BOARD OF UNIVERSITY AND SCHOOL LANDS
AUGUST 20, 2025 9:00 AM

NORTH Dakota | Trust Lands
Be Legendary.™

Governor's Conference Room and Microsoft Teams meeting

Join on your computer, mobile app or room device
Click here to Join the meeting now
Dial in by phone
+1 701-328-0950,,452780647# United States, Bismarck
Phone conference ID: 452 780 647

Meeting Coordinators: Catelin Newell – Dir. Admin Services & IT, Kate Schirado – Exec. Assistant

➢ **= Board Action Requested**

1. Call to Order – Chairman

A. Roll Call and Pledge of Allegiance

B. Consideration of Approval of Land Board Meeting Minutes by voice vote.
– minutes available via link

2. **Operations – Joseph Heringer**

A. Commissioner's Report – pg. 2

B. Strategic Investment and Improvement Fund (SIIF) Assigned Fund Balance – pg. 3

C. Financial Dashboard – pg. 4

3. **Division Reports – Joseph Heringer**

A. Surface – pg. 11

B. Minerals – pg. 12

C. Unclaimed Property – pg. 14

D. Financials (unaudited) for period ended April 30, 2025 – available via link

4. **Investments – Frank Mihail, CIO**

A. Investment Update – pg. 15

B. Investment Policy Statement (IPS) – presented by RVK - First Reading – pg. 20

5. **Special Projects – Joseph Heringer**

A. Leonardite Lease – Chris Suelzle, Minerals Division Director – pg. 70

6. **Litigation Update – Joseph Heringer – *pg. 74***

➢ **Executive session under the authority of NDCC §§ 44-04-19.1 and 44-04-19.2 for attorney consultation with the Board's attorneys to discuss:**

- **Royalty Settlements**

Next Meeting Date – September 25, 2025

RE: Commissioner's Report
(No Action Requested)

Special Mention Events

- National Association of State Trust lands Annual Conference – attended July 20-23, 2025, along with Minerals Director, Chris Suelzle; great collaboration and networking opportunities with educational agendas covering topics such as geologic carbon sequestration, agricultural carbon markets, multi-use lease opportunities, wind & solar, oil & gas, conservation, and fiduciary management practices; also had the opportunity to promote North Dakota hosting the 2026 conference July 12-15, 2026, in Medora!
- State Investment Board - attended July 25, 2025, regular meeting and August 14, 2025, special meeting as a voting member
- Surface Auctions Outreach Campaign – recorded a radio ad that will be part of a new outreach campaign to increase awareness and competition for Fall agricultural leasing auctions; campaign kicks off early September and will feature radio, social media, and online advertising
- Legislative Audit & Fiscal Review Committee – attended August 14, 2025, hearing where the Department's 2024 financial audit was presented for review

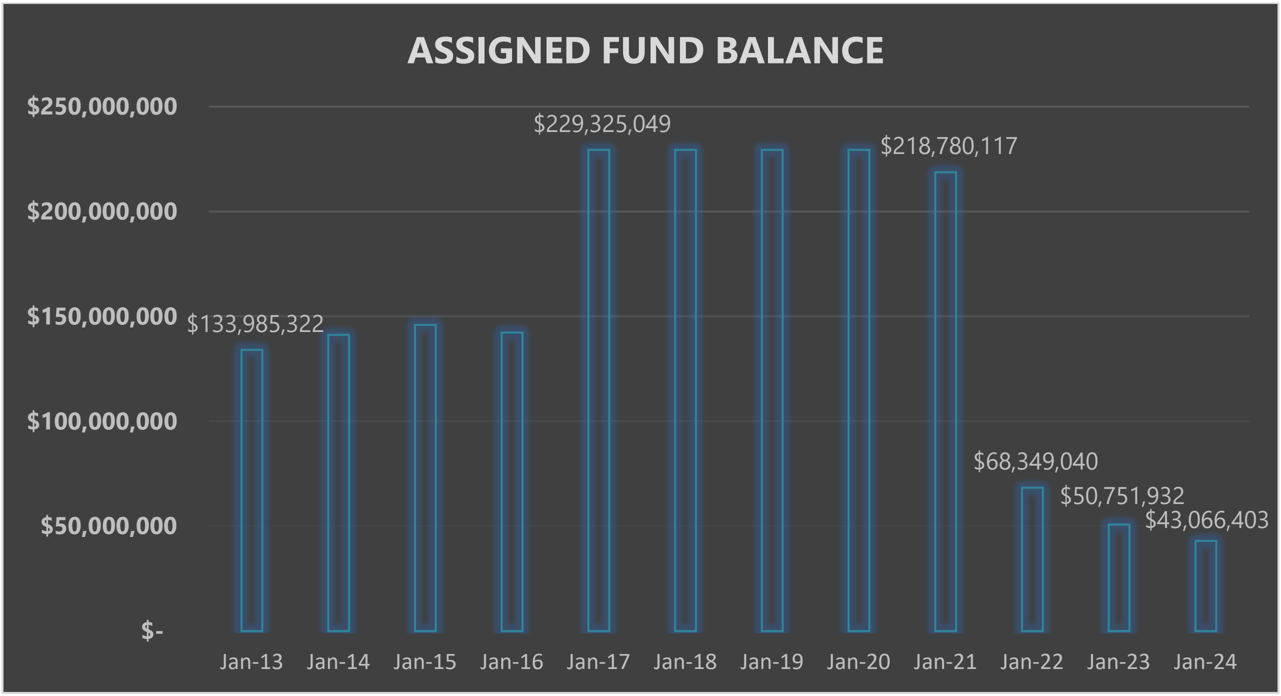
Human Resources

- Unclaimed Property Compliance Officer – hired internal candidate Emily Bosch with September 1, 2025, start date; we are excited to start building this new program; will post internally and reassign duties to backfill Emily's claims, outreach, and securities roles

RE: Strategic Investment and Improvements Fund (SIIF) – Assigned Fund Balance

On August 22, 2024, the Board approved the existing Assigned Fund Balance of $43,066,403. Since then, the Department of Trust Lands (Department) has been in active litigation resulting in no changes to the lease bonus portion of the assigned balance. The recommended increase is based upon the royalties received during the past year. The table below details the recommended Assigned Fund Balance which is $59,000 more than the prior year.

	6/30/2024 Recommended Assigned Fund Balance
Fort Berthold Reservation Riverbed Dispute Bonus	$ 34,379,816
Fort Berthold Reservation Riverbed Royalties	1,837,344
Wenk Line Litigation Bonus	6,908,243
Recommended Assigned Fund Balance	$ 43,125,403



Recommendation: For purposes of its financial reporting, the Board affirms the "Assigned Fund Balance" of the Strategic Investment and Improvements Fund be set at $43,125,403 as of June 30, 2025.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Armstrong					

COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

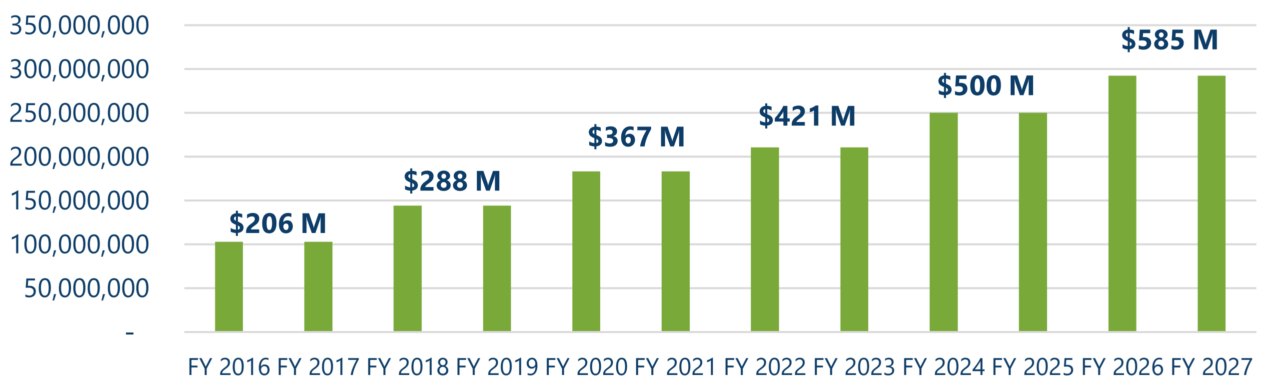
North Dakota | Trust Lands
Be Legendary.™

CSTF ASSET BALANCE as of 04/30/2025 (unaudited)

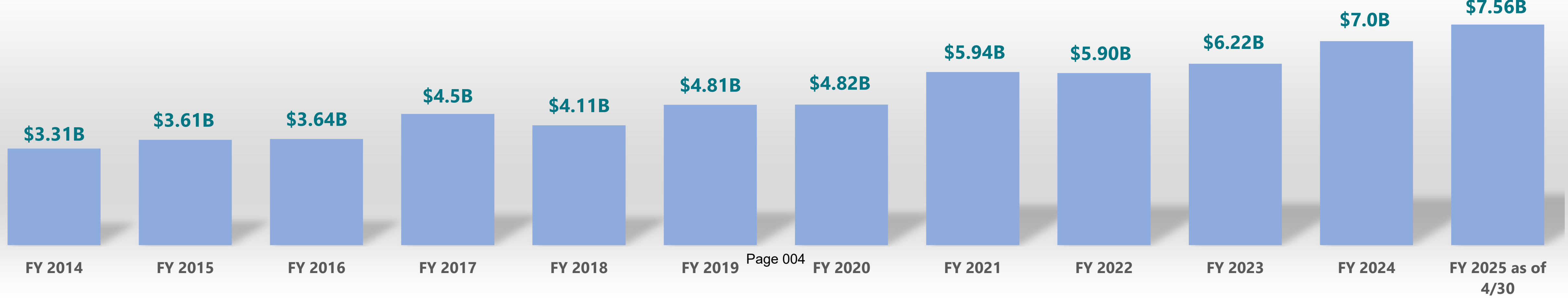
$7,562,401,536

+$817 million year-over-year from 04/30/2024 balance of $6.75 billion

CSTF DISTRIBUTION HISTORY PER BIENNIUM



CSTF ASSET BALANCE HISTORY

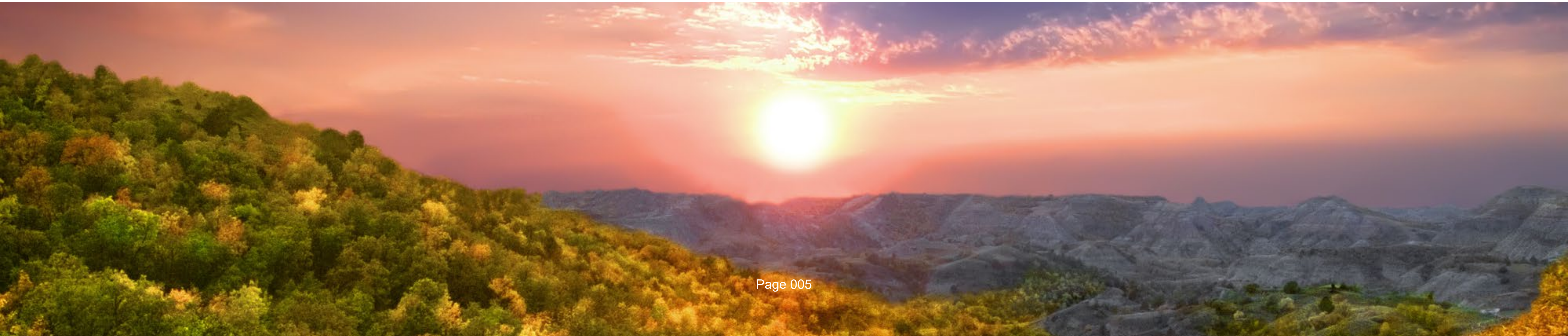


COMMON SCHOOLS TRUST FUND 2025-27 (CSTF) DISTRIBUTIONS

NORTH Dakota | Trust Lands
Be Legendary.™

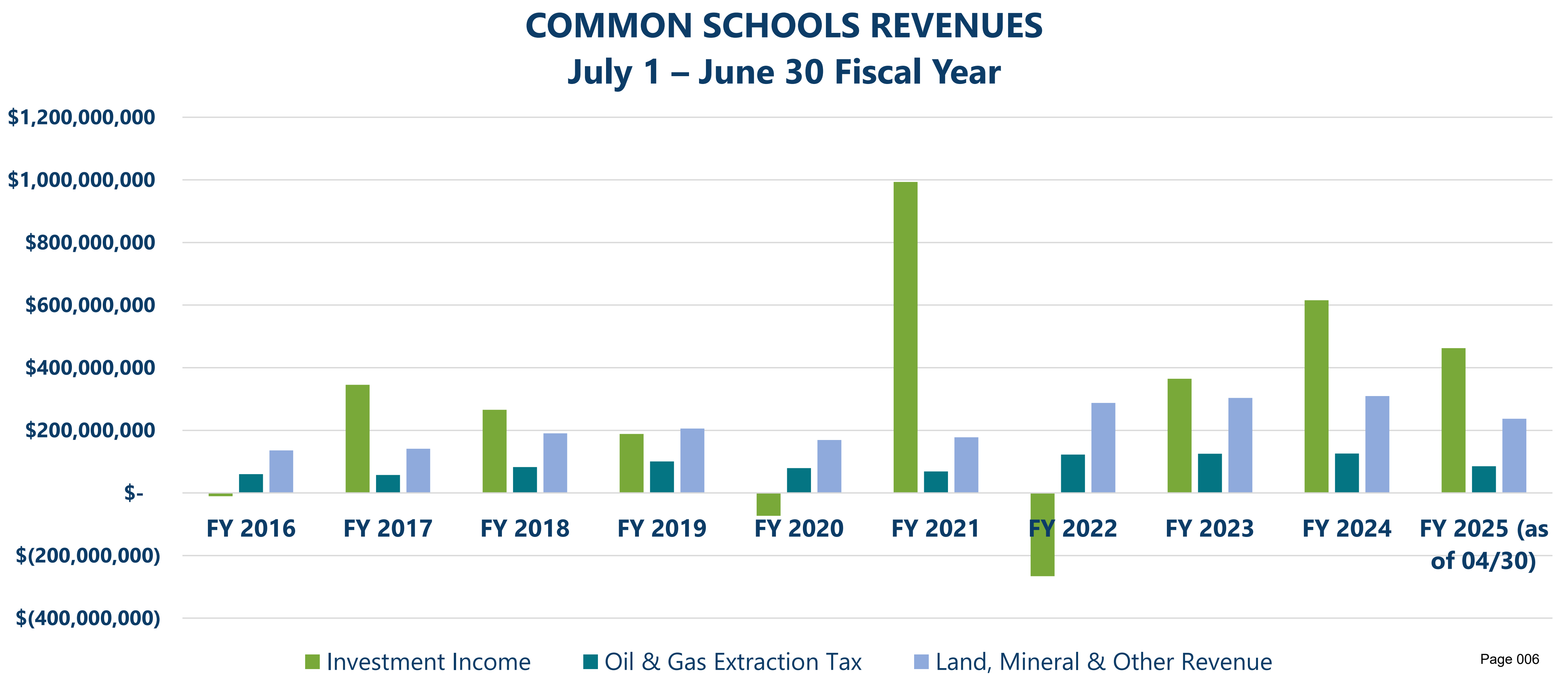
Monthly Distribution to the State Tuition Fund for the 2025-27 Biennium	$32,500,000
Multiplied by 9 months per year	=$292,500,000
Divided by 116,598 students	= $2,508/student per year

North Dakota Cost to Educate Per Student	$13,778/year
75.7% State Funding Share	=$10,430
$2,508 CSTF per Student Annual Distribution	**=24% of state funding share**



COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

NORTH Dakota | Trust Lands
Be Legendary.™



STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

NORTH Dakota | Trust Lands
Be Legendary.™

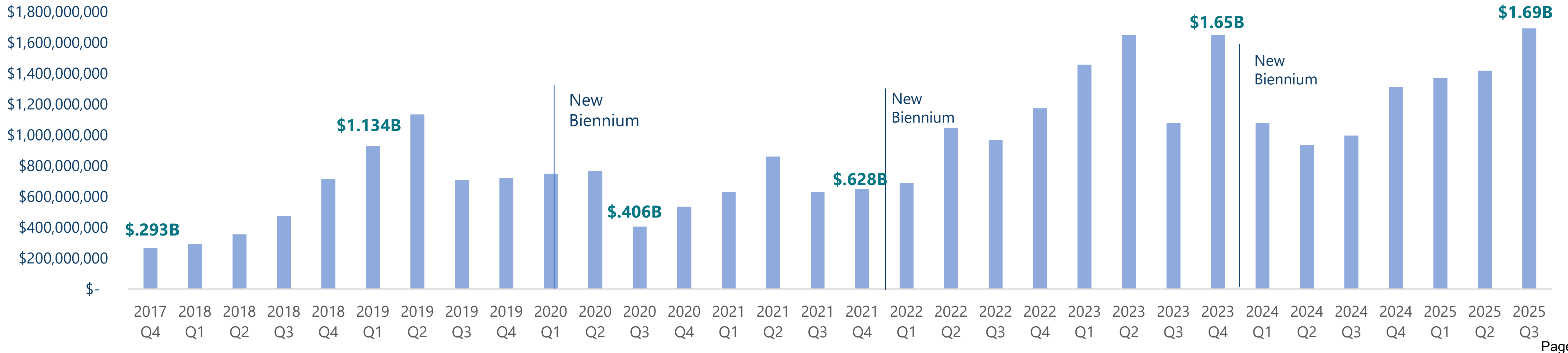
SIIF BALANCE as of 03/31/2025 (unaudited)

- Total Balance - $1,692,697,150
- Uncommitted Balance – $1,415,825,323

SIIF BALANCE as of 04/30/2025 (unaudited)

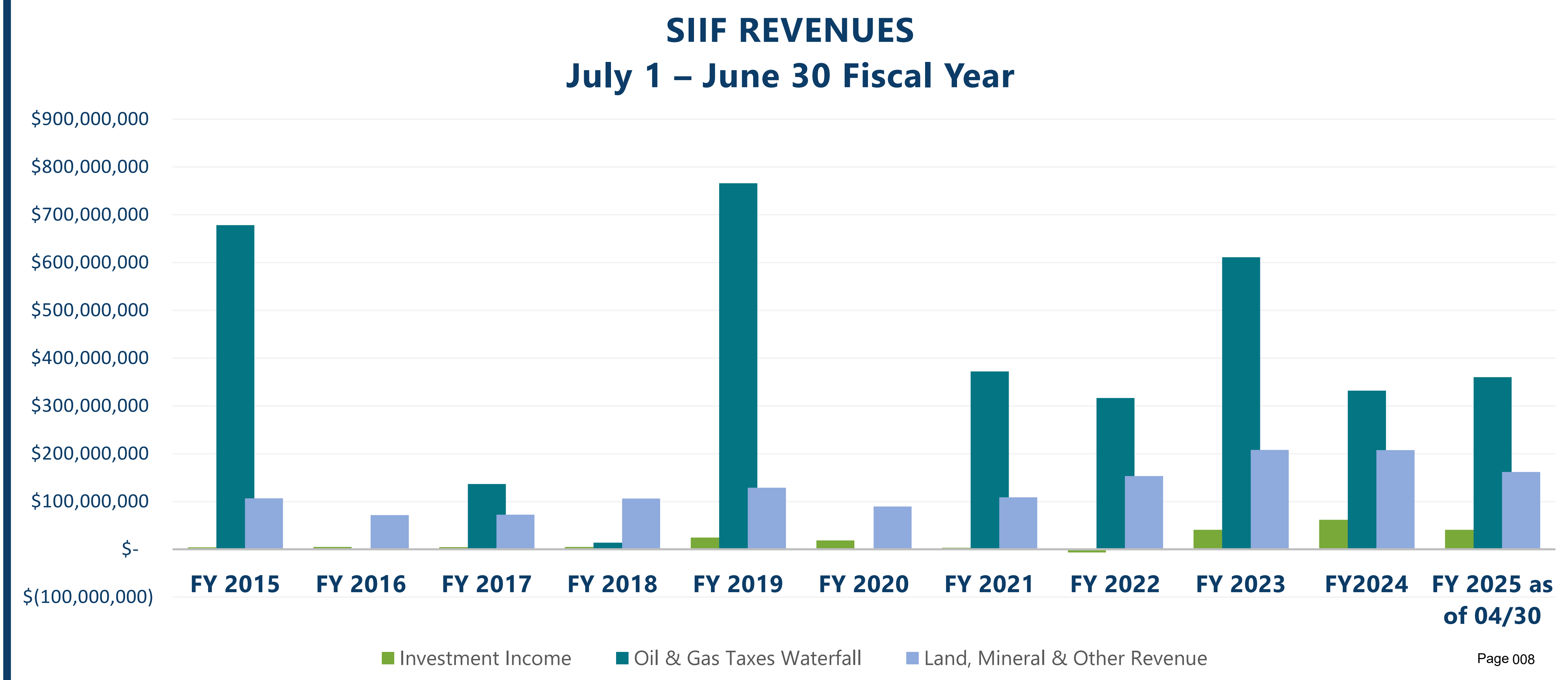
- Total Balance - $1,776,330,093
- Uncommitted Balance – **$1,499,458,266**

SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)

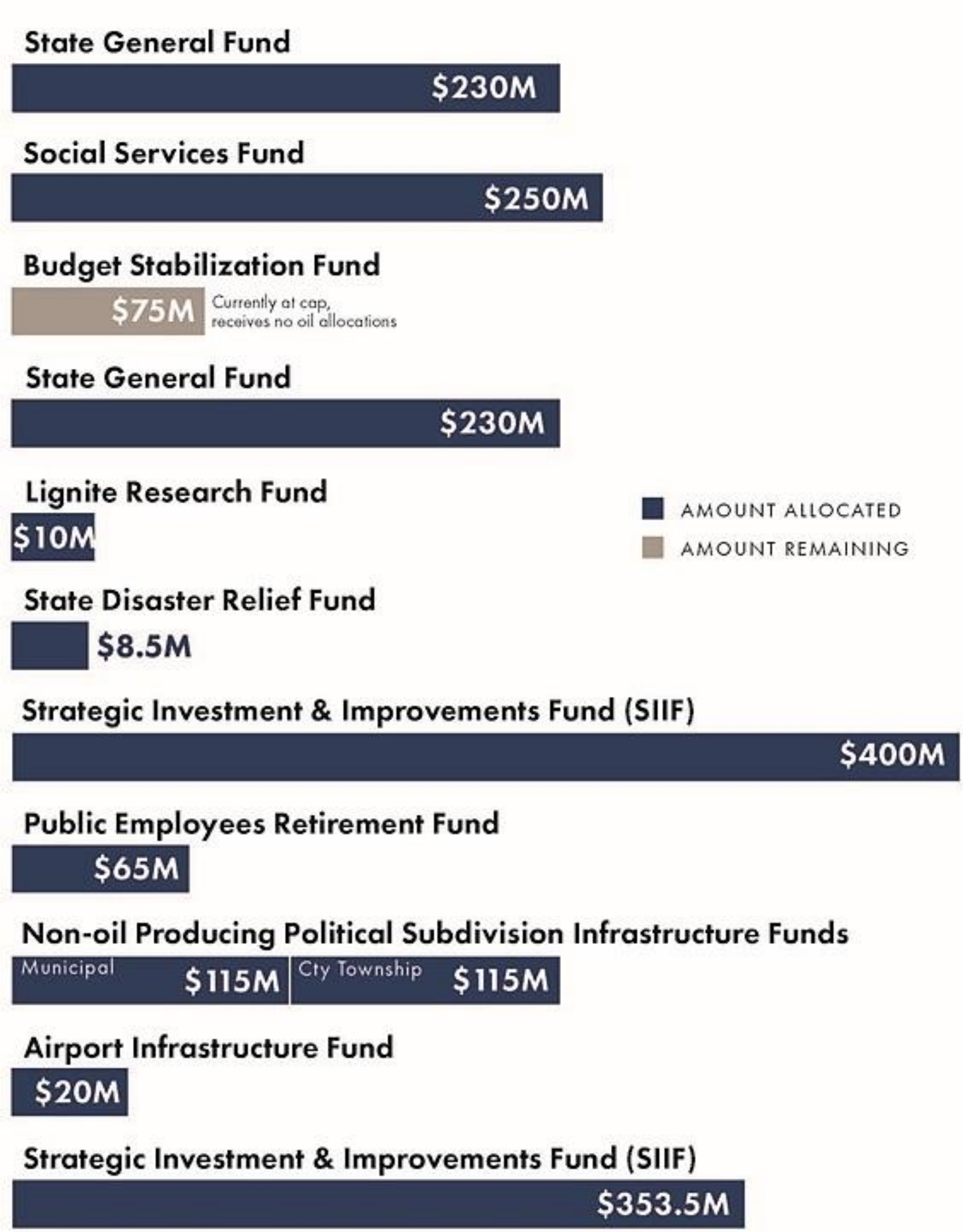


STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

NORTH Dakota | Trust Lands
Be Legendary.™



ALLOCATION OF STATE SHARE OF OIL & GAS TAXES
Based on Allocations through June 30, 2025



ESTIMATED TOTAL NET ASSETS as of 04/30/2025

North Dakota | Trust Lands
Be Legendary.™

Mineral Tracker Valuation as of October 31, 2024, on 2.6 million Mineral Acres

$2,461,271,622

Surface Fair Market Value as of April 2025, on 706,000 Surface Acres

$736,474,769

Estimated Total Net Assets* as of April 30, 2025

$11,307,378,656

* Total excluding SIIF

SURFACE DIVISION
ENCUMBRANCES ISSUED

NORTH Dakota | Trust Lands
Be Legendary.™

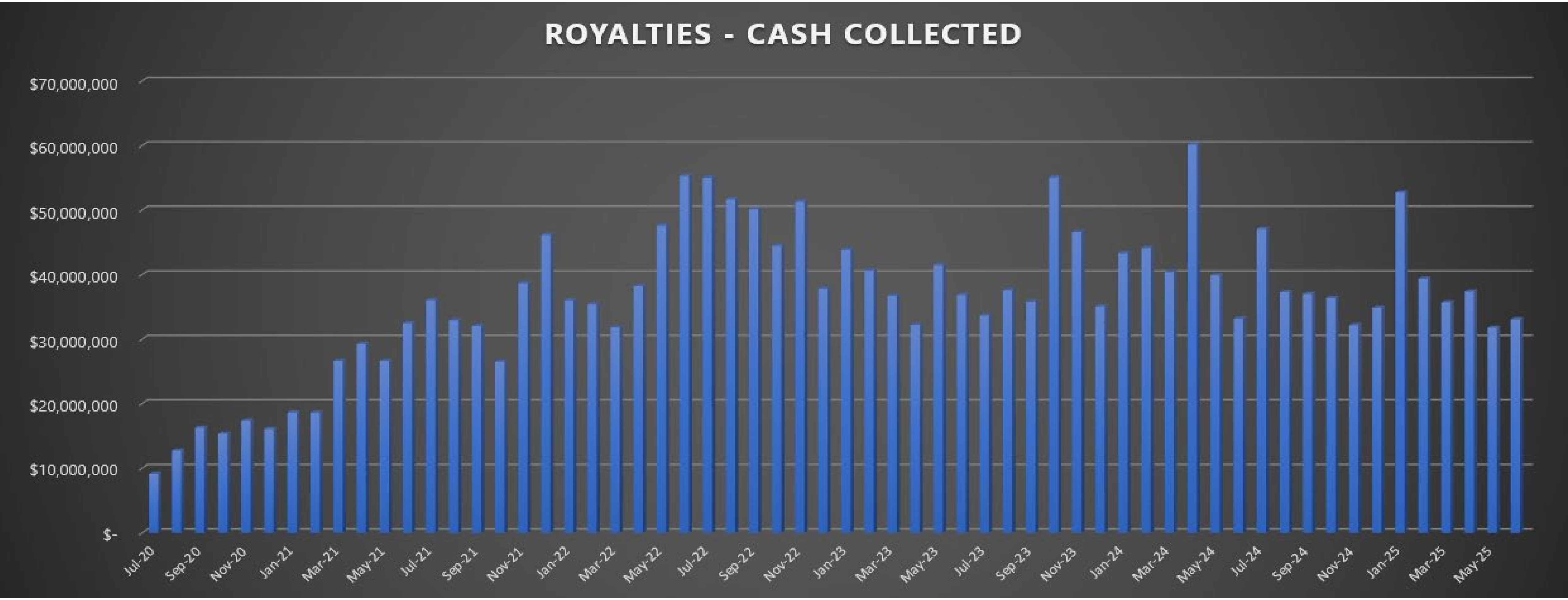
Encumbrances issued by the Commissioner: 22 Right of Way Agreements in July generated a total of $349,295 in income for the Trusts.

Purple Cone Flower on Adams Co. Trust Lands 129-94-16
Photo Credit: Garret Hecker

MINERALS DIVISION
FISCAL YTD O/G ROYALTIES

NORTH Dakota | Trust Lands
Be Legendary.™

As of June 30, 2025*, for fiscal year 2024-25 the Department has received **$454,874,291** in royalties as compared to **$504,984,740** last fiscal year at this time.

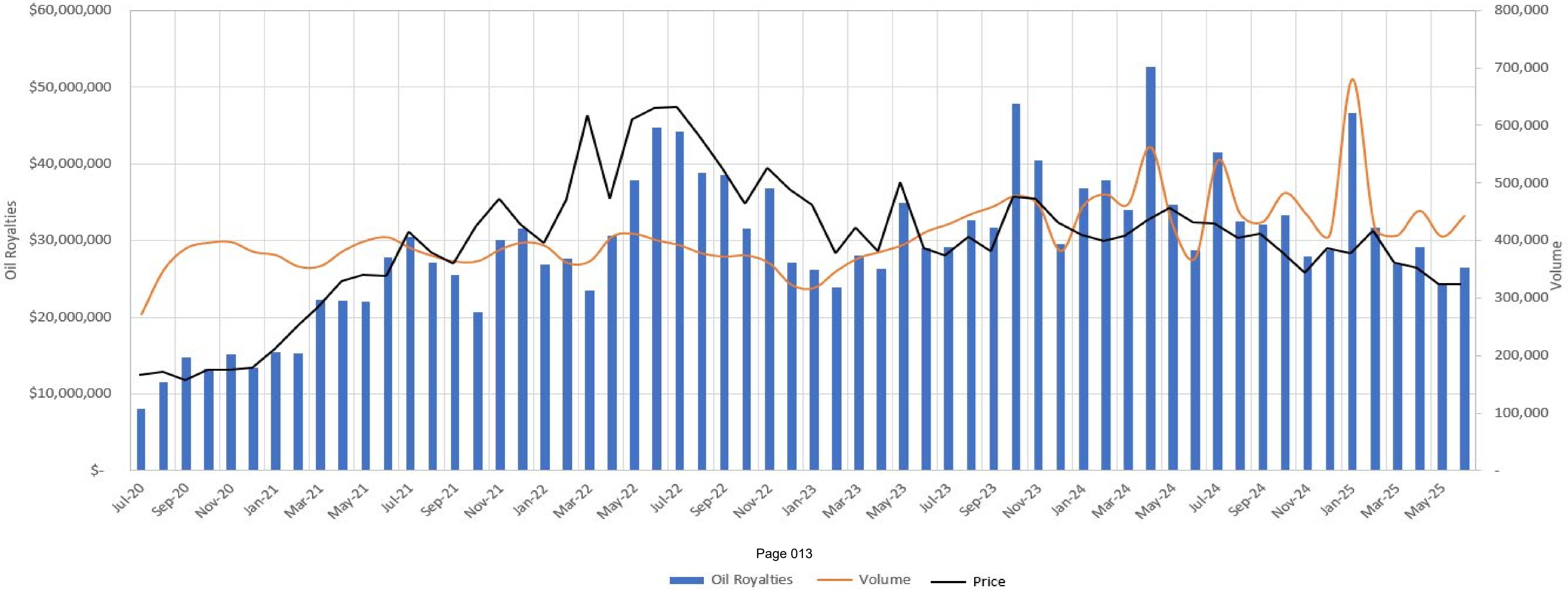


*June royalty revenue is from April gas production and May oil production.

PRICE MAIN DRIVER OF O/G ROYALTIES

NORTH Dakota | Trust Lands
Be Legendary.™

In the early years production growth was the driver of the Department's royalty increases. Now that our net monthly production has been more stable, averaging 463,586 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.



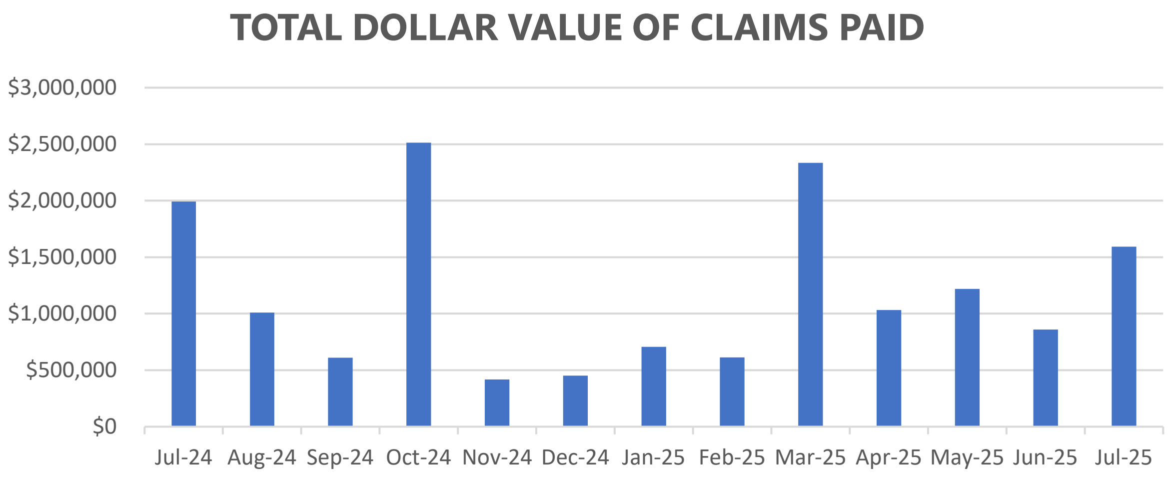
UNCLAIMED PROPERTY DIVISION

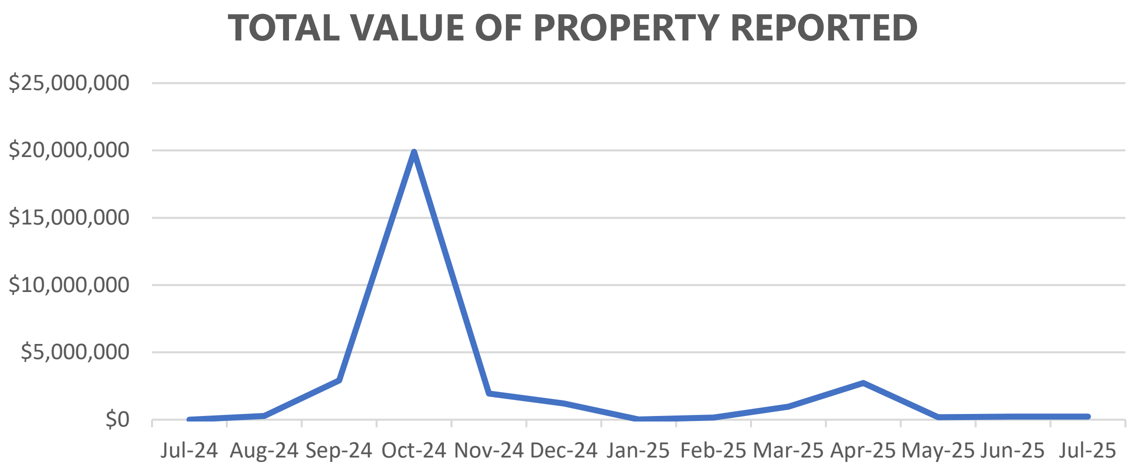
https://unclaimedproperty.nd.gov

North Dakota | Trust Lands
Be Legendary.™

For the month of June 2025, the Division paid 1196 claims with $1,591,684 returned to rightful owners.

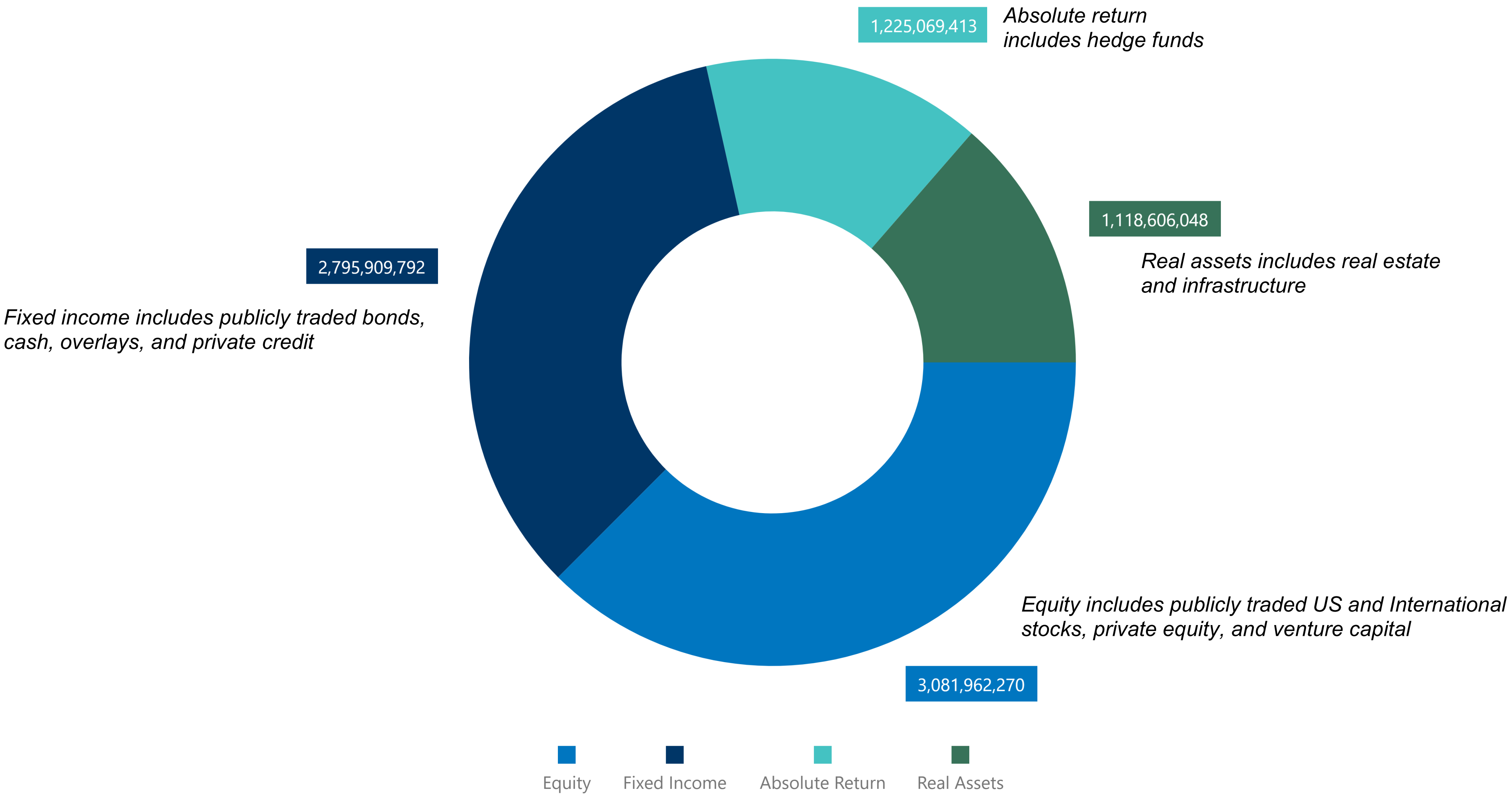
The Division also received 68 holder reports with a dollar value of $239,296.





Report as of 07/31/2025

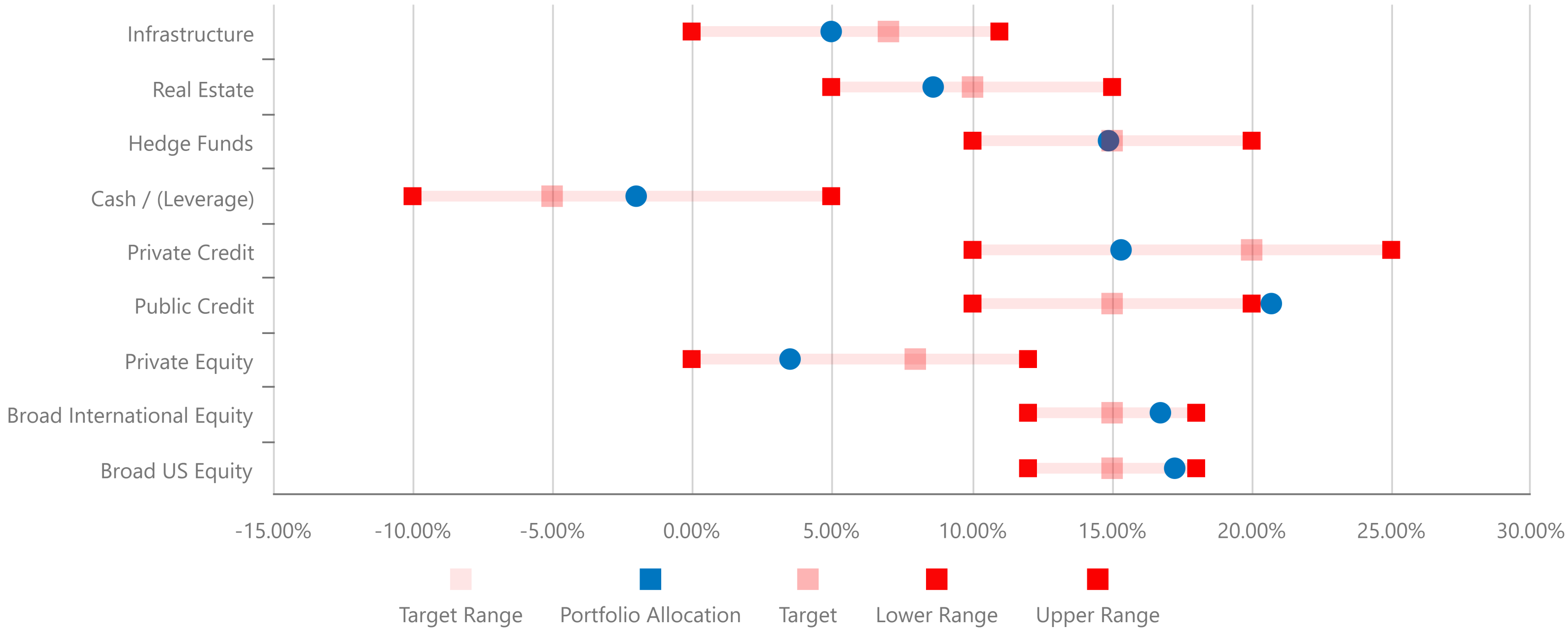
Asset Allocation



Asset	Total Value	% Of All Value
All	8,221,547,522	100%
Equity	3,081,962,270	37%
Fixed Income	2,795,909,792	34%
Absolute Return	1,225,069,413	15%
Real Assets	1,118,606,048	14%

Report as of 07/31/2025

Actual vs. Target Weight

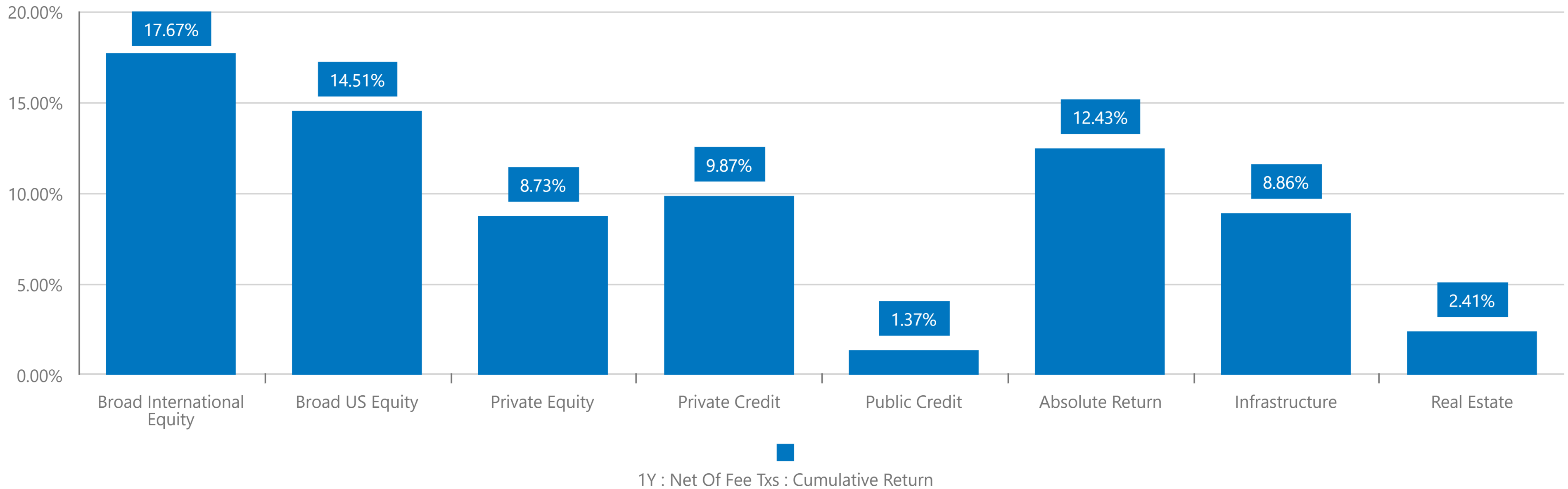


Asset	Total Value	% Of All Value	Target Weight	Over/Under %	Over/Under $
All (MTD)	8,221,547,522	100%	100%	0%	--
Equity	3,081,962,270	37.49%	38%	-0.51%	-42,225,788
Private Equity	287,061,464	3.49%	8%	-4.51%	-370,662,338
Broad International Equity	1,378,068,816	16.76%	15%	1.76%	144,836,688
Broad US Equity	1,416,831,989	17.23%	15%	2.23%	183,599,861
Fixed Income	2,795,909,792	34.01%	30%	4.01%	329,445,535
Cash / (Leverage)	-162,729,767	-1.98%	-5%	3.02%	248,347,609
Private Credit	1,258,387,425	15.31%	20%	-4.69%	-385,922,079
Public Credit	1,700,252,134	20.68%	15%	5.68%	467,020,005
Absolute Return	1,225,069,413	14.9%	15%	-0.1%	-8,162,716
Real Assets	1,118,606,048	13.61%	17%	-3.39%	-279,057,031
Infrastructure	409,614,962	4.98%	7%	-2.02%	-165,893,364
Real Estate	708,991,085	8.62%	10%	-1.38%	-113,163,667

Report as of 07/31/2025

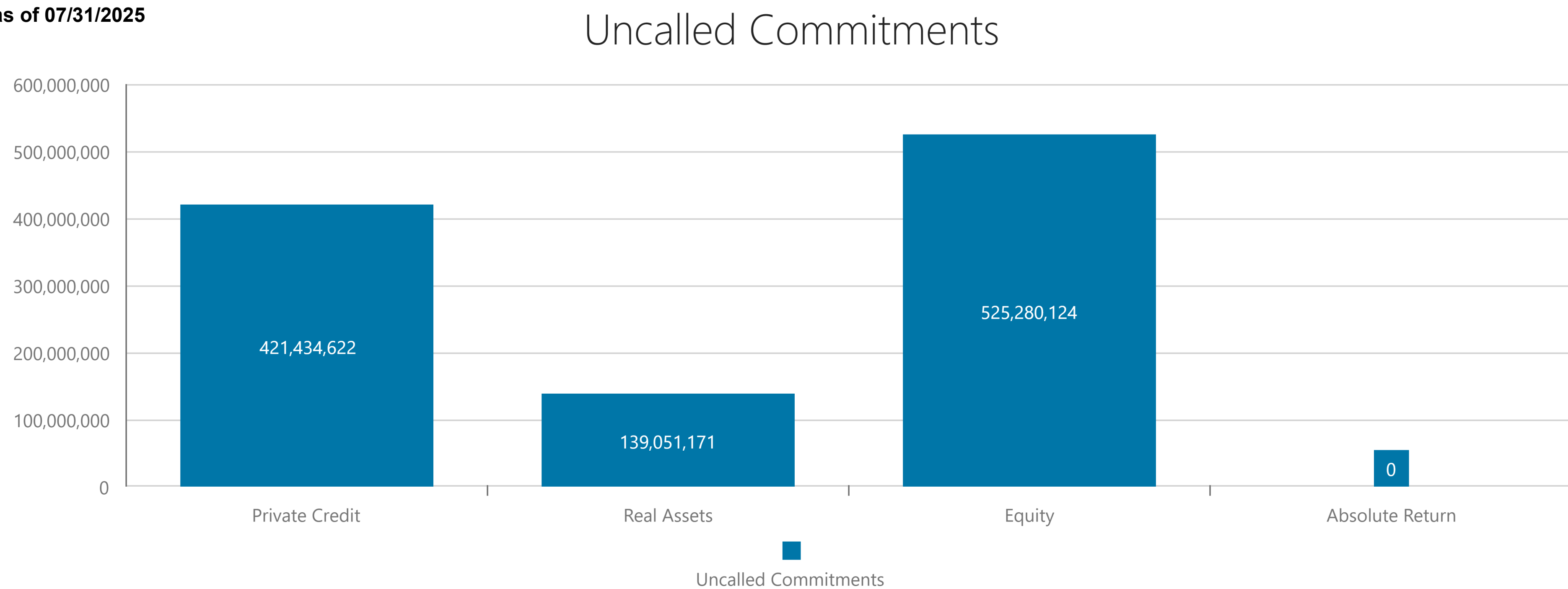
Flash Performance Report

Unaudited preliminary estimates



	MTD	QTD	YTD	FYTD	1Y
	Net of Fees Txs				
Asset	Cumulative Return	Cumulative Return	Cumulative Return	Cumulative Return	Cumulative Return
Total Portfolio	0.32%	0.32%	7.1%	0.32%	10.42%
Equity	0.66%	0.66%	12.49%	0.66%	16%
Broad International Equity	-0.39%	-0.39%	20.9%	-0.39%	17.67%
Broad US Equity	1.85%	1.85%	6.13%	1.85%	14.51%
Private Equity	0%	0%	1.9%	0%	8.73%
Fixed Income	0.16%	0.16%	3.91%	0.16%	5.79%
Private Credit	0.47%	0.47%	3.89%	0.47%	9.87%
Public Credit	-0.1%	-0.1%	4.08%	-0.1%	1.37%
Absolute Return	0.15%	0.15%	5.21%	0.15%	12.43%
Real Assets	-0.05%	-0.05%	2.08%	-0.05%	4.62%
Infrastructure	-0.14%	-0.14%	3.57%	-0.14%	8.86%
Real Estate	0%	0%	1.25%	0%	2.41%

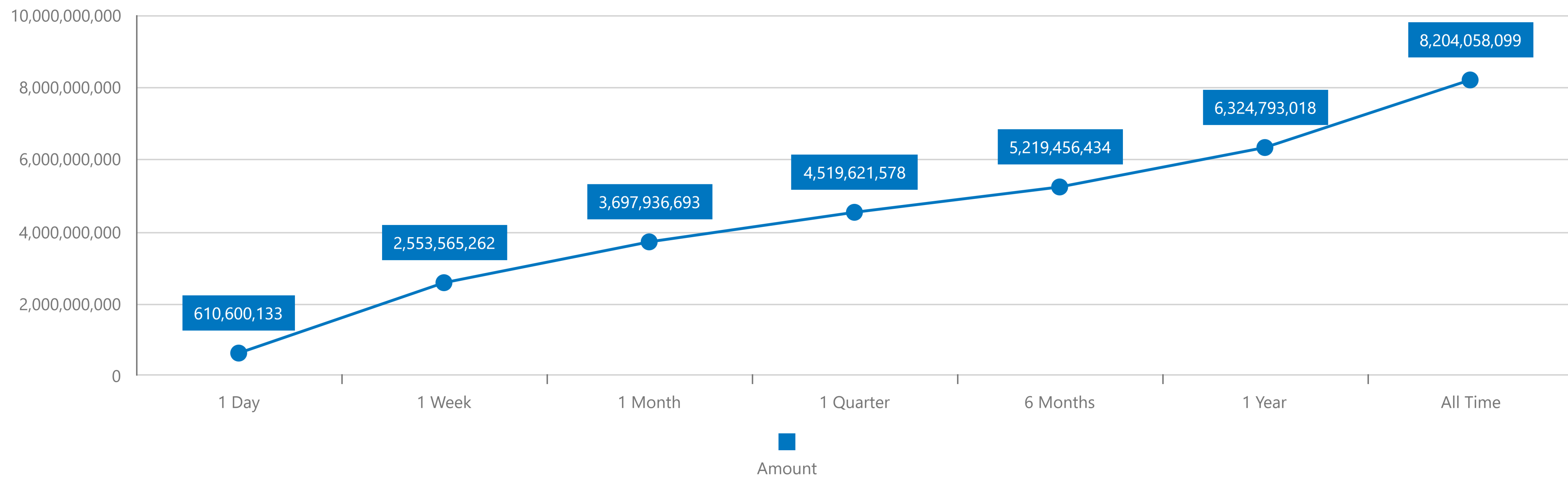
Report as of 07/31/2025



Asset	Commitment ($M)	Funded Commitment ($M)	Uncalled Commitments ($M)
All (MTD)	4,141	3,055	1,086
TPG Angelo Gordon	350	250	100
Ares	300	100	200
GCM Grosvenor	580	201	379
Hamilton Lane	50	29	21
Khosla Ventures	85	25	60
Monarch	120	101	19
Blue Owl	125	89	36
a16z	35	13	22
Industry Ventures	50	5	45
Pantheon	100	14	86
Blackstone	120	--	120

Report as of 07/31/2025

Liquidity Waterfall



Entity	1 Day ($M)	1 Week ($M)	1 Month ($M)	1 Quarter ($M)	6 Months ($M)	1 Year ($1M)	All Time ($M)
All	611	2,554	3,698	4,520	5,219	6,325	8,204
Equity	--	1,020	2,164	2,795	2,795	2,795	3,082
Fixed Income	611	1,534	1,534	1,534	1,787	1,832	2,795
Absolute Return	--	--	--	191	505	698	1,216
Real Assets	--	--	--	--	132	999	1,111

Measures how long it would take to liquidate the entire portfolio

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
August 20, 2025

RE: Strategic Asset Allocation (SAA) and Investment Policy Statement (IPS) updates
First Reading (No Action Requested)

At the request of Staff, RVK conducted an allocation study using 2025 capital market assumptions. Based on the study, Staff and RVK recommend the following SAA and IPS changes:

Update Strategic Asset Allocation Targets.
Each asset class was adjusted based on the following overall themes:
(1) Shift from credit-oriented to equity-oriented strategies to enhance long-term return potential consistent with the risk tolerance level of a perpetual endowment.
(2) Shift from real estate to infrastructure as the AI revolution takes shape, driving increased power demand over the next decade.
(3) Simplify the allocation by removing leverage from long-term targets, while maintaining the ability to use overlays opportunistically.

Core Fixed Income	Current	Proposed
Broad US Equity	15%	19%
Broad International Equity	15%	17%
Private Equity	8%	12%
Public Credit	15%	7%
Private Credit	20%	15%
Cash / Implied Leverage	-5%	0%
Absolute Return (Hedge Funds)	15%	12%
Real Estate	10%	8%
Private Infrastructure	7%	10%

Change Infrastructure Benchmark. FT Wilshire Private Markets Infrastructure Index is the first and only investable private markets infrastructure index, comprised of global diversified open-end infrastructure funds. This change will solve the current volatility mismatch problem of using a public market benchmark measured against a private market portfolio.

Add Dynamic Total Fund Benchmark. Private markets allocations are outside the control of staff as they rely on investment manager capacity and timing of capital calls. Dynamic total fund benchmarking uses current rather than target allocations. This removes the policy allocation impact on excess returns. Adding a second total fund benchmark with a dynamic calculation methodology offers another perspective for relative performance.

Attachment 1: RVK Asset Allocation Overview
Attachment 2: FT Wilshire Private Markets Infrastructure Index Memo
Attachment 3: Investment Policy Statement redline

RVK

North Dakota Board of University and School Lands

Asset Allocation Overview

August 2025

PORTLAND BOISE CHICAGO NEW YORK

Overview & Recommendation

Overview and Recommendation

- RVK conducted a formal asset allocation study for the Permanent Trust Funds (“the PTFs) updated with RVK’s 2025 capital market assumptions. A formal asset allocation study was previously completed for the PTFs in 2023.

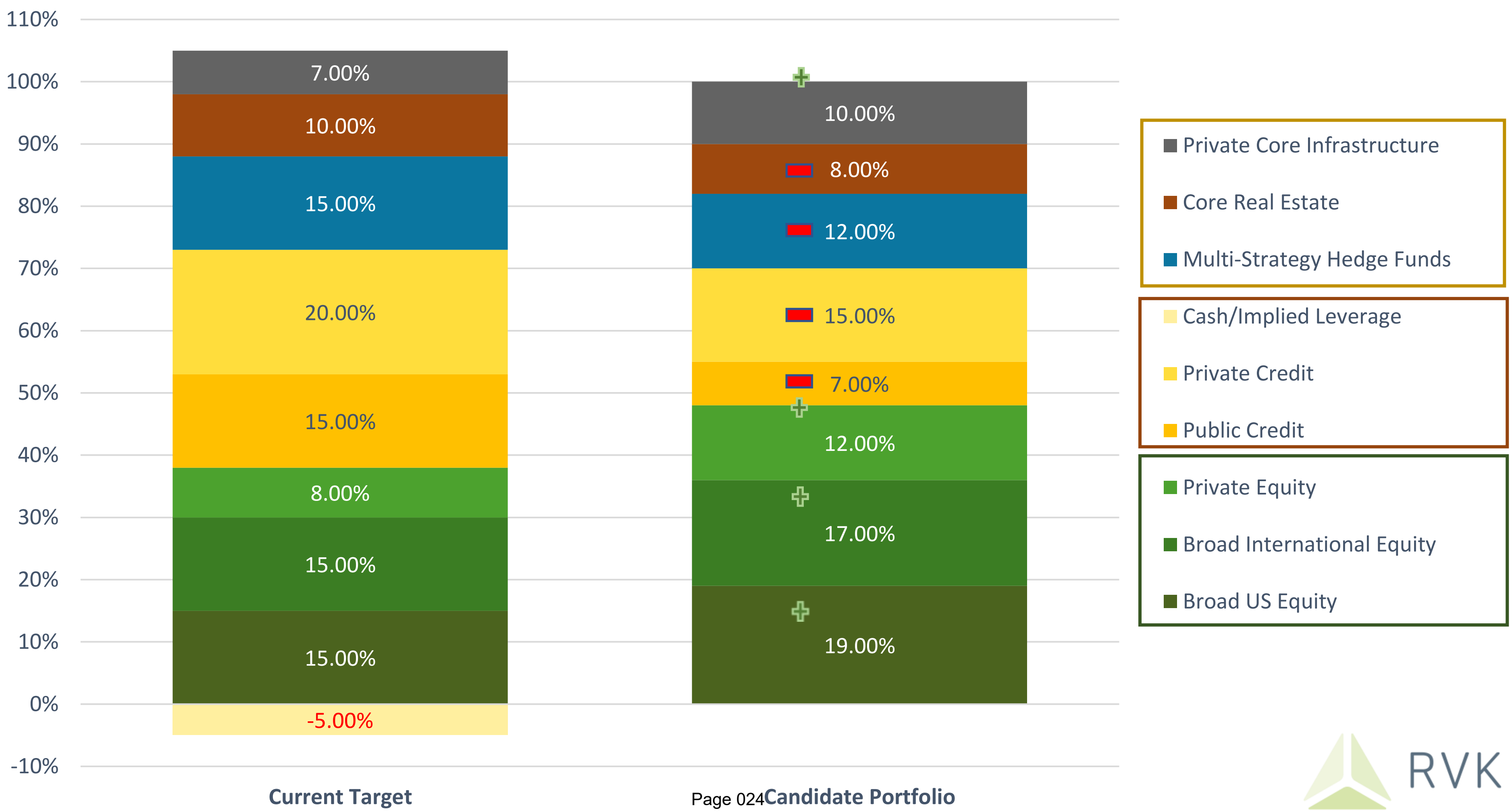
- RVK and Staff evaluated the PTFs’ current target portfolio and potential candidate portfolios that seek improve the PTF’s long-term expected risk/return profile.

- RVK and Staff recommend the PTFs’ asset allocation targets be modified to reflect the portfolio identified in this presentation. Recommended changes are designed to achieve the following:
    - Greater long-term exposure to equity investments (public and private), reflecting the long-term nature of the portfolio and objectives
        - Within public equities, bring portfolio modestly closer to geographical market weights
    - Simplify the policy target by removing leverage, while retaining the ability for staff to apply up to 5% when advantageous to do so
    - Modest reductions in private credit and hedge funds given maturation of each, significant inflows, and downward pressure on long-term returns
    - Within real assets, increasing exposure to infrastructure in lieu of traditional real estate

RVK

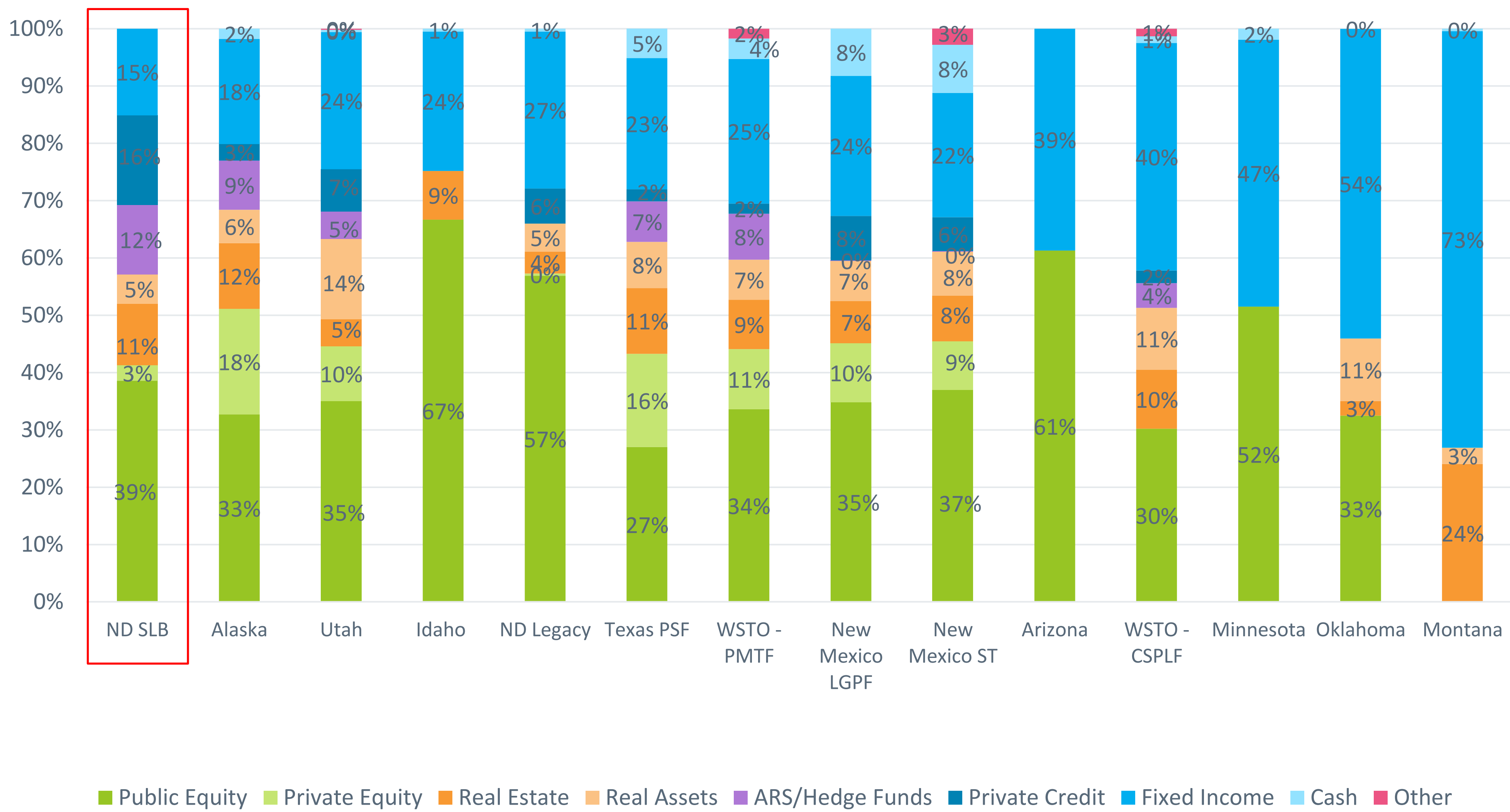
Overview and Recommendation

	Current Target	Candidate Portfolio	Candidate Portfolio vs. Current Target
Expected Arithmetic Return	7.18%	7.29%	0.11%
Expected Risk (Standard Deviation)	10.81%	11.56%	0.75%
Expected Return/Risk Ratio	0.66	0.63	-0.03
RVK Liquidity Metric	47	49	2



Peer Reference

Asset Allocation as of June 30, 2024



Allocation to "Other" includes opportunistic investments and economically targeted investments.

Asset Allocation Study

Asset Allocation Inputs

- Key Inputs in the asset allocation setting process include:
  - Return objectives
    - Long-term preservation of purchasing power (spending rate + inflation)
  - Capital Markets Assumptions
    - Projected long-term return, risk, and correlation behavior of the various capital markets and investment categories
  - Constraints
    - Limited traditional constraints (liquidity, time horizon, risk tolerance)
  - Other Considerations
    - Relationship between income sources and investment portfolio exposures

RVK

RVK Capital Markets Assumptions Overview

Capital Market (CM) assumptions are forward-looking estimates of the behavior of asset classes.

- The asset class behaviors that we attempt to estimate in our CM assumptions – **risk**, **return** and **correlation** – are widely accepted as the most powerful drivers of the total fund return over the long run.
- Forecast Horizon: Capital market forecasts are virtually never less than three years, and even forecasts of five years are rare. Typically, the outlook is 10 years or more. Economic forecasts typically center around 12 months.
- We deploy a team of RVK professionals each year to focus on each asset class and we ensure that all of our consultants formally review, critique, and ultimately support our capital markets assumptions.
- RVK's capital markets assumptions have a time horizon of 10-20 years.
- Annual updates are typically gradual and incorporate historic performance, current valuations, as well as the overall economic environment.
- The modeling assumes passive index returns for traditional asset classes. Additional alpha can be achieved through active management in select asset classes.

Asset Allocation Study

Key Inputs

Long-Term Return and Risk Assumptions

Asset Class	Arithmetic Return Assumption	Standard Deviation Assumption	Index	Longest Historical Time Frame	Annualized Arithmetic Return	Annual Standard Deviation
Broad US Equity	6.04	16.04	Russell 3000	Jan 1979 - Dec 2024	12.13	15.52
Broad International Equity	9.07	18.47	MSCI ACW Ex US IMI (Gross)	Jun 1994 - Dec 2024	5.43	16.38
Private Equity	9.75	22.00	Cambridge Private Equity & Venture Capital	Jun 1981 - Sep 2024	13.43	11.38
Public Credit	4.50	5.00	Bloomberg US Agg Bond	Jan 1980 - Dec 2024	6.61	5.47
Private Credit	8.00	13.00	Cambridge Private Credit	Jun 1986 - Sep 2024	9.76	7.26
Cash/Implied Leverage	2.75	2.50	BofA ML 3 Mo US T-Bill	Jan 1978 - Dec 2024	4.58	1.13
Multi-Strategy Hedge Funds	5.75	8.50	HFRI RV Multi-Strategy	Jan 1990 - Dec 2024	7.05	4.09
Core Real Estate	6.25	12.50	NCREIF ODCE (Gross) (AWA)	Mar 1978 - Sep 2024	6.94	5.47
Private Core Infrastructure	7.25	15.00				

2025 RVK Capital Market Assumptions. Broad US Equity is a combination of 95.3% Large/Mid Cap US Equity and 4.7% Small Cap US Equity. Broad International Equity is a combination of 60.5% Dev'd Large/Mid Cap Int'l Equity, 9.7% Dev'd Small Cap Int'l Equity, and 29.8% Emerging Markets Equity.

Asset Allocation Study

Key Inputs

Correlations

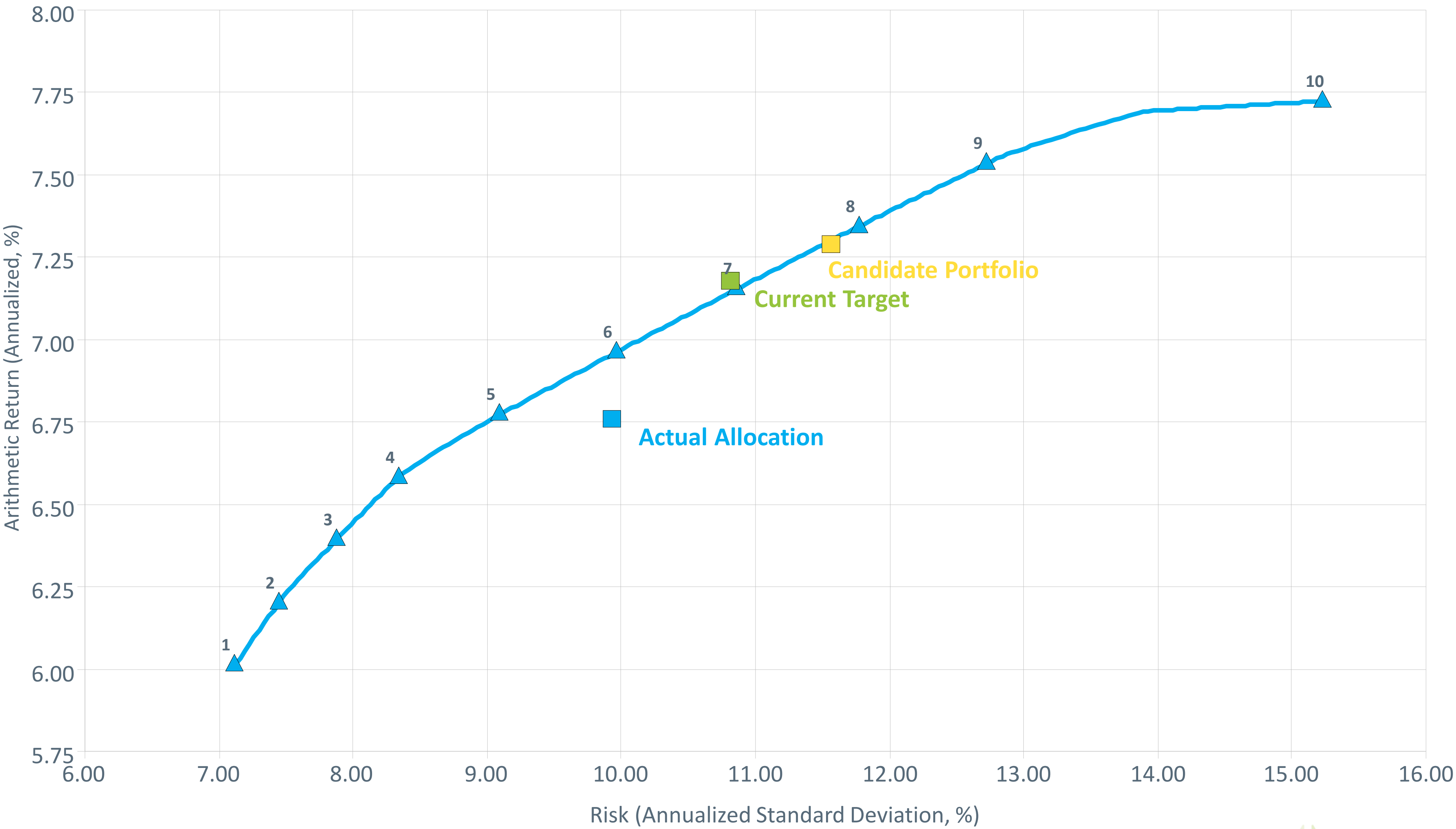
	Broad US Equity	Broad International Equity	Private Equity	Public Credit	Private Credit	Cash/Implied Leverage	Multi-Strategy Hedge Funds	Core Real Estate	Private Core Infrastructure
Broad US Equity	1.00	0.87	0.67	0.27	0.79	-0.05	0.67	0.33	0.12
Broad International Equity	0.87	1.00	0.70	0.31	0.85	-0.02	0.75	0.31	0.16
Private Equity	0.67	0.70	1.00	0.02	0.74	-0.21	0.61	0.53	0.14
Public Credit	0.27	0.31	0.02	1.00	-0.06	0.08	0.15	0.10	0.03
Private Credit	0.79	0.85	0.74	-0.06	1.00	-0.07	0.89	0.41	0.13
Cash/Implied Leverage	-0.05	-0.02	-0.21	0.08	-0.07	1.00	-0.12	-0.22	0.11
Multi-Strategy Hedge Funds	0.67	0.75	0.61	0.15	0.89	-0.12	1.00	0.40	0.19
Core Real Estate	0.33	0.31	0.53	0.10	0.41	-0.22	0.40	1.00	0.45
Private Core Infrastructure	0.12	0.16	0.14	0.03	0.13	0.11	0.19	0.45	1.00

RVK

Asset Allocation Study

Efficient Frontier

The figure below illustrates the relationship between risk and return. The line connecting the points represents all the optimal portfolios subject to the given constraints and is known as the "efficient frontier“.



Actual allocation is as of 06/30/2025. **Constraints: 1)** US Equity > International Equity. **2)** Real Assets (Core Real Estate + Private Core Infrastructure) < 20% Total Portfolio **3)** Private Credit + Private Equity < 25% Total Portfolio

RVK

Asset Allocation Study

Efficient Portfolio

	Min	Max	1	2	3	4	5	6	7	8	9	10	Current Target	Actual Allocation	Candidate Portfolio
Broad US Equity	**10**	**50**	10	10	10	10	10	13	15	19	24	35	15	17	19
Broad International Equity	**10**	**50**	10	10	10	10	10	13	15	19	24	35	15	17	17
Private Equity	**0**	**12**	0	0	2	5	12	12	12	12	12	12	8	3	12
Public Credit	**5**	**30**	30	30	30	30	25	17	10	5	5	5	15	21	7
Private Credit	**0**	**20**	10	18	20	20	13	13	13	13	13	13	20	15	15
Cash/Implied Leverage	**0**	**5**	5	5	3	0	0	0	0	0	0	0	-5	-2	0
Multi-Strategy Hedge Funds	**0**	**15**	15	7	5	5	10	13	14	12	2	0	15	16	12
Core Real Estate	**0**	**15**	10	10	10	10	10	10	10	10	10	0	10	9	8
Private Core Infrastructure	**0**	**10**	10	10	10	10	10	10	10	10	10	0	7	5	10
Total			100	100	100	100	100	100	100	100	100	100	100	100	100
Capital Appreciation			30	38	42	45	45	50	56	63	73	95	58	52	63
Capital Preservation			35	35	33	30	25	17	10	5	5	5	10	19	7
Alpha			15	7	5	5	10	13	14	12	2	0	15	16	12
Inflation			20	20	20	20	20	20	20	20	20	0	17	14	18
Expected Arithmetic Return			**6.01**	**6.20**	**6.39**	**6.58**	**6.77**	**6.96**	**7.15**	**7.34**	**7.53**	**7.72**	**7.18**	**6.76**	**7.29**
Expected Risk (Standard Deviation)			**7.12**	**7.45**	**7.87**	**8.34**	**9.09**	**9.97**	**10.86**	**11.77**	**12.72**	**15.23**	**10.81**	**9.93**	**11.56**
Expected Compound Return			**5.77**	**5.94**	**6.10**	**6.26**	**6.39**	**6.50**	**6.60**	**6.70**	**6.79**	**6.66**	**6.64**	**6.30**	**6.67**
Expected Return (Arithmetic)/Risk Ratio			0.84	0.83	0.81	0.79	0.74	0.70	0.66	0.62	0.59	0.51	0.66	0.68	0.63
RVK Expected Eq Beta (LCUS Eq = 1)			0.38	0.40	0.43	0.45	0.48	0.54	0.59	0.65	0.72	0.89	0.60	0.56	0.64
RVK Liquidity Metric (T-Bills = 100)			60	57	55	52	49	48	48	50	56	70	47	56	49
Allocation to Private Assets			30	38	42	45	45	45	45	45	45	25	45	33	45

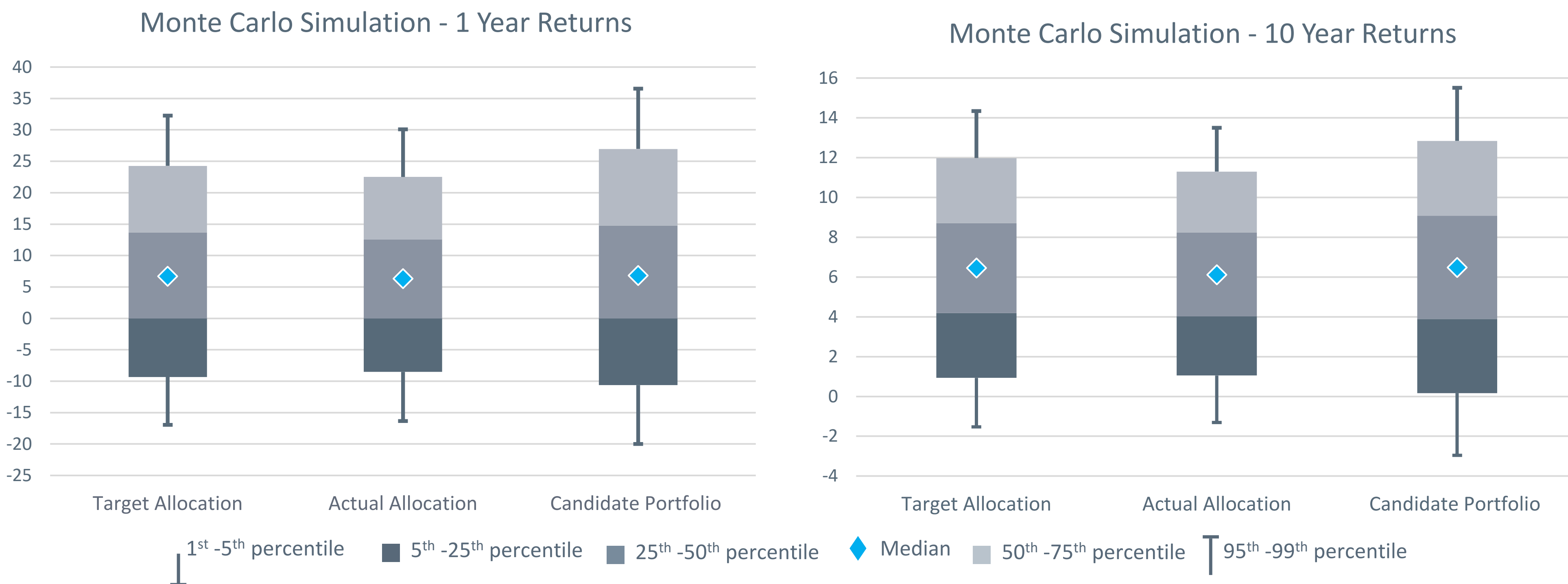
Actual allocation is as of 06/30/2025. **Constraints: 1)** US Equity > International Equity. **2)** Real Assets (Core Real Estate and Private Core Infrastructure) < 20% Total Portfolio **3)** Private Credit + Private Equity < 25% Total Portfolio

Scenario Analysis

Monte Carlo Simulation – Expected Returns

Target Allocation vs. Actual Allocation vs. Candidate Portfolio

The charts below show the expected return by percentile for the Target Allocation, Actual Allocation, and Candidate Portfolio for the 1- and 10-year periods.



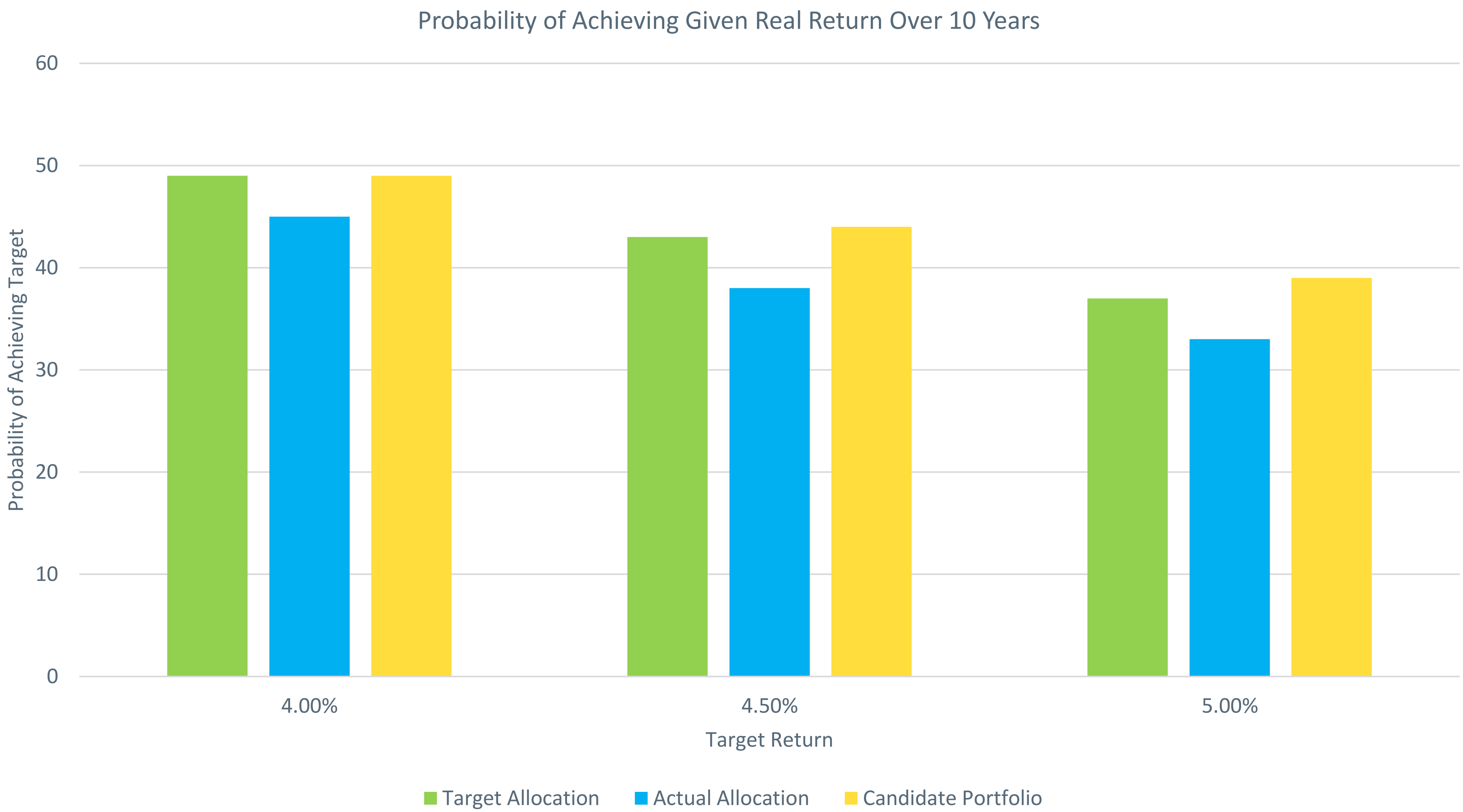
Percentile	1-Year			10-Years		
	Target Allocation	Actual Allocation	Candidate Portfolio	Target Allocation	Actual Allocation	Candidate Portfolio
99th	32.27	30.26	36.56	14.34	13.50	15.51
95th	24.28	22.68	26.97	11.98	11.30	12.84
75th	13.64	12.75	14.77	8.71	8.24	9.09
Median	6.69	6.31	6.82	6.45	6.12	6.48
25th	-0.01	0.17	-0.77	4.19	4.02	3.89
5th	-9.33	-8.51	-11.40	0.93	1.05	0.17
1st	-16.96	-16.34	-20.76	-1.53	-1.31	-2.96

Actual allocation is as of 06/30/2025.

Monte Carlo Simulation – Probability of Achieving Set Returns

Target Allocation vs. Actual Allocation vs. Candidate Portfolio

The chart below shows the percentage chance of achieving or exceeding the given real return for the Target Allocation, Actual Allocation, and Candidate Portfolio over the 10-year period.



Actual allocation is as of 06/30/2025.

RVK

RVK

Memorandum

To	North Dakota Board of University and School Lands ("NDBUSL")
From	RVK, Inc. ("RVK")
Subject	FT Wilshire Private Markets Infrastructure Index Launch
Date	August 20, 2025

Summary:

This memorandum summarizes the recent launch, and RVK's assessment, of the FT Wilshire Private Markets Infrastructure Index. Similar to benchmarking options within core real estate, the index composition and performance calculations will be peer-based, with fund inclusion focused on historical performance track record, fund assets under management, and sector/region diversification metrics.

Current private core infrastructure benchmarking options present performance comparison challenges. Listed infrastructure benchmarks, though investable, often result in large swings in short-term under/out performance given the timing difference in public/private valuations and higher correlation to overall equity market performance, and inflation-based benchmarking comparisons, while more meaningful over longer time periods, are uninvestable.

RVK views the FT Wilshire Private Markets Infrastructure Index as a meaningful benchmarking improvement relative to current options. The newly-launched index is a peer-based benchmark and will be the first index to market which is a true proxy for open-end core/core plus private infrastructure performance. Additional details on the index are included below.

FT Wilshire Private Markets Infrastructure Index Background

The FT Wilshire Private Markets Infrastructure Index ("Index") is designed to provide a measure of the cumulative performance of a select group of equally weighted open-ended private infrastructure funds. Eligibility criteria for participation currently requires at least $3 billion fund AUM, broad regional and sector diversification, and a minimum of three years of performance history. Given liquidity requirements vary among underlying constituents, the Index will be rebalanced annually. Fund additions to, or removal from, the Index will be considered annually as well.

RVK views this as an open-end diversified index, inclusive of a mixture of core and core plus funds, varying in risk profile and resulting performance. The index composition and performance calculations will be equal-weighted, utilizing Net Asset Values (NAVs) to provide diversification, as an asset-weighted index would result in a high concentration among a handful of the largest funds.

Considerations

Though the Index offers meaningful improvement over other available options, clients who wish to adopt the index should be aware of several considerations:

RVKInc.com

Portland · Boise · Chicago · New York

- **Limited return history –** As the Index launches with only three years of return history, clients with more than three years of infrastructure returns will want to consider using a blended benchmark or a secondary benchmark to compare to past returns.
- **Large range of strategies included –** Funds included in the Index span the risk/return spectrum of the open-ended private infrastructure space. RVK deems some of these funds to be lower-risk core funds, while others are classified as core plus. Clients should consider the relative risk profile of their infrastructure investments when comparing performance to a broad peer group like this Index.
- **Potential data lag –** Index returns will be published within 90 days of quarter-end. Though RVK anticipates returns will become available each quarter prior to this timeframe, we do expect returns to be published after similar indices, such as the NFI-ODCE Index.

ND Board of University and School Lands Investment Policy Statement

An Investment Management Framework for North Dakota's Permanent Trust Funds, the Capitol Building Fund, the Strategic Investment and Improvements Fund, the Coal Development Trust Fund, the Indian Cultural Education Trust, and the Theodore Roosevelt Presidential Library and Museum Endowment Fund

Revised ~~06/29/2023~~09/24/2025

TABLE OF CONTENTS

Mission Statement

The mission of the Board of University and School Lands is to manage the assets of the permanent trusts in a manner that preserves the purchasing power of the funds and maintains stable distributions to fund beneficiaries and to manage all other assets and programs entrusted to the Board in a prudent, professional manner, in accordance with the Constitution of North Dakota and applicable state law.

General Authority

On February 22, 1889 Congress passed the Enabling Act, dividing Dakota Territory into two states and authorizing the people to form the constitution and government of the state of North Dakota. This act granted a significant amount of land to support common schools, colleges, universities, the state capitol, and other public institutions. North Dakota Constitution article IX, which became effective at statehood on November 2, 1889, entrusted the management of these lands to the "board of university and school lands" (the Board). The Board is made up of the governor as chairman, the secretary of state as vice-chair, the attorney general, superintendent of public instruction, and the state treasurer.

Investment Authority

The North Dakota Constitution states that the Board "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."[1] State law further requires that the Board "shall apply the prudent investor rule in investing the permanent funds under its control."[2]

Purpose of This Policy

This Investment Policy Statement (Policy) governs the investment of assets for the thirteen Permanent Trust Funds, the Strategic Investment and Improvements Fund (SIIF), the Capitol Building Fund, the Coal Development Trust Fund, the Indian Cultural Education Trust, and the Theodore Roosevelt Presidential Library and Museum Endowment Fund (collectively, Funds). It is established to provide a framework for the management of those assets and sets forth the Board's investment objectives, philosophy, guidelines, and practices. The Policy is not intended to be a static, one-time document but is designed to capture investment opportunities while providing parameters that ensure prudence and care in the execution of the investment program. No investment or action pursuant to an investment may be taken unless permitted by this Policy or by action of the Board; any exceptions must be approved by the Board.

The Policy provides guidance for fiduciaries which include the Board, the Commissioner of University and School Lands (Commissioner), investment managers, investment consultants, and custodians. It is the intent of the Policy to provide the foundation for management of the Funds' assets in a prudent manner including

[1] N.D. Const. art. IX, § 3

[2] N.D.C.C. § 15-03-04

the standards by which the Board can evaluate the Commissioner, investment managers, investment consultants, custodians and other service providers.

This Policy is supplemented by the Commissioner's operating procedures and policies, as well as detailed information within contractual agreements with investment managers.

Investment Philosophy

In order to meet the above investment objectives, the Board has adopted the following principles:

- Strategic asset allocation is a fiduciary duty and allocation across asset classes is the most important determinant of return variability and long-term total return.
- Risk is an unavoidable component of investing and is a major factor that must be taken into account in assessing investment policy and strategy.
- Diversification by asset class and within asset classes is a primary risk control element.
- Each trust or fund invested by the Board shall have a strategic asset allocation and investment strategy that is appropriate given its specific requirements for return, risk, time horizon, and liquidity.

Capital Markets Theory

Return

In order to meet the objective of the Funds, the Board strives to achieve the highest level of investment performance that is compatible with its risk tolerance and prudent investment practices. The Board's mechanism for setting return goals will be accomplished by selecting specific benchmarks that match the objective and time horizon of each fund. The Funds will have a goal for long-term returns to meet or exceed its formal benchmark over a full market cycle, while minimizing the costs associated with implementation of the asset allocation through efficient use of internal and/or external resources.

Risk

The investment risk philosophy for the Funds is based on the principles of capital market theory that are generally accepted and followed by institutional investors, who by definition are long-term oriented investors. This philosophy holds that:

- Increasing risk is rewarded with compensating returns over time; therefore prudent risk taking is a necessary element of long-term investing.
- Risk can be mitigated through diversification of asset classes and investment approaches, as well as diversification of individual securities.
- The primary determinant of long-term investment performance is the strategic or long-term allocation of assets among various asset classes.
- Relative performance of various asset classes is unpredictable in the short-term and attempts to shift tactically between asset classes or implementation strategies shall not be undertaken by the Board.

Given these principles, the Board has established a long-term asset allocation policy for each fund that balances the returns needed to meet the fund's objectives and the risk level that is appropriate for that fund under existing and anticipated circumstances. In determining its risk posture, the Board has considered each fund's purpose and characteristics, current and projected financial condition, liquidity needs, sources of contribution, income, and general economic conditions.

Diversification

The Board will choose an investment strategy for each Fund utilizing an appropriate long-term, diversified asset allocation approach. Diversification distributes a portfolio across many investments to avoid excessive exposure to any one source of risk. Other considerations in asset allocation modeling should take into account the purpose of the fund, the size and financial condition of the fund, and general economic conditions. These factors are not intended to be limiting; rather, they are outlined as a general indication of the importance of diversification to proper asset allocation. Under such an allocation, each Fund's assets may be invested by active and/or passive managers, and by diverse investment strategies and styles within each asset class. The Board will determine the proper allocation among asset classes and investment managers, based on advice and analysis provided by the Commissioner and/or Consultants.

Formal Review Schedule

The Board recognizes that though the investments are subject to short-term volatility, the Board shall maintain a long-term investment focus. This prevents ad-hoc revisions to the philosophy and policies in reaction to either speculation or short-term market fluctuations. In order to preserve this long-term view, the Board has adopted the following formal review schedule:

Formal Review Agenda Item	Formal Review Schedule
Asset Allocation Policy	At least every four years
Manager Structure Policy	At least every four years
Investment Policy	At least every four years
Total Fund Performance	At least quarterly
Asset Class Composite Performance	At least quarterly
Investment Manager Performance	At least quarterly

Roles and Responsibilities

The Board

The Board of University and School Lands is the primary body charged with overseeing investment activities relating to the Funds. Members of the Board are fiduciaries subject to the statutory and common law duties of a fiduciary.

The Board's mandate, in turn, is to manage each fund entrusted to it ethically and optimally, working to achieve the highest level of investment performance within acceptable levels of risk. The Board is responsible for prudent investment of the Funds. The Board will operate the investment program in compliance with all applicable federal and State laws and regulations. The Board is responsible for establishing and maintaining all policies and guidelines by which the Funds are managed, and by which the Commissioner operates.

The Board relies on the Commissioner and any external contractors to properly administer the Funds and implement the Funds' investment strategies. The roles of each party as fiduciaries must be clearly identified; such identification increases operational efficiency, ensures clear lines of responsibility, and reduces or eliminates duplication of effort.

The Commissioner

The Board of University and School Lands is required to appoint a commissioner to act on its behalf.[3] The office of the Commissioner of University and School Lands (the Commissioner)[4] has a primary responsibility to manage the permanent educational trust funds and assets under the Board's control as outlined in law. When used in this Policy, the term Commissioner is inclusive of the Department of Trust Lands' Chief Investment Officer and investment staff. State law also gives the office of the Commissioner the responsibility for managing the state Unclaimed Property Division, and the Energy Infrastructure and Impact Office.

The Commissioner is responsible for implementing Board policy, the day to day management of the investment program, and implementing a process for selection and termination of investment managers that is sufficiently transparent for the Board to understand the process and provide meaningful oversight.

Investment Consultant

The Investment Consultant (Consultant) is hired by and reports directly to the Board. The Consultant's duty is to assist the Board in oversight, and the Commissioner in managing the investment process. This includes regular meetings with the Board to provide an independent perspective on the Funds' goals, structure, performance, and managers. The Consultant will render investment advice to the Board regarding such matters as investment policy, strategy, overall portfolio monitoring and composition, and diversification of investments. The Consultant will conduct ongoing due diligence of external investment managers. The Consultant does not have any discretionary authority with respect to investments; the Board makes all final decisions regarding any investments.

Investment Managers

Investment managers (Managers) are hired by and serve at the pleasure of the Board. The Commissioner will provide the Managers with explicit written investment guidelines[5] which detail permissible securities, investment strategies, and performance evaluation criteria. Each Manager will select, buy, and sell specific securities or investments within the parameters specified in their investment guidelines and in adherence to this Policy or to other policies set forth by the Board. Managers will construct and manage investment

[3] N.D.C.C. § 15-02-01; Specific responsibilities of the Board and the Commissioner are set out in N.D.C.C. ch. 15-01 through 15-08.1.

[4] Commissioner of University and School Lands is the statutory name; in 2011 the Board adopted *The Department of Trust Lands* as the common reference to the agency.

[5] In cases where the Board has selected investments in commingled or mutual funds, the offering document becomes the specific investment guidelines.

portfolios that are consistent with the investment philosophy and disciplines for which they were hired. Managers will provide performance reporting at intervals specified by the Commissioner.

Custodian

A custodian bank is a specialized financial institution hired by the Board to safeguard the Funds' financial assets; they are a third party that operates separately from Managers. The custodian(s) will collect income and safely keep all cash and securities, process all transactions, and provide monthly accounting/investment reports to the Commissioner and Consultant. The custodian may also provide securities lending, commission recapture, transition management, securities litigation monitoring, or other services for the Funds.

The Prudent Investor Rule

North Dakota statute dictates that the Board apply the prudent investor rule in investing the Permanent Trust Funds under its control. The law states:

> The "prudent investor rule" means that in making investments the board shall exercise the same judgment and care, under the circumstances then prevailing and limitations of North Dakota and federal law, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable investment returns.[6]

It is the Board's intent to invest all of the Funds in accordance with the Prudent Investor Rule.

Social and Economically Targeted Investing

Social investing is defined as the practice of aligning one's investment policies with social responsibility. Some of the issues and topics addressed by social investing promoters include environmental causes, avoidance of tobacco producers, avoidance of politically sensitive parts of the world, and workers' rights. With different sets of values, what one investor may deem irresponsible, another may consider good policy.

The Board shall not use the Funds to participate in activist efforts to implement a social agenda regarding ownership of specific securities or efforts of shareholders to bring about social change.

Economically targeted investing is defined as an investment designed to create economic benefits for a targeted geographic area, group of people, or sector of the economy. Economically targeted investing is barred when investing the Permanent Trust Funds, the Capitol Building Fund, the Indian Cultural Education Trust, and the Theodore Roosevelt Presidential Library and Museum Endowment Fund, unless the investment meets the Exclusive Benefit Rule.

[6] N.D.C.C. § 15-03-04

Exclusive Benefit Rule

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

- The cost does not exceed the fair market value at the time of investment.
- The investment provides an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- Sufficient liquidity is maintained to permit timely distributions.
- The safeguards and diversity to which a prudent investor would adhere are present.

Economically targeted investing is allowed within the Coal Development Trust Fund and the Strategic Investment and Improvement Fund, if the investment meets the purpose of the fund and is directed by law.

Conflicts of Interest

Members of the Board, the Commissioner, employees of the Commissioner, Managers, Consultants, and custodians involved in the investment process will refrain from personal business activity that could conflict with the proper execution and management of the Board's investment program, or that could impair their ability to make impartial recommendations and decisions. These parties are required to reveal all relationships that could create or appear to create a conflict of interest in their unbiased involvement in the investment process.

Manager Selection and Evaluation

When analyzing and evaluating any Manager, the Board believes it is important to review the Manager within the context of the structure of the entire asset class and portfolio, and not in isolation. A key to portfolio construction is diversification, not just by asset class but within each asset class. The goal of diversification is to be exposed to different investment strategies, which will have different performance and risk patterns. Diversification is optimal when strategies are complementary.

Search and Selection

The Board has established the following guidelines for hiring Managers. In establishing these guidelines, it is the Board's intention to assure all interested parties that decisions made in carrying out these actions occur in a full disclosure environment characterized by competitive selection, objective evaluation, and proper documentation. Any action to hire a manager should be based on one or more of the following observations:

- Identification of a new asset class or approach which has been approved in advance by the Board
- A need for diversification of managers and styles within an existing asset class
- A need to replace an investment manager
- A need to retain additional managers in order to reach an asset class structure target

The selection of new Managers will adhere to a consistent process to ensure a competitive and transparent search involving proper evaluation and due diligence of candidates, and selection of Managers that best demonstrate the characteristics sought in a specific search. The Commissioner will ensure that the objectives for the mandate are clearly articulated and that pricing is reflective of the market. The evaluation process may be conducted by the Commissioner or the Consultant and will include but not be limited to the following steps:

1. Establish investment manager selection criteria
2. Identify qualified candidates through minimum qualification screening
3. Quantitative screening
4. Qualitative screening
5. Manager interviews
6. Analysis of quantitative and qualitative factors including portfolio fit and structure

The Commissioner will prepare documentation of the search process; this documentation will include disclosure of all relevant issues and related due diligence. When reviewing the documentation, the Board shall ensure that decisions were well reasoned, thoroughly considered, and prudent.

Monitoring, Evaluation, and Termination of Managers

The decision to retain a Manager can have the same potential impact on the returns of an asset class composite as manager selection decisions and should be given the same degree of attention. The Board recognizes investment and management decisions directed at individual managers must be evaluated not in isolation but in the context of the overall structure of the asset class and the Fund's portfolio as a whole. To maintain the discipline necessary for a long-term focus, the Board will monitor and evaluate the performance of Managers and identify the specific problems and concerns that may affect returns, with the following objectives:

- Foster a long-term approach to manager evaluation
- Provide a review of the manager's "fit" in the overall asset class composite
- Provide a logical and statistically valid framework for manager skill evaluation
- Promote timely and appropriate responses to actual and potential performance issues
- Provide flexibility to allow application across all asset classes, management styles and market environments

Monitoring and evaluation relies on a process that includes:

1. Monthly reports from the custodian and Managers to the Commissioner
2. Quarterly performance reports from the Commissioner and Consultant for the Board. These reports will detail performance of the Funds, asset class composites, and the performance of individual managers against established benchmarks, as well as peer ranks for each category
3. Qualitative analysis generated in the course of regular, on-going contact between a Manager, the Commissioner, and the Consultant

Manager Termination Guidelines

From time to time it will be necessary for the Board to terminate a contractual relationship with a Manager; these actions must be viewed in the context of the entire portfolio and as a business decision. The Board has established guidelines to assist in making these termination decisions. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of the beneficiaries of the Funds.

Any action to terminate a manager should be based on one or more of the following criteria:

1. Significant changes in firm ownership and/or structure
2. Loss of one or more key personnel
3. Significant loss of clients and/or assets under management
4. Shifts in the firm's philosophy or process
5. Significant and persistent lack of responsiveness to client requests
6. Changes in the Board's investment strategy eliminating the need for a particular style or strategy
7. Violations of the Investment Policy or guidelines
8. Unsatisfactory investment performance
9. Identification of a new asset class or approach which has been approved in advance by the Board
10. Need for diversification of styles within an existing asset class
11. Need to reduce exposure to a single manager
12. Any other issue or situation of which the Commissioner, Consultant, and/or Board become aware that is deemed material

Prior to the termination decision, all relevant considerations and issues should be identified and documented in Board meeting minutes and supporting documents. It is the Board's intent to have a plan in place before termination of a Manager. The Commissioner will redeploy the assets of a terminated manager's portfolio in an expedient and prudent manner, which may involve hiring a third party to facilitate the transition or liquidation of assets.

General Investment Restrictions and/or Guidelines

1. All investments made shall be subject to the quality and diversification restrictions established by the Prudent Investor Rule.
2. According to North Dakota law, the Board may not purchase as sole owner commercial or residential real property in the State.[7]
3. Assets may be held in commingled funds and/or privately managed separate accounts. Exposure through commingled funds and mutual funds shall be evaluated on a case-specific basis through analysis of that fund's offering document. Upon review by the Commissioner and approval by the Board, this offering document becomes the specific investment guidelines for that allocation.
4. No more than 5% of the stock of any corporation may be purchased.
5. The securities representing debt and equity of any one company shall not exceed 6% of the market value of any Manager's portfolio without prior approval from the Commissioner; such approval shall be reported to the Board.

[7] N.D.C.C. § 15-03-04

6. Cash equivalents held by Managers can be disruptive to the allocation process. Unless otherwise authorized, Managers are expected to be fully invested in the types of securities for which they have responsibility.
7. Any use of leverage will be consistent with the strategy for which the Board hired the Manager. Use of leverage will be controlled as appropriate in the Manager's specific guidelines.
8. The Board recognizes that the Funds are exposed to currency risk through international equity, fixed income, and absolute return mandates; the Board prefers to utilize unhedged benchmarks and does not require its Managers to hedge the currency exposure in their portfolios.

Securities Litigation and Shareholder Legal Activism

In carrying out its fiduciary duties to prudently invest and manage the assets entrusted to it, the Board invests in the securities of various public companies, or issuers. From time to time, class action lawsuits are brought against the issuers, directors, and/or officers for alleged violations of federal and state securities laws relating to various disclosure obligations and other breaches of fiduciary or other duties. As shareholders, the trust funds under the Board's control are putative members of the alleged classes.

At the present time, the Board relies on a designated agent to monitor settled class action securities litigation where the Funds have an interest. In resolved litigation, unless directed otherwise, the designated agent files proofs of claim on behalf of the Funds and posts disbursements or settlements to the appropriate portfolios as litigation settlement proceeds are received. The designated agent will provide the Department with its most current class action procedures and will follow such procedures on behalf of the Department. The designated agents class action procedures shall include reviewing various information sources for notification of class action suits, identifying transactions within the class period for the security involved and determining account eligibility and filing proof of claim and supporting documentation.

Department Investment staff will monitor the designated agent's compliance with the Securities Litigation Policy. Investment staff will review all notices and information concerning potential or pending class action litigation that are received by the Department. The Commissioner will report periodically to the Board on recoveries realized as a result of class action participation.

Although there may be value in influencing an eventual settlement or in pursuing a separate legal action in a lawsuit, the administration and opportunity costs can be substantial. The Board uses a monitoring approach to securities litigation to avoid the diversion of staff, financial, and legal resources in building and applying collective plaintiffs' arguments through depositions, discovery, and documentation. Serving as the lead plaintiff does not obtain any additional financial benefit, but rather a lead in a class action suit shares any final judgment or settlement with the class members on an equal, per share basis.[8] Opting out of a "class" or objecting to the terms of a proposed settlement and pursuing independent legal remedies may also be pursued although the administration and opportunity costs can be substantial and involve significant attorney's fees, costs, and expenses which may or may not be recovered.

[8] The lead plaintiff may recover attorney's fees, costs, and expenses if the lawsuit is successful or a settlement is obtained.

The Commissioner will initiate active participation in securities cases only upon prior approval by the Board. Prior to bringing any recommendation to the Board, the Commissioner will assess the merits and prospects for active participation by reference to the criteria and factors outlined below. The Board, in consultation with the Attorney General, may consider more active forms of legal engagement in cases where:

1. Where the action is in the US, and the estimated loss is a minimum of $5,000,000 of assets under management of the Board, or from the combined assets under management of the Board and the North Dakota State Investment Board; and
2. the trust funds are among the largest shareholders of the defendant issuer; and
3. service as a lead plaintiff or opting out of a proposed settlement to the "class" of claimants would be in the best interest of the Funds
4. the prima facia merits of the claim for loss, and the factual basis for the action, recognizing that the full discovery process will not commence until the class has been certified by the court in which such case is to be filed.
5. The potential that any defendants or insurers will be able to pay an adequate recovery to the class, without impairing the value of any current security holdings of the Board may yet hold in issuer in the portfolio.
6. Potential costs that may be incurred. Special consideration must be given to any case that must be filed in a non-U.S. venue under the "Morrison" criteria established by the U.S. Supreme Court in a 2010 decision, since costs of litigation and potential liabilities of unsuccessful claims may be significant.

The Board may engage one or more legal firms that specialize in prosecuting security class action cases; any such engagement is subject to special appointment requirements of N.D.C.C. § 54-12-08. For these purposes only, such firm(s) may be granted ongoing access to security holdings information through the custodian bank or designated agent.

The Board may contract with firms that provide securities litigation monitoring/tracking services if it determines it is prudent. ~~In August of 2018 the Board approved the hiring of a securities litigation monitoring and claims filing firm; that firm is currently being brought onboard. In addition to providing litigation monitoring and claims filing services, the firm will work the Commissioner to develop a revised securities litigation policy for the Board.~~

- NON-U.S./CANADA PASSIVE CLASS AND GROUP RECOVERY EFFORTS: The Board has engaged a securities litigation monitoring and claims filing firm to identify and submit claims in non-U.S./Canada matters that involve passive claim filing regardless of loss size. To the greatest extent possible, the participation process will be automated. Our funds may serve as lead or representative plaintiffs in passive participation matters if the factors specified below for active participation have been met; or if there are other overriding considerations. The current "Passive" International Jurisdictions include Australia, Dutch Foundations and United Kingdom Regulatory Action Compensation Schemes.
- NON US/CANADA GROUP OPT-IN LITIGATION: The risks associated with direct litigation outside of the U.S. vary by country and our participation will need to be evaluated on a matter-by-matter basis. However, countries can be grouped into three risk profile categories - low, medium, and high - with

minimum damages thresholds set for each risk group to limit consideration to those matters where our funds' losses exceed these amounts.

The Board has engaged a securities litigation monitoring and claims firm to (a) identify "opt in" or group litigation, arbitration, settlement and/or other recovery efforts outside of the U.S. and Canada for which they may be eligible and provide damages estimates based on the methodologies accepted under local law, if they exist and recognizing that this will often be uncertain. The Board will compare those damages estimates against pre-defined loss thresholds below and, if damages exceed threshold amounts, evaluate whether participation in the matter will be in the Fund's best interest.

The following initial damages thresholds are based on perceived risks associated with recovery efforts in each country. The Board will periodically review these thresholds and make any necessary adjustments based on experience, updated information about specific risks, and other factors.

Jurisdictional Description	Damages Threshold
Low risk jurisdictions including Japan	To be inserted Ranges to be considered from $100k to $500k
Medium risk jurisdictions including Germany, Austria, Belgium, Switzerland, Denmark, Spain, Finland, France, Hong Kong, Indonesia, Ireland, Italy, Korea, Luxembourg, Malaysia, Norway, New Zealand, Portugal, Sweden, and Thailand	To be inserted $1 mil to $5 mil
High risk jurisdictions including Taiwan[9] and the United Kingdom	To be inserted Greater than $7.5

When losses exceed threshold amounts, our funds should consider the following:

- The merits of the case in light of the remedies available under local law.
- Their expected losses and percentage recoveries or results from past matters in that country, if available.
- The process and administrative burden to joining a particular litigation or settlement effort.
- The costs associated with involvement including attorney fees, litigation expenses, and any other potential expense covered by the litigation funder without recourse to the funds.
- How the organizers intend to protect our funds from the risk of adverse party cost shifting.

[9] While Taiwan is among the most active non-US/Canada jurisdictions, our funds are not likely to have eligibility and given the risks involved, they should limit their participation to situations where money has already been recovered.

- If the litigation or settlement is funded, the identity of the funder, the percentage and cost reimbursement the funder will take from the recovery if the efforts succeed.
- The lawyers handling the case including their reputation, past results, and terms of representation like fee structures, expenses, and contingencies.
- The registration requirements, the potential evidentiary and/or discovery burdens to the funds, and any other administrative burden that may be required from them including any obligation to travel.
- The extent to which the funds' involvement will be disclosed to opposing parties and/or the public.
- Any other reasonable considerations.

Securities Lending

The objective of the securities lending program is to generate incremental income from overnight and certain term loans of securities. The Funds may participate in a securities lending program.

The program will utilize a high-quality and conservative collateral re-investment approach that safeguards the return of principal and maintains adequate daily liquidity to support trade settlement activity and portfolio restructuring activities. Each securities lending agent will ensure that specific guidelines are in place as to the quality, duration, liquidity and diversification of securities lending collateral.

The Board requires collateral for loans. The use of assets in any securities lending engagements should:

1. Earn a competitive market return through conservative securities lending practices, consistently with the preservation of capital.
2. Minimize risk with respect to both the borrower and the collateral,
3. Operate the securities lending program so that it will not interfere with the management of overall investment portfolio and strategies.

Unless explicitly exempted by the Board, the lending agent shall provide indemnification against losses arising from borrower default, insolvency, and failure to comply with the terms and conditions of the lending agreements.

The Commissioner shall provide a report to the Board ~~annually~~periodically, outlining the performance and status of the securities lending program.

Proxy Voting

The Board believes that proxies should be voted in a manner consistent with the long-term interests and objectives of the investment program set forth herein, unless it is in the best interest of the Board not to vote. The Board delegates authority to vote shares to each Manager and expects Managers to vote shares. The principle behind this policy is that Managers have specific reasons for holding shares and will vote shares in a way the Manager believes will best add value to those shares. Managers shall submit written reports to the Commissioner by January 31 of each year advising of the manner in which each proxy was voted during the preceding calendar year and notify the Commissioner of controversial matters which may be subject to proxy voting.

Notwithstanding the forgoing, intangible factors such as social and environmental issues are increasingly being incorporated into proxy voting. The Board expects voting of social and environmental proposals will be based solely on enhancing or protecting long-term value to the assets under its control and not on establishing or endorsing social policy. As part of its fiduciary duty, the Board expects Managers to consider only those factors that relate to the economic value of the Board's investments and shall not subordinate the interests of the Funds to unrelated objectives.

It is the policy of this Board that the Commissioner shall regularly review related proxy votes by the Managers. Any proxy votes deemed by the Commissioner to be contrary to the interests of the Funds under the Board's responsibility, shall be fully explained by the Manager in writing and brought to the Board for its review. An exception to the above policy regarding voting of proxies is for shares held by the Board on behalf of holders of unclaimed property. As a passive holder of these particular shares the Board chooses not to exercise voting rights on the owners' behalf.

Funds Administered by the Board

The pages that follow describe the various funds administered by the Board.

Permanent Trust Funds

On February 22, 1889, Congress passed "An act to provide for the division of Dakota [Territory] into two states, and to enable the people of North Dakota, South Dakota, Montana and Washington to form constitutions and state governments . . . ." This Act is commonly known as the Enabling Act. This act granted land to the new states "for the support of common schools," which in North Dakota's case totaled more than 2.5 million acres. Further land grants in this legislation provided 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.

Purpose

The land grant from the federal government at statehood[10] and the state constitution[11] both provide that the Board of University and School Lands manage the trust land and minerals and associated proceeds, for the exclusive benefit of education and institutional support. In accordance with Article IX of the North Dakota Constitution as well as federal law[12], the perpetual trust funds must be managed to:

1. Preserve purchasing power
2. Maintain stable distributions to trust beneficiaries

Chapter 15-03 of the North Dakota Century Code governs the management of the Permanent Trust Funds, including the requirement that any investments conform to the prudent investor rule.

Listing of Permanent Trust Funds

The following are the beneficiaries of the Permanent Trust Funds described in Article IX of the North Dakota Constitution:

1. Common Schools (K-12)
2. North Dakota State University
3. University of North Dakota
4. Mayville State University
5. ND Youth Correctional Center
6. Ellendale State College[13]
7. Valley City State University
8. State College of Science
9. School for the Blind
10. School for the Deaf
11. State Hospital
12. School of Mines (UND)
13. Veterans Home

[10] The Enabling Act of February 22, 1889 (25 Stat. 676, ch. 180)
[11] N.D. Const. art. IX, §§ 2, 3
[12] 7 U.S.C. § 309 and 25 Stat. 676, ch. 180
[13] Beneficiaries of the Ellendale permanent trust are now Dickinson State University, Minot State University, Dakota College at Bottineau, Veterans Home, School for the Blind, State Hospital, and the State College of Science as directed in 1973 N.D. Sess. Laws ch. 176.

Funding Sources

Funding Sources Common to All Permanent Trust Funds

Each permanent trust individually owns surface land tracts and mineral rights that provide revenue from agricultural leases, oil and gas royalties and lease bonuses, as well as other productive uses of the surface and mineral lands owned by each trust.

Common Schools

The Common Schools Trust Fund is the largest of the Permanent Trust Funds administered by the Board. In addition to the revenues from the surface lands, minerals, and investments that the Permanent Trust Funds own, the Common Schools Trust Fund also receives funding from the following sources:

1. 10 percent of the oil extraction taxes collected by the state[14]
2. Net unclaimed property proceeds collected by the Department[15] until such time that property may be reunited with its owner.

Distribution Policy

Article IX, Section 2 of the North Dakota Constitution states:

> Distributions from an educational or charitable institution's trust fund must be faithfully used and applied each year for the benefit of the institution and no part of the fund may ever be diverted, even temporarily, from this purpose or used for any purpose other than the maintenance of the institution, as provided by law.

The distribution formula[16] is also described in Article IX , Section 2:

> [B]iennial distributions from the perpetual trust funds must be ten percent of the five-year average value of trust assets, excluding the value of lands and minerals. The average value of trust assets is determined by using the assets' ending value for the fiscal year that ends one year before the beginning of the biennium and the assets' ending value for the four preceding fiscal years. Equal amounts must be distributed during each year of the biennium.

The year-end values used to calculate permanent trust distributions, as described in Article IX above, is the fund balance of each trust found in the Board's audited financial statements. When determining biennial distributions for the permanent trusts, annual distributions for each trust are rounded to the nearest one thousand dollars.

By statute, distributions from the Common Schools Trust Fund are paid to school districts monthly, from August to April of each fiscal year, through the state tuition fund.[17] . At the request of the Office of

[14] N.D. Const. art. X, § 24
[15] N.D.C.C. § 47-30.1-23 and N.D. Const. art. IX, § 1
[16] This distribution formula is the result of a constitutional amendment that was approved by North Dakota voters on November 7, 2006. This constitutional change was validated at the federal level by the passing of the Omnibus Public Land Management Act of 2009 (Pub. L. No. 111-11, 123 Stat. 1446) which amended the First Morrill Act (The Act of July 2, 1862 [7 U.S.C. 301 et seq.]) and the Enabling Act of February 22, 1889 (25 Stat. 676, ch. 180). Prior to these changes, distributions for the Permanent Trust Funds were based on projections of interest and income for the funds; distributions could only be paid out of interest earned.
[17] N.D.C.C. § 15.1-28-01

Management and Budget, effective fiscal year 2018, distributions from the Common Schools Trust Fund will be made in relatively equal amounts from August to April of each fiscal year.

Distributions from the other 12 Permanent Trust Funds are made in equal amounts during January and June of each fiscal year and are distributed directly to the benefitting institutions.

Investment Objective

The assets of the Permanent Trust Funds are invested with a perpetual time horizon, in a manner that seeks to balance the longer-term goal of preserving the purchasing power of the trusts with the shorter-term goal of maintaining a stable stream of distributions to beneficiaries. The long-term nature of the funds, combined with a disciplined investment approach, provide the ability to the Permanent Trust Funds to withstand short-term volatility, to profit from periods of elevated risk aversion, and to be rewarded for providing liquidity.

The Permanent Trust Funds are invested by the Board in a single comingled pool, along with the Indian Cultural Education Trust and the Theodore Roosevelt Presidential Library and Museum Endowment Fund (described further on pages 29 and 30~~29~~).

Strategic Asset Allocation

The Board recognizes that the most important determinant of long-term return and risk is the asset allocation decision. The asset allocation decision is intended to reflect the return objective and risk tolerance expressed in this Investment Policy Statement. It is designed to provide the highest probability of meeting the Funds' objectives at a level of risk and liquidity that is acceptable to the Board. In establishing its risk tolerance, the Board considers the Funds' ability to withstand short- and intermediate-term volatility in investment performance and fluctuations in financial condition of the Funds.

To determine the strategic asset allocation target, the Board, with assistance from the Commissioner and Consultant, examines the historical and projected risk and return of the approved asset classes, the correlation among these asset classes as well as the effect the expected investment performance will have on the obligations of the Funds. Based on its long-term return expectations and its determination of the appropriate risk tolerance for the Funds, the Board has chosen the following strategic asset allocation policy for the Permanent Trust Funds:

Asset Class	Strategic Asset Allocation Target	Minimum	Maximum
Equity	**~~38~~48%**	**~~28~~29%**	**~~59~~48%**
Broad US Equity	~~15~~19%	~~12~~15%	~~18~~23%
Broad International Equity	~~15~~17%	~~12~~14%	~~18~~20%
Private Equity	~~8~~12%	0%	~~12~~16%
Real Assets	**~~17~~18%**	**~~8~~6%**	**~~26~~28%**
Real Estate	~~10~~8%	~~5~~3%	~~15~~13%
Private Infrastructure	~~7~~10%	~~0~~3%	~~11~~15%
Absolute Return	**~~15~~12%**	**~~10~~8%**	**~~20~~16%**
Multi-Strategy Hedge Funds	~~15~~12%	~~10~~8%	~~20~~16%
Opportunistic Investments	0%	0%	5%
Fixed Income[1]	**~~30~~22%**	**~~20~~12%**	**~~40~~37%**
Private Credit	~~20~~15%	~~10~~10%	~~25~~20%
Public Credit	~~15~~7%	~~10~~2%	~~20~~12%
Cash / Implied Leverage	~~-5~~0%	-10%	5%

[1] Private Credit includes hybrid public/private strategies.

The Board and the Commissioner will review the strategic asset allocation policy ~~at least annually~~periodically for reasonableness relative to significant economic and market changes or to changes in the Funds' long-term goals and objectives. A formal asset allocation study will be conducted at least every four years to verify or amend the targets.

Recognizing that a long-term target allocation utilizing alternative asset classes can take a matter of years to implement prudently, the Board delegates implementation of strategic asset allocation policy to the Commissioner including funding of alternative asset classes and utilizing a dynamic total fund benchmark as the Commissioner makes progress towards the long-term strategic asset allocation target. ~~setting interim asset allocation targets~~.

In addition, during the implementation of a change to or modification of the asset allocation, some strategies may fall outside the allowable allocation ranges until the revised asset allocation is fully implemented.

Opportunistic investments do not have a specified target allocation, as the availability of opportunities is episodic in nature, and the best opportunities tend to appear during periods of market stress. Opportunistic investments are allowable up to a maximum of 5% measured at the time of commitment.

Rebalancing

Rebalancing is the term that describes the periodic movement of funds from one asset or asset class to another in order to realign assets to the strategic asset allocation target. A rebalancing strategy is an important element of asset allocation policy. Systematic rebalancing can reduce portfolio volatility and increase portfolio return over the long-term. However, frequent rebalancing resulting from excessively tight ranges can lead to unnecessary transaction costs.

The Commissioner is responsible for developing and implementing a rebalancing plan that is appropriate for existing market conditions, with a primary objective of minimizing transaction costs, market impact, opportunity costs and portfolio disruptions. To the extent possible, cash flows and revenues will be used to maintain the strategic target allocation. The Commissioner may make minor changes among asset classes and within individual asset classes to more effectively maintain proper exposure to the strategic asset allocation and asset class portfolio structures.

Recognizing that at times it may be impractical or costly to reallocate assets when an upper or lower limit is breached, the asset class will be rebalanced to within its strategic asset allocation range as soon as is practically possible, subject to reasonable transaction costs.

Benchmarks

One return objective to be considered when evaluating the Funds' performance is measured by applying the investment performance of the asset class benchmarks to the Funds' strategic asset allocation target. The Policy Index permits the Board to compare the Funds' actual performance to its total fund benchmark, and to measure the contribution of active investment management and policy adherence.

The Board has selected the following Policy Index for the Permanent Trust Funds:

Asset Class	Policy Index	Strategic Asset Allocation Target
Broad US Equity	Russell 3000 Index	~~15~~19%
Broad International Equity	MSCI ACWI Ex USA IMI	~~15~~17%
Fixed Income	Bloomberg~~arclays~~ US Aggregate Index	~~15~~7%
Private Credit	~~CS~~ S&P UBS Leveraged Loan~~s~~ Index + 1.5%	~~20~~15%
Multi-Strategy Hedge Funds	HFRI RV Multi-Strategy Index	~~15~~12%
Real Estate	NCREIF ODCE Index	~~10~~8%
Private Equity	Cambridge US Private Equity Index	~~8~~12%
Private Infrastructure	FT Wilshire Private Markets Infrastructure Index ~~MSCI World Infrastructure Index~~	~~7~~10%
Cash / Implied Leverage	90-Day T-bills	~~-5~~0%

Recognizing that a long-term target allocation to alternative asset classes can often take a matter of years to implement prudently, the Board will also review a dynamic total fund~~an Interim Policy~~ benchmark which ~~will be adjusted~~is calculated monthly using beginning of month asset class weights applied to each corresponding primary benchmark return as the Commissioner makes progress towards its long-term strategic asset allocation target.

Permitted Investments[18]

The Board may invest in the following securities and investment activities as long as such investments comply with the Prudent Investor Rule[19]. Fund of Fund strategies are allowable in any of the asset classes. All investments are subject to approval of the Board and satisfactory legal review of applicable contractual terms and conditions.

Equity

1. Preferred stock, common stock, initial public offerings, Real Estate Investment Trusts (REIT's), securities of foreign issuers listed on U.S. Exchanges, and any security convertible to common stock or American Depository Receipts (ADR's) that are registered by the U.S. Securities and Exchange Commission (SEC) of any corporation whose securities are listed on at least one U.S. stock exchange that has been approved by or is controlled by the SEC or on the National Association of Securities Dealers (NASD). Global mandates may be considered.
2. Preferred stock, common stock, and convertible issues of any non-U.S. Corporation; which may be denominated in non U.S dollars, provided that the securities are traded on one or more national stock exchanges or included in a nationally recognized list of stocks; and the Board shall not be invested in more than ten percent of the voting stock of any company.

Fixed Income (Public and Private)

1. Bonds, notes, or other obligations of the United States government, its agencies, government-sponsored enterprises, corporations, or instrumentalities for which the credit of the United States government is pledged for the payment of the principal and interest. Global mandates may be considered.
2. Bonds, notes or other obligations issued by a state, its municipalities, or other political subdivisions, that have received an investment grade bond rating.
3. Bonds, notes, commercial paper or other obligations of any corporation organized and operating within the United States.
4. Debt obligations of non-U.S. governmental or quasi-governmental entities, these may be denominated in foreign currencies; obligations, including but not limited to bonds, notes or commercial paper with an investment grade rating (unless otherwise approved by the Board) of any corporation organized outside of the United States. Currency transactions, including spot or cash basis currency transactions, forward contracts and buying or selling options or futures on foreign currencies, shall be permitted.
5. Collateralized obligations, including but not limited to mortgages, held in trust that: (1) are publicly traded and are registered by the SEC or other Self-Regulatory Organization (SRO) and (2) have underlying collateral that is either an obligation of the United States government or else has a credit rating above or equal to BBB according to the Standard and Poor's rating system or Baa according to

---

[18] Investments listed here are for general information purposes only. Each manager retained by the Board will be given specific guidelines with regard to permissible investments relevant to their mandate.

[19] N.D.C.C. § 15-03-04. See page ~~5~~ 6 for more about the Prudent Investor Rule.

the Moody's investors rating system or their equivalent by a national statistical ratings organization (NSRO) registered with the SEC(unless otherwise approved by the Board).

6. Derivatives including forwards, futures, options, mortgage derivatives, structured notes, and swaps.
7. High yield fixed income securities rated below 'BBB' according to the Standard and Poor's rating system and below 'Baa' according to the Moody's investors rating system.
8. Private Debt strategies approved by the Board.
9. Loans, warrants and other forms of debt approved by the Board, and managed in conjunction with the Bank of North Dakota, such as farm loans and energy construction loan, as long as the investment meets the Exclusive Benefit Rule described on page 7 of this Policy.
10. A negative cash, or implied leverage position may be made with the assistance of a prime brokerage relationship or professional overlay manager via US Treasury Futures or total return swaps on the Bloomberg~~arclays~~ US Aggregate. The level of implied leverage shall never exceed half of the total allocation to core fixed income.

Absolute Return

1. Multi-Strategy Hedge Funds approved by the Board.

Real Estate

Real Estate Partnerships, including investments in private vehicles through limited partnerships or limited liability companies that have an ownership interest in direct real estate properties, whether income-producing or non-income producing. The investment strategies may include “core” and “value added” strategies, which derive their return from both income and appreciation. As well as, Real Estate Investment Trusts (REIT’s) and other real estate securities and related index strategies for rebalancing tools.

Private Equity

Private Equity Partnerships, including investments in private vehicles through limited partnerships or limited liability corporations, which have an ownership interest in any type of security across a company’s capital structure. The investment strategies may include “buyout”, “growth”, “venture capital” and “special situations” that are in the business of providing capital for start-up, expansion, buyout/acquisition, recapitalization, debt financing (including distressed debt) and similar business purposes.

Private Infrastructure

Private Infrastructure Partnerships, including investments through limited partnerships or limited liability companies that have ownership interests in assets or properties where the majority of value of the investment is derived from revenue sources that have contractual linkages to inflation, implicit linkages to inflation and/or focus on the provision of services with low demand elasticity.

Opportunistic Investments

From time to time, Permanent Trust Funds investments may be made in opportunistic investments. The objective of such investments shall be to enhance returns through opportunities that present themselves due to stressed conditions in the markets or other unique opportunities. The guidelines for such investments shall be determined by the investment management agreement or appropriate offering documents in the case of commingled or partnership investments. An opportunistic investment would occur in a situation where it is deemed the potential return would exceed the Total Fund performance excluding opportunistic returns, or another benchmark as deemed appropriate by the Commissioner and approved by the Board.

Total Portfolio Leverage

A negative cash, or implied leverage position may be utilized in certain areas of the portfolio. The objective of such investments is to improve overall portfolio efficiency and enhance returns through the modest application of leverage when it is appropriate to do so. The level of implied leverage shall never exceed 10% of the total portfolio.

Cash Investment Guidelines

The Commissioner will focus on quality when investing cash positions. Cash is an asset class that should emphasize minimal risk. Cash positions will be kept to the minimum necessary for liquidity, distributions and ongoing investment activities. Eligible securities include:

1. Repos secured by U. S. obligations or other securities backed by the U.S., A1 or P1 commercial paper, corporate obligations rated AA or better and maturing in five years or less, or asset-backed securities rated AAA. All repo collateral must have a market value of at least 102% of the market value of the contract;
2. Commercial paper issued by corporations organized and operating within the U.S. and rated “prime” quality by a national rating service;
3. Prime bankers’ acceptances issued by money center banks;
4. Funding agreements rated at least AA by a nationally recognized rating agency. As used in this paragraph, "funding agreement" means a floating or variable rate insurance company contract that is a general obligation of an insurance company organized and operating within the United States and that is senior to all other debt issued by the company;
5. Time deposits, with banks incorporated in the United States or time deposits that are fully guaranteed by banks incorporated in the United States.

Strategic Investment and Improvements Fund (SIIF)

Fund Purpose

The Strategic Investment and Improvements Fund (SIIF), was created July 1, 2011 with merger of the Lands and Minerals Trust Fund and the Permanent Oil Tax Trust Fund.[20] The SIIF holds the assets and collects the revenues earned from State owned mineral acres. The SIIF also receives a substantial portion of the oil and gas production and extraction taxes collected by the State. The Board is responsible for managing the physical and financial assets of the SIIF.

The purpose of the SIIF is to provide for one-time expenditures relating to improving state infrastructure or for initiatives to improve efficiency and effectiveness of state government.

Funding Sources

The SIIF collects the revenues earned from the mineral acres owned by the State, including those formerly owned by the Bank of North Dakota and State Treasurer, as well as the sovereign minerals located under navigable rivers and lakes. The SIIF also receives a portion of the oil and gas production and extraction taxes collected by the State.[21] Legislative changes to the oil tax revenue allocations are common and can have a major impact on the timing and amount oil taxes collected by the SIIF each biennium.

Distribution Policy

There is no explicit distribution policy or objective; rather the Board is responsible for making sure funds are available to distribute or transfer when needed and as appropriated. The SIIF can be appropriated or obligated by the Legislature every two years, though State law dictates that the SIIF should be appropriated only to the extent that the moneys are estimated to be available at the beginning of the biennium in which the appropriations are authorized.[22]

Investment Objective

State law provides no guidance as to how the assets of the SIIF should be invested; however, due to the short-term nature of spending decisions and the uncertainty of the fund's mineral based revenues, the Board invests the SIIF with a focus on principal preservation and liquidity. The Board has adopted an investment objective for the SIIF that provides for a diversified portfolio of fixed income securities that will exceed on a multi-quarter basis, net of fees, the return of the benchmark described below.

Strategic Asset Allocation

Due to the expendable nature of the SIIF, the strategic asset allocation for the fund is 100% low duration investment grade fixed income investments.

---

[20] N.D.C.C. § 15-08.1-08 and § 61-33-07

[21] N.D.C.C. § 57-51.1-07.5

[22] N.D.C.C. § 15-08.1-08

Investment Guidelines

The SIIF will be invested in a high quality portfolio that includes a combination of Treasuries, corporate bonds, asset and mortgaged backed securities, and commercial paper and will adhere to the following guidelines:

- Minimum average quality of AA
- Minimum quality for any security of BBB (limited to 10%)
- Neutral weighted average maturity of 1 year, range of 6 months to 1.5 years
- Maximum maturity: 3 years for fixed rate, 5 years for floating rate
- No more than 50% in investment grade corporate and agency backed securities
- Not more than 2% of the fund will be invested with any single issuer

Benchmark

The benchmark is composed of 50% of the three-month U.S. Treasury Bill and 50% ~~Barclays~~ Bloomberg 1 – 3 Year Gov't Corp Index.

Capitol Building Fund

Fund Purpose

The Capitol Building Fund was created at statehood with a grant of land from the federal government. The purpose of the fund, as described in the Enabling Act of 1889, is to provide for "public buildings at the capital".[23] The Capitol Building Fund was created under Article IX of the North Dakota Constitution; however, unlike the other trusts, this fund is not permanent in that the entire fund is subject to legislative appropriation each biennium.

The Capitol Grounds Planning Commission is responsible for managing all of the assets of the Capitol Building Fund.[24] The Board's role is to invest and manage the various assets of the fund, as directed by the Capitol Grounds Planning Commission. These roles are statutory, not constitutional in nature; the law specifically states:

> The capitol grounds planning commission shall have general powers to superintend the administration of the capitol building fund, its interest and income fund, and its investments and properties. It may cause any lands now held in such funds to be sold at market value, direct the conversion of any securities now held by such funds to cash, approve expenditures from such funds subject to law and legislative appropriations, and to do all other things necessary to carry out the intent and purposes of this section. The board of university and school lands or its designee, on the commission's behalf, shall see to the investment and management of the capitol building fund and its interest and income fund and shall account to the commission concerning these funds at the commission's request.[25]

Funding Sources

The Capitol Building Fund generates revenues from the almost 10,000 surface acres and more than 27,000 mineral acres, which provide revenue from agricultural leases, mineral royalties and lease bonuses.

Distribution Policy

Since the Capitol Building Fund is a fully expendable fund, there is no distribution policy or objective; rather the Board is responsible for making sure funds are available to distribute or transfer when needed and as appropriated.

State law provides a continuing appropriation of up to $175,000 per biennium that is available to the Capital Ground Planning Commission without requiring a legislative appropriation for a given biennium.[26] Historically, the legislature has also included a $25,000 biennial appropriation for the operations of the Capitol Grounds Planning Commission.

[23] The Enabling Act of February 22, 1889 (25 Stat. 676, chapter 180)

[24] N.D.C.C. § 48-10-02

[25] N.D.C.C. § 48-10-02

[26] N.D.C.C. § 48-10-02

Investment Objective

Due to the fact that the entire balance of this fund can be appropriated by the legislature each biennium and the uncertainty of the fund's mineral based revenues, the Board has adopted an investment objective with a focus on principal preservation and liquidity.

Strategic Asset Allocation

Due to the expendable nature of the Capitol Building Fund, the Capital Grounds Planning Commission has adopted a strategic asset allocation for the fund that is 100% fixed income investments.

Investment Guidelines[27]

The Capital Grounds Planning Commission has adopted guidelines to invest the fund in a high quality portfolio that includes a combination of Treasuries, corporate bonds, asset and mortgaged backed securities, and commercial paper and will adhere to the following guidelines:

- Minimum average quality of AA
- Minimum quality for any security of BBB (limited to 10%)
- Neutral weighted average maturity of 1 year, range of 6 months to 1.5 years
- Maximum maturity: 3 years for fixed rate, 5 years for floating rate
- No more than 50% in investment grade corporate and agency backed securities
- Not more than 2% of the fund will be invested with any single issuer

Benchmark

The benchmark is composed of 50% of the three-month U.S. Treasury Bill and 50% Bloomberg~~arclays~~ 1 – 3 Year Gov't Corp Index.

[27] Due to the common investment objectives, strategic asset allocation, and investment guidelines, the assets of the Capitol Building Fund may be pooled with the SIIF for investment purposes.

Coal Development Trust Fund

Fund Purpose

The Coal Development Trust Fund is a permanent trust established under Article X, Section 21 of the North Dakota Constitution. The primary purpose of the fund is to provide loans to coal-impacted counties, cities, and school districts and to provide construction loans to school districts; any money that is not in use for loans may be invested by the Board. The trust fund must be perpetual and held in trust as a replacement for depleted natural resources.[28] Both the Constitution and state law mandate that the income earned by the fund be used first to replace any uncollectable loans and the balance must be deposited into the General Fund.[29]

Funding Sources

State law provides that 15% of coal severance tax revenues be deposited into the fund.[30] The Constitution provides that up to 70% of the taxes deposited into the fund each year may be appropriated by the legislature for lignite research, development, and clean coal demonstration projects approved by the industrial commission.[31] Thus, the Coal Development Trust Fund retains only 30% of the money deposited into the fund, which averages about $500,000 per year.

Distribution Policy

The income earned by this fund each year must be used first to replace uncollectible loans made from the fund and the balance must be deposited in the State's general fund. The estimated fiscal year income for this fund is distributed in June of each year; any difference between estimated and actual income is distributed in November or December of each year, once final audited financial statements have been received.

Investment Objective

Preservation of capital and added value over the benchmark over a full market cycle through active management of the portfolio subject to the investment guidelines set forth below.

Strategic Asset Allocation

Due to the expendable nature of the income earned by the Coal Development Trust Fund, and the provision in state law about replacing any lost principal with income, the strategic asset allocation for the fund is 100% fixed income investments.

Investment Guidelines

The Coal Development Trust will be invested in a high quality portfolio that includes a combination of Treasuries, corporate bonds, asset and mortgaged backed securities, and commercial paper and will adhere to the following guidelines:

- Minimum average quality of AA

[28] N.D.C.C. § 57-62-02

[29] N.D. Const. art. X, § 21 and N.D.C.C. § 57-62-02

[30] N.D.C.C. § 57-62-02

[31] N.D. Const. art. X, § 21

- Minimum quality for any security of BBB (limited to 10%)
- Neutral weighted average maturity of 1 year range of 6 months to 1.5 years
- Maximum maturity: 3 years for fixed rate, 5 years for floating rate
- No more than 50% in investment grade corporate and agency backed securities
- Not more than 2% of the fund will be invested with any single issuer

Benchmark

The benchmark is composed of 50% of the three-month U.S. Treasury Bill and 50% Bloomberg~~arclays~~ 1 – 3 Year Gov't Corp Index.

Indian Cultural Education Trust

Fund Purpose

The Indian Cultural Education Trust was created in 2003 for the purpose of generating income to benefit Indian culture.[32] State law authorizes the Board to accept donations of money or land for this trust to be managed in the same manner that it manages its other trust land and financial assets, subject to state law and a required donor agreement with one or more federally recognized Indian tribes located in North Dakota, South Dakota, Montana, Minnesota, or Wyoming.

Three Affiliated Tribes Cultural Education Account

The Three Affiliated Tribes Cultural Education Account is the sole account in the trust, which serves to benefit the Mandan, Hidatsa & Arikara Nation Cultural Education Foundation. Under an agreement signed by the tribe, North American Coal, and the Commissioner, the Board must manage and invest this account exactly as the Permanent Trust Funds are managed and invested.

Funding Sources

Initial funding of the account was a result of donations of both money and land by North American Coal to the cultural education account. Revenue earned from the donated lands is deposited into the account. Further donations of land or money from Individuals or organizations may provide additional funding to the account.

Distribution Policy

The distribution calculation for the Indian Cultural Education Trust is identical to that of the Permanent Trust Funds as detailed on page 16, however, the specific donor agreement for an account may dedicate a portion of the amount available to distribute to principal.[33]

The Three Affiliated Tribes Cultural Education Account donor agreement has mandated that no less than 25% of the annual amount available to distribute go to principal. Each year, the Commissioner notifies the Mandan, Hidatsa & Arikara Nation Cultural Education Foundation as to the amount eligible for disbursement. If written request for the disbursement is received by the Commissioner by March 31st, all or a portion of that amount shall be distributed as specified in the donor agreement.

Investment Objective, Strategic Asset Allocation, and Investment Guidelines

Like the Permanent Trust Funds, the investment objective is to preserve purchasing power and maintain stable distributions with a long-term investment horizon. The assets of the Indian Cultural Education Trust are pooled with the Permanent Trust Funds. The strategic asset allocation, benchmarks, and investment guidelines are identical to those of the Permanent Trust Funds, which can be found in the corresponding sections beginning on page 18~~17~~ of this Policy.

[32] N.D.C.C. ch. 15-68

[33] N.D.C.C. § 15-68-04

Theodore Roosevelt Presidential Library and Museum Endowment Fund

Fund Purpose

The Theodore Roosevelt Presidential Library and Museum Endowment Fund was created in 2019 during the 66th North Dakota Legislative Session as a permanent endowment for grants to support the operation and maintenance of the Theodore Roosevelt Presidential Library and Museum.[34] State law authorizes the Board to accept donations of money for this trust to be managed in the same manner that it manages its other trust land and financial assets, subject to state law.

Funding Sources

Initial funding of the account was a result of appropriation of money by 66th North Dakota Legislative Assembly and money borrowed from the Bank of North Dakota. Further appropriations from the North Dakota Legislature or donations of money from Individuals or organizations may provide additional funding to the account.

Distribution Policy

The distribution calculation for the Theodore Roosevelt Presidential Library and Museum Endowment Fund is calculated and paid as follows[35]:

Annual distributions to the Theodore Roosevelt Presidential Library and Museum from the Theodore Roosevelt Presidential Library and Museum Endowment Fund in an amount equal to 4.0% of the Fund's trailing net average value calculated over the previous three (3) fiscal years shall be paid on or before December 31st of each year at the request of Theodore Roosevelt Presidential Library Foundation.

Investment Objective, Strategic Asset Allocation, and Investment Guidelines

Like the Permanent Trust Funds, the investment objective is to preserve purchasing power and maintain stable distributions with a long-term investment horizon. The assets of the Theodore Roosevelt Presidential Library and Museum Endowment Fund are pooled with the Permanent Trust Funds. The strategic asset allocation, benchmarks, and investment guidelines are identical to those of the Permanent Trust Funds, which can be found in the corresponding sections beginning on page 18~~17~~ of this Policy.

[34] N.D.C.C. § 54-07-12

[35] Pursuant to the Agreement between the State of North Dakota and the Theodore Roosevelt Presidential Library Foundation executed June 30, 2020.

History

Adopted:	08/27/2015
Revised:	09/29/2016
Revised:	10/26/2017
Revised:	09/26/2019
Revised:	12/18/2019
Revised:	01/21/2020
Revised:	04/30/2020
Revised:	02/24/2022
Revised:	08/25/2022
Revised:	06/29/2023
Revised:	09/24/2025

LEONARDITE LEASE APPLICATIONS
Applicant: American Colloid Company

NORTH Dakota | Trust Lands
Be Legendary.™

The Department received applications from American Colloid Company to lease the following three (3) tracts for Leonardite mining:

Mineral Tracts	Min Int	Gross Ac	Net Ac	App Ton Est (Net Ac)
130-98-7 E2SE (Adams County)	.50	80	40	2,899.5
130-98-8 SW (Adams County)	.50	160	80	315,204
130-99-1 SW (Bowman County)	.50	160	80	53,128

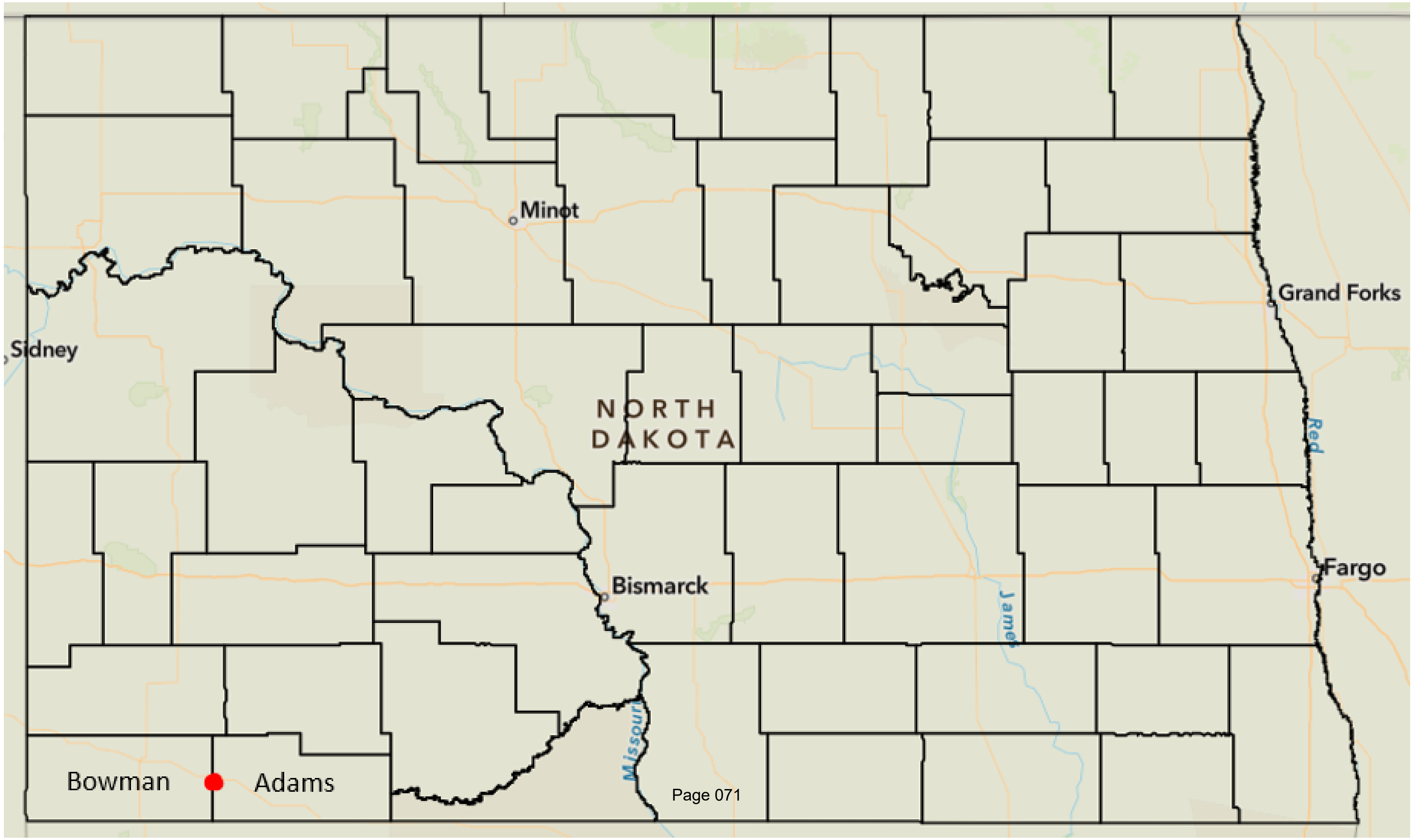
At its February 2025 meeting, the Board determined under NDAC § 85-06-02-04 that it is willing to lease the tracts and directed the Commissioner to begin lease negotiations on its behalf.
As required by NDAC § 85-06-02-04, the Department posted notice of the applications on its website on June 9, 2025, with instructions for public comments to be submitted by 5:00p.m. CT fourteen (14) days after the posting of the notice. No comments were received by the Department.

The Department has evaluated the terms offered by the applicant against other recent private and state Leonardite / coal leases and determined that the offered terms are reasonable and within market. The applicant has indicated its acceptance of all terms and conditions. Upon receipt of the required initial lease payments, the Department will present the leases to American Colloid Company for execution. See NDAC § 85-06-02-05.

LEONARDITE LEASE APPLICATIONS

Location of Mineral Acres: Bowman and Adams Counties

NORTH Dakota | Trust Lands
Be Legendary.™



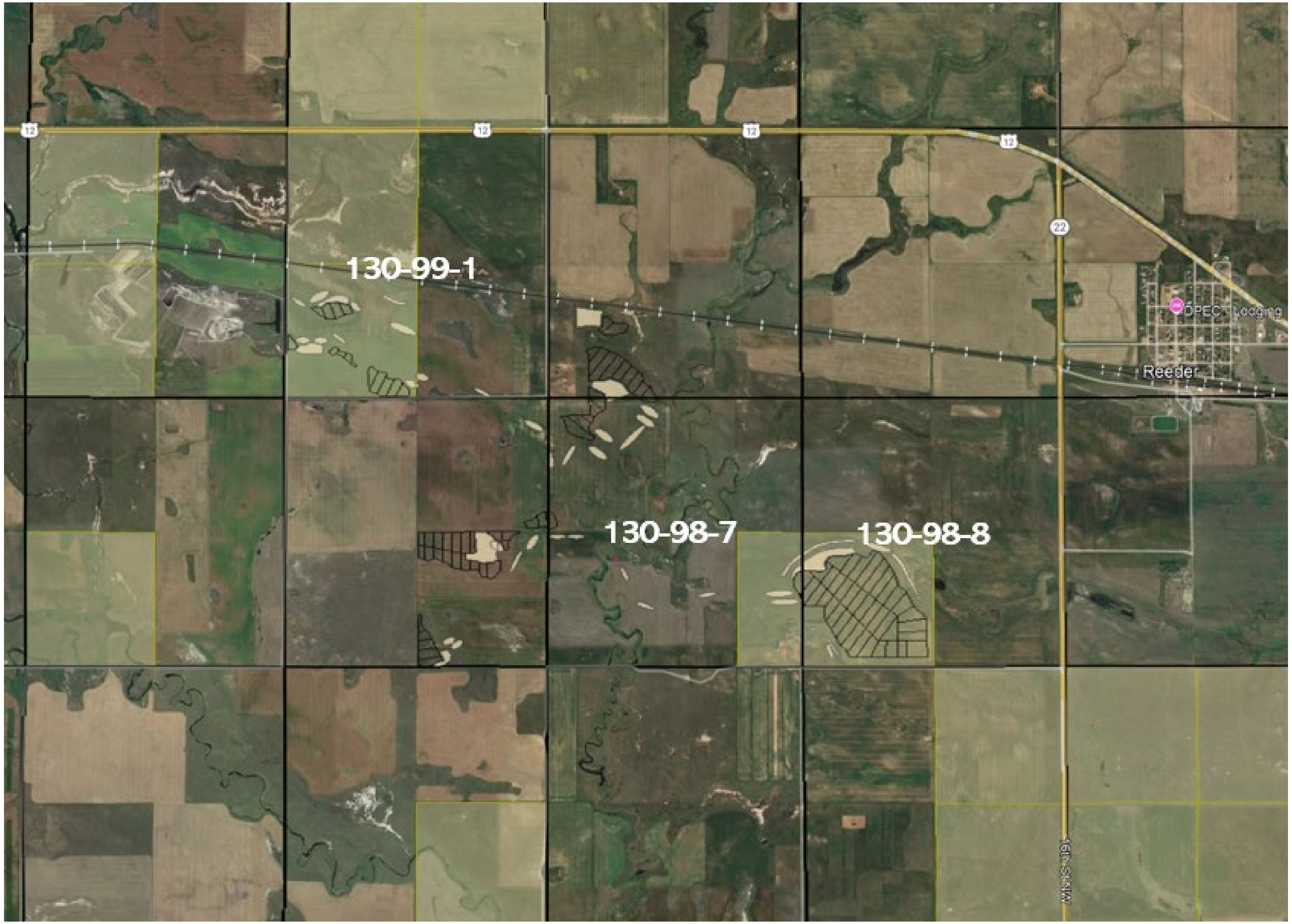
LEONARDITE LEASE APPLICATIONS
American Colloid Company Proposed Terms

<u>Proposed Term of Lease</u>
10 years

<u>Proposed Bonus</u>:
$100 per net coal acre

<u>Proposed Royalty</u>:
$1.10 per ton

<u>Proposed Annual Rental</u>:
$5 per net coal acre



LEONARDITE LEASE APPLICATIONS

Application Recommendation

NORTH Dakota | Trust Lands
Be Legendary.™

Recommended Motion: The Board accept the proposed terms and authorize the Commissioner to execute the three identified Leonardite leases.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Armstrong					

RE: Litigation Update
(No Action Requested)

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior**

Case Summary: Missouri riverbed ownership – Quiet title action brought by the federal government is proceeding, with discovery now completed; the U.S. and MHA filed separate summary judgment motions; our opposition brief was filed by the March 18, 2025 deadline; the U.S. filed its reply brief on April 18th; we now await the Court to either schedule a hearing on the motion or decide on the briefs; additionally, on February 28, 2025, the Department of Interior Acting Solicitor suspended the Biden administration's M-Opinion that was contrary to the state's position.

Commencement:	July 2020
ND Assigned Attorneys:	James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.) Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs
Counsel for MHA:	Steven D. Gordon (Holland & Knight's Washington, D.C.) Philip Merle Baker-Shenk (Holland & Knight's Washington, D.C.) Timothy Purdon (Robins Kaplan, Bismarck, ND) Timothy Billion (Robins Kaplan, Minneapolis, MN)
Counsel for United States Department of Interior:	Reuben S. Schifman (Washington, D.C.)
Court:	United States District Court for the District of Columbia
Judge:	Honorable Amy Berman Jackson

Win = North Dakota owns historical Missouri Riverbed (mineral rights) through Fort Berthold Indian Reservation resulting in release to state of tens of millions of dollars in withheld oil & gas royalties.

Lose = U.S. owns the riverbed in trust for MHA Nation so royalties are released to the tribe

- **State of North Dakota, ex. rel. v Virginia Leland, et.al.**

Case Summary: OHWM river island ownership; trial was held September 12-16, 2022; Judge Schmidt issued a Phase I Memorandum Decision on April 30, 2024, finding 1) the at issue Yellowstone River segment was navigable at statehood; 2) the at issue west bank of the river is owned by the state; 3) the at issue north island is not owned by the state; 4) the at issue south island is owned by the state; and 5) the state's claim is not barred by laches. The remaining issues of conveyances, mineral acreage calculations, etc. are now being determined in Phase II proceedings. On December 19, 2024, the Court granted opposing parties' summary judgment motion on certain issues. A trial to determine the remaining issues was held January 29, 2025, in Watford City. On May 8, 2025, the Court issued its trial decision ruling that: 1) the State does not own the North Island; 2) the 1950 deed from the State conveyed the at issue lots to the

Montana state line; and 3) the State only reserved a 5% mineral interest in the 1950 deed. Notice of final judgment was entered July 17, 2025, so parties have until September 15, 2025, to appeal to the ND Supreme Court.

Commencement: January 2016

ND Assigned Attorneys: Zachary Pelham (Pearce Durick, Bismarck)

Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs
James Wald, DTL General Counsel

Counsel for Whiting Oil and Gas Corp: Paul Forster (Crowley Fleck, PLLP, Bismarck, ND)
Shane Hanson (Crowley Fleck, PLLP, Bismarck, ND)

Counsel for Defendant(s): Kevin Chapman (Chapman Law Firm, P.C., Williston, ND)
Ariston Johnson (Johnson & Sundeen, Watford City, ND)
and Others

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = State owns at issue Yellowstone River islands and related mineral interests

Lose = Plaintiffs owns at issue Yellowstone River islands and related mineral interests

- **Continental Resources, Inc., v. North Dakota Board of University and School Lands and the United States of America (Interpleader)**

  Case Summary: OHWM fed/state dispute – ND Federal District Court issued opinion March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; the federal government appealed; 8th Circuit oral argument was held October 22, 2024; the 8th Circuit issued its decision on May 2, 2025, affirming the District Court's ruling; neither party appealed the 8th Circuit's decision so the District Court's ruling stands; we will work with Continental and the federal government to implement the ruling through lease and payment adjustments; **this case is now complete and will be removed from the litigation update going forward**

  Commencement: December 2016

  ND Assigned Attorneys: Philip Axt, ND Solicitor General

  Counsel for Continental: Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND)
  Spencer Ptacek (Fredrikson & Byron P.A., Bismarck, ND)

  Counsel for USA: Shaun Pettigrew (Environment and Natural Resources Division (ENRD)) of the U.S. Department of Justice

  Court: North Dakota U.S. District Court, Judge Daniel L. Hovland

Procedures for Executive Session Regarding Attorney Consultation and Consideration of Closed Records

Overview

1) The governing body must first meet in open session.

2) During the meeting's open session the governing body must announce the topics to be discussed in executive session and the legal authority to hold it.

3) If the executive session's purpose is attorney consultation, the governing body must pass a motion to hold an executive session. If executive session's purpose is to review confidential records a motion is not needed, though one could be entertained and acted on. The difference is that attorney consultation is not necessarily confidential but rather has "exempt" status, giving the governing body the option to consult with its attorney either in open session or in executive session. Confidential records, on the other hand, cannot be opened to the public and so the governing body is obligated to review them in executive session.

4) The executive session must be recorded (electronically, audio, or video) and the recording maintained for 6 months.

5) Only topics announced in open session may be discussed in executive session.

6) When the governing body returns to open session, it is not obligated to discuss or even summarize what occurred in executive session. But if "final action" is to be taken, the motion on the decision must be made and voted on in open session. If, however, the motion would reveal "too much," then the motion can be abbreviated. A motion can be made and voted on in executive session so long as it is repeated and voted on in open session. "Final actions" DO NOT include guidance given by the governing body to its attorney or other negotiator regarding strategy, litigation, negotiation, etc. (*See* NDCC §44-04-19.2(2)(e) for further details.)

Recommended Motion to be made in open session:

Under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes of attorney consultation regarding:

- **Royalty Settlements**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Armstrong					

Statement Before Leaving Public Meeting:

"This executive session will be recorded and all Board members are reminded that discussion during executive session must be limited to the announced purpose for entering into executive session, which is anticipated to last approximately 45 minutes.

Board members, their staff, employees of the Department of Trust Lands and counsel with the Attorney General staff will remain, but the public is asked to leave the room.

The executive session will begin at: ______AM, and will commence with a new audio recording device. When the executive session ends the Board will reconvene in open session."

Statements upon return to open session:

State the time at which the executive session adjourned and that the public has been invited to return to the meeting room.

State that the Board is back in open session.

State that during its executive session, the Board consulted with attorneys regarding the identified legal issue.

State that no final action will be taken at this time as a result of the executive session discussion

-or- .

Ask for a formal motion and a vote on it.

Move to the next agenda item.