

COMMISSIONERS OF THE LAND OFFICE

REGULAR MEETING MINUTES

THURSDAY, APRIL 9, 2020 AT 2:00 P.M.

COMMISSIONERS OF THE LAND OFFICE LARGE CONFERENCE ROOM
204 N ROBINSON, SUITE 900, OKC, OK 73102

Notice was posted online on the Commissioners of the Land Office website and at the Commissioners of the Land Office Wednesday, April 8th, 2020 at 2:00 p.m.

PRESENT:

Honorable J. Kevin Stitt, Governor and Chairman
Honorable Matt Pinnell, Lt. Governor and Vice Chairman
Honorable Joy Hofmeister, Superintendent of Public Instruction and Member
Honorable Cindy Byrd, State Auditor and Inspector and Member
Honorable Blayne Arthur, Secretary of Agriculture and Member

LAND OFFICE STAFF PRESENT:

Keith Kuhlman, Assistant Secretary
Katy Janz, Executive Assistant and HR Director
Bennett Abbott, General Counsel
Jessica Grogis, Communications Director
Karen Johnson, Chief Financial Officer
Dan Whitmarsh, Director, Minerals Management Division
Floyd Evans, Director, Real Estate Management Division

Governor Stitt called the meeting to order at 2:04 p.m., ensured the presence of a quorum and proper posting, and called the roll.

Stitt:	Present
Pinnell:	Present
Hofmeister:	Present
Arthur:	Present
Byrd:	Present

1. Request Approval of Minutes for Regular Meeting Held March 12th, 2020

- a. *Presented by Keith Kuhlman, Assistant Secretary*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

Assistant Secretary Keith Kuhlman presented the minutes of the meeting held March 12, 2020. A MOTION to approve the minutes was made by Commissioner Hofmeister and seconded by Lt. Governor Pinnell.

Stitt: Aye
Pinnell: Aye
Hofmeister: Aye Motion Carried
Arthur: Aye
Byrd: Aye

2. Administration Comments

- a. Distributions to beneficiaries for the month of March
Mr. Kuhlman informed the Commissioners that March distributions were up \$4 million from last year. This is due to a \$2.2 million special distribution to common schools from the 5 year rolling average fund, as well as new rent payments and a higher distribution that expected from Black Rock. March was a difficult month for the fund, as stocks took a hit. However, the CLO has not been hurt as badly as some peers due to an emphasis on fixed income. Higher education distributions were down 13% as there is no rolling average fund for higher education (at their request).

It is likely that the 5-year rolling average fund will need to be drained this year, but there are plans to rebuild it.

- b. Continued operations during COVID-19 crisis
Mr. Kuhlman voiced his thanks and appreciation to the CLO leadership team for their good work during the current crisis. The office has been run with a skeleton crew since March 17th and now has essential personnel in the office MWF, with the remainder of employees utilizing telework as much as possible. He credited much of the success to the CLO IT Division for building a strong infrastructure and for dealing with any IT issues quickly. He also gave credit to Division Directors, who have worked very hard to keep some sense of normalcy for employees, and to CLO employees who have shown a strong commitment to the agency mission.

3. Consideration and Possible Action to Adopt and Issue a Resolution Delegating All Authority, Powers, and Duties of the Secretary of the Commissioners of the Land Office to the Assistant Secretary of the Commissioners of the Land Office for a Period of One Hundred and Eighty (180) Days or Until a New Secretary is Appointed, Whichever Occurs First

The State of Oklahoma is operating under a declared state of emergency (Executive Order 2020-7, as amended) as a result of the national spread of COVID-19. The Acting Secretary of the Commissioners of the Land Office resigned, effective, March 20, 2020 and selecting a suitable replacement in the manner anticipated by 64 O.S. § 1005(C) may be excessively delayed by the national health emergency. The Commissioners of the Land Office have the statutory authority to adopt and issue formal resolutions pursuant to 64 O.S. § 1012(B).

Recommendation: To continue normal and uninterrupted operations of the Commissioners of the Land Office during the leadership transition and the ongoing state of emergency, the Assistant Secretary recommends delegating all authority, powers, and duties of the Secretary to the Commissioners of the Land Office to the Assistant Secretary to the Commissioners of the Land Office for a period of one hundred and eighty (180) days or until a new Secretary is appointed, whichever occurs first.

- a. *Presented by Keith Kuhlman, Assistant Secretary*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

Mr. Kuhlman noted that with the March 20th resignation of Brandt Vawter the agency was left without an appointing authority to sign long term commitments for the CLO. A MOTION to adopt and issue a resolution delegating all authority, powers, and duties of the Secretary of the Commissioners of the Land Office to the Assistant Secretary of the Commissioners of the Land Office for a period of one hundred and eighty (180) days or until a new Secretary is appointed, whichever occurs first was made by Commissioner Arthur and seconded by Lt. Governor Pinnell.

Stitt: Aye
 Pinnell: Aye
 Hofmeister: Aye
 Arthur: Aye Motion Carried
 Byrd: Aye

4. Consideration and Possible Action to Issue a Continuous Easement

Lease No.	Legal Description	Easement No.
101141 Kingfisher County	NE/4 Sec. 16-18N-7WIM	9938

Kingfisher County Commissioners District #2 has made an offer of \$750 for a continuous easement for public highway and bridge improvements. Area

requested is 0.289 acres, per provided survey. The offer was reviewed by Chris Foster and approved by Floyd Evans.

Recommendation: The Director of Real Estate Management recommends approval of the continuous easement.

- a. *Presented by Floyd Evans, Real Estate Management Director*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.*

Mr. Evans stated that the easement under consideration is for the widening of a bridge approach at the specified location. A MOTION to issue a continuous easement was made by Lt. Governor Pinnell and seconded by Commissioner Byrd.

Stitt:	Aye
Pinnell:	Aye Motion Carried
Hofmeister:	Aye
Arthur:	Aye
Byrd:	Aye

5. Consideration and Possible Action to authorize \$50,000 in Capital Improvement Funds for Soil Conservation Projects

The initial approved funding request of \$150,000 was depleted due to remediation of agricultural leases that were impacted in 2019 floods in southwestern Oklahoma.

The Real Estate Management Division is requesting an additional \$50,000 from Capital Improvement funds on Soil Conservation work on agricultural leases. The funds will be used for water wells; new ponds; new terraces and waterways; and cedar, mesquite, and invasive species control.

Recommendation: The Director of the Real Estate Management Division recommends approval of the use of Capital Improvement Funds in the amount of \$50,000 for soil conservation projects.

- a. *Presented by Floyd Evans, Director, Real Estate Management Division*
- b. *Discussion*
- c. *Commission action in which the Board may approve, disapprove or direct staff to take further action*

Mr. Evans requested authorization of an additional \$50,000 from the capital improvement fund for soil conservation projects, as the unplanned remediation of

Elk Creek had required the expenditure of \$36,000 (23% of the soil conservation budget). A MOTION to authorize the funds was made by Commissioner Hofmeister and seconded by Commissioner Arthur.

Stitt: Aye
Pinnell: Aye
Hofmeister: Aye Motion Carried
Arthur: Aye
Byrd: Aye

6. Consent Agenda – Request Approval of February Agency Monthly Division Summary of Activities

The Agenda items presented on the Consent Agenda are considered as one item for voting purposes. The Consent Agenda includes items that are statutorily or constitutionally required to be performed by the Commissioners of the Land Office or are administrative in nature, which are done as a routine action by the Commissioners of the Land Office. If any member of the Commission or any member of the public requests a particular item or items to be considered individually, the matter or matters shall be considered individually.

- a. Presented by Keith Kuhlman, Assistant Secretary
- b. Discussion
- c. Commission action in which the Board may approve, disapprove or table the matter and/or direct staff to take further action.

Financial Services Division

1. February 2020
 - a. Claims Paid (Routine) (pp 145-146)
 - b. Budget to Actual Expenditure Comparison (p 147)

Minerals Management Division

1. February 2020
 - a. 1/15/2020 Oil and Gas Lease Awards (pp 148-149)
 - b. Tracts Offered 3/25/2020 (p 150)
 - c. Assignments of Oil and Gas Leases (p 150-151)

Real Estate Management Division

1. February 2020
 - a. Surface Lease Assignments (pp 152-153)
 - b. 20 Year Easements (p 153)
 - c. Soil Conservation Projects (p 153)
 - d. Request and Authorization for Improvements (p 153)
 - e. Assignment of Long Term Commercial Lease (p 154)
 - f. Short Term Commercial Lease Renewals (p 154)

Mr. Kuhlman presented the Summary of Activities, briefly pointing out the assignment of a long-term commercial lease. The previous lessee was David Ostrowe through O&M Restaurant Group. It was assigned to Switchgrass-VI, LLC, who met all requirements for the lease. A MOTION to approve the Consent Agenda was made by Lt. Governor Pinnell and seconded by Commissioner Byrd.

Stitt: Aye
Pinnell: Aye Motion Carried
Hofmeister: Aye
Arthur: Aye
Byrd: Aye

7. Financial Information Regarding Investments and Monthly Distributions (informational only)

Accounting

- a. March 2020 Distribution by District and Month

Investments

- a. February 2020 Market Value Comparison

There were no questions regarding this item.

8. New Business

The Commission may discuss, consider and take possible action regarding new business that could not have been reasonably anticipated or was unknown prior to the regular meeting.

Seeing no new business, a MOTION to adjourn was made by Lt. Governor Pinnell and seconded by Commissioner Hofmeister.

Stitt: Aye
Pinnell: Aye Motion Carried
Hofmeister: Aye
Arthur: Aye
Byrd: Aye

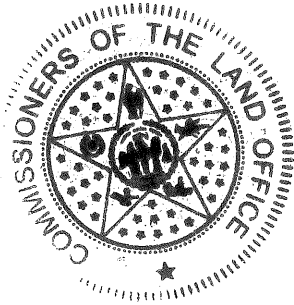
Recoding stopped at 2:22pm.


Keith Kuhlman, Assistant Secretary

I HEREBY CERTIFY that the foregoing is a true, full and correct report of said meeting.


WITNESS my hand and official signature this 11th day of June 2020.

(SEAL)




CHAIRMAN

ATTEST:


Keith Kuhlman