

Governor's Conference Room and Via Microsoft Teams

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Phone Conference ID: 630 230 151#

➤ = **Board Action Requested**

1. **Approval of Meeting Minutes – Joseph Heringer**

Consideration of Approval of Land Board Meeting Minutes by voice vote.

- A. [April 28, 2022](#) - minutes available via link

➤ **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: pg. 2**

- **Royalty Offers**

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of Interior Case No. 20-1928 (ABJ)**

2. **Litigation – Joseph Heringer**

A. Litigation Summary – pg. 5

3. **Special Projects - Chris Suelzle/Joseph Heringer**

A. Acreage Adjustment Report – pg. 6

- B. New Coal Lease Application – pg. 8

4. **Operations – Joseph Heringer**

A. Commissioner's Report – pg. 10

5. **Division Reports – Joseph Heringer**

A. Surface – pg. 11

B. Minerals – pg. 12

C. Unclaimed Property – pg. 15

D. Financials – pg. 16

E. Investments Update – pg. 25

6. **Investments – Michael Shackelford**

- A. Commercial Real Estate Recommendation – pg. 26

Next Meeting Date – June 30, 2022

**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 relating to:

- **Royalty Offers**
- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior Case No. 20-1918 (ABJ)**

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

Statement:

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

The Board is meeting in executive session to provide guidance or instructions to its attorneys regarding the identified litigation or legal settlement matter. Any formal action by the Board will occur after it reconvenes in open session.

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 provided its attorneys with guidance regarding litigation relating to the sovereign lands' minerals claims or a royalty settlement matter.

[The guidance or instructions to attorney does not have to be announced or voted upon.]

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

-or- .

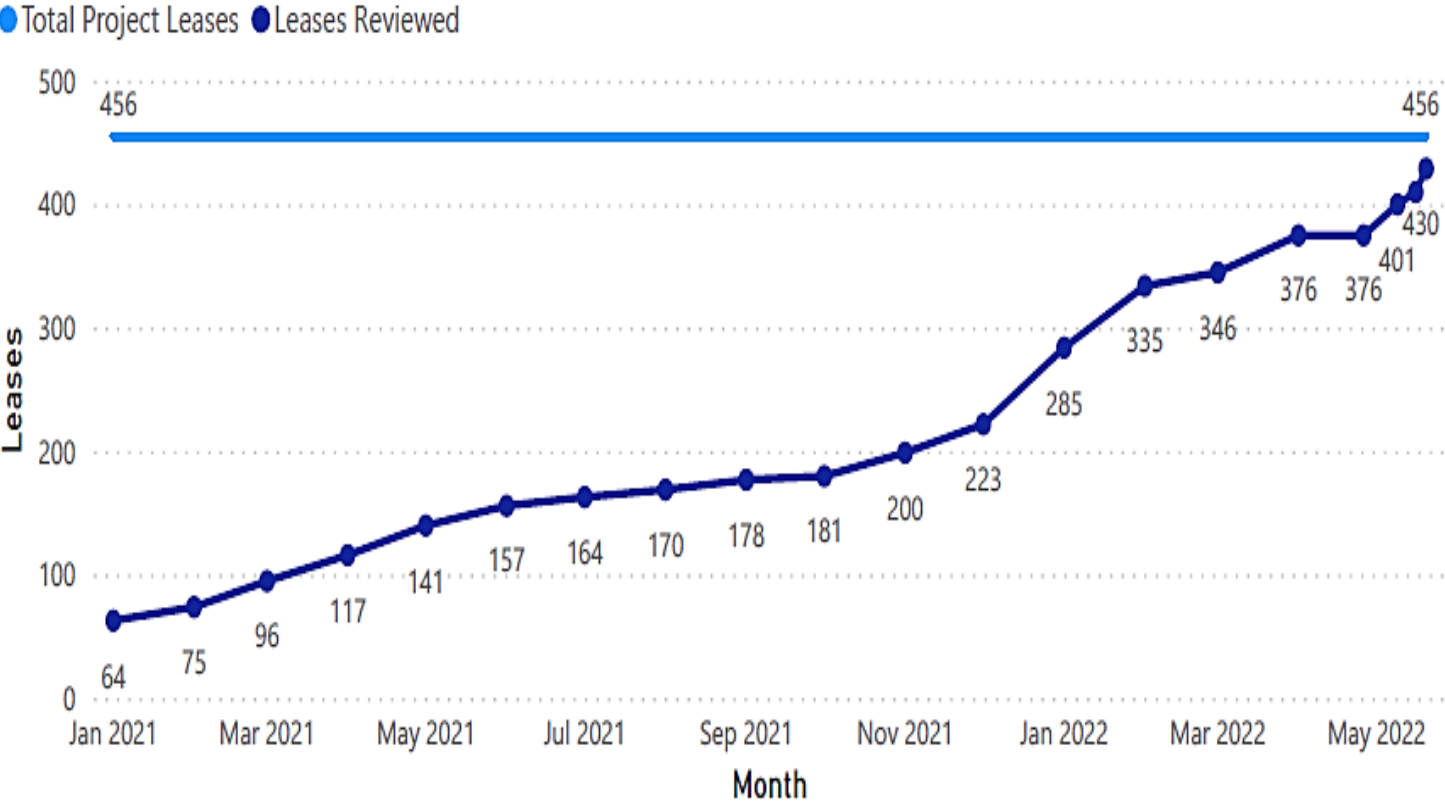
Ask for a formal motion and a vote on it.

RE: Litigation Update
(No Action Requested)

- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court oral arguments - May 18th, 10:45am
- Newfield (royalty deductions) – final briefs due mid-June; ND Supreme Court oral arguments scheduled thereafter
- Whiting Bankruptcy (unclaimed property claim) – DTL objection response deadline extended for ongoing discussions
- Continental Interpleader (OHWM fed/state dispute) – DTL “Acquired Lands” Motion for Partial Summary Judgment filed May 3rd; responses & replies due by end of June
- Whitetail Wave (OHWM title dispute / takings claim) – DTL ND Supreme Court brief due June 3rd; Whitetail’s filed May 4th

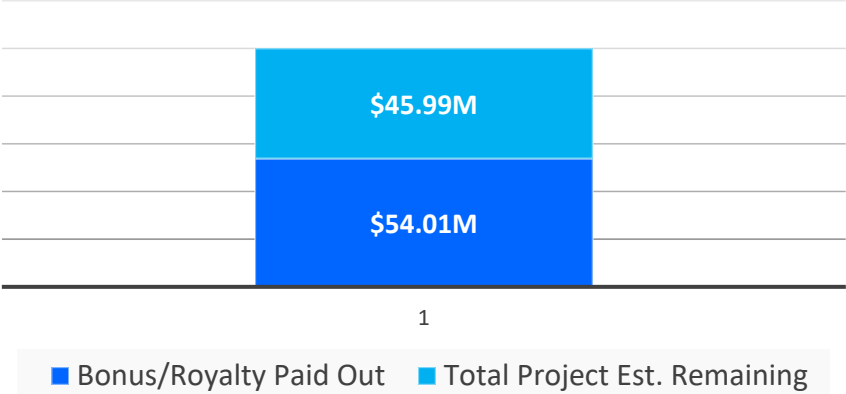
ACREAGE ADJUSTMENT SURVEY REPORT

PROJECT PROGRESSION

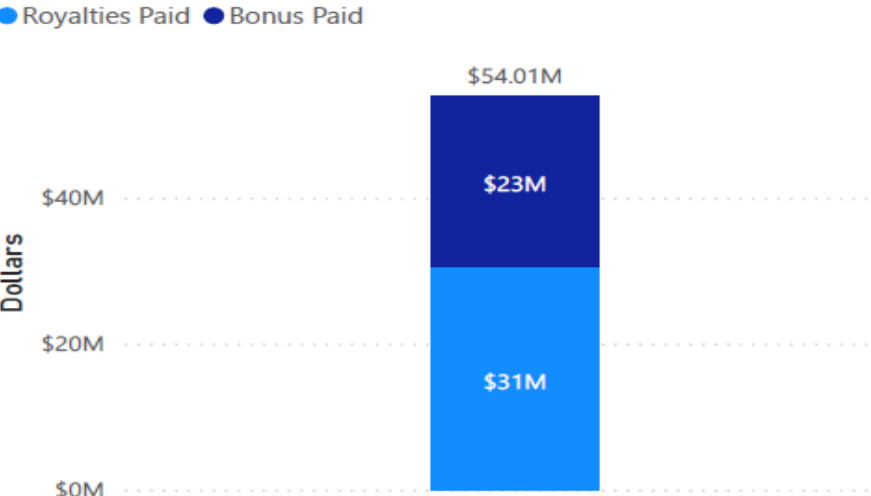


*15 Leases in Litigation Hold

PROGRESS TO ESTIMATED \$100M PROJECT VALUE

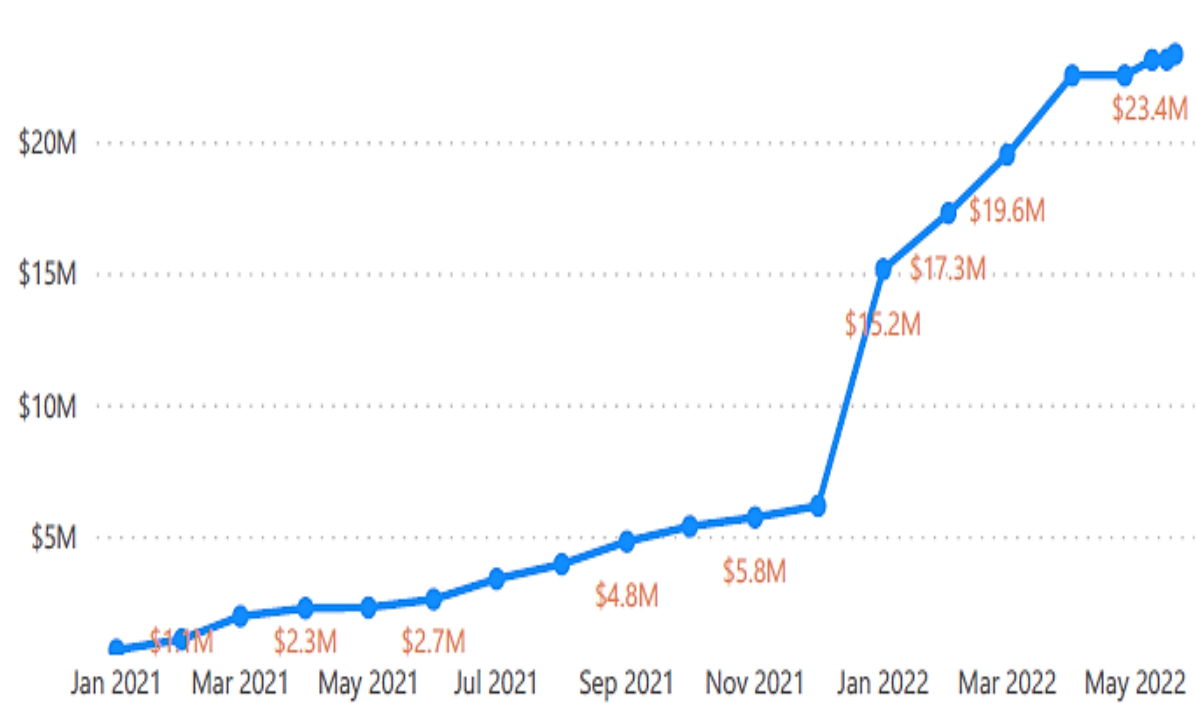


REFUNDED TO OPERATOR

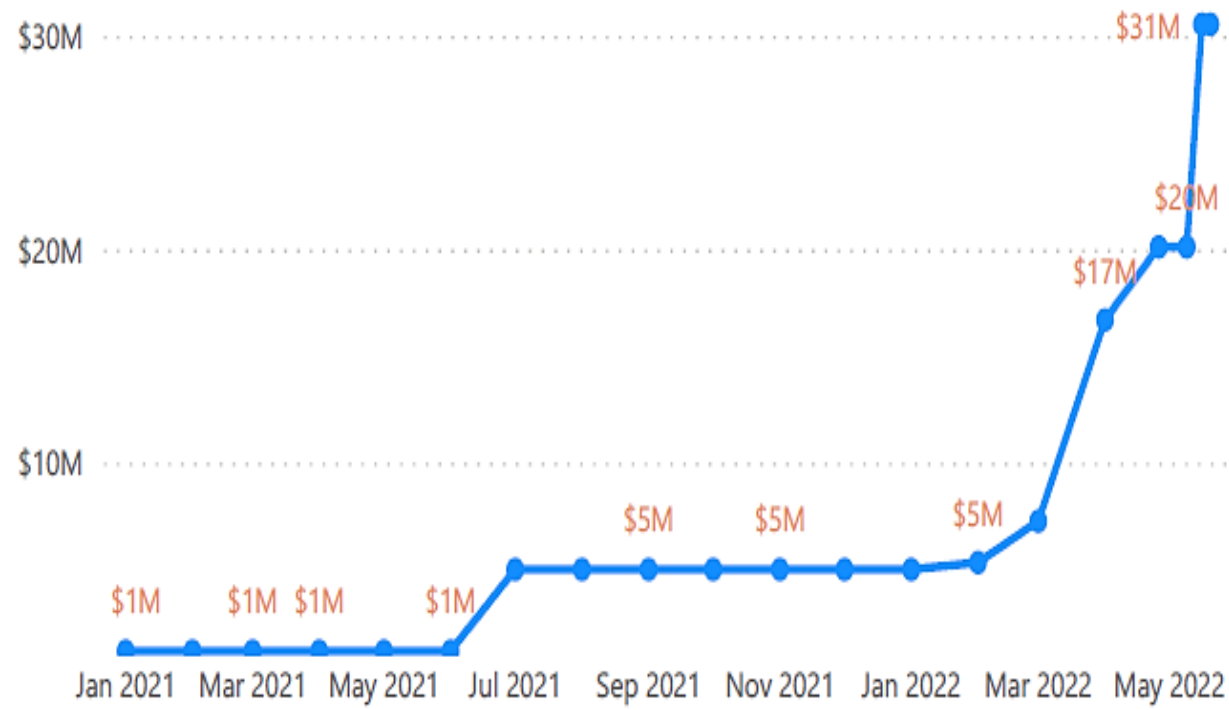


ACREAGE ADJUSTMENT SURVEY REPORT

BONUSES REFUNDED



ROYALTIES REFUNDED



RE: North American Coal Company Coal Lease Application

The Board has received Coal Lease applications and application fees from North American Coal Company (Falkirk Mine) for the following tracts in McLean County:

T147N R82W Section 36: N2

- 320 gross acres - 100% coal interest owned by Board
- The Board does not have surface ownership of this tract.

T146N R82W Section 2: Lots 1, 2, S2NE4

- 160.20 gross acres - 50% coal interest owned by Board
- The Board does not have surface ownership on this tract.

(see attached map)

According to Chapter [85-06-02](#) of the Administrative Code, the Board must now determine that it is willing to lease these coal tracts.

If so, the Department will proceed with the next steps in the coal leasing process including posting notice and supporting documentation on the Department's website and receiving public comment. Following that, the Department will negotiate and finalize the terms and conditions of the leases and present to the Board for final approval.

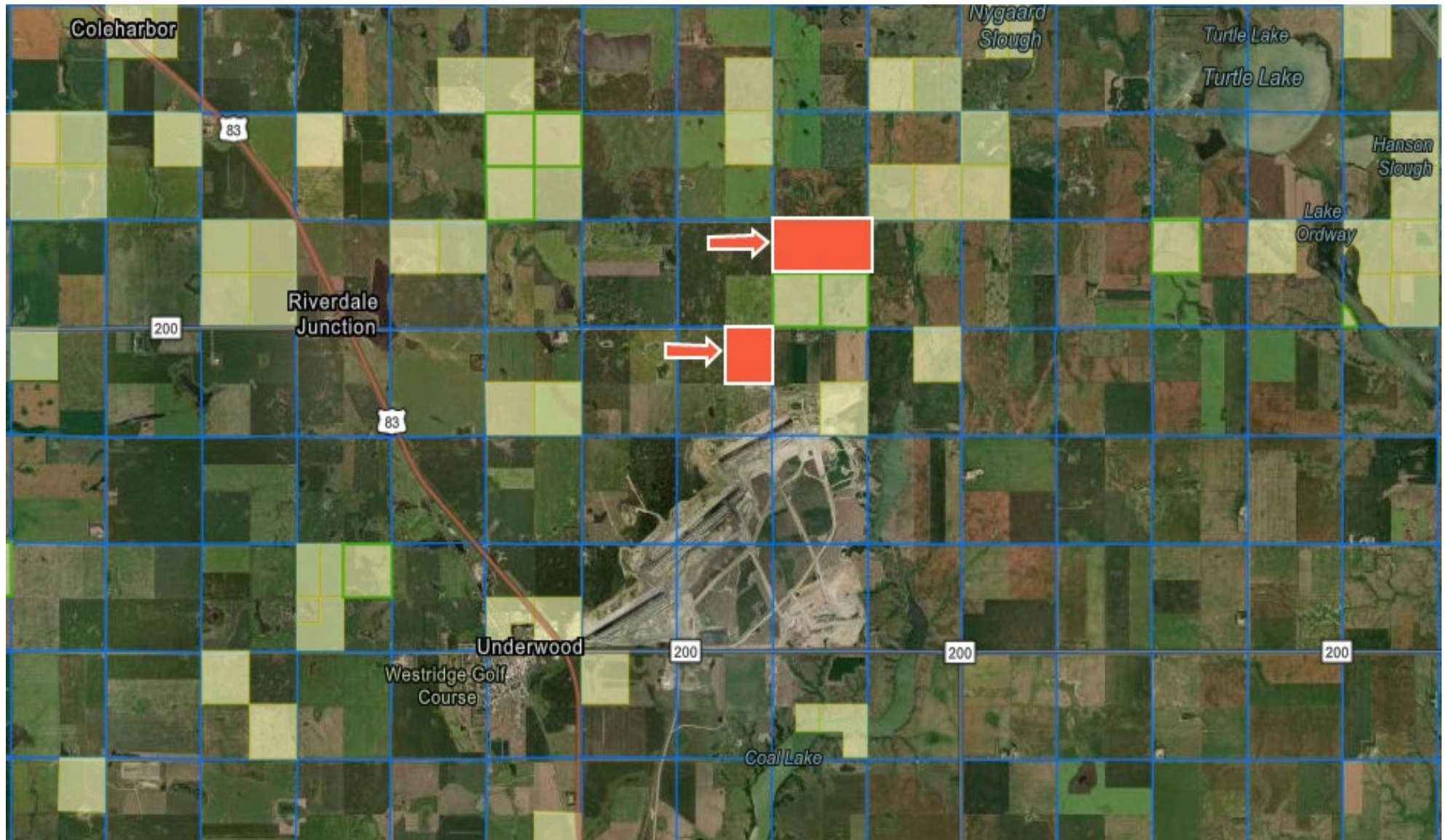
Recommendation: Make a determination that the application covers tracts the Board is willing to lease for coal.

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

McClellan County, North Dakota

T147N R82W Section 36: N2: 320 net mineral acres

T146N R82W Section 2: Lots 1, 2, S2NE4: 80 net mineral acres



**RE: Commissioner's Report to
ND Board of University and School Lands - May 23, 2022
(No Action Requested)**

- WDAY Radio Unclaimed Property Interview – April 26th
- Introductory meeting with BND leadership – April 29th
- Hired Cory Barth as Field Inspector Supervisor to backfill that position
- New minerals system requirements approval phase completed; EY design begun
- Space lease discussions with auditor's office put on hold due to a management change for the federal O&G lease audit program
- Discussions with Whiting regarding unclaimed property bankruptcy claim
- Surface division presentation to Rep. Jim Schmidt re: pasture management
- Virtually attended governor's budget presentation (May 5th)
- Moved Unclaimed Property to separate division under Commissioner
- Collaboration meeting with Dept. Mineral Resources leadership (May 6th)
- Attended Wilkinson Supreme Court oral arguments (May 18th)
- Investment team meeting with Northern Trust (May 18th)
- Attended May 20th SIB meeting
- Land Board legal representation status update meeting with Solicitor General (May 11th)
- Various calls with oil & gas companies resolving acreage adjustment project issues
- Quarterly status call with NDIT leadership (May 11th)
- Started department pay equity analysis for budget planning purposes
- Meeting with grazing associations regarding ND Trust Lands Completion Act (May 17th)

SURFACE DIVISION

For the month of April 2022, the Division granted 14 encumbrances for a total of \$46,025 in income for the trusts.

The Surface Division has begun preparing for fall auctions which will be held in October.



Photo Credit: Kayla Spangelo
Department of Trust Lands Billings County 139-102-36

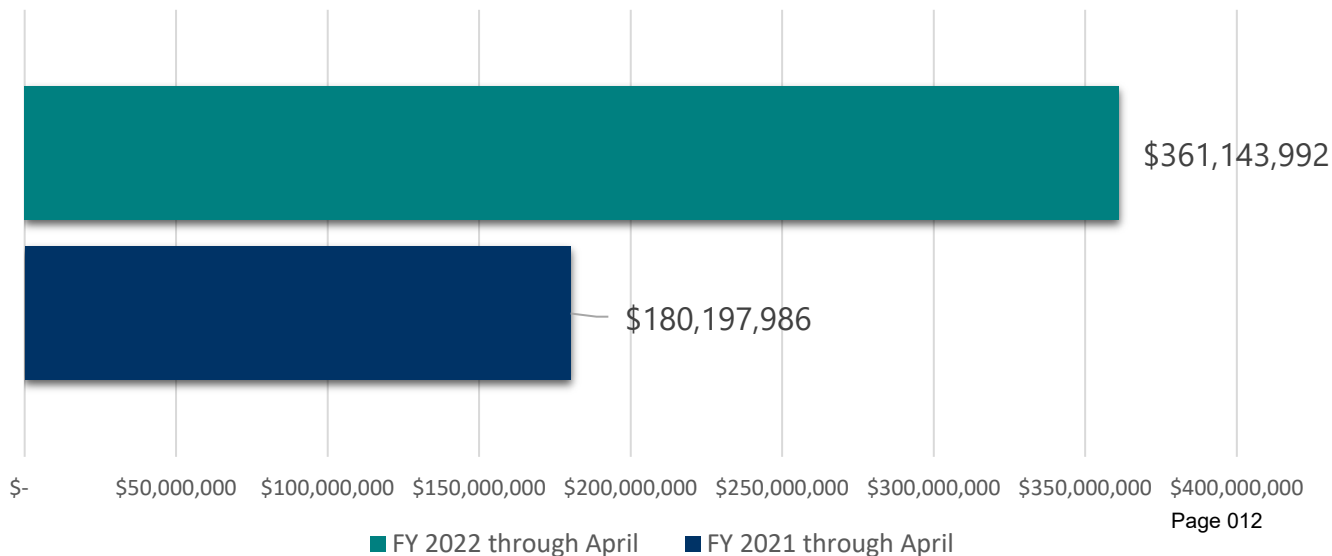
MINERALS DIVISION

For the month of April 2022, the Division approved zero oil & gas lease extensions, zero coal lease extensions, and received 2 shut-in requests.

Mineral Tracker reports total DTL producing wells at 8,173, or 49% of the 16,743 total active North Dakota wells.

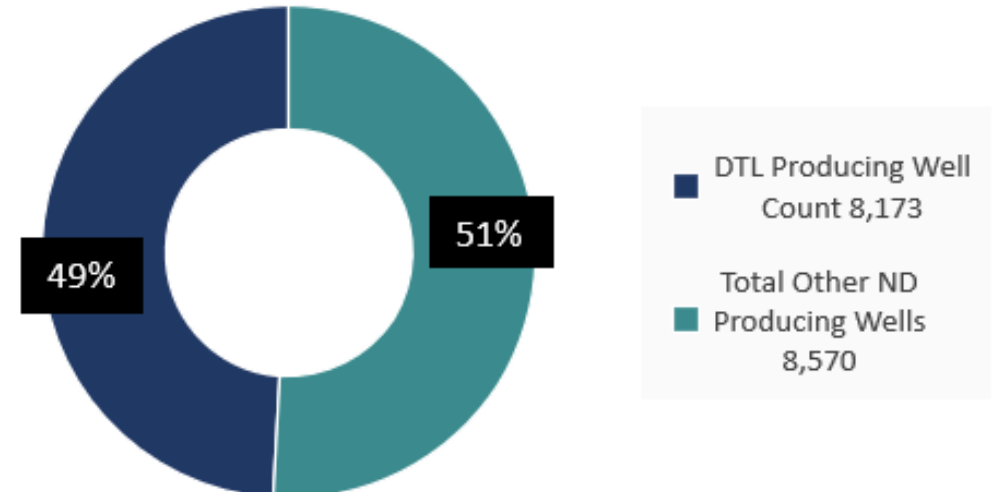
As of April 2022, for fiscal year 2022 the Department has received \$361,143,992 in royalties.

Royalty Income Paid to DTL



Page 012

Department of Trust Lands Producing Wells



May Oil & Gas Lease Auction Summary

County	# Tracts	Net Min Acres	Total Bonus	Average Bonus/Acre
Billings	8	730.71	\$85,622.07	\$117.18
Burke	10	1360.00	\$400,800.00	\$294.71
Divide	3	240.00	\$49,200.00	\$205.00
McKenzie	4	640.00	\$44,640.00	\$69.75
Mountrail	38	2727.34	\$21,282.28	\$7.80
Ward	105	6514.08	\$16,389.39	\$2.52
Williams	8	960.00	\$285,520.00	\$297.42
(Canada)	2	320.00	\$640.00	\$2.00
GRAND TOTAL	178*	13,492.13	\$904,093.74	\$67.01

May Oil & Gas Lease Auction Summary

- Total number of parcels offered (day of sale): 177
- Total number of acres offered (day of sale): 13,492.13
- Total number of parcels receiving bids: 149
- Total number of acres receiving bids: 11,833.36
- Total registered bidders: 28
- Total bidders that placed a bid: 17
- Average unique bidders on parcel with a bid: 1.63
- Total bids: 511
- High bid per parcel: \$84,160
- High bid per acre: \$605

Trust	Trust Name	# Tracts
A	Common Schools	76
D	School for the Deaf	1
E	Ellendale	1
I	ND Industrial School	4
L	SIIF	91
N	NDSU	3
U	UND	1
W	ND School of Science	1
	GRAND TOTAL	178*

*One of the leases covers 2 tracts and benefits 2 trusts.

Average Bonus/Acre (Total Bonus/Total Acres)

August 2020	November 2020	February 2021	May 2021	August 2021	November 2021	February 2022	May 2022
\$44.64	\$66.12	\$56.68	\$50.33	\$335.12	\$215.87	\$199.32	\$67.01

UNCLAIMED PROPERTY DIVISION

For the month of April 2022, the Division received 248 holder reports with a property value of \$856,329 and paid 331 claims for a total of \$290,329.

As of April, the Department had \$14,502,322 worth of unclaimed properties reported for the fiscal year.

- The total amount of property claimed (from the [Unclaimed Property website](#) as of 4/30) was \$91,413,339
- The total value of cash properties available for claim was \$117,437,511*
- Total number of properties available to claim was 457,562

* Please note: This total includes only cash properties.

Date	FastTrack Passes	Claims Received	Claims Paid
July 2021	93	790	352
August 2021	298	1371	530
September 2021	144	924	431
October 2021	72	797	215
November 2021	102	982	309
December 2021	93	759	292
January 2022	112	944	439
February 2022	946	5324	1151
March 2022	127	920	418
April 2022	99	833	331

**RE: Financial Statements Position Report (Unaudited) for period ended February 28, 2022
(No Action Requested)**

The following statements represent the unaudited financial position for the various trusts and funds managed by the Department of Trust Lands. The unaudited financial positions are two months delayed as a significant portion of the revenue for Commons Schools Trust, Strategic Investment and Improvements Fund, and Coal Development Trust includes gross production tax, oil extraction tax and coal severance tax distributions which are received two months after production date.

NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report
(Unaudited)

For period ended February 28, 2022



Board of University and School Lands		
Comparative Financial Position (Unaudited)		
Schedule of Net Assets		
Assets by Trust:	February 28, 2022	February 28, 2021
Common Schools	\$5,835,424,291	\$5,267,026,624
North Dakota State University	86,907,028	79,017,991
School for the Blind	15,320,622	14,187,149
School for the Deaf	23,980,185	22,834,488
State Hospital	15,996,689	15,337,118
Ellendale *	27,981,348	25,413,579
Valley City State University	15,190,006	13,983,117
Mayville State University	10,684,063	9,163,286
Youth Correctional Center	30,847,938	27,287,011
State College of Science	21,884,729	20,377,627
School of Mines **	26,708,369	24,475,533
Veterans Home	5,913,822	5,667,751
University of North Dakota	41,452,610	38,289,080
Capitol Building	5,583,110	4,057,371
Strategic Investment and Improvements	666,745,960	629,893,485
Coal Development	71,290,628	71,456,394
Indian Cultural Education Trust	1,408,258	1,358,125
Theodore Roosevelt Presidential Library	55,408,868	53,007,308
Total	\$6,958,728,522	\$6,322,833,037
Assets by Type:		
Cash	\$383,768,157	\$228,621,486
Receivables	5,027,098	6,630,282
Investments ***	6,506,057,314	5,936,324,340
Office Building (Net of Depreciation)	278,609	336,120
Farm Loans	4,837,627	5,450,201
Energy Construction Loans	-	-
Energy Development Impact Loans	9,262,357	10,036,074
School Construction Loans (Coal)	29,495,505	38,908,935
Due to/from Other Trusts and Agencies	20,001,855	96,525,599
Total	\$6,958,728,522	\$6,322,833,037

*** Ellendale Trust**

The following entities are equal beneficiaries of the Ellendale Trust:

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

**** School of Mines**

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

***** Investments**

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

Board of University and School Lands

Comparative Financial Position (Unaudited)

Combined Permanent Trusts

	February 28, 2022	February 28, 2021
Balance Sheet		
Assets:		
Cash	\$88,276,510	\$48,007,166
Interest Receivable	4,073,174	5,233,149
Investments	6,057,366,864	5,509,252,966
Farm Loans	4,837,627	5,450,201
Accounts Receivable	-	-
Due from Other Agencies	19,924,347	11,430,866
Office Building (Net of Depreciation)	278,609	336,120
Total Assets	<u>\$6,174,757,131</u>	<u>\$5,579,710,468</u>
Liabilities:		
Unclaimed Property Claimant Liability	\$16,461,434	\$16,645,538
Due to Other Funds	3,999	4,574
Accounts Payable	-	-
Total Liabilities	<u>16,465,433</u>	<u>16,650,112</u>
Equity:		
Fund Balance	6,057,564,355	4,892,120,248
Net Income/(Loss)	100,727,343	670,940,108
Total Liabilities and Equity	<u>\$6,174,757,131</u>	<u>\$5,579,710,468</u>
Income Statement		
Income:		
Investment Income	\$113,515,315	\$78,198,385
Realized Gain/(Loss)	140,267,567	77,099,568
Unrealized Gain/(Loss)	(205,795,837)	550,934,404
Royalties - Oil and Gas	139,216,541	63,736,303
Royalties - Coal	217,353	214,598
Royalties - Aggregate	127,601	602,153
Bonuses - Oil and Gas	1,705,147	965,752
Bonuses - Coal	-	-
Rents - Surface	13,322,819	10,798,473
Rents - Mineral	70,069	150,427
Rents - Coal	44,657	21,500
Rents - Office Building	71,982	70,702
Encumbrances - Surface	61,970	-
Sale of Capital Asset	644	-
Miscellaneous Income	14,650	-
Oil Extraction Tax Income	69,333,665	39,369,796
Unclaimed Property Income	11,612,169	9,301,201
Total Income	<u>283,786,312</u>	<u>831,463,262</u>
Expenses and Transfers:		
Investment Expense	3,997,646	4,311,457
In-Lieu and 5% County Payments	-	-
Administrative Expense	3,021,130	2,603,814
Operating Expense - Building	57,693	97,883
Transfers to Beneficiaries	175,982,500	153,510,000
Total Expense and Transfers	<u>183,058,969</u>	<u>160,523,154</u>
Net Income/(Loss)	<u>\$100,727,343</u>	<u>\$670,940,108</u>

Board of University and School Lands

Comparative Financial Position (Unaudited)

Capitol Building Trust

	February 28, 2022	February 28, 2021
Balance Sheet		
Assets:		
Cash	\$1,838,021	\$814,505
Interest Receivable	19,020	22,955
Investments	3,726,069	3,219,911
Total Assets	<u>\$5,583,110</u>	<u>\$4,057,371</u>
Liabilities:		
Due to Other Trusts and Agencies	\$0	\$0
Equity:		
Fund Balance	3,462,488	5,535,786
Net Income	2,120,622	(1,478,415)
Total Liabilities and Equity	<u>\$5,583,110</u>	<u>\$4,057,371</u>
Income Statement		
Income:		
Investment Income	\$21,728	\$49,595
Realized Gain(Loss)	3,422	2,420
Unrealized Gain/(Loss)	(58,920)	(22,280)
Royalties - Oil and Gas	1,989,441	461,728
Bonuses - Oil and Gas	-	2,160
Bonus - Coal	-	-
Rents - Surface	171,032	156,218
Rents - Mineral	802	1,602
Encumbrances - Surface	18,385	-
Royalties - Aggregate	-	-
Total Income	<u>2,145,890</u>	<u>651,443</u>
Expenses and Transfers:		
Investment Expense	(3,119)	2,094
In-Lieu and 5% County Payments	-	-
Administrative Expense	28,387	21,524
Transfers to Facility Management	-	1,100,000
Transfers to Legislative Council	-	36,240
Transfer to Supreme Court	-	970,000
Total Expense and Transfers	<u>25,268</u>	<u>2,129,858</u>
Net Income/(Loss)	<u>\$2,120,622</u>	<u>(\$1,478,415)</u>

Board of University and School Lands		
Comparative Financial Position (Unaudited)		
Coal Development Trust		
	February 28, 2022	February 28, 2021
Balance Sheet		
Assets:		
Cash	\$16,288	\$197,594
Interest Receivable	352,473	342,269
Investments	32,086,497	21,894,320
Coal Impact Loans	9,262,357	10,036,074
School Construction Loans	29,495,505	38,908,935
Due from other Trusts and Agencies	258,358	257,336
Total Assets	<u>\$71,471,478</u>	<u>\$71,636,528</u>
Liabilities:		
Due to Other Trusts and Agencies	\$180,850	\$180,135
Equity:		
Fund Balance	71,117,671	70,750,579
Net Income	172,957	705,814
Total Liabilities and Equity	<u>\$71,471,478</u>	<u>\$71,636,528</u>
Income Statement		
Income:		
Investment Income	\$219,758	\$233,572
Interest on School Construction Loans	337,595	291,090
Realized Gain/(Loss)	35,452	12,163
Unrealized Gain/(Loss)	(606,836)	(114,565)
Coal Severance Tax Income	307,299	298,047
Total Income	<u>293,268</u>	<u>720,307</u>
Expenses and Transfers:		
Investment	10,405	10,760
Administrative	2,392	3,733
Transfers to General Fund	107,514	-
Total Expense and Transfers	<u>120,311</u>	<u>14,493</u>
Net Income/(Loss)	<u>\$172,957</u>	<u>\$705,814</u>

Board of University and School Lands		
Comparative Financial Position (Unaudited)		
Strategic Investment and Improvements Fund		
	February 28, 2022	February 28, 2021
Balance Sheet		
Assets:		
Cash	\$292,316,148	\$179,466,673
Interest Receivable	666,283	1,108,652
Investments	373,763,529	364,300,629
Due from other Trusts or Agencies	-	85,017,532
Total Assets	<u>\$666,745,960</u>	<u>\$629,893,486</u>
Liabilities:		
Accounts Payable	<u>\$0</u>	<u>\$0</u>
Equity:		
Fund Balance	860,465,447	767,541,457
Net Income	(193,719,487)	(137,647,971)
Total Liabilities and Equity	<u>\$666,745,960</u>	<u>\$629,893,486</u>
Income Statement		
Income:		
Investment Income	\$2,365,975	\$3,810,200
Realized Gain/(Loss)	382,574	193,516
Unrealized Gain/(Loss)	(6,538,827)	(1,825,513)
Interest on Fuel Prod Facility	67,917	12,343
Interest - Miscellaneous	124,964	-
Interest and Penalty	913,521	-
Royalties - Oil and Gas	94,946,394	39,803,493
Bonuses - Oil and Gas	(13,153,410)	(383,182)
Royalties - Coal	115,950	83,163
Rents - Mineral	16,843	53,427
Tax Income - Oil Extraction & Production Distribution	-	205,497,246
Total Income	<u>79,241,901</u>	<u>247,244,693</u>
Expenses and Transfers:		
Administrative	1,135,038	890,751
Investment Expense	67,813	105,624
Transfers to General Fund	-	382,200,000
Transfer to Agriculture Department (HB 1009)	5,000,000	-
Transfer to Department of Commerce (SB 2018)	15,000,000	-
Transfer to ND Insurance Commissioner (SB 2287)	200,000	-
Transfer to Office of Management & Budget (HB 1015)	205,000,000	-
Transfer to Office of Management & Budget (SB 2014)	9,500,000	-
Transfer to Office of the Adjutant General (HB 1016)	1,000,000	-
Transfer to Innovation Loan Fund (HB 1141)	15,000,000	-
Transfer to ND University System (SB 2003)	19,000,000	-
Bank of North Dakota	2,073,000	-
Transfer from General Fund	(14,463)	-
Transfer to Agencies with Litigation Pool		656,289
Transfer to Environmental Quality		1,040,000
Total Expense and Transfers	<u>272,961,388</u>	<u>384,892,664</u>
Net Income/(Loss)	<u>(193,719,487)</u>	<u>(137,647,971)</u>

As of February 28, 2022 the SIIF had a fund balance of \$666,745,967. The fund balance is made up of two parts. The committed fund balance is that portion of the fund that has either been set aside until potential title disputes related to certain riverbed leases have been resolved or appropriated by the legislature. The uncommitted fund balance is the portion of the fund that is unencumbered, and is thus available to be spent or dedicate to other programs as the legislature deems appropriate. The uncommitted fund balance was \$184,503,990 as of February 28, 2022.

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Indian Cultural Trust

	February 28, 2022	February 28, 2021
<u>Fiduciary Net Position</u>		
Assets:		
Cash	\$1,010	\$2,651
Interest receivable	364	574
Investments	1,406,884	1,354,899
Total Assets	1,408,258	1,358,124
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	1,408,258	1,358,124
Total Net Position	\$1,408,258	\$1,358,124
<u>Changes in Fiduciary Net Position</u>		
Additions:		
Contributions:		
Donations	\$0	\$0
Total Contributions	0	0
Investment Income:		
Net change in fair value of investments	14,964	158,881
Interest	27,206	19,690
Less investment expense	950	(1,073)
Net Investment Income	43,120	177,498
Miscellaneous Income	2,458	2,905
Total Additions	\$45,578	\$180,403
Deductions:		
Payments in accordance with Trust agreement	46,052	-
Administrative expenses	500	1,031
Total Deductions	\$46,552	\$1,031
Change in net position held in Trust for:		
Private-Purpose	(974)	179,372
Total Change in Net Position	(974)	179,372
Net Position - Beginning FY Balance	1,441,059	1,221,309
Net Position - End of Month	1,440,085	\$1,400,681

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Theodore Roosevelt Presidential Library

	February 28, 2022	February 28, 2021
Fiduciary Net Position		
Assets:		
Cash	\$20,181	\$132,897
Interest receivable	(84,215)	(77,317)
Investments	55,472,902	52,951,728
Total Assets	55,408,868	53,007,308
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	55,408,868	53,007,308
Total Net Position	\$55,408,868	\$53,007,308
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	17,500,000	35,000,000
Total Contributions	17,500,000	35,000,000
Investment Income:		
Net change in fair value of investments	581,649	2,734,798
Interest	1,056,240	377,212
Less investment expense	36,828	23,094
Net Investment Income	1,601,061	3,088,916
Miscellaneous Income	53	186
Total Additions	19,101,114	38,089,102
Deductions:		
Payments in accordance with Trust agreement	912,215	-
Administrative expenses	99,756	500
Total Deductions	\$1,011,971	\$500
Change in net position held in Trust for:		
Private-Purpose	20,113,085	38,089,602
Total Change in Net Position	20,113,085	38,089,602
Net Position - Beginning FY Balance	38,446,695	14,918,706
Net Position - End of Month	\$58,559,780	\$53,008,308

RE: Investment Updates
(No Action Requested)

Portfolio Rebalancing Updates

Staff are currently in the process of reviewing the Fund Documents for both Morgan Stanley Ashbridge Fund II and the Hamilton Lane Infrastructure Opportunities Fund which were approved in the March Board meeting.

Since the last Board meeting, Varde Dislocation Fund had called \$10M scheduled for 5/16. This will bring down its unfunded commitment to \$20.5M.

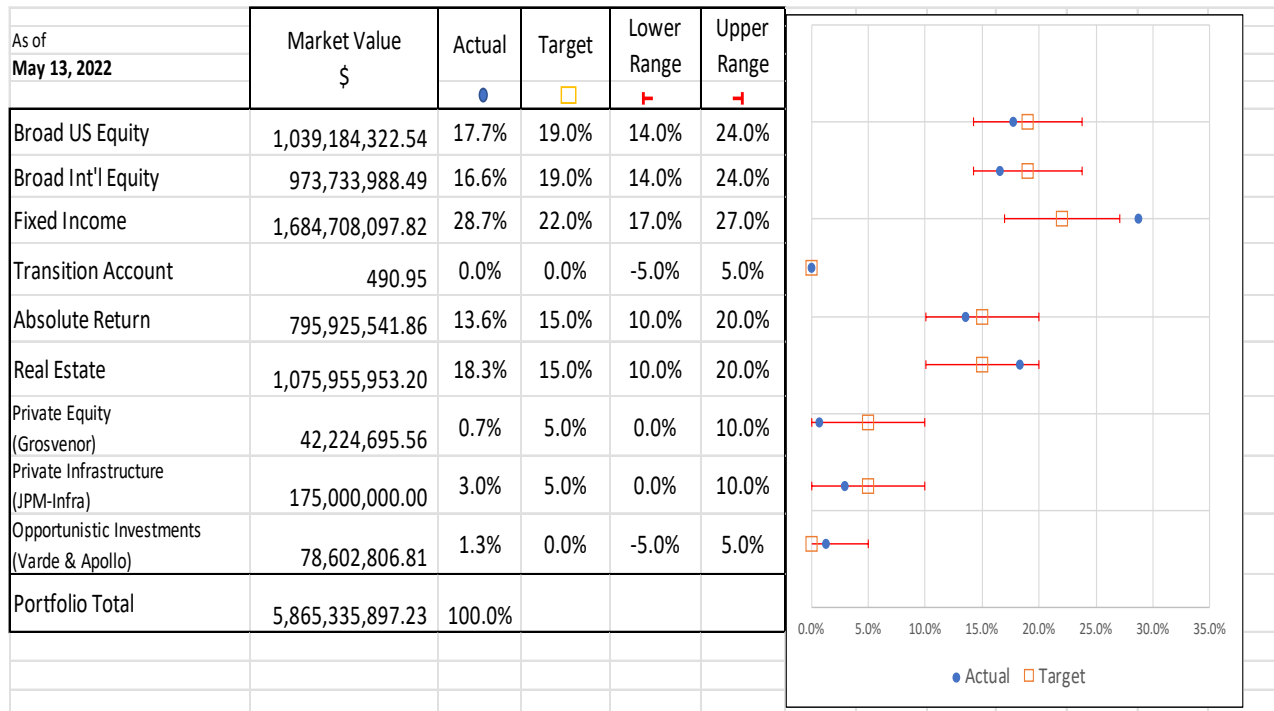
Unfunded commitments after the distribution and calls will be at \$557.9M. These are:

1. Varde Dislocation Fund, \$20.5M
2. GCM Private Equity, \$110M
3. ARES Pathfinder Fund, \$54.4M
4. Angelo Gordon DL IV, \$25M
5. Owl Rock Diversified Lending, \$35M
6. GCM Secondary Opportunities Fund, \$128M
7. Harrison Street Core Property Fund LP, \$30M
8. FSI GDIF (Infrastructure), \$105M
9. AGDL-BUSL Fund, \$50M

Please note that the transition account is slated to be closed as most of its funds had been deployed.

Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of May 13, 2022. The figures provided are unaudited.



RE: Commercial Real Estate – Jamestown Redemption

In September 2014, the Board of University and School Lands' (Board) approved an investment with Jamestown Premier Property Fund (Jamestown) as part of the commercial real estate asset allocation.

Due to continued underperformance Department Staff and RVK believe it is time to enter Jamestown's redemption queue and seek full redemption. Jamestown's performance has been hampered by their concentration in office and retail.

There are two areas of primary concern:

1. Extended period of underperformance. Jamestown has a large allocation to the largest U.S. gateway markets (Boston, Los Angeles, New York, San Francisco, Seattle, and Washington D.C.), which have seen significant market stress related to Covid. This has led to a three-year average annual return of -1.54% for the fund vs 11.29% for the index through March 31, 2022.
2. Portfolio occupancy and income return weakness. Both office and retail in the gateway markets are still at low utilization rates and may have an extended period to recovery. The fund has also been expending capital to make improvements to convert properties to higher use.

Attachment 1: RVK Recommendation Memo

Recommendation: **The Board approve notification to Jamestown Premier Property Fund LP of full redemption on or before June 30, 2022.**

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

Memorandum

To	North Dakota Board of University and School Lands
From	RVK, Inc. - Investment Manager Research
Subject	Jamestown Premier Property Fund – Recommendation to Terminate
Date	May 2022

Overview

Jamestown Premier Property Fund (“JPPF” or the “Fund”) is an open-ended core plus, commingled private real estate portfolio managed by Jamestown Premier GP, L.P. (“Jamestown” or the “Manager”). The Fund targets investments in the largest US gateway markets, including Boston, Los Angeles, New York, San Francisco, Seattle, and Washington D.C. Additionally, the Fund’s strategy is to acquire, manage and enhance the value of cash-flowing, performing premier office, retail and mixed-use assets, utilizing moderate leverage. The Fund seeks to generate attractive risk-adjusted returns through a combination of stable cash yield and long-term capital appreciation driven by a focus on growing net operating income (NOI).

The investment fund landscape has been evolving for many years with increased investor focus on more targeted relative sector weightings to the NFI-ODCE benchmark and a noted shift towards the non-traditional property sectors, which include data centers, life sciences, medical office, seniors and student housing. The NFI-ODCE is comprised of four main sectors, these include industrial, multifamily, office, retail and to a small degree of self-storage assets. Furthermore, successful active managers over recent years have shown an increased focus on secondary growth markets, higher weightings to industrial and multi-family properties, and lower allocations (or avoidance of) the office and retail sectors. These out of favor sectors are challenged by increased levels of burdensome capital expenditures (capex) and rent concessions in addition to significant trends in changing consumer behavior. Next to the hospitality and leisure sector the office and retail sectors were most severely affected by the COVID-19 pandemic. The near to intermediate term outlook for investors in office assets remains uncertain around the future of office space demand. These broad sector challenges have negatively impacted the Fund and are at the center of the extended period of underperformance.

Recommendation

Following a series of developments over the past 18 to 36 months as JPPF sought to navigate headwinds challenging the Fund’s positioning, RVK and Staff have lost meaningful confidence in the Manager and the Fund’s strategy; consequently, we are recommending formal notification of a full liquidation request at the next available redemption window of June 30, 2022. We have provided additional details below as the rationale for this recommendation.

- 1. Extended period of underperformance.** We no longer have the confidence in the potential for the Fund to meet or exceed the performance of peers and the respective benchmark. The Fund has been struggling to keep pace with the benchmark due to the portfolio's sector positioning and high portfolio concentration with 8 investments comprising nearly 65% of the Fund's net asset value (NAV).

The Fund had early success with the acquisition, repositioning and eventual sale of the Chelsea Market property. Since that sale in 2018, meaningful success as measured by realization have not occurred. We are also cognizant of the fact that the retail sector began facing significant headwinds around this time as consumer trends started shifting in favor of online versus the traditional brick-and-mortar format. This trend continued and was even accelerated with the onset of the pandemic. The Fund's positioning with more "experiential" and up-scale stores catering towards a more affluent consumer has benefited the Fund on a relative basis when compared to closed-air malls and big-box retailers that many benchmark peers own. This Fund's relative performance of its retail allocation has not been enough to carry the overall performance of the Fund.

There remains significant challenges facing the office sector that are likely to remain for the short to intermediate-term going forward. Performance of the Fund's positioning in large office assets in core urban markets has been challenged since the onset of the pandemic and has yet to meaningfully recover. Some of these challenges are structural, meaning they are present when investing in the sector during any market period. This structural cyclical of office demand is tied to the broader US economic business cycle and GDP growth. Further, office assets require significant capex spending to re-lease space that fall on the asset owners when vacancy occurs. Other challenges are more short-term oriented and relate to the pandemic and uncertainty surrounding tenants returning to the office. Significant uncertainty surrounding future office space demand remains, given a preference for a hybrid work model as employers shift away from the work-from-home model adopted during the pandemic.

The chart below highlights the underperformance through all investment periods as of March 31, 2022. These results can be attributed to the portfolio positioning, write-down of assets due to market forces and heightened investor concerns around these sectors.

	QTD	1 Year	3 Year	5 Year	Since Inception 7/01/2015
Jamestown Premier Property (CF)	2.39	4.93	-1.54	3.80	5.40
<i>NCREIF ODCE Index (AWA) (Gross)</i>	<i>7.37</i>	<i>28.47</i>	<i>11.29</i>	<i>9.88</i>	<i>9.98</i>
Difference	-4.98	-23.54	-12.83	-6.08	-4.58

- 2. Portfolio Occupancy and Income Return Weakness.** On March 31, 2022, portfolio occupancy stood at 78%. From the most recent 2021 annual report, the Fund's office sector occupancy was only slightly better at 80%. With the Fund facing occupancy headwinds, we are also seeing weakness in its income return metrics. The Fund's twelve-month net income return at year-end 2021 was 135 basis points lower than the benchmark's income return of 3.09%. The level of income degradation is a primary concern of ours.

The Fund's stated investment objectives include generating attractive risk-adjusted returns through a combination of stable cash yield and long-term capital appreciation driven by a focus on growing net operating income (NOI). Recent income return performance is not meeting these objectives.

Conclusion & Timeline

The above developments that affect JPPF provide the basis for our recommendation of termination of the strategy. As outlined in the Redemption Notice form and the LPA, a redemption notice becomes effective at the end of the quarter after the quarter in which it is received. A notice received by June 30, 2022, will become effective as of September 30, 2022, and will be paid subsequently. Redemption payments are made on a pro-rata basis when the Fund has liquidity to satisfy redemptions.

As of March 31, 2022, the Fund's redemption queue was \$874 million. As part of the \$100 million target set by Jamestown to reduce the redemption queue. The Fund satisfied \$20 million of the redemption queue as of December 31, 2021 and paid in January 2022. The Fund is targeting an additional \$80 million reduction to the redemption queue during the rest of 2022 through a combination of new third-party investor commitments and proceeds from partial and/or full asset sales. Timing of additional pro-rata redemption payments will be dependent upon the Fund stabilizing its income return by achieving a 3.5% annualized net income return, raising new commitments, and timing of asset sales.

Finally, with this recommendation is the anticipation that being fully redeemed from the Fund will take time given Jamestown's forward guidance. We feel that it is in the best interest of the portfolio to enter the redemption queue and reinvest the capital elsewhere as it is received.