

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2013

**2001 SENATE APPROPRIATIONS**

**SB 2013**

# 2001 SENATE STANDING COMMITTEE MINUTES

## BILL/RESOLUTION NO. 2013

Senate Appropriations Committee

☐ Conference Committee

Hearing Date January 23, 2001

Tape Number	Side A	Side B	Meter #
1	Land Dept.		0.0-39.8
Committee Clerk Signature <i>Debra Shorne</i>			

Minutes:

Tape #1, Side A, meter 0.0

Senator Nething opened the hearing on SB 2013, ND State Land Department.

Robert Olheiser, Director ND State Land Department, gave a slide presentation (attached) for their appropriation. Board of University and School Lands; no General Fund money used, allowed to spend 10% money generated; Agencies mission to fund public education; comparison of original land grant to current ownership; Major Asset classes; Surface Management 7.57 FTEs; Minerals Management 2.99 FTEs; Unclaimed Property 5.08 FTEs; Permanent Education Trust Investments by asset class after June 30, 2000 rebalancing; Investments 1.95 FTEs; Total Trust equity as of June 30, 2000; Permanent Education Trust income and distributions. Their investment strategy for next two years is at 6%.

Senator Grindberg: The \$719 million; where is that invested; any in ND?

Robert Olheiser: Not in ND businesses; but in the Farm Loan Pool Program.

Senator Grindberg: Can you give us a description of where these funds are invested if not in ND?

Robert Olheiser: We do have that information and a copy will be given to the committee for their review. Note that when you receive this information the significant difference of asset classes.

Rick Larsen, Energy Development Impact, spoke on rest handout from Land Department. The Energy Development Impact Office .91 FTE; the objection of EDIO; criteria for projects funded; source of funding figures.

Senator Andrist: Explain the 6 2/3 of 5% oil tax impact; why only 3 1/2 % last biennium?

Rick Larsen: Because 6 2/3 represents the production tax.

Vicky Steiner, Executive Director, ND Association of Oil and Gas Producing Counties, spoke support of the bill and the funding. (Testimony attached with Needs Assessment List).

Ward Koeser, City of Williston, gave an overview of statistical information (copy attached) showing the impact the oil boom had on Williston and the benefits to the town. Debts will be paid in 2002 and we will then begin investing.

Senator Solberg: Looking at IT budget book; explain the amount differences from your budget.

Robert Olheiser: This amount in IT book includes salaries.

Senator Solberg: The 169 acres of agricultural land; where did this come from?

Robert Olheiser: It was a gift from the Hedland family to use for education; this occurred about 13 months ago.

Senator Solberg: We have been told that OMB will be inventorying all investments; can you do this?



Robert Olheiser: Value of land is \$100 million; the methodology was done with each county by tracts and the productivity index. Cheapest way to arrive at the value.

Senator Andrist: The land portfolios; wouldn't it be better to look at other assets besides land?

Robert Olheiser: Not true; Our first performing asset class was in 1960; it has appreciated 4% every year with 3 1/2% cash flows equaling 7 1/2% return; we have kept the pace of inflation with equity.

Senator Solberg: Will you furnish us with a list showing the value of land per county?

Robert Olheiser: Yes I can furnish that to you.

Senator Andrist: Are payments made to the counties where the state land is owned?

Robert Olheiser: Payments are now paid to county where trust lands are located as asked by the last legislature; 5% rental payment is given back to the counties.

Senator Kringstad: The \$60 million; where does the interest go?

Robert Olheiser: It goes to two parts; 8 1/2% to Farm Pool Loan Program and 9 1/2% to development of mentally disabled.

With no opposition to the bill, hearing was closed. Tape #1, Side A, meter 39.8.

Full Committee - February 7, 2001 (Tape #1, Side B, Meter No. 32.1-39.9)

Senator Nething reopened the hearing on SB2013.

Senator Bowman, Chair of the Land Department Subcommittee, submitted proposed amendments. He moved for adoption; Senator Tallackson seconded. Motion carried.

Senator Nething: Why didn't they sell land the last time?

Senator Bowman: No answer given -- only legislative intent.

Senator Tallackson: It is my understanding that the Board wouldn't agree to sell.

Senator Bowman: These are odd pieces -- no land value.

Senator Heitkamp: Back to the tax roll?

Senator Bowman: Yes.

Senator Bowman: FTE's on based on the number of acres of land. Legislative Council can explain dollars.

Joe Morrisette, Legislative Council Analyst: Could include additional work load personnel --- surveying etc. associated with the cost of selling --- may need more individuals when preparing the sale--all of which will be considered expenses of sale--none appropriated dollars.

No additional discussion. Senator Bowman moved a DO PASS AS AMENDED (18039.0102); seconded by Senator Tallackson. Roll Call Vote taken: 9 yes; 0 no; and 5 absent and not voting.

Senator Bowman accepted the floor assignment.

**PROPOSED AMENDMENTS TO SENATE BILL NO. 2013**

Page 1, line 6, replace "lands and minerals trust" with "oil and gas impact grant"

Page 1, line 7, remove "and other income"

Page 1, after line 22, insert:

**"SECTION 4. LEGISLATIVE INTENT - SALE OF CERTAIN TRUST LANDS.** It is the intent of the fifty-seventh legislative assembly that the board of university and school lands evaluate all parcels of land owned by the common schools trust fund and other educational trust funds to determine if individual parcels are producing a positive annual rate of return, excluding appreciation in value. It is the intent of the fifty-seventh legislative assembly that the board sell, during the biennium beginning July 1, 2001, and ending June 30, 2003, those parcels which are not producing a positive annual rate of return."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2013 - Land Department - Senate Action**

This amendment adds a section of legislative intent to provide that during the 2001-03 biennium the Board of University and School Lands evaluate land owned by the common schools trust fund and other educational trust funds and sell those parcels not producing a positive annual rate of return.

Date: 2-7-01

Roll Call Vote #: 1

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2013**

Senate Appropriations Committee

☐ Subcommittee on \_\_\_\_\_

or

☐ Conference Committee

Legislative Council Amendment Number 18039.0102

Action Taken to pass as amended

Motion Made By Sen Bowman Seconded By Sen Tallackson

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman					
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac					
Joel C. Heitkamp	✓				
Tony Grindberg	✓				
Russell T. Thane					
Ed Kringstad					
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist					

Total Yes 9 No 0

Absent 5

Floor Assignment Senator Bowman

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2013: Appropriations Committee (Sen. Nething, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (9 YEAS, 0 NAYS, 5 ABSENT AND NOT VOTING). SB 2013 was placed on the Sixth order on the calendar.**

Page 1, line 6, replace "lands and minerals trust" with "oil and gas impact grant"

Page 1, line 7, remove "and other income"

Page 1, after line 22, insert:

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It is the intent of the fifty-seventh legislative assembly that the board of university and school lands evaluate all parcels of land owned by the common schools trust fund and other educational trust funds to determine if individual parcels are producing a positive annual rate of return, excluding appreciation in value. It is the intent of the fifty-seventh legislative assembly that the board sell, during the biennium beginning July 1, 2001, and ending June 30, 2003, those parcels which are not producing a positive annual rate of return."

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**Senate Bill No. 2013 - Land Department - Senate Action**

This amendment adds a section of legislative intent to provide that during the 2001-03 biennium the Board of University and School Lands evaluate land owned by the common schools trust fund and other educational trust funds and sell those parcels not producing a positive annual rate of return.

2001 HOUSE APPROPRIATIONS

SB 2013

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2013

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date February 28, 2001

Tape Number	Side A	Side B	Meter #
02-28-01 tape #2	0 - 6203	0 - 2738	
Committee Clerk Signature <i>Kathleen Hall</i>			

Minutes:

The committee was called to order, and opened the hearing on SB 2013, the budget for the Commissioner of School Lands.

Richard Larson: Handed out a written copy of his slide presentation. He went through his oral testimony from the written copy.

Rep. Skarphol: In regard to auditing mineral royalty payments, can you tell me more about what you do in that regard?

Richard Larson: We look at the values we receive, the price per barrel, and the surrounding area, and values being reported to the tax department. We look at volumes we are being paid on and the amounts reported to the oil and gas division.

Rep. Skarphol: What do you use as a resource in comparing it to surrounding areas?

Richard Larson: We have mineral interests throughout an area. We may look at other wells of ours in the area, or values reported to the tax department.

Rep. Skarphol: Relays some information he has received as to posted price and how the compensation is calculated.

Richard Larson: There isn't a set price. Each company has its own posting. Different negotiations are done between companies, one may negotiate a bonus on the posted price. We want to be able to make sure we are capturing the bonus and highest amount possible.

Rep. Skarphol: Are you monitoring gas in the same fashion?

Richard Larson: The same applies to gas although there are other issues, processing charges, etc.

Rep. Skarphol: Doesn't your lease state gas price at the well head. If it does, why are there processing charges.

Richard Larson: Will have to discuss this later. Continues with his presentation, dealing with unclaimed property.

Rep. Koppelman: What are intangible assets?

Richard Larson: Bank accounts, stock dividends not cashed, financial things. Continuing with his presentation, dealing with investments.

Chairman Byerly: On the investment activities, is the State Land Board constitutionally empowered to make those investments, or is that something we have done in code? Asks because he is asked often why we have an investment board and then the state land board makes investments.

Richard Larson: The land board is responsible as trustee for directing the investments made, and is constitutional, by the enabling act. The state investment board has different needs of investing for their purposes. We invest for future generations, which is somewhat different.



Rep. Skarphol: It looks like your rate of return is about 8.6%. How does that compare to your historical?

Richard Larson: Over the last five years we have an average rate of return of about 15 ½% on our equity stocks and about 7.6% on our fixed income

Rep. Glassheim: How much of that money is invested in ND equities? Imagines not invested in farmland, but is it invested in any ND business equities?

Richard Larson: Our investment in ND is our lowest right now. Continues with his presentation. Has a last slide not in our packet about line items in the budget.

Vicky Steiner, Executive Director of the ND Association of Oil and Gas Producing Counties: She provided the committee with written testimony and a blue booklet of needs assessments survey. She supports the bill. From the survey the greatest need is grants for road improvements. Realizes the budget is tight, and would be satisfied with the appropriations as the bill states.

Ward Koeser, Mayor of Williston: He had a handout entitled Statistical Information Showing the Impact of the Oil Boom on The city of Williston. The oil industry has a cyclical nature. The booms impact the cities, as do the busts. Western ND has experienced several boom/bust cycles throughout recent years. Williston has benefited from Impact Grants, but also plays a key role in providing millions of dollars in revenue for the whole state. The city infrastructure needs help during bust periods. The oil impact grant moneys have been very helpful to the city in dealing with debt. Requests continued support in these grants, and thanks the committee for past support.

Richard Larson: Asked to explain the Senate amendment. Need to have a background for the rest of the testifiers. The Senate has added an amendment to the appropriation bill that

requires the board to sell land that is not earning more than 0%. The board is required to do this by the end of the next biennium.

Al Jaeger, Secretary of State: He is a member of the land board. He is specifically speaking to Section 4 of the bill, and must make it clear that he is speaking as an individual, not for the board. The board has not met since the amendment was made. The issue is not whether or not the land should be sold, but that the board has been directed to do so. The board has a fiduciary duty to the state, and he believes that the board has done a good job in their investments. The board believes that land should be listed as an asset. They did an inventory of all the land they held. They held public hearings throughout the state and no action was taken. There has been a progression as to how we have been looking at this land. We have been trying to determine what is best to do. It really concerns him that they have been given a directive - that they will sell the land. There is something unique about each of these parcels of land. In two years we are to have this accomplished. Selling some of this land is not really the best thing to do. He handed out a list of selected lands that would have to be sold. The question is not whether or not we should sell the lands, the question is is this an appropriate type of amendment and directive for the board. Some people in this room will say we should not sell any of the lands, and some will say some should be sold. The process to sell the land must include appraisal, advertisement, and bidding. If we are forced to do so within a certain time frame, we may not get the best return. Went over some of his examples on the list.

Rep. Koppelman: Were these points made in the Senate, or did the amendment just get made?

Al Jaeger: The board was not aware of the amendment from the Senate. The board did not have an opportunity to address the amendment before the Senate. His preference is to just

have the amendment taken off. There will be an argument that the non producing property should be made into income producing assets, but the issue is to do so when it is timely, not directed. If that is not possible to remove the amendment, the board could be encouraged to sell it in a different way.

Rep. Carlisle: What would happen if there were no buyer?

Al Jaeger: Some of this land is located under water. It may be hard to find buyers for some of it. We would be forced to sell, not to try to sell it. Someone may come out with a good bargain that would not be in the best interest of the state. Some people are concerned that these lands should be kept for the public. The board hasn't even had enough time to consider other agencies caring for this land.

Wayne Sanstead, State Superintendent of Public Schools: He is a member of the state land board. He finds the amendment of Section 4 particularly objectionable because it is a requirement not merely advisory. He thinks the timing is bad, and that the board has not had an opportunity to deal with it themselves. Knows that the Senator making the amendment meant to do well, it really is objectionable. He thinks it is best left in the hands of the board, and he thinks he speaks for most of the board members.

Chairman Byerly: For Richard Larson: Did we not in the last session begin this evaluation? Hadn't we asked for you to evaluate this property?

Richard Larson: Does not remember that. We started this process, holding public meetings a few years ago.

Al Jaeger: Thinks it may have been reported to the legislature that we have been going through this process. The board had been beginning this before last session.

Rep. Skarphol: This land in Grand Forks County, prairie grass?

Mike Brand, Director of Service Management for State Land Dept: The Oakville prairie is predominantly native tall grass prairie, and has not been rescinded. It is a saline tall grass prairie.

Rep. Glassheim: On this list is this just a sample, and are there significantly more plots that are not producing?

Richard Larson: This is just a small sample for discussion. There are about 183 tracts, around 19,000 acres, out of 714,000 total acres.

Rep. Skarphol: Is non producing meaning no revenue at all.

Richard Larson: That could be the case, that some lands have never been able to lease. Some have expenses that cost more than income.

Chairman Byerly: Comments on the list of samples.

Al Jaeger: The list of examples was just to make a point. The amendment says to sell all. This sample is to show that that there are no easy answers, that some of these parcels may be difficult, and that not all the parcels are the same.

Rep. Glassheim: What is your process now that you have the parcels all listed, if you didn't have the mandate to sell?

Richard Larson: That has not been determined. The board has not yet acted on this.

Al Jaeger: The new board has not even yet had a chance to meet on this. The study has been done, and the board would be looking at this matter.

Bill Pfeifer, ND Chapter of the Wildlife Society: Handed out prepared written testimony, and read from it. He also handed out a few more papers: 1) a report by the Wildlife Society turned over to the State Land Board, and 2) the information received at each of the 8 public meetings.

Rep. Carlisle: You are familiar with these tracts, and you say you talked to the weed board about weed control, are there any that are conducive to sheep or goats, or beetles.

Bill Pfeifer: Not that familiar with each tract.

Mike Brand: We have a very active preview program. Some of the tract costs have been reduced. Sheep and goats don't mix with coyotes well.

Chairman Byerly: On the list that's attached, would it be possible those lands that had at some point in time been tilled. That has a constitutional factor.

Rep. Skarphol: Do any of these tracts have any tie in with coal mines?

Response: No.

Wayde Schafer: Citizen of ND. Against section 4. Speaks in regard to privately owned property and public owned land. Supports keeping as much public lands as possible. Against the mandate of state school lands.

Mike Donahue: ND sportsman. Against section 4, and would like it removed.

Darla Lenz: Opposed to amendment that requires the sale of the school lands. Its not just dollars, it is public lands with more value than just money.

Sheila Dufford: Had prepared written testimony. She is opposed to section 4 of the bill.

Alexis Duxbury: Is against section 4 of the bill, and desires removal of the section. Thinks the Senate addition of this amendment was bad.

Larry Knoble: ND Sportsman Alliance from Jamestown. Is against section 4 of the bill and suggests it be removed. As a taxpayer, he is a landowner of public property. He would like a right to keep his land, close to 19,000 acres.

Art Mielke: President, ND Wildlife Federation. Agrees to the removal of section 4. Sale of these lands would restrict hunters from public lands. Not really talking about a whole lot of money for some of these tracts. The income from sale would not be worth the loss to the public.

Rep. Carlisle: Question for Bill Pfeifer: If he understands his handouts, there are three groups of lands listed, to be retained, could be sold. Have you talked to other groups ?

Bill Pfeifer: We have not talked individually on each tract. But en mass we have gone through and indicated the tracts that we have reviewed, and have given these to the other organizations that have reviewed them.. No one has objected. Can't speak for them, but there has been no opposition.

Rep. Skarphol: Question for Richard Larson: In the amendment the language is to evaluate all parcels owned by the common schools trust fund and other educational trust funds. Can you enlighten me as to what this means?

Richard Larson: In the slide presentation, 5th page, there is a list of entities that compromise the other trusts that the board manages land for. They are not just educational trusts.

Rep. Skarphol: This amendment is relative only to properties that you manage, no other properties outside of your management?

Richard Larson: Yes.

Chairman Byerly: On the Ellendale Trust, are we still obligated to deposit into the Ellendale Trust Fund.

Richard Larson: That is the name of the trust fund as originally established, and the proceeds of the trust go to 7 different institutions on the list. The fund has land and mineral income.

Rep. Glassheim: Do you work with the wildlife society and some of their suggestions and proposals, and seen their evaluations and suggestions?

Mike Brand: We have received all public comments, but the board has not yet seen them all, and has not seen all the suggestions. In general the proposals from the wildlife society we have already done or are doing. We do work closely with all groups.

Rep. Carlisle: When the board meets, who puts this together

Al Jaeger: The board is scheduled to meet once a month, but we don't always get that. We rely somewhat on the staff to set the agenda. We also have new board members that may take a little extra time. The board believes they should be able to retain making the management decisions. The choice to sell has been taken away from us.

Mike Donahue: The organizations are coordinating on this, as to what the board is doing, the commissioner's office is doing. We were initially "no sell". As we look more closely, we agree that the board should be able to make some decisions to sell some parcels, but do not support selling all of them.

The chairman closed the hearing on this bill.

## 2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2013

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date March 9, 2001

Tape Number	Side A	Side B	Meter #
03-09-01 tape #1	270 - 1518		
Committee Clerk Signature <i>Kathie Hall</i>			

### Minutes:

The committee was called to order, and opened committee work on SB 2013, the State Land Department budget.

Chairman Byerly: The only real big change in this budget was the Senate amendment trying to force the sale of some of this land. And after we talked about this, I had asked the State Land department to furnish us with a little more information on these parcels. They sent to us on March 2nd, a memo, and in the memo they explained if the land was original grant land, whether it was land they had tried to sell. If you read the constitution, I think, the state land department is forbidden to get rid of any land that is virgin land. I don't think we can force them to sell the stuff that comes in the heading of original grant, uncultivated land. His reason for thinking this is that the Williston Experiment Station wanted to buy some land and the land was uncultivated, and the state land department can trade or sell land that has been cultivated, but not if it is uncultivated. That's the reason I asked for this list. If you look at this, some of this land had



been sold, or the state land ended up with it for some other reason. I am not as concerned about those lands. If we determine the state land department can sell those lands, that's an area we need to discuss. The other original, uncultivated lands I don't think we can get rid of them. WE should read the constitution again to be sure. The rest of the bill really has no real changes.

Rep. Carlisle: The wildlife society had in their proposal that they wouldn't mind selling.

Rep. Glassheim: Wonders why we would want to instruct them to sell one way or the other. He would just as soon leave this to the board. Your finding makes this even more clear, but almost all this land is original, uncultivated grant. Why we would want to get into managing that by law is unclear.

Rep. Byerly: Has no answer. He talked to two Senators who were adamant on their amendments. Senators don't give reasons.

The committee had miscellaneous discussion as to their feeling that the requirement to sell by 2003 with out buyers would be like giving it away. Some thoughts were to go along with a portion of the Senate amendment, but to remove the mandate. Understand that if they change this, it would probably go to conference committee.

Jim Smith, LC: Section 3, Article 9, says who is on the board of university and school lands. It says that subject to the provisions of this article any law that may be passed by the legislative assembly the board has control of the appraisement, sale, rental, and disposal of lands.

Rep. Koppelman: Is it possible for us to compromise with language. Maybe the Senate made its point.

Rep. Skarphol: We could further amend this bill to allow lands could be sold that are constitutionally allowed.

Jim Smith, LC: Reads Section 6, it says that no original, grant, school, or institutional land shall be sold for less than fair market value, and no less than \$10 per acre.

Chairman Byerly: I thought it was the constitution, but it could be the Century Code. I remember this with the experiment station from somewhere. But the first thing that Jim explained to us pretty much slams the door.

Rep. Thoreson: Reads Section 9 to the committee.

Rep. Carlisle: If you take the amendment off, it leaves it wide open for a conference committee, doesn't it?

Chairman Byerly: We could ask legislative council before conference committee to find the information on who has the right to do what to what kind of land.

Rep. Glassheim: Would be more comfortable in taking it out and dealing with it in conference committee. Moves to so amend. Seconded by Rep. Carlisle.

Voice vote passes the motion.

Rep. Skarphol: Moves DO PASS AS AMENDED. Seconded by Rep. Thoreson.

Vote on Do Pass as Amended: 7 yes, 0 no, 0 absent and not voting.

Rep. Skarphol is assigned to carry the bill to the full committee.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2013

House Appropriations Committee

☐ Conference Committee

Hearing Date March 28, 2001

Tape Number	Side A	Side B	Meter #
03-28-01 tape #1	155 - 2160		
Committee Clerk Signature <i>Haklu Hall</i>			

Minutes:

The committee was called to order, and opened committee work on SB 2013, the Land Department.

Rep. Skarphol: What we did in subcommittee with the Senate bill, was removed the amendment that the Senate tacked on in regard to the land sale. We didn't do anything with the budget, we just left it intact, it's all special funds. There are some limited increases, some for ITD, and equipment, and deleted ½ time FTE.

Rep. Byerly: Maybe we could have Rick (from the Land Department) explain the distribution of the moneys to the different entities. This is standard procedure, and nothing out of the ordinary. Rick just didn't have the numbers available when we had the bill upstairs.

Chairman Timm: This particular bill includes the governor's recommendation for employee salaries for 3-2-1%.

Rep. Monson: Why would you want to remove section 4. Why does the state want to own land that is not producing a profit?

Rep. Skarphol: We removed section 4 because we are not even sure there are willing buyers for the properties. Without willing buyers, you cannot sell it. We think the constitution also defines the rights of the land board to make the decision to sell.

Rep. Monson: It is the intent of the legislature not the dictate of the legislature. If there is no buyer, they obviously can't sell it. At least if they do have a willing buyer that comes forward, the land board would know that they could sell it. Thinks that's the right way to go.

Rep. Skarphol: The committee also felt the land board has control of public lands, that the public should have available. Also, some of those lands also may never have buyers found. Some are under water.

Rep. Huether: The part we objected to most was that they had to sell by July 1, 2003. That did not give them enough time to proceed further.

Rep. Byerly: The numbers have been handed out.

Rick Larson, Acting Land Commissioner: This amendment is to help in the distributions, to determine the distributions for this coming biennium's. Last session the legislature dictated to the land board that they distribute all the income from these trusts. That is more than should be distributed fiduciary, as far as the dictates of NDCC 15-03-05.2. That says the board shall distribute only that portion of the fund's income that is consistent with the long term goals of preserving purchasing power of the funds and maintaining income stability to the fund beneficiaries. These numbers are what is in the governor's budget to be distributed to the beneficiaries. If we don't dictate these numbers, then we have to match what we distributed this biennium. That is too much.

Rep. Gullason: Curious as to what the formula is? Are certain lands tied into each one of these distributions? Why does one institution get more than another?

Rick Larson: We look at what we distributed the prior biennium, we've been working on an asset allocation to move into more of an equity portfolio. There are specific assets set aside or owned by these different trusts and they are distributed to the beneficiary institutions. Goes through some history of the land grants, institution property ownership history, etc.

Rep. Wald: Is this distribution additional money above the executive recommendation, or is this already in all these budgets.

Rick Larson: This is what is in the governor's recommendation. This is not new found money. This is in each of the budgets of these institutions. However, if we do not specify an amount legislatively, other statutes would kick in that would say we have to match the previous distribution, which is too much this year, and would not provide growth in the funds.

Rep. Wald: At NDSU, how is that split between the ag college and the liberal arts college? Or does it go to NDSU undesignated?

Rick Larson: It goes to the institution undirected.

Rep. Skarphol: Explains the balances of the trust funds of the various institutions.

Rep. Monson: How do the numbers on this amendment compare to the numbers the institutions received last biennium?

Rick Larson: They are approximately \$750,000 less in total. If we distributed the same amount, we would be distributing more than what is prudent. We would have distributed all the income and not looking out for accumulating the trust for the future. We just would not be growing.

Rep. Kerzman: Questions why counties are not treated as equal as institutions when you look at state lands?

Rick Larson: There are different areas where land was sold early in the statehood, and various locations make more income than others. There was legislation passed that said the counties were to get 5% of their income.

Rep. Delzer: We have to remember, two years ago we raised all these numbers up. By passing this amendment we would just be doing the norm.

Rep. Aarsvold: Is the constitutional land grants for Minot, Dickinson, and Bottineau have been sold off over the years?

Rick Larson: No. They did not have a land grant.

Rep. Byerly: These lands were granted to ND for the support of the school system. That's why these trusts were set up and each one earns interest, which is what we are dispersing here.

Rep. Byerly: Moves to adopt the amendment. Seconded by Rep. Skarphol.

Voice vote adopted the amendment.

Rep. Skarphol: Moves to adopt the amendment .0201, passed out of the subcommittee. Seconded by Rep. Carlisle.

Rep. Delzer: Supports the amendment. He would not suggest selling the land even if the state had willing buyers.

Voice vote adopted the amendment.

Rep. Skarphol: Moves DO PASS AS AMENDED. Seconded by Rep. Delzer.

Vote on Do Pass as Amended : 19 yes, 0 no, 0 absent and not voting.

Rep. Skarphol is assigned to carry this bill to the floor.

Date: 3-9-01

**Roll Call Vote #:**

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2013**

**House Appropriations - Government Operations Division Committee**

☒ Subcommittee on Government Operations  
or  
☐ Conference Committee

Legislative Council Amendment Number 18039.0201

Action Taken to adopt ~~to~~ amendment

Motion Made By Rep. Glassheim Seconded By Rep. Carlisle

[illegible]

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_ *On the*

**Floor Assignment**

**If the vote is on an amendment, briefly indicate intent:**

passed

Date: 3-9-01  
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2013

House Appropriations - Government Operations Division Committee

☒ Subcommittee on Government Operations  
or  
☐ Conference Committee

Legislative Council Amendment Number 18039.0201

Action Taken DO PASS AS AMENDED.

Motion Made By Rep. Skarphol Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Rep. Rex R. Byerly - Chairman	✓		Rep. Elliot Glassheim	✓	
Rep. Ron Carlisle - Vice Chairman	✓		Rep. Robert Huether	✓	
Rep. Kim Koppelman	✓				
Rep. Bob Skarphol	✓				
Rep. Blair Thoreson	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Rep. Skarphol

If the vote is on an amendment, briefly indicate intent:



PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2013

Page 2, after line 5, insert:

**"SECTION 5. DISTRIBUTIONS TO STATE INSTITUTIONS.** Notwithstanding section 15-03-05.2, during the biennium beginning July 1, 2001, and ending June 30, 2003, the board of university and school lands shall distribute the following amounts, or so much income as may be available, from the permanent funds managed for the benefit of the following entities:

North Dakota state university	\$1,330,974
University of North Dakota	995,011
Youth correctional center	502,823
School for the deaf	465,000
North Dakota state college of science	392,994
State hospital	374,856
Veterans' home	320,000
Valley City state university	310,199
School for the blind	290,000
Mayville state university	217,891
Minot state university - Bottineau	38,900
Dickinson state university	38,864
Minot state university	<u>38,850</u>
Total	\$5,316,362"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 226 - Land Department - House Action**

This amendment adds a new section to specify the maximum permanent fund distributions to various state agencies for the 2001-03 biennium. The amounts specified are the amounts included in the executive budget recommendation. This section provides that 2001-03 biennium distributions are not subject to North Dakota Century Code Section 15-03-05.2, which prohibits the retention of income for future distributions if the result would be a reduction in income distributed to the trust fund beneficiary from the amount distributed the previous year.

Date: 3-28-01  
Roll Call Vote #: 1

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2013**

House APPROPRIATIONS Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number

18039.0202

Action Taken

to adopt amendment

Motion Made By

Rep. Byerly

Seconded

By

Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Guleson			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

*passed*

March 12, 2001

**PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2013**

**Page 1, remove lines 23 and 24**

**Page 2, remove lines 1 through 5**

**Renumber accordingly**

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 226 - Land Department - House Action**

This amendment removes Section 4 of the engrossed bill, which provided legislative intent that during the 2001-03 biennium, the Land Department sell all parcels of land not producing a profit for the trust funds managed by the department.

Date: 3-28-01  
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2013

House APPROPRIATIONS Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number 18039 . 0201

Action Taken to adopt the amendment

Motion Made By Rep Skarphol Seconded By Rep. Carlisle

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleason			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

*passed*

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2013

Page 1, replace lines 23 and 24 with:

**"SECTION 4. DISTRIBUTIONS TO STATE INSTITUTIONS.** Notwithstanding section 15-03-05.2, during the biennium beginning July 1, 2001, and ending June 30, 2003, the board of university and school lands shall distribute the following amounts, or so much income as may be available, from the permanent funds managed for the benefit of the following entities:

North Dakota state university	\$1,330,974
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Youth correctional center	502,823
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North Dakota state college of science	392,994
State hospital	374,856
Veterans' home	320,000
Valley City state university	310,199
School for the blind	290,000
Mayville state university	217,891
Minot state university - Bottineau	38,900
Dickinson state university	38,864
Minot state university	<u>38,850</u>
Total	\$5,316,362"

Page 2, remove lines 1 through 5

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Dept. 226 - Land Department - House Action**

This amendment removes Section 4 of the engrossed bill, which provided legislative intent that during the 2001-03 biennium, the Land Department sell all parcels of land not producing a profit for the trust funds managed by the department.

This amendment adds a new section to specify the maximum permanent fund distributions to various state agencies for the 2001-03 biennium. The amounts specified are the amounts included in the executive budget recommendation. This section provides that 2001-03 biennium distributions are not subject to North Dakota Century Code Section 15-03-05.2, which prohibits the retention of income for future distributions if the result would be a reduction in income distributed to the trust fund beneficiary from the amount distributed the previous year.

Date: 3-28-01  
Roll Call Vote #: 3

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2013

House APPROPRIATIONS Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number 18039.0203

Action Taken DO PASS AS AMENDED

Motion Made By Rep Skarphol Seconded By Rep. Delzer

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer	✓		Rep - Svedjan		
Rep - Glasheim	✓		Rep - Thoreson	✓	
Rep - Gulleson	✓		Rep - Warner		
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman	✓				
Rep - Kliniske	✓				

Total (Yes) 19 No 0

Absent 2

Floor Assignment Rep Skarphol

If the vote is on an amendment, briefly indicate intent:

## Dept. 181 - Supreme Court - Detail of House Changes

	INCREASE FOR JUDGES' SALARY INCREASES <sup>1</sup>	DECREASE FOR JUDGES' SALARY EXPENSES <sup>2</sup>	TOTAL HOUSE CHANGES
Supreme and district judges' salaries	\$45,364	(\$67,729)	\$45,364
Supreme and district judges' retirement	\$45,364	(\$67,729)	\$45,364
Total of both	\$45,364	(\$67,729)	\$45,364
Less estimated savings	\$45,364	(\$67,729)	(\$14,365)
Grand total	0.00	0.00	0.00

1 This amendment provides additional funding for Supreme Court judges' salaries of \$2,500 per year above the Senate level which results in total salary increases of approximately eight percent for the first year of the biennium and eight percent for the second year of the biennium.

2 The reduction in operating expenses relates to funds which were originally appropriated to be used for an anticipated records management project.

## Senate Bill No. 2002 - District Courts - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$25,143,950	\$24,980,025	\$228,625	\$25,208,650
Operating expenses	10,294,833	10,294,833	(212,264)	10,082,569
Equipment	875,159	875,159	0.00	875,159
Judges' retirement	524,389	524,381	8.00	524,389
JUD - County light resources	80,000	80,000	0.00	80,000
Administrative support	25,000	25,000	0.00	25,000
Total of both	\$37,224,614	\$37,244,488	\$19,874	\$37,264,362
Less estimated savings	1,395,871	1,395,871	0.00	1,395,871
Grand total	\$35,828,743	\$35,848,617	\$19,874	\$35,868,491
FTE	191.50	191.50	0.00	191.50

## Dept. 182 - District Courts - Detail of House changes

	INCREASE FOR JUDGES' SALARY INCREASES <sup>1</sup>	DECREASE FOR JUDGES' SALARY EXPENSES <sup>2</sup>	TOTAL HOUSE CHANGES
Salaries and wages	\$228,625	(\$212,264)	\$16,361
Operating expenses	\$228,625	(\$212,264)	\$16,361
Equipment	\$228,625	(\$212,264)	\$16,361
Judges' retirement	\$228,625	(\$212,264)	\$16,361
JUD - County light resources	\$228,625	(\$212,264)	\$16,361
Administrative support	\$228,625	(\$212,264)	\$16,361
Total of both	\$228,625	(\$212,264)	\$16,361
Less estimated savings	\$228,625	(\$212,264)	\$16,361
Grand total	0.00	0.00	0.00

1 This amendment provides additional funding for district court judges of \$1,500 per year above the Senate level which results in total salary increases of approximately eight percent for the first year of the biennium and eight percent for the second year of the biennium.

2 The reduction in operating expenses relates to funds which were originally appropriated to be used for an anticipated records management project.

## Senate Bill No. 2002 - Other Changes - House Action

The following schedule provides information regarding Supreme Court and district court judges' salaries including current salaries, salaries proposed in the judicial branch budget request, salaries proposed in Engrossed Senate Bill No. 2002, and salaries proposed in the amendment.

	SUPREME COURT CHIEF JUSTICE	OTHER SUPREME COURT JUSTICES	DISTRICT COURT PRESIDING JUSTICES	OTHER DISTRICT COURT JUSTICES
Salary schedule authorized by the 1988 Legislative Assembly July 1, 2001	\$67,286	\$64,453	\$60,755	\$74,867
Proposed annual salary included in the 2001-03 judicial branch budget July 1, 2001	\$67,286	\$64,727	\$60,045	\$67,422

July 1, 2002  
Proposed annual salary included in  
Engrossed Senate Bill No. 2002

July 1, 2001  
Proposed annual salary included in  
Engrossed Senate Bill No. 2002

July 1, 2001  
Proposed annual salary included in  
Engrossed Senate Bill No. 2002

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Proposed annual salary included in  
Engrossed Senate Bill No. 2002

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July 1, 2001  
Proposed annual salary included in  
Engrossed Senate Bill No. 2002

July 1, 2001  
Proposed annual salary included in  
Engrossed Senate Bill No. 2002

## REPORT OF STANDING COMMITTEE

SB 2013, as engrossed: Appropriations Committee (Rep. Timm, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (19 YEARS, 0 DAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2013 was placed on the Sixth order on the calendar.

Page 1, replace lines 23 and 24 with:

SECTION 4. DISTRIBUTIONS TO STATE INSTITUTIONS. Notwithstanding section 15-03-05.2, during the biennium beginning July 1, 2001, and ending June 30, 2003, the board of university and school lands shall distribute the following amounts, or so much income as may be available, from the permanent funds managed for the benefit of the following entities:

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School for the blind	290,000
Mayville state university	217,891
Minot state university - Bottineau	38,900
Dickinson state university	38,864
Minot state university	38,850

Total

\$5,316,362

Page 2, remove lines 1 through 5

Renumber accordingly

## STATEMENT OF PURPOSE OF AMENDMENT:

## Dept. 226 - Land Department - House Action

This amendment removes Section 4 of the engrossed bill, which provided legislative intent that during the 2001-03 biennium, the Land Department sell all parcels of land not producing a profit for the trust funds managed by the department.

This amendment adds a new section to specify the maximum permanent fund distributions to various state agencies for the 2001-03 biennium. The amounts specified are the amounts included in the executive budget recommendation. This section provides that 2001-03 biennium distributions are not subject to North Dakota Century Code Section 15-03-05.2, which prohibits the retention of income for future distributions if the result would be a reduction in income distributed to the trust fund beneficiary from the amount distributed the previous year.

## REPORT OF STANDING COMMITTEE

SB 2008, as engrossed: Appropriations Committee (Rep. Timm, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (19 YEARS, 0 DAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2008 was placed on the Sixth order on the calendar.

Page 1, line 10, replace "2,707,820" with "2,800,996"

Page 1, line 11, replace "701,818" with "742,786"

Page 1, line 12, replace "48,700" with "52,700"

Page 1, line 14, replace "3,478,338" with "3,616,482"

2001 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2013

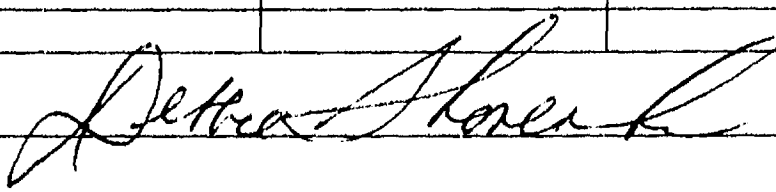


## 2001 SENATE CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2013

☐ Conference Committee

Hearing Date April 10, 2001

Tape Number	Side A	Side B	Meter #
2	X		0.0-45.6
Committee Clerk Signature 			

Minutes:

Senator Bowman, opened the conference committee on SB 2013. Also informed the committee that he has requested board minutes from the Land Department from January 1, 2001, to date. These minutes were request from the Land Department today, April 10, 2001, and will be provided to the committee as soon as possible. A handout was given to the committee (attached) on the items to be considered today. The items are: House removed the Senate amendment calling for the sale of "0% cash return" land; House amended the bill to include dollar amounts to distribute to the various beneficiaries of the trusts that are managed by the Board of University and School lands; and The Land Board requests that the salary and benefits line item be amended to include an extra amount of \$40,000 for the biennium to allow room for negotiations of the salary of a new land commissioner.

Senator Bowman: Asked the committee if they all understood the school trust land law. He informed the committee that he has asked Charles Carvell, Assistant Attorney General with the

ND Land Department to explain to the committee the law of the school trust fund and what it is suppose to be used for.

Senator Bowman: Why did the House amend the bill this way?

Representative Carlisle: We took off Land Board decision and their job. We felt comfortable with this. We also had public support to leave this alone.

Representative Huether: It is a time line. If buyer is available there is concern of the Board's intent.

Senator Bowman: How do they sell the land, bids, auction. I feel these should be open for public sale as they are public land within the scope of the law.

Representative Huether: There are chunks of land with no return.

Senator Bowman: 19,000 acres and addressing the 0% or less income. It shouldn't take over 2 years time to do this.

Senator Carlisle: The Land Board has five commissioners to do this for three million acre land grants and they are supportive to do this.

Senator Bowman: If they do nothing, we gain nothing and that's poor management, why can't they make that decision?

Representative Koppleman: The concerns with the House were the group is set up to carry out this function and worried about their authority.

Representative Carlisle: Sport groups are special interest groups.

Senator Bowman: We need the minutes from the Board to see who is running this show. By law this shouldn't be a question.

Senator Carlisle: Why not the Land Board?

Senator Bowman: They haven't done it in two years to get cash in the trust.

Joe Morrisette, Legislative Council, this point of the section, it is not necessary or they do not have to comply. This is just an intent directive of legislation to encourage the Board, no enforcement by law.

Senator Bowman: I have no problem with the House amendments but why statute distribution? and is it every year?

Representative Carlisle: The amounts were at the Governor's request.

Celeste Kubasta, OMB, law is specific with amount built into budget, some lower. Legislative mandate on all proceeds that are specified and identified. Allows Board to pay these amounts out. All but Ellendale and a couple others.

Joe Morrisette: I think they are School for Deaf/Blind. The first part of the section states amount distributed or must meet Governor's budget.

Senator Schobinger: In Section 4 we added the legislative intent, is this what the Senate passed?

Joe Morrisette: That is correct and as I indicated.

Representative Koppleman: The legislative intent, is it a mandate, explain.

Joe Morrisette: That is correct. To comply with legislative intent is not same as a law but somewhat bound.

Senator Tallackson: Would the House be willing to approve is the last sentence is removed?

Representative Koppleman: Our concern was we saw the Land Board overstepping their boundary.

Representative Carlisle: The legislative intent had economic evaluation. The House felt they should sell the land or be forced.

Representative Huether: Read the last page, line 3, of the 1st engrossed bill.

Senator Bowman: I would consider this being written out. It doesn't generate money and the decision should not be up to special interest groups.

Senator Carlisle: So amend the engrossed bill line 23, take out sale and insert economic. We will talk to the House on this amendment.

Senator Bowman: We also need to review the Land Board minutes which have been requested. We need to be responsible for the wealth into this trust.

Senator Schobinger: The bill as it is now, what the Land Board deems necessary for selling. Do they have the authority to do it now?

Rick Larsen, ND Land Department, stated that the Board does have the authority to sell and they do not need the legislature to authorize it as they manage these lands.

Senator Bowman: How do they make their decisions, how do they determine what lands?

Representative Carlisle: The intentions are there the way the bill sits without amendments for their authority to sell.

Rick Larsen: There are some tracts another agency should manage and the land department should be paid for this process.

Senator Bowman: According to the law whose decision is it in selling this land?

Charles Carvell: It depends on the monetary results. The assumption can get the best price if all were included.

Representative Carlisle: But right now the Land Board can sell.

Charles Carvell: I'm not sure on that.

Rick Larsen: There are two ways to this, either by public bid to sell for public purposes or by the 1509 process for an agency of the state with appraisals. The Board can do either and is in the best interest of the trust. There are no specific number of bids required to sell these lands.

Senator Bowman: The appraisal, is this always for the top price to the agency, and who else can purchase these lands. Are public auctions only for special interests.

Rick Larsen: This 1509 process is a constitutional process for public agency and is in the North Dakota Century Code and this allows us to do this.

Representative Koppelman: This point has been brought up, the idea of land productivity to benefit schools, why was this land not sold last biennium and why?

Charles Carvell: I'm not sure why could be political.

Senator Bowman: We need to get the base and the intent. We will need one more meeting to do this. We need amendments to protect the school trust and a goal for the Land Department to protect the trust. Handed out a copy of the section of law on Trust Lands (copy attached).

The other issue we have is the salary increase.

Representative Carlisle: What is the current salary for this position?

Rick Larsen: \$63,000 plus benefits.

Senator Bowman: After discussion, all members agreed that this is not an issue and will not be acted on.

Senator Bowman: What information to satisfy the remaining issues will be checked out by the next meeting as well a review of the Board Land minutes or we need to put legislative intent in to start doing something.

Senator Tallackson: With the new administration there will be a new board.

Senator Bowman: The minutes will be reviewed to explain responsibility.

With no further discussion the hearing was closed.

Tape #2, Side A, meter 45.6.

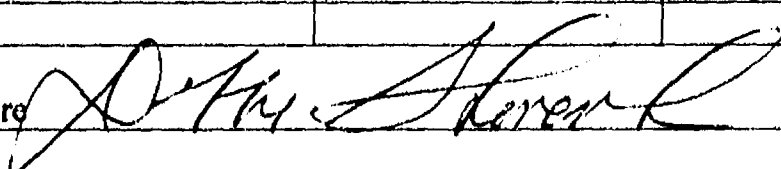
2001 SENATE CONTINUED CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2013

Senate Appropriations Committee

☐ Conference Committee

Hearing Date April 13, 2001

Tape Number	Side A	Side B	Meter #
1	X		0.0-6.6
Committee Clerk Signature 			

Minutes:

Senator Bowman opened the continued conference committee on SB 2013. Those present from Senate were Senator Bowman, Senator Schobinger and Senator Tallackson, those present from the House were Representative Carlisle, Representative Koppelman and Representative Huether.

Senator Bowman: Handed out to the committee is a copy of Chapter 15-09 (attached) and the Minutes of the Meeting of the Board of University School Lands dated January 25, 2001

(attached). He went on to explain the easement law and selling land to special interest groups.

Representative Koppelman: The problem is not opening the sale of the land but the privacy.

Senator Bowman: Explained the statute and eminent domain 15-625 notice, etc. This statute is clear and my concerns is who is running the show. We need to beef up this shoe string budget. These lands serve the interest of the school trust and the board will adhere to the law. I am going to withdraw the amendment put on by the Senate and am going to request minutes from all the

meetings until next session to follow the Board's decisions by special interest groups in order to benefit the schools.

Representative Koppelman: This is a good issue raised and to the stewardship of the Board with these new members. We need new insight and the minutes should help us.

Representative Carlisle: With the two new Board members, the message should get there.

Senator Tallackson moved that the Senate accede to the House amendments. Seconded by Representative Koppelman. With all members voting yes, 6-0, the motion passed.

Senator Bowman: The conference committee on SB 2013 is closed. Tape #1, Side A, meter 0.0.

Date: 4-18-01

Roll Call Vote #: \_\_\_\_\_

**2001 CONFERENCE COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2013**

**CONFERENCE COMMITTEE-University and School Lands**

Legislative Council Amendment Number ~~18039~~ ~~18039~~

- ☒ recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)  
the (Senate/House) amendments on (SJ/HJ) page(s) 1074-1074
- ☐ having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

Action Taken \_\_\_\_\_

Motion Made By Tallackson Seconded By Koppelman  
Senator/Representative Senator/Representative

Senators	Yes	No	Representative	Yes	No
Senator Bowman	✓		Representative Carlisle	✓	
Senator Schobinger	✓		Representative Koppelman	✓	
Senator Tallackson	✓		Representative Huether	✓	

Total Yes 6 No 0 Absent 0



**Insert LC: .**

**REPORT OF CONFERENCE COMMITTEE**

**SB 2013, as engrossed:** Your conference committee (Sens. Bowman, Schobinger, Tallackson and Reps. Carlisle, Koppelman, Huether) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 1074 and place SB 2013 on the Seventh order.

Engrossed SB 2013 was placed on the Seventh order of business on the calendar.

2001 TESTIMONY

SB 2013

**Department 226 - Land Department**  
**Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 Executive Budget	18.50		\$7,508,864	\$7,508,864
1999-2001 Legislative Appropriations	19.00		7,419,679	7,419,679
Increase (Decrease)	(0.50)	\$0	\$89,185	\$89,185

The 1999-2001 appropriation amount includes \$3,163 of other funds for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$616 of special funds for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000.

**Major Items Affecting Land Department 2001-03 Budget**

	General Fund	Other Funds	Total
1. Increases funding for operating expenses from \$702,489 to \$736,457 to reflect increased information technology and other costs.		\$33,968	\$33,968
2. Increases funding for equipment from \$13,000 to \$48,050 to reflect the purchase of information technology equipment.		\$35,050	\$35,050
3. Deletes .5 FTE administrative secretary III position.		(\$36,490)	(\$36,490)

**Major Legislation Affecting the Land Department**

As of the date of this report, no major legislation has been introduced which affects this agency.

**Department 226 - Land Department**  
**Senate Bill No. 2013**

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	18.50		\$7,508,864	\$7,508,864
1999-2001 Legislative Appropriations	19.00		7,419,679	7,419,679 <sup>1</sup>
Increase (Decrease)	(0.50)	\$0	\$89,185	\$89,185

2001-03 Hoeven Executive Budget	18.50		\$7,508,864	\$7,508,864
Hoeven Increase (Decrease) to Schafer	0.00	\$0	\$0	\$0

<sup>1</sup>The 1999-2001 appropriation amount includes \$3,163 of other funds for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$616 of special funds for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000.

**Major Schafer Recommendations Affecting Land Department 2001-03 Budget**

	General Fund	Other Funds	Total
1. Increases funding for operating expenses from \$702,489 to \$736,457 to reflect increased information technology and other costs.		\$33,968	\$33,968
2. Increases funding for equipment from \$13,000 to \$48,050 to reflect the purchase of information technology equipment.		\$35,050	\$35,050
3. Deletes .5 FTE administrative secretary III position.		(\$36,490)	(\$36,490)

**Major Hoeven Recommendations Affecting Land Department 2001-03 Budget  
Compared to the Bill as Introduced (Schafer Budget)**

The Hoeven budget recommendation does not change the Schafer executive budget recommendation for this agency.

**Major Legislation Affecting the Land Department**

**House Bill No. 1066** - This bill provides that stock, bonds, and cash delivered to unclaimed property will be credited with dividends or interest earned for five years after delivery to unclaimed property, reducing income for the common schools trust fund. The agency has indicated that the administration of this bill will require a .25 FTE position and one-time programming costs of approximately \$15,000, which is not included in the agency's proposed budget.

**Department 226 - Land Department**  
**State Bill No. 2013**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2001-03 Schafer Executive Budget	18.50		\$7,508,864	\$7,508,864
1999-2001 Legislative Appropriations	19.00		7,419,679	7,419,679
Increase (Decrease)	(0.50)	\$0	\$89,185	\$89,185

2001-03 Hoeven Executive Budget	18.50		\$7,508,864	\$7,508,864
Hoeven Increase (Decrease) to Schafer	0.00	\$0	\$0	\$0

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**Major Schafer Recommendations Affecting Land Department 2001-03 Budget**

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**Major Hoeven Recommendations Affecting Land Department 2001-03 Budget**  
**Compared to the Bill as Introduced (Schafer Budget)**

The Hoeven budget recommendation does not change the Schafer executive budget recommendation for this agency.

**Major Legislation Affecting the Land Department**

No major legislation has been introduced which affects the budget for this agency.

**Summary of Legislative Changes to Bill as Introduced**

See attached Statement of Purpose of Amendment.

## CONSTITUTIONAL AND STATUTORY PROVISIONS GOVERNING THE SALE OF ORIGINAL GRANT LANDS

This memorandum reviews the constitutional and statutory provisions governing the sale of original grant lands. The memorandum discusses the constitutional provisions relating to the sale or transfer of original grant lands, whether the Legislative Assembly is prohibited or restricted from directing the Board of University and School Lands from selling original grant lands, and whether there are any constitutional provisions specifically governing the sale of uncultivated original grant lands.

Generally, original grant lands are governed by Article IX of the Constitution of North Dakota and North Dakota Century Code (NDCC) Chapters 15-04 and 15-06. Section 3 of Article IX of the Constitution of North Dakota provides in pertinent part that "[s]ubject to the provisions of this article and any law that may be passed by the legislative assembly, the board [of university and school lands] has control of the appraisement, sale, rental, and disposal of all school and university lands, and the proceeds from the sale of such lands shall be invested as provided by law." The term "original grant lands" is defined in NDCC Section 15-06-01 as "all of the public lands which heretofore have been or hereafter may be granted to the state by the United States for the support and maintenance of the common schools or for the support and maintenance of the university, the school of mines, the North Dakota youth correctional center, North Dakota state university, the school for the deaf, any normal school, or any other educational, penal, or charitable institution, and any lands which have been obtained by the state through a trade of any such lands for other lands."

Section 5 of Article IX of the Constitution of North Dakota provides that school lands or original grant lands may be sold at any time after the first ten years of statehood and that the Legislative Assembly is required to provide for the sale of all school lands subject to the provisions of Article IX. The Legislative Assembly has done so in NDCC Chapter 15-06. Other constitutional provisions governing the sale of original grant lands include Section 6 of Article IX

which prohibits original grant school or institutional lands from being sold for less than fair market value or for less than ten dollars per acre. Also, all proceeds from sales and all proceeds from bonuses, or similar payments, made upon the leasing of coal, gas, oil, or any other mineral interests under, or reserved after sale of, grant lands for the common schools or institutional lands must be deposited in the appropriate permanent trust fund as created by Section 1 of Article IX.

North Dakota Century Code Chapter 15-06 sets out the appraisal, notice, manner, and terms under which original grant lands may be sold. The only restriction contained in Chapter 15-06 is that coal lands may not be sold but that these lands may be leased under the provisions of law governing these leases. For purposes of this section, coal lands include lands bearing lignite coal.

North Dakota Century Code Chapter 15-04 governs the leasing of grant lands for agricultural purposes. However, concerning the cultivation of grant lands, Section 8 of Article IX of the Constitution of North Dakota provides that grant lands may only be leased for pasturage and meadow purposes and at a public auction after notice as provided in case of sale, provided, that all school lands now under cultivation may be leased, at the discretion and under the control of the Board of University and School Lands, for other than pasturage and meadow purposes until sold. Thus, based upon this constitutional provision, it appears that any references in Chapter 15-04 to cultivation refer to lands that were under cultivation when they were granted to the state by the United States at statehood.

In conclusion, the Legislative Assembly is not prohibited or restricted from directing the Board of University and School Lands to sell original grant lands and there are no constitutional provisions specifically governing the sale of uncultivated original grant lands, as long as the land is not sold for less than fair market value or for less than \$10 per acre.

SD 6012



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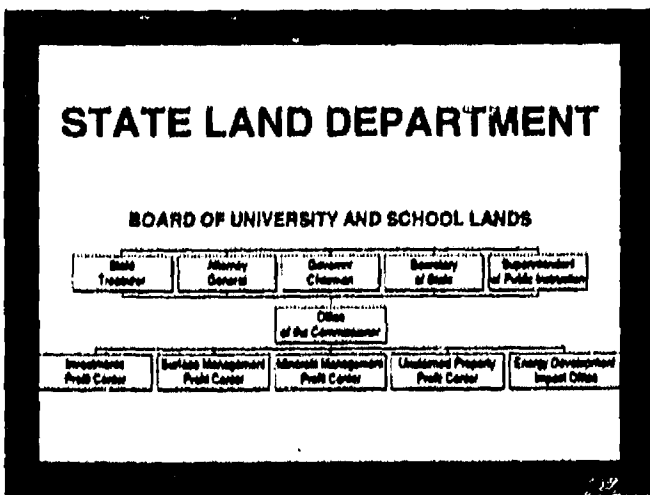
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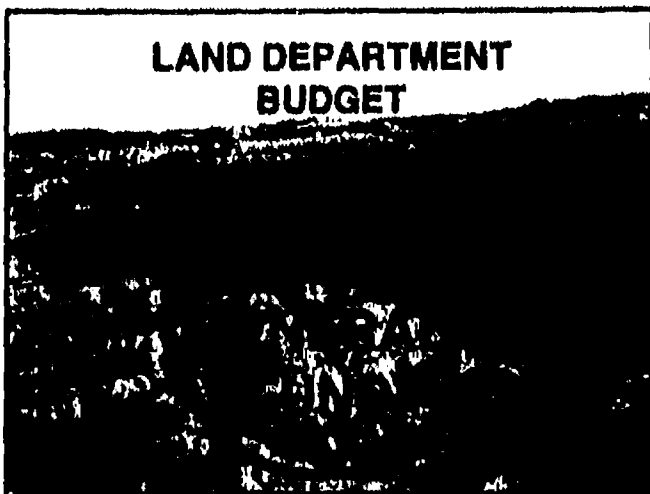
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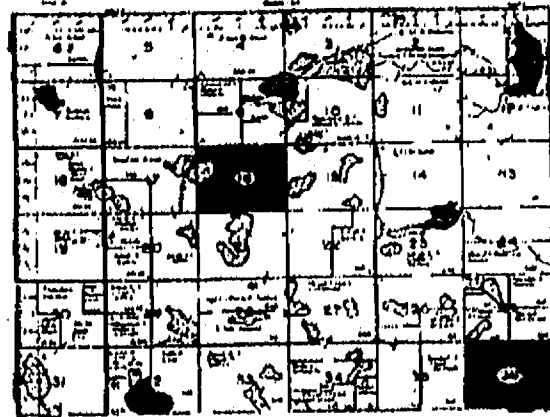
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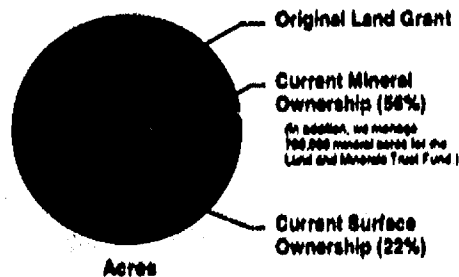
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### Agency Mission

- Through prudent and innovative management, to enhance the value of, and the revenue generated by, assets entrusted to the Board of University and School Lands.
- The Energy Development Impact Office mission is to ensure that local political subdivisions hosting energy activity are not asked to bear a disproportionate share of the costs associated with that activity.



### COMPARISON OF ORIGINAL LAND GRANT TO CURRENT OWNERSHIP





North Dakota Board of University and School Lands  
Major Asset Classes




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**Surface Management**

7.57 FTEs

Program Activity

- Lease Agricultural Lands
  - calculate fair market rental rates
  - field-check land productivity ratings
  - prepare and conduct lease auctions
- Lease Surface Minerals (gravel, clay, scoria)
  - negotiate royalties
  - develop mining plans
- Issue Easements for Oil & Gas Development
  - negotiate easement payments
- Improve Surface Lands
  - control leach seepage
  - implement range improvement plans
  - monitor reclamation projects

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**Minerals Management**

2.99 FTEs

Program Activity

- Conduct quarterly mineral lease auctions
- Collect royalties from wells drilled over state minerals and from coal extracted from state land
- Negotiate leases for coal and surface mineral mining and for salt water disposal wells
- Audit mineral royalty payments

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## Unclaimed Property

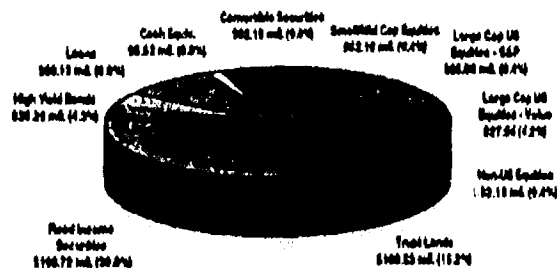
5.08 FTEs

### Program Activity

- Receive unclaimed property
- Advise owner names
- Process claim applications
- Expand holder education program
- Perform audits

## ND Board of University and School Lands

Permanent Educational Trust Investments by Asset Class  
After June 30, 2000 Rebalancing



## Investments

1.95 FTEs

### Projected Distributions and Transfers

- Projected Distribution  
Common Schools Trust Fund \$51.00 million
- Projected Distribution  
other 12 permanent trusts \$4.48 million
- Projected Transfer to General Fund  
from: Coal Development Trust \$3.63 million  
from: Land & Minerals Trust \$3.63 million
- Available to Spend  
from: Capitol Building Trust Fund \$180,000

# BOARD OF UNIVERSITY & SCHOOL LANDS

## TOTAL TRUST EQUITY

JUNE 30, 2000

### Permanent Educational Trusts

### Other Trusts

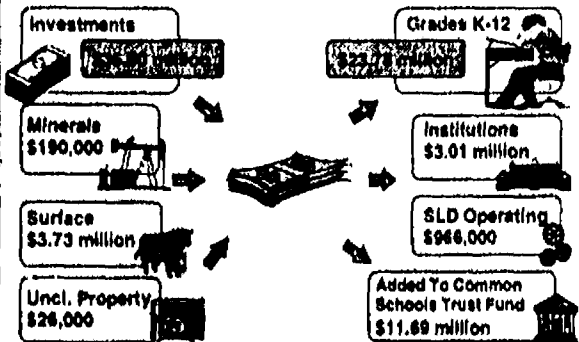
Common Schools	\$411,721,906	Coal Development Trust	\$51,067,428
NDSU	12,768,537	State Capitol	1,573,681
UND	8,665,713	Land & Minerals	3,370,780
State Ind. School	4,622,063	Sub-total	\$56,011,889
School for the Deaf	3,617,571		
School of Mines	3,538,179		
Wahpeton, Science	3,446,608		
State Hospital	3,248,136		
Valley City	3,047,819		
State Veterans' Home	2,728,460		
Ellendale	2,626,485		
School for the Blind	2,462,760		
Mayville	2,144,527		
Sub-total	\$682,639,766		

**\$ 719,451,655**

Grand Total

The trust equity figures shown on this schedule include the unliquidated trust of the school lands owned by each trust.

## ND Board of University and School Lands - FY2000 Permanent Educational Trust Income & Distributions



## Energy Development Impact Office

.91 FTE

### Objectives of EDIO

- ◆ Meet emergency and extraordinary needs of governmental subdivisions that result from oil activity.
- ◆ Fill the gaps left in the direct distribution of the local share of the Oil & Gas Gross Production Tax.

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### Criteria for Projects Funded

- ◆ Must show that oil activity has created a financial hardship.
- ◆ Must show that the project for which funds are sought will take care of the hardship.
- ◆ Must show a financial need and a diligent local tax effort.

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### Source of Funding

- ◆ 6.67% of the 6% Oil & Gas Tax
- ◆ Maximum of \$5,000,000 per biennium
- ◆ Allocated (1997-99)  
\$3,500,000
- ◆ Est. allocation (1999-01)  
\$5,000,000



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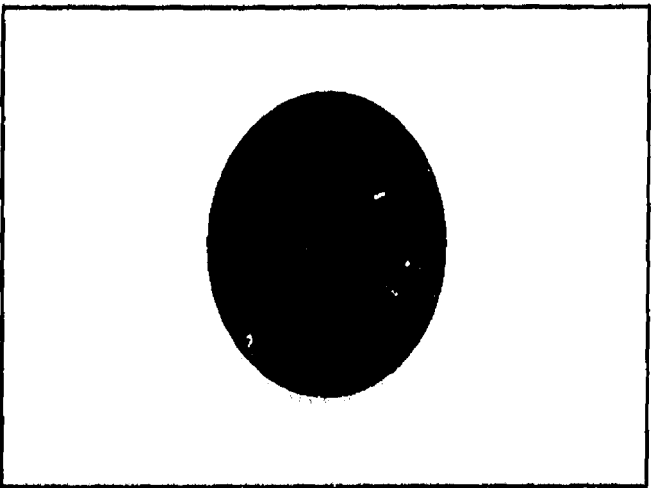
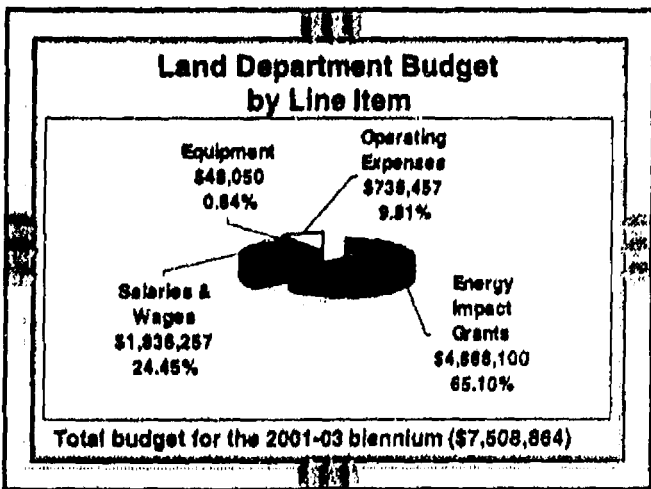
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SB 2013  
2-28-01

**Section 16, T148N, R95W, Dunn County.** Section 16 is bordered by Bureau of Land Management property on the south and west, bordered by the Figure 4 Ranch on the north and by Tribal land on the east. The Figure 4 Ranch has been purchased by the Three Affiliated Tribes but it is not a part of the Reservation. Section 16 is a key tract for the Three Affiliated Tribes and is also important to the Bureau of Land Management to prevent the loss of access to their property. These issues will take some time to resolve.

**Section 16, T151N, R52W, Grand Forks County.** This tract is known as Oakville Prairie and is an important outdoor laboratory for the University of North Dakota. This is native tallgrass prairie and should be sold to the University.

**Lot 5 accretion 675 feet wide in Section 36, T144N, R84W, Mercer.** This tract lies adjacent to the Ft. Clark Historic site. The school trust land is not historically important because it has all built up since the Lewis and Clark expedition. However, it lies adjacent to the Missouri River and has cottonwood trees on it so it provides a nice backdrop for the Ft. Clark Historic site. If this tract were to be purchased by the State Historical Society, they would need to request the funds in the next legislative session.

**W2SW4 Section 31, T149N, R61W, Nelson County.** This tract is adjacent to the Johnson Lake National Wildlife Refuge. It is very limited in value for agricultural purposes but may be of interest to the Fish and Wildlife Service for the refuge. It will take some time to discuss this tract with the Fish and Wildlife Service and then to arrange a sale to them.

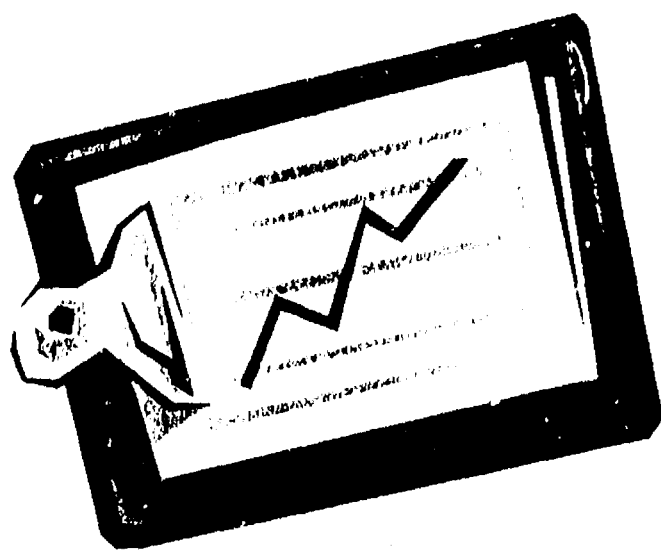
**NE4 Section 18, T148N, R90W, McLean County.** This tract is representative of several tracts that are on the Ft. Berthold Reservation. There is interest in purchasing these tracts by the Three Affiliated Tribes and also by the adjacent landowners. At this time, we have not explored the methods of sale nor the political ramifications of these competing interests.

**Section 16, T163N, R73W, Rolette County.** This section is representative of the several forested tracts in Bottineau and Rolette Counties that are not producing a return for the trusts. These tracts are expensive to fence and are not really suitable for grazing. It may be that the North Dakota State Game and Fish Department is interested in purchasing these tracts for their wildlife values but it will take some time to discuss this option with them. If the Game and Fish Department was interested in purchasing these tracts, they would probably need authority from the next legislature.

513 2013

# ND BOARD OF UNIVERSITY AND SCHOOL LANDS INVESTMENT PERFORMANCE REPORT

For periods ended June 30, 2000



## PERMANENT EDUCATIONAL TRUST ASSETS

The first section of this performance report shows combined data for the 13 permanent educational trusts managed by the Board. The assets of the trusts are invested as a pool. Each trust owns a proportionate share of the investments in the pool and shares accordingly in the profits, losses and income generated by those investments. The long range goal for the trusts is to have both principal and income grow at a rate greater than, or equal to, the rate of inflation. In order to accomplish this goal, over the next 5 to 10 years, the Board plans to increase the percentage of financial assets invested in equity securities from a current rate of approximately 47.5% of financial assets (40.3% of total assets, including land), to an amount closer to 53% of financial assets (45% of total assets). Throughout this report, when the term equities or equity securities is used, it includes convertible securities.

### Portfolio Highlights

- ⇒ During the quarter ended June 30, 2000, the value of the 13 permanent educational trusts' total assets increased by \$1.40 million, from \$661.29 million to \$662.69 million. The addition of \$5.9 million of tobacco lawsuit settlement money and other permanent fund additions (royalties, bonuses, etc.) was offset by the -2.51% total return posted by our combined equity and convertible securities portfolio. Total assets includes all of the financial assets of the permanent trusts, plus the estimated value of the surface lands they own. It excludes the value of the permanent trusts' minerals.
- ⇒ The average yield on cost of our yield-oriented fixed income portfolio was 7.65%, matching the yield of the portfolio for the quarter ended March 31, 2000. The 1 basis point decline in the yield of our fixed income securities portfolio was offset by the 3 basis point increase in yield of our loan portfolio. With long-term Treasury rates now yielding close to 6%, the yield-oriented portion of our fixed income portfolio appears to have stabilized in the 7.65% to 7.70% range. The portfolio continues to provide us with the income and cash flows we need to meet the long-term distribution goals we have established for the permanent trusts.
- ⇒ Our combined equity and convertibles portfolio posted a return of -2.51% for the quarter ended June 30, 2000. Although our combined equity and convertibles portfolio was down for the quarter, it has still posted an annualized total rate of return of 17.96% since inception of our asset allocation plan in August 1995.
- ⇒ During the quarter ended June 30, 2000, all three of our active equity managers outperformed their benchmarks. Mississippi Valley Advisors, beat their benchmark by more than 4% during their first complete quarter as one of our managers. Northern Trust Global Advisors and Trust Company of the West also beat their benchmarks during the quarter, and continued to improve their excellent long-term records versus their benchmarks.
- ⇒ For the first time, this performance report includes an analysis of the estimated total return earned by our school trust lands during the fiscal year ended June 30, 2000. We plan to provide an investment style breakdown of the returns earned by our surface acreage at the end of each fiscal year. By doing so, we will obtain a better understanding of how school trust lands impact the permanent trusts' investment goals, objectives and policies.



## Asset Allocation

The following **CONDENSED ASSET ALLOCATION SCHEDULE** shows the permanent educational trusts' rebalanced (target) asset allocation as of June 30, 1999 and June 30, 2000, actual trust assets as of June 30, 2000 (highlighted area), and projected trust assets as of June 30, 2001, based on our June 30, 2000 rebalanced asset allocation. The schedule contains asset allocation data in both percentage and dollar amount format, and is valuable for understanding and evaluating our asset allocation. For this schedule, and all others that follow, fixed income securities (excluding high yield bonds) and loans are valued at cost. Cash equivalents, high yield bonds, convertible securities and equities are valued at market. School trust lands are valued at estimated agricultural value.

CONDENSED ASSET ALLOCATION SCHEDULE - INCLUDING LAND								
Date	Total Assets	Fixed Income	Cash Equiv.	Convertible Securities	Sm/Mid Cap Equities	Large Cap Equities	Intl. Securities	Trust Lands
6/30/99	\$598,208,000	\$273,486,000	\$4,990,000	\$50,731,000	\$50,731,000	\$68,376,000	\$50,731,000	\$99,183,000
Rebalanced		45.7%	0.8%	8.5%	8.5%	11.4%	8.5%	16.6%
6/30/00	\$662,685,000	\$285,809,000	\$5,439,000	\$66,807,000	\$34,094,000	\$79,115,000	\$58,096,000	\$100,525,000
Actual		43.1%	1.4%	9.9%	9.7%	11.9%	8.8%	15.2%
6/30/00	\$662,685,000	\$286,139,000	\$5,621,000	\$62,192,000	\$62,192,000	\$83,824,000	\$62,192,000	\$100,525,000
Rebalanced		43.2%	0.8%	9.4%	9.4%	12.6%	9.4%	15.2%
6/30/01	\$708,118,000	\$293,695,000	\$6,031,000	\$69,769,000	\$69,769,000	\$94,036,000	\$69,769,000	\$105,049,000
Projected		41.5%	0.8%	9.9%	9.9%	13.3%	9.9%	14.8%

**Total Trust Assets** increased by \$64.48 million during the fiscal year ended June 30, 2000, an increase of 10.78%, and now stand at \$662.69 million. Approximately \$13.5 million of the increase in assets is tobacco lawsuit settlement money received during the fiscal year, however, most of the increase is due to the 19.67% total return earned by our combined equity and convertible securities portfolio during the fiscal year. Over the past five years, total permanent trust financial assets have increased by over \$200 million, from \$362.0 million to \$562.2 million, an annualized rate of 9.2%, after distributions. We are now 4 years, and over \$108 million, ahead of where we expected to be when the Board first adopted an asset allocation plan in August 1995.

Both the dollar amount and percentage of assets allocated to **Fixed Income** investments as of June 30, 2000 were approximately equal to the target fixed income allocations for that date. The minor underweighting to fixed income assets was remedied in August, with the transfer of \$300,000 to our OFFITBANK High Yield Bond portfolio.

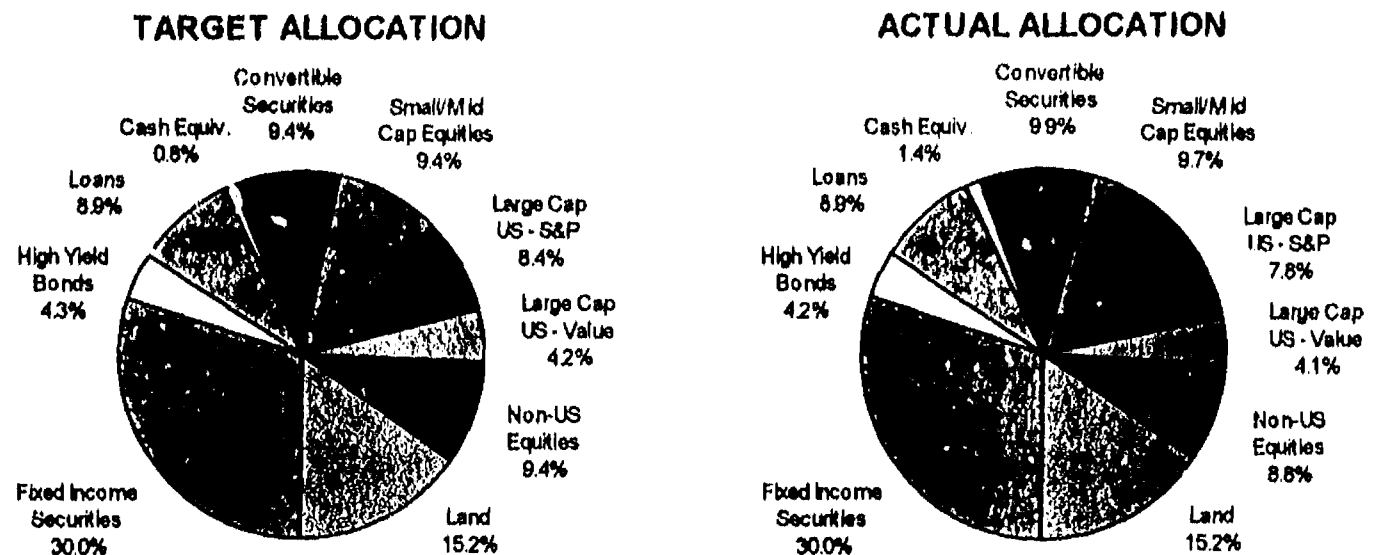
Our actual allocation to **Cash Equivalents** as of June 30, 2000 was \$3.8 million more than our target allocation for that date. This excess allocation to cash equivalents is not unusual, and was used to rebalance our asset allocation in early August.

The June 30, 2000 value of our combined **Equity and Convertible Securities** portfolio was \$3.5 million less than the target allocation. The -2.51% return earned by the combined equity portfolio during the quarter is the primary reason for this underweighting. Positive returns posted by our convertible securities and small/mid cap equity portfolios over the past six months resulted in those asset classes being overweighted as of June 30, 2000. Negative returns earned by our large cap and international equity portfolios over the same period resulted in those asset classes being underweighted as of June 30, 2000.

As of June 30, 2000, the estimated agricultural value of the School Trust Lands owned by the permanent trusts was approximately \$100.53 million, \$1.35 million more than the June 30, 1999 estimated value of \$99.18 million. Although our trust lands appreciated in value during the fiscal year, trust lands, as a percentage of total assets, decreased from 16.6% to 15.2%. This decrease is a result of the strong returns posted by our combined equity and convertible securities portfolio. The estimated agricultural value of surface lands is based on the productivity and location of each tract of land. It is based on the best information we have available, and will be updated annually as of June 30th. It is important to remember that the actual number used to represent the value of the land is not as important as the recognition that land is an asset, that should be managed within the permanent trusts' total investment portfolio.

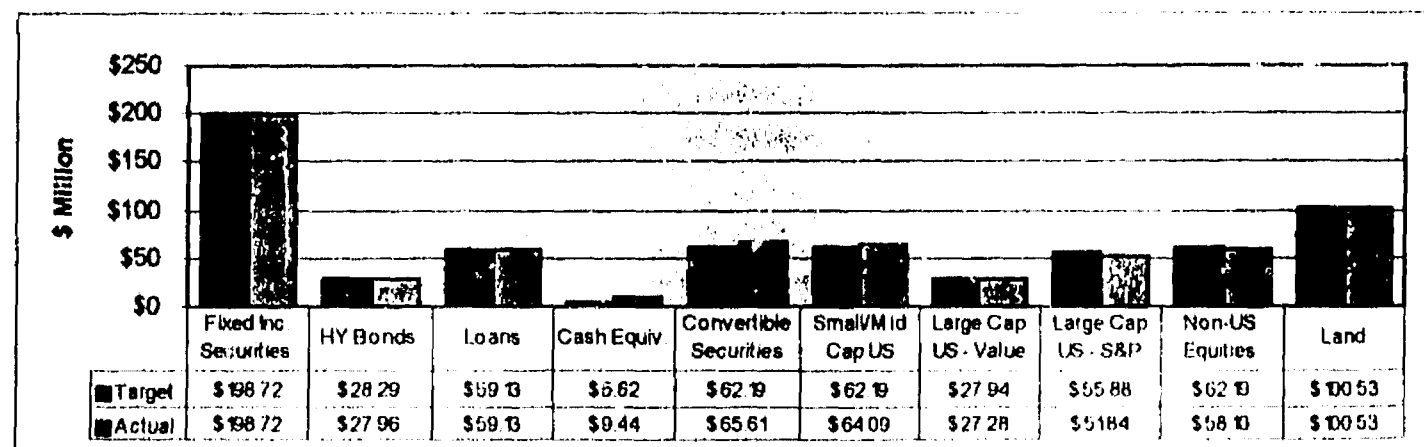
The pie charts below compare the target asset allocation for each asset class as of June 30, 2000 to the actual percentage of assets allocated to each asset class as of that date. Our actual allocation as of June 30, 2000 was 43.1% fixed income, 1.4% cash equivalents, 40.3% equities and convertibles and 15.2% surface lands. Our target allocation was 43.2% fixed income, 0.8% cash equivalents, 40.8% equities and convertibles and 15.2% surface lands.

#### TARGET ASSET ALLOCATION VS. ACTUAL ALLOCATION AS OF JUNE 30, 2000



The bar chart below shows the actual dollar amount allocated to each asset class, versus the target allocation, as of June 30, 2000.

#### TARGET ASSET ALLOCATION VS. ACTUAL ALLOCATION AS OF JUNE 30, 2000



## Fixed Income Assets

The purpose of our fixed income portfolio is to generate the long-term, predictable income and cash flows needed to meet our distribution goals, while we gradually increase the permanent trust funds' exposure to equities. Since inception of our asset allocation plan in the fall of 1995, the primary objective of our overall fixed income portfolio has been to generate a yield on cost of 7.50% or greater. Yield generation and maintenance is still the objective of the BND and Payden & Rygel securities portfolios, and the Developmentally Disabled Loan and Farm Loan Pool programs. However, with the addition of high yield bonds to our asset allocation in February 1999, one component of our fixed income portfolio is now managed for total return.

The schedule below shows the average yield on cost earned by our yield-oriented fixed income assets for the quarter and fiscal year ended June 30, 2000, as well as for the fiscal year ended June 30, 1999.

SUMMARY OF PERMANENT EDUCATIONAL TRUST FIXED INCOME ASSETS MANAGED FOR YIELD FOR PERIODS ENDED JUNE 30, 1999 AND JUNE 30, 2000					
Manager/Asset Class	6/30/00 Alloc. (\$ million)	% of Total Portfolio	Qtr Ended 6/30/00	FY Ended 6/30/00	FY Ended 6/30/99
BND	\$ 88.07	13.0%	7.59%	7.69%	7.58%
P&R Long Term	\$112.65	17.0%	7.38%	7.38%	7.40%
<b>Avg. Yield on Cost - Fixed Income Securities</b>	<b>\$198.72</b>	<b>30.0%</b>	<b>7.47%</b>	<b>7.47%</b>	<b>7.48%</b>
Benchmark Yield for Fixed Income Securities			7.25%	7.25%	7.25%
Farm Loan Pool	\$ 52.43	7.9%	8.13%	8.09%	8.14%
DD Loans #2 & #3	\$ 8.70	1.0%	9.00%	9.79%	10.70%
<b>Avg. Yield on Cost - Loans</b>	<b>\$ 69.13</b>	<b>8.9%</b>	<b>8.23%</b>	<b>8.28%</b>	<b>8.40%</b>
<b>Avg. Yield on Cost - All Fixed Income Investments</b>	<b>\$267.85</b>	<b>38.9%</b>	<b>7.65%</b>	<b>7.66%</b>	<b>7.68%</b>
Yield Requirement per Asset Allocation Schedule			7.50%	7.50%	7.50%

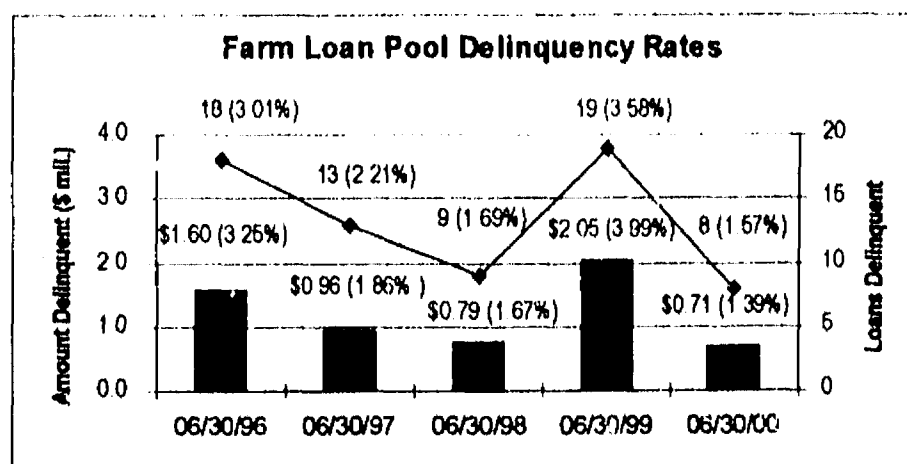
The average yield on cost of our Yield-Oriented Fixed Income Assets was 7.65% for the quarter ended June 30, 2000, matching the yield earned during the previous quarter. The portfolio yielded 7.66% for the fiscal year ended June 30, 2000, 2 basis point less than the 7.68% yield earned during the previous fiscal year. The slight decrease in average yield of our total yield-oriented fixed income portfolio is primarily a result of our "refinancing" the DD Loan #2 & #3 portfolios in December 1999. These loans had been yielding 10.5% (DD Loan #2) and 11% (DD Loan #3), but will now yield 9%. Our yield-oriented fixed income portfolio continues to provide the consistent income and cash flows needed to meet the goals of the permanent trusts' asset allocation/distribution plan.

During the quarter ended June 30, 2000, long-term Treasury rates remained relatively stable. 10 year Treasury bonds were yielding 6.02% on June 30, 2000, matching their March 31, 2000 yield. 30 year Treasury bonds were yielding 5.90% as of June 30, 2000, up 6 basis points over their March 31, 2000 yield. Shorter-term Treasury rates actually decreased slightly during the quarter, with the yield of 5 year Treasuries falling 14 basis points to 6.21%, and the yield of the 3 month T-bill falling 4 basis points to 5.86%. The yield curve remained steeply inverted from about 2 years on and 30 year Treasury bonds were only yielding 4 basis points more than 3 month T-bills at quarters end, both relatively unusual occurrences.

The bond portfolio managed by BND includes GNMA project notes and other long-term government backed mortgage-related securities. BND's average yield on cost for both the quarter, and fiscal year, ended June 30, 2000 was 7.59%, 1 basis point less than the 7.60% average yield earned during the quarter ended March 31, 2000, and 1 basis point more than the 7.58% average yield earned during the fiscal year ended June 30, 1999. Our BND portfolio has an average credit rating of Aaa/AAA. During April, BND sold \$5 million of GNMA project notes that were losing their hard lock protection this fall, and reinvested the proceeds into a long-term FHLMC mortgage backed security. Although a loss of \$37,000 was realized on this transaction, it reduced the prepayment risk in the portfolio and should help ensure stable future cash flows from this account.

Our Payden and Rygel bond portfolio earned an average yield on cost of 7.38% for both the quarter, and fiscal year, ended June 30, 2000. This is 1 basis points less than the 7.39% average yield earned during the quarter March 31, 2000, and 2 basis points less than the 7.40% yield earned by the portfolio during the fiscal year ended June 30, 1999. This portfolio currently includes approximately 60% investment grade corporate bonds, 25% mortgage backed securities and 10% asset backed securities and has an average credit rating of AA. During the quarter, Payden sold a \$5 million CNA Financial Corp. bond at a \$450,000 loss, and reinvested the proceeds into a Goldman Sachs Group bond. The sale was prompted by Payden's concern that the CNA bond might be downgraded to below investment grade, which would have forced them to sell the bond at an even greater loss. Although we never like to realize losses in our bond portfolios, this trade was made primarily to protect the portfolio from even larger potential future losses.

During the quarter ended June 30, 2000, the average yield of the Farm Loan Pool was 8.13%, 4 basis points above the 8.09% average yield earned during the fiscal year ended June 30, 2000, and 1 basis point below the 8.14% average yield earned by this portfolio during the fiscal year ended June 30, 1999. As the chart to the right shows, both the dollar amount and the number of loans delinquent as of June 30<sup>th</sup> are at their lowest levels in 5 years. We expect the yield of this portfolio to stay in the 8.00% to 8.20% range going forward.



The performance of our OFFITBANK High Yield Bond portfolio is reported separate from our yield-oriented fixed income assets, as it is managed and evaluated on a total return basis. During the quarter, the OFFITBANK High Yield Bond Fund returned 0.50%, 13 basis points less than the Merrill Lynch High Yield Bond Index. For the trailing year, this account underperformed versus the benchmark index by 41 basis points and it has underperformed the benchmark at an annualized rate of 61 basis points since inception of the account in March 1999. Although the weak performance of this asset class, and the underperformance of OFFITBANK, are of concern to us, our recent meeting with representatives of OFFITBANK lead us believe that in time, both this asset class and manager will meet our long term expectations. We will continue to monitor this account closely in the future.

	6/30/00 Allocation (\$ mil.)	% of Total Portfolio	Last Qtr. (%)	Last 1 Year (%)	Last 3 Years (%)	Last 5 Years (%)	Since Inception (%)	Inception Date
OFFITBANK HY Bond Fund.	\$27.96	4.2%	0.50	-1.78	N/A	N/A	-0.50	3/1/99
Merrill Lynch HY Bond Index			0.63	-1.37	N/A	N/A	0.11	

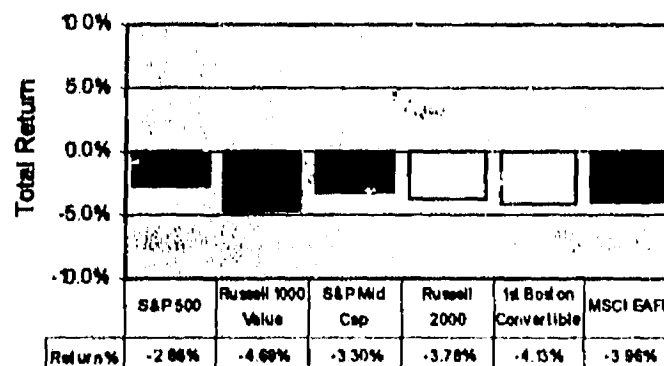
## Equity and Convertible Securities

During the quarter ended June 30, 2000, all of the equity asset classes in our portfolio posted single-digit negative returns. Large Cap domestic stocks were down the least during the quarter, with the S&P 500 Index posting a return of -2.66%. Mid and small cap stocks followed close behind, with the S&P Mid Cap Index returning -3.30% for the quarter and the Russell 2000 Index returning -3.78%. International equities, as measured by the MSCI EAFE Index, returned -3.96% during the quarter, while convertible securities, as measured by First Boston Convertible Securities Index, returned -4.13%. Large cap value stocks were the worst performing asset class during the quarter ended June 30, 2000, with the Russell 1000 Value Index posting a return of -4.69%.

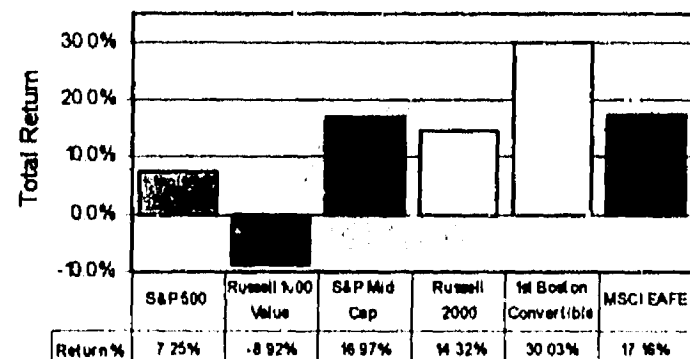
For the trailing year ended June 30, 2000, the returns earned by the various equity asset classes in our portfolio varied widely. Convertible securities were by far the best performing equity asset class over the trailing 1 year period, with the First Boston Convertible Securities Index posting a return of 30.03%. International equities (MSCI EAFE) were the next best performing asset class for the trailing year, returning 17.16%. Mid and small cap domestic equities also performed well over the past 12 months, with the S&P Mid Cap Index posting a return of 16.97% and the Russell 2000 Index returning 14.32%. Large cap domestic equities once again lagged the other asset classes in our portfolio over the trailing year. The broad based S&P 500 Index earned only 7.25% over the trailing year, while the Russell 1000 Value Index (large cap value stocks) was down 8.92%.

### INDEX RETURNS FOR QUARTER AND YEAR ENDED JUNE 30, 2000

**Quarterly Index Returns**



**Yearly Index Returns**



The schedule at the top of page 7 summarizes the position of our combined equity and convertible securities portfolio as of June 30, 2000, and its performance since the Board first adopted an asset allocation plan in August 1995. It shows the dollar amount invested in each equity asset class as of June 30, 2000, as well as the percentage of our total investment portfolio that it represents. The schedule also compares the total return earned by each of our current equity and convertible managers to the benchmark return for the account over various time periods. Lastly, it shows the total return earned by our combined equity and convertibles portfolio for various time periods since we adopted our asset allocation plan.

PERMANENT EDUCATIONAL TRUST EQUITY & CONVERTIBLE NET RETURNS FOR PERIODS ENDED JUNE 30, 2000								
Asset Class MANAGER Index	6/30/00 Allocation (\$ mil.)	% of Total Portfolio	Last Qtr. (%)	Last 1 Year (%)	Last 3 Year <sup>1</sup> (%)	Last 5 Years (%)	Since Inception (%)	Inception Date
<b>Large Cap U.S. Equities</b>								
SSGA S&P 500 INDEX CTF	\$51.84	7.8%	-2.63	7.26	N/A	N/A	19.29	2/1/98
S&P 500			-2.66	7.26	N/A	N/A	19.33	
MVA Large Cap Value	\$27.28	4.1%	-0.26	N/A	N/A	N/A	-0.26	4/1/00
Russell 1000 Value			-4.69	N/A	N/A	N/A	-4.69	
<b>Small/Mid Cap U.S. Equities</b>								
NTGA SMALL/MID CAP	\$64.09	9.7%	-2.37	18.19	17.12	N/A	17.78	3/1/96
NTGA Benchmark (composite index + 2.00%)			-3.00	17.97	15.38	N/A	15.59	
<b>International Equities</b>								
SSGA MSCI EAFE CTF	\$58.09	8.6%	-3.80	17.27	N/A	N/A	18.62	3/1/99
MSCI EAFE			-3.96	17.16	N/A	N/A	13.32	
<b>Convertible Securities</b>								
TCW	\$65.61	9.9%	-1.41	38.55	24.61	21.29	15.59	6/30/90
First Boston Convertible			-4.13	30.03	13.30	17.15	14.94	
<b>Combined Equity and Convertibles</b>	<b>\$266.91</b>	<b>40.3%</b>	<b>-2.51</b>	<b>19.67</b>	<b>16.81</b>	<b>N/A</b>	<b>17.96</b>	<b>8/1/95</b>

All total return figures for periods of 1 year or greater have been annualized.

For the quarter ended June 30, 2000, our combined equity and convertible securities portfolio posted a return of -2.51%, while for the trailing year, it returned 19.67%. The combined equity and convertible portfolio posted an annualized return of 16.81% for the trailing three year period ended June 30, 2000, and has posted an annual return of 17.96% since the inception of our asset allocation plan in August 1995.

Since the inception of our asset allocation plan in August, 1995, large cap domestic equities have been responsible for much of the outstanding performance displayed by our combined equity and convertibles portfolio. The S&P 500 Index has earned an annualized rate of return of 23.43% since August, 1995. However, in more recent periods it is our other asset classes, including convertible securities (2 yr. return of 27.06%), and to a lesser extent, mid/small cap equities and international equities (see 1 year returns above), that have been responsible for the outstanding returns we continue to earn from our portfolio.

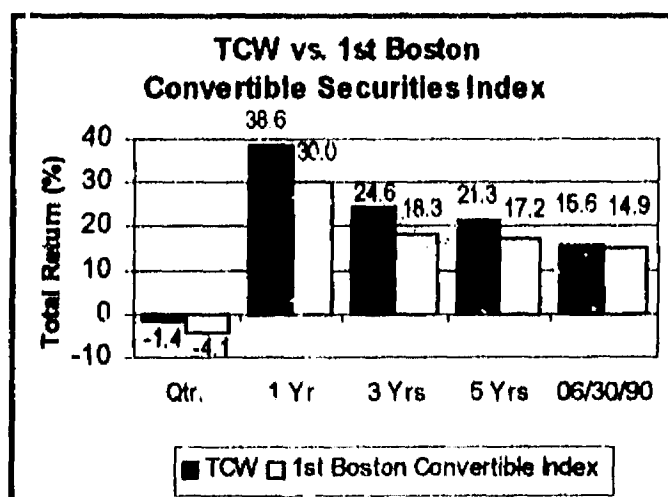
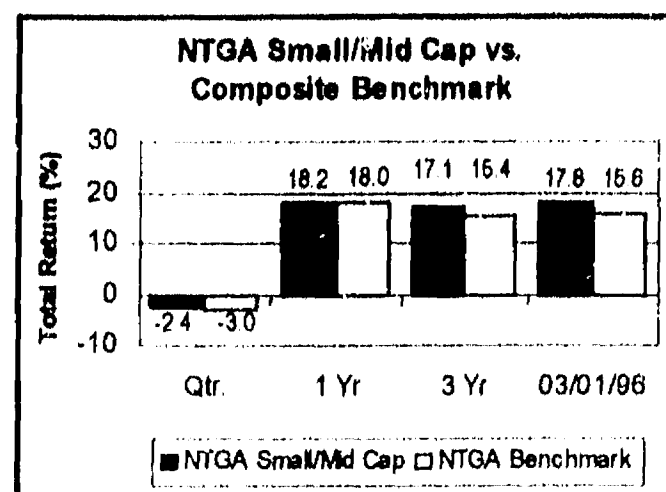
State Street Global Advisors (SSGA) manages both a S&P 500 Index fund and a MSCI EAFE Index fund for the permanent trusts.

The SSGA S&P 500 Index CTF (Common Trust Fund) posted an after fees return of -2.63% for the quarter ended June 30, 2000, 3 basis points more than the S&P 500 Index. For the trailing year, the account returned 7.26%, after fees, 1 basis points more than the index. Since inception of this account in February 1998, it has underperformed the index by an annualized rate of 1 basis points, before fees, and 4 basis points, after fees. This difference is not unusual for an index fund, and is immaterial.

During the quarter ended June 30, 2000, SSGA's MSCI EAFE Index CTF returned -3.80%, after fees, outperforming the MSCI EAFE Index by 16 basis points. For the trailing year, the account posted a net return of 17.27%, after fees, 11 basis points more than the index. Since inception of this account in March 1999, it has outperformed the index by an annualized rate of 32 basis points, before fees, and 30 basis points, after fees. As with the S&P 500 Index CTF, the tracking error we are experiencing in this account is not unusual for an index fund such as this.

The large cap domestic value portfolio managed by Mississippi Valley Advisors (MVA) posted a return of -0.26% for the quarter ended June 30, 2000, easily beating the -4.69% return posted by the Russell 1000 Value Index, the benchmark against which MVA's performance will be judged. MVA posted the best return of any of our equity or convertible portfolios during the quarter, even though large cap value stocks were the worst performing equity asset class in our portfolio. Although this account was funded during February and March of 2000, we began monitoring the performance of MVA as a manager effective April 2000, the first complete month that they had control of the account. The \$25 million used to fund this account was previously invested in a broad based large cap equity strategy via the S&P 500 Index CTF at SSGA.

The small/mid cap equity portfolio managed for us by Northern Trust Global Advisors (NTGA) posted a net return of -2.37% for the quarter, beating the composite index against which we compare it by 63 basis points. According to NTGA, an underweighting to technology stocks, and good stock selection in the technology sector, both contributed to the outperformance of this portfolio versus the benchmark during the quarter. For the year ended June 30, 2000, the portfolio outperformed its benchmark by 22 basis points, 18.19% to 17.97%. Our small/mid cap portfolio has earned an annualized rate of return of more than 17% for the trailing 3 year period, and since inception of the account in March, 1996. NTGA has easily beaten the benchmark for this account, net of fees over both the trailing 3 year period and since inception of the account. The composite benchmark for this account is based on 60% of the return of the Russell 2000 Index, 40% of the return of the S&P Mid Cap Index, plus 200 basis points.



The convertible securities portfolio managed by Trust Company of the West (TCW) easily outperformed its benchmark for the quarter ended June 30, 2000, posting a return of -1.41%, versus -4.13% for the First Boston Convertible Securities Index. According to TCW, the strong quarterly performance of the portfolio was a due to their limited investments in the more speculative companies in the technology, biotech and telecommunications sectors and their focus on the underlying business fundamentals of the companies in which TCW invests. TCW has outperformed its benchmark by over 400 basis points for the trailing 1, 3 and 5 year periods

ended June 31, 2000. Since inception of this account in June 1990, TCW has outperformed the index at an annualized rate of 65 basis points, after fees. At a time when most convertibles securities are coming to market with below investment grade ratings, our focus on high quality, investment grade convertibles seems to be working.

June 30, 2000 marks a milestone for both the Land Board and our relationship with TCW. TCW was the first manager hired by the Land Board when we began diversifying our investment portfolio 10 years ago. We would like to take this opportunity to thank TCW for 10 years of service to the State of North Dakota, and to say we hope they will continue to contribute to our investment program for many years to come.



## Cash Equivalents

During the quarter ended June 30, 2000, our Payden & Rygel cash management portfolio earned a total return of 1.59%, 6 basis points more than the benchmark for the account. Payden & Rygel has outperformed the benchmark, after fees, over the trailing 1 and 3 year periods ended June 30, 2000, and since inception of the account in August 1995.

	6/30/00 Allocation (\$ mil.)	% of Total Portfolio	Last Qtr. (%)	Last 1 Year (%)	Last 3 Years (%)	Last 5 Years (%)	Since Inception (%)	Inception Date
Payden & Rygel Cash Mngt.	\$9.43	1.4%	1.59	5.54	5.55	N/A	5.55	8/1/95
6 Month T-Bill			1.53	5.41	5.35	N/A	5.43	

## School Trust Lands

The estimated total value of the permanent trust school lands as of June 30, 2000 was \$100.53 million, up \$1.35 million from the \$99.18 estimated value on June 30, 1999. During the fiscal year, our school trust lands earned an estimated total return of 5.04%. Approximately 1.69% of the return came from the estimated appreciation in the value of trust lands and permanent fund additions such as salt water disposal fees, easements and other damage-related payments. The net rental income generated by our surface lands is responsible for the remaining 3.35% of the total return earned by our land portfolio during the fiscal year.

During the fiscal year, 13.04 acres of original grant land were sold for \$26,080, resulting in a realized gain of \$25,950. In addition, 1,227.50 acres of foreclosed properties were sold for \$200,307, resulting in realized gains totaling \$23,059. In addition, the Common Schools Trust Fund received a donation of 169.31 acres of land valued at \$40,000. After adjusting for the changes in the amount of land owned, we estimate that the market value of our remaining surface lands increased by 1.54% during the fiscal year ended June 30, 2000, substantially less than the 4.0%-4.5% historic average annual appreciation experienced by North Dakota pasture lands.

Our surface lands generated approximately \$149,000 in permanent fund additions from salt water disposal fees, easements and other damage related payments during the fiscal year ended June 30, 2000. These permanent fund additions accounted for 0.15% of the total return earned by our school trust lands during the fiscal year. When combined with the estimated appreciation of the school trust lands noted above, it results in the 1.69% estimated permanent fund increase experienced by our land assets during the fiscal year.

During the fiscal year ended June 30, 2000, the permanent trusts received \$3.94 million in surface rental revenues. Net rental income from surface lands, after deducting \$207,000 for in-lieu of tax payments and the 5% service fee paid to the counties, and \$419,000 in operating costs, totaled \$3.31 million. This represents a net "income" return of 3.35% for the fiscal year. This figure is very close to the 3.25% historic average net rental return we expect to earn from our land portfolio over time.

The schedule to the right shows the breakdown of the total return earned by our school trust lands during the fiscal year ended June 30, 2000.

<b>Breakdown of Total Return Earned by School Trust Lands For the Fiscal Year Ended June 30, 2000</b>	
Increase in Estimated Value of Land	1.54%
Permanent Fund Additions	0.15%
Estimated Permanent Fund Increase	1.69%
Net Rental Income	3.35%
<b>Estimated Total Return for School Trust Lands</b>	<b>5.04%</b>



## OTHER FUNDS MANAGED BY THE LAND BOARD

The funds listed below have goals and objectives for their investment programs that are different from the permanent educational trusts. The investment strategy for these funds is short term in nature, and thus we do not invest the assets of these trusts in equity or convertible securities

	6/30/00 Asset Balance	Current Yield	Benchmark/ Index
Capitol Building Fund	\$ 2,000	4.28%	N/A

The Capitol Building Fund was created "for the purpose of erecting public buildings at the capital for legislative, executive and judicial purposes." During FY 2000, almost all of investment assets of this trust were expended, except for \$2,000, which is currently in a MMDA account at BND. The Capitol Building Fund owns surface acreage with an estimated value of \$1.58 million.

	6/30/00 Asset Balance	Current Yield	Benchmark/ Index
Land & Minerals Fund	\$ 2,479,000	6.54%	N/A

The Land and Minerals Fund was created to account for all income derived from the sale, lease and management of sovereign lands and minerals formerly managed by the Bank of North Dakota. Because the entire balance of this fund can be appropriated by the legislature each biennium, trust assets are invested in conservative, fixed income securities, including U.S. Treasuries, BND CDs and high quality corporate bonds, that tend to have maturities ranging from 6 months to two years.

	6/30/00 Asset Balances	Current Yield	Benchmark/ Index
<b>Coal Development Trust Fund</b>			
Coal/Oil & Gas Warrants	\$ 4,400,000	6.00%	Yield - N/A
School Construction Loans	\$ 25,841,000	2.13%	Yield - N/A
Marketable Securities	\$ 21,187,000	see total return data below	
<b>Total</b>	<b>\$ 51,428,000</b>		

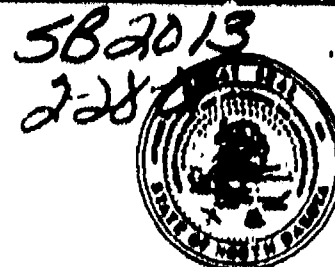
The Coal Development Trust Fund is a permanent fund, from which the Land Board issues loans to energy impacted counties, cities and school districts as provided in NDCC section 57-62-03, and loans to school districts pursuant to NDCC chapter 15-60. The Land Board is responsible for investing all funds that have not been loaned to political subdivisions. Because the legislature has control over how and when these funds will be loaned, fund assets are invested in conservative fixed income investments, including U.S. Treasuries, corporate bonds and asset backed securities, that tend to have maturities in the 1 to 5 year range. The income earned by this fund is transferred to the General Fund each year, in accordance with NDCC 15-03-05.2.

The fixed income portfolio managed by Payden and Rygel for the Coal Development Trust returned 1.67% for the quarter, 5 basis points less than the Merrill Lynch 1-3 Year Treasury Index. Payden outperformed their benchmark by 10 basis points for the year ended June 30, 2000 and 9 basis points for the trailing 3 year period. They have underperformed versus their benchmark by 18 basis points per year, net of fees since inception of this account in August 1995. Although we are not happy about the underperformance of this account over time, Payden has essentially matched the index, before fees, over the past 3 years. We will continue to monitor this account closely.

	6/30/00 Asset Balance	Last Qtr. (%)	Last 1 Year (%)	Last 3 Years (%)	Last 5 Years (%)	Since Inception (%)	Inception Date
Payden & Rygel Coal Dev.	\$21.19	1.67	4.82	5.50	N/A	5.59	8/1/95
ML 1-3 Year Treasury Index		1.72	4.92	5.59	N/A	5.77	

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North Dakota  
**STATE LAND DEPARTMENT**  
1707 N 9th Street  
PO Box 5523  
Bismarck, ND 58506-5523



Robert J. Olheiser  
COMMISSIONER

**Request for Comments**  
**School Trust Lands With Net Cash Returns of 0% or Less**  
(December 1998)

At the October 1998 meeting of the Board of University and School Lands (Land Board) the Board reviewed a list of school trust land tracts that have a net cash return of zero or less. The Board instructed the Land Commissioner to distribute this list to interested groups and individuals and to ask for opinions on the value that specific tracts on the list may have. In the Land Board's context, the term "value" refers to recreational, scenic, conservation, or other value, in addition to the land's agricultural value.

As a follow-up to the Land Board's action, the Land Department is holding a series of eight informational public meetings across North Dakota. These meetings will begin the process of accepting comments concerning these land tracts. This packet is the vehicle through which we are making this list of tracts known to the public. The packet contains the following:

- This introductory cover letter;
- A brief informational overview of school trust lands;
- The list of tracts with net cash returns of zero or less;
- A form and instructions for submitting comments concerning specific tracts.

The following is the schedule of dates and locations for the eight public meetings. All meetings are scheduled for 7:00 - 9:00 PM, local time.


Thursday, January 21	Minot Comfort Inn
Friday, January 22	Bismarck Radisson
Monday, January 25	Dickinson Hospitality Inn
Tuesday, January 26	Fargo Holiday Inn
Thursday, January 28	Williston Airport International
Monday, February 1	Grand Forks Ramada
Thursday, February 4	Jamestown Gladstone
Tuesday, February 9	Devils Lake Elks Lodge

The period for accepting comments ends on September 30, 1999. Only tract-specific, written comments will be incorporated into the summary report to the Land Board.

Contrary to what you may have heard, the Land Board has not designated these lands as available "for sale". The Board is asking for comments. Only after the comment period has closed, and the written comments have been considered by the Board, will a final decision be made concerning any of these tracts.

If you have questions concerning this Request for Comments, contact Mike Brand, Director of Surface Management, at 701-328-2800.

STATE LAND DEPARTMENT

  
Robert J. Olheiser  
Commissioner



## **SCHOOL TRUST LAND INFORMATIONAL OVERVIEW**

### **LAND GRANT**

Lands granted to the state of North Dakota, and which are collectively referred to as school trust lands, are special use lands dedicated by Congress and the North Dakota Constitution to the support of schools and public institutions in the State.

On February 22, 1889, Congress passed "An act to provide for the division of Dakota into two states, and to enable the people of North Dakota, South Dakota, Montana and Washington to form constitutions and state governments . . ." This Act is commonly known as the Enabling Act. The Enabling Act also granted sections 16 and 36 in every township to the new states "for the support of common schools." In North Dakota, this grant of land totaled over 2.5 million acres.

Congress provided further land grants to the state of North Dakota for the support of colleges, universities, the state capitol and other public institutions. These additional grants totaled approximately 668,000 acres, bringing the grand total of Enabling Act land grants to nearly 3.2 million acres.

### **CONSTITUTIONAL AUTHORITY**

North Dakota's Constitution, adopted on October 1, 1889, entrusted the management of these lands to the "board of university and school lands". By statute, the Land Board's agent is the Office of Commissioner of University and School Lands (the State Land Department).

### **CURRENT LAND ASSET MANAGEMENT**

From statehood to the mid 1970s, the grant lands have been sold until there now remains approximately 714,000 surface acres. The proceeds from these sales were added to the Land Board's permanent investment portfolio and are currently invested in common stocks, bonds and farm loans. Along with its other responsibilities, the State Land Department leases and manages this land in trust for the benefit of the various schools and institutions. The major source of income from these lands is grazing and agricultural leases, with additional revenue being generated from rights-of-way, and gravel and scoria mining.

By Land Board policy, school trust lands are open to non-vehicular public access, unless specific authority has been granted by the Department to close the land for management purposes. In 1998, 97% of school trust lands were open to non-vehicular public access.

While school trust lands are found in 50 counties statewide, they are concentrated in the state's livestock producing regions. Ninety-seven percent of the land is pasture and three percent is crop or hay. Leasing is done at public auctions with maximum lease terms of 5 years. Currently, trust lands produce about \$3.8 million in income annually.

# SCHOOL TRUST LANDS WITH NET CASH RETURNS OF 0% OR LESS

December 17, 1998

Maps and county atlases showing each of the following legal descriptions are available for public viewing at most city libraries, the State Library and county register-of-deeds offices.

TRACT #	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	EST. AG. VALUE*
<b>Barnes</b>						
✓ 1	142	60		4 S2NW4, Lots 3,4	162.71	\$1,627
County Total					162.71	\$1,627
<b>Benson</b>						
✓ 2	151	63		33 NW4NE4	40.00	\$2,880
3	151	63		35 SW4 Less Railroad Right-of-Way	153.87	\$19,773
4	152	64		2 S2NW4, Lots 3,4	167.09	\$2,271
5	152	64		2 N2SE4, SE4SE4	120.00	\$1,800
6	152	64		2 N2SW4	78.18	\$1,021
7	152	64		11 NE4NE4	40.00	\$400
8	152	64		12 Lot 1	39.78	\$400
9	152	64		16 Lots 1,5,6	45.17	\$2,324
10	152	64		16 Lot 8	8.38	\$84
11	152	66		2 Lots 3,4,5 Plus Accretion	110.00	\$1,100
12	152	66		3 Lot 1 Plus Accretion	35.00	\$350
13	152	66		10 Lots 1,2 Plus Accretion	52.90	\$529
14	153	64		25 Lot 5	37.30	\$370
15	153	64		25 W2SW4	80.00	\$800
16	153	64		35 N2NE4, SW4NE4	120.00	\$1,555
17	153	64		36 N2NW4	80.00	\$800
18	153	67		24 Lots 2,9	80.00	\$800
19	153	67		24 Lots 3,4,5,10,11,12	160.00	\$1,600
20	153	67		25 Lots 1,2	80.00	\$800
21	153	67		25 Lots 3,4	80.00	\$800
✓ 22	156	71		16 E2NE4, NW4NE4, Lot 3	151.86	\$11,933
✓ 28	156	71		16 E2SE4, Lots 4,5	175.32	\$12,691
County Total					1,934.85	\$65,081
<b>Billings</b>						
✓ 24	137	100		2 SW4	106.28	\$13,680
✓ 25	137	101		16 NW4	160.00	\$19,520
✓ 26	137	101		16 SW4	160.00	\$18,114
County Total					426.28	\$51,314
<b>Bottineau</b>						
✓ 27	162	74		16 NW4	160.00	\$18,728
County Total					160.00	\$18,728

\*Estimated Agricultural Value. Estimated land value is calculated based on the potential for agricultural use. Water acres are valued at the constitutional minimum of \$10 per acre.

TRACT #	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	EST. AG. VALUE*
<b>Adams</b>						
<del>28</del>	129	107	36 NE4		160.00	\$24,076
<del>29</del>	129	107	36 NW4		160.00	\$24,076
<del>30</del>	129	107	36 SE4		160.00	\$24,244
<del>31</del>	129	107	36 SW4		160.00	\$22,270
County Total					<u>640.00</u>	<u>\$94,666</u>

<b>Burke</b>						
<del>32</del>	161	91	36 NE4		160.00	\$14,901
<del>33</del>	161	91	36 NW4		160.00	\$10,755
<del>34</del>	161	91	36 SE4		160.00	\$10,064
<del>35</del>	161	91	36 SW4		160.00	\$11,792
<del>36</del>	161	94	16 NW4		160.00	\$10,755
<del>37</del>	162	94	36 NE4		155.93	\$18,278
<del>38</del>	162	94	36 NW4		160.00	\$19,101
<del>39</del>	162	94	36 SE4		152.85	\$17,257
<del>40</del>	162	94	36 SW4		157.48	\$19,140
<del>41</del>	163	93	36 Abandoned Railroad Right-of-Way in NE4		2.76	\$268
<del>42</del>	163	93	36 Railroad Right-of-Way in NW4		2.82	\$274
<del>43</del>	163	93	36 Abandoned Railroad Right-of-Way in SE4		3.32	\$323
<del>44</del>	163	93	36 Abandoned Railroad Right-of-Way in SW4		3.26	\$317
<del>45</del>	163	94	36 Abandoned Railroad Right-of-Way in NE4		2.93	\$285
<del>46</del>	163	94	36 Abandoned Railroad Right-of-Way in NW4		2.79	\$271
<del>47</del>	163	94	36 Abandoned Railroad Right-of-Way in SW4		3.07	\$299
<del>48</del>	164	93	36 NW4		160.00	\$3,091
County Total					<u>1,607.21</u>	<u>\$137,171</u>

<b>Burlingame</b>						
<del>49</del>	137	76	16 NE4		160.00	\$1,600
<del>50</del>	137	76	16 NW4		154.56	\$2,319
<del>51</del>	137	76	16 SE4		160.00	\$1,600
<del>52</del>	138	75	36 NE4		160.00	\$1,600
<del>53</del>	138	75	36 NW4		160.00	\$1,600
<del>54</del>	138	75	36 SE4		160.00	\$1,600
<del>55</del>	138	75	36 SW4		160.00	\$1,600
County Total					<u>1,114.56</u>	<u>\$11,919</u>

<b>Cass</b>						
<del>56</del>	137	55	24 SE4NW4		40.00	\$400
County Total					<u>40.00</u>	<u>\$400</u>

<b>Coville</b>						
<del>57</del>	159	57	4 SE4SW4		40.00	\$6,419
<del>58</del>	160	57	36 SW4		156.06	\$18,260
<del>59</del>	162	58	36 E2NW4		80.00	\$9,373
County Total					<u>276.06</u>	<u>\$34,052</u>

\*Estimated Agricultural Value. Estimated land value is calculated based on the potential for agricultural use. Water acres are valued at the constitutional minimum of \$10 per acre.

TRACT #	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	EST. AG. VALUE*
<b>Divide</b>						
<del>60</del>	160	103	16	SE4	160.00	\$2,080
<del>61</del>	163	95	36	NW4	160.00	\$16,320
<del>62</del>	163	95	36	Abandoned Railroad Right-of-Way in SW4	5.70	\$352
<del>63</del>	163	96	36	Abandoned Railroad Right-of-Way in NE4	6.14	\$577
<del>64</del>	163	96	36	Abandoned Railroad Right-of-Way in NW4	6.14	\$577
<del>65</del>	163	96	36	Abandoned Railroad Right-of-Way in SW4	4.60	\$432
County Total					342.58	\$20,338
<b>Dunn</b>						
<del>66</del>	148	95	16	Lots 1,2	75.14	\$5,866
<del>67</del>	148	95	16	NW4	160.00	\$9,087
<del>68</del>	148	95	16	SW4	160.00	\$13,101
<del>69</del>	148	95	16	Lots 3,4	74.38	\$5,559
County Total					469.52	\$33,613
<b>Eddy</b>						
<del>70</del>	150	62	7	NE4SE4	40.00	\$2,650
<del>71</del>	150	62	16	N2NW4, SW4NW4	120.00	\$16,719
<del>72</del>	150	62	27	Lot 2	20.60	\$2,483
<del>73</del>	150	62	27	Lot 3	42.10	\$4,244
<del>74</del>	150	62	27	SE4NW4	40.00	\$3,400
County Total					262.70	\$29,496
<b>Emmons</b>						
<del>75</del>	130	75	36	SW4	159.87	\$13,568
County Total					159.87	\$13,568
<b>Foster</b>						
<del>76</del>	146	67	16	SW4	149.92	\$16,590
County Total					149.92	\$16,590
<b>Grand Forks</b>						
<del>77</del>	151	52	16	NE4	160.00	\$31,347
<del>78</del>	151	52	16	NW4	160.00	\$30,980
<del>79</del>	151	52	16	SE4	160.00	\$31,713
<del>80</del>	151	52	16	SW4	159.00	\$31,515
County Total					639.00	\$125,555
<b>Grant</b>						
<del>81</del>	133	84	14	SE4	160.00	\$15,759
<del>82</del>	136	88	16	NW4	160.00	\$17,501
<del>83</del>	136	88	20	NE4	160.00	\$15,925
<del>84</del>	136	88	20	NW4	160.00	\$15,925
County Total					640.00	\$65,110

\*Estimated Agricultural Value. Estimated land value is calculated based on the potential for agricultural use. Water acres are valued at the constitutional minimum of \$10 per acre.

TAC	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	EST. AG. VALUE*
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#### Golden Valley

<del>88</del>	137	103	22 W2NW4, SE4NW4	120.00	\$5,215
<del>89</del>	137	103	22 SE4	160.00	\$7,601
<del>90</del>	137	103	22 SW4	161.00	\$8,737
<del>91</del>	140	103	16 NE4	160.00	\$7,771
<del>92</del>	140	103	16 NW4	160.00	\$7,250
<del>93</del>	140	103	16 SE4	160.00	\$7,973
<del>94</del>	140	103	16 SW4	160.00	\$6,507
<del>95</del>	141	103	12 NW4	160.00	\$8,068
<del>96</del>	141	103	12 SE4	160.00	\$9,926
<del>97</del>	141	103	12 SW4	160.00	\$8,514
<del>98</del>	141	103	16 NE4	160.00	\$12,228
<del>99</del>	141	103	16 NW4	160.00	\$13,955
<del>100</del>	141	103	16 SW4	160.00	\$8,672
County Total				2,041.00	\$112,417

#### Griggs

<del>98</del>	145	58	16 NW4SE4	40.00	\$2,030
<del>99</del>	148	60	36 N2NE4	80.00	\$3,940
County Total				120.00	\$5,970

#### LaMoore

<del>100</del>	133	60	36 NE4	160.00	\$23,384
<del>101</del>	133	60	36 NW4	160.00	\$22,546
County Total				320.00	\$45,930

#### Logan

<del>102</del>	134	68	16 Abandoned Railroad Right-of-Way in NE4	10.85	\$1,297
County Total				10.85	\$1,297

#### McHenry

<del>103</del>	151	78	16 NW4	159.25	\$17,677
<del>104</del>	157	75	16 NE4	160.00	\$17,760
<del>105</del>	157	75	16 NW4	160.00	\$17,760
<del>106</del>	157	75	16 SE4	160.00	\$17,760
<del>107</del>	157	75	16 SW4	160.00	\$17,760
County Total				799.25	\$88,717

#### McKenzie

<del>108</del>	145	101	16 SE4	160.00	\$5,231
<del>109</del>	147	99	16 SE4	160.00	\$3,736
<del>110</del>	148	100	13 NW4	160.00	\$6,396
County Total				480.00	\$15,363

\*Estimated Agricultural Value. Estimated land value is calculated based on the potential for agricultural use. Water acres are valued at the constitutional minimum of \$10 per acre.

TRACT	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	EST. AG. VALUE*
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#### McLean

<del>111</del>	147	83	36	Abandoned Railroad Right-of-Way in NE4	0.70	\$113
<del>112</del>	148	90	16	E2NE4	80.00	\$11,827
<del>113</del>	148	90	18	NE4	160.00	\$22,293
<del>114</del>	148	90	19	NE4NW4, Lot 1	48.01	\$6,825
<del>115</del>	148	90	19	NW4SE4	36.21	\$5,148
County Total					324.92	\$46,206

#### Mercer

<del>116</del>	144	84	36	Lot 5. Accretion 675 Feet Wide	89.11	\$11,743
<del>117</del>	144	90	16	Abandoned Railroad Right-of-Way in NE4	4.75	\$48
<del>118</del>	144	90	16	Abandoned Railroad Right-of-Way in NW4	4.80	\$48
<del>119</del>	144	90	16	Abandoned Railroad Right-of-Way in SE4	6.78	\$68
<del>120</del>	145	84	16	NW4NE4, S2NE4, Lot 1	13.00	\$2,820
County Total					118.44	\$14,727

#### Morton

<del>121</del>	134	81	36	Lot 4 — in survey	5.47	\$942
<del>122</del>	136	79	36	Lot 5 — under lake? — not on plat & book	39.90	\$399
<del>123</del>	137	80	16	N2NE4 — under lake? — under lake value?	80.00	\$800
<del>124</del>	137	80	16	Lot 6 — under lake? — under lake value?	19.10	\$191
<del>125</del>	137	80	16	NE4NW4	40.00	\$400
<del>126</del>	138	85	16	SE4 — No legal access	160.00	\$22,589
<del>127</del>	138	86	36	NW4 — almost city limits	154.60	\$22,464
County Total					499.07	\$47,785

#### Mountrail

<del>128</del>	150	92	19	SE4NE4	40.00	\$3,840
<del>129</del>	150	92	20	SW4SE4	40.00	\$1,490
County Total					80.00	\$5,330

#### Nelson

<del>130</del>	149	60	29	SW4SE4	35.29	\$5,237
<del>131</del>	149	61	31	W2SW4	80.08	\$801
<del>132</del>	149	61	31	NE4NW4, S2NW4	118.86	\$604
<del>133</del>	150	59	2	Lot 4, SW4NW4	79.21	\$4,779
<del>134</del>	150	59	2	W2SW4	80.00	\$9,905
<del>135</del>	151	59	26	Lot 2	6.80	\$796
<del>136</del>	154	59	20	N2NW4	77.50	\$2,768
County Total					477.74	\$24,880

#### Oliver

<del>137</del>	144	82	16	Lots 4,5	55.88	\$559
<del>138</del>	144	82	16	Lots 6,7	67.98	\$680
County Total					123.86	\$1,239

\*Estimated Agricultural Value. Estimated land value is calculated based on the potential for agricultural use. Water acres are valued at the constitutional minimum of \$10 per acre.



TRACT #	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	EST. AG. VALUE*
<b>Platte</b>						
<del>139</del>	157	70	6	Lot 8	17.40	\$1,523
<del>140</del>	157	74	16	SE4	160.00	\$7,478
<del>141</del>	158	70	28	SE4	157.49	\$1,575
<del>142</del>	158	74	36	NE4	160.00	\$10,706
County Total					494.89	\$21,282
<b>Ramsey</b>						
<del>143</del>	153	62	24	SW4NW4 North of Railroad Right-of-Way	3.00	\$596
<del>144</del>	154	61	10	SE4	160.00	\$21,668
<del>145</del>	155	61	18	Lot 1,2, E2NW4	154.8	\$12,650
<del>146</del>	155	61	36	SW4	160	\$17,958
<del>147</del>	155	62	22	NE4NE4	40.00	\$400
<del>148</del>	155	62	24	S2NE4	78.73	\$2,526
County Total					596.53	\$55,798
<b>Richland</b>						
<del>149</del>	130	50	36	N2SE4	80.00	\$6,980
County Total					80.00	\$6,980
<b>Rolette</b>						
<del>150</del>	163	73	16	NE4	155.90	\$16,986
<del>151</del>	163	73	16	NW4	155.90	\$17,434
<del>152</del>	163	73	16	NE4SE4, Lots 1,4,5	131.20	\$11,673
<del>153</del>	163	73	16	W2SW4, Lots 2,3	153.80	\$15,692
<del>154</del>	163	73	36	Lots 1,2,5,6	116.18	\$13,020
<del>155</del>	163	73	36	SW4NW4, Lots 3,4	117.10	\$13,127
<del>156</del>	163	73	36	NW4SE4, Lots 7,8,9	145.50	\$17,206
<del>157</del>	163	73	36	SW4	160.00	\$17,927
County Total					1,135.58	\$123,065
<b>Sheridan</b>						
<del>158</del>	147	75	15	Lot 1 in Jones Lake	3.50	\$35
<del>159</del>	147	75	16	Lots 1,2 in Jones Lake	14.60	\$146
<del>160</del>	147	75	21	Lots 1,2 in Jones Lake	33.80	\$338
County Total					51.90	\$519
<b>Sioux</b>						
<del>161</del>	129	85	36	N2NE4NE4NE4 - NOT plat'd Book	5.00	\$629
<del>162</del>	130	86	23	Lot 6	19.60	\$2,858
County Total					24.60	\$3,487

\*Estimated Agricultural Value. Estimated land value is calculated based on the potential for agricultural use. Water acres are valued at the constitutional minimum of \$10 per acre.

TRACT #	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	EST. AG. VALUE*
<b>Slope</b>						
<del>163</del>	133	105	16 NE4		160.00	\$6,797
<del>164</del>	133	105	16 NW4		160.00	\$9,204
<del>165</del>	133	105	16 SW4		160.00	\$4,391
County Total					480.00	\$20,392
<b>Stark</b>						
<del>166</del>	138	93	16 NE4		160.00	\$24,993
<del>167</del>	138	93	16 NW4		147.54	\$24,631
<del>168</del>	138	93	16 SW4		151.27	\$22,380
County Total					458.81	\$72,004
<b>Stutsman</b>						
169	143	64	36 Lot 1		36.20	\$3,730
County Total					36.20	\$3,730
<b>Towner</b>						
<del>170</del>	161	66	17 SW4		160.00	\$12,839
<del>171</del>	162	66	19 Lot 2		27.77	\$1,132
<del>172</del>	162	66	22 W2NW4		80.00	\$16,060
<del>173</del>	162	66	22 W2SW4		80.00	\$6,568
<del>174</del>	163	66	2 Lot 3,4, S2NW4		160.47	\$17,170
<del>175</del>	163	66	10 SW4		157.49	\$13,387
County Total					665.73	\$67,156
<b>Walsh</b>						
<del>176</del>	155	51	36 Lot 1		1.02	\$113
<del>177</del>	158	57	29 SE4NW4		40.00	\$4,651
County Total					41.02	\$4,764
<b>Ward</b>						
<del>178</del>	155	84	1 SW4NW4 Lying North and East of River Centerline		1.44	\$14
<del>179</del>	157	85	36 SE4		146.68	\$9,239
<del>180</del>	157	85	36 SW4		160.00	\$24,752
<del>181</del>	156	84	16 NE4		160.00	\$22,987
County Total					468.12	\$56,992
<b>Williams</b>						
<del>182</del>	154	99	36 NE4		158.39	\$19,088
<del>183</del>	156	100	9 S2SE4		75.44	\$8,434
County Total					233.83	\$27,522
Grand Total					19,187.60	\$1,592,780

\*Estimated Agricultural Value: Estimated land value is calculated based on the potential for agricultural use. Water acres are valued at the constitutional minimum of \$10 per acre.

**COMMENT FORM****SCHOOL TRUST LANDS  
WITH NET CASH RETURNS OF 0% OR LESS**

The land tracts on the list in this packet currently produce a net cash return of 0% or less for the schools and institutions of North Dakota. The Board of University and School Lands is requesting comments concerning the individual value of tracts on this list. The term "value" as used by the Land Board, refers to recreational, scenic, conservation, or other value, in addition to the land's agricultural value. **Only written comments submitted by September 30<sup>th</sup>, 1999, will be considered.** Detailed, tract-specific comments are appreciated to assist with our tract-by-tract evaluation. The length of the comment period is intended to allow sufficient opportunity for physical inspection of any specific tract(s) before comments are submitted. Remember that public access on school trust lands, including inspection access for the purpose of commenting, is strictly non-vehicular.

To comment, place the tract number from the list on the line and state your comments below it. Attach additional pages, photographs, or other material as necessary. You may also submit comments to [mike@poldy.land.state.nd.us](mailto:mike@poldy.land.state.nd.us) or visit our web site at [www.land.state.nd.us](http://www.land.state.nd.us). Electronic comments must include tract #, comments, and name and address of respondent. Regardless of how comments are submitted, comments without a contact person's name and address will not be accepted.

Comment on Tract # _____	Check here if you physically inspected this tract <input type="checkbox"/>
Comment on Tract # _____	Check here if you physically inspected this tract <input type="checkbox"/>
Comment on Tract # _____	Check here if you physically inspected this tract <input type="checkbox"/>
Comment on Tract # _____	Check here if you physically inspected this tract <input type="checkbox"/>

Comments submitted by: \_\_\_\_\_

Date: \_\_\_\_\_

Representing: \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

*For single sheet comments, please refold to show our address, add postage, tape top and mail.  
(No staples please.)*

Phone: (701) 328-2800  
Fax: (701) 328-3650  
www.land.state.nd.us

North Dakota  
**STATE LAND DEPARTMENT**

1707 N 9th Street  
PO Box 5523  
Bismarck, ND 58506-5523



www.discovernd.com

**MEMORANDUM**

TO: Representative Rex Byerly, Chairman  
Government Operations Division  
House Appropriations Committee

FR: Mike Brand, Director *MB*  
Surface Management

DT: March 2, 2001

RE: Method of acquisition and status of cultivation on tracts of school trust land with a net cash return of 0% or less.

Attached is a listing of school trust lands with a net cash return of 0% or less as compiled in December, 1998. On this list, I have noted how these lands were acquired and whether or not the land has ever been cultivated.

In the column labeled "Acquired" I have noted how the lands were acquired by the State as follows:

- **Orig. Grant** – These are lands originally granted to the State at statehood to be managed for the benefit of the common schools and various institutions.
- **Cancelled** – These lands were sold on contract and the contracts were subsequently cancelled for non-payment. They were original grant lands and are still considered to be original grant lands because the State has continuously held the title since statehood. The title on a contract does not pass into private ownership until the contract is paid in full.
- **Foreclosed** – These lands are some of the remaining acres that were foreclosed mostly in the 1930s. The trust funds provided money for farm loans and if the mortgages were not paid, the loan was foreclosed. Most of the foreclosed lands were resold but some remain in State ownership.

The other question was whether or not these lands had been cultivated. I have noted the status of these lands as follows:

- **Uncultivated** – Lands that have never been cultivated. This does not mean that they are native vegetation but simply means that they have not been tilled. Many uncultivated lands in the eastern part of the state have been invaded by non-native grasses and are no longer native prairie.
- **Go Back** – Go back lands were at one time cropland that has been allowed to "go back" to grass.
- **Not State** – During our review of the tracts producing 0% or less net cash return, a few tracts were found that were not owned by the State but were carried on our books. These lands were either lost through river bank erosion or were abandoned railroads across state land that had been previously sold.

# SCHOOL TRUST LANDS WITH NET CASH RETURNS OF 0% OR LESS

Compiled in December, 1998

TRACT #	TWP	RNG	S-E	DESCRIPTION	GROSS ACRES	Acquired	Status
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## Bames

142	60	4 S2NW4, Lots 3,4	162.71	Orig. Grant	Uncultivated
County Total					162.71

## Benson

2	151	63	33 NW4NE4	40.00	Foreclosed	Go Back
3	151	63	35 SW4 Less Railroad Right-of-Way	153.87	Cancelled	Go Back
4	152	64	2 S2NW4, Lots 3,4	167.09	Orig. Grant	Uncultivated
5	152	64	2 N2SE4, SE4SE4	120.00	Orig. Grant	Uncultivated
6	152	64	2 N2SW4	78.18	Orig. Grant	Uncultivated
7	152	64	11 NE4NE4	40.00	Orig. Grant	Uncultivated
8	152	64	12 Lot 1	39.78	Orig. Grant	Uncultivated
9	152	64	16 Lots 1,5,6	45.17	Orig. Grant	Uncultivated
10	152	64	16 Lot 8	8.38	Orig. Grant	Uncultivated
11	152	66	2 Lots 3,4,5 Plus Accretion	110.00	Orig. Grant	Uncultivated
12	152	66	3 Lot 1 Plus Accretion	35.00	Orig. Grant	Uncultivated
13	152	66	10 Lots 1,2 Plus Accretion	52.90	Orig. Grant	Uncultivated
14	153	64	25 Lot 5	37.30	Orig. Grant	Uncultivated
15	153	64	25 W2SW4	80.00	Orig. Grant	Uncultivated
16	153	64	35 N2NE4, SW4NE4	120.00	Orig. Grant	Uncultivated
17	153	64	36 N2NW4	80.00	Orig. Grant	Uncultivated
18	153	67	24 Lots 2,9	80.00	Orig. Grant	Uncultivated
19	153	67	24 Lots 3,4,5,10,11,12	160.00	Orig. Grant	Uncultivated
20	153	67	25 Lots 1,2	80.00	Orig. Grant	Uncultivated
21	153	67	25 Lots 3,4	80.00	Orig. Grant	Uncultivated
22	156	71	16 E2NE4, NW4NE4, Lot 3	151.86	Orig. Grant	Uncultivated
23	156	71	16 E2SE4, Lots 4,5	175.32	Orig. Grant	Uncultivated
County Total					1,934.85	

## Billing

137	100	2 SW4	155.01	Foreclosed	Go Back
137	101	16 NW4	160.00	Orig. Grant	Uncultivated
137	101	16 SW4	160.00	Orig. Grant	Uncultivated
County Total					475.01

## Bottineau

162	74	16 NW4	160.00	Orig. Grant	Uncultivated
County Total					160.00

Township	Range	Section	Description	Gross Acres	Acquired	Status
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#### Rowman

28	129	107	36 NE4	160.00	Orig. Grant	Uncultivated
29	129	107	36 NW4	160.00	Orig. Grant	Uncultivated
30	129	107	36 SE4	160.00	Orig. Grant	Uncultivated
31	129	107	36 SW4	160.00	Orig. Grant	Uncultivated
County Total				640.00		

#### Burke

32	161	91	36 NE4	160.00	Orig. Grant	Uncultivated
33	161	91	36 NW4	160.00	Orig. Grant	Uncultivated
34	161	91	36 SE4	160.00	Orig. Grant	Uncultivated
35	161	91	36 SW4	160.00	Orig. Grant	Uncultivated
36	161	94	16 NW4	160.00	Orig. Grant	Uncultivated
37	162	94	36 NE4	155.93	Orig. Grant	Uncultivated
38	162	94	36 NW4	160.00	Orig. Grant	Uncultivated
39	162	94	36 SE4	152.85	Orig. Grant	Uncultivated
40	162	94	36 SW4	157.48	Orig. Grant	Uncultivated
41	163	93	36 Abandoned Railroad Right-of-Way in NE4	2.76		Not State
42	163	93	36 Abandoned Railroad Right-of-Way in NW4	2.82		Not State
43	163	93	36 Abandoned Railroad Right-of-Way in SE4	3.32		Not State
44	163	93	36 Abandoned Railroad Right-of-Way in SW4	3.26		Not State
45	163	94	36 Abandoned Railroad Right-of-Way in NE4	2.93		Not State
46	163	94	36 Abandoned Railroad Right-of-Way in NW4	2.79		Not State
47	163	94	36 Abandoned Railroad Right-of-Way in SW4	3.07		Not State
48	164	93	36 NW4	160.00	Orig. Grant	Uncultivated
County Total				1,607.21		

#### Burleigh

49	137	76	16 NE4	160.00	Orig. Grant	Uncultivated
50	137	76	16 NW4	154.56	Orig. Grant	Uncultivated
51	137	76	16 SE4	160.00	Orig. Grant	Uncultivated
52	138	75	36 NE4	160.00	Orig. Grant	Uncultivated
53	138	75	36 NW4	160.00	Orig. Grant	Uncultivated
54	138	75	36 SE4	160.00	Orig. Grant	Uncultivated
55	138	75	36 SW4	160.00	Orig. Grant	Uncultivated
County Total				1,114.56		

#### Cass

56	137	55	24 SE4NW4	40.00	Orig. Grant	Uncultivated
County Total				40.00		

#### Cavaler

57	159	57	4 SE4SW4	40.00	Cancelled	Uncultivated
58	160	57	36 SW4	156.06	Cancelled	Uncultivated
59	162	58	36 E2NW4	80.00	Orig. Grant	Uncultivated
County Total				276.06		

Index	TWP	RANGE	SEC	DESCRIPTION	GROSS ACRES	Acquired	Status
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#### Divide

60	160	103	16 SE4	160.00	Orig. Grant	Uncultivated
61	163	95	36 NW4	160.00	Orig. Grant	Uncultivated
62	163	95	36 Abandoned Railroad Right-of-Way in SW4	5.70		Not State
63	163	96	36 Abandoned Railroad Right-of-Way in NE4	6.14		Not State
64	163	96	36 Abandoned Railroad Right-of-Way in NW4	6.14		Not State
65	163	96	36 Abandoned Railroad Right-of-Way in SW4	4.60		Not State
<b>County Total</b>				<b>342.58</b>		

#### Dunn

66	148	95	16 Lots 1,2	75.14	Orig. Grant	Uncultivated
67	148	95	16 NW4	160.00	Orig. Grant	Uncultivated
68	148	95	16 SW4	160.00	Orig. Grant	Uncultivated
69	148	95	16 Lots 3,4	74.38	Orig. Grant	Uncultivated
<b>County Total</b>				<b>469.52</b>		

#### Eddy

70	150	62	7 NE4SE4	40.00	Foreclosed	Go Back
71	150	62	16 N2NW4, SW4NW4	120.00	Orig. Grant	Uncultivated
72	150	62	27 Lot 2	20.60	Orig. Grant	Uncultivated
73	150	62	27 Lot 3	42.10	Orig. Grant	Uncultivated
74	150	62	27 SE4NW4	40.00	Orig. Grant	Uncultivated
<b>County Total</b>				<b>262.70</b>		

#### Emmons

75	130	75	36 SW4	159.87	Orig. Grant	Uncultivated
<b>County Total</b>				<b>159.87</b>		

#### Foster

76	146	67	16 SW4	149.92	Cancelled	Go Back
<b>County Total</b>				<b>149.92</b>		

#### Grand Forks

77	151	52	16 NE4	160.00	Orig. Grant	Uncultivated
78	151	52	16 NW4	160.00	Orig. Grant	Uncultivated
79	151	52	16 SE4	160.00	Orig. Grant	Uncultivated
80	151	52	16 SW4	159.00	Orig. Grant	Uncultivated
<b>County Total</b>				<b>639.00</b>		

#### Grant

81	133	84	14 SE4	160.00	Foreclosed	Part Go Back
82	136	88	16 NW4	160.00	Orig. Grant	Uncultivated
83	136	88	20 NE4	160.00	Orig. Grant	Uncultivated
84	136	88	20 NW4	160.00	Orig. Grant	Uncultivated
<b>County Total</b>				<b>640.00</b>		

TRACT #	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	Acquired	Status
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### Golden Valley

85	137	103	22 W2NW4, SE4NW4	120.00	Orig. Grant	Uncultivated
86	137	103	22 SE4	160.00	Orig. Grant	Uncultivated
87	137	103	22 SW4	160.00	Orig. Grant	Uncultivated
88	140	103	16 NE4	160.00	Orig. Grant	Uncultivated
89	140	103	16 NW4	160.00	Orig. Grant	Uncultivated
90	140	103	16 SE4	160.00	Orig. Grant	Uncultivated
91	140	103	16 SW4	160.00	Orig. Grant	Uncultivated
92	141	103	12 NW4	160.00	Orig. Grant	Uncultivated
93	141	103	12 SE4	160.00	Orig. Grant	Uncultivated
94	141	103	12 SW4	160.00	Orig. Grant	Uncultivated
95	141	103	16 NE4	160.00	Orig. Grant	Uncultivated
96	141	103	16 NW4	160.00	Orig. Grant	Uncultivated
97	141	103	16 SW4	160.00	Orig. Grant	Uncultivated

County Total 2,040.00

### Griggs

98	145	58	16 NW4SE4	40.00	Cancelled	Uncultivated
99	148	60	36 N2NE4	80.00	Cancelled	Uncultivated

County Total 120.00

### LaMoure

100	133	60	36 NE4	160.00	Cancelled	Go Back
101	133	60	36 NW4	160.00	Cancelled	Go Back

County Total 320.00

### Logan

102	134	68	16 Abandoned Railroad Right-of-Way In NE4	10.85		Not State
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County Total 10.85

### McHenry

103	151	78	16 NW4	159.25	Orig. Grant	Uncultivated
104	157	75	16 NE4	160.00	Orig. Grant	Uncultivated
105	157	75	16 NW4	160.00	Orig. Grant	Uncultivated
106	157	75	16 SE4	160.00	Orig. Grant	Uncultivated
107	157	75	16 SW4	160.00	Orig. Grant	Uncultivated

County Total 799.25

### McKenzie

108	145	101	16 SE4	160.00	Orig. Grant	Uncultivated
109	147	99	16 SE4	160.00	Orig. Grant	Uncultivated
110	148	100	13 NW4	160.00	Foreclosed	Uncultivated

County Total 480.00



TRACT #	TWP	RNG	SEC	DESCRIPTION	GROSS ACRES	Acquired	Status
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#### McLean

111	147	83	36	Abandoned Railroad Right-of-Way In NE4	0.70		
112	148	90	16	E2NE4	80.00	Orig. Grant	Uncultivated
113	148	90	18	NE4	160.00	Orig. Grant	Uncultivated
114	148	90	19	NE4NW4, Lot 1	48.01	Orig. Grant	Uncultivated
115	148	90	19	NW4SE4	36.21	Orig. Grant	Uncultivated
County Total					324.92		

#### Mercer

116	144	84	36	Lot 5 Accretion 675 Feet Wide	89.11	Orig. Grant	Uncultivated
117	144	90	16	Abandoned Railroad Right-of-Way In NE4	4.75		Not State
118	144	90	16	Abandoned Railroad Right-of-Way In NW4	4.80		Not State
119	144	90	16	Abandoned Railroad Right-of-Way In SE4	6.78		Not State
120	145	84	16	NW4NE4, S2NE4, Lot 1	13.00	Orig. Grant	Uncultivated
County Total					118.44		

#### Morton

121	134	81	36	Lot 4	5.47		Part Cultivated
122	136	79	36	Lot 5	39.90		Not State
123	137	80	16	N2NE4	80.00		Not State
124	137	80	16	Lot 6	19.10		Not State
125	137	80	16	NE4NW4	40.00		Not State
126	138	85	16	SE4	160.00	Orig. Grant	Uncultivated
127	138	86	36	NW4	154.60	Orig. Grant	Uncultivated
County Total					499.07		

#### Mountrail

128	150	92	19	SE4NE4	40.00	Orig. Grant	Uncultivated
129	150	92	20	SW4SE4	40.00	Orig. Grant	Uncultivated
County Total					80.00		

#### Nelson

130	149	60	29	SW4SE4	35.29	Cancelled	Uncultivated
131	149	61	31	W2SW4	80.08	Orig. Grant	Uncultivated
132	149	61	31	NE4NW4, S2NW4	118.86	Orig. Grant	Uncultivated
133	150	59	2	Lot 4, SW4NW4	79.21	Cancelled	Go Back
134	150	59	2	W2SW4	80.00	Cancelled	Go Back
135	151	59	26	Lot 2	6.80	Cancelled	Uncultivated
136	154	59	20	N2NW4	77.50	Cancelled	Part Go Back
County Total					477.74		

#### Oliver

137	144	82	16	Lots 4,5	55.88		Not State
138	144	82	16	Lots 6,7	67.98		Not State
County Total					123.86		

Tract	TWP	R	S	DESCRIPTION	GROSS ACRES	Acquired	Status
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### Pierce

139	157	70	6 Lot 8	17.40	Orig. Grant	Uncultivated
140	157	74	16 SE4	160.00	Orig. Grant	Uncultivated
141	158	70	28 SE4	157.49	Orig. Grant	Uncultivated
142	158	74	36 NE4	160.00	Orig. Grant	Uncultivated
County Total				494.89		

### Ramsey

143	153	62	24 SW4NW4 North of Railroad Right-of-Way	3.00	Cancelled	Uncultivated
144	154	61	10 SE4	160.00	Foreclosed	Flooded Crop
145	155	61	18 Lot 1,2, E2NW4	154.8	Cancelled	Part Go Back
146	155	61	36 SW4	160	Cancelled	Flooded Crop
147	155	62	22 NE4NE4	40.00	Orig. Grant	Uncultivated
148	155	62	24 S2NE4	78.73	Orig. Grant	Uncultivated
County Total				596.53		

### Richland

149	130	50	36 N2SE4	80.00	Cancelled	Uncultivated
County Total				80.00		

### Rolette

150	163	73	16 NE4	155.90	Orig. Grant	Uncultivated
151	163	73	16 NW4	155.90	Orig. Grant	Uncultivated
152	163	73	16 NE4SE4, Lots 1,4,5	131.20	Orig. Grant	Uncultivated
153	163	73	16 W2SW4, Lots 2,3	153.80	Orig. Grant	Uncultivated
154	163	73	36 Lots 1,2,5,6	116.18	Orig. Grant	Uncultivated
155	163	73	36 SW4NW4, Lots 3,4	117.10	Orig. Grant	Uncultivated
156	163	73	36 NW4SE4, Lots 7,8,9	145.50	Orig. Grant	Uncultivated
157	163	73	36 SW4	160.00	Orig. Grant	Uncultivated
County Total				1,135.58		

### Sheridan

158	147	75	15 Lot 1 in Jones Lake	3.50		Not State
159	147	75	16 Lots 1,2 in Jones Lake	14.60		Not State
160	147	75	21 Lots 1,2 in Jones Lake	33.80		Not State
County Total				51.90		

### Sioux

161	129	85	36 N2NE4NE4NE4	5.00	Orig. Grant	Uncultivated
162	130	86	23 Lot 6	19.60	Orig. Grant	Uncultivated
County Total				24.60		

Section	Acres	Acquired	Status
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#### Slope

133	105	16 NE4	160.00	Orig. Grant	Uncultivated
133	105	16 NW4	160.00	Orig. Grant	Uncultivated
133	105	16 SW4	160.00	Orig. Grant	Uncultivated
County Total			480.00		

#### Stark

138	93	16 NE4	160.00	Orig. Grant	Uncultivated
138	93	16 NW4	147.54	Orig. Grant	Uncultivated
138	93	16 SW4	151.27	Orig. Grant	Uncultivated
County Total			458.81		

#### Stuhman

143	64	36 Lot 1	36.20	Cancelled	Uncultivated
County Total			36.20		

#### Towner

161	66	17 SW4	160.00	Cancelled	Part Go Back
162	66	19 Lot 2	27.77	Cancelled	Uncultivated
162	66	22 W2NW4	80.00	Cancelled	Mostly Crop
162	66	22 W2SW4	80.00	Cancelled	Uncultivated
163	66	2 Lot 3,4, S2NW4	160.47	Cancelled	Uncultivated
163	66	10 SW4	157.49	Cancelled	Uncultivated
County Total			665.73		

#### Walsh

155	51	36 Lot 1	1.02		Not State
158	57	29 SE4NW4	40.00	Cancelled	Uncultivated
County Total			41.02		

#### Ward

155	84	1 SW4NW4 Lying North and East of River Centerline	1.44	Foreclosed	Reseeded
157	85	36 SE4	146.68	Orig. Grant	Uncultivated
157	85	36 SW4	160.00	Orig. Grant	Uncultivated
156	84	16 NE4	160.00	Orig. Grant	Uncultivated
County Total			468.12		

#### Williams

154	99	36 NE4	158.39	Orig. Grant	Uncultivated
156	100	9 S2SE4	75.44	Orig. Grant	Uncultivated
County Total			233.83		

Grand Total 19,235.33

SB 2013  
2-28-01

Statement for the Hearing on SB 2013 on 28 February 2001 by Sheila J. Dufford, 233 Lake Street, Mandan, ND

I am opposed to SECTION 4 Amendment - Legislative Intent - Sale of Certain School Trust Lands.

The basis for legislating this sale is that these lands are not currently producing a positive annual return. Past returns and appreciation in value is excluded from consideration under this amendment. The State has already sold nearly 80 percent of the 3.2 million acres of land granted at statehood.

In 1999, the commissioner of the State Land Department held several public meetings to discuss lands not providing a positive annual return. Most of the people attending the meetings were opposed to the sale to these lands, about 20,000 acres. He requested that individuals visit these lands and provide comments to the Land Department on the other public values that the lands may have. Many of North Dakota's caring citizens took the time and effort to drive out to these areas and evaluate them for the State Land Department. This amendment is a slap in the face to these dedicated individuals.

I want it recognized that in addition to providing funding for North Dakota's Educational System, School Lands also provide recreational, educational, historical, and fish and wildlife habitat values. In the eastern ND, state school lands provide public lands for hunting, bird watching, and other outdoor recreation, where there are few public lands for North Dakotans living in urban areas to enjoy. Some of these lands, like Oak Prairie, are remnants of North Dakota's oak savanna or include some of the last remaining Tallgrass Prairie in the United States. These tracts are home to wildlife and wildflowers found nowhere else in the state.

Many of these lands are adjacent to lands managed by other natural resource agencies, including the State Historical Society, the Game and Fish Department, National Park Service, BLM, Forest Service and Fish and Wildlife Service. Some are adjacent to the Missouri, Sheyenne and Heart Rivers and provide access for fishing, hunting, canoeing and other recreation. Several are located in rare woodland habitats in North Dakota; riparian woodlands along a river, the Turtle Mountains, the Killdeer Mountains, the Pembina Gorge. Others contain cultural or historical sites. At least one has significant fossil deposits. Are these values to North Dakota citizens not to be considered?

Some lands have been inundated by Devils Lake. These lands were productive and providing revenue prior to being flooded. Should the State Lands Department sell these lands when they are virtually worthless to most landowners, but costing nothing to administer? Or retain them until they will once again provide income.

The sale of most of these lands is short sighted. It does not consider how these lands may appreciate in the future. It provides no opportunity to develop cooperative land management opportunities or other non-traditional sources of income, such as the recreational pass system that has successfully implemented in Montana. The two year period for divestment does not provide the time needed work out land exchanges or sales agreements with other state or federal agencies. So that the natural resources on these lands may be retained for us and the generations to follow.

There are many who will say that if the "Environmentalists" want to protect these natural resources, we should buy the land or an easement. But the truth of this matter is that North Dakota laws make it very difficult for a non-profit organizations to buy land. And North Dakota is the only state which prohibits landowners from selling perpetual conservation easements to non-profit organizations, and taking advantage of the income tax benefits which can accompany such transactions.

I would like to conclude that the State Land Board is charged with the duty of managing these assets for the benefit of our educational system, and should be permitted to carry out this duty without this mandate from the legislature.

*Sheila J. Dufford*

House Appropriations Committee---Government Operations Division

I was unable to attend your hearing on SB2013 on this last Wednesday, February 28, 2001 and will take this opportunity to express my concerns.

For the record, I am Wes Tossett, a semi-retired farmer from southwestern Bottineau County, now living in Minot, N. D.

Over a year ago I attended a meeting in Minot, which was hosted by the State Land Dept. to explore various options regarding our state school lands, mainly those which produce no income for the state. It was a very informative and well conducted meeting with over 30 people in attendance. Much background was given out, along with a copy of the 1889 "Enabling Act".

No where in any of this material does it mention preservation of natural resources, hunting or communing with nature. The Act, along with the mission of the Dept. and its Board, is very straight forward in that these lands and all ensuing revenue generated by these lands shall go exclusively for the education of this states youth.

Past ND legislatures have set up a State Land Dept. under the direction of a responsible and informed board to do what is best for the states Education Trust Fund. They have decided that the best route to follow is to sell off all properties that are not rentable or have a negative value. This was the general consensus of the meeting in Minot also. The wisest thing we citizens and this legislature can do is step back and let them do their job. That's why the board was formed!

My advice to those who testified against the bill as it was then, is to wait until these non-income generating lands come up for auction, put their money where their mouths are and buy some of these lands. By so doing they would become tax paying owners of non-income generating rural property. They could then clean up any trash, take care of the leafy spurge and after they had "preserved" their property, they could consider gifting the land back to the ND State Game and Fish Dept. whose mission is to manage "public" lands for hunting and nature studies.

I ask you to vote for this bill, as it was passed in the senate.

Thank you for your consideration and reading this letter.

Wes Tossett

SB 2013



# North Dakota Association of Oil & Gas Producing Counties

## EXECUTIVE COMMITTEE

Dick Ross  
President  
Ray

Brad Bekkedahl  
Williston

Roger Chinn  
McKenzie County

Gary Engbretson  
Kildeer PSD

Julian Gunkelson  
Williams County

Dean Koppelman  
President-Elect  
Dickinson PSD

Verdean Kvam  
Bottineau County

David Rust  
Tioga PSD

Allen Ryberg  
Bowbells

Jane Erickson  
Secretary/Treasurer  
Kildeer

January 23, 2001

Mr. Chairman Nething and Members of Senate Appropriations:

The North Dakota Association of Oil and Gas Producing Counties supports the funding of the energy impact grant program listed in Senate Bill 2013.

We appreciate your past support of the oil impact grant program and ask for your support of the \$5 million dollar appropriation as provided by state law.

Thank you.

Respectfully,

Vicky Steiner  
Executive Director  
North Dakota Association of Oil and Gas Producing Counties

VICKY STEINER - EXECUTIVE DIRECTOR

859 Senior Ave. - Dickinson, ND 58601-3755 - Phone: (701) 225-0884 - Fax: (701) 227-3040  
E-mail: [ndoilcns@cttel.com](mailto:ndoilcns@cttel.com) - Web: [www.ND-oilcounties.org](http://www.ND-oilcounties.org)

Jane Erickson - Permit Operator

P.O. Box 149 - Kildeer, ND 58640 - Evenings: (701) 764-5548 - E-mail: [jerick@kildeer.com](mailto:jerick@kildeer.com)

SB 2013  
2-28-01



# North Dakota Association of Oil & Gas Producing Counties

## EXECUTIVE COMMITTEE

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Dickinson PSD

Verdean Kveum  
Bottineau County

David Ruet  
Tioga PSD

Allen Ryberg  
Bowbells

Jane Erickson  
Secretary/Treasurer  
Kildeer

February 28, 2001

Mr. Chairman Byerly and Members of House Appropriations Committee:

The North Dakota Association of Oil and Gas Producing Counties supports the funding of the energy impact grant program listed in Senate Bill 2013.

This blue booklet summarizes the impact needs for the counties, cities and school districts in the oil and gas producing region. The greatest need is in grants for road improvements. Of all the needs submitted in this booklet, Energy Impact Office Director Rick Larson estimates approximately \$15.3 million dollars worth of projects would be eligible if money were available. The program has a cap of \$5 million a biennium.

We appreciate your past support of the oil impact grant program and ask for your support for the \$5 million dollar appropriation.

Thank you.

Respectfully,

Vicky Steiner  
Executive Director  
North Dakota Association of Oil and Gas Producing Counties

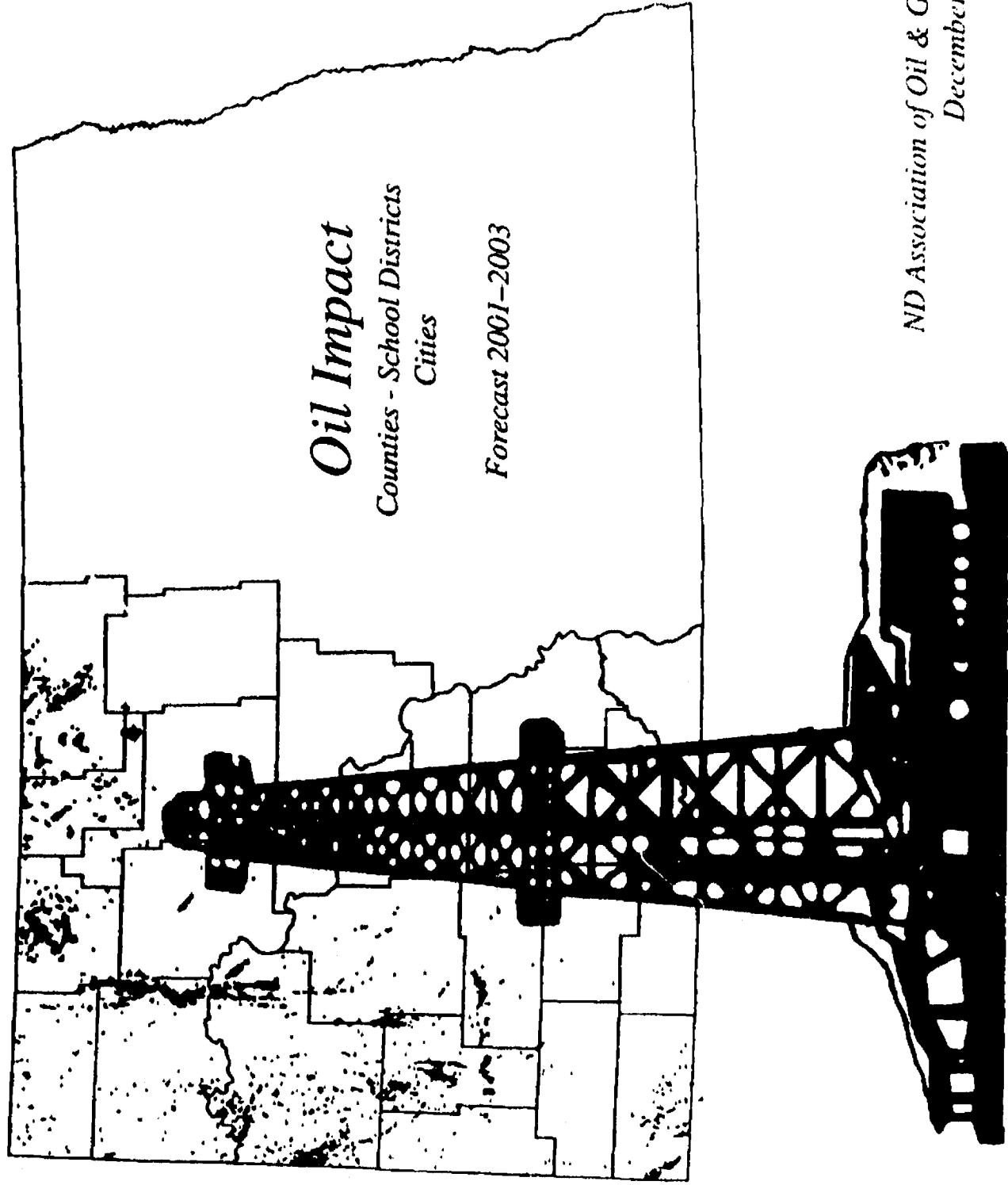
VICKY STEINER - EXECUTIVE DIRECTOR

859 Senior Ave. - Dickinson, ND 58001-3755 - Phone: (701) 225-0884 - Fax: (701) 227-3040  
E-mail: ndoilgas@cctel.com - Web: www.nd-oilcounties.org

Jane Erickson - Permit Operator

P.O. Box 149 - Kildeer, ND 58840 - E-mail: jerick@kildeer.com

# *Needs Assessment Survey*



## *Oil Impact*

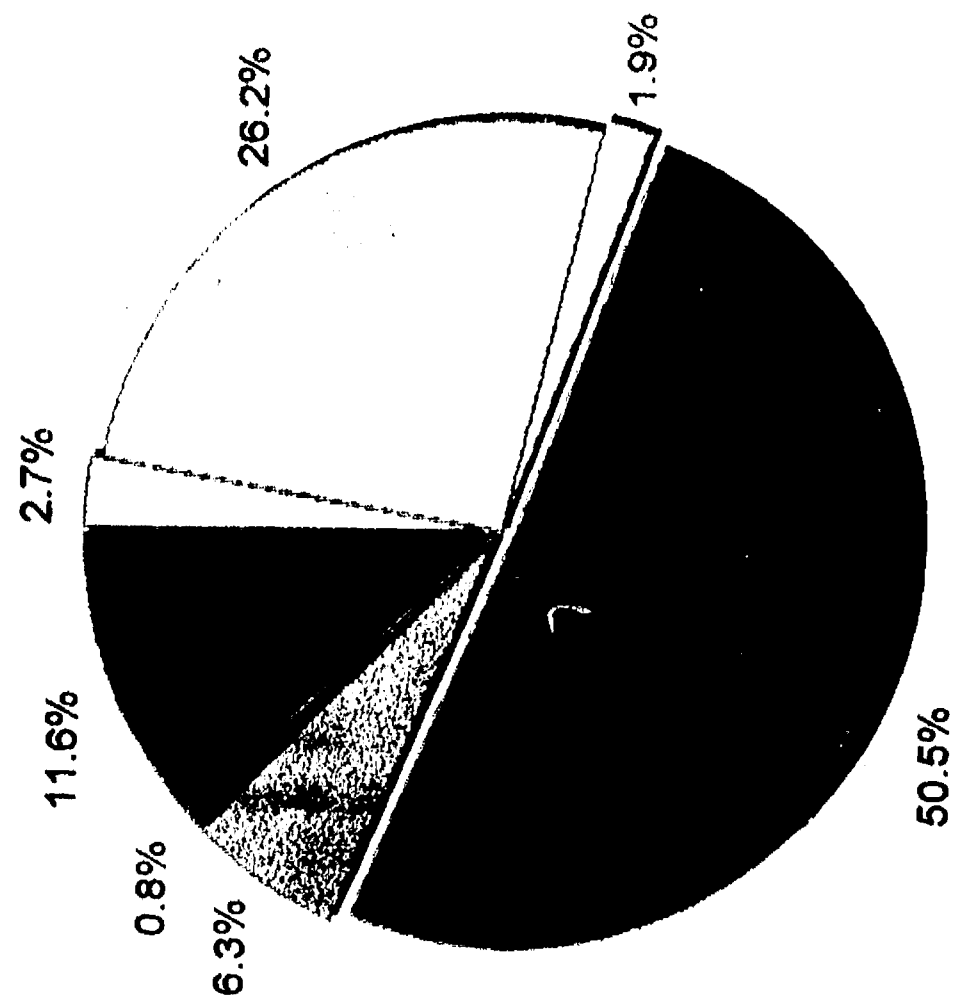
*Counties - School Districts  
Cities*

*Forecast 2001-2003*

*ND Association of Oil & Gas Producing Counties  
December 2000*



## LOCAL NEEDS ASSESSMENT - BY FUNCTION



- Law Enforcement
- Education
- Health
- Transportation
- Fire Protection
- Water and Sewer
- Local Administration

**LOCAL NEEDS ASSESSMENT - COUNTY AND BY CLASS OF SUBDIVISION**  
**Data Collected by the ND Association of Oil and Gas Producing Counties**

	Counties			Schools		Cities		TOTAL		Percent of Total
Billings	\$	225,000	\$	-	\$	1,000,000		\$	1,225,000	8.0%
Bottineau	\$	-	\$	-	\$	147,000		\$	147,000	1.0%
Bowman	\$	1,505,000	\$	4,225	\$	756,965		\$	2,266,190	14.7%
Burke	\$	-	\$	-	\$	40,000		\$	40,000	0.3%
Divide	\$	200,000	\$	-	\$	4,000		\$	204,000	1.3%
Dunn	\$	1,600,000	\$	-	\$	150,000		\$	1,750,000	11.4%
Golden Valley	\$	-	\$	-	\$	361,000		\$	361,000	2.3%
McKenzie	\$	-	\$	-	\$	70,000		\$	70,000	0.5%
Mountain	\$	520,000	\$	-	\$	138,000		\$	658,000	4.3%
Remville	\$	1,009,000	\$	-	\$	38,500		\$	1,047,500	6.8%
Slope	\$	-	\$	-	\$	10,000		\$	10,000	0.1%
Stark	\$	295,000	\$	3,955,000	\$	620,000		\$	4,870,000	31.7%
Williams	\$	-	\$	68,000	\$	2,663,000		\$	2,731,000	17.8%
<b>TOTAL</b>	\$	5,354,000	\$	4,027,225	\$	5,998,465		\$	15,379,690	100.0%

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

PROJECT	COST	IMPACT
<b>BILLINGS COUNTY</b>		
<b>BILLINGS COUNTY</b>		
Ambulance replacement	\$75,000	\$75,000
Blacktail Road overlay	\$300,000	\$150,000
<b>TOTAL FOR BILLINGS COUNTY</b>	<b>\$375,000</b>	<b>\$225,000</b>
<b>CITY OF MEDORA</b>		
Improvements to East River Road	\$1,000,000	\$1,000,000
<b>TOTAL FOR CITY OF MEDORA</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>
<b>TOTAL FOR BILLINGS COUNTY</b>	<b>\$1,375,000</b>	<b>\$1,225,000</b>
<b>BOTTINEAU COUNTY</b>		
<b>WESTHOPE PSD #17</b>		
better drinking water	\$3,000	\$0
<b>TOTAL FOR WESTHOPE PSD #17</b>	<b>\$3,000</b>	<b>\$0</b>
<b>CITY OF ANTLER</b>		
Fire Hall and opera hall renovation	\$8,500	\$0
<b>TOTAL FOR CITY OF ANTLER</b>	<b>\$8,500</b>	<b>\$0</b>
<b>CITY OF LANSFORD</b>		
Repairs to water tower	\$100,000	\$0
Street repair	\$45,000	\$45,000
<b>TOTAL FOR CITY OF LANSFORD</b>	<b>\$145,000</b>	<b>\$45,000</b>
<b>CITY OF MAXBASS</b>		
City lift station	\$102,000	\$102,000
<b>TOTAL FOR CITY OF MAXBASS</b>	<b>\$102,000</b>	<b>\$102,000</b>

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

PROJECT	COST	IMPACT
<b>CITY OF WESTHOPE</b>		
Water tower	\$18,000	\$0
TOTAL FOR CITY OF WESTHOPE	\$18,000	\$0
<b>TOTAL FOR BOTTINEAU COUNTY</b>	\$276,500	\$147,000
<b>BOWMAN COUNTY</b>		
<b>BOWMAN COUNTY</b>		
Wallman Road	\$135,000	\$135,000
Sunset and Marmarth Road	\$395,000	\$395,000
Njos Road	\$195,000	\$195,000
Loop Road	\$495,000	\$495,000
Egeland Road	\$285,000	\$285,000
TOTAL FOR BOWMAN COUNTY	\$1,505,000	\$1,505,000
<b>BOWMAN PSD</b>		
Repair roof and replace floor Roosevelt bldg	\$42,000	\$0
TOTAL FOR BOWMAN PSD	\$42,000	\$0
<b>RHAME PSD #17</b>		
Replace sidewalk	\$4,225	\$4,225
renovate the gymnasium ventilation system	\$5,000	\$0
Lawn mower	\$8,690	\$0
Tool shed	\$2,800	\$0
TOTAL FOR RHAME PSD #17	\$20,715	\$4,225
<b>CITY OF BOWMAN</b>		
Health care facilities	\$200,000	\$0
Physician Salaries	\$200,000	\$0
Equipment for fire department	\$158,965	\$158,965

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

PROJECT	COST	IMPACT
Ambulance equipment upgrade	\$100,000	\$100,000
Building renovation	\$23,000	\$23,000
Police vehicle	\$20,000	\$20,000
TOTAL FOR CITY OF BOWMAN	\$701,965	\$301,965
CITY OF RHAME		
Used City Truck	\$30,000	\$30,000
Bicycle and walking path	\$180,000	\$0
TOTAL FOR CITY OF RHAME	\$210,000	\$30,000
CITY OF SCRANTON		
Street improvement	\$425,000	\$425,000
TOTAL FOR CITY OF SCRANTON	\$425,000	\$425,000
TOTAL FOR BOWMAN COUNTY	\$2,904,680	\$2,266,780
BURKE COUNTY		
CITY OF COLUMBUS		
Street Maintenance equipment	\$40,000	\$40,000
TOTAL FOR CITY OF COLUMBUS	\$40,000	\$40,000
TOTAL FOR BURKE COUNTY	\$40,000	\$40,000
DIVIDE COUNTY		
DIVIDE COUNTY		
County road maintenance	\$200,000	\$200,000
TOTAL FOR DIVIDE COUNTY	\$200,000	\$200,000
CITY OF MOHALL		
Lagoon repairs	\$8,000	\$0
Office computer	\$2,000	\$0

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

PROJECT	COST	IMPACT
Alternate power for water supply	\$4,000	\$4,000
TOTAL FOR CITY OF MOHALL	\$14,000	\$4,000
TOTAL FOR DIVIDE COUNTY	\$214,000	\$204,000
<b>DUNN COUNTY</b>		
DUNN COUNTY		
Road construction		
TOTAL FOR DUNN COUNTY	\$1,600,000	\$1,600,000
<b>CITY OF DUNN CENTER</b>		
Fire dept- equipment		
Street equipment-Loader	\$5,000	\$5,000
TOTAL FOR CITY OF DUNN CENTER	\$25,000	\$25,000
<b>CITY OF KILLDEER</b>		
Water reservoir	\$30,000	\$30,000
Loader	\$500,000	\$0
TOTAL FOR CITY OF KILLDEER	\$120,000	\$120,000
TOTAL FOR DUNN COUNTY	\$620,000	\$120,000
	\$2,250,000	\$1,750,000
<b>GOLDEN VALLEY COUNTY</b>		
CITY OF BEACH		
Truck route extension	\$361,000	\$361,000
TOTAL FOR CITY OF BEACH	\$361,000	\$361,000
TOTAL FOR GOLDEN VALLEY COUNTY	\$361,000	\$361,000

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

PROJECT	COST	IMPACT
<b>HETTINGER COUNTY</b>		
CITY OF REGENT		
Public restrooms	\$16,000	\$0
TOTAL FOR CITY OF REGENT	\$16,000	\$0
TOTAL FOR HETTINGER COUNTY	\$16,000	\$0
<b>MCHENRY COUNTY</b>		
CITY OF VELVA		
Bridge renovation	\$8,500	\$0
Patrol car	\$25,000	\$0
Park equipment	\$5,000	\$0
TOTAL FOR CITY OF VELVA	\$38,500	\$0
TOTAL FOR MCHENRY COUNTY	\$38,500	\$0
<b>MCKENZIE COUNTY</b>		
ALEXANDER PSD #2		
Pave parking lot	\$30,000	\$0
TOTAL FOR ALEXANDER PSD #2	\$30,000	\$0
<b>CITY OF ALEXANDER</b>		
Replace water pipes to spring	\$20,000	\$0
Front end loader	\$30,000	\$30,000
TOTAL FOR CITY OF ALEXANDER	\$50,000	\$30,000
<b>CITY OF ARNEGARD</b>		
Upgrade city park	\$10,000	\$0
TOTAL FOR CITY OF ARNEGARD	\$10,000	\$0

# ND Association of Oil Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
<b>CITY OF WATFORD CITY</b>		
Upgrade water treatment plant	\$1,000,000	\$0
Upgrade turnout gear and pagers	\$30,000	\$30,000
Ambulance equipment	\$10,000	\$10,000
TOTAL FOR CITY OF WATFORD CIT	\$1,040,000	\$40,000
TOTAL FOR MCKENZIE COUNTY	\$1,130,000	\$70,000
<b>MCLEAN COUNTY</b>		
<b>GARRISON PUBLIC SCH</b>		
High School boiler replacement	\$121,572	\$0
TOTAL FOR GARRISON PUBLIC SCH	\$121,572	\$0
<b>MONTEFIORE PUBLIC SC</b>		
Regional activities center	\$1,400,000	\$0
TOTAL FOR MONTEFIORE PUBLIC S	\$1,400,000	\$0
<b>CITY OF WILTON</b>		
Water well	\$12,500	\$0
Building addition	\$50,000	\$0
TOTAL FOR CITY OF WILTON	\$62,500	\$0
TOTAL FOR MCLEAN COUNTY	\$1,594,072	\$0
<b>MOUNTRAIL COUNTY</b>		
<b>MOUNTRAIL COUNTY</b>		
Patrol vehicle	\$40,000	\$40,000
Payloader, blade, and two mowers	\$250,000	\$250,000
GPS for E011	\$30,000	\$30,000
Road construction	\$190,000	\$190,000



# ND Association of Oil Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
<b>TOTAL FOR MOUNTRAIL COUNTY</b>		
<b>STANLEY PSD #2</b>	\$538,000	\$538,000
Lighting of football field	\$10,000	\$0
<b>TOTAL FOR STANLEY PSD #2</b>	\$10,000	\$0
<b>CITY OF NEW TOWN</b>		
Resealing Main Street	\$22,000	\$22,000
<b>TOTAL FOR CITY OF NEW TOWN</b>	\$22,000	\$22,000
<b>CITY OF NEW TOWN</b>		
First response rescue vehicle	\$90,000	\$90,000
<b>TOTAL FOR CITY OF NEW TOWN</b>	\$90,000	\$90,000
<b>CITY OF STANLEY</b>		
Cracksealing street	\$26,000	\$26,000
<b>TOTAL FOR CITY OF STANLEY</b>	\$26,000	\$26,000
<b>TOTAL FOR MOUNTRAIL COUNTY</b>	\$654,000	\$654,000
<b>RENVILLE COUNTY</b>		
<b>RENVILLE COUNTY</b>		
Motorgrader	\$160,000	\$160,000
Road repair	\$100,000	\$100,000
Insulate shop	\$20,000	\$0
Mower and tractor	\$55,000	\$55,000
Overlay CR 9 & 4	\$560,000	\$560,000
Purchase and install playground equipment	\$25,000	\$0
Patrol vehicle	\$26,000	\$26,000
Reseal road	\$108,000	\$108,000
<b>TOTAL FOR RENVILLE COUNTY</b>	\$1,054,000	\$1,054,000

Friday, December 29, 2000

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

PROJECT	COST	IMPACT
<b>CITY OF MOHALL</b>		
Water main extension	\$24,000	\$0
<b>TOTAL FOR CITY OF MOHALL</b>	\$24,000	\$0
<b>CITY OF SHERWOOD</b>		
Street repairs	\$5,000	\$5,000
Street maintenance equipment	\$2,500	\$2,500
Street cleaning equipment	\$20,000	\$20,000
Police vehicle equipment	\$1,000	\$1,000
<b>TOTAL FOR CITY OF SHERWOOD</b>	\$28,500	\$28,500
<b>CITY OF TOLLEY</b>		
Road maintenance	\$10,000	\$10,000
<b>TOTAL FOR CITY OF TOLLEY</b>	\$10,000	\$10,000
<b>TOTAL FOR RENVILLE COUNTY</b>	\$1,116,500	\$1,047,000
<b>SLOPE COUNTY</b>		
<b>CITY OF MARMARTH</b>		
Ambulance vehicle and equipment	\$10,000	\$10,000
<b>TOTAL FOR CITY OF MARMARTH</b>	\$10,000	\$10,000
<b>TOTAL FOR SLOPE COUNTY</b>	\$10,000	\$10,000
<b>STARK COUNTY</b>		
<b>STARK COUNTY</b>		
Fairgrounds and park equipment	\$75,000	\$0
Repair county #10	\$200,000	\$200,000
Sheriff's vehicle, portable scales, overtime	\$45,000	\$45,000
Gravel and road resurfacing	\$50,000	\$50,000

# ND Association of Oil Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
TOTAL FOR STARK COUNTY	\$370,000	\$255,000
DICKINSON PSD #1		
Berg Elementary renovation	\$488,110	\$488,110
Jefferson Elementary renovation	\$1,476,890	\$1,476,890
Lincoln Elementary renovation	\$389,700	\$389,700
Roosevelt Elementary renovation	\$1,283,800	\$1,283,800
Heart River Elementary Renovation	\$55,400	\$55,400
Hagen Junior High Remodeling	\$78,400	\$78,400
Dickinson High School remodeling	\$172,700	\$172,700
TOTAL FOR DICKINSON PSD #1	\$3,955,000	\$3,955,000
CITY OF BELFIELD		
Fire Department building	\$40,000	\$40,000
Street repair	\$100,000	\$100,000
Theater Repair	\$5,000	\$0
Police radar equipment	\$5,000	\$5,000
Ambulance equipment	\$5,000	\$5,000
TOTAL FOR CITY OF BELFIELD	\$155,000	\$150,000
CITY OF DICKINSON		
State avenue repair	\$200,000	\$200,000
Reconstruct city street	\$2,000,000	\$0
Police utility vehicle	\$20,000	\$20,000
Police equipment	\$135,000	\$135,000
Upgrade patrol car	\$50,000	\$50,000
TOTAL FOR CITY OF DICKINSON	\$2,405,000	\$405,000
CITY OF GLADSTONE		
Replace outdated blade	\$25,000	\$25,000

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

PROJECT	COST	IMPACT
TOTAL FOR CITY OF GLADSTONE	\$25,000	\$25,000
CITY OF GLADSTONE		
Street repair	\$40,000	\$40,000
TOTAL FOR CITY OF GLADSTONE	\$40,000	\$40,000
TOTAL FOR STARK COUNTY	\$6,850,000	\$4,870,000
WILLIAMS COUNTY		
TIOGA PSD #15		
School renovation	\$28,000	\$28,000
TOTAL FOR TIOGA PSD #15	\$28,000	\$28,000
WILDROSE-ALAMO SCHO		
Bus replacement	\$40,000	\$40,000
TOTAL FOR WILDROSE-ALAMO SCH	\$40,000	\$40,000
CITY OF TIOGA		
Street repair	\$100,000	\$100,000
Building renovation on shop	\$20,000	\$0
Law enforcement equipment	\$20,000	\$20,000
Replace street sweeper	\$45,000	\$0
Lift station repairs	\$5,000	\$5,000
Fire hydrant replacement	\$15,000	\$15,000
TOTAL FOR CITY OF TIOGA	\$205,000	\$140,000
CITY OF WILLISTON		
Ladder truck	\$600,000	\$600,000
Roads and streets	\$11,565,000	\$0
Quick attack truck	\$80,000	\$80,000
Debt reduction	\$1,789,000	\$1,789,000

# ND Association of Oil Gas Producing Counties Needs Assessment List

PROJECT	COST	IMPACT
Breathing apparatus	\$54,000	\$54,000
Warning sirens	\$30,000	\$0
Water distrubion system	\$16,820,000	\$0
Water treatment plant	\$34,270,000	\$0
Sanitary sewer	\$4,360,000	\$0
Landfill	\$830,000	\$0
Cemetery	\$160,000	\$0
Street lighting	\$245,500	\$0
TOTAL FOR CITY OF WILLISTON	\$70,903,500	\$2,523,000
TOTAL FOR WILLIAMS COUNTY	\$71,176,500	\$2,731,000
GRAND TOTAL	\$90,110,752	\$15,378,000

SB 2013

**STATISTICAL INFORMATION**  
**SHOWING THE IMPACT**  
**OF THE OIL BOOM ON**  
**THE CITY OF WILLISTON**

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EFFECTIVE TAX RATES AND MILL LEVIES FOR WILLISTON						
YEAR	WILLISTON CITY MILLS	EFFECTIVE TAX RATE RESIDENTIAL	EFFECTIVE TAX RATE COMMERCIAL	TOTAL MILLS OF TAX DISTRICT #1	EFFECTIVE TAX RATE RESIDENTIAL	EFFECTIVE TAX RATE COMMERCIAL
1978	58.19	.26	.29	235.96	1.06	1.18
1979	65.12	.29	.33	257.37	1.16	1.29
1980	67.95	.31	.34	265.56	1.20	1.33
1981	91.38	.41	.46	272.62	1.23	1.36
1982	96.88	.44	.48	280.58	1.26	1.40
1983	128.12	.58	.64	319.39	1.44	1.60
1984	132.54	.60	.66	339.46	1.53	1.7
1985	136.45	.61	.68	350.75	1.56	1.75
1986	146.30	.66	.73	373.71	1.68	1.87
1987	178.50	.80	.89	448.61	2.02	2.24
1988	202.78	.91	1.01	500.38	2.25	2.50
1989	221.21	1.00	1.10	586.92	2.64	2.93
1990	206.96	.93	1.03	572.38	2.58	2.86
1991*	146.40	.66	.73	519.76	2.34	2.60



EFFECTIVE TAX RATES AND MILL LEVIES FOR WILLISTON						
YEAR	WILLISTON CITY MILLS	EFFECTIVE TAX RATE RESIDENTIAL	EFFECTIVE TAX RATE COMMERCIAL	TOTAL MILLS OF TAX DISTRICT #1	EFFECTIVE TAX RATE RESIDENTIAL	EFFECTIVE TAX RATE COMMERCIAL
1992 *	140.62	.63	.70	544.97	2.45	2.72
1993 *	140.62	.63	.70	575.90	** 2.59	2.88
1994 *	136.70	.62	.68	567.30	** 2.55	2.84
1995 *	129.27	.58	.65	546.51	2.46	2.73
1996 *	126.78	.57	.63	548.73	2.47	2.74
1997 *	118.07	.53	.59	524.06	2.36	2.62
1998 *	118.01	.53	.59	525.93	2.37	2.63
1999 *	122.29	.55	.61	527.42	2.37	2.64
2000 *	122.2	.55	.61	527.75	2.38	2.64

\* All numbers improved with local 1% sales tax reducing mill levy by some 60 mills.

\*\* It is interesting to note that the California tax revolt started with a tax rate of \$2.50 per \$100.00 value.

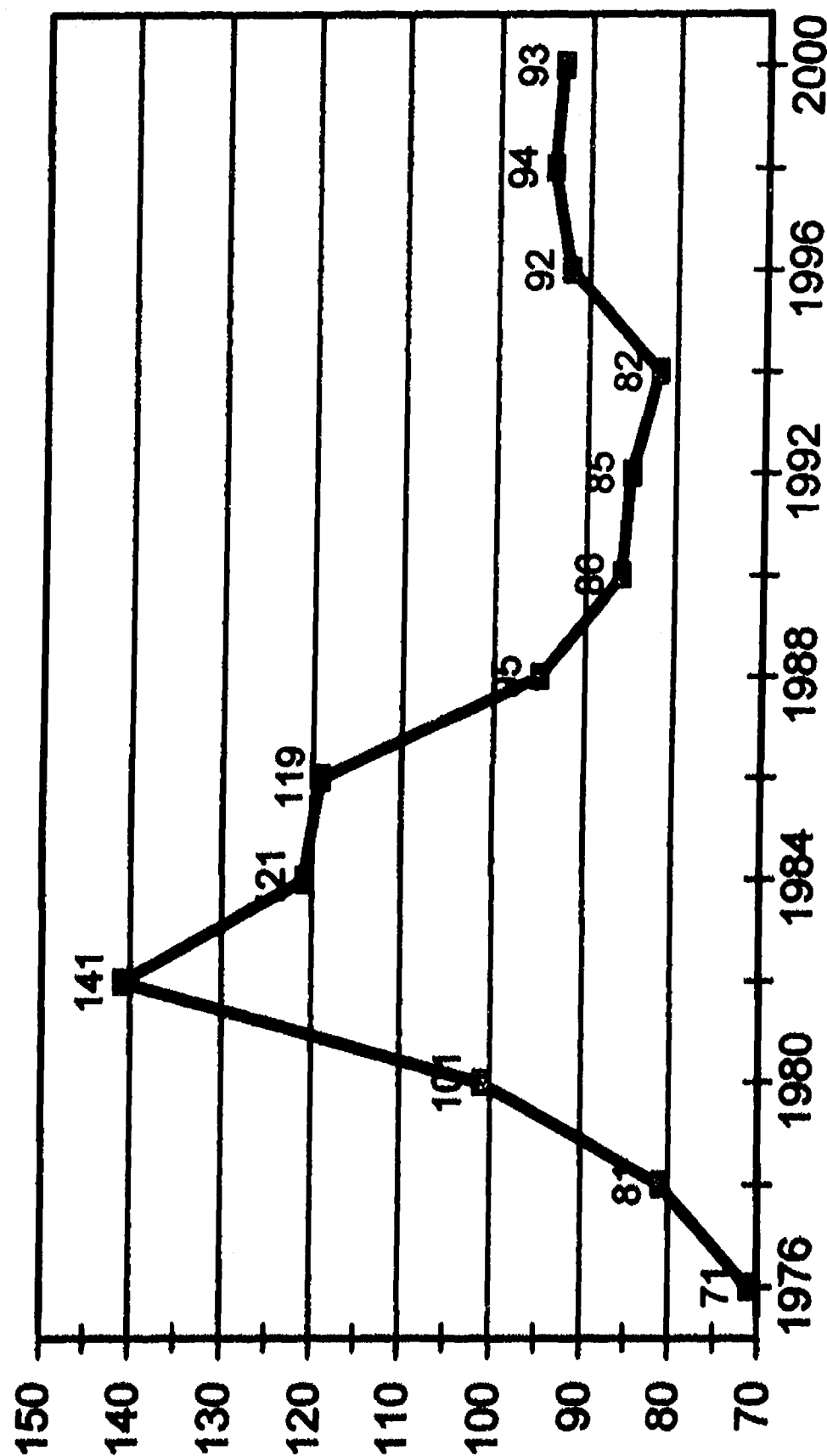
## CITY OF WILLISTON LEVY RECAP

COLLECTION YEAR	CITY SHARE OF LEVY	PERCENTAGE RELATED TO DEBT	TOTAL LEVY
1979	58.19	6.6%	235.96
1980	65.12	5.3%	257.37
1981	67.95	3.1%	265.56
1982	91.38	20.0%	272.62
1983	96.88	29.2%	280.58
1984	128.12	33.9%	319.39
1985	132.54	35.3%	339.46
1986	136.45	38.4%	350.75
1987	146.30	38.7%	373.71
1988	178.50	35.9%	448.61
1989	202.78	37.1%	500.38
1990	221.21	37.8%	586.92
1991	206.96	29.0%	572.38
1992	146.40	0%*	519.76
1993	140.62	0%*	544.97
1994	140.62	0%*	575.90
1995	136.70	0%*	567.30
1996	129.27	0%*	546.51
1997	126.78	0%*	548.73
1998	118.07	0%*	524.06
1999	118.01	0%*	525.93
2000	122.29	0%*	527.42

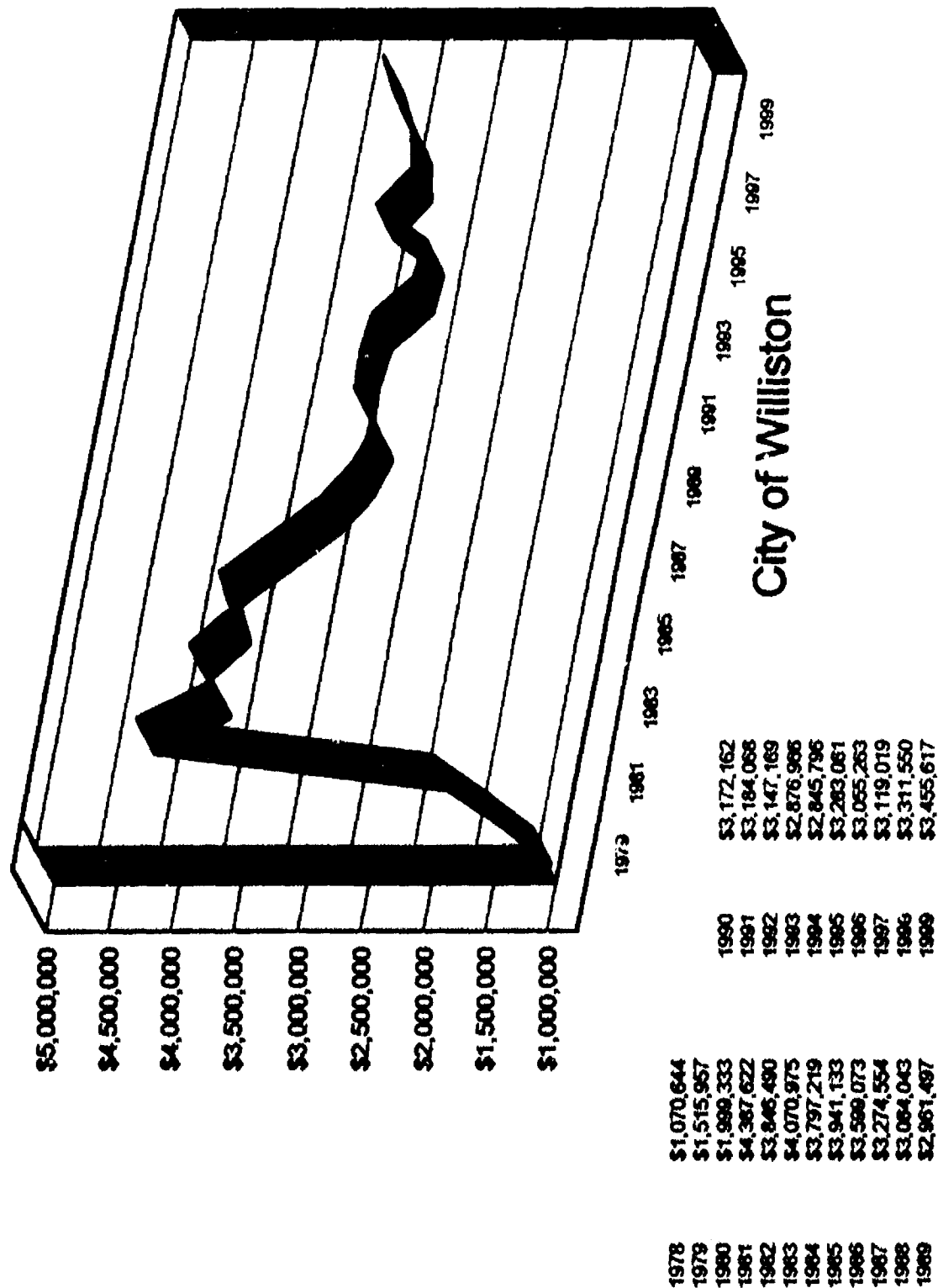
\* Debt portion of mill levy was eliminated when the local 1% sales tax went into effect. 75% of the sales tax, or approximately 60 mills, goes to property tax relief or the covering of our debt levies and infrastructure replacement.

# TOTAL EMPLOYEES BY YEAR

## CITY OF WILLISTON

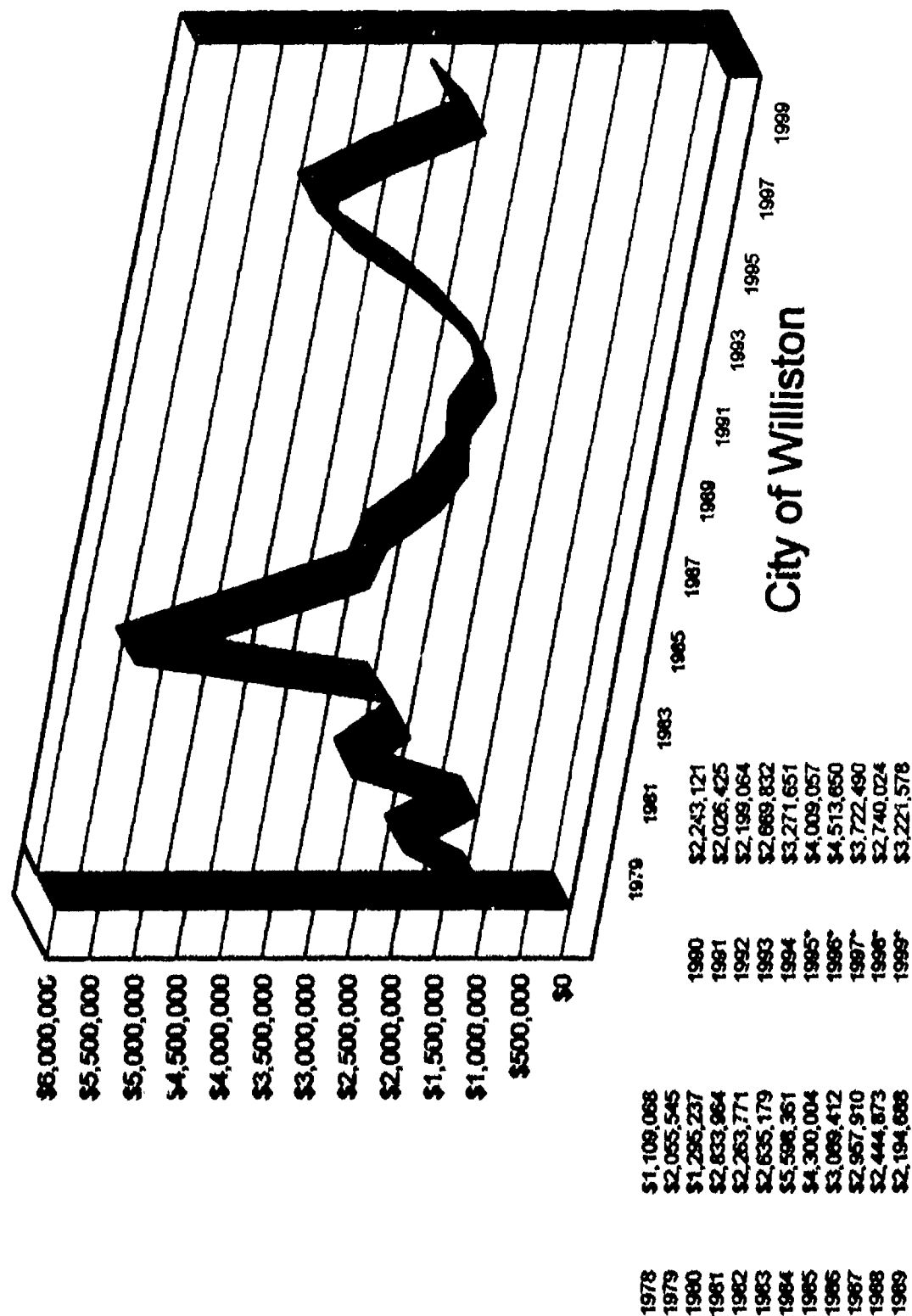


# GENERAL FUND EXPENDITURES 1978 - 1999



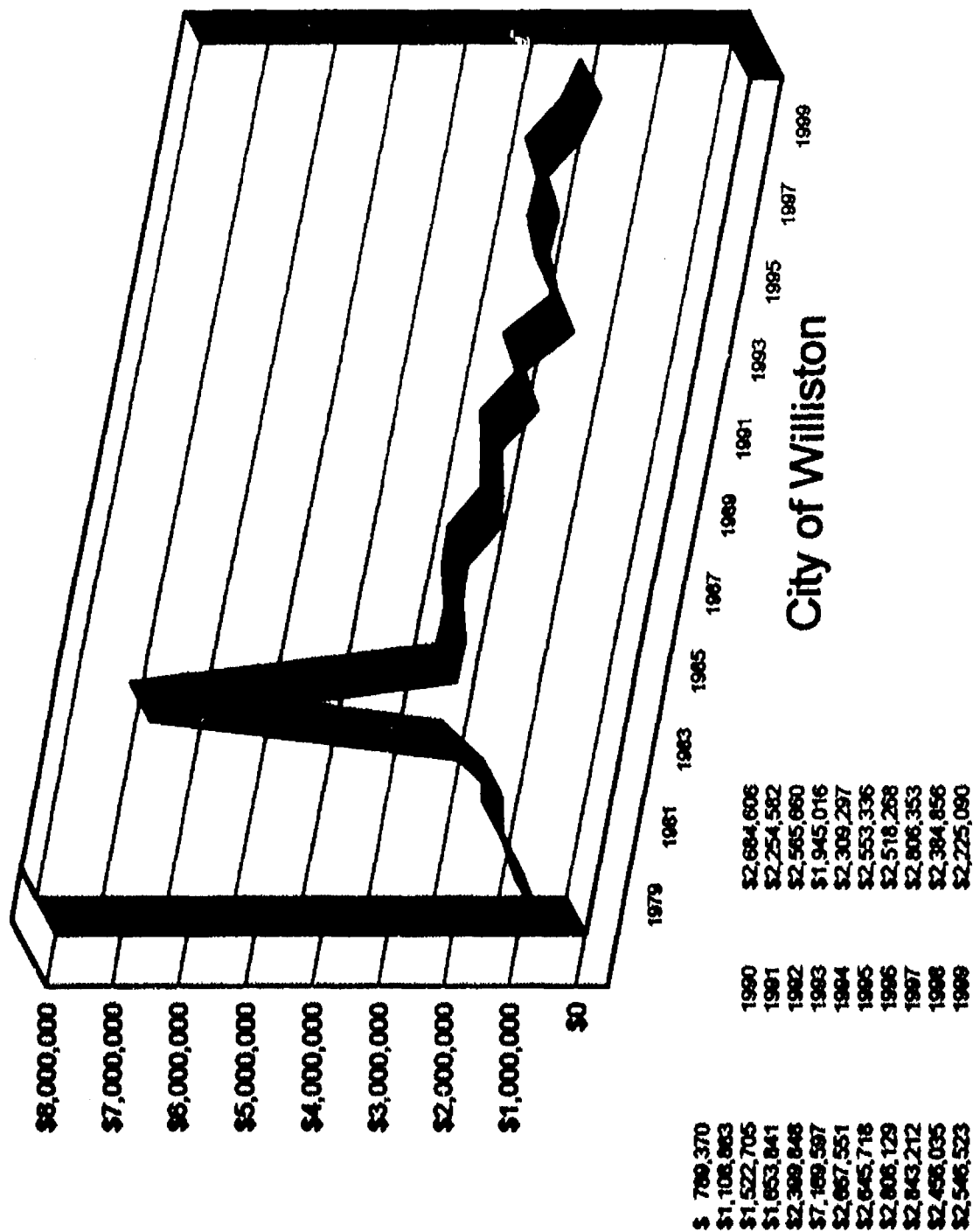
# SPECIAL REVENUE FUND EXPENDITURES

## 1978 - 1999



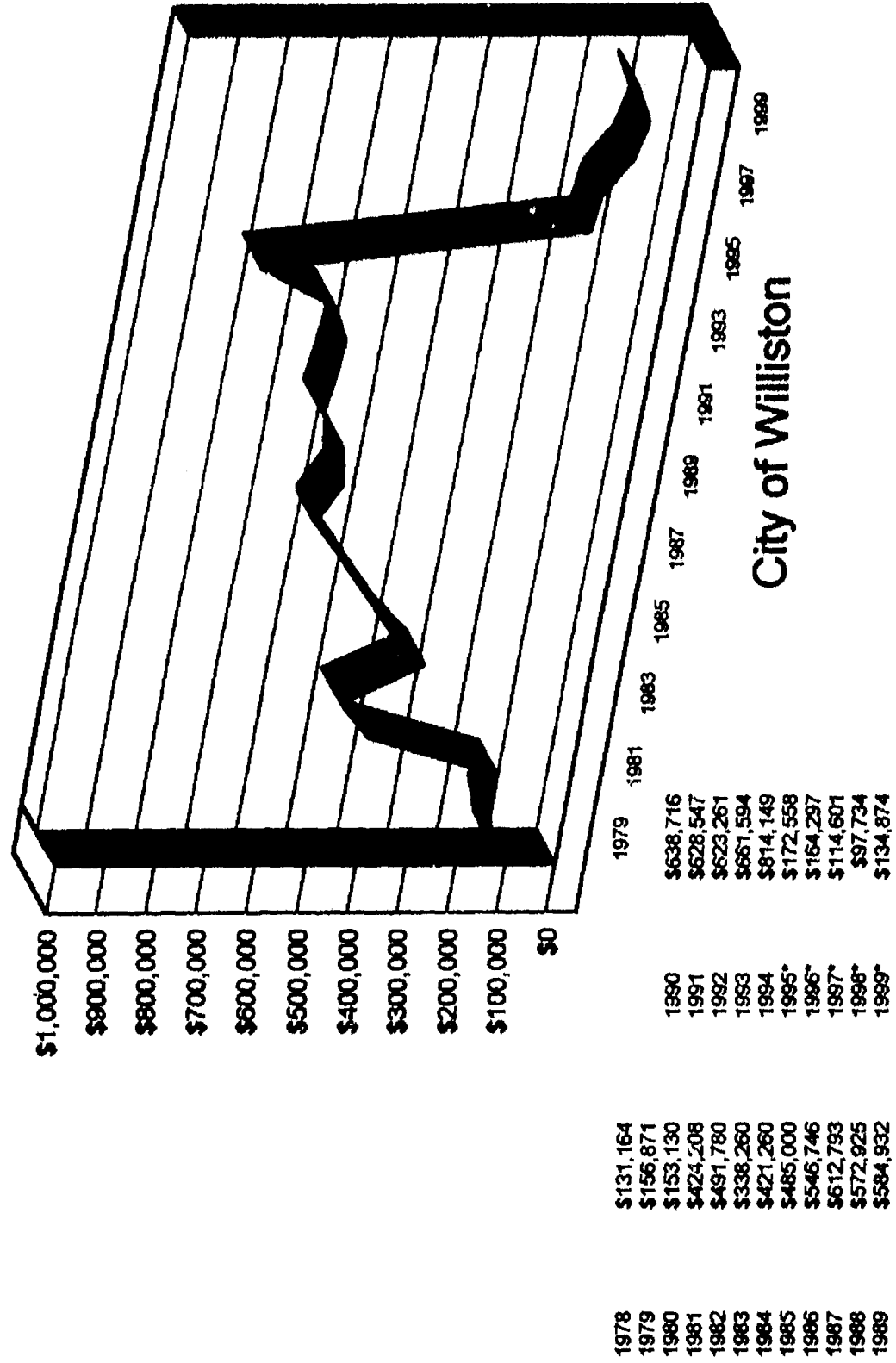
\* Reclassified which funds are Special Revenue versus Trust & Agency

# ENTERPRISE FUND EXPENDITURES 1978 - 1999



# TRUST & AGENCY FUND EXPENDITURES

## 1978 - 1999



\* Reclassified which funds are Trust & Agency versus Special Revenue

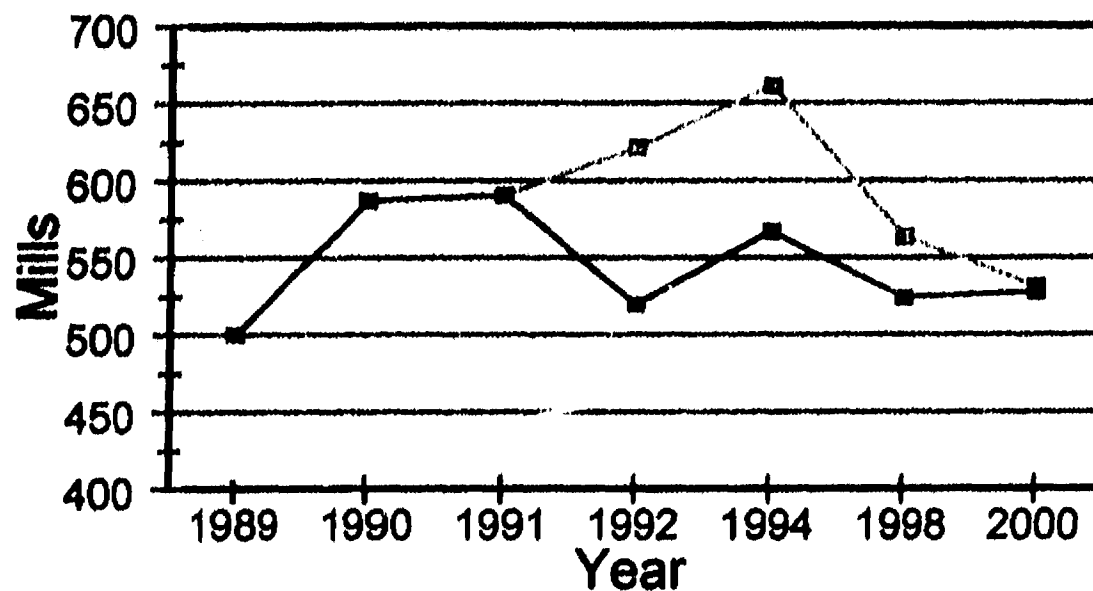
# **CITY OF WILLISTON CASH FLOW SCHEDULE** **2000-2013**

YEAR ASSESSMENTS	WATER/ MUNICIPAL HIGHWAY REVENUE	AIRPORT	TOTAL REVENUE	TOTAL DELIN- QUENCY	OTHER DELIN- QUENCIES	ANTICIPATED INCOME	REVISED PAYMENTS	ANNUAL SURPLUS	INTEREST AT 3%	CUMULATIVE BALANCE	REFRA- STRUCTURE PAYMENT
2000	145,020	80,000	246,975	5%	7,251	239,724	1,128,935	(889,211)	78,852	2,628,399	\$25,000
2001	94,333	80,000	196,029			196,029	996,273	(800,244)	54,541	1,818,940	\$25,000
2002	80,460	80,000	167,472			167,472	440,889	(273,417)	32,170	1,072,337	\$25,000
2003	73,622	80,000	160,375			160,375	328,186	(167,811)	24,933	831,000	\$25,000
2004	68,305	80,000	154,799			154,799	314,035	(159,236)	20,646	806,212	\$25,000
2005	58,109	80,000	144,344			144,344	299,770	(155,426)	16,489	548,822	\$25,000
2006	53,747	80,000	139,723			139,723	290,210	(150,487)	12,321	410,895	\$25,000
2007	48,216	80,000	133,933			133,933	65,929	68,004	8,176	272,519	\$25,000
2008	37,352		42,809			42,809	48,443	(5,634)	10,461	348,989	\$25,000
2009	36,308		40,506			40,506	46,270	(5,764)	10,606	353,526	\$25,000
2010	28,786		33,705			33,705	44,080	(10,375)	10,751	358,398	\$25,000
2011	27,080		31,740			31,740	46,758	(15,018)	10,762	358,744	\$25,000
2012	4,579		9,000			9,000	10,285	(1,265)	10,635	354,498	\$25,000
2013			4,162			4,162		4,162	10,916	363,858	\$25,000
	\$754,877	\$640,000	\$1,505,572		\$7,251	\$1,498,321	\$4,060,043		\$312,259		\$3,075,308

Includes 1991, 1993, 1995, 1996, and 1997b Refundings and Coal Severance (In the Assessments and Revised Payments)



## Mill Levy Comparison Between the Major Cities of North Dakota and the City of Williston with and without Sales Tax



--- WILLISTON WITHOUT SALES TAX, EIO GRANT

— WILLISTON WITH SALES TAX, EIO GRANT

AVERAGE OF ELEVEN MAJOR ND CITIES

The above graph takes the average mill levies of the remaining eleven largest cities and compares their total local property tax to Williston's. From 1989 to 1998, there is a significant gap between Williston and the other cities, but without sales tax and Energy Impact Grant relief, this gap will become even more severe.

Overall Ranking by Value	City	Value of Mill & Ranking *	Total Mills	Growth of Mill 1987-1989	City Mills & Ranking *	School Mills & Ranking *	County Mills & Ranking *	Port Mills & Ranking *	Other Mills & Ranking *
1	Williston	13,495 (9)	527.75 (1)	5.0%	122.20 (8)	247.84 (4)	117.58 (2)	37.76 (6)	2.37 (9)
2	Wahpeton	9,381 (10)	512.84 (2)	7.7%	120.87 (9)	229.84 (7)	117.50 (3)	36.83 (7)	7.60 (4)
3	Tioga	881 (14)	508.88 (3)	8.5%	135.31 (3)	182.84 (14)	117.58 (2)	70.34 (1)	2.71 (6)
4	Mandan	20,580 (6)	505.29 (4)	21.6%	116.23 (10)	211.94 (9)	127.64 (11)	43.67 (3)	5.81 (6)
5	Grand Forks	81,247 (3)	500.53 (5)	23.1%	128.93 (5)	237.14 (6)	94.64 (9)	35.62 (6)	4.20 (7)
6	Stanley	1,045 (13)	498.58 (6)	121.0%	144.50 (2)	208.96 (11)	115.58 (4)	28.51 (13)	.93 (11)
7	Valley City	6,845 (13)	495.30 (7)	11.6%	112.43 (12)	240.19 (5)	108.18 (7)	34.50 (9)	
8	Fargo	169,677 (1)	493.75 (8)	20.4%	60.31 (11)	327.40 (1)	66.37 (11)	32.67 (11)	7.00 (5)
9	Devils Lake	8,410 (11)	492.41 (9)	3.8%	113.33 (13)	219.77 (8)	109.36 (6)	49.95 (2)	
10	Gladstone	100 (16)	488.47 (10)	23.0%	145.05 (1)	210.26 (10)	106.70 (5)	9.26 (16)	17.20 (1)
11	Bismarck	98,161 (2)	486.94 (11)	16.4%	106.37 (14)	277.88 (2)	64.71 (12)	37.98 (5)	
12	Dickinson	18,466 (7)	484.86 (12)	17.4%	131.98 (4)	210.26 (10)	106.70 (5)	33.92 (10)	2.00 (10)
13	Jamestown	18,354 (8)	475.04 (13)	15.9%	129.20 (5)	201.65 (11)	102.38 (8)	41.81 (4)	
14	Grenora	148 (15)	452.32 (14)	(8.0%)	113.26 (11)	178.80 (15)	117.58 (2)	29.48 (12)	13.20 (2)
15	West Fargo	23,175 (5)	419.52 (15)	29.3%	67.71 (15)	249.02 (3)	66.37 (10)	26.72 (15)	9.70 (3)
16	Minot	60,790 (4)	409.95 (16)	15.2%	128.21 (7)	184.78 (13)	68.86 (10)	28.10 (14)	
Average			484.51		117.24	226.16	100.48	36.07	6.61

\* All ranking from highest to lowest in category.

PROPERTIES TURNED BACK FOR TAXES - PURCHASED BY CITY OF WILLISTON			
1986	83 Parcels	Consolidated	97,533.76
		Specials	165,080.28
		Penalty & Interest	66,782.54
		TOTAL	329,396.58
1987	256 Parcels	Consolidated	100,253.90
		Specials	451,221.79
		Penalty & Interest	110,916.55
		TOTAL	662,392.24
1988	315 Parcels	Consolidated	378,908.24
		Specials	2,329,783.75
		Penalty & Interest	554,506.71
		TOTAL	3,263,198.70
1989	83 Parcels	Consolidated	138,540.30
		Specials	493,164.57
		Penalty & Interest	212,006.44
		TOTAL	843,711.31
1990	57 Parcels	Consolidated	59,348.86
		Specials	291,807.9,1
		Penalty & Interest	116,669.61
		TOTAL	467,826.37
1991	94 Parcels	Consolidated	106,616.96
		Specials	355,605.91
		Penalty & Interest	138,813.30
		TOTAL	601,036.17
1992	66 Parcels	Consolidated	62,231.08
		Specials	290,286.28
		Penalty & Interest	120,063.86
		TOTAL	472,581.22

PROPERTIES TURNED BACK FOR TAXES - PURCHASED BY CITY OF WILLISTON			
1993	13 Parcels	Consolidated	18,880.91
		Specials	60,139.92
		Penalty & Interest	23,844.05
		TOTAL	102,864.88
1994	6 Parcels	Consolidated	13,051.77
		Specials	16,742.58
		Penalty & Interest	7,821.10
		TOTAL	37,615.45
1995	1 Parcels	Consolidated	5.47
		Specials	735.83
		Penalty & Interest	258.81
		Miscellaneous	11.16
		TOTAL	1,011.27
1996	0 Parcels		
1997	0 Parcels		
1998	1 Parcel	Consolidated	710.41
		Specials	9,418.96
		Penalty & Interest	3,465.34
		Miscellaneous	10.31
		TOTAL	13,605.02
1999	2 Parcels	Consolidated	2,507.09
		Specials	5,347.34
		Penalty & Interest	2,460.36
		Miscellaneous	20.62
		TOTAL	10,335.41
2000	1 Parcel	Consolidated	1,031.61
		Specials	708.53
		Penalty & Interest	332.91
		Miscellaneous	9.54
		TOTAL	2,082.59
GRAND TOTALS 1986 - 2000	978 Parcels	Consolidated	979,620.36
		Specials	4,470,043.64
		Penalty & Interest	1,357,941.58
		Miscellaneous	51.63
		TOTAL	\$6,807,657.21

# CAPITAL IMPROVEMENT NEEDS WILLISTON, NORTH DAKOTA PROJECT SUMMARY

February 9, 2000

## WATER DISTRIBUTION

PROJECT LOCATION/DESCRIPTION	COST ESTIMATE	REMARKS
System Connection (16 <sup>th</sup> Ave W)	\$200,000	Approx. 1,800' - 18"
System Connection (4 <sup>th</sup> Ave W)	225,000	Approx. 1,800' - 12"
System Connection (Basin Industrial Park)	110,000	Approx. 1,000' - 18"
Water Line Replacement 1 <sup>st</sup> Ave E (14 <sup>th</sup> - 16 <sup>th</sup> )	150,000	Bad 6" cast iron pipe
Water Line Replacement 2 <sup>nd</sup> Ave W (11 <sup>th</sup> - 25 <sup>th</sup> )	490,000	Federal Aid Street Project, bad 6" & 8" cast iron pipe
Water Line Replacement 2 <sup>nd</sup> Ave E (14 <sup>th</sup> - 16 <sup>th</sup> )	150,000	Bad 6" cast iron pipe
Water Line Replacement 5 <sup>th</sup> Ave W (11 <sup>th</sup> - Highland)	70,000	Bad 6" cast iron pipe
Water Line Replacement 12 <sup>th</sup> St W (6 <sup>th</sup> - 8 <sup>th</sup> )	70,000	Bad 6" cast iron pipe
Water Line Replacement 8 <sup>th</sup> Ave W (12 <sup>th</sup> - 13 <sup>th</sup> )	35,000	Bad 6" cast iron pipe
Water Line Relocation Alley to 4 <sup>th</sup> St (3 <sup>rd</sup> - 6 <sup>th</sup> Ave)	135,000	12" cast iron in alley with all utilities, numerous problems if it breaks
Water Line Replacement 4" Cast Iron Pipe (117 blks)	4,095,000	Low pressure & rusty water
Water Line Replacement 6" Cast Iron Pipe (204 blks)	7,140,000	Low pressure & rusty water
Meter & Remote Replacement	450,000	5,500 meters
Water Transmission Line Alternate	3,500,000	Existing line only source of water

## WATER TREATMENT PLANT

PROJECT LOCATION/DESCRIPTION	COST ESTIMATE	REMARKS
Upgrade Water Treatment Plant	\$34,270,000	Estimate based on WTP Master Study

## ROADS & STREETS

PROJECT LOCATION/DESCRIPTION	COST ESTIMATE	REMARKS
16 <sup>TH</sup> Ave W (9 <sup>th</sup> Ave NW - 26 <sup>th</sup> )	\$4,000,000	Storm sewer \$2.5M, street lights, curb & gutter section
4 <sup>th</sup> Ave W (11 <sup>th</sup> St - 14 <sup>th</sup> )	255,000	Subgrade replacement
9 <sup>th</sup> Ave NW (11 <sup>th</sup> St - 10 <sup>th</sup> Ave)	350,000	Subgrade replacement
Davidson Dr (11 <sup>th</sup> St - 9 <sup>th</sup> Ave NW)	255,000	Subgrade replacement, doesn't include library parking
Highland Dr (2 <sup>nd</sup> - 6 <sup>th</sup> Ave W)	340,000	Subgrade replacement
Foster Trailer Court, 6 <sup>th</sup> Ave W (19 <sup>th</sup> - 9 <sup>th</sup> Ave)	340,000	Subgrade replacement
12 <sup>th</sup> Ave E (Broadway - R/R tracks)	340,000	Widen w/curb & gutter road, south of R/R not included
Million Dollar Way (11 <sup>th</sup> - 26 <sup>th</sup> )	360,000	Program Fed. Aid, 10% local cost
Glacier Park Industrial Park (Ave R & S)	375,000	Storm sewer included
Handicap Ramps	400,000	ADA requirement for all city
Seal Coats	175,000/yr	Seal coat street & alley every 10 years
Concrete Alley Replacement (downtown)	35,000/blk	
Credit Union Frontage Road & 18 <sup>th</sup> St	215,000	Subgrade replacement
6 <sup>th</sup> Ave W (2 <sup>nd</sup> - 11 <sup>th</sup> )	100,000	Mill & overlay, possible Fed Aid project
9 <sup>th</sup> Ave W & Park St	255,000	Subgrade replacement
E Highland Dr (Ask Housing & E Bypass)	150,000	Include water & sewer extension
19 <sup>th</sup> St W (2 <sup>nd</sup> - 4 <sup>th</sup> )	170,000	Subgrade replacement
6 <sup>th</sup> Ave W (1 <sup>st</sup> - 2 <sup>nd</sup> )	60,000	Possible grade stabilize needed
23 <sup>rd</sup> St W (18 <sup>th</sup> - 19 <sup>th</sup> )	140,000	Platted street completion w/water/sewer
25 <sup>th</sup> St W (17 <sup>th</sup> - 19 <sup>th</sup> )	240,000	Platted street completion w/water/sewer
19 <sup>th</sup> Ave W (22½ - 26 <sup>th</sup> )	310,000	Platted street completion w/water/sewer
Sand Creek Dr (16 <sup>th</sup> - 17 <sup>th</sup> Ct)	190,000	Platted street completion w/water/sewer
16 <sup>th</sup> Court W (Sand Creek - 22 <sup>nd</sup> )	95,000	Platted street completion w/water/sewer

Capital Improvement Needs  
Williston, North Dakota

**ROADS & STREETS (continued)**

PROJECT LOCATION/DESCRIPTION	COST ESTIMATE	REMARKS
19 <sup>th</sup> Ave W (15 <sup>th</sup> - Bison Dr)	135,000	Platted street completion
20 <sup>th</sup> Ave W (14 <sup>th</sup> - Bison Dr)	155,000	Platted street completion
21 <sup>st</sup> Ave W (14 <sup>th</sup> - Bison Dr)	325,000	Platted Street completion w/water/sewer
22 <sup>nd</sup> Ave W (14 <sup>th</sup> - Bison Dr)	285,000	Platted Street completion w/water/sewer
16 <sup>th</sup> St W (10 <sup>th</sup> - 22 <sup>nd</sup> )	310,000	Platted Street completion w/water/sewer
24 <sup>th</sup> St W (9 <sup>th</sup> - 12½)	255,000	Platted Street completion w/water/sewer
11 <sup>th</sup> Ave W (Knoll - 26 <sup>th</sup> )	380,000	Platted Street completion w/water/sewer
12 <sup>th</sup> Ave W (22½ - 26 <sup>th</sup> )	325,000	Platted Street completion w/water/sewer
Fox Glen Temporary Street	105,000	Mill & overlay, temporary street surfacing
<i>Nothing included for curb, gutter, sidewalks, trees and asphalt street overlays, which are needed throughout the city.</i>		

**STORM SEWER/DRAINAGE**

PROJECT LOCATION/DESCRIPTION	COST ESTIMATE	REMARKS
Storm Water Detention 26 <sup>th</sup> St/Airport	\$100,000	Remove flood hazard for 26 <sup>th</sup> Street residents
Airport/Interstate Drain Improvement Study	20,000	Study to determine what improvements would reduce flood hazard
16 <sup>th</sup> Ave Drainage Ditch	2,500,000	Considered in street section too

**LANDFILL**

PROJECT LOCATION/DESCRIPTION	COST ESTIMATE	REMARKS
New Landfill	\$800,000	Develop remaining cells
OWL Site Monitoring	15,000/yr	5 yr plan with Corps of Engineers
Old Landfill west of town	100,000	Surface water control

Capital Improvement Needs  
Williston, North Dakota

**CEMETERY**

PROJECT LOCATION/DESCRIPTION	COST ESTIMATE	REMARKS
Riverview - Irrigate Now Site	\$15,000	G.M. Thomas
Hillside - Irrigation	15,000	Above ground now
Riverview - Fence	30,000	Front on 9 <sup>th</sup> Ave W
Riverview - Asphalt Overlay	100,000	12,000' @ 15' wide

**TOTAL CAPITAL IMPROVEMENT NEEDS:                \$70,245,500**



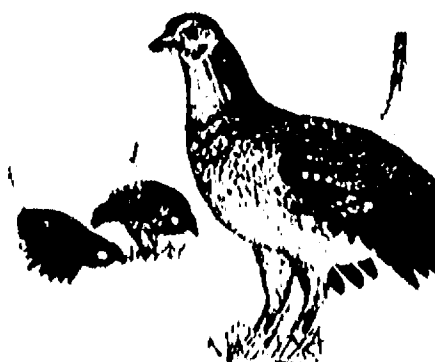
SB 2013  
2-28-01



*North Dakota Chapter*

**THE WILDLIFE SOCIETY**

P.O. BOX 1442 • BISMARCK, ND 58502



**TESTIMONY OF BILL PFEIFER  
NORTH DAKOTA CHAPTER OF THE WILDLIFE SOCIETY  
PRESENTED TO THE HOUSE APPROPRIATIONS COMMITTEE  
ON SB 2013, FEBRUARY 28, 2001**

**MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:**

I'm Bill Pfeifer speaking on behalf of the North Dakota Chapter of The Wildlife Society, a natural resource organization with a membership of about 300 professional wildlife and land managers, educators, and scientists.

The Wildlife Society opposes the amendment portion of SB 2013 as stated on page 1, line 23, Section 4. Legislative intent - sale of certain trust lands, and all thereafter.

The listed tracts for sale are not the small, scattered parcels that the Senate Appropriations Committee was lead to believe. The tracts vary from a few acres to 640 acres, which were broken down into 160 acre tracts.

Proposed school land sales have generated considerable debate over the past three decades. Previously proposed sales resulted in evaluations by the North Dakota Game and Fish Department in 1970, and moratoriums in the 1970s and 1980s. In 1999, the State Land Department conducted eight meetings seeking public input concerning the same list of tracts as referred to in the amendment of SB 2013. The public's concern has since heightened when it learned that only 660,000 acres (21%) of the original 3.2 million acre land grant remains. Today, we are at this crossroad again.

In the past, the sale of state school lands has been based on monetary values. More recently, however, the public is demanding that aesthetic, historic, recreation,

1

and other values be included when managing state school lands. We expect these public values to grow in importance as the economy and population of North Dakota becomes increasingly urbanized.

Rather than sell these state school lands, why not retain the lands but use innovative ideas to generate positive revenue while at the same time retain the property for the reasons just stated.

It's ironic that SB 2353 would allow handicapped persons to shoot from a motorized vehicle on state school lands while at the same time SB 2013 calls for the sale of these same lands.

Following the public meetings, The Wildlife Society began a field review to evaluate the listed 183 tracts. The review process was to evaluate each tract, determine the aesthetic values, develop innovative methods of generating increased revenue, and make recommendations for the best use of these lands.

One hundred-fifty of the 183 tracts received field inspections due to time constraints of the comment period. Results of the review are appended in the three attached tables. Table (1) tracts that should be retained in public ownership; (2) tracts that require further study; and (3) tracts that provide limited public values and therefore could be sold.

The Wildlife Society believes that maintaining a diverse land base in public ownership will benefit North Dakotans for generations to come. The public's desire to retain school lands for public use reflects North Dakotans' changing views toward keeping public lands public. Land values must now also include the very important aesthetic values. Most of the public attendees at the eight public meetings indicated their desire to retain the lands as did 87 percent of those providing written comments.

The listed tracts producing zero or less revenue provide habitat for the threatened piping plover, moose, elk, bighorn sheep, falcons, golden eagles, breeding waterfowl, shorebirds, and songbirds, and other wildlife.

Many tracts have high quality historic, recreational, and aesthetic values. Many are located adjacent to natural resource agencies including the State Historic

Society, North Dakota Game and Fish Department, National Park Service, Bureau of Land Management, US Forest Service, and the US Fish and Wildlife Service. Tract #16 is adjacent to Fort Clark Historic Site and should be used for interpretation. Tract #120 borders the Knife River Indian Village National Historic Site. These tracts should be sold to these agencies or exchanged for other usable tracts.

The Wildlife Society strongly recommends that the State Land Department work closely with these agencies and the University of North Dakota and the North Dakota Parks and Recreation Department to evaluate changes, sales, cooperative management agreements, and other options. Through a cooperative process, the State Land Department may reduce or eliminate its management responsibilities and costs while protecting the ecological integrity and public values of these tracts.

Revenue raising options include developing cooperative management, exchange or sales to other managing agencies, selling grassland or wetland easements, nontraditional sources of income such as the recreational pass system that has been successfully implemented in Montana, and critically evaluating the minimum bid system currently used for leasing school lands.

The State Land Department indicated that leafy spurge was a reason for a low price bid. A visit with the state noxious weed specialist and state entomologist indicates that there are management techniques which do control leafy spurge to an acceptable level in most cases. It is also recommended the State Land Department work closely with the county weed boards to ensure the herbicides are applied at the correct rate, time, and location within the infected area.

The State Land Department has stated that the listed tracts are not profitable. Instead of looking for ways to increase revenue and make these lands profitable, the State Land Department has focused its attention on only one option, the potential sale of these tracts.

These public lands provide areas for hunting recreation. Access to private land is becoming a greater problem. Thousands of nonresidents who each spend

about \$700 per trip to North Dakota raise the rural economy which results in tax payments.

Lack of public access has been the focus of several recreation Bills during this session. These lands will provide public access.

The State Land Board has indicated it does not support the addition of this amendment to SB 2013.

If SB 2013 passes in its present form, including the amendment to sell state school land, it will be another blow to the public who enjoys having access to public lands for purposes of hunting, hiking, camping, birdwatching, and other interests. It will also dispose of some very unique lands having high historic and aesthetic values.

In summary, these school lands can be retained while at the same time, through management changes, can generate a positive revenue. Lets keep these public school lands public so the unique aesthetic values will be enjoyed by future generations.

You, the committee, can resolve this issue by removing the amendment portion of SB 2013. We trust you will do so. Thank you.

TABLE 1. TRACTS RECOMMENDED TO BE RETAINED IN PUBLIC OWNERSHIP

TRACT NUMBER	COUNTY	PRIMARY VALUES
1	Barnes	Wetland values
2	Benson	Wetland and prairie values
4	Benson	Lake bed
5	Benson	Lake bed
6	Benson	Lake bed
7	Benson	Lake bed
8	Benson	Lake bed
9	Benson	Lake bed
10	Benson	Lake bed
11	Benson	Lake bed
12	Benson	Lake bed
13	Benson	Lake bed
14	Benson	Lake bed
15	Benson	Lake bed
16	Benson	Lake bed
17	Benson	Lake bed
18	Benson	Lake bed
19	Benson	Lake bed
20	Benson	Lake bed
21	Benson	Lake bed
22	Benson	Wetland and prairie values
23	Benson	Wetland values
24	Billings	Western mixed grass prairie values
25	Billings	Badlands values, bighorn sheep
26	Billings	Badlands values, bighorn sheep
27	Bottineau	Forest values
28	Bowman	Western mixed grass prairie values
29	Bowman	Western mixed grass prairie values
30	Bowman	Western mixed grass prairie values
31	Bowman	Western mixed grass prairie values
32	Burke	Wetland and prairie values
33	Burke	Wetland and prairie values
34	Burke	Wetland and prairie values
35	Burke	Wetland and prairie values
36	Burke	Wetland and prairie values
37	Burke	Wetland and prairie values
38	Burke	Wetland and prairie values
39	Burke	Wetland and prairie values
40	Burke	Wetland and prairie values
48	Burke	Wetland and prairie values
49	Burleigh	Lake bed
50	Burleigh	Lake bed
51	Burleigh	Lake bed
52	Burleigh	Lake bed
53	Burleigh	Lake bed
54	Burleigh	Lake bed

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AVAILABLE**

TRACT NUMBER	COUNTY	PRIMARY VALUES
55	Burleigh	Lake bed
56	Cass	Wetland values
57	Cavalier	Forest values
58	Cavalier	Forest values
59	Cavalier	Forest values
60	Divide	Wetland values
61	Divide	Wetland and prairie values
63	Divide	Inholding within USFWS land
64	Divide	Inholding within USFWS land
70	Eddy	Prairie values
71	Eddy	Wetland and prairie values
72	Eddy	River access
73	Eddy	Prairie values
74	Eddy	Prairie values
75	Emmons	Wetland and prairie values
76	Foster	Wetland and prairie values
77	Grand Forks	Tallgrass prairie
78	Grand Forks	Tallgrass prairie
79	Grand Forks	Tallgrass prairie
80	Grand Forks	Tallgrass prairie
98	Griggs	River access
99	Griggs	Wetland values
100	La Moure	Tallgrass prairie
101	La Moure	Tallgrass prairie
104	McHenry	Aspen parkland and sand prairie
105	McHenry	Aspen parkland and sand prairie
106	McHenry	Aspen parkland and sand prairie
107	McHenry	Aspen parkland and sand prairie
108	McKenzie	Badlands
109	McKenzie	Badlands
110	McKenzie	Badlands
112	McLean	Prairie values
113	McLean	Prairie values
114	McLean	Prairie values
115	McLean	Prairie values
116	Mercer	River access, Historic site
120	Mercer	River access
130	Nelson	Prairie values
131	Nelson	Wetland values
132	Nelson	Wetland values
133	Nelson	Wetland values
134	Nelson	Wetland values
136	Nelson	Wetland values
137	Oliver	River bed
138	Oliver	River bed
140	Pierce	Wetland and prairie values
141	Pierce	Wetland values
142	Pierce	Wetland values
144	Ramsey	Wetland values

**BEST COPY  
AVAILABLE**

TRACT NUMBER	COUNTY	PRIMARY VALUES
145	Ramsey	Wetland values
146	Ramsey	Wetland values
147	Ramsey	Wetland values
148	Ramsey	Wetland values
149	Richland	Wetland values
150	Rolette	Forest values
151	Rolette	Forest values
152	Rolette	Forest values
153	Rolette	Forest values
154	Rolette	Forest values
155	Rolette	Forest values
156	Rolette	Forest values
157	Rolette	Forest values
158	Sheridan	Lake bed
159	Sheridan	Lake bed
160	Sheridan	Lake bed
163	Slope	Badlands
164	Slope	Badlands
165	Slope	Badlands
166	Stark	River access
167	Stark	River access
168	Stark	River access
170	Towner	Wetland and prairie values
171	Towner	Wetland values
172	Towner	Wetland values
173	Towner	Wetland values
174	Towner	Wetland values
175	Towner	Wetland values
179	Ward	River access
180	Ward	Prairie values
181	Ward	River access
182	Williams	Western mixed grass prairie
183	Williams	Western mixed grass prairie

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AVAILABLE**

TABLE 2. TRACTS REQUIRING FURTHER STUDY

TRACT NUMBER	COUNTY
3	Benson
65	Divide
66	Dunn
67	Dunn
68	Dunn
69	Dunn
81	Grant
82	Grant
83	Grant
84	Grant
85	Golden Valley
86	Golden Valley
87	Golden Valley
88	Golden Valley
89	Golden Valley
90	Golden Valley
91	Golden Valley
92	Golden Valley
93	Golden Valley
94	Golden Valley
95	Golden Valley
96	Golden Valley
97	Golden Valley
103	McHenry
121	Morton
126	Morton
127	Morton
128	Mountrail
129	Mountrail
161	Sioux
162	Sioux
169	Stutsman
177	Walsh



TABLE 3. TRACTS WITH LIMITED PUBLIC VALUES THAT COULD BE SOLD

TRACT NUMBER	COUNTY
41	Burke
42	Burke
43	Burke
44	Burke
45	Burke
46	Burke
47	Burke
62	Divide
102	Logan
111	McLean
117	Mercer
118	Mercer
119	Mercer
135	Nelson
139	Pierce
143	Ramsey
177	Walsh
178	Ward



*North Dakota Chapter*

## THE WILDLIFE SOCIETY

P.O. BOX 1442 • BISMARCK, ND 58502



September 30, 1999

Mr. Robert J. Olheiser, Commissioner  
North Dakota State Land Department  
P.O. Box 5523  
Bismarck, North Dakota 58506-5523

Dear Mr. Olheiser:

The North Dakota Chapter of The Wildlife Society (Chapter) has taken an active role on issues affecting the management of North Dakota's public land since our organization was formed in 1963. I am submitting the results of the Chapter's efforts to field review the 183 state school land tracts that are currently yielding a net cash return of zero percent or less.

Congress provided the State of North Dakota 3.2 million acres of Enabling Act land grants to support primary and secondary education, the state capitol, and other public institutions. Since the time of statehood, approximately 77.7 percent of the land grants have been sold, leaving about 714,000 acres under state management. The remaining network of land is of great economic value to the people of North Dakota, producing approximately \$3.8 million in revenue each year. In addition, state school lands provide other important benefits for North Dakotans including historic, recreational, educational, and fish and wildlife habitat values. We expect these public values to grow in importance as the economy and population of North Dakota becomes increasingly urbanized.

Issues concerning the potential sale of state school lands have generated considerable debate over the past three decades, which resulted in a moratorium on the sale of state land being implemented in the 1970's and 1980's. We believe this debate, in part, reflects North Dakotans' changing views towards public lands. Today, we are at this crossroad once again. Many of the issues are identical to when this subject was debated during the previous decades and most recently in 1996. However, the real question is not what has happened in the past, but what is our vision for the future and what policies and programs will best serve the needs of North Dakotans as we move into the 21st century. The North Dakota Chapter of The Wildlife Society believes that maintaining a diverse land base in public ownership will benefit North Dakotans for generations to come.

The primary focus of our review has been to visit as many of the 183 listed tracts as possible. A volunteer team of 27 Chapter members completed reviews of 150 tracts. Due to the time constraints of the comment period and the confusion which resulted from an extension to the comment period that was granted in June and rescinded one month later, we were not able to complete field inspections in all counties. Thus, the omission of specific tracts from our review should not be construed as an indication of value.

The field inspections completed by members of the Chapter were standardized to some degree, through the use of a field inspection form that we submitted to your office for review and comment last May. Chapter members evaluated vegetation types, wildlife, wildlife habitat values, threatened and endangered species, noxious weeds, and other features. Secondly, our members commented on the aesthetic, historical, and recreational values of the listed tracts. Based on this information, we ranked the overall ecological value of each site.

These tracts represent an excellent diversity of habitat types and landscapes, ranging from rare tallgrass prairie, a diverse mixture of prairie wetland landscapes, barren alkali lakes, Missouri River floodplain forest, densely forested tracts in the Turtle Mountains, mixed grass prairie, and spectacular examples of North Dakota's Badlands.

In addition to submitting a copy of our data sheets and recommendations for each tract that was surveyed to the State Land Department, we are appending three tables that summarize the Chapter's recommendations. These tables organize our recommendations into three categories: (1) tracts that should be retained in public ownership; (2) tracts that require further study; and (3) tracts that provide limited public values and therefore could be sold. As requested, we are also forwarding information concerning potential alternatives to increase revenues on these tracts, including recommendations concerning leafy spurge infestation problems.

The state school land tracts that are listed as returning a net profit of zero percent or less provide habitat for an incredible variety of species. Some of these species are of high public value, while others are listed as threatened or rare. Examples of the species associated with these tracts include the piping plover, a Federally listed threatened species, that nests on unvegetated sandbars in the Missouri River and along the shores of alkali wetlands; moose, elk, and ruffed grouse on the forested tracts in Bottineau and Rolette Counties; bighorn sheep, mule deer, burrowing owls, prairie falcons, and golden eagles on the badlands tracts in western North Dakota; and diverse populations of breeding waterfowl, shorebirds, and songbirds on the

grassland and wetland tracts scattered throughout the Missouri coteau and drift plain regions. The attached site specific data sheets provide additional information concerning wildlife habitat and recreational values provided by these tracts.

Many tracts also provide high quality recreational opportunities. Tracts located adjacent to the Missouri, Sheyenne, and Heart Rivers have the potential to be used as recreational sites for canoeists and boaters. Tract No. 116 is located adjacent to the Fort Clark Historic Site and perhaps should be preserved and used for interpretation to complement efforts that are underway to prepare for the Lewis and Clark Expedition Bicentennial. Along similar lines, Tract No. 120 borders the Knife River Indian Villages National Historic Site. Many other sites provide hiking, bird watching, hunting, camping, and educational opportunities.

The Chapter's review indicates that a number of the 183 tracts are adjacent to lands that are managed by other natural resource agencies including the State Historical Society, North Dakota Game and Fish Department, National Park Service, Bureau of Land Management, U.S. Forest Service, and the Fish and Wildlife Service. We strongly recommend that the State Land Department work closely with these agencies and the University of North Dakota and North Dakota Parks and Recreation Department to evaluate exchange, sales, cooperative management agreements, and other options. Through a cooperative process, the State Land Department may reduce or eliminate its management responsibilities and costs, while protecting the ecological integrity and public values of these tracts.

The Chapter appreciates the State Land Board's fiduciary responsibilities for public schools. Many members of the Chapter have directly benefitted from North Dakota's excellent educational system. We also have children in schools throughout the state. While we understand the Board's important fiduciary role, the Chapter believes that the State Land Department has placed too much emphasis on the tract by tract review process which may lead to the sale of state school land. Equal emphasis should be placed on evaluating alternatives and implementing practical measures to increase revenues on tracts that are not currently profitable.

In 1996, the Chapter forwarded a list of options to increase state school land revenues. This list included, developing cooperative management, exchange, or sales agreements with other state and federal agencies or land managing organizations; selling grassland and wetland easements on qualifying tracts; evaluating nontraditional sources of income such as the recreational pass system that has been successfully implemented in Montana; and critically

evaluating the minimum bid system currently used for leasing state school lands. Our 1996 review indicated that a number of tracts were being leased for less than \$1.00 per acre, far below the local market rate. The Chapter also recommends that the State Land Department evaluate full sections as one unit rather than evaluating the net cash return of each individual quarter section. We respectfully request that the State Land Department thoroughly evaluate these options and cooperatively work with other agencies and organizations to develop other innovative approaches to increase revenues.

At the eight public meetings that were conducted last January and February, representatives from the State Land Department indicated that one of the reasons for low bids on certain tracts was due to leafy spurge infestation problems. Of the 150 tracts that we were able to evaluate in the field, at least 34 sites supported leafy spurge. Coverage of spurge on these tracts ranged from 1 to 100 percent. However, on the majority of these tracts spurge occupied less than 15 percent of the tract.

The Chapter recently met with the North Dakota Department of Agriculture Noxious Weed Specialist to discuss leafy spurge control on state school lands. Mr. John Leppert indicated that, through management, most leafy spurge infestation problems can be successfully controlled. He recommended that the North Dakota State Land Department work closely with the State Entomologist to coordinate the distribution of flea beetles to lessees of school land where infestations exist. He also recommended that the State Land Department coordinate with the County Weed Boards to ensure herbicides are applied at the recommended rates. The combination of releasing flea beetles from early June to mid July followed by the application of the recommended herbicides in the fall is a cost effective method for controlling leafy spurge in most instances and can ultimately result in increased revenues on these tracts.

The Chapter has made a concerted effort to field inspect as many tracts as possible within the allotted time. While we have followed the guidelines established by the State Land Department at the public meetings, we have serious reservations about this process. First, the stated problem is the listed tracts are not profitable. Instead of directly looking at ways to address the problem i.e. increase revenues, the State Land Department has focused its attention on only one option, the potential sale of these tracts. Second, North Dakotans who have sought information about this process were informed at the public meetings that unless field inspections are conducted their comments will be discounted. As a result, this process has been designed to discourage individuals and groups that have legitimate concerns but are not able to travel the thousands of miles necessary to review the 183 tracts. And finally, as we addressed in our May 5, 1999 letter to

Commissioner Olheiser and the members of the State Land Board, no criteria were developed to assist individuals and organizations make productive contributions to this decision making process. As a result, we still have no way of knowing if the information we have collected will matter.

The North Dakota Chapter of The Wildlife Society respectfully requests the opportunity to meet with the State Land Board to discuss the results of our field inspections. Given the effort that Chapter members have contributed to assist in this process, we also ask to be kept fully informed on how the State Land Department and the State Land Board intend to proceed on the issues we have raised and recommendations that have developed for your consideration. If additional information is needed, I can be contacted at 222-2411 (home) or 250-4414 (work).

Sincerely,



William B. Bicknell, President  
North Dakota Chapter of The Wildlife Society

Attachments

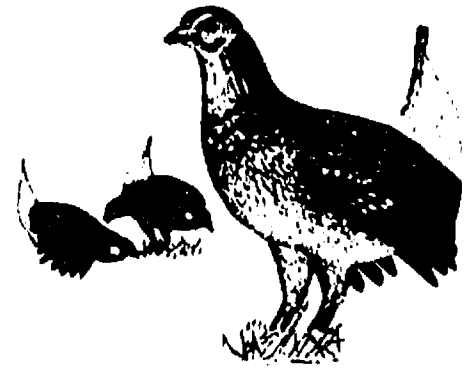
cc: Governor Edward T. Schafer  
Ms. Heidi Heitkamp, Attorney General  
Ms. Kathi Gilmore, State Treasurer  
Mr. Al Jaeger, Secretary of State  
Dr. Wayne Sanstead, State Superintendent



*North Dakota Chapter*

## **THE WILDLIFE SOCIETY**

P.O. BOX 1442 • BISMARCK, ND 58502



SB 2013  
314-01

SB 2013 -- Senate amendment to require 19,000 acres of state school land to be sold by 2003. Chapter of The Wildlife Society opposes the amendment but supports retaining the school lands and generating positive revenue.

### **Revenue Generating Proposals**

1. Selling grassland or wetland easements on qualified tracts.
2. Recreational pass requirement on all state school lands (implemented in Montana).
3. Critically review the minimum bid system currently used for leasing state school lands. (A 1996 review indicated that a number of tracts were being leased for less than \$1 per acre, less than the local market rate.)
4. Evaluate full sections of land rather than divide into quarter sections.
5. Coordinate noxious weed control (leafy spurge) with advice from the state specialists of noxious weeds and entomology.
6. Trade, exchange, or use cooperative management agreements with other agencies — examples:
  - ▶ Tract #116 adjacent to Fort Clark Historic site for interpretive use.
  - ▶ Tract #120 borders the Knife River Indian Village National Historic site.
  - ▶ Lands adjacent to Game and Fish Department Wildlife Management Areas or other high valued tracts such as forested areas in the Turtle Mountains.
  - ▶ Lands within the National Grasslands.
7. Sell certain tracts which are difficult to administer and have little public value — examples:
  - ▶ Abandoned railroad rights-of-way.
  - ▶ Land that is a part of Long Lake National Wildlife Refuge (easement).
  - ▶ Lands under refuge water.

*Bill Pfeifer*

**SB2013  
Conference Committee**

**Items to be considered:**

- House removed the Senate amendment calling for the sale of "0% cash return" land
- House amended the bill to include dollar amounts to distribute to the various beneficiaries of the trusts that are managed by the Board of University and Schools Lands.

North Dakota State University	\$1,330,974
University of North Dakota	\$995,011
Youth Correctional Center	\$502,823
School for the Deaf	\$465,000
North Dakota State College of Science	\$392,994
State Hospital	\$374,856
Veterans Home	\$320,000
Valley City State University	\$310,199
School for the Blind	\$290,000
Mayville State University	\$217,891
Minot State University - Bottineau	\$38,900
Dickinson State University	\$38,864
Minot State University	<u>\$38,850</u>
Total	\$5,281,362

- The Land Board requests that the salary and benefits line item be amended to include an extra amount of \$40,000 for the biennium to allow room for negotiations of the salary of a new land commissioner.



exceed five hundred dollars (\$500.00) in any calendar year; and no member shall receive total expense money in excess of five hundred dollars (\$500.00) in any calendar year".

Subsection 6(d), prior to the amendment by art. amd. 78, approved June 30, 1964, read: "(d) It shall be the duty of the heads of the several State institutions hereinbefore mentioned, to submit the budget requests for the biennial appropriations for said institutions to said State Board of Higher Education; and said State Board of Higher Education shall consider said budgets and shall revise the same as in its judgment shall be for the best interests of the educational system of the State; and thereafter the State Board of Higher Education shall prepare and present to the State Budget Board and to the legislature a single unified budget covering the needs of all the institutions under its control. 'Said budget shall be prepared and presented by the Board of Administration until the State Board of Higher Education organizes as provided in Section 6(a).' The appropriations for all of said institutions shall be contained in one legislative measure".

#### Conflicting Constitutional Provisions.

Where state emergency commission authorized withdrawal of state funds directly from state treasury for operation of state university pursuant to art. amd. 54, and section 25 [since repealed] of the Constitution mandated suspension of this measure, so that the two provisions could not be harmonized, the latest enactment prevailed, and art. amd. 54 pre-

valled over section 25 insofar as they conflicted; neither the legislature nor the people can, without a constitutional amendment, refuse to fund a constitutionally mandated function. State ex rel. Walker v. Link, 232 N.W.2d 823 (N.D. 1975).

#### Construction of Facilities.

"Control and administration", within the meaning of this provision, means that the board has the power of management and supervision of the institutions named, but does not include the power to determine what facilities should be built. Nord v. Guy, 141 N.W.2d 395 (N.D. 1966).

Chapter 155, S.L. 1965 was unconstitutional since, by this act's terms, the legislature attempted to delegate to the board of higher education the power to determine what facilities should be constructed at the different institutions, and the amount of money, if any, to be expended at each. Nord v. Guy, 141 N.W.2d 395 (N.D. 1966).

#### Power of Appointment and Removal.

Under this provision the state board of higher education has full power and authority to elect and remove professors and other employees of educational institutions under its control. Posin v. State Bd. of Higher Educ., 86 N.W.2d 31 (N.D. 1957).

#### Law Reviews.

Constitutional Autonomy and the North Dakota State Board of Higher Education, 54 N.D. L. Rev. 529 (1978).

## ARTICLE IX

### TRUST LANDS

**Section 1.** All proceeds of the public lands that have heretofore been, or may hereafter be granted by the United States for the support of the common schools in this state; all such per centum as may be granted by the United States on the sale of public lands; the proceeds of property that shall fall to the state by escheat; all gifts, donations, or the proceeds thereof that come to the state for support of the common schools, or not otherwise appropriated by the terms of the gift, and all other property otherwise acquired for common schools, shall be and remain a perpetual trust fund for the maintenance of the common schools of the state. Only the interest and income of the fund may be expended and the principal shall be retained and devoted to the trust purpose. All property, real or personal, received by the state from whatever source, for any specific educational or charitable institution, unless otherwise designated by the donor, shall be and remain a perpetual trust fund for the creation and maintenance of such institution, and may be commingled only with similar funds for the same institution.

Should a gift be made to an institution for a specific purpose, without designating a trustee, such gift may be placed in the institution's fund; provided that such a donation may be expended as the terms of the gift provide.

The interest and income of each institutional trust fund held by the state shall, unless otherwise specified by the donor, be appropriated by the legislative assembly to the exclusive use of the institution for which the funds were given.

The proceeds of all bonuses, or similar payments, made upon the leasing of coal, gas, oil, or any other mineral interests under, or reserved after sale of, grant lands for the common schools or institutional lands shall be deposited in the appropriate permanent trust fund as created by this section.

**Source:** Const. 1889, Art. IX, § 153, as amended by art. amd. 89, approved Sept. 1, 1970 (S.L. 1969, ch. 594, § 1; 1971, ch. 618, § 1; Amendment approved June 8, 1982 (S.L. 1981, ch. 667, § 2; 1983, ch. 719).

**Note.**

The 1970 amendment of this section read: "All proceeds of the public lands that have heretofore been, or may hereafter be granted by the United States for the support of the common schools in this state; all such per centum as may be granted by the United States on the sale of public lands; the proceeds of property that shall fall to the state by escheat; all gifts, donations, or the proceeds thereof that come to the state for support of the common schools, or not otherwise appropriated by the terms of the gift, and all other property otherwise acquired for common schools, shall be and remain a perpetual trust fund for the maintenance of the common schools of the state. Only the interest and income of the fund may be expended and the principal shall be retained and devoted to the trust purpose. All property, real or personal, received by the state from whatever source, for any specific educational or charitable institution, unless otherwise designated by the donor, shall be and remain a perpetual trust fund for the creation and maintenance of such institution, and may be commingled only with similar funds for the same institution. Should a gift be made to an institution for a specific purpose, without designating a trustee, such gift may be placed in the institution's fund; provided that such a donation may be expended as the terms of the gift provide.

The interest and income of each institutional trust fund held by the state shall, unless otherwise specified by the donor, be appropriated by the legislative assembly to the exclusive use of the institution for which the funds were given".

The section as adopted read: "All proceeds of the public lands that have heretofore been, or may hereafter be granted by the United States for the support of the common schools in this state; all such per centum as may be granted by the United States on the sale of public lands; the proceeds of property that shall fall to the state by escheat; the proceeds of all gifts and donations to the state for common schools, or not otherwise appropriated by the terms of the gift, and all other property otherwise acquired for common schools, shall be and remain a perpetual fund for the maintenance of the common schools of the state. It shall be deemed a trust fund, the principal of which shall forever remain inviolate and may be increased but never diminished. The state shall make good all losses thereof".

**In General.**

Where land is granted to the state by Congress for educational purposes, the proceeds thereof constitute a permanent trust fund. State ex rel. Bd. of Univ. & Sch. Lands v. McMillan, 12 N.D. 280, 96 N.W. 310 (1903).

**Investment of Fund.**

The board of university and school lands has the power to invest the permanent school fund in first mortgages on farm lands in the state, but it has no power to order a satisfaction of such mortgages for less than the principal and interest due thereon. State ex rel. Bd. of Univ. & Sch. Lands v. Hanson, 65 N.D. 1, 256 N.W. 201 (1934), decided prior to the enactment of Session Laws 1935, ch. 255.

**Lands Not Subject to Eminent Domain.**

The state may not acquire school lands by eminent domain proceedings for the purpose of highway construction. State Hwy. Comm'n v. State, 70 N.D. 673, 297 N.W. 194 (1940).

**Lands Not Subject to Taxation.**

Lands granted by the United States to the

state for schools are held in trust, and are not subject to taxation for benefits arising from the construction of a drain. *Erickson v. Cass County*, 11 N.D. 494, 92 N.W. 841 (1902).

The cancellation of a contract for the sale of school fund lands causes a reversion to the state and all unpaid taxes levied thereon are canceled. *State v. Towner County*, 68 N.D. 629, 283 N.W. 63; *State v. Divide County*, 68 N.D. 708, 283 N.W. 184 (1938).

#### Collateral References.

Public Lands  $\approx$  51-57, 142, 164  $\frac{1}{2}$ ; Schools and School Districts  $\approx$  15-19.

**Section 2.** The interest and income of this fund together with the net proceeds of all fines for violation of state laws and all other sums which may be added thereto by law, shall be faithfully used and applied each year for the benefit of the common schools of the state and no part of the fund shall ever be diverted, even temporarily, from this purpose or used for any other purpose whatever than the maintenance of common schools as provided by law.

**Sources:** Const. 1889, Art. IX, § 154; Amendment approved June 8, 1982 (S.L. 1981, ch. 667, § 2; 1983, ch. 719).

#### Note.

The section as originally adopted read: "The interest and income of this fund together with the net proceeds of all fines for violation of state laws and all other sums which may be added thereto by law, shall be faithfully used and applied each year for the benefit of the common schools of the state, and shall be for this purpose apportioned among and between all the several common school corporations of the state in proportion to the number of children in each of school age, as may be fixed by law, and no part of the fund shall ever be diverted, even temporarily, from this purpose or used for any other purpose whatever than the maintenance of common schools for the equal benefit of all the people of the state; provided, however, that if any portion of the interest or income aforesaid be not expended during any year, said portion shall be added to and become a part of the school fund."

#### In General.

The assembly cannot divert nor authorize diversion of any part of the principal or interest or income from the investment of funds under the control of the board of university and school lands arising from the rental or sale of lands granted by the United States to any purposes other than those for which grants were made and any diversion to other purposes or any donation thereof in aid of an individual by the assembly directly or by the

63 Am. Jur. 2d, Public Lands, § 107; 68 Am. Jur. 2d, Schools, §§ 85-98.

73 C.J.S. Public Lands, §§ 76-101; 78 C.J.S. Schools and School Districts, §§ 8-13.

#### Law Reviews.

An Introduction to North Dakota Constitutional Law: Content and Methods of Interpretation, 63 N.D. L. Rev. 157 (1987).

board of university and school lands by legislative enactment is unconstitutional. *State ex rel. Sathre v. Board of Univ. & Sch. Lands*, 65 N.D. 687, 262 N.W. 60 (1935).

#### Disposition of Fines.

Section 9205, R.C. 1905, which provided that a person convicted of embezzlement should pay, as a fine, twice the amount of funds embezzled from the public body, for the use of the defrauded body, was unconstitutional as a violation of this section. *State v. Bickford*, 28 N.D. 36, 147 N.W. 407, 1916D Ann. Cas. 140 (1914).

#### Fines.

The phrase "fines for violation of state laws" referred to in this section does not encompass civil penalties such as overweight vehicle charges. *State ex rel. Backes v. Motor Vehicle Described as a Pawling & Harnishefeger*, 492 N.W.2d 595 (N.D. 1992).

#### Investment of Fund.

Where the board of university and school lands purchases securities for investment of moneys in the permanent school fund at a premium and interest accrued to the date of the purchase, the amount of the interest accrued is a part of the purchase price and payment must be made from the permanent fund. *Moses v. Baker*, 71 N.D. 140, 299 N.W. 315 (1941).

#### Normal School Tuition.

The charging of tuition for pupils who attend the normal schools, to the school district in which they reside, is not an unconstitu-

## **CHAPTER 15-09**

### **CONDEMNATION OF PUBLIC LANDS AND SALES IN LIEU THEREOF**

#### **Section**

- 15-09-01. Public lands - Application to acquire for public or quasi-public purpose.
- 15-09-02. Appraisal of lands described in application.
- 15-09-03. Notice of hearing on application - Publication - Hearing and right to appear.
- 15-09-04. Board to fix price for lands described in application - Conveyance.
- 15-09-05. Disagreement as to purchase price - Condemnation - Procedure - Fixing values.

#### **15-09-01. Public lands - Application to acquire for public or quasi-public purpose.**

The state of North Dakota or any person, firm, limited liability company, or public or private corporation, desiring to acquire any school or institution lands of the state for:

1. Townsite purposes;
2. Schoolhouse sites;
3. Church sites;
4. Cemetery sites;
5. Sites for other educational or charitable institutions;
6. Sites for public parks;
7. Sites for fairgrounds;
8. Public highway purposes;
9. Fish hatcheries;
10. Airports;
11. Railroad right of way or other railroad uses and purposes;
12. Reservoirs for the storage of water for irrigation;
13. Drainage ditches;
14. Irrigation ditches; or
15. Any of the other purposes for which the right of eminent domain may be exercised under the constitution and laws of the state,

may make written application to the board of university and school lands therefor. Such application shall state briefly the purposes for which the land is required, describe the land as

accurately as practicable, and shall be accompanied by a map showing the land desired. The application shall be verified by the applicant, or, if the applicant is a public or private corporation, by some officer thereof, or, if the applicant is a limited liability company, by some manager thereof, or, if the applicant is the state of North Dakota, by an officer of the commission, board, or department desiring to acquire the land.

**Source:** S.L. 1915, ch. 242, § 1; 1925 Supp., § 335a1; S.L. 1929, ch. 217, § 1; R.C. 1943, § 15-0901; S.L. 1993, ch. 54, § 76.

**Cross-References.** Eminent domain generally, see ch. 32-15.

#### **Fee Title.**

Fee title to school trust lands may be conveyed by the state in proceedings pursuant to this chapter. *State ex rel. Bd. of Univ. & Sch. Lands v. City of Sherwood*, 489 N.W.2d 584 (N.D. 1992), overruled on other grounds, *Bulman v. Hulstrand Constr. Co.*, 521 N.W.2d 632 (N.D. 1994).

#### **Legislative Intent.**

It was the intent of the people, in adopting the 1912 constitutional amendment to Article IX, § 6, to authorize a separate procedure for acquisition of school trust lands for public purpose without requiring a sale by public auction. *State ex rel. Bd. of Univ. & Sch. Lands v. City of Sherwood*, 489 N.W.2d 584 (N.D. 1992), overruled on other grounds, *Bulman v. Hulstrand Constr. Co.*, 521 N.W.2d 632 (N.D. 1994).

#### **Collateral References.**

Eminent Domain <key> 46.

26 Am. Jur. 2d, Eminent Domain, §§ 74, 88-96.

29A C.J.S. Eminent Domain, § 86.

Public school, amount of property which may be condemned for,, 71 A.L.R.2d 1071.

Power of eminent domain as between state and subdivision or agency thereof, or as between different subdivisions or agencies themselves,, 35 A.L.R.3d 1293.

#### **15-09-02. Appraisal of lands described in application.**

Unless the land described in an application made under the provisions of this chapter has been appraised within two years prior to the filing of the application, the board of university and school lands shall have the same appraised in accordance with the provisions of this title, and if the land described in the application is a fractional part of an appraised tract, an appraisal thereof must be made in any event.

**Source:** S.L. 1915, ch. 242, §§ 2, 3; 1925 Supp., §§ 335a2, 335a3; R.C. 1943, § 15-0902.

#### **15-09-03. Notice of hearing on application - Publication - Hearing and right to appear.**

The board of university and school lands shall cause public notice to be given of the time when and place where it will hear an application made under this chapter. Such notice must

describe the land involved and must state the purpose for which it is sought to purchase the same. The notice must be published in the official newspaper of the county in which the land is situated once each week for three consecutive weeks before the date set for hearing the application. At the time and place set for the hearing, the board shall consider the application. Any citizen may appear and show cause why the land should not be sold or why the price fixed is insufficient.

**Source:** S.L. 1915, ch. 242, §§ 2, 4; 1925 Supp., §§ 335a2, 335a4; R.C. 1943, § 15-0903.

**15-09-04. Board to fix price for lands described in application - Conveyance.**

The board of university and school lands may sell the property described in the application to the applicant at a price not less than the appraised value if the board concludes that the land described in the application is required for the purposes stated in such application and that a conveyance of the property is consistent with this title and the fiduciary responsibilities of the board. If the land described in the application is less than an entire tract, the board, in fixing the price at which such partial tract will be conveyed, shall take its value into consideration together with all detriment caused to the remaining portions of the tract by the conveyance of the partial tract. If the applicant agrees to the price fixed by the board for the land described in the application and pays the full purchase price therefor, the board shall cause the tract to be conveyed to the applicant.

**Source:** S.L. 1915, ch. 242, §§ 2, 3; 1925 Supp., §§ 335a2, 335a3; R.C. 1943, § 15-0904; S.L. 1993, ch. 161, § 1; 1995, ch. 165, § 1.

**Effective Date:** The 1995 amendment of this section by section 1 of chapter 165, S.L. 1995 became effective August 1, 1995.

**Cross-References.** Payment at any time, see § 15-06-32.

**15-09-05. Disagreement as to purchase price - Condemnation - Procedure - Fixing values.**

If the applicant is unwilling to pay the price for a conveyance fixed by the board of university and school lands, he may maintain an action in the district court against the state to condemn the land under the rules which govern other condemnation proceedings. The amount awarded by the court or jury as damages for the taking of an entire tract, however, may not be less than the appraised value thereof, and the board, court, or jury, in fixing the amount to be paid for an entire tract or a part thereof, shall take into consideration the appraised value of the land, its actual value for all ordinary purposes, and any increased value it may have for any special and unusual purpose by reason of the existence of the facts authorizing the exercise of the power of eminent domain. If the land is desired for a gravel pit, its value may be estimated with reference to the existence of a demand for gravel, taking into consideration the necessities of the person seeking to acquire the land. If the land is desired for townsite purposes, consideration must be given to the value of the land to the state if it were used by the state for that purpose, and consideration also must be given to the necessity for a townsite at the place in question warranting the exercise

of the power of eminent domain for that purpose. If the land is desired for other purposes, similar elements of value must be considered.

**Source:** S.L. 1915, ch. 242, § 5; 1925 Supp., § 335a5; R.C. 1943, § 15-0905.

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**Minutes of the Meeting of the  
Board of University and School Lands  
January 25, 2001**

The January meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:30 AM by Governor John Hoeven, Chairman.

**Members Present:**

John Hoeven	Governor
Kathi Gilmore	State Treasurer (via teleconference)
Alvin A. Jaeger	Secretary of State
Wayne G. Sanstead	Superintendent of Public Instruction
Wayne Stenehjem	Attorney General

**Members Absent:**

None

**Land Department Personnel:**

Robert J. Olheiser	Land Commissioner
Keith Bayley	Account/Budget Specialist
Michael D. Brand	Director, Surface Management Division
Jeff Engleson	Director, Investment Division
Linda Fisher	Unclaimed Property Administrator
Rick D. Larson	Director, Minerals Management Division

**Others in Attendance:**

Ron Ness	ND Petroleum Council
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**APPROVAL OF MINUTES**

A motion to approve the minutes of the November 27, 2000 meeting was made by Al Jaeger and seconded by Wayne Sanstead. Motion carried, all members present voting aye. Ms. Gilmore joined the meeting via teleconference following the approval of minutes.

**RECEIPTS**

**The Board reviewed the following financial information:**

- ♦ Listing of financial statements and total assets, by fund, as of October 31, and November 30, 2000.
- ♦ Balance sheets and Statements of Revenue, Expenditures and other Financing Sources, for October and November 2000. These statements included balances for the nonexpendable trust, coal severance tax trust, land and minerals trust, and abandoned property.

These reports are on file at the Land Department and were for the Board's information only; no action was required.



## MINERALS MANAGEMENT DIVISION

**Oil and Gas Shut-In Well Policy.** The Board of University and School Lands adopted the attached shut-in well policy in 1986. The policy was last reviewed by the Board in 1995 and the Board renewed the policy for an indefinite period, subject to review if the price of oil stayed at \$20/bbl for three consecutive months. The price of oil has reached the three-month threshold and it is time to revisit the policy.

Initially, the policy was adopted to prevent wells from being plugged and abandoned due to temporary low oil prices. Over the years the policy has evolved to preserve production potential for wells that may have other temporary problems. If an oil and gas well is drilled and producing, our oil and gas lease continues for as long as oil and gas is produced. However, if production ceases for longer than 60 days, the lease will expire. This policy would be used in the following instances:

- The price of oil is depressed.
- Excessive water is being produced from a well.
- Winter has made it excessively expensive to rework a well during inclement weather.

With the price of oil and gas at recent levels, we would be hard pressed to justify use of the policy strictly for oil price economics. However, many unforeseen circumstances arise that would cause delays for more than 60 days and leave a company without a lease before they could bring a well back into production. The examples of excessive water and winter cited above are realistic circumstances. Under the policy, a company could be granted an extension of the lease for as much as 12 months.

The Commissioner recommended that the policy, as-is, be reaffirmed until December 31, 2004 at which time it will be reviewed for further consideration.

At the Chairman's request, Mr. Larson gave a brief history of the policy and the factors that were considered in establishing and amending it.

A motion to approve the recommendation was made by Al Jaeger and seconded by Kathi Gilmore. Motion carried, all members voting aye.

## SURFACE MANAGEMENT DIVISION

**Report of Easements Issued by Land Commissioner.** The Board reviewed a memo showing easements issued by the Land Commissioner pursuant to Board authorization. This memo is on file at the Land Department and was for the Board's information only; no action was required.

## INVESTMENTS

**Recommended Common Schools Trust Distributions for 2001-2003 Biennium.** In April 2000, the Land Board voted to set distributions from the Common Schools Trust at \$51.9 million for the 2001-2003 biennium. This figure represents a 6% increase in distributions from the trust during each fiscal year of the 2001-2003 biennium, and a total increase in distributions of 9.1% for the biennium. The reasons for the large increase are outlined in our memo to the Land Board dated April 27, 2000 (a copy of that memo is available at the State Land Department).

A review of the budget proposals from Governor Hoeven and former Governor Schafer, reveals that both contain distributions from the Common Schools Trust of \$57.793 million for the 2001-2003 biennium. In addition, both budgets were calculated using the assumption that the tobacco lawsuit settlement money deposited in the Common Schools Trust is invested differently

than other assets in the trust. Both budgets project regular distributions from the Common Schools Trust of \$50.5 million as well as distributions of the interest earned on the tobacco lawsuit settlement money of \$7.293 million.

On November 27, 2000, the Commissioner recommended that the Land Board increase distributions from the Common Schools Trust during both the current and 2001-2003 biennia. After discussing the matter, the Board did not approve the Commissioner's recommendation, as they felt it would be best to maintain distributions at planned levels for the current biennium (\$47.55 million). However, the Board voted to add the excess income earned by the Common Schools Trust during fiscal year 2000 to the corpus of the trust. The Board also requested staff to determine if maintaining distributions at planned levels during the current biennium would result in more money being available to distribute during the 2001-2003 biennium.

Since the last Board meeting, we have updated our asset allocation and revenue projections for the Common Schools Trust. We have also worked to determine what the proper amount of distributions should be for the 2001-2003 biennium, given the Board's dual goals of providing current distributions to beneficiaries and protecting the purchasing power of the trust. Based on our analysis, the Commissioner believes that it is still within the principle of prudence to increase planned distributions from the Common Schools Trust during the 2001-2003 biennium from the \$51.9 million amount previously agreed to by the Board, to the \$57.793 million amount included in the Governor's budget recommendation. His decision is based on the assumptions that the Common Schools Trust will continue to receive its' current share of the tobacco lawsuit settlement money and that the Board will maintain distributions at \$47.55 million during the current biennium. The Commissioner feels that this amount can be distributed during the 2001-2003 biennium without disrupting the Board's current asset allocation/distribution plan and without seriously hurting the long-term growth prospects of the Common Schools Trust.

The Commissioner believes that the Common Schools Trust can meet the distribution goals set by the Governor, however, he is concerned with suggestions that the tobacco lawsuit settlement money should be invested solely in fixed income securities. At the present time, any tobacco money received by the trust is being invested in both stocks and bonds, in accordance with the Board's asset allocation plan. Although investing a portion of the tobacco money in equity securities decreases the amount of interest income in the short run, this strategy will result in larger distributions from the trust in future years, as the compounding effect of investing in equity securities is manifested. The Commissioner recommended that:

1. The Land Board direct him to plan to distribute \$57.793 million from the Common Schools Trust during the 2001-2003 biennium.
2. The Land Board continue investing any tobacco lawsuit settlement proceeds received by the Common Schools Trust in accordance with the Board's current total asset allocation plan.

A motion to approve the recommendation was made by Wayne Sanstead and seconded by Al Jaeger. Motion carried, all members voting aye.

**Recommended Distributions for Permanent Trusts (other than Common Schools) for the 2001-2003 Biennium.** In accordance with NDCC 15-03-05.2:

"The board shall distribute only that portion of a fund's income that is consistent with the long-term goals of preserving the purchasing power of the fund and maintaining income stability to the fund beneficiary."

This law, and the principals it convey, are the foundation of the Board's current asset allocation/distribution policy for the permanent trusts (including the Common Schools Trust). The Board's current asset allocation/distribution plan was adopted in 1995, and called for minimal increases in distributions from the permanent trusts during the early years of the plan, as we

gradually increased the equity exposure of the portfolio. Once fully implemented, we expect that the Board's asset allocation plan will result in our being able to grow trust assets, and distributions, at a rate greater than or equal to inflation.

During the 1999 legislative session, the legislature took away the Board's authority to determine distributions from the 12 permanent trusts (excluding the Common Schools Trust). The legislature decided to spend all available income from these trusts. At that time, the Commissioner was told that this was a one-time event. Language in the appropriation bill seems to support this position. The appropriation language is as follows:

"Notwithstanding the provisions of section 15-03-05.2, during the 1999-2001 biennium, the board of university and school lands shall distribute... all income from the permanent funds managed for the benefit of those institutions."

As a result of the legislature's decision, we expect distributions from the 12 permanent trusts to be over \$6 million during the current biennium, an increase of close to \$2 million over the amount of distributions the Land Board would have made had it been allowed to follow its asset allocation/distribution plan. The level of distributions we have been directed to make during the current biennium is not sustainable, if we are going to meet our long-term goals of growing both trust assets, and distributions at a rate greater than or equal to inflation.

After discussing this issue with the Board, the Commissioner submitted a budget to OMB that included projected distributions from these 12 trusts that totaled \$4.461 million for the 2001-2003 biennium. The distribution amounts proposed by Commissioner would put these 12 trusts back on track to achieving our long-term goals for the trusts. It is our understanding that OMB, our beneficiaries, and the legislature are all currently using revenue projections that include distributions from these 12 trusts that are at or near expected distributions for the current biennium (more than the \$4.461 million we budgeted for). We are presently trying to get the exact projections used by these agencies.

The purpose of this memo is to request direction from the Land Board as to how the Commissioner should deal with this issue during the current legislative session. Although the legislature's decision to distribute all available income from these 12 permanent trusts during the current biennium disrupts the Land Board's asset allocation/distribution plan, it will not totally derail our long-term plans for these trusts if we take action to get distributions back in-line with our original asset allocation schedule. If the legislature continues to spend all available income from these trusts (including capital gains), we will have no chance of meeting our long-term goals.

The Commissioner requested that the Board provide direction concerning this issue and how it would like him to pursue this matter with OMB and the legislature during the 2001 session.

This issue was tabled by the Chairman until a future meeting.

## ADMINISTRATIVE

**Position of State Land Commissioner.** Traditionally the Board memos I have presented to introduce Board agenda items have been written in a matter-of-fact style that is intended to present all necessary information to the Board. I have almost always concluded the memos with a recommendation for the Board to consider. This memo will reasonably follow that format, however the nature of this memo requires some personal comments. Also, to avoid the perception of being self-serving, this memo does not include a recommendation.

On January 17, I submitted a resignation to be effective at the close of business on January 31. The circumstances and reasons under which I did so are described in the letter. In view of these events, the Board needs to make some decisions concerning the process of appointment of a Land Commissioner. I would suggest that the following options be considered:

**OPTION 1:** Reappoint me (at this meeting) as State Land Commissioner, with a statement of intent to continue my appointment under the provisions of NDCC 15-02-02 that will become effective on July 1, 2001 (under the condition that my performance between now and July would warrant reappointment). In the letter of resignation that I submitted, I intended to convey the point that my heart and loyalty continues to be with the Land Department and the work we do to fund education in North Dakota. If the Board were to reappoint me as suggested in this option, I would certainly withdraw my letter of resignation and look forward to working with the members of the current Land Board.

**OPTION 2:** Create a search committee to interview, screen and recommend candidates for the position. This is a process that was used in 1994, when I was appointed. If this option is selected, I will apply for the position.

**OPTION 3:** Appoint a person of the Board's choosing without utilizing the services of a search committee.

**OPTION 4:** Implement any other method for appointing a Land Commissioner that the Board wishes to use.

Some of the options outlined above involve an interim period before a final appointment is made. If one of those options is selected, I recommend that Deputy Commissioner, Rick Larson, be appointed as Acting Commissioner until a permanent Commissioner is appointed and takes office. During his time as Acting Commissioner, I would recommend that Mr. Larson be paid \$5,050 per month (my current salary).

A motion to reappoint Commissioner Olhelson at this meeting (Option 1) was made by Kathi Gilmore and seconded by Wayne Sanstead. Kathi Gilmore and Wayne Sanstead voted aye, Al Jaeger, Wayne Stenehjem and Governor Hoeven voted nay.

A motion to pursue Option 2 was made by Al Jaeger and seconded by Wayne Stenehjem, Al Jaeger, Wayne Stenehjem and Governor Hoeven voted aye, Kathi Gilmore and Wayne Sanstead voted nay.

A motion to appoint Rick Larson as Acting Commissioner at the current Commissioner's salary was made by Al Jaeger and seconded by Wayne Stenehjem. All members voting aye.

## A D J O U R N

There being no further business, the meeting was adjourned at 10:40 AM.

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John Hoeven, Chairman  
Board of University and School Lands

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Robert J. Olhelson, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands**

The Land Board did not have a "February" meeting

## DRAFT (UNOFFICIAL)

### Minutes of the Meeting of the Board of University and School Lands March 29, 2001

The March meeting of the Board of University and School Lands was called to order in the Governor's Conference Room at 9:40 AM by Governor John Hoeven, Chairman.

#### Members Present:

John Hoeven	Governor
Kathi Gilmore	State Treasurer
Alvin A. Jaeger	Secretary of State
Wayne G. Sanstead	Superintendent of Public Instruction
Wayne Stenejem	Attorney General

#### Members Absent:

None

#### Land Department Personnel:

Rick D. Larson	Acting Land Commissioner
Keith Bayley	Account/Budget Specialist
Michael D. Brand	Director, Surface Management Division
Jeff Engleson	Director, Investment Division
Linda Fisher	Unclaimed Property Administrator
Judith Schell	Administrative Assistant
Desirae Smith	Programmer/Analyst

## APPROVAL OF MINUTES

A motion to approve the minutes of the January 25, 2001 meeting was made by Al Jaeger and seconded by Kathi Gilmore. Motion carried, all members voting aye.

## RECEIPTS AND INVESTMENTS

The Board reviewed the following financial information:

- ◆ Listing of financial statements and total assets, by fund, as of January 31, 2001 and December 31, 2000.
- ◆ Balance sheets and Statements of Revenue, Expenditures and other Financing Sources, for January 2001, and December 2000. These statements included balances for the nonexpendable trust, coal severance tax trust, land and minerals trust, and abandoned property.

These reports are on file at the Land Department and were for the Board's information only; no action was required.

**Eide Bailly Review of Land Board Quarterly Investment Performance Reports.** In July 1998, the Board voted to end its performance reporting relationship with Northern Trust Company and begin generating quarterly performance reports in-house. Since then, Jeff Engleson has gathered and compiled the information provided to the Board in each quarterly report. Although the Board was willing to have the reports prepared in-house, Board members also expressed a desire to have some third-party involvement in the performance monitoring and reporting process. To achieve that goal, the Board gave the Commissioner authority to contract with Eide Bailly to provide independent performance report attesting services.

Eide Bailly reviewed the investment performance report preparation process, and the reports themselves. They traced information/balances from the reports to supporting documents, compared reported figures to source calculations, and recalculated the investment yield and total return figures found in the report. The procedures were performed on the four quarterly performance reports prepared for the Board for the fiscal year ended June 30, 2000.

The Board was provided a report from Eide Bailly entitled "Independent Accountant's Report on Applying Agreed-Upon Procedures" which described the procedures performed by Eide Bailly during its review of our performance reporting process. We are pleased to report that Eide Bailly found only 2 minor exceptions during the review. Neither of the exceptions resulted in a material misstatement of the performance of the Board's investment program.

If the Board is comfortable with the current investment performance reporting process, the Commissioner recommended that staff continue to prepare quarterly investment performance reports. The Commissioner also recommended that the Board give him authority to again contract with an independent accounting firm to review the investment performance reporting process for the fiscal year ended June 30, 2001. Any contract negotiated would be subject to final review and approval by the Attorney General.

A motion to approve the recommendation was made by Wayne Sanstead and seconded by Al Jaeger. Motion carried, all members voting aye.

**Investment Performance Report.** The following highlights covering the performance of the Land Board's Investment program for the period July 1, 2000 through September 30, 2000 were discussed.

- ◆ During the quarter ended December 31, 2000, the value of the 13 permanent educational trusts' total assets decreased from \$669.50 million to \$664.97 million. The -4.41% total return posted by our combined equity and convertible securities resulted in a decrease in the portfolio's value (both realized and unrealized) of approximately \$12 million. This decrease was partially offset by approximately \$3.6 million of new tobacco settlement money (actually received in early January 2001, but counted in our December 31, 2000 ending balance) and \$3.9 million of normal monthly cash flows from mineral royalties, interest/ payments, etc.
- ◆ The average yield on cost of our yield-oriented fixed income portfolio for the quarter was 7.64%, 1 basis point less than the yield earned during the quarter ended September 30, 2000 and 2 basis points less than the average yield earned during fiscal year 2000. Although the portfolio continues to provide us with the income and cash flows we need to meet our long-term distribution goals, if interest rates stay where they are, or continue to fall, the yield of our fixed income portfolio will continue to decline over time.
- ◆ Our combined equity and convertibles portfolio posted a total return of -4.41% for the quarter ended December 31, 2000, and +1.33% for the calendar year ended December 31, 2000. The combined equity and convertibles portfolio has posted an annualized total rate of return of 15.47% since inception of our asset allocation plan in August 1995.

- ◆ During the quarter ended December 31, 2000, two of our active equity managers (Missouri Valley Partners and Northern Trust Global Advisors) outperformed their benchmarks, while one (Trust Company of the West) underperformed versus their benchmark. Over time, all of our active money managers have done a good job of outperforming their respective benchmarks.
- ◆ In October, the Board relieved Mississippi Valley Advisors of their management duties, and turned over our large cap value portfolio to Missouri Valley Partners, the firm formed by the former employees of Mississippi Valley Advisors. A more detailed explanation of this manager change can be found on page 7 of the report.

A full copy of the report is on file at the Land Department and was for the Board's information only; no action was required.

## SURFACE MANAGEMENT DIVISION

**Report of Easements Issued by Land Commissioner.** The Board reviewed a memo showing easements issued by the Land Commissioner pursuant to Board authorization. This memo is on file at the Land Department and was for the Board's information only; no action was required.

**Approval of 2001 Spring Surface Leases.** Spring surface lease auctions were held March 19-23, 2001. Shown below are the auction results, along with comparisons from the Spring 2000 auctions.

	Spring 2000	Spring 2001
# Of Counties	32	26
# Of Tracts Offered	120	100
# Of Tracts Leased	81 (68%)	69 (69%)
# Of Leased Tracts Bid-Up	12 (15%)	10 (14%)
Minimum \$ Advertised (Leased Tracts)	89,246	66,407
Amount Received	97,929 (9% increase over minimum)	70,949 (7% increase over minimum)

The spring 2001 lease roster was the smallest in recent history. Tracts offered during these auctions include those that went "unleased" at the fall 2000 auctions, and those that expired due to non-payment of rent January 31, 2001.

The competitive bidding was slightly lower than in 2000. However, we still received more than the minimum acceptable bid because many of the tracts had been bid up before and carried a higher price at the spring auction because of that. Many of the tracts that did not lease have a poor leasing history but we still offer them.

Other than what we consider to be "unleaseable" tracts (those tracts with poor soils, poor access and/or other management problems), school trust lands are currently over 99% leased.

The Commissioner recommended that:

- 1) All leases bid at the spring auctions be approved with a retroactive effective date of January 1, 2001, contingent on full and complete payment, and
- 2) That he be authorized to approve leases for any unleased tracts through the summer of 2001, subject to the Board's fair market value leasing system and state law.

A motion to approve the recommendation was made by Al Jaeger and seconded by Wayne Stenehjem. Motion carried, all members voting aye.



## ADMINISTRATIVE

**Legislative Update.** The Board was provided with a memorandum summarizing the current status of all legislative action regarding Land Department issues. A copy of the memorandum is on file at the Land Department, and was for discussion purposes only; no action was required.

**Commissioner Search Committee Update** (verbal discussion only). Mr. Larson provided the Board with an update regarding the progress of the Commissioner Search Committee, and asked for Board direction regarding geographical scope of advertisement and salary range for the position. The general feeling of the Board was that possibly North Dakota advertising would suffice (even for ND natives who had left and were looking to come back to the State, who would probably check ND Job Service before they would check a one-time listing in the Minneapolis or Denver paper). However, consensus was to leave the advertising methods to the discretion of the Committee.

Regarding salary, Mr. Larson commented that the Committee members felt it might be necessary to increase the salary range to between \$60-80,000. He also informed the Board that while the Department's 2001-03 budget had not yet been approved by the current legislative assembly, the budgeted salary appropriation would not support that kind of an increase. A motion to request a salary appropriation increase, up to \$80,000 for the Commissioner's salary, in the 2001-03 budget consideration was made by Al Jaeger and seconded by Wayne Stenehjem. Motion carried, all members voting aye.

## ADJOURN

There being no further business, the meeting was adjourned at 10:50 AM.

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John Hoeven, Chairman  
Board of University and School Lands

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Rick D. Larson, Acting Secretary  
Board of University and School Lands