.
 - ▶ Investments would be easy to monitor.
- ▶ **Disadvantages:**
 - ▶ Board would not control the cost or manager structure; costs would include a base fee for the PTFs.
 - ▶ SIB usage of active and passive management within asset classes may not match the preferences of the Board.
 - ▶ The SIB may not excel at all asset classes or allocations of interest to the Board.
- ▶ **Key Questions:**
 - ▶ *Does the SIB provide access to each asset class and sub-asset class of interest to the Board?*
 - ▶ *Would due diligence lead to SIB being selected for all mandates relative to other providers?*



3. Delegation to Staff

- ▶ **Description:** Board delegates implementation of investment decisions to Staff; fiduciary duty is retained by the Board.
- ▶ **Advantages:**
 - ▶ This implementation structure is similar to the current structure, although delegation currently is less formally documented.
 - ▶ This is a low cost option.
- ▶ **Disadvantages:**
 - ▶ While Staff function may not meaningfully change from the current structure, stated responsibilities will increase.
 - ▶ Additional internal resources and third party resources likely will be required.
- ▶ **Key Questions:**
 - ▶ *Is Staff comfortable with the formal delegation of implementation responsibility?*
 - ▶ *Would additional Staff members be needed to implement under this structure, which would impact the cost?*



IV. Investment Policy Statement (IPS) Update



Investment Policy Statement (IPS) Update

- ▶ **RVK has prepared an initial draft Investment Policy statement that we have shared with Staff.**

- ▶ **Many of the key sections are complete, including the following:**
 - ▶ Mission Statement
 - ▶ Investment Authority
 - ▶ Statement of Purpose
 - ▶ Capital Market Language
 - ▶ Distribution Policy
 - ▶ (Partial) Roles and Responsibilities
 - ▶ Monitoring and Evaluation
 - ▶ Review Schedule
 - ▶ (Partial) Watch List Criteria



Investment Policy Statement (IPS) Update

- ▶ **Topics where we need additional information include the following:**
 - ▶ Investment Objectives (need asset allocation specifics)
 - ▶ Governance (need implementation details)
 - ▶ Rebalancing Policy (including who is responsible)
 - ▶ Investment Restrictions (will vary by mandate)

- ▶ **After our meeting today, RVK will prepare a draft IPS for the Board to review prior to our next meeting.**



v. Next Steps



Next Steps

- ▶ Confirm the target asset allocation policy, or adjust as needed.
- ▶ Document input and opinion of the Board regarding implementation options within each asset class.
- ▶ Gather additional input as needed on implementation options.
- ▶ RVK to prepare a completed draft of the Investment Policy Statement based on decisions made by the Board at this meeting.

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

September 26, 2013

RE: Ordinary High Water Mark Survey – Phase IV
(No Formal Action Requested)

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

These lands are managed in the best interests of all North Dakotans. The delineations of the ordinary high water mark (OHWM) were conducted solely to determine the acres of land below that mark. While the results of these studies may be used to identify sovereign land ownership, the survey contract was not, in and of itself, intended to resolve questions of legal title to the riverbed.

On May 17, 2012, the Commissioner initiated the fourth phase of the survey of the ordinary high water mark of the Missouri River. Bartlett and West has completed the final report for Task Order IV of the contract to delineate the OHWM of the river channel from the Four Bears Bridge to the Garrison Dam, as it existed before the man-made lake filled. The survey was completed for a cost of \$59,000. The Department issued mineral leases based the survey results starting in February 2013.

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

The summary final report for Task Order IV will be presented to the Board by a representative of Bartlett and West. The entire report will be available on the Department's website.

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

September 26, 2013

RE: Light and Radar Surveys (LIDAR) – Proof of Concept
(No Action Requested)

In March, 2013, the Land Board authorized the Commissioner to bid a LIDAR survey of gravel mines on trust lands to ensure accurate reporting and royalty payments. As a first step, Bartlett and West has completed a small project to develop a method for converting in-place measurements of yards of aggregate into yards of stockpiled aggregate. When mined, aggregate increases in volume (“fluff factor”).

Bartlett and West also conducted topographic surveys on two tracts as part of this test project and on one additional tract at the request of an aggregate lessee.

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

LIDAR test on Trust land in Mountrail County, June 12, 2013



MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

September 26, 2013

RE: Report of Easements Issued by Land Commissioner
(08-22-13 through 09-17-13: No Action Requested)

Granted to: **CITY OF BOWMAN, BOWMAN-ND**
For the Purpose of: Easement: City Sign Area
Right-of-Way Number: RW0006497
Date Issued: 9/5/2013
Application Fee: \$50.00
Right-of-way Income: \$1,000.00
Damage Payment to Lessee: N/A
Length (Rods): N/A
Area (Acres): 0.04
Legal Description: BOW-132-102-36-NE4

Granted to: **HESS CORPORATION (TGP, MINOT-ND)**
For the Purpose of: Easement: Pipeline & Communication Cable
Right-of-Way Number: RW0006614
Date Issued: 9/10/2013
Application Fee: \$50.00
Right-of-way Income: \$6,252.89
Damage Payment to Lessee: 127.61
Length (Rods): 127.61
Area (Acres): 1.6
Legal Description: MOU-155-94-32-NE4

Granted to: **HESS CORPORATION, MINOT-ND**
For the Purpose of: Easement: Multiple Pipelines
Right-of-Way Number: RW0006615
Date Issued: 9/11/2013
Application Fee: \$50.00
Right-of-way Income: \$6,380.50
Damage Payment to Lessee: N/A
Length (Rods): 127.61
Area (Acres): 1.6
Legal Description: MOU-155-94-32-NE4

Granted to: **ONEOK ROCKIES MIDSTREAM LLC, SIDNEY-MT**
For the Purpose of: Easement: Gas Gathering Pipeline
Right-of-Way Number: RW0006634
Date Issued: 8/29/2013
Application Fee: \$50.00
Right-of-way Income: \$2,419.01
Damage Payment to Lessee: 40.99
Length (Rods): 18.35
Area (Acres): 0.23
Legal Description: DIV-160-98-25-NW4

Granted to: **ONEOK BAKKEN PIPELINE LLC, SIDNEY-MT**
For the Purpose of: Easement: Gas Gathering Pipeline
Right-of-Way Number: RW0006737
Date Issued: 8/29/2013
Application Fee: \$50.00
Right-of-way Income: \$17,469.98
Damage Payment to Lessee: 140.02
Length (Rods): 186.7
Area (Acres): 4.2
Legal Description: MCK-148-105-36-SW4

Granted to: **MCKENZIE ELECTRIC COOP INC, WATFORD CITY-ND**
For the Purpose of: Easement: Drop Line-Electric Distribution Line
Right-of-Way Number: RW0006754
Date Issued: 9/13/2013
Application Fee: \$50.00
Right-of-way Income: \$100.00
Damage Payment to Lessee: N/A
Length (Rods): 26.65
Area (Acres): 0.32
Legal Description: MCK-153-96-36-NE4

Granted to: **SM ENERGY COMPANY, BILLINGS-MT**
For the Purpose of: Easement: Salt Water Disposal Well - Extension
Right-of-Way Number: RW0006770
Date Issued: 9/13/2013
Application Fee: \$50.00
Right-of-way Income: N/A
Damage Payment to Lessee: N/A
Length (Rods): 362.49
Area (Acres): 6.93
Legal Description: BIL-143-101-16-NE4, NW4, SE4

Granted to: **CONTINENTAL RESOURCES INC, OKLAHOMA CITY-OK**
For the Purpose of: Permit: Section Line Access Road
Right-of-Way Number: RW0006782
Date Issued: 8/28/2013
Application Fee: \$50.00
Right-of-way Income: \$1,868.40
Damage Payment to Lessee: N/A
Length (Rods): 124.56
Area (Acres): 1.56
Legal Description: BIL-144-99-36-SE4

Granted to: **GRIGGS COUNTY TELEPHONE COMPANY, ENDERLIN-ND**
For the Purpose of: Easement: Communication Cable
Right-of-Way Number: RW0006787
Date Issued: 8/21/2013
Application Fee: \$50.00
Right-of-way Income: \$541.70
Damage Payment to Lessee: N/A
Length (Rods): 626.71
Area (Acres): 7.83
Legal Description: GRI-148-60-36-N2NE4, SW4, SW4SE4
Legal Description: GRI-148-61-36-SE4

Granted to: **WHITING OIL & GAS CORPORATION, DENVER-CO**
For the Purpose of: On-lease Act. Amend: Horizontal Oil Well
Right-of-Way Number: RW0006796
Date Issued: 9/10/2013
Application Fee: N/A
Right-of-way Income: \$10,000.00
Damage Payment to Lessee: N/A
Length (Rods): 22.66
Area (Acres): 6.03
Legal Description: MCK-149-99-16-NW4

Granted to: **PETRO-HUNT LLC, BISMARCK-ND**
For the Purpose of: Permit: Section Line Access Road
Right-of-Way Number: RW0006808
Date Issued: 9/4/2013
Application Fee: \$50.00
Right-of-way Income: \$820.00
Damage Payment to Lessee: N/A
Length (Rods): 22.65
Area (Acres): 0.28
Legal Description: WIL-154-99-16-NE4

Granted to: **MINNKOTA POWER COOP INC, GRAND FORKS-ND**
For the Purpose of: Permit: Access Road
Right-of-Way Number: RW0006811
Date Issued: 9/10/2013
Application Fee: \$100.00
Right-of-way Income: \$3,301.84
Damage Payment to Lessee: 242.16
Length (Rods): 214.78
Area (Acres): 6.49
Legal Description: MCL-143-81-36-NW4
Legal Description: OLI-142-83-36-NE4, NW4

Granted to: **VANTAGE PIPELINE US LP, CALGARY AB CANADA**
For the Purpose of: Easement: Gas Gathering Pipeline
Right-of-Way Number: RW0006817
Date Issued: 8/29/2013
Application Fee: \$75.00
Right-of-way Income: N/A
Damage Payment to Lessee: N/A
Length (Rods): 337.5
Area (Acres): 3.83
Legal Description: DIV-164-103-36-NW4, SW4
Legal Description: WIL-159-97-36-SE4

Granted to: **ONEOK ROCKIES MIDSTREAM LLC, SIDNEY-MT**
For the Purpose of: Easement: Easement Release
Right-of-Way Number: RW0006819
Date Issued: 8/26/2013
Application Fee: N/A
Right-of-way Income: N/A
Damage Payment to Lessee: N/A
Length (Rods): N/A
Area (Acres): 151.07
Legal Description: BIL-142-102-16-NW4

Granted to: **VANTAGE PIPELINE US LP, CALGARY AB CANADA**
For the Purpose of: Easement: Easement Release
Right-of-Way Number: RW0006826
Date Issued: 8/27/2013
Application Fee: N/A
Right-of-way Income: N/A
Damage Payment to Lessee: N/A
Length (Rods): N/A
Area (Acres): 480
Legal Description: DIV-164-103-36-NW4, SW4

Granted to: **VANTAGE PIPELINE US LP, CALGARY AB CANADA**
For the Purpose of: Easement: Easement Release
Right-of-Way Number: RW0006826
Date Issued: 8/27/2013
Application Fee: N/A
Right-of-way Income: N/A
Damage Payment to Lessee: N/A
Length (Rods): N/A
Area (Acres): 480
Legal Description: WIL-159-97-36-SE4

Granted to: **QEP ENERGY COMPANY, DENVER-CO**
For the Purpose of: Permit: Soil Testing
Right-of-Way Number: RW0006833
Date Issued: 9/13/2013
Application Fee: \$50.00
Right-of-way Income: \$1,500.00
Damage Payment to Lessee: N/A
Length (Rods): N/A
Area (Acres): 314.86
Legal Description: MCK-149-95-16-NE4, NW4