

Governor's Conference Room and Microsoft Teams meeting

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[+1 701-328-0950,,59982530#](#) United States, Bismarck

Phone conference ID: 599 825 30#

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. 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 May 31, 2025](#) – available via link

4. Investments – Frank Mihail, CIO

A. Investment Update – pg. 15

B. Second Quarter 2025 Performance Report – presented by RVK – pg. 20

➤ C. Investment Policy Statement (IPS) – Second Reading – pg. 48

➤ D. Data Center Manager Recommendation – pg. 98

5. Special Projects – Joseph Heringer

A. Administrative Code Update – First Reading – pg. 144

6. Litigation Update – Joseph Heringer – pg. 201

➤ **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. 203**

- **Royalty Settlements**

Next Meeting Date – October 30, 2025

RE: Commissioner's Report
(No Action Requested)

Special Mention Events

- 2025 Public Fund Forum – attended September 2 - 4, 2025, where I joined an expert panel discussing governance, leadership, and fiduciary issues for pension and sovereign funds; also great collaboration and networking opportunities with educational agendas covering topics such as artificial intelligence, thematic investing, and regulatory updates
- Greater North Dakota 2025 Policy Summit – attended September 23, 2025, where private and public sector leaders from around North Dakota gathered to discuss important policy issues
- State Investment Board Securities Litigation Committee - Chaired September 16, 2025, meeting of the committee
- Fall Surface Auctions – team is out in full force traveling around the state conducting in-person auctions; outreach campaign ongoing featuring radio, social media, and online advertising
- Legislative Budget Section – presenting annual performance / fees report to Budget Section later today
- Annual Financial Audit – currently ongoing with Eide Bailly on-site last week
- Oil & Gas Lease Auction – 714 tracts have been nominated for the online auction to be held October 7 – 14, 2025

Human Resources

- Revenue Compliance Director – Adam Otteson is now CFO for the North Dakota Retirement and Investment Office; his last day with DTL was September 19, 2025; position is posted and we are accepting applicants

Board of University and School Lands Meeting Dates For 2026

North Dakota Century Code 15-01-03 states that the Board shall meet on the last Thursday of each month, unless it appears a quorum will not be present, at which time it may be rescheduled. Special meetings of the Board may be held at any time at the written call of the chairman, the commissioner, or any two members of the Board.

The statutory meeting dates serve as the starting point in efforts to schedule meetings of the Board. The meetings are set at 9:00 AM in the Governor's Conference Room, unless otherwise noted. Board meetings are scheduled for three hours each month in anticipation of executive session needs. Executive Session invitations, as needed, are sent to begin at 10:30 as a placeholder.

The Board may choose not to convene if there are insufficient agenda items to discuss.

The following dates will be shared with Board members' offices for scheduling.

Thursday, January 29th

Thursday, February 26th

Thursday, March 26th

Thursday, April 30th

Thursday, May 28th

Thursday, July 9th (June and July combined)

Thursday, August 27th

Thursday, September 24th

Thursday, October 29th

Thursday, December 10th (November and December combined)

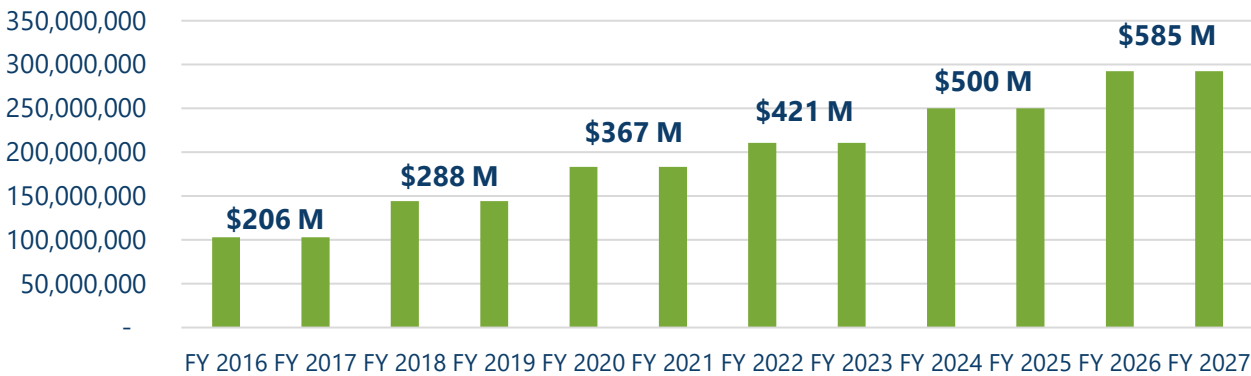
COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

CSTF ASSET BALANCE as of 05/31/2025 (unaudited)

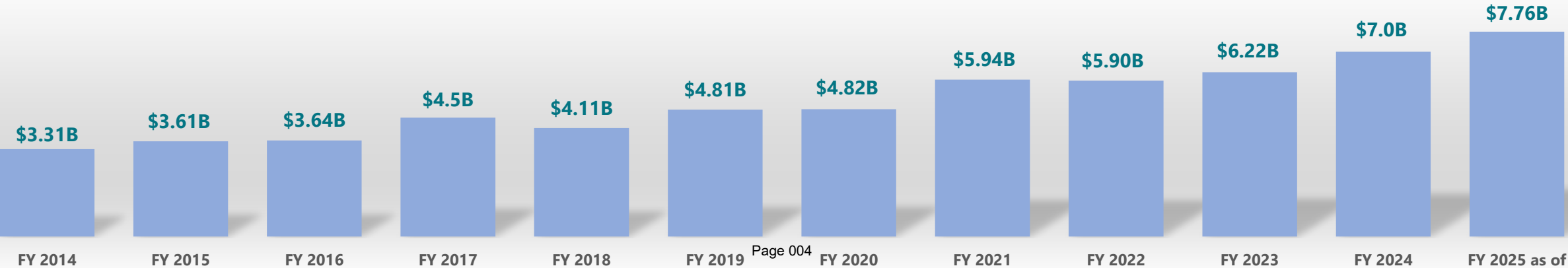
\$7,760,637,382

**+\$854 million year-over-year from 05/31/2024
balance of \$6.9 billion**

CSTF DISTRIBUTION HISTORY PER BIENNIUM



CSTF ASSET BALANCE HISTORY



COMMON SCHOOLS TRUST FUND 2025-27 (CSTF) DISTRIBUTIONS

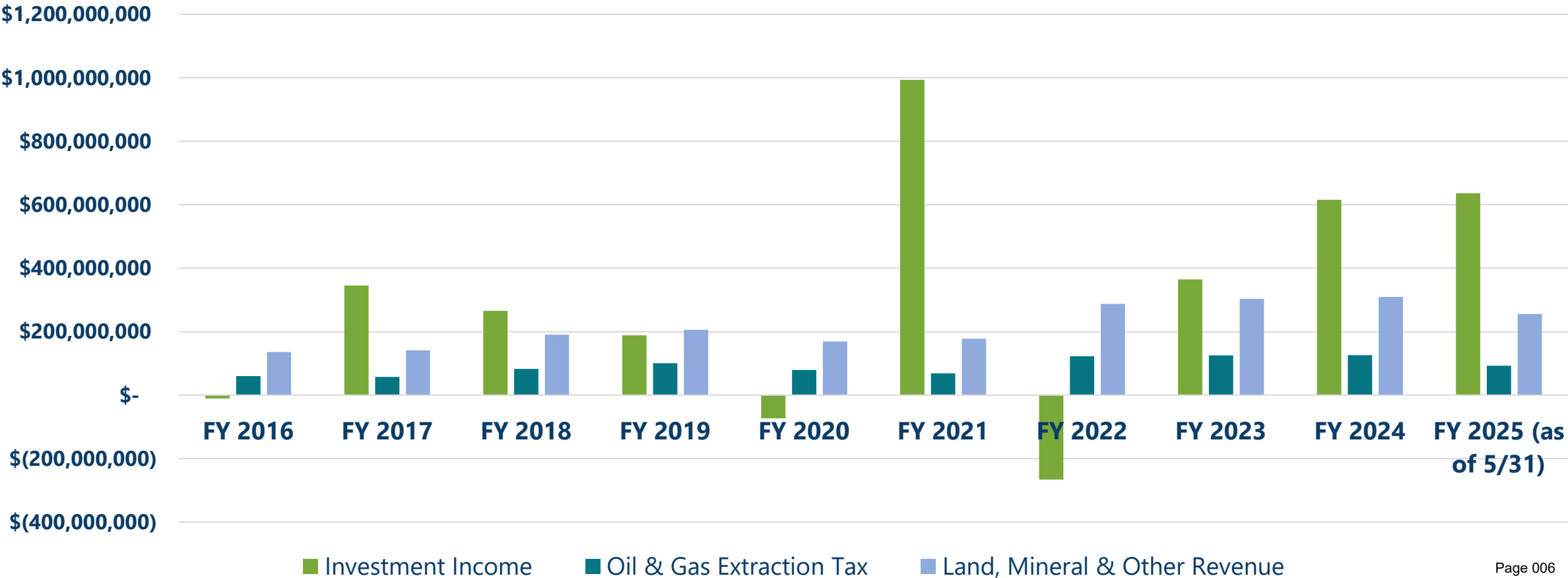
Monthly Distribution to the State Tuition Fund for the 2025-27 Biennium \$32,500,000
Multiplied by 9 months per year = \$292,500,000
Divided by 116,598 students = \$2,508/student per year

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

COMMON SCHOOLS REVENUES
July 1 – June 30 Fiscal Year



STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

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

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

SIIF BALANCE as of 05/31/2025 (unaudited)

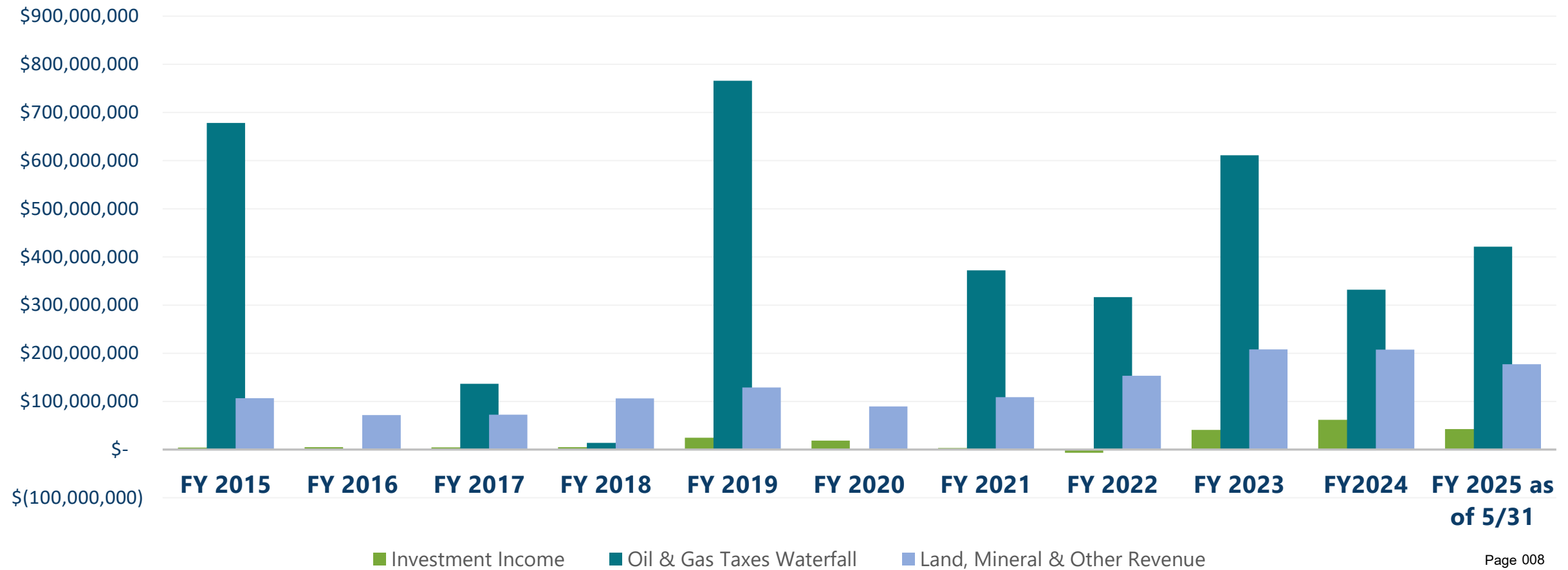
- Total Balance - \$1,853,584,377
- Uncommitted Balance – \$1,576,712,550

SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

SIIF REVENUES
July 1 – June 30 Fiscal Year



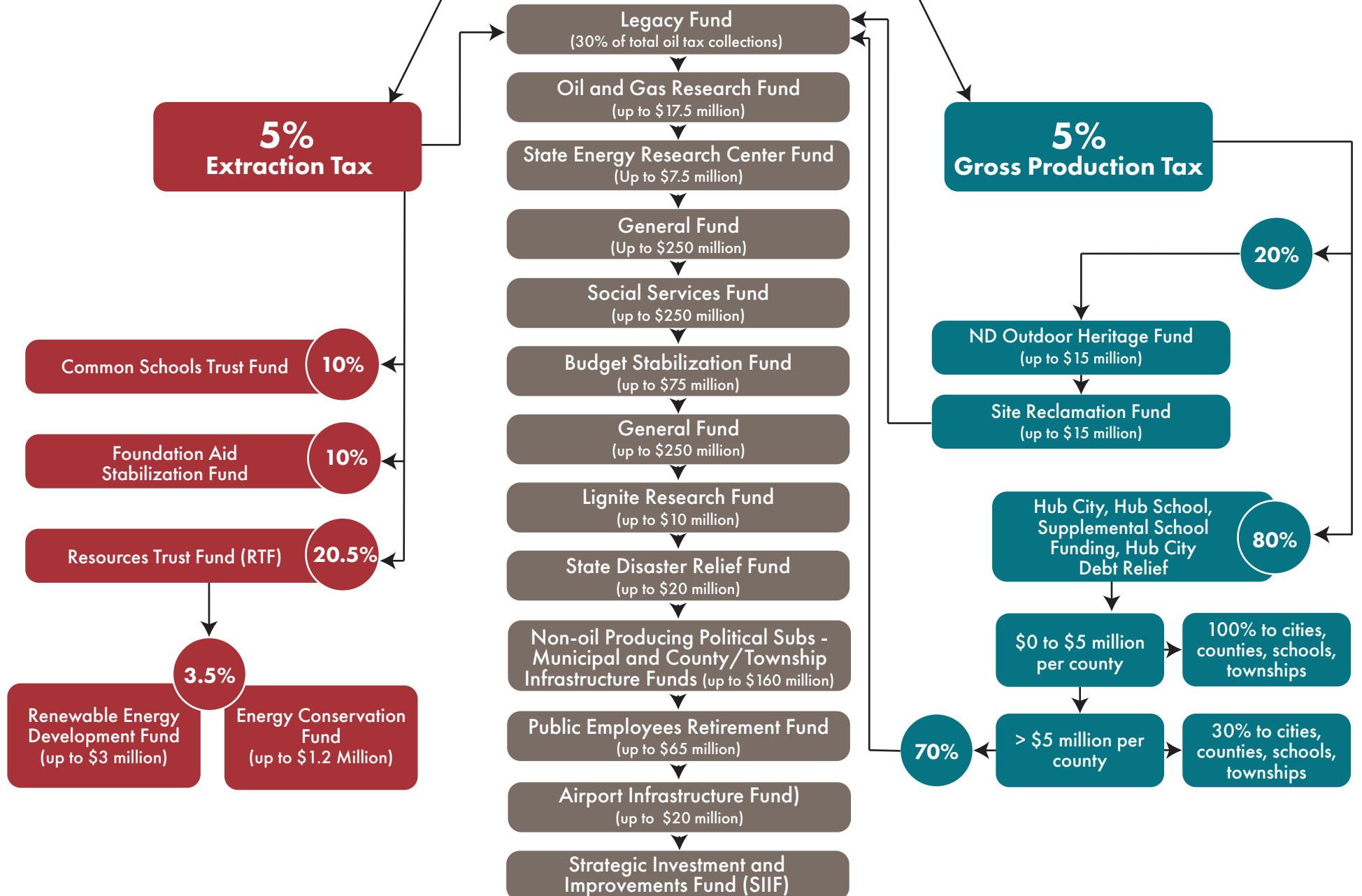
OIL EXTRACTION AND PRODUCTION TAX ALLOCATIONS

2025-27 Biennium
March 2025 Legislative Forecast

■ Extraction Tax
■ Production Tax
■ Combined Tax Sources

*Excludes tax allocations to tribes; includes gross production tax assessed on units of natural gas produced

Tax Assessed on Gross Value of Oil Produced*



ESTIMATED TOTAL NET ASSETS as of 04/30/2025

**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 May 31, 2025**



\$11,515,668,394

* Total excluding SIIF

SURFACE DIVISION ENCUMBRANCES ISSUED

Encumbrances issued by the Commissioner: 12 Right of Way Agreements in September generated a total of \$461,027 in income for the Trusts.



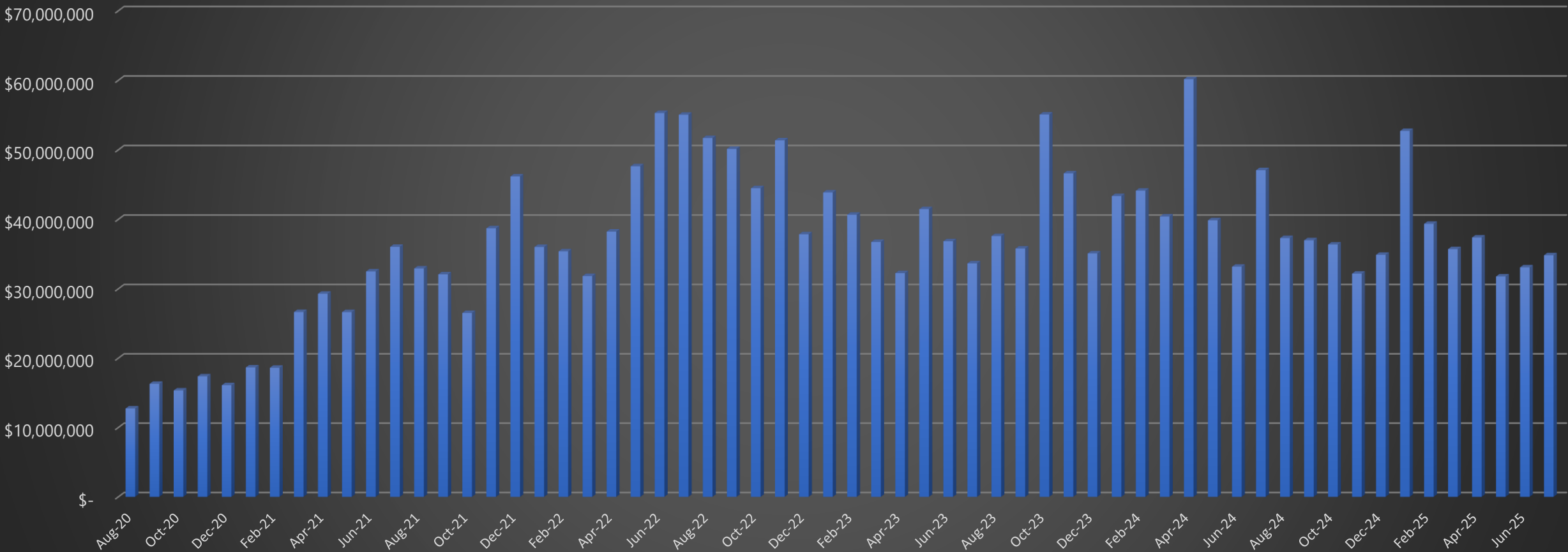
Rare Crocus Blooms in August Williams Co. Trust Lands 156-100-16
Photo Credit: Garret Hecker

MINERALS DIVISION

FISCAL YTD O/G ROYALTIES

As of July 31, 2025*, for fiscal year 2024-25 the Department has received **\$34,829,615** in royalties as compared to **\$43,323,196** last fiscal year at this time.

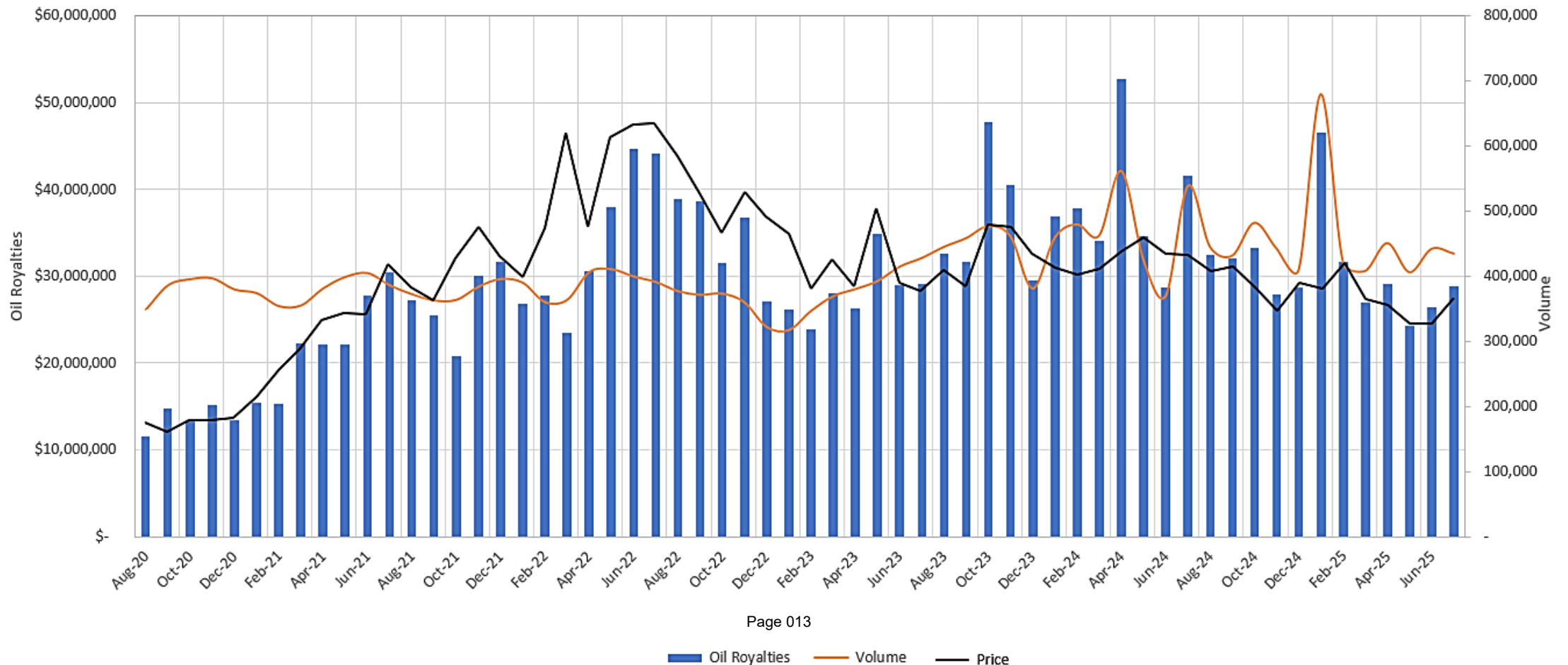
ROYALTIES - CASH COLLECTED



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

PRICE MAIN DRIVER OF O/G ROYALTIES

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 454,913 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.

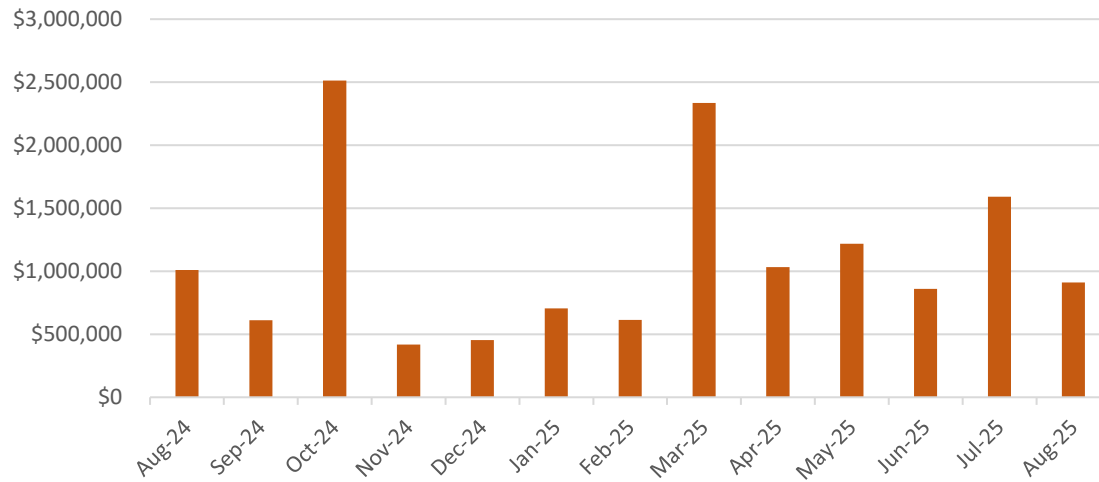


UNCLAIMED PROPERTY DIVISION

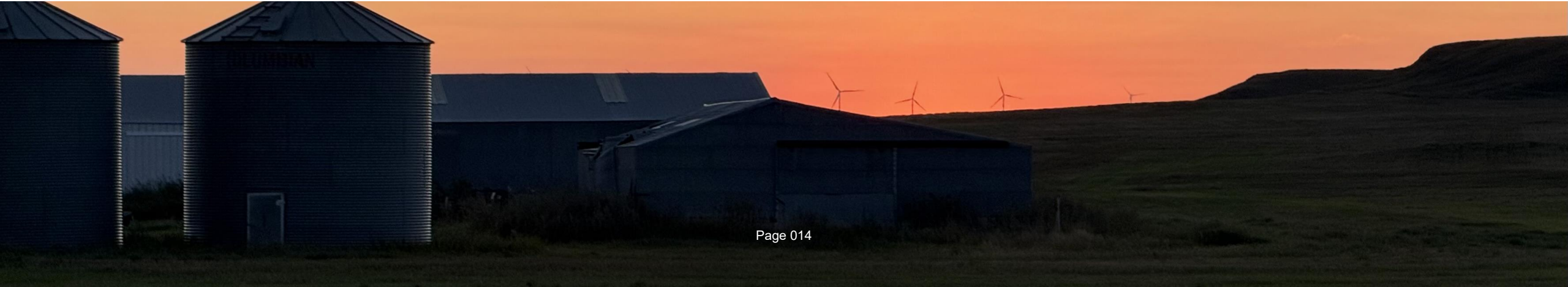
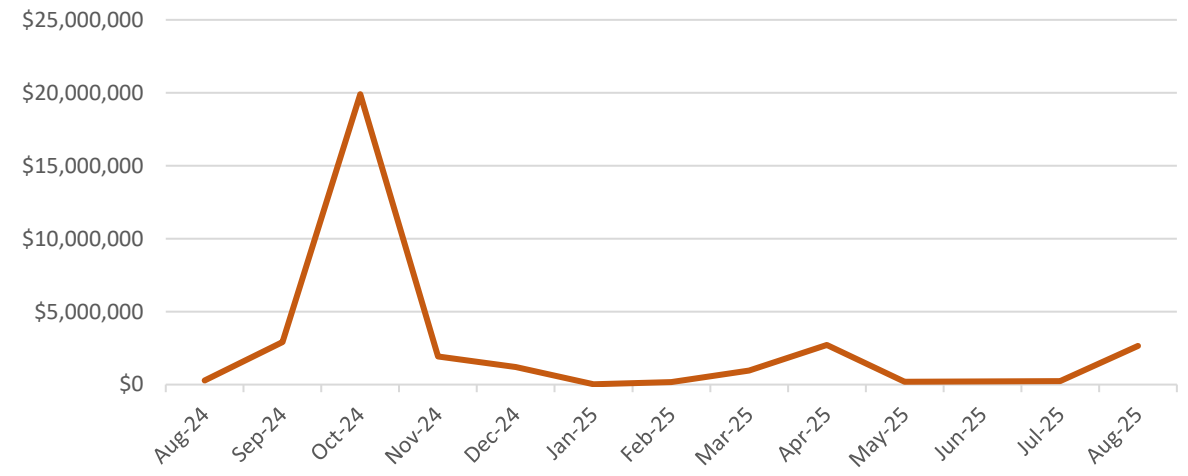
<https://unclaimedproperty.nd.gov>

For the month of August 2025, the Division paid 782 claims with \$910,663 returned to rightful owners. The Division also received 140 holder reports with a dollar value of \$2,645,874.

TOTAL DOLLAR VALUE OF CLAIMS PAID

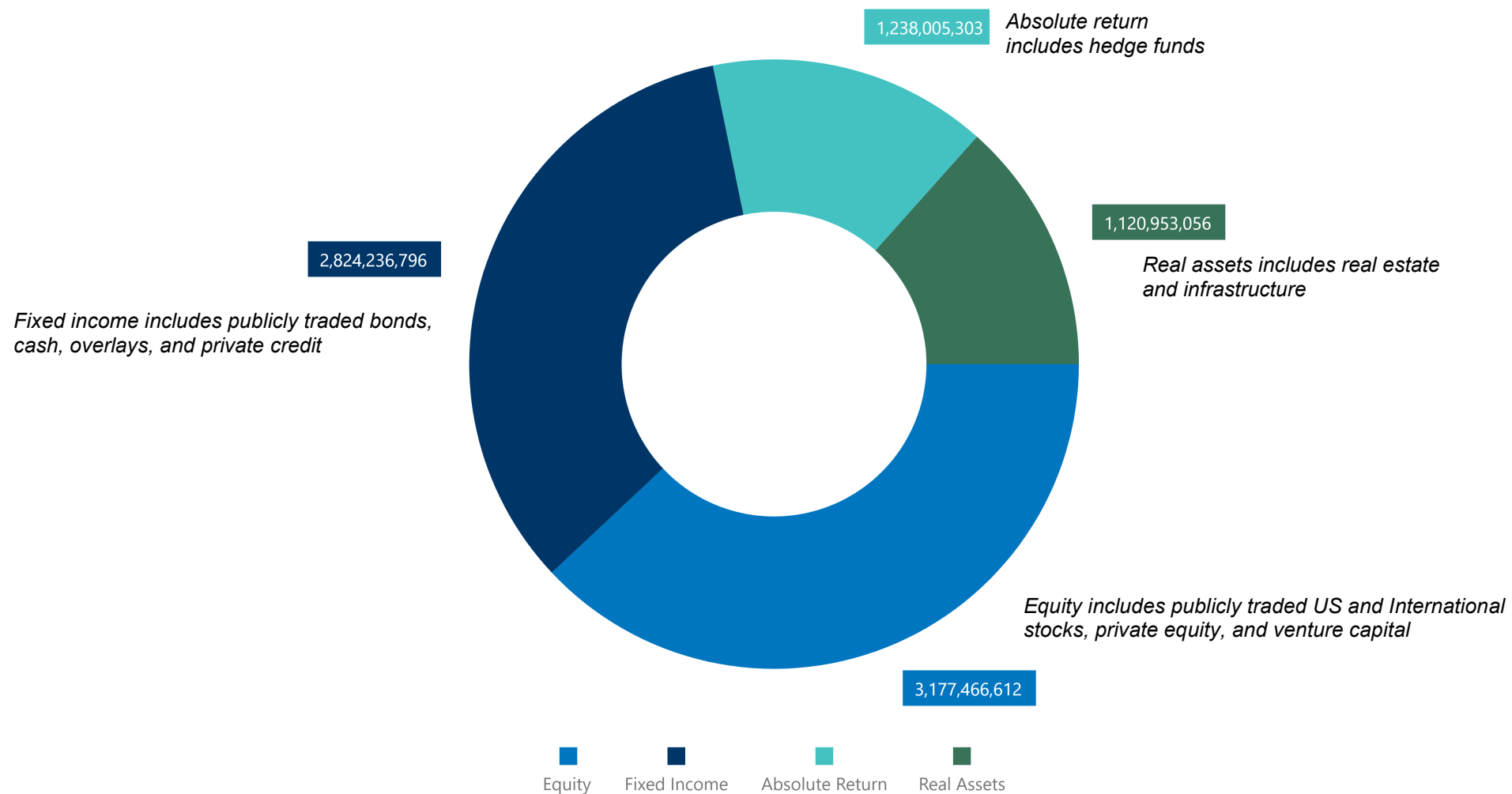


TOTAL VALUE OF PROPERTY REPORTED



Report as of 08/31/2025

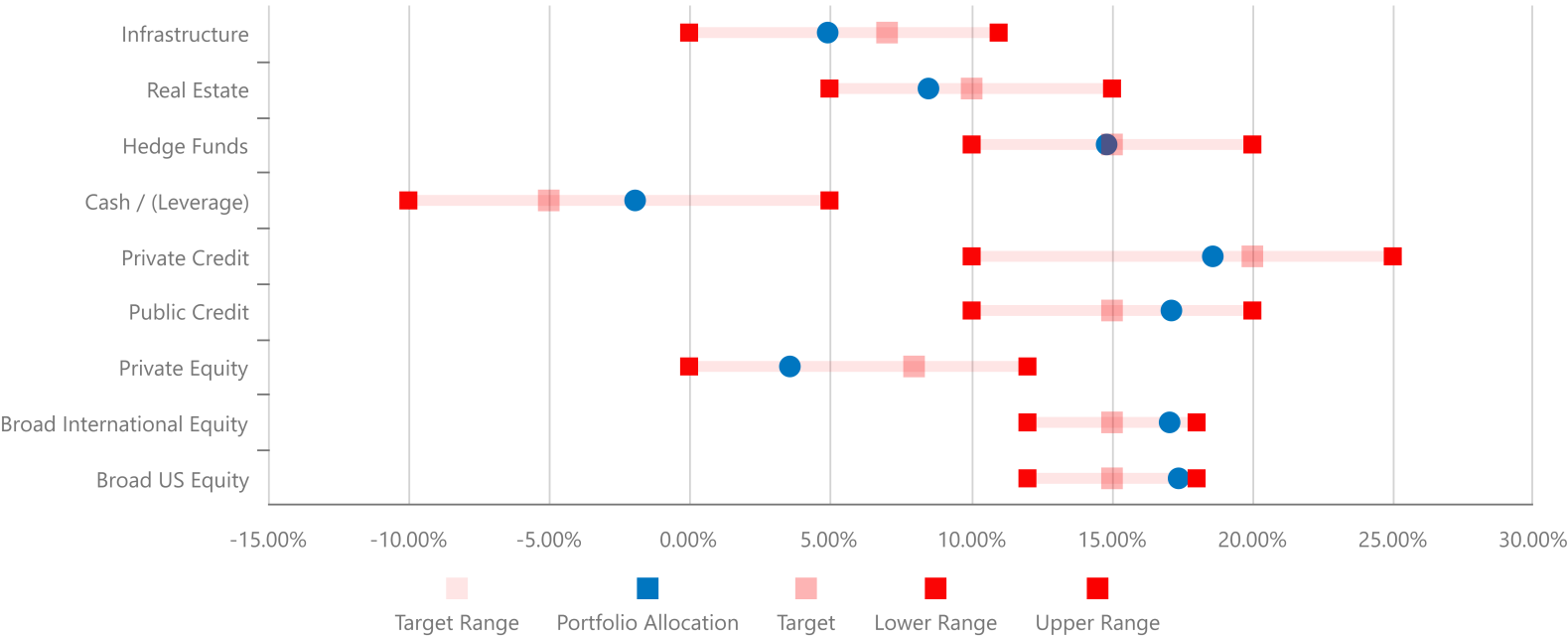
Asset Allocation



Asset	Total Value	% Of All Value
All	8,360,661,766	100%
Equity	3,177,466,612	38%
Fixed Income	2,824,236,796	34%
Absolute Return	1,238,005,303	15%
Real Assets	1,120,953,056	13%

Report as of 08/31/2025

Actual vs. Target Weight

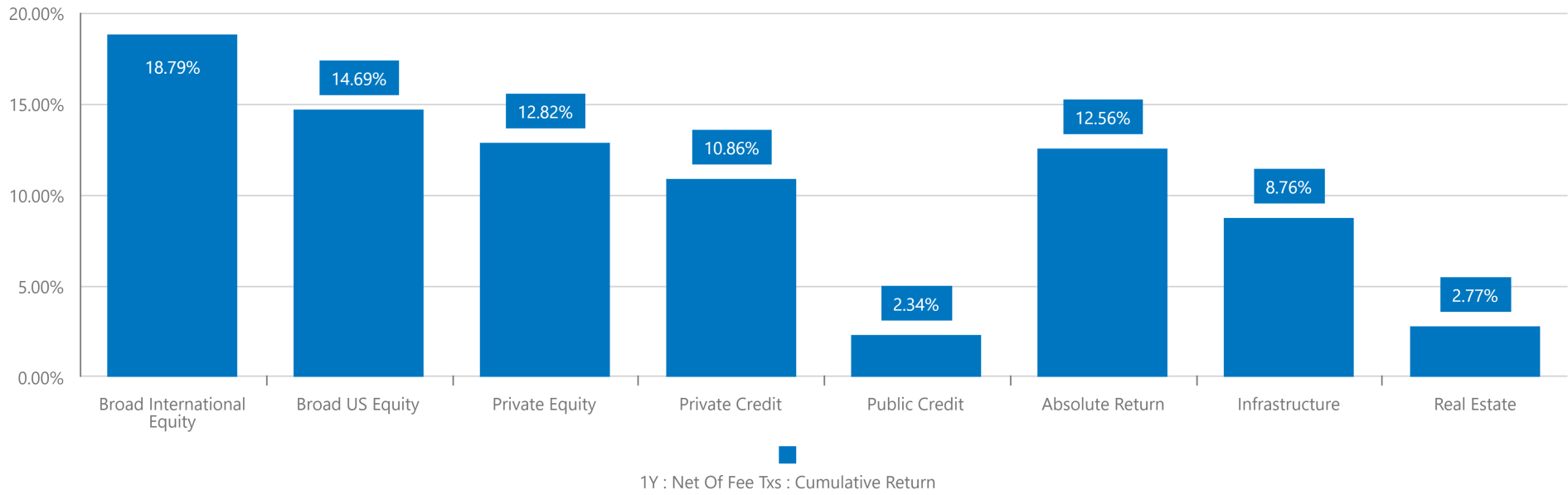


Asset	Total Value	% Of All Value	Target Weight	Over/Under %	Over/Under \$
All (MTD)	8,360,661,766	100%	100%	0%	--
Equity	3,177,466,612	38%	38%	0%	415,141
Private Equity	299,618,909	3.58%	8%	-4.42%	-369,234,032
Broad International Equity	1,425,110,148	17.05%	15%	2.05%	171,010,883
Broad US Equity	1,452,737,555	17.38%	15%	2.38%	198,638,290
Fixed Income	2,824,236,796	33.78%	30%	3.78%	316,038,266
Cash / (Leverage)	-163,843,933	-1.96%	-5%	3.04%	254,189,155
Private Credit	1,556,247,301	18.61%	20%	-1.39%	-115,885,052
Public Credit	1,431,833,428	17.13%	15%	2.13%	177,734,163
Absolute Return	1,238,005,303	14.81%	15%	-0.19%	-16,093,962
Real Assets	1,120,953,056	13.41%	17%	-3.59%	-300,359,444
Infrastructure	409,818,189	4.9%	7%	-2.1%	-175,428,135
Real Estate	711,134,867	8.51%	10%	-1.49%	-124,931,309

Report as of 08/31/2025

Flash Performance Report

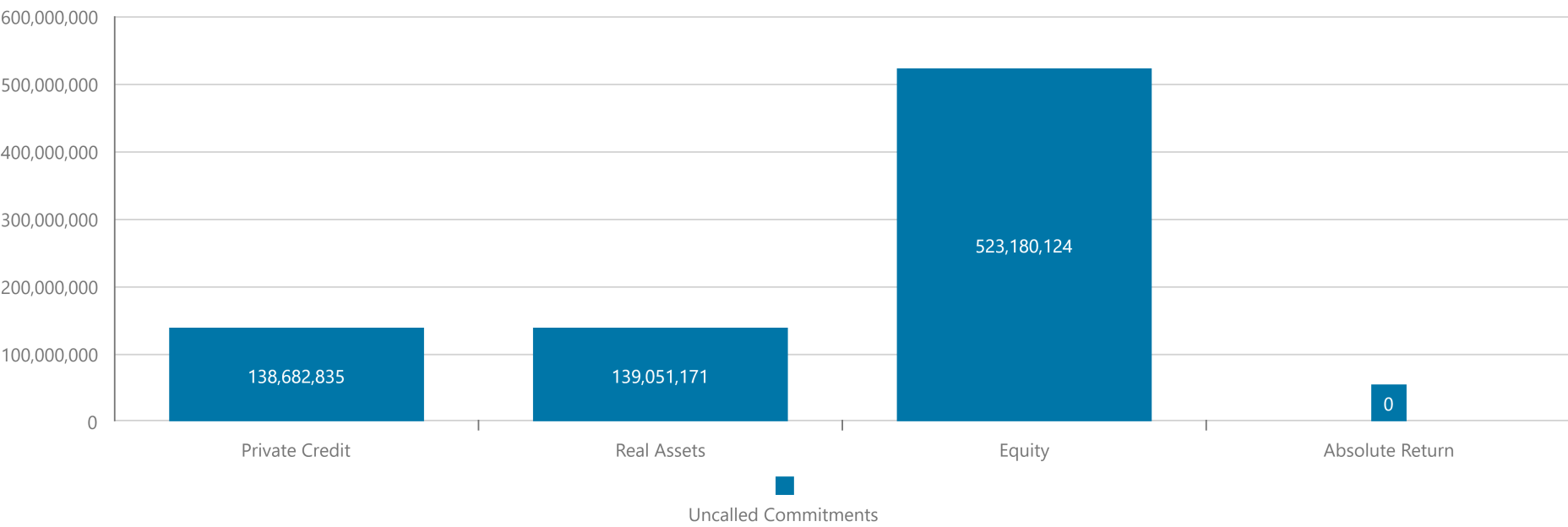
Unaudited preliminary estimates



	MTD	QTD	YTD	FYTD	1Y
	Net of Fees Tx's				
Asset ⚡	Cumulative Return ⚡	Cumulative Return ⚡	Cumulative Return ⚡	Cumulative Return ⚡	Cumulative Return ⚡
Total Portfolio ▼	1.39%	1.72%	8.92%	1.72%	11.05%
Equity ▼	2.68%	3.36%	15.89%	3.36%	16.88%
Broad International Equity ▶	3.42%	3.01%	25.03%	3.01%	18.79%
Broad US Equity ▶	2.53%	4.43%	8.82%	4.43%	14.69%
Private Equity ▶	0%	0%	5.73%	0%	12.82%
Fixed Income ▼	0.67%	0.84%	5.05%	0.84%	6.74%
Private Credit ▶	0.4%	0.89%	5.23%	0.89%	10.86%
Public Credit ▶	0.94%	0.83%	5.06%	0.83%	2.34%
Absolute Return ▶	0.97%	1.2%	6.32%	1.2%	12.56%
Real Assets ▼	0.04%	-0.01%	2.33%	-0.01%	4.82%
Infrastructure ▶	0.1%	-0.03%	3.62%	-0.03%	8.76%
Real Estate ▶	0%	0%	1.6%	0%	2.77%

Report as of 08/31/2025

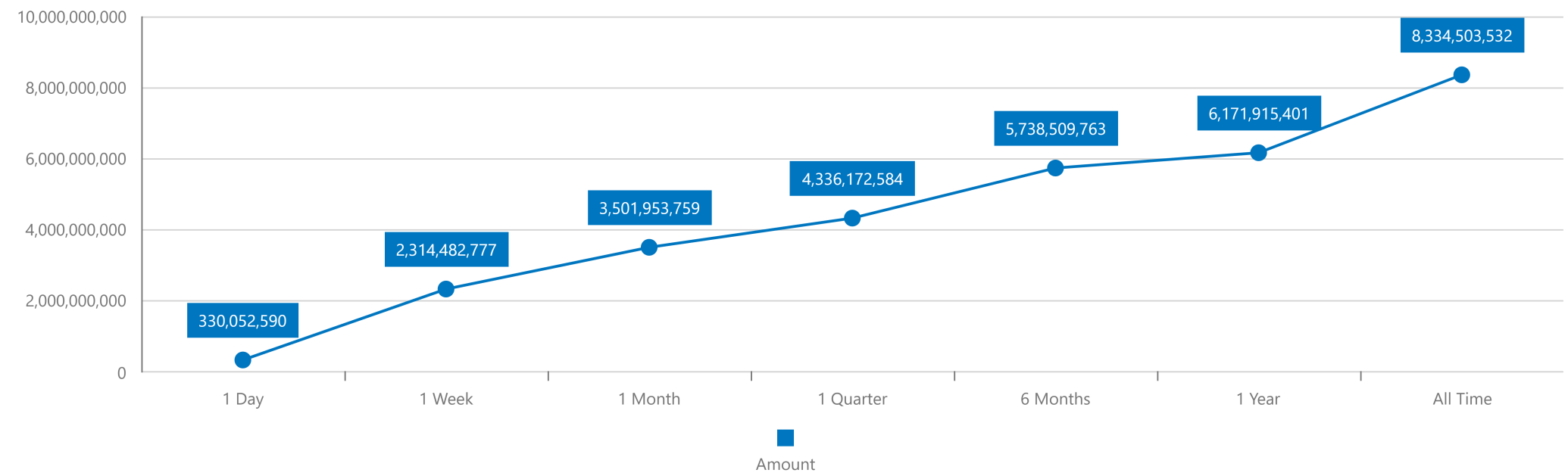
Uncalled Commitments



Asset	Commitment (\$M)	Funded Commitment (\$M)	Uncalled Commitments (\$M)
All (MTD)	4,141	3,340	801
TPG Angelo Gordon	350	340	10
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	15	20
Industry Ventures	50	5	45
Pantheon	100	7	93
Blackstone	120	--	120

Report as of 08/31/2025

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	330	2,314	3,502	4,336	5,739	6,172	8,335
Equity	--	1,050	2,238	2,878	2,878	2,878	3,169
Fixed Income	330	1,264	1,264	1,264	1,586	1,632	2,823
Absolute Return	--	--	--	194	465	660	1,229
Real Assets	--	--	--	--	810	1,002	1,114

Measures how long it would take to liquidate the entire portfolio

RVK

Quarterly Performance Report

North Dakota Board of University and School Lands

June 30, 2025

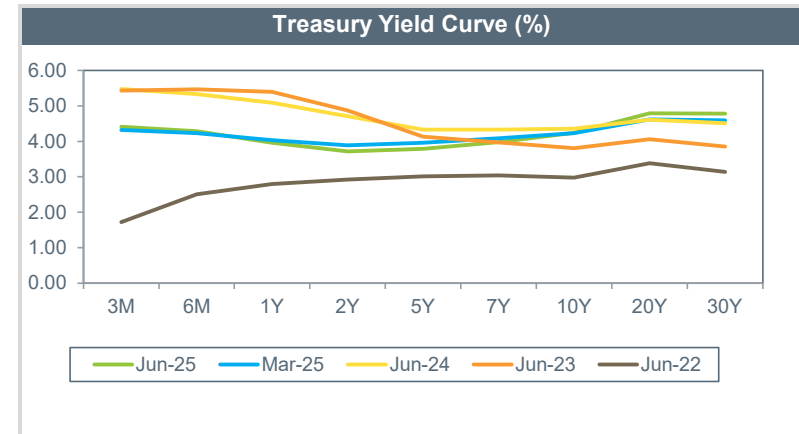
I. Capital Markets Review

Second Quarter Economic Environment

Key Economic Indicators

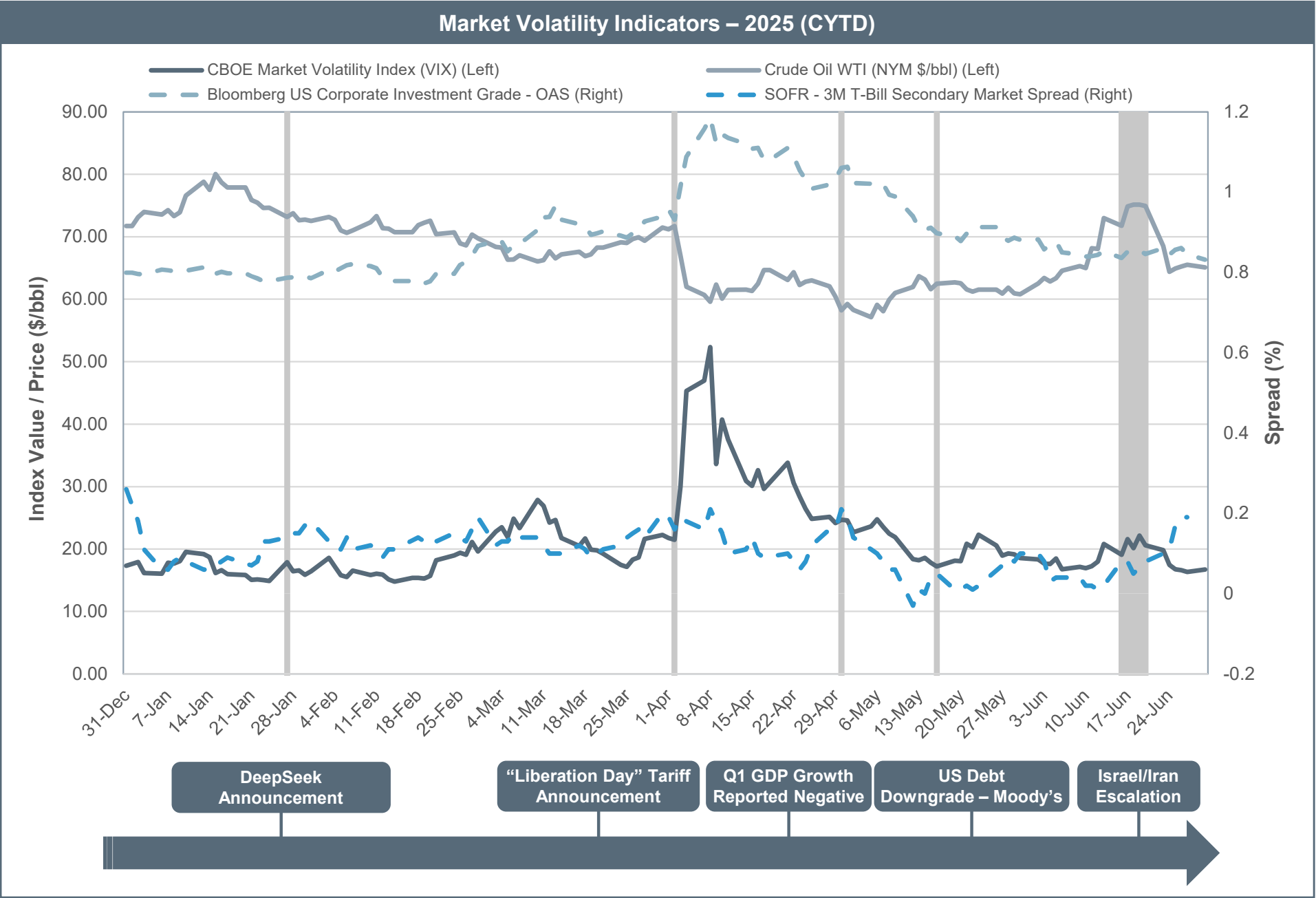
The US tariff policy negotiations were front and center for investors throughout Q2. On April 2nd, the unexpected breadth and scale of the announced tariffs triggered a sharp drop in equity markets and contributed to significant dislocations in the US Treasury market. A 90-day tariff pause was declared on April 9th, reducing tariffs for most countries to the previously established 10% rate. This, along with subsequent progression in trade deals, contributed to a rebound in risk assets that continued through the latter half of the quarter. Global equity markets finished Q2 with returns of 11.6%, as measured by the MSCI All Country World Investable Market Index. Non-US developed and emerging market regional returns outpaced the US equity market with contributions from a weakening US Dollar and economic stimulus within major countries. Global bond markets, amid the volatility in Q2, delivered positive performance during the quarter, as inflationary pressures have remained subdued despite initial concerns that tariffs would cause a significant one-time shock. However, the Organisation for Economic Cooperation and Development (OECD) projected headline inflation for OECD countries of 4.2% in 2025, up from forecasts of 3.7% released in December 2024. The US Federal Open Market Committee (FOMC) maintained its policy rate range. At present, the FOMC forecasts indicate a continued expectation for rate reductions totaling 50 basis points in 2025.

Economic Indicators	Jun-25	Mar-25	Jun-24	Jun-22	20 Yr
Federal Funds Rate (%)	4.33 —	4.33	5.33	1.58	1.72
10 Year US Treasury Yield	4.24 ▲	4.23	4.36	2.98	2.91
30 Year US Treasury Yield	4.78 ▲	4.59	4.51	3.14	3.47
Consumer Price Index YoY (Headline) (%)	2.70 ▲	2.40	3.00	9.10	2.60
Unemployment Rate (%)	4.10 ▼	4.20	4.10	3.60	5.77
Real Gross Domestic Product YoY (%)	2.10 ▲	2.00	3.00	1.90	1.91
PMI - Manufacturing	49.00 —	49.00	48.50	53.00	52.72
US Dollar Total Weighted Index	119.83 ▼	126.94	124.52	121.05	104.99
WTI Crude Oil per Barrel (\$)	65.11 ▼	71.48	81.54	105.76	72.33



Market Performance (%)	QTD	CYTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	20 Yr
US Large Cap Equity	10.94	6.20	15.16	19.71	16.64	13.65	14.86	10.73
US Small Cap Equity	8.50	-1.79	7.68	10.00	10.04	7.12	10.35	7.76
Developed International Equity	11.78	19.45	17.73	15.97	11.16	6.51	7.51	5.81
Developed International Small Cap Equity	16.59	20.89	22.46	13.30	9.28	6.51	8.44	6.55
Emerging Markets Equity	11.99	15.27	15.29	9.70	6.81	4.81	4.44	6.45
US Aggregate Bond	1.21	4.02	6.08	2.55	-0.73	1.76	2.29	3.09
3 Month US Treasury Bill	1.04	2.07	4.68	4.56	2.76	1.97	1.34	1.69
US Real Estate	1.03	2.10	3.54	-5.43	3.42	5.35	8.29	6.10
Real Estate Investment Trusts (REITs)	-1.16	-0.25	8.60	5.35	8.63	6.32	8.91	6.66
Commodities	-3.08	5.53	5.77	0.13	12.68	1.99	-0.02	-0.35

Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service. Real Gross Domestic Product YoY (%) is available quarterly. Real estate is reported quarterly; QTD returns are shown as "0.00" on interim-quarter months and until available. Market performance is representative of broad asset class index returns. Please see the addendum for indices used for each asset class.

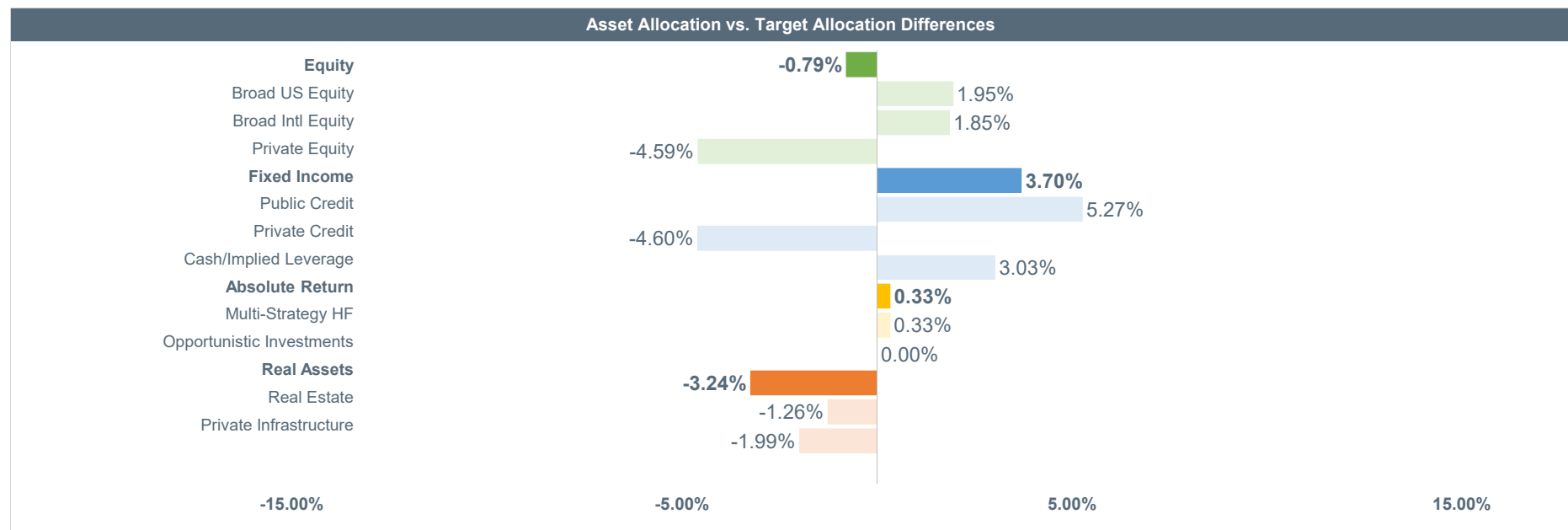


II. Total Fund

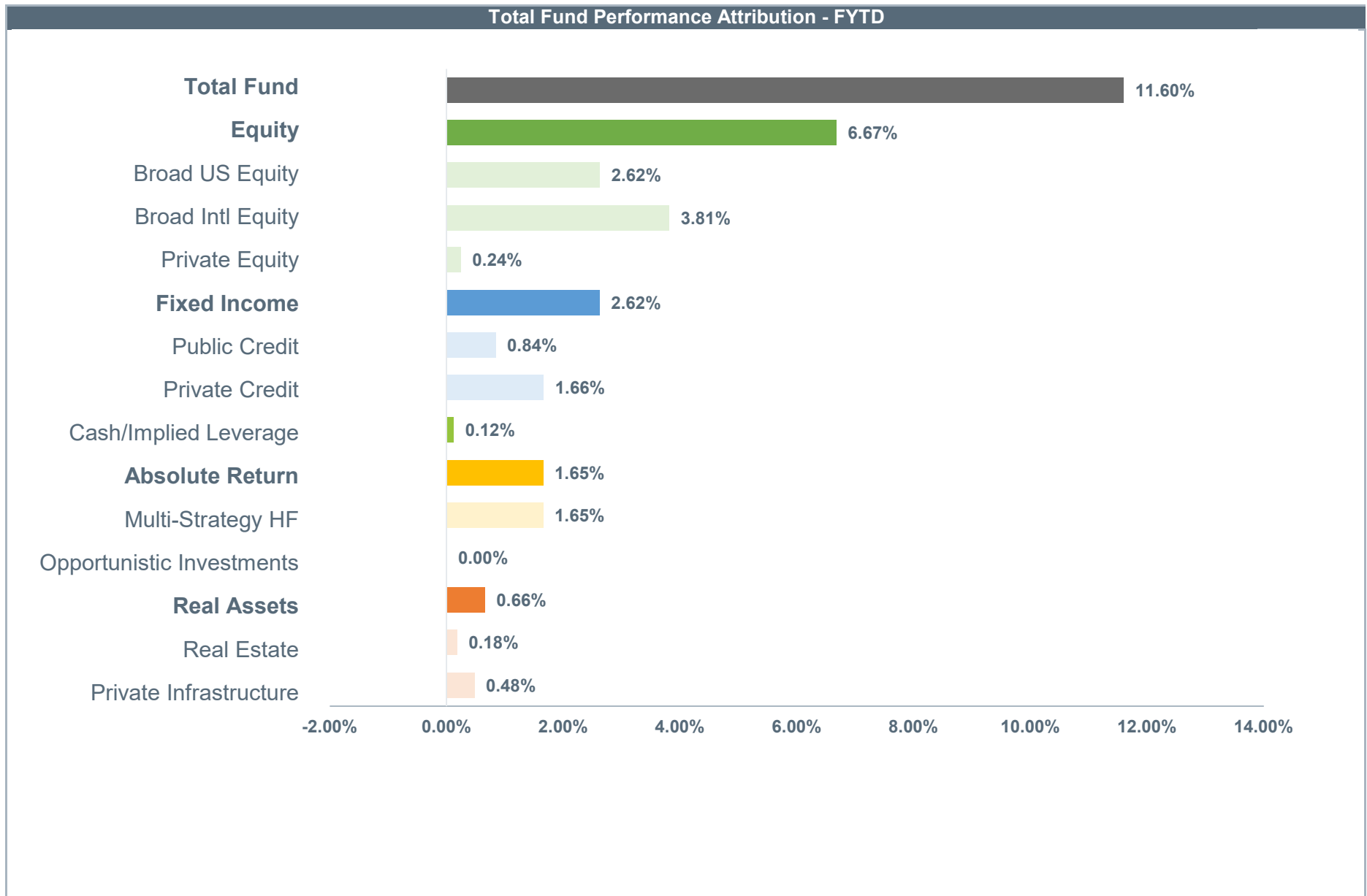
Total Endowments

Asset Allocation vs. Long-Term Target Allocation

Asset Allocation vs. Target Allocation Differences					
	Asset Allocation	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Equity	3,054,725,155	37.21%	38.00%	28.00%	48.00%
Broad US Equity	1,391,075,247	16.95%	15.00%	12.00%	18.00%
Broad International Equity	1,383,531,502	16.85%	15.00%	12.00%	18.00%
Private Equity	280,118,406	3.41%	8.00%	0.00%	12.00%
Fixed Income	2,766,238,778	33.70%	30.00%	20.00%	40.00%
Public Credit	1,663,655,045	20.27%	15.00%	10.00%	20.00%
Private Credit	1,264,239,072	15.40%	20.00%	10.00%	25.00%
Cash/Implied Leverage	-161,655,339	-1.97%	-5.00%	-10.00%	5.00%
Absolute Return	1,258,740,662	15.33%	15.00%	10.00%	20.00%
Multi-Strategy Hedge Fund	1,258,740,662	15.33%	15.00%	10.00%	20.00%
Opportunistic Investments	0	0.00%			
Real Assets	1,129,227,061	13.76%	17.00%	8.00%	26.00%
Real Estate	717,692,329	8.74%	10.00%	5.00%	15.00%
Private Infrastructure	411,534,732	5.01%	7.00%	0.00%	11.00%
Total Fund	8,208,931,657	100.00%	100.00%	-	-



Allocations shown may not sum up to 100% exactly due to rounding. During the transition to the new target allocations, it is expected that some asset classes will fall outside of policy ranges.



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding.

North Dakota Board of University and School Lands
Comparative Performance

As of June 30, 2025

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	5.47	6.89	11.60	11.60	9.04	8.44	6.24	5.88	6.61	08/01/1995
Target Allocation Index (Net)	4.96	6.61	11.29	11.29	9.08	8.24	7.05	6.52	N/A	
Difference	0.51	0.29	0.31	0.31	-0.04	0.20	-0.80	-0.64	N/A	
Broad US Equity	10.01	4.20	14.01	14.01	17.64	15.14	12.69	12.47	13.91	07/01/2009
Russell 3000 Index	10.99	5.75	15.30	15.30	19.08	15.96	13.55	12.96	14.54	
Difference	-0.99	-1.55	-1.28	-1.28	-1.44	-0.82	-0.87	-0.49	-0.64	
Broad International Equity	14.14	21.37	20.60	20.60	16.43	12.59	7.70	6.88	7.33	07/01/2009
MSCI ACW Ex US IM Index (USD) (Net)	12.71	17.88	17.83	17.83	13.92	10.20	6.49	6.18	7.07	
Difference	1.43	3.49	2.77	2.77	2.51	2.38	1.21	0.70	0.26	
Private Equity	1.86	2.45	8.62	8.62	12.86	9.10	N/A	N/A	12.81	04/01/2021
Cambridge US Prvt Eq Index	0.00	1.12	5.58	5.58	6.53	15.65	13.10	13.09	9.85	
Difference	1.86	1.33	3.04	3.04	6.33	-6.55	N/A	N/A	2.96	
Fixed Income	1.72	4.05	8.20	8.20	7.01	4.52	4.80	4.07	5.40	08/01/1995
Global Fixed Income Custom Index	2.14	4.22	8.36	8.36	7.15	2.01	3.67	3.09	N/A	
Difference	-0.42	-0.17	-0.15	-0.15	-0.14	2.51	1.13	0.98	N/A	
Public Credit	1.09	3.95	5.30	5.30	2.75	N/A	N/A	N/A	2.75	07/01/2022
Bloomberg US Agg Bond Index	1.21	4.02	6.08	6.08	2.55	-0.73	1.77	1.76	2.55	
Difference	-0.11	-0.08	-0.78	-0.78	0.20	N/A	N/A	N/A	0.20	
Private Credit	2.43	4.31	10.88	10.88	11.29	N/A	N/A	N/A	11.29	07/01/2022
S&P UBS Lvg'd Loan Index +1.5%	2.71	3.73	9.11	9.11	11.18	9.00	7.07	6.72	11.18	
Difference	-0.28	0.58	1.76	1.76	0.11	N/A	N/A	N/A	0.11	

Performance shown is net of fees, and annualized for periods greater than one year. Composite inception dates are based on availability of data for each asset class. The Global Fixed Income Custom Index and Absolute Return Custom Index are calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. Please see the Addendum for additional custom index definitions. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30. Performance for the Cambridge US Prvt Eq Index is unavailable as of 6/30. The Public Credit composite consists of Cash/Implied Leverage.

**North Dakota Board of University and School Lands
Comparative Performance**

As of June 30, 2025

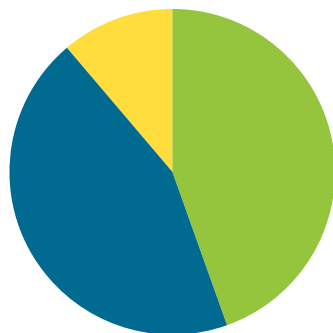
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Absolute Return	3.30	5.04	12.00	12.00	8.06	5.77	3.72	3.66	3.01	07/01/2014
Absolute Return Custom Index	1.97	3.09	7.27	7.27	5.56	4.50	4.79	5.09	4.74	
Difference	1.33	1.95	4.72	4.72	2.51	1.27	-1.07	-1.43	-1.73	
Multi-Strategy Hedge Funds	3.30	5.04	12.00	12.00	10.34	N/A	N/A	N/A	10.34	07/01/2022
HFRI RV Multi Strat Index	1.97	3.09	7.27	7.27	5.63	6.06	4.72	4.26	5.63	
Difference	1.33	1.95	4.72	4.72	4.70	N/A	N/A	N/A	4.70	
Real Estate	0.59	1.43	2.35	2.35	-5.74	3.23	3.26	5.18	5.18	07/01/2015
NCREIF ODCE Index (AWA) (Net)	0.81	1.67	2.67	2.67	-6.21	2.54	2.78	4.42	4.42	
Difference	-0.22	-0.24	-0.32	-0.32	0.48	0.70	0.48	0.75	0.75	
Private Infrastructure	1.91	3.64	9.37	9.37	9.99	N/A	N/A	N/A	9.75	02/01/2022
MSCI Wrld Infrastructure Index (Net)	5.47	15.77	27.40	27.40	10.93	9.78	7.78	6.26	8.91	
Difference	-3.56	-12.13	-18.03	-18.03	-0.94	N/A	N/A	N/A	0.83	

Performance shown is net of fees, and annualized for periods greater than one year. Composite inception dates are based on availability of data for each asset class. The Global Fixed Income Custom Index and Absolute Return Custom Index are calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. Please see the Addendum for additional custom index definitions. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30. Performance for the Cambridge US Prvt Eq Index is unavailable as of 6/30. The Public Credit composite consists of Cash/Implied Leverage.

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Broad US Equity	10.01	4.20	14.01	14.01	17.64	15.14	12.69	12.47	13.91	07/01/2009
Russell 3000 Index	10.99	5.75	15.30	15.30	19.08	15.96	13.55	12.96	14.54	
Difference	-0.99	-1.55	-1.28	-1.28	-1.44	-0.82	-0.87	-0.49	-0.64	
SS Russell 1000 Index SL (CF)	11.08	6.08	15.61	15.61	19.57	16.26	14.06	N/A	14.06	06/01/2017
Russell 1000 Index	11.11	6.12	15.66	15.66	19.59	16.30	14.09	13.35	14.09	
Difference	-0.02	-0.04	-0.06	-0.06	-0.02	-0.04	-0.03	N/A	-0.03	
Jacobs Levy Russell 1000 Index 130/30	10.11	3.63	14.23	14.23	N/A	N/A	N/A	N/A	22.39	12/01/2023
Russell 1000 Index	11.11	6.12	15.66	15.66	19.59	16.30	14.09	13.35	22.92	
Difference	-1.00	-2.49	-1.43	-1.43	N/A	N/A	N/A	N/A	-0.53	
Arrowstreet US Small Cap Equity Alpha Extension	5.58	-0.24	8.27	8.27	N/A	N/A	N/A	N/A	20.12	11/01/2023
Russell 2000 Index	8.50	-1.79	7.68	7.68	10.00	10.04	5.52	7.12	19.23	
Difference	-2.92	1.55	0.59	0.59	N/A	N/A	N/A	N/A	0.89	

Asset Allocation by Manager

\$1,391,075,247



- Jacobs Levy Russell 1000 Index 130/30
- SS Russell 1000 Index SL (CF)
- Arrowstreet US Small Cap Equity Alpha Extension

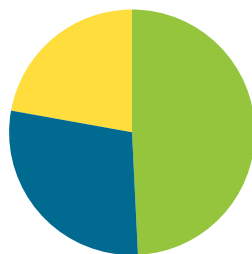
Market Value (\$)	Allocation (%)
619,685,930	44.55
615,486,104	44.25
155,903,213	11.21

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Broad International Equity	14.14	21.37	20.60	20.60	16.43	12.59	7.70	6.88	7.33	07/01/2009
MSCI ACW Ex US IM Index (USD) (Net)	12.71	17.88	17.83	17.83	13.92	10.20	6.49	6.18	7.07	
Difference	1.43	3.49	2.77	2.77	2.51	2.38	1.21	0.70	0.26	
SS World Ex US Index (CF)	12.06	19.02	18.74	18.74	15.69	11.42	7.34	6.57	5.43	07/01/2014
MSCI Wrld Ex US Index (USD) (Net)	12.05	18.99	18.70	18.70	15.73	11.51	7.43	6.65	5.51	
Difference	0.01	0.03	0.04	0.04	-0.04	-0.09	-0.09	-0.08	-0.08	
Acadian Non-US Equity Extension Fund	15.82	24.92	N/A	N/A	N/A	N/A	N/A	N/A	21.16	12/01/2024
MSCI EAFE Index (USD) (Net)	11.78	19.45	17.73	17.73	15.97	11.16	7.21	6.51	16.73	
Difference	4.05	5.47	N/A	N/A	N/A	N/A	N/A	N/A	4.43	
Arrowstreet Emerging Market Alpha Extension	14.00	17.85	14.51	14.51	N/A	N/A	N/A	N/A	23.36	12/01/2023
MSCI Emg Mkts Index (USD) (Net)	11.99	15.27	15.29	15.29	9.70	6.81	4.48	4.81	17.31	
Difference	2.01	2.59	-0.77	-0.77	N/A	N/A	N/A	N/A	6.05	

Asset Allocation by Manager

\$1,383,531,502



- Acadian Non-US Equity Extension Fund
- SS World Ex US Index (CF)
- Arrowstreet Emerging Market Alpha Extension

Market Value (\$)	Allocation (%)
681,299,023	49.24
395,467,293	28.58
306,765,186	22.17

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Private Equity	1.86	2.45	8.62	8.62	12.86	9.10	N/A	N/A	12.81	04/01/2021
Cambridge US Prvt Eq Index	0.00	1.12	5.58	5.58	6.53	15.65	13.10	13.09	9.85	
Difference	1.86	1.33	3.04	3.04	6.33	-6.55	N/A	N/A	2.96	

Asset Allocation by Manager



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. Performance for the Cambridge US Prvt Eq Index is unavailable as of 6/30. Market values shown for MS Ashbridge TS Fund II LP and Industry Ventures Partnership Holdings VII LP are preliminary.

North Dakota Board of University and School Lands
Fixed Income

As of June 30, 2025

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Fixed Income	1.72	4.05	8.20	8.20	7.01	4.52	4.80	4.07	5.40	08/01/1995
Global Fixed Income Custom Index	2.14	4.22	8.36	8.36	7.15	2.01	3.67	3.09	N/A	
Difference	-0.42	-0.17	-0.15	-0.15	-0.14	2.51	1.13	0.98	N/A	
Public Credit	1.09	3.95	5.30	5.30	2.75	N/A	N/A	N/A	2.75	07/01/2022
Bloomberg US Agg Bond Index	1.21	4.02	6.08	6.08	2.55	-0.73	1.77	1.76	2.55	
Difference	-0.11	-0.08	-0.78	-0.78	0.20	N/A	N/A	N/A	0.20	
SS US Agg Bond Index SL (CF)	1.22	4.02	6.12	6.12	N/A	N/A	N/A	N/A	6.56	06/01/2024
Bloomberg US Agg Bond Index	1.21	4.02	6.08	6.08	2.55	-0.73	1.77	1.76	6.52	
Difference	0.02	0.00	0.04	0.04	N/A	N/A	N/A	N/A	0.04	
NISA US Agg Bond Overlay (SA)	1.21	4.02	N/A	N/A	N/A	N/A	N/A	N/A	2.19	09/01/2024
Bloomberg US Agg Bond Index	1.21	4.02	6.08	6.08	2.55	-0.73	1.77	1.76	2.19	
Difference	0.00	0.00	N/A	N/A	N/A	N/A	N/A	N/A	0.00	
FLP (Loans)	1.43	2.87	5.97	5.97	5.83	5.25	5.13	5.45	6.77	08/01/1995
ND Land - PTF Cash (SA)	1.07	2.14	4.65	4.65	4.51	2.72	2.50	N/A	2.35	07/01/2017
ICE BofA 3 Mo US T-Bill Index	1.04	2.07	4.68	4.68	4.56	2.76	2.54	1.97	2.39	
Difference	0.03	0.06	-0.03	-0.03	-0.05	-0.04	-0.04	N/A	-0.04	
Transition Account (SA)	0.00	0.00	2.05	2.05	N/A	N/A	N/A	N/A	4.51	08/01/2023
Private Credit	2.43	4.31	10.88	10.88	11.29	N/A	N/A	N/A	11.29	07/01/2022
S&P UBS Lvg'd Loan Index +1.5%	2.71	3.73	9.11	9.11	11.18	9.00	7.07	6.72	11.18	
Difference	-0.28	0.58	1.76	1.76	0.11	N/A	N/A	N/A	0.11	
AG Direct Lending III LP	0.60	0.65	0.57	0.57	6.24	9.16	N/A	N/A	8.62	09/01/2018
S&P UBS Lvg'd Loan Index +1.5%	2.71	3.73	9.11	9.11	11.18	9.00	7.07	6.72	7.02	
Difference	-2.11	-3.08	-8.55	-8.55	-4.94	0.16	N/A	N/A	1.60	
AG Direct Lending IV LP	1.81	2.69	7.10	7.10	9.58	N/A	N/A	N/A	11.88	06/01/2021
S&P UBS Lvg'd Loan Index +1.5%	2.71	3.73	9.11	9.11	11.18	9.00	7.07	6.72	7.91	
Difference	-0.90	-1.04	-2.01	-2.01	-1.60	N/A	N/A	N/A	3.97	

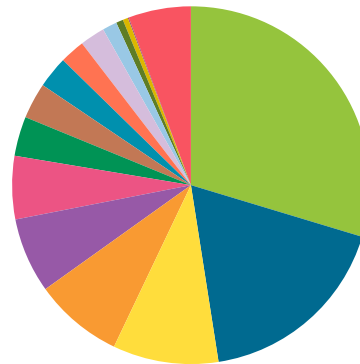
Performance shown is net of fees. The Global Fixed Income Custom Index is calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30. The Public Credit composite consists of Cash/Implied Leverage.

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
AG Direct Lending BUSL LP	2.79	5.78	12.52	12.52	12.38	N/A	N/A	N/A	12.44	06/01/2022
S&P UBS Lvg'd Loan Index +1.5%	2.71	3.73	9.11	9.11	11.18	9.00	7.07	6.72	10.16	
Difference	0.08	2.05	3.40	3.40	1.20	N/A	N/A	N/A	2.28	
Blue Owl Diversified Lending	1.41	3.46	8.63	8.63	10.80	N/A	N/A	N/A	9.68	11/01/2021
S&P UBS Lvg'd Loan Index +1.5%	2.71	3.73	9.11	9.11	11.18	9.00	7.07	6.72	8.15	
Difference	-1.30	-0.26	-0.49	-0.49	-0.38	N/A	N/A	N/A	1.53	
Apollo Credit Strategies Absolute Return LP	3.47	5.93	14.44	14.44	15.08	N/A	N/A	N/A	13.02	04/01/2022
S&P UBS Lvg'd Loan Index +2%	2.84	3.98	9.65	9.65	11.73	9.54	7.60	7.24	9.44	
Difference	0.63	1.94	4.79	4.79	3.35	N/A	N/A	N/A	3.58	
Ares Pathfinder LP	2.68	4.07	8.31	8.31	7.37	N/A	N/A	N/A	23.33	03/01/2021
Schroders Flexible Secured Income (SA)	2.41	4.02	8.68	8.68	8.53	N/A	N/A	N/A	6.10	09/01/2021
3 Month LIBOR Index (USD)+1.75%	1.52	3.05	6.76	6.76	6.51	4.64	4.50	3.96	5.46	
Difference	0.90	0.97	1.92	1.92	2.02	N/A	N/A	N/A	0.64	
Varde Dislocation LP	2.90	5.14	11.18	11.18	13.95	14.23	N/A	N/A	14.23	07/01/2020
Monarch Capital Partners VI LP	1.07	2.59	13.31	13.31	N/A	N/A	N/A	N/A	18.44	03/01/2024
S&P UBS Lvg'd Loan Index +2%	2.84	3.98	9.65	9.65	11.73	9.54	7.60	7.24	9.87	
Difference	-1.77	-1.40	3.66	3.66	N/A	N/A	N/A	N/A	8.57	
Pantheon PCO III USD Feeder (Delaware) LP	3.10	2.47	N/A	N/A	N/A	N/A	N/A	N/A	198.89	12/01/2024
S&P UBS Lvg'd Loan Index +1.5%	2.71	3.73	9.11	9.11	11.18	9.00	7.07	6.72	4.47	
Difference	0.39	-1.26	N/A	N/A	N/A	N/A	N/A	N/A	194.42	

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30.

Asset Allocation by Manager

\$2,766,238,778



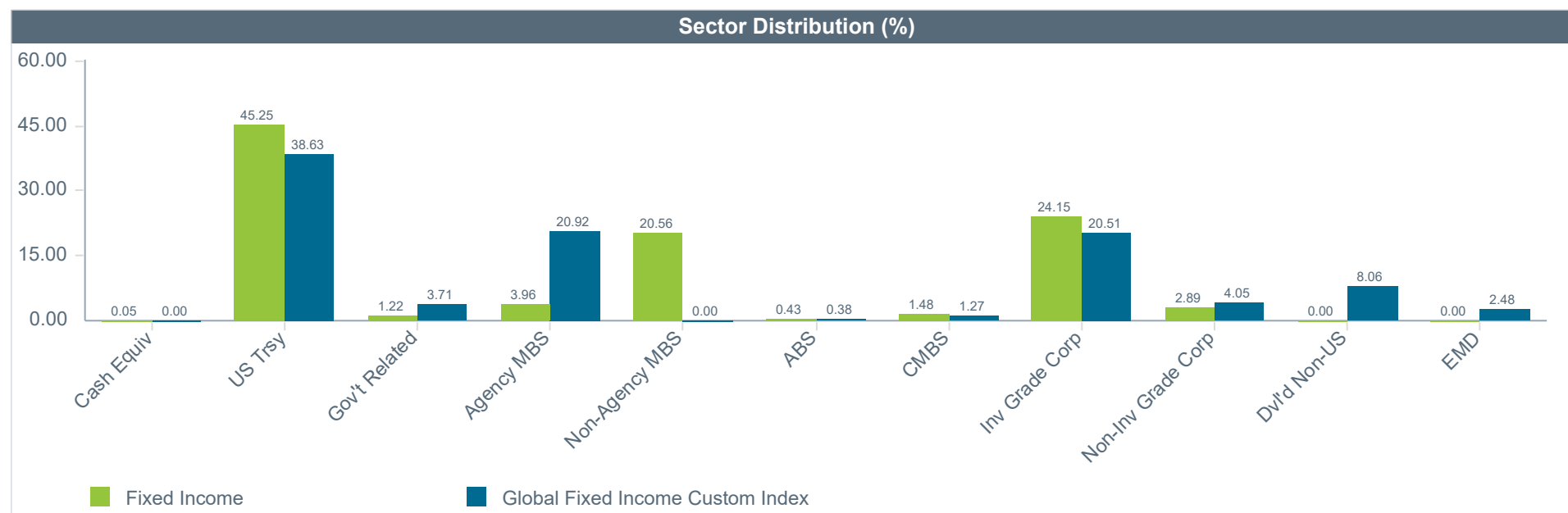
	Market Value (\$)	Allocation (%)
SS US Agg Bond Index SL (CF)	925,130,820	33.44
ND Land - PTF Cash (SA)	557,181,737	20.14
Apollo Credit Strategies Absolute Return LP	297,733,765	10.76
Schroders Flexible Secured Income (SA)	251,132,863	9.08
AG Direct Lending BUSL LP	211,910,044	7.66
NISA US Agg Bond Overlay (SA)	178,302,906	6.45
Monarch Capital Partners VI LP	111,040,362	4.01
Blue Owl Diversified Lending	101,125,837	3.66
Ares Pathfinder LP	89,407,242	3.23
AG Direct Lending III LP	70,590,127	2.55
AG Direct Lending IV LP	70,160,581	2.54
Varde Dislocation LP	40,937,624	1.48
Pantheon PCO III USD Feeder (Delaware) LP	20,200,627	0.73
NISA Cash/Implied Leverage	14,580,733	0.53
FLP (Loans)	2,755,252	0.10
Loomis Sayles Credit Asset (SA)	279,380	0.01
Transition Account (SA)	4,950	0.00
NISA Offset	-176,236,072	-6.37

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30. Market value shown for Pantheon PCO III USD Feeder (Delaware) LP is preliminary. Market value shown for Loomis Sayles Credit Asset (SA) represents residual assets and residual trading costs.

North Dakota Board of University and School Lands
Fixed Income vs. Global Fixed Income Custom Index
Portfolio Characteristics

As of June 30, 2025

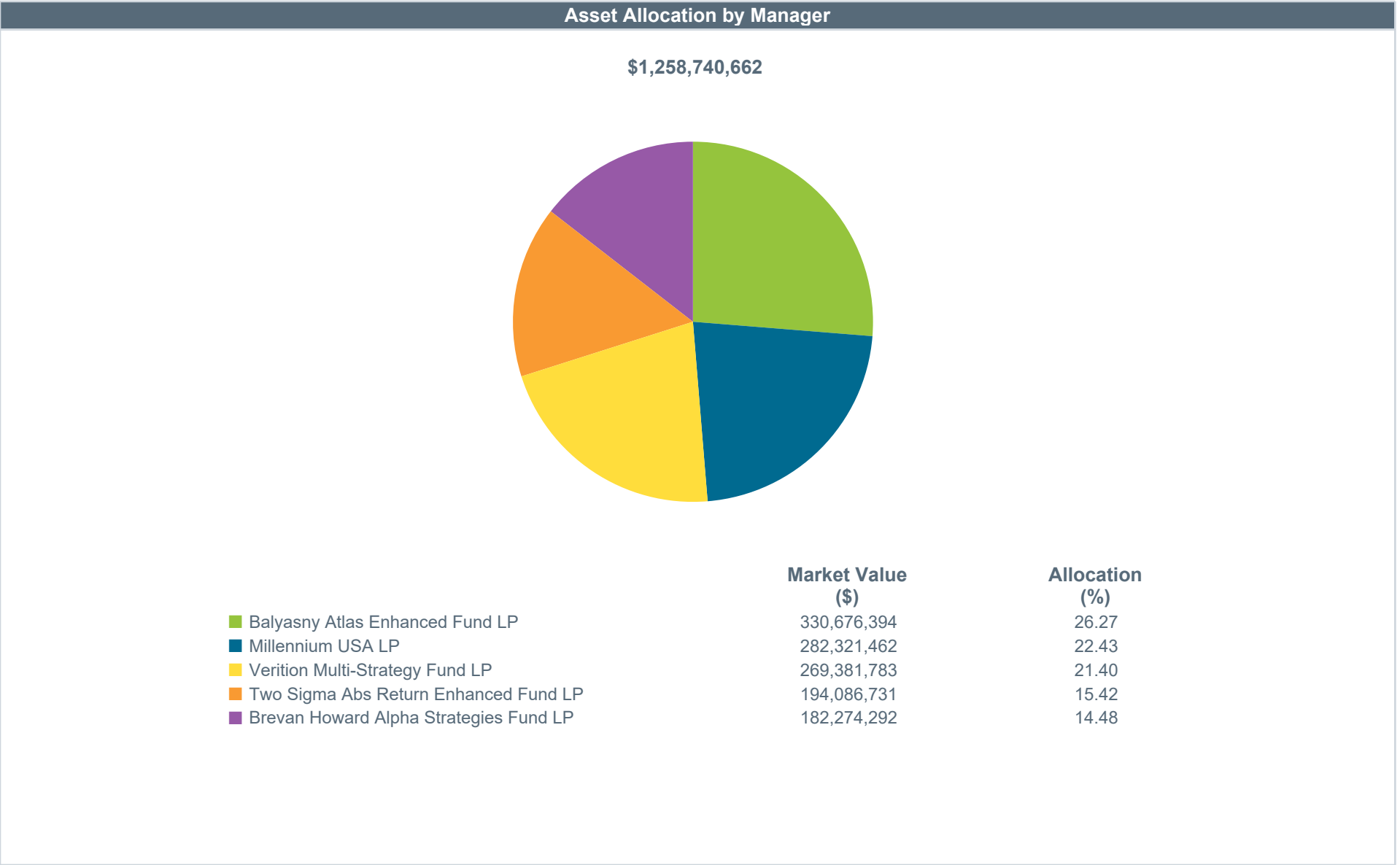
Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.05	5.83
Avg. Maturity	8.30	8.13
Avg. Quality	Aa3	N/A
Coupon Rate (%)	3.69	3.81
Yield To Worst (%)	4.52	4.74
Current Yield (%)	3.84	N/A



Fixed Income characteristics and sector distributions includes NISA US Agg Bond Overlay (SA) and SS US Agg Bond Index SL (CF).

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Absolute Return	3.30	5.04	12.00	12.00	8.06	5.77	3.72	3.66	3.01	07/01/2014
Absolute Return Custom Index	1.97	3.09	7.27	7.27	5.56	4.50	4.79	5.09	4.74	
Difference	1.33	1.95	4.72	4.72	2.51	1.27	-1.07	-1.43	-1.73	
Multi-Strategy Hedge Funds	3.30	5.04	12.00	12.00	10.34	N/A	N/A	N/A	10.34	07/01/2022
HFRI RV Multi Strat Index	1.97	3.09	7.27	7.27	5.63	6.06	4.72	4.26	5.63	
Difference	1.33	1.95	4.72	4.72	4.70	N/A	N/A	N/A	4.70	
Millennium USA LP	4.24	2.28	9.95	9.95	11.07	N/A	N/A	N/A	11.31	01/01/2022
HFRI RV Multi Strat Index	1.97	3.09	7.27	7.27	5.63	6.06	4.72	4.26	4.50	
Difference	2.27	-0.82	2.67	2.67	5.43	N/A	N/A	N/A	6.81	
Balyasny Atlas Enhanced Fund LP	4.66	7.32	15.83	15.83	N/A	N/A	N/A	N/A	10.63	03/01/2023
HFRI RV Multi Strat Index	1.97	3.09	7.27	7.27	5.63	6.06	4.72	4.26	5.92	
Difference	2.70	4.23	8.55	8.55	N/A	N/A	N/A	N/A	4.71	
Brevan Howard Alpha Strategies Fund LP	3.68	4.95	9.92	9.92	N/A	N/A	N/A	N/A	8.88	08/01/2024
HFRI RV Multi Strat Index	1.97	3.09	7.27	7.27	5.63	6.06	4.72	4.26	6.39	
Difference	1.71	1.85	2.64	2.64	N/A	N/A	N/A	N/A	2.50	
Two Sigma Abs Return Enhanced Fund LP	4.04	11.21	14.94	14.94	N/A	N/A	N/A	N/A	17.35	05/01/2023
HFRI RV Multi Strat Index	1.97	3.09	7.27	7.27	5.63	6.06	4.72	4.26	6.86	
Difference	2.07	8.12	7.67	7.67	N/A	N/A	N/A	N/A	10.49	
Verition Multi-Strategy Fund LP	-0.01	1.41	7.77	7.77	N/A	N/A	N/A	N/A	8.55	01/01/2024
HFRI RV Multi Strat Index	1.97	3.09	7.27	7.27	5.63	6.06	4.72	4.26	6.91	
Difference	-1.98	-1.68	0.50	0.50	N/A	N/A	N/A	N/A	1.65	

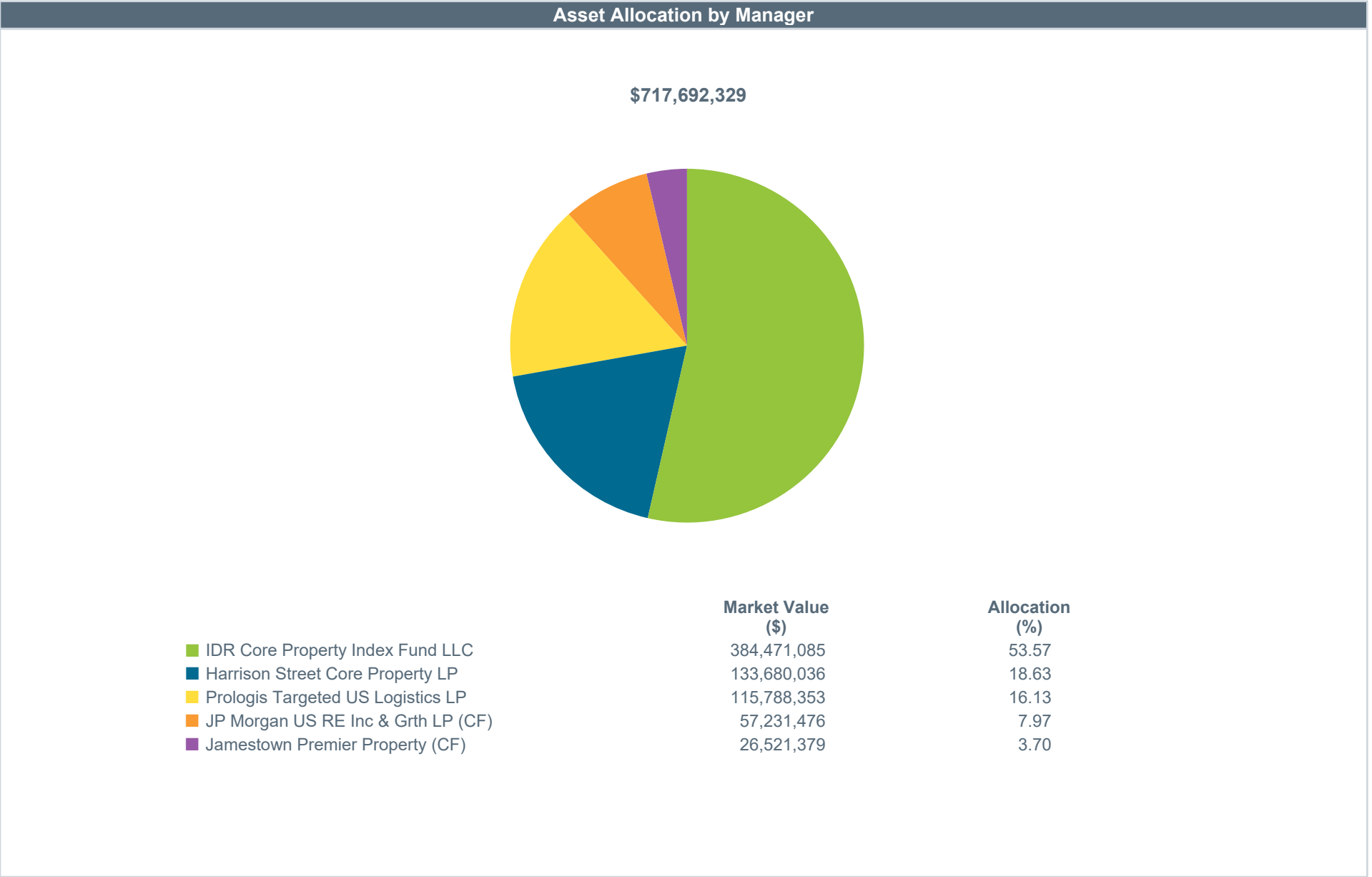
Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. The Absolute Return Custom Index is calculated monthly using beginning of month weights applied to each corresponding primary benchmark return.



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding.

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Real Estate	0.59	1.43	2.35	2.35	-5.74	3.23	3.26	5.18	5.18	07/01/2015
NCREIF ODCE Index (AWA) (Net)	0.81	1.67	2.67	2.67	-6.21	2.54	2.78	4.42	4.42	
Difference	-0.22	-0.24	-0.32	-0.32	0.48	0.70	0.48	0.75	0.75	
Jamestown Premier Property (CF)	4.01	8.22	9.31	9.31	-25.91	-17.27	-12.67	-6.28	-6.28	07/01/2015
NCREIF ODCE Index (AWA) (Net)	0.81	1.67	2.67	2.67	-6.21	2.54	2.78	4.42	4.42	
Difference	3.20	6.54	6.64	6.64	-19.70	-19.80	-15.44	-10.70	-10.70	
Prologis Targeted US Logistics LP	0.09	0.90	4.08	4.08	-3.81	11.30	11.50	N/A	13.15	04/01/2016
NCREIF ODCE Index (AWA) (Net)	0.81	1.67	2.67	2.67	-6.21	2.54	2.78	4.42	3.85	
Difference	-0.72	-0.78	1.41	1.41	2.41	8.76	8.73	N/A	9.30	
JP Morgan US RE Inc & Grth LP (CF)	-1.39	-2.08	-4.02	-4.02	-9.89	0.12	0.63	N/A	2.07	07/01/2016
NCREIF ODCE Index (AWA) (Net)	0.81	1.67	2.67	2.67	-6.21	2.54	2.78	4.42	3.74	
Difference	-2.21	-3.76	-6.69	-6.69	-3.68	-2.41	-2.15	N/A	-1.67	
Harrison Street Core Property LP	1.07	1.96	3.01	3.01	-0.99	N/A	N/A	N/A	1.60	02/01/2022
NCREIF ODCE Index (AWA) (Net)	0.81	1.67	2.67	2.67	-6.21	2.54	2.78	4.42	-2.29	
Difference	0.26	0.28	0.34	0.34	5.22	N/A	N/A	N/A	3.89	
IDR Core Property Index Fund LLC	0.65	1.55	2.37	2.37	N/A	N/A	N/A	N/A	1.44	04/01/2024
NCREIF ODCE Index (AWA) (Net)	0.81	1.67	2.67	2.67	-6.21	2.54	2.78	4.42	1.59	
Difference	-0.16	-0.12	-0.31	-0.31	N/A	N/A	N/A	N/A	-0.15	

Performance shown is net of fees. Real Estate manager and index performance is available on a quarterly basis. Interim period performance assumes a 0.00% return. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. Jamestown Premier Property is in queue for redemption.

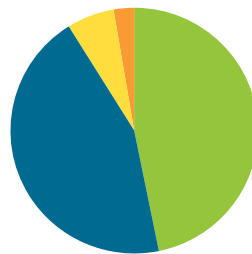


Performance shown is net of fees. Real Estate manager and index performance is available on a quarterly basis. Interim period performance assumes a 0.00% return. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. Jamestown Premier Property is in queue for redemption.

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Private Infrastructure	1.91	3.64	9.37	9.37	9.99	N/A	N/A	N/A	9.75	02/01/2022
MSCI Wrld Infrastructure Index (Net)	5.47	15.77	27.40	27.40	10.93	9.78	7.78	6.26	8.91	
Difference	-3.56	-12.13	-18.03	-18.03	-0.94	N/A	N/A	N/A	0.83	
JP Morgan Infrastructure Investments	2.23	4.62	10.16	10.16	10.91	N/A	N/A	N/A	10.63	02/01/2022
MSCI Wrld Infrastructure Index (Net)	5.47	15.77	27.40	27.40	10.93	9.78	7.78	6.26	8.91	
Difference	-3.24	-11.15	-17.23	-17.23	-0.02	N/A	N/A	N/A	1.72	
First Sentier GDIF US HFF	1.99	3.21	8.11	8.11	8.62	N/A	N/A	N/A	8.40	05/01/2022
MSCI Wrld Infrastructure Index (Net)	5.47	15.77	27.40	27.40	10.93	9.78	7.78	6.26	9.45	
Difference	-3.48	-12.56	-19.29	-19.29	-2.31	N/A	N/A	N/A	-1.05	
Hamilton Lane Infrastructure Opportunities LP	0.00	0.68	5.80	5.80	N/A	N/A	N/A	N/A	15.00	08/01/2022
MSCI Wrld Infrastructure Index (Net)	5.47	15.77	27.40	27.40	10.93	9.78	7.78	6.26	10.20	
Difference	-5.47	-15.09	-21.59	-21.59	N/A	N/A	N/A	N/A	4.80	
Hamilton Lane Infrastructure Opportunities II LP	0.00	2.16	N/A	N/A	N/A	N/A	N/A	N/A	26.39	09/01/2024
MSCI Wrld Infrastructure Index (Net)	5.47	15.77	27.40	27.40	10.93	9.78	7.78	6.26	14.60	
Difference	-5.47	-13.61	N/A	N/A	N/A	N/A	N/A	N/A	11.79	

Asset Allocation By Manager

\$411,534,732



	Market Value (\$)	Allocation (%)
First Sentier GDIF US HFF	192,657,060	46.81
JP Morgan Infrastructure Investments	182,346,507	44.31
Hamilton Lane Infrastructure Opportunities LP	25,490,331	6.19
Hamilton Lane Infrastructure Opportunities II LP	11,040,834	2.68

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. Market values shown for Hamilton Lane Infrastructure Opportunities LP and Hamilton Lane Infrastructure Opportunities II LP are preliminary.

III. Addendum

North Dakota Board of University and School Lands
Alternative Investment Private Credit Fund Performance Listing

As of June 30, 2025

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
AG Direct Lending III LP	2018	Private Credit - Direct Lending	150,000,000	138,000,000	131,814,136	70,590,127	9.69	N/A	0.70	1.47
AG Direct Lending IV LP	2020	Private Credit - Direct Lending	100,000,000	95,648,632	61,896,054	70,160,581	11.38	N/A	-1.52	1.38
Ares Pathfinder LP	2020	Private Credit - Specialty Finance	100,000,000	86,189,042	24,548,223	89,407,242	10.77	N/A	1.35	1.32
Varde Dislocation LP	2020	Private Credit - Distressed/Special Situations	100,000,000	79,500,000	64,946,330	40,937,624	9.40	N/A	-1.99	1.33
Monarch Capital Partners VI LP	2023	Private Credit - Distressed/Special Situations	120,000,000	94,096,933	0	111,040,362	17.00	N/A	5.45	1.18
Pantheon Private Debt PCO III USD Feeder (Delaware) LP	2024	Private Credit - Opportunistic Credit	100,000,000	13,767,392	637,506	20,200,627 *	N/M	N/A	N/M	1.51
			670,000,000	507,201,999	283,842,249	402,336,563	10.81		0.29	1.35

Certain valuations (marked with a "**") are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the Barclays US Agg Bond Index assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin.

North Dakota Board of University and School Lands
Alternative Investment Private Equity Fund Performance Listing

As of June 30, 2025

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
Ashbridge Transformational Secondaries II LP	2021	Private Equity - Secondaries	25,000,000	17,619,989	0	24,048,271 *	13.49	N/A	18.64	1.36
Grosvenor - BUSL LP 2020-1 Investment Series	2021	Private Equity - Multi-Stage	130,000,000	75,309,715	10,540,980	83,317,815	11.08	N/A	13.64	1.25
Grosvenor Secondary Opportunities III LP	2021	Private Equity - Fund of Funds	150,000,000	92,340,632	15,140,766	95,751,524	10.63	N/A	14.81	1.20
Khosla Ventures Fund VII Composite	2023	Private Equity - Venture	35,000,000	25,182,500	0	24,007,245	-7.05	N/A	20.98	0.95
AH 2024 Multiplexer (Unblocked) LP	2024	Private Equity - Venture	35,000,000	10,500,000	0	11,021,534	N/M	N/A	N/M	1.05
Grosvenor - BUSL LP 2024-1 Investment Series	2024	Private Equity - Multi-Stage	300,000,000	28,015,604	3,213,925	30,559,032	20.38	N/A	17.48	1.21
Industry Ventures Partnership Holdings VII LP	2024	Private Equity - Venture	50,000,000	5,006,997	0	5,901,556 *	N/M	N/A	N/M	1.18
			725,000,000	253,975,438	28,895,671	274,606,977	11.24		15.16	1.20

Certain valuations (marked with a "**") are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the Russell 3000 Index assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin.

North Dakota Board of University and School Lands
Alternative Investment Real Assets Fund Performance Listing

As of June 30, 2025

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
Hamilton Lane Infrastructure Opportunities 2019 LP		Real Assets - Core Infrastructure	25,000,000	21,792,067	3,211,511	25,490,331 *	12.65	N/A	4.30	1.32
Hamilton Lane Infrastructure Opportunities 2023 II LP		Real Assets - Core Infrastructure	25,000,000	8,302,246	0	11,040,834 *	N/M	N/A	N/M	1.33
			50,000,000	30,094,313	3,211,511	36,531,165	15.07		3.64	1.32

Certain valuations (marked with a "**") are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the MSCI World Real Estate Index (USD) (Net) assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin.

Performance Related Comments

- Manager inception dates shown represent the first full month following initial funding.
- RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Prior historical data was provided by North Dakota Board of University and School Lands.
- Real Estate composite, manager, and index performance are available on a quarterly basis. Market values are as of the most recent quarter-end and adjusted for subsequent cash flows. Interim period performance assumes a 0.00% return.
- Indices show N/A for since inception returns when the fund contains more history than the corresponding benchmark.
- As of 07/2014, composite and manager performance is provided and calculated by RVK.
- Net performance for FLP bank loans represent Fees Payable.
- During 03/2021, JPM FI Intermediate Bond transitioned from intermediate duration to full duration core mandate.
- During 08/2021, Schrodgers Securitized Credit transitioned into Schrodgers Flexible Secured Income.
- During 12/2022, Varde Dislocation LP was moved from the Opportunistic Investments composite into the Private Credit composite.
- RVK cautions that the interpretation of time-weighted returns on non-marketable investments such as Private Equity, Private Real Estate, and Private Credit is imperfect at best, and can potentially be misleading.

Index Comments

- The Target Allocation Index (Net) is a static custom index that is calculated monthly and consists of:
 - From 07/2023 through present: 15% Russell 3000 Index, 15% MSCI ACWI Ex USA IMI, 15% Barclays US Aggregate Index, 20% S&P UBS Leveraged Loans Index +1.5%, 15% HFRI RV Multi-Strategy Index, 10% NCREIF ODCE Index (AWA) (Net), 8% Cambridge US Private Equity Index, 7% MSCI World Infrastructure Index, and - 5% ICE BofA 3 Month US Treasury Bill Index.
 - From 07/2022 through 06/2023: 15% Russell 3000 Index, 15% MSCI ACWI Ex USA IMI, 5% Barclays US Universal Index, 20% S&P UBS Leveraged Loans Index +1.5%, 5% Global 60/40 (60% MSCI All Country World IMI, 40% Barclays US Aggregate Bond Index), 10% HFRI RV Multi-Strategy Index, 15% NCREIF ODCE Index, 8% Cambridge US Private Equity Index, and 7% MSCI World Infrastructure Index.
 - From 05/2020 through 06/2022: 19% Russell 3000 Index, 19% MSCI ACW Ex US Index (USD) (Net), 22% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 15% Absolute Return Index, 5% Cambridge US Private Equity Index, and 5% MSCI World Infrastructure Index.
 - From 07/2019 through 04/2020: 18.5% Russell 3000 Index, 18.5% MSCI ACW Ex US Index (USD) (Net), 23% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 15% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 02/2018 through 06/2019: 17% Russell 3000 Index, 17% MSCI ACW Ex US Index (USD) (Net), 21% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 20% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 07/2016 through 01/2018: 17% Russell 3000 Index, 15% MSCI ACW Ex US Index (USD) (Net), 23% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 20% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 04/2016 through 06/2016: 17.6% Russell 3000 Index, 15.5% MSCI ACW Ex US Index (USD) (Net), 23.8% Global Fixed Income Custom Index, 12% NCREIF ODCE Index (AWA) (Net), 20.7% Absolute Return Custom Index, and 10.4% DIS Custom Index.
 - From 01/2016 through 03/2016: 17.7% Russell 3000 Index, 15.6% MSCI ACW Ex US Index (USD) (Net), 25.3% Global Fixed Income Custom Index, 10% NCREIF ODCE Index (AWA) (Net), 21% Absolute Return Custom Index, and 10.4% DIS Custom Index.
 - From 10/2015 through 12/2015: 17.9% Russell 3000 Index, 15.9% MSCI ACW Ex US Index (USD) (Net), 25.5% Global Fixed Income Custom Index, 9% NCREIF ODCE Index (AWA) (Net), 21.1% Absolute Return Custom Index, and 10.6% DIS Custom Index.
 - From 07/2015 through 09/2015: 19.5% Russell 3000 Index, 17.4% MSCI ACW Ex US Index (USD) (Net), 26.2% Global Fixed Income Custom Index, 4.1% NCREIF ODCE Index (AWA) (Net), 22% Absolute Return Custom Index, and 10.8% DIS Custom Index.
 - From 07/2014 through 06/2015: The index was calculated monthly using beginning of month asset class weights applied to each corresponding primary benchmark return.
 - From 01/2013 through 06/2014: 18.7% Russell 1000 Index, 12.4% Russell 2500 Index, 7.5% FTSE EPRA/NAREIT US Index, 12.4% MSCI EAFE Index (USD) (Net), 33.3% Bloomberg US Agg Bond Index, 0.70% CS Lvg'd Loan Index, 10% Bloomberg US Corp Hi Yld Index, and 5% Bloomberg Gbl Agg Ex USD Index (Hedged).
 - From 07/2009 through 12/2012: 15% Russell 1000 Index, 10% Russell 2500 Index, 6% FTSE EPRA/NAREIT US Index, 10% MSCI EAFE Index (USD) (Net), 32.3% Bloomberg US Agg Bond Index, 1.70% CS Lvg'd Loan Index, 10% Bloomberg US Corp Hi Yld Index, 5% Bloomberg Gbl Agg Ex USD Index (Hedged), and 10% ICE BofA Cnvt Bonds Index (All Qual).

Cont.

- The Global Fixed Income Custom Index is calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. From 04/2019 through 06/2022, the index consisted of the Bloomberg US Unv Bond Index. Prior to 03/2019, the index consisted of 75% Bloomberg US Unv Bond Index and 25% Bloomberg Multi-Universe Index.
- The Absolute Return Custom Index is calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. Prior to 07/2022, the index consisted of 60% MSCI ACW IM Index (USD) (Net) and 40% Bloomberg US Agg Bond Index.

The asset class market performance is represented by the respective indices:

- US Large Cap Equity = S&P 500 Index (Cap weighted)
- US Small Cap Equity = Russell 2000 Index
- Developed International Equity = MSCI EAFE Index (USD) (Net)
- Developed International Small Cap Equity = MSCI EAFE Small Cap Index (USD) (Net)
- Emerging Markets Equity = MSCI Emerging Markets Index (USD) (Net)
- US Aggregate Bond = Bloomberg US Aggregate Bond Index
- 3 Month US Treasury Bill = ICE BofA 3 Month US T-Bill Index
- US Real Estate = NCREIF ODCE Index (AWA) (Gross)
- Real Estate Investment Trust (REITs) = FTSE NAREIT Equity REITs Index (TR)
- Commodities = Bloomberg Commodities Index (TR)

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MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
September 24, 2025

**RE: Strategic Asset Allocation (SAA) and Investment Policy Statement (IPS) updates
Second Reading**

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.

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.

Recommendation: The Board approve changes to the Investment Policy Statement (IPS) as shown on the attached redline version.

Attachment 1: RVK Asset Allocation Overview

Attachment 2: FT Wilshire Private Markets Infrastructure Index Memo

Attachment 3: Investment Policy Statement redline

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

RVK

North Dakota Board of University and School Lands

Asset Allocation Overview

August 2025

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

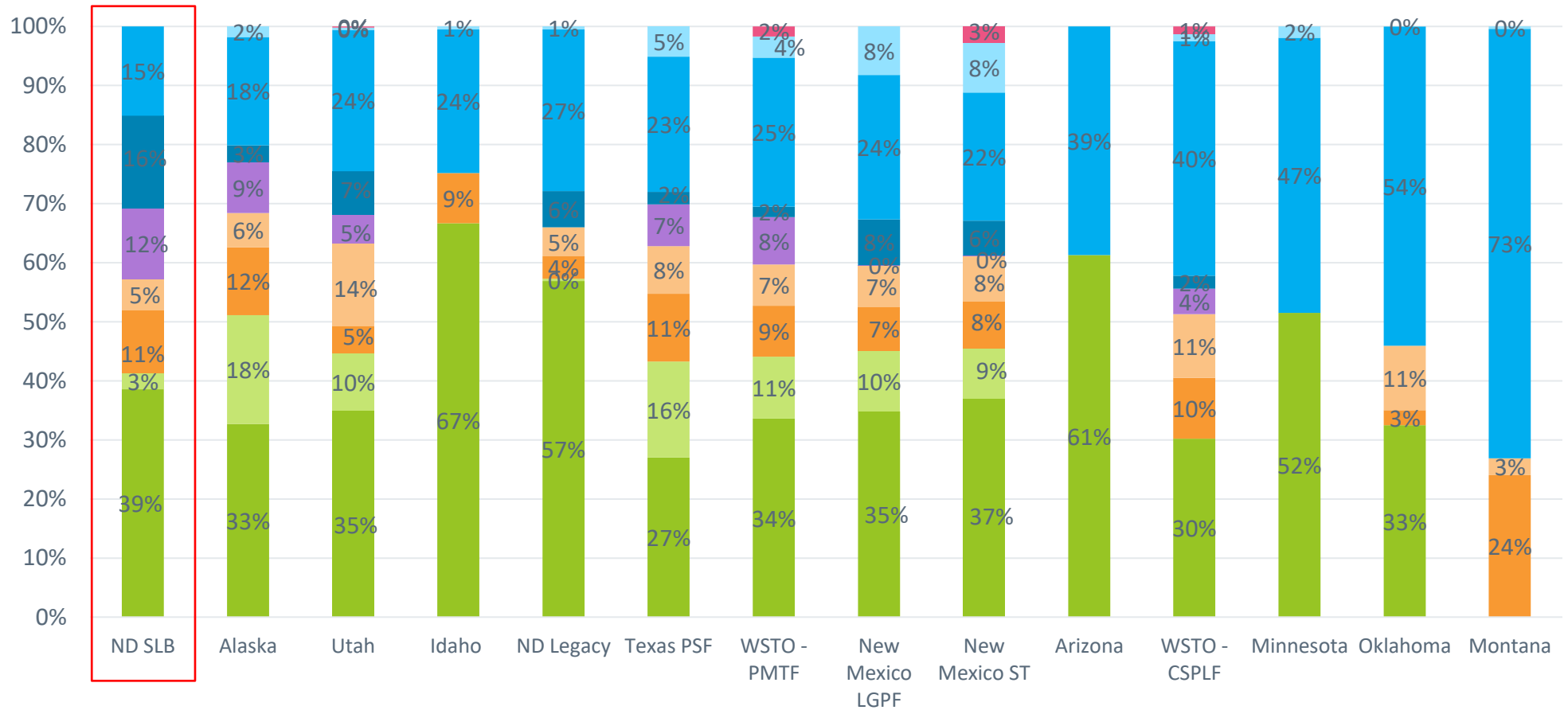
Overview and Recommendation

	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



Public Equity Private Equity Real Estate Real Assets ARS/Hedge Funds Private Credit Fixed Income Cash Other

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 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

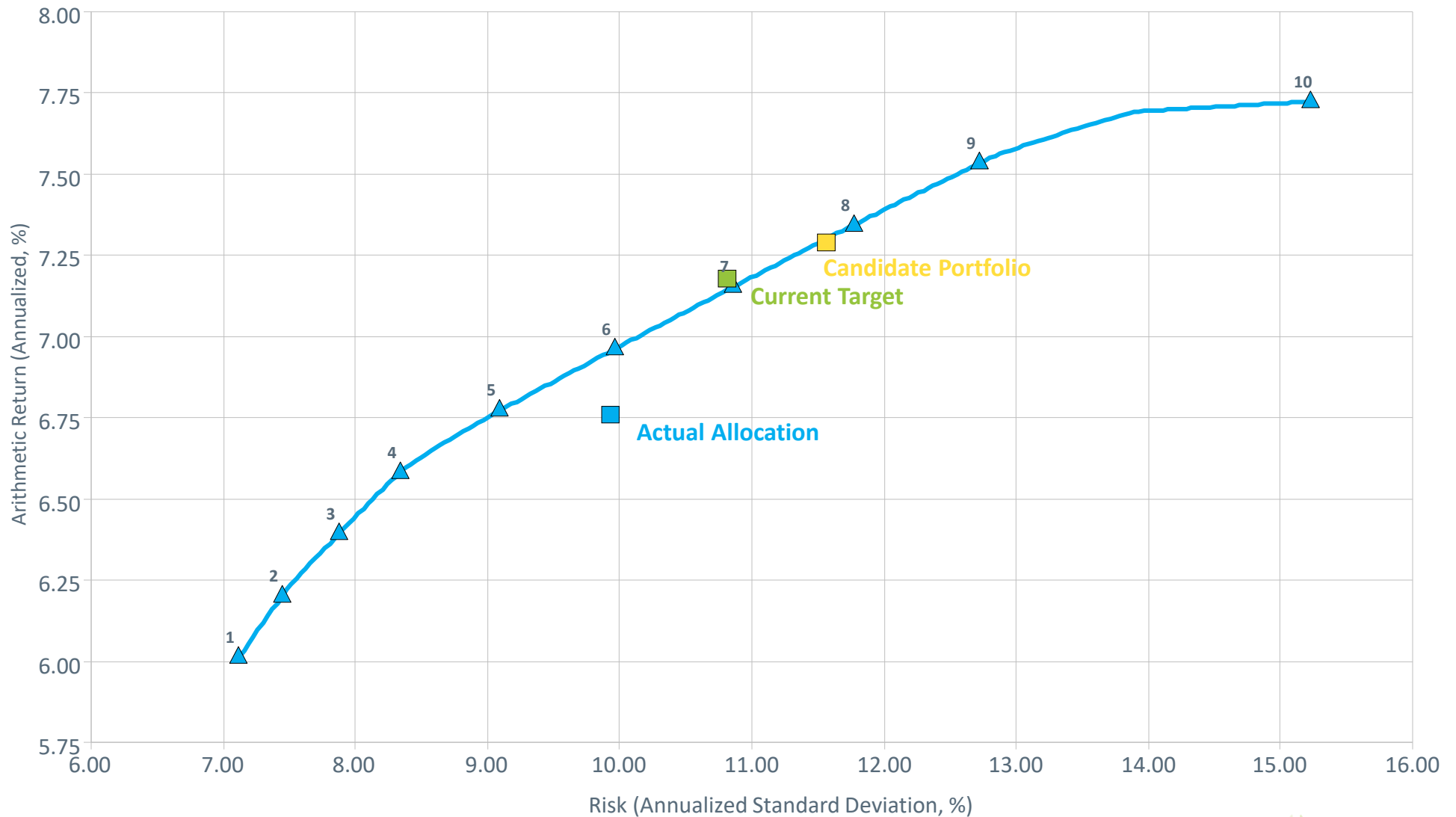
Correlations

	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

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

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 Port

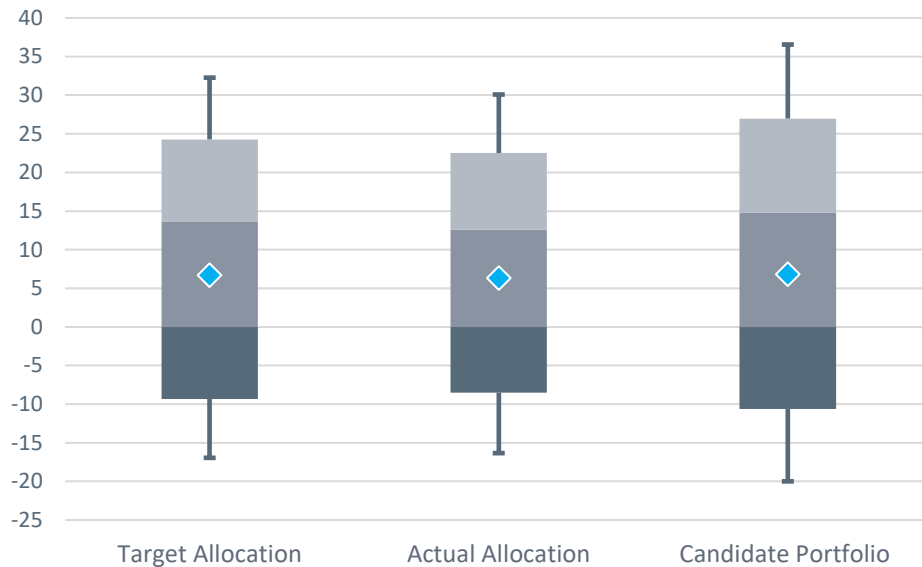
Scenario Analysis

Monte Carlo Simulation – Expected Returns

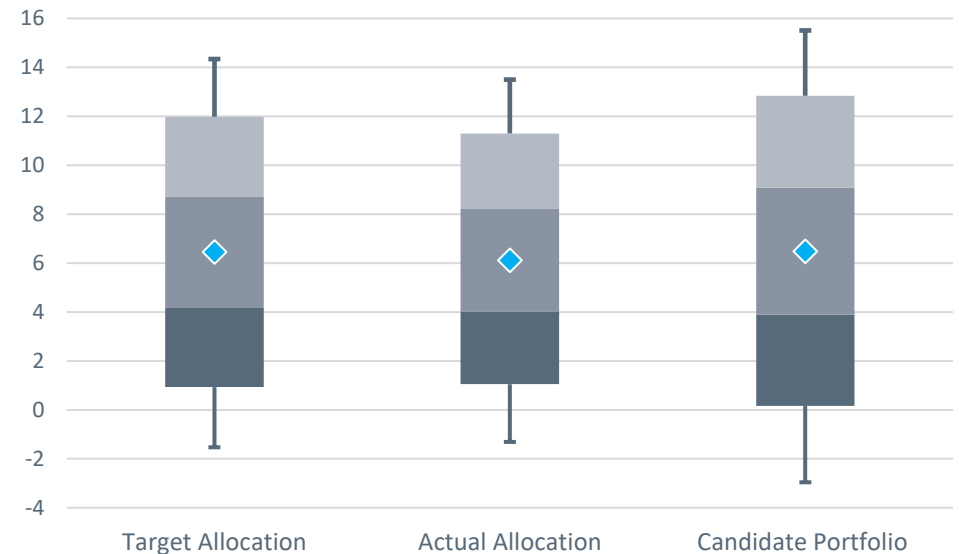
Target Allocation vs. Actual Allocation vs. Candidate Portfolio

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.

Monte Carlo Simulation - 1 Year Returns



Monte Carlo Simulation - 10 Year Returns



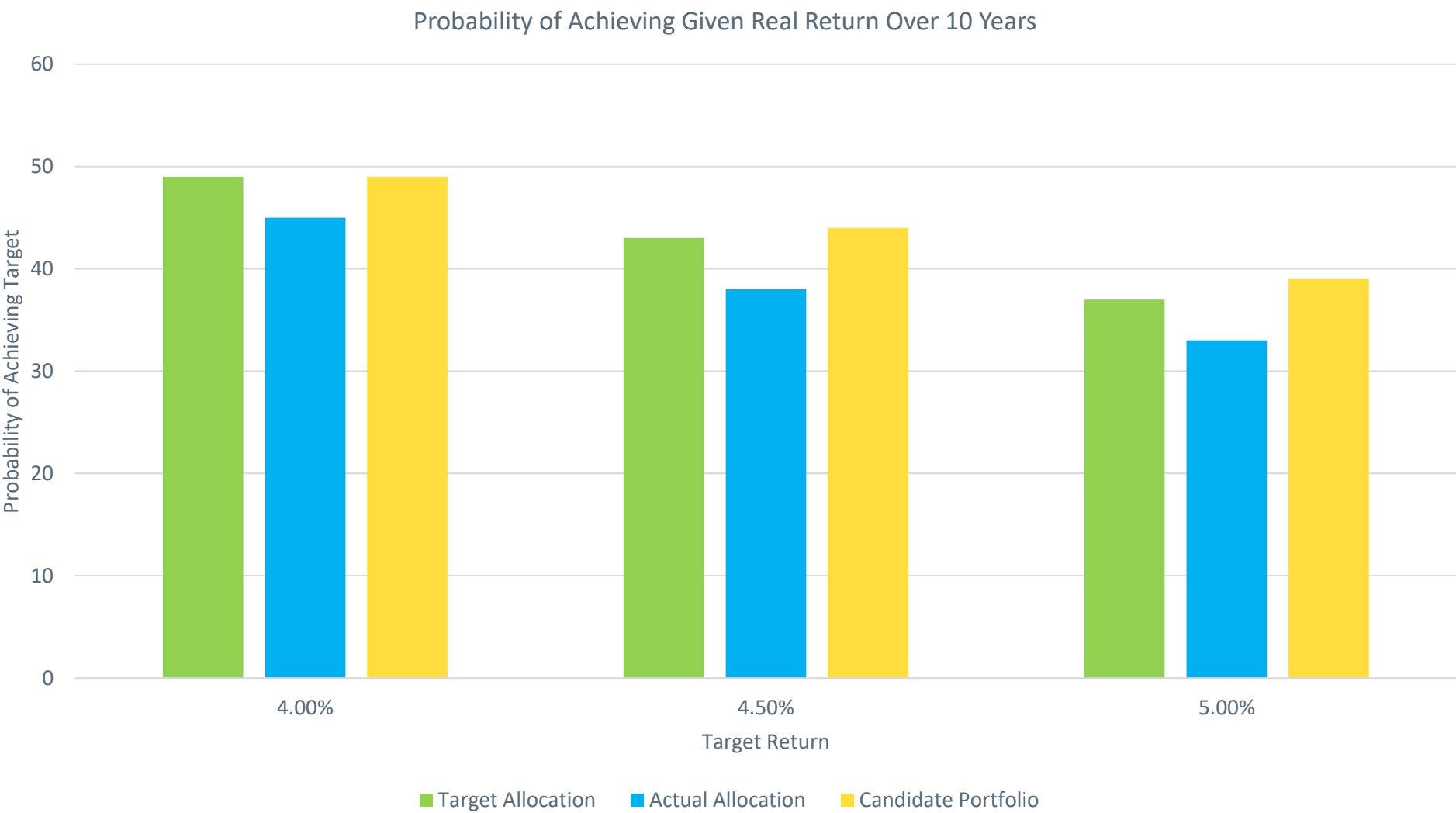
1st -5th percentile 5th -25th percentile 25th -50th percentile ◆ Median 50th -75th percentile 75th -99th percentile

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

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.



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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:

- **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

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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 appraisalment, 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 guidelines⁵ 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 facie 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
<u>Low risk</u> jurisdictions including Japan	To be inserted Ranges to be considered from \$100k to \$500k
<u>Medium risk</u> 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
<u>High risk</u> 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 statehood¹⁰ and the state constitution¹¹ 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 law¹², 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 College¹³
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 state¹⁴
2. Net unclaimed property proceeds collected by the Department¹⁵ 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 formula¹⁶ 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 [3029](#)).

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	3848%	2829%	5948%
Broad US Equity	1519%	1215%	1823%
Broad International Equity	1517%	1214%	1820%
Private Equity	812%	0%	1216%
Real Assets	1718%	86%	2628%
Real Estate	108%	53%	1513%
Private Infrastructure	710%	03%	1115%
Absolute Return	1512%	108%	2016%
Multi-Strategy Hedge Funds	1512%	108%	2016%
Opportunistic Investments	0%	0%	5%
Fixed Income¹	3022%	2012%	4037%
Private Credit	2015%	1010%	2520%
Public Credit	157%	102%	2012%
Cash / Implied Leverage	-50%	-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	45 19%
Broad International Equity	MSCI ACWI Ex USA IMI	45 17%
Fixed Income	Bloombergarclays US Aggregate Index	45 7%
Private Credit	CS-S&P UBS Leveraged Loans Index + 1.5%	20 15%
Multi-Strategy Hedge Funds	HFRI RV Multi-Strategy Index	45 12%
Real Estate	NCREIF ODCE Index	40 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	-50 %

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 fundan-Interim Policy-~~ benchmark which ~~will be adjustedis 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 Investments¹⁸

The Board may invest in the following securities and investment activities as long as such investments comply with the Prudent Investor Rule¹⁹. 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 Depositary 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 Barclays** 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 Guidelines²⁷

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 Barclays 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 Barclays 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 [1847](#) 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 follows³⁵:

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 ~~181~~7 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
<u>Revised:</u>	<u>09/24/2025</u>

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
September 24, 2025

RE: Private Infrastructure

The current 4.9% infrastructure allocation represents a \$420M underweight to the newly recommended 10% long-term strategic asset allocation target. The goal of this proposal is to increase the infrastructure commitment consistent with strategic asset allocation targets and take advantage of increased power demand driven by the AI revolution.

Staff recommends increasing core-plus infrastructure exposure with an emphasis on digital infrastructure. There are four risk segments of the infrastructure investing landscape, categorized as follows: (1) core, (2) core-plus, (3) value-add and (4) opportunistic. Core refers to lower risk, stabilized assets where most of the return is derived from bond-like income generation. Opportunistic refers to higher risk, capex intensive assets where most of the return is derived from equity-like growth. The Land Board infrastructure portfolio is primarily comprised of core assets in transportation, utilities, energy and power.

Digital infrastructure includes data centers, cell towers and fiber networks. Pure-play data center investing can run the gamut of risk from core risk focused on stabilized assets with high quality tenants to opportunistic risk focused on ground-up development.

Staff and RVK recommend a commitment to Cloud Capital (CCF I), a pure-play data center manager. Founded in 2020 and headquartered in Washington D.C., Cloud Capital manages \$5.3B in data center assets globally with a 29-person team. Founder and CEO, Hossein Fateh, has a track record dating back to 1997 when he co-founded DuPont Fabros Technology which was later sold to Digital Realty (NYSE: DLR) in 2017.

CCF I manages a \$2.1B portfolio of 15 data center assets in the United States and Europe. The core-plus fund targets long-term triple net leases to hyperscaler tenants in Tier 1 geographic markets with a maximum of up to 20% powered land and up to 20% retail colocation centers.

Recommendation: The Board approve a \$100M commitment to Cloud Capital (CCF I), subject to standard legal review/documentation.

Attachment 1: RVK Memorandum
Attachment 2: Cloud Capital Presentation

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

Memorandum

To	North Dakota Board of University and School Lands (“NDBUSL”)
From	RVK, Inc. (RVK) Investment Manager Research
Subject	Cloud Capital Data Center Fund Recommendation
Date	September 2025

SUMMARY OF OPPORTUNITY AND SCOPE OF WORK

The following is a review of an investment opportunity offered by Cloud Capital Advisors LLC (“Cloud Capital”, the “Manager”, or the “Firm”) which is a Delaware limited liability company. Cloud Capital seeks to raise capital for their Cloud Capital US Feeder Fund L.P. (the “Feeder”), for US investors and the Cloud Capital Feeder (ON) for certain tax exempt US investors and non-US investors. The Feeder funds will invest in the Cloud Capital US LP and the Cloud Capital European Fund SCSp, collectively referred to as the “Global Fund”. The Firm was established in 2020 by Hossein Fateh, a first-mover in the data center sector. The Cloud Capital team is comprised of experienced professionals with significant and highly-specialized experience in data centers, many having worked together in the industry for years. The Global Fund will be managed by the General Partner (“GP”), Cloud Capital GP LLC, a Delaware limited liability company affiliated with Cloud Capital.

RVK, Inc. (“RVK”) conducted a thorough analysis and due diligence to provide an independent assessment of Cloud Capital and the Global Fund, including an analysis of the Firm’s organization, investment team, strategy, investment track record, decision-making processes, monitoring process, and key terms and conditions for the Fund.

This review included:

- Multiple video and telephone meetings with representatives of Cloud Capital;
- An in-depth quantitative review of the General Partner’s track record;
- Qualitative assessment of the General Partner and their strategy;
- Evaluation of the market environment;
- Reference call to existing investors.

The Global Fund will be an open-ended investment vehicle pursuing a core-plus data center acquisition strategy focused on assembling a portfolio of data center assets that Cloud Capital believes will provide a stable long-term income stream and strategic growth opportunities. The Global Fund will seek predictable and recurring cash flows driven by high-credit customers and attractive lease terms. The Manager will leverage the data center experience, expertise and relationships of CloudHQ, an affiliated global data center development and operating company that is also owned by Hossein Fateh.

The Global Fund's investment strategy is underpinned by Cloud Capital's defensive growth thesis that is focused on acquiring a mix of stabilized/near-stabilized assets and growth assets. Cloud Capital maintains a dynamic pipeline of identified potential acquisition opportunities across data center properties, portfolios, and platforms with assets. The Global Fund will have the exclusive right (but not the obligation) to acquire stabilized/near-stabilized assets from CloudHQ's US proprietary development pipeline. Cloud Capital believes that it will be a preferred landlord for the top data center users given the Global Fund's evergreen structure, which allows for continuity and stability of ownership.

The current market conditions, seasoned team and Cloud Capital's relationships, including association with CloudHQ, results in what RVK believes to be an attractive investment opportunity. Further, RVK believes the core advantages of the Fund to be:

- 1) A sector focused fund investing in the quickly growing data center sector that continues to see high demand of space and attractive yields with long term lease structures;
- 2) The team's deep industry experience in the data center sector, relationship with CloudHQ and ability to source deals to build an attractive portfolio; and
- 3) The Global Fund's defensive growth strategy that is focused on acquiring stabilized and near-stabilized assets that provide upside via incremental value-add activities and limited development.

RVK believes that for a fund solely investing in data center assets the key risks for this strategy are:

- 1) A technological advance or breakthrough that would minimize the need and thus demand for data center space;
- 2) Environmental pressures due to the sector's high energy and water demands; and
- 3) The risk of a single owner leading the organization of both CloudHQ and Cloud Capital that could face issues if Mr. Fateh is unable to remain active in his role as owner and CEO of each organization.

STRENGTHS & MERITS

Attractive Market Opportunity: Data centers are mission-critical facilities required for storing, processing and connecting data, all of which is increasingly imperative to global business operations. Cloud Capital believes the sector benefits from a combination of strong industry tailwinds and significant barriers to entry.

Cloud Capital believes that the explosive growth of data generation, stemming from the proliferation of high bandwidth internet connectivity, and the emergence of new content and technologies is driving

significant demand for data center facilities to store, process and connect this data. Global data traffic has more than doubled in the five years since 2020 and McKinsey & Company expect US data center demand to grow at a 15% CAGR from 2023 to 2030. Cloud Capital expects the global data center market to continue steady growth, predominately fueled by hyperscale deployments.

Barriers to Entry: The sector also benefits from significant barriers to entry amidst increasing customer demand. Data centers are difficult-to-replicate assets with significant capital requirements. Further, public and private cloud latency requirements necessitate locating in or in close proximity to major markets with high barriers to purchasing land and sourcing power and high initial capex requirements. Given the mission critical nature of the facilities, customers rely on a select few trusted providers.

Defensive Growth Strategy: Cloud Capital will seek to achieve long-term capital appreciation and income driven by a “Defensive Growth” thesis that is focused on acquiring a mix of stabilized/near-stabilized assets and growth assets that provide some upside via incremental value-add activities. These data center assets provide investors with favorable long-term leases with large-cap, high credit quality tenants. Cloud Capital will seek leases with annual escalators and low NOI availability.

Cloud Capital will focus on the data center sector’s fastest growing and largest addressable market, primarily targeting wholesale and hyperscale data center assets located in key data center markets leased primarily to large enterprises, government entities, leading cloud providers and other hyperscale customers.

The Global Fund’s core-plus acquisition strategy allows for multiple pathways to pursue a compelling portfolio of data center assets; these pathways include the acquisition of data center properties and portfolios, as well as the acquisition of data center platforms with assets and strong management teams. Further, Cloud Capital will selectively pursue incremental development opportunities primarily as an expansion to the data center assets and platforms that the Partnership acquires. While the fund will engage in development and expansion opportunities, they are typically de-risked (in accordance with the Global Fund’s investment restrictions) as they will be a function of the underlying customer’s growth plans, pre-committed or located on existing or adjacent land. This strategy reduces the risk of acquiring raw land and seeking permitting and power acquisition like other investors in the sector.

Vertical Integration: Cloud Capital is affiliated with CloudHQ, a vertically integrated, pure-play data center owner and operator with over 250 professionals (as of June 2025). Cloud Capital’s access to CloudHQ’s data center operation and development expertise is distinct from the traditional private equity model that allocates capital to specialist operators and developers.

Cloud Capital provides investment management expertise and is dedicated to the acquisition strategy focused on the long-term ownership of high-quality data center assets across key markets. Cloud Capital will be focused on the acquisition of stabilized/near-stabilized data center properties and portfolios, platforms with assets, and related expansion and development.

CloudHQ provides high quality operational expertise, a market leading reputation and longstanding customer relationships, all of which provide what Cloud Capital believes to be a material advantage in sourcing, underwriting, executing, and managing data center transactions. Cloud Capital will benefit from CloudHQ's significant in-house capabilities spanning leasing, engineering and property operations, development and design, legal, and capital markets.

Pipeline and Ability To Scale Platform: Through their association, CloudHQ provides Cloud Capital with ongoing and exclusive access to a proprietary pipeline of high-quality stabilized/near stabilized US data center properties. While Cloud Capital has the exclusive right to acquire these data center assets, there is not requirement to acquire and Cloud Capital may acquire from non-affiliated partners. The current near term pipeline from CloudHQ includes 4,400 MW of total IT load capacity with an estimated \$35.5B of equity requirements.

Cloud Capital maintains a pipeline of investment opportunities that encompasses a combination of near-term, medium-term, and longer-term opportunities including wholesale, hyperscale and select/strategic retail assets across the US.

GP Commitment: As the owner of CloudHQ and Cloud Capital, Hossein Fateh has a significant investment in the Cloud investment infrastructure and its success. In addition to founding these platforms and maintaining full ownership, Mr. Fateh has made a significant seed investment into the Cloud Capital Global Fund structure. Mr. Fateh has committed 10% of the initial target fund raised, that is capped at \$200 million. This is a significant commitment that is larger than most GP Commitments observed by RVK. This demonstrates Mr. Fateh's commitment to the open-end strategy and his belief that the Global Fund will provide a compelling return profile.

ISSUES TO CONSIDER

Technological Advances: Data centers operate in the technology space that continues to make rapid advancements which can lead to obsolescence. Computer processing capabilities continue to increase exponentially, per Moore's Law, while consuming more and more power. As processing and cooling

technologies improve, older data centers may no longer provide appropriate layouts or cooling infrastructure for new computer technology.

While these concerns exist, the greatest technological risk of obsolescence resides with the tenants of Cloud Capital's assets. The tenants have invested a significant amount of capital on the technology inside the data centers compared to the cost of the data center buildings. This lowers the risk of technological obsolescence for data center owners.

Concentration Risks: Investing in a data center specific fund creates two distinct concentration risks for investors. The first is the risk of investing into a single sector fund. A slowdown in the growth and use of technology for business needs, entertainment, communication and commerce would likely drop the demand for data centers. The second is the risk of a limited tenant base. In 2024, CBRE reported roughly half of total occupied data center space is by large technology and telecom companies. This concentration continues to grow as leading technology companies occupy larger and more powerful data centers as AI use drives heavier demand for data center assets. Cloud Capital understands these risks and believes their vertical integration through CloudHQ helps provide advantages compared to other owners.

Limited Organization and Fund History: Cloud Capital was founded in 2020 by Hossein Fateh, and the Global Fund was launched in 2021. This time frame provides very limited history of the organization and the ability to execute the stated investment strategy. Mr. Fateh is a first mover in the data center sector having invested in the space for over 30 years. Prior to founding Cloud Capital and CloudHQ Mr. Fateh co-founded DuPont Fabros Development which became DuPont Fabros Technology ("DFT"). Mr. Fateh hired Shariar Mohajer to be Cloud Capital's President & CIO. Mr. Mohajer has over 30 years' experience in Private Equity and Mergers & Acquisitions with a focus on digital real assets and infrastructure. Mr. Mohajer has executed on over \$100 billion of communications infrastructure and data center M&A transactions. Mr. Sharier is joined by Kristin O'Connor Leung as a Managing Director & Head of North American Investments. Ms. Leung has over 25 years of investment experience joining Cloud from GIC where she led their North American Funds & Co-Investment Real Estate team with a focus on digital assets. In Europe Kyle Lewis is a Managing Director and joined Cloud from RBC, where he worked with Mr. Mohajer. Mr. Lewis has over 15 years of experience.

Concentration of Ownership:: As the sole owner of CloudHQ and Cloud Capital, a loss of involvement by Hossein Fateh, could present challenges on the continuation of the ownership of these entities. These entities would pass to his heirs via trust documents, but the uncertainty of the future ownership structure could represent a significant risk to investors as well as current key personnel. As the CEO of each entity,

Mr. Fateh represents a key man risk if he were unable to continue as CEO. As an industry leader with significant relationships across the technology and data center industry, Mr. Fateh represents a significant advantage for investors, but also presents a risk to the depth and quality of the both organizations in the event of his departure or reduced engagement.

Staff Turnover in New Structure: Cloud Capital formed the Global Fund in 2021 and since this time Cloud Capital has lost three significant senior members of the management team. In March 2024, Jeff Foster, Cloud Capital's CFO retired after only two and a half years in that position. Jeff has remained close to Cloud Capital and serves as a Senior Advisor and is a non-voting member of Cloud Capital's Investment Committee. In March of 2025, Clayton Mynard, the Firm's General Counsel retired after serving in this role for two and a half years. In April 2025, Christoff Hammerli left full time employment after working for the Firm for just over three years, transitioning to a senior advisor role and continued focus on the Project Empire portfolio.

These departures raise concern over the stability of the management team for Cloud Capital and potential investors should monitor the ability of Cloud to retain key members of the leadership team. It is a positive sign that two of the departures remain connected with and very active with the investment process. RVK acknowledges that Cloud continues to grow the organization and has added 12 senior members across the investment, legal, accounting and investor relations areas. As an open-end fund, investors have the ability to withdraw from the Global Fund if turnover becomes an issue that impacts fund performance.

Fund Terms: The Global Fund is an open-end evergreen vehicle that is designed to provide periodic liquidity to investors. Withdrawals are subject to the availability of cash to fund such withdrawal requests. With the size of data center investments and expected low turnover of assets, investors should be prepared to receive withdrawal proceeds over an extended period of time. Investors can redeem with 90 days' notice at each quarter end. Subject to available cash, redemption proceeds will be paid within 45 days of the redemption date. If Cloud Capital is unable to satisfy an LP's withdrawal request in full, any unsatisfied portion of the withdrawal request is carried forward for each subsequent quarter until the request is satisfied.

The Global Fund provides the General Partner an Incentive Allocation with a hurdle rate of 6% measured over a 3 year period. RVK views a 6% hurdle for a core+ fund that is targeting a gross IRR between 11% - 13% to be on the low end and a GP friendly term. It is noted that the Incentive Allocation is 15% to the GP following the 6% Hurdle Rate, but there is no catchup. RVK views these terms to be more LP friendly.

INVESTMENT RECOMMENDATION

RVK, Inc. recommends the North Dakota Board of University and School Lands commit up to \$100 million to the Cloud Capital Global Fund to diversify the infrastructure allocation, via investing in a data center sector strategy. RVK believes that a commitment of up to \$100 million:

1. Reflects an allocation of sufficient size to meaningfully augment the portfolio's long-term returns.
2. Adequately balances risk-reward potential from an allocation to a single sector, evergreen strategy.
3. Provides access to a sector leader with expertise and vertically integrated approach to data center investing, providing diversification to the infrastructure and broader investment portfolio.

RVK believes this investment opportunity presents a compelling mix of attributes, that the merits outweigh potential risks, and that the Fund offers client portfolios the potential for attractive risk adjusted returns within private infrastructure.

SUMMARY OF KEY TERMS (AS OF MARCH 31, 2025)

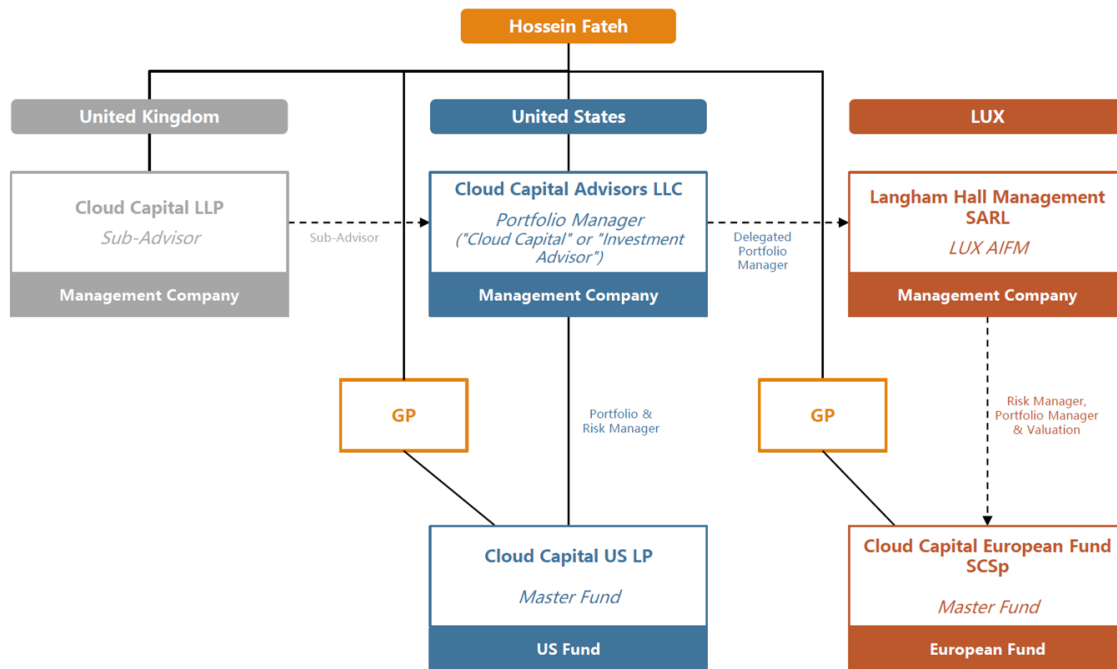
Inception	September 2021
Targeted Returns	11-13% Gross Levered IRR, 10%+ Net Levered IRR
Gross Asset Value	\$4.8 Billion
Net Asset Value	\$1.9 Billion
Entry Queue	\$80 Million – Expect new capital to be deployed over 2-3 quarters
Exit Queue	\$0
Fund Structure	The US Master Fund is a Delaware limited partnership and the European Master Fund is a Luxembourg special limited partnership. The US Feeder is a Delaware limited partnership formed on January 11, 2022 for the benefit of US investors.
Target Sectors	Data Centers
Management Fee	First \$200 million at 1.0% per annum Greater than \$200 million 0.8% per annum
Preferred Return	6% Performance Hurdle
Incentive Allocation	Following 6% Performance Hurdle allocated to Limited Partners, 85% of capital appreciation will be allocated to Limited Partners and 15% will be allocated to the General Partner. It is noted there is no catch-up provision
Risk Controls	No more than 20% of the Fund's GAV may be invested in non-income-producing properties or developments that are not contracted. All development activity must be associated with an existing data center property, portfolio or platform. The Fund will not invest in pre-entitled land.. For the US Fund no more than 20% of the Fund will be invested outside the US and for the European Fund no more than 20% of the Fund will be invested outside of Europe. No more than 25% of the Fund's GAV may be invested in any single asset. No more than 5% of the Fund's GAV may be invested in assets that are not data centers No more than 20% of the Fund's GAV may be invested in a "retail colocation" asset. All GAV calculations are based on \$5 million GAV until the Fund exceeds \$5M
Debt Overview	Leverage should not exceed 60% of Fund GAV
Quarterly Withdrawal Policy	Quarterly redemptions allowed with 90 days' notice Any unsatisfied request will be carried forward to the subsequent quarter until paid.

FIRM BACKGROUND, TEAM, OWNERSHIP & TURNOVER

Cloud Capital was founded by Hossein Fateh in 2020 to pursue core-plus, lower risk investment strategies focused primarily through the acquisition of existing and operating data center assets. Mr. Fateh, with over 30 years of experience in the data center sector, is the sole owner and controller of the firm and current CEO. As of March 2025, Cloud Capital maintains \$4.8B in AUM, owning a portfolio of 15 data centers across United States and Europe. Employee headcount has reached 29 individuals, with offices in Washington, D.C., London and San Francisco. The firm is led by a senior management team with significant data center experience and many of whom have worked together in previous roles.

CloudHQ is an affiliated vertically integrated operating and development data center company that is also owned by Hossein Fateh. CloudHQ was founded in 2016 by Mr. Fateh to address the massive demand for wholesale data centers from top global cloud and enterprise customers in the US, Europe and APAC. CloudHQ has over 250 professionals globally, extensive in-house operating expertise and deep tenant relationships. Cloud Capital is able to leverage CloudHQ to provide ongoing leasing, property management, engineering, legal and capital markets services to support Cloud Capital's data center acquisition and development activities for certain assets. With the exception of Hossein, who serves on the management teams of both CloudHQ and Cloud Capital, CloudHQ is a separately managed organization that does not participate in or influence the investment decisions of Cloud Capital. All investment management services are provided exclusively and independently by Cloud Capital's dedicated team of investment professionals.

Cloud Capital has two independent Master Funds, the Cloud Capital US LP, and the Cloud Capital European Fund SCSp, which target U.S. and European investment opportunities, respectively. An ownership structure chart is outlined below.



The General Partner and the Manager

Cloud Capital will sponsor, manage and advise the Cloud Capital US LP fund, and Cloud Capital GP LLC, an entity affiliated with Cloud Capital, will serve as the general partner. Cloud Capital GP LLC, together with its affiliates and their respective officers, family members and estate planning vehicles, will directly or indirectly make and maintain aggregate capital commitments of 10% of the aggregate capital commitments up to a maximum of \$200 million, minus Retained Amounts, demonstrating meaningful alignment of interests. To note, this GP Commitment is fully funded by Hossein Fateh.

Mr. Fateh leads Cloud Capital's 29 person organization, leveraging his deep customer relationships and longstanding operational expertise. The firm has established a growing team of eight data center investment professionals, led by Chief Investment Officer Shariar Mohajer. This team is supported by 15 additional dedicated resources across Investor Relations, Compliance, Finance & Accounting, and Information Technology, and expects to continue expanding with the growth of the Fund. Cloud Capital is also supported by three Senior Advisors, with Jeff Foster and Christof Hammerli having previously been

full time Cloud Capital employees. A full organizational chart below:



Houssein Fateh: Over the course of his career, Mr. Fateh has delivered nearly 720 MW of critical IT load across 26 data centers acquired, built, or currently under construction. Specifically, Mr. Fateh has acquired and developed/delivered 24 data centers comprising approximately 650 MW. Additionally, Mr. Fateh has pioneered several key innovations benefiting the data center sector, including (i) the triple-net lease structure for wholesale data centers, helping to facilitate institutional capital flows into the sector, and (ii) the first “Private Letter Ruling” from the U.S. Internal Revenue Service qualifying data centers as real property for purposes of the REIT qualification requirements. In addition, Mr. Fateh co-founded, built, and managed DFT, a leading publicly traded data center REIT, which ultimately sold for an enterprise value of \$7.8 billion.

Shariar Mohajer: Mr. Mohajer has an established track record within the communications infrastructure and data center space, having advised on over \$100 billion in M&A transactions completed and/or mandated globally over 25 years. During this time, Mr. Mohajer worked at Lehman Brothers, Merrill Lynch and RBC Capital Markets focused almost exclusively on communications infrastructure M&A. He moved on data center investments while at Merrill Lynch’s Global Communications Fund in 2000, and most recently oversaw one of the most active data center M&A practices globally while at RBC Capital Markets. Mr. Mohajer leads Cloud Capital’s investment efforts alongside Mr. Fateh. Prior to joining Cloud Capital, Mr. Mohajer worked extensively with Mr. Fateh in an advisory capacity beginning in 2013.

The Cloud Capital team is comprised of additional data center experts and will also benefit from services provided by CloudHQ’s dedicated teams spanning leasing, engineering and property management, development and design, legal, and capital markets.

Cloud Capital Investment Committee

Cloud Capital’s Investment Committee delivers final investment decisions and employs a simple majority voting system. All investments, which have passed initial due diligence requirements, will be presented to the Investment Committee for formal review. The Investment Committee is comprised of Houssein Fateh, Shariar Mohajer, Kristin O’Conner Leung, and Kyle Lewis, with Jeff Foster also joining as non-voting member. Firm provided documents note that, for any Investment Committee decision related to CloudHQ acquisitions / investments, Houssein Fateh recuses himself from the Investment Committee.

Staff Turnover

As a young and small firm, Cloud Capital has exhibited solid growth in headcount, adding a combined 11 new staff members in 2024 and 2025 across the firm – of which six are considered Directors or above. Departures of senior personnel in the last five years (nearly the entirety of the Firm’s existence) have included two retirements and one “transition” where the individual remains as a Senior Advisor for Cloud Capital. The increase in net headcount is consistent with the Firm’s growing footprint, which now includes offices in both the U.S. and Europe. We are encouraged by the Firm’s initial and continuing acquisition of talent in a niche space, which speaks to the senior leadership’s prior experience as either founders or founding partners to other businesses. RVK feels it is appropriate to monitor the retention of senior leadership following the retirement of three senior leaders, acknowledging two remain engaged with Cloud Capital as Senior Advisors.

CURRENT MARKET OVERVIEW

Following a long period of economic expansion after the financial crisis of 2008, the onset of the coronavirus pandemic (“Covid-19”) led to a severe, abrupt shock in demand and lingering and more complex effects on supply. The impacts were felt throughout the economy, and commercial real estate was no exception. Real estate values and liquidity were severely impacted as evidenced by the publicly-traded REIT market falling 42%, a spike in CMBS delinquency rates and a temporary dearth of private market transactions.

Globally, government and central banks unleashed unprecedented fiscal and monetary stimulus, as well as other support and liquidity mechanisms including the US Treasury’s \$790 billion Paycheck Protection Program, the Federal Reserve’s \$400 billion balance sheet expansion and other federal and state pandemic response investment programs totaling \$5 trillion. These significant infusions of liquidity, along with the Federal Reserve lowering short term interest rates to close to 0%, stimulated borrowing, investment and stabilization of the capital markets, which set the stage for the fastest economic recovery in U.S. history.

In the United States these programs stimulated the economy, including property markets creating inflation at a higher level than had been seen since the GFC. The Federal Reserve committed to aggressively raising the federal funds rate and reducing the Fed’s balance sheet throughout 2022 and 2023 to combat rising inflation. These tightening monetary policies raised interest rates with a significant impact on commercial real estate increasing the cost of capital and forcing a repricing of assets.

Recently the United States announced a sweeping new immigration and tariff policies that have raised concerns over inflation, labor shortages, and a potential U.S. recession. These policies have created volatility in the markets leaving businesses, consumers and investors to take a cautious approach in 2025. The Federal Reserve has remained steady with interest rates trying to reduce additional inflationary pressures, but they continue to keep an eye on a possible recession and potential action.

RVK believes that there is an attractive market opportunity to invest in data centers which possess steady demand drivers for leased or developments with a lease in place. The tenants that the Manager will hold leases with are investment grade tenants with significant investment inside the data centers that will exceed the cost of their lease. The Manager is a first mover in creating an open-end structure to hold these long-term leased buildings that provide predictable cash flows with annual escalators.

Data Centers

Data centers provide businesses the ability to fulfill mission-critical business needs and the pandemic demonstrated the mission-critical nature of data centers and the role data centers play in the national and global economy. Ever increasing demand for data centers has been driven by recent technology trends, such as data proliferation, cloud computing, growing complexity of applications and, most recently, the emergence of AI.

Over the last decade, the data center sector has experienced explosive growth driven by demand for cloud services, the Internet of Things (IoT), and increasing amounts of data generated by consumers and businesses. The sector has further evolved over the last 24 months as the rise of AI and machine learning have grown. AI and machine learning both require immense power, processing, and data storage, which has helped push data center development, absorption, and rent growth to new heights. It is estimated that over the next five years, consumers and businesses are expected to generate twice the amount of data as was created in the last decade.

Data centers provide a unique investment in assets that are mission-critical to its tenants' businesses and generally uncorrelated to traditional drivers such as economic strength, GDP growth and jobs. Data center customers often invest extensively into the infrastructure of their spaces and thus create meaningful incentives to retain their footprints once occupied. These factors contribute to data centers exhibiting reliable cash flows and long-term tenant occupancies despite economic cycles and customer needs. In the data center sector, hyperscale users and cloud service providers (i.e., Amazon Web Services, Microsoft, Meta, Alphabet, etc.) drive absorption and demand for data centers and connectivity. As tenants, they provide long term reliable cash flows as each of these hyperscalers currently has more than one trillion dollars in market capitalization and strong credit ratings.

Data centers have demonstrated their resiliency and defensiveness as compared to traditional real estate through business cycles. Most notably, rent collections remained extremely high, and data center facilities witnessed little to no tenant turnover. During the pandemic, data center REITs outperformed the rest of the market, and market valuations for data centers increased. Further, the effects of the pandemic and the subsequent demand for data spurred by the emergence of AI have only accelerated the underlying trends behind data center demand – data consumption and proliferation.

Data center performance continues to demonstrate the strong underlying fundamentals of the sector anchored by strong tenant demand, from cloud computing, e-commerce, and most recently from AI-related leasing, with virtually all data center developments already pre-leased before commencing

construction. Current vacancy is at a record low as of the second quarter of 2024, having trended downward every year since 2018. Absorption is estimated to outpace elevated deliveries in 2024. Leasing activity is still being driven by large hyperscalers such as Amazon Web Services, Meta, Alphabet, and others taking large chunks of data center space.

In addition to allowing investors to diversify their portfolios away from cyclical segments, due to differentiated demand drivers, data centers have historically shown less downside volatility than traditional sectors as occupancy and rental income are driven by mission critical business needs and volume of data consumption and not limited exclusively to fluctuations in market fundamentals. Data centers are benefiting from record tenant demand as the quantity and quality of data both businesses and people consume is projected to increase rapidly.

The data center sector has experienced significant growth in the past few years, and despite this, Cloud Capital believes the sector is still in its early stages of growth, leaving opportunities for investors to provide leasing space to tenants and potential tenants highly demanded space. RVK believes accelerating trends in the consumption and creation of data will continue to fuel the need for data processing, storage and management. Businesses, government, universities, and healthcare providers are seeking more intense and distributed infrastructure to support increasing computing, storage and bandwidth requirements.

INVESTMENT STRATEGY

Through the structure of the Global Fund, Cloud Capital will pursue a core-plus data center acquisition strategy focused on assembling a portfolio of mission-critical assets that provide a stable long-term income stream and strategic growth opportunities. This core-plus acquisition strategy allows for multiple pathways to pursue a portfolio of data center assets. Cloud Capital will acquire data center properties and portfolios, as well as acquire data center platforms consisting of assets and strong management teams. Further, the Global Fund will selectively pursue incremental development opportunities as an expansion strategy related to the data center assets and platforms that it acquires. These development and expansion opportunities are significantly de-risked as they will occur as a function of the underlying customer's growth plans.

Cloud Capital will target a core-plus return, driven by a defensive growth thesis that is focused on acquiring a mix of stabilized/near-stabilized assets and growth assets that provide moderate upside via incremental value-add activities, including some development.

Acquisition Strategy: First, the Global Fund will have the exclusive right (but not the obligation) to acquire assets developed by CloudHQ that Cloud Capital believes are attractive assets for the Global Fund to acquire given their new build and long-term lease to high credit quality customers. Pricing will be informed by independent appraisals and subject to governance protections (Advisory Board approval) for these potential acquisitions. It is contemplated that these assets will either be acquired when fully stabilized/near-stabilized or at a significantly de-risked stage.

Second, Cloud Capital has a growing team of dedicated and experienced investment professionals to source and underwrite acquisition opportunities from third party sources. Such acquisition opportunities are expected to include single stabilized/near-stabilized assets, portfolios of such assets and data center operating platforms backed by attractive assets, usually with a strong in-place management team and further pipeline. Acquisitions in the data center market are often marketed processes and the investment team led by President & CIO Shariar Mohajer is able to evaluate the competitive positioning of both investment targets as well as rival bidders. CloudHQ's data center expertise allows for enhanced diligence of potential acquisitions given the ability to fully understand a technical asset and its limitations or potential. The deep relationships with key hyperscale customers allow for a clear understanding of how the target assets are currently used and therefore how important the assets are to those customers for the future. This provides insight into both the growth potential and also the residual risk of a given asset. All of the above detail enables Cloud Capital to appropriately target and price acquisition opportunities.

Data Center Types: The Global Fund aims to own strategically located and mission-critical assets that leading data center customers need and desire. The Global Fund's focus will be to target data centers in key markets in the US and Europe with efficient physical infrastructure, robust fiber connectivity and attractive lease terms.

Cloud Capital's investment strategy will primarily target wholesale and hyperscale data center assets located in major data center markets leased to large enterprises, government entities, leading cloud providers and other hyperscale customers. These customers tend to be of increasingly higher credit quality, sign longer leases and constitute the largest share of incremental long-term data center demand for themselves. Customer relationships relating to the CloudHQ pipeline have largely been focused on the wholesale and hyperscale segment; this is the fastest growing and largest addressable data center market.

As a secondary focus, and potentially as part of portfolio transactions, Cloud Capital may acquire select and strategic retail colocation data center assets that are deemed particularly compelling and accretive to Cloud Capital's overall portfolio (e.g., well-located strategic assets, highly interconnected assets).

However, it is expected that retail colocation assets will represent a small portion of Cloud Capital's overall portfolio. Increasingly, much of this colocation demand is moving towards the public cloud. This shift could also provide an opportunity for Cloud Capital to selectively curate targeted portfolios with high demand to repurpose otherwise well designed and critically located assets to a different use.

Target Markets: Cloud Capital's strategy seeks to allow the Global Fund to capitalize on compelling opportunities as customers continue to expand their data center presence across global markets. Particularly given the mission-critical nature of data center assets, leading customers strongly prefer landlord continuity across geographies. Landlords with the ability to meet customer requirements globally will be competitively positioned.

The Global Fund will focus on data center assets in primary and secondary US major metropolitan markets, key US interconnectivity hubs, primary European markets and emerging secondary markets. Cloud Capital intends to have dedicated resources in the markets in which it will operate, supplemented by local partners, which could be in the form of local joint venture partnerships in the ownership and operation of data centers that are acquired. Further, the Global Fund will utilize CloudHQ's vertically integrated platform and leading in house capabilities with dedicated teams spanning leasing, engineering and property operations, development and design, legal, and capital markets.

Defensive Growth Thesis: Cloud Capital targets a core-plus return utilizing a defensive growth thesis defined by the following characteristics:

- **Mission Critical Infrastructure (Defensive):**
 - (a) Base real estate and infrastructure required to store, process and connect data
 - (b) Critical to customers' ability to conduct business (as evidenced by COVID-19)
 - (c) Long-life assets with low technological risk as the customer owns depreciable assets including servers and equipment
 - (d) Assets located in key markets with long-term differentiators: availability of power and connectivity, high customer retention / significant barriers to customer exit, favorable tax incentives
- **Predictable & Recurring Cash Flow (Defensive):**
 - (a) Typically, large cap, high-credit quality tenants on medium to long term leases with

annual escalators

- (b) Hyperscale, large enterprise and government focused assets constitute the largest addressable market in the data center space
 - (c) Low correlation to other asset classes and proven defensive performance
 - (d) Data centers are the common denominator facilitating the implementation of technological advancements.
- **Additional Value Creation (Growth)**
 - (a) Select related expansion or development opportunities
 - (b) Operational and enhanced revenue synergy potential
 - (c) Capitalize on undermanaged rent rolls by lengthening lease terms and/or enhancing the asset's customer credit profile
 - (d) Scale, high quality assets, and a dynamic customer mix may result in an attractive portfolio premium
 - (e) Development opportunities can be incremental and associated with existing cash flow positive assets or with adjacent land

INVESTMENT PROCESS

The Investment process is an ongoing process that utilizes three avenues of deal sourcing. The team assesses acquisitions from CloudHQ, from third parties, and the acquisition of third party platforms. The most active sourcing avenues are from CloudHQ and third parties. The acquisition efforts are led by Shariar Mohajer (President & Chief Investment Officer), Kristin O'Connor Leung (Managing Director and Head of North American Investments), and Kyle Lewis (Managing Director). In addition to their sourcing responsibilities, this team leads the underwriting and investment execution. The investment team utilizes their sector experience and industry relationships to facilitate sourcing channels in order to acquire first class data center properties and operating platforms globally. Cloud Capital believes the team's market leading reputation and deep customer relationships provide a material advantage in sourcing and deal execution for data center assets.

Once data center assets have been identified by the team they employ a disciplined investment approach

driven by the team's extensive history of investing in data centers as well as accessing the technical expertise of CloudHQ. By utilizing CloudHQ's experience in leasing, development, engineering and operations they are able to gain enhanced diligence of potential acquisitions by deep analysis of the technical aspects of each asset, allowing the investment team to understand the asset's limitations and potential that other investors may not be able to see. Cloud Capital believe this technical analysis provides them an edge when evaluating acquisitions compared to their competitors.

Cloud Capital's detailed underwriting process includes financial modeling, market and tenant research, and examinations of the data center's infrastructure. The investment team has extensive financial modeling experience and runs sensitivity analyses surrounding ample underwriting scenarios for each acquisition. The investment team leverages its prior deal experience to accurately reflect realistic outcomes in its financial models and investment memos. Examining a tenant's credit profile as well as its data center leasing history are a few of the key components to Cloud Capital's underwriting process. When examining a data center's underlying infrastructure, Cloud Capital leverages CloudHQ engineering and leasing teams to assist with a technical and leasing market evaluation.

Following initial diligence and underwriting, all investments will be presented to the Investment Committee for formal review. Cloud Capital's Investment Committee is comprised of Hossein Fateh, Shariar Mohajer, Kristin O'Connor Leung, and Kyle Lewis, with Jeff Foster also joining as a non-voting member. For any Investment Committee meeting related to CloudHQ acquisitions/investments, Hossein Fateh recuses himself from the Investment Committee. Once diligence is completed, the Investment Committee will deliver a final investment decision. For any deal to move forward a simple majority is required by the Investment Committee.

Cloud Capital's asset management activities are led by the Investment and Asset Management team. Cloud Capital takes a hands-on, proactive approach to asset management and seeks to optimize performance and risk-adjusted returns by regularly monitoring assets, performing routine preventative maintenance and implementing capital improvement programs in connection with each property's needs across equipment and systems.

PORTFOLIO CONSTRUCTION AND PIPELINE

The Firm has built and continues to build a data center portfolio through their three-pillar approach to acquiring assets.

The first pillar is acquisition of assets directly from CloudHQ. Assets acquired directly from CloudHQ will

either be stabilized assets with an expected gross return of 10-11% or pre-stabilized assets with an expected gross return of 12-15%. The Global Fund currently holds five assets acquired from CloudHQ, with two in the US and three in Europe. As of December 31, 2024, these assets represent over \$1 billion in capital invested with a total value of \$3.7 billion.

The second pillar is acquisition of assets via third parties, including build to suit opportunities from hyperscale tenants. Cloud Capital targets gross returns of 13-16%+ depending upon value-add characteristics. The Global Fund currently holds 10 assets all located in the US acquired via third parties. As of December 31, 2024, these assets represent over \$328 million in capital invested with a total value of \$849 million.

The Global Fund has a significant pipeline of data center assets over the next several years. As part of the CloudHQ pipeline, Cloud Capital is currently evaluating 15 assets that are scheduled for completion in 2025. These assets would require more than \$11 billion of equity investment totaling approximately 1500 MW of IT load capacity. For projects scheduled for completion in 2026 and beyond, there are currently 36 projects in various stages of completion that would require over \$24 billion in equity investment totaling approximately 2,900 MW of IT load capacity.

Cloud Capital also has a significant pipeline of third party acquisition of data center assets and platforms. The 2025 pipeline includes 16 potential transactions that total over \$15 billion of enterprise value. The team is evaluating 21 transactions that could be completed in 2026 or 2027 totaling \$14 billion of enterprise value. In addition to the near and medium-term pipeline Cloud Capital is currently evaluating 11 transactions with over \$8 billion in enterprise value that would be completed after 2027.

This significant pipeline allows investors to feel confident Cloud Capital can continue to grow the Fund and put new capital to work in accretive data center assets.

PERFORMANCE AND TRACK RECORD ANALYSIS

The following section reviews the performance of the Cloud Capital Data Center Fund Platform as of March 31, 2025.

INVESTMENT ANALYSIS

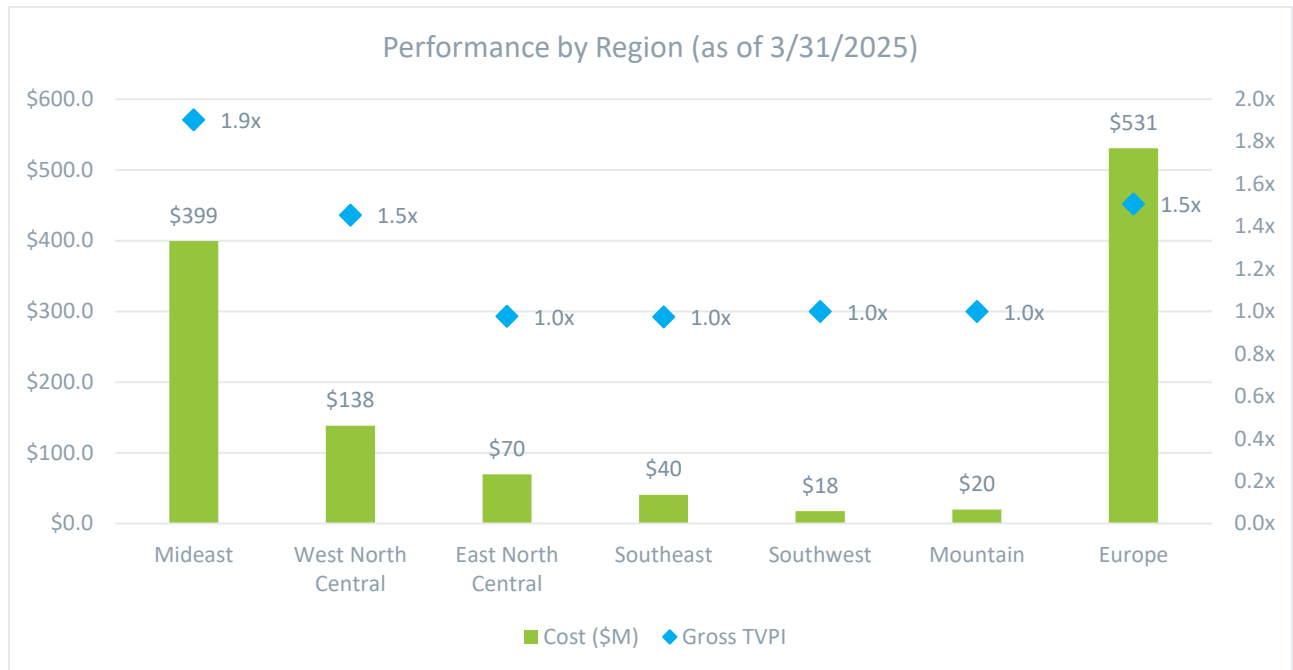
Performance by Vintage Year

Year	Number of Investments	Cost (\$M)	% of Total Cost	Gross Total Value to Paid-In-Capital (TVPI)
2022	4	\$447.4	37%	1.9x
2023	6	\$482.1	40%	1.4x
2024	5	\$296.0	24%	1.3x

From 2022 through 2024, Cloud Capital deployed on average \$405 million per year across a total of 15 investments. 77% of the total investments made over the three-year fund series have occurred in the first two years. 2022 is the strongest performing vintage year with an equity multiple of 1.9x. 2024 has an equity multiple of 1.3x and while vintage year is still young, all 2024 investments are projects still under development with different levels of completion, those with significant completion have seen some value appreciation.

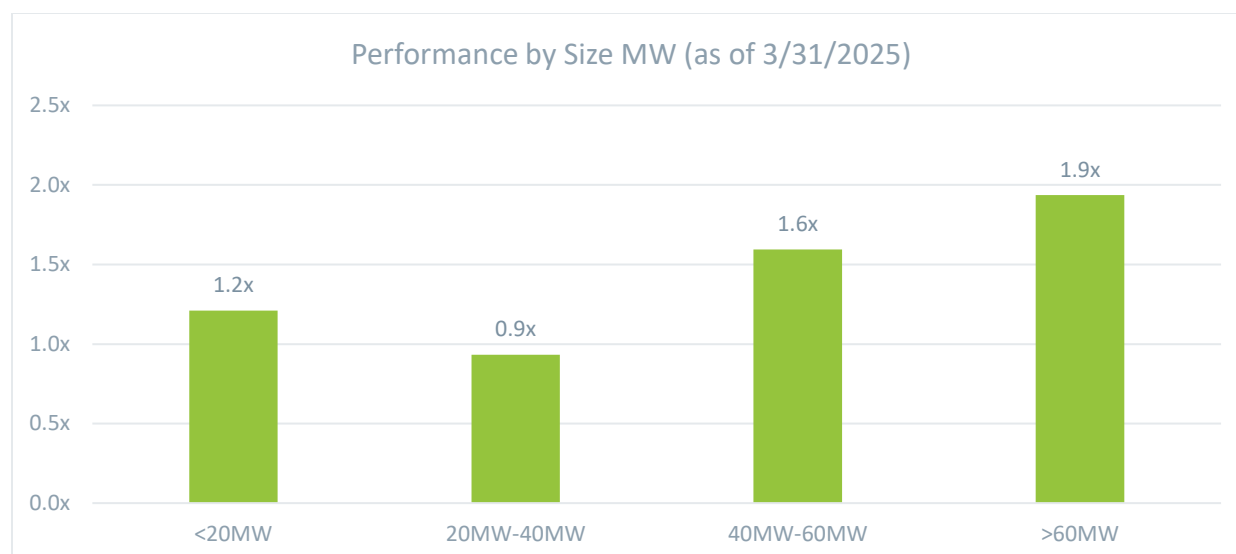
Performance by Region

	Number of Investments	Cost (\$M)	% of Total Cost	Gross Total Value to Paid-In-Capital (TVPI)
Mideast	3	\$399.2	33%	1.9x
West North Central	4	\$138.1	11%	1.5x
East North Central	2	\$69.7	6%	1.0x
Southeast	1	\$40.5	3%	1.0x
Southwest	1	\$17.5	1%	1.0x
Mountain	1	\$19.8	2%	1.0x
Europe	3	\$530.7	44%	1.5x



Cloud Capital has invested the most amount of capital, \$531 million, in Europe, and the three investments have performed at an equity multiple of 1.5x. The region with the second largest amount of capital invested is the Mideast region with \$399 million. The Mideast region has three investments and has performed the strongest with at a multiple of 1.9x. The West North Central has four assets. Only one asset in the West North Central region is fully developed and 100% occupied. All other regions have assets that are still under development and are performing at a multiple of 1.0x.

Performance by Property Size MW



	Number of Investments	Cost (\$M)	% of Total Cost	Gross Total Value to Paid-In-Capital (TVPI)
<20MW	9	\$285.5	23%	1.2x
20MW-40MW	1	\$128.6	11%	0.9x
40MW-60MW	2	\$328.2	27%	1.6x
>60MW	3	\$473.2	39%	1.9x

The larger assets that are greater than 60 MW have performed the best at a multiple of 1.9x. This group consists of three assets, which make up 39% of the Fund's total cost. The largest number of investments is in the less than 20 MW range. Cloud Capital invested in nine assets for \$285.5 million in this group, and it is performing at a multiple of 1.2x. The single investment in the 20MW through 40MW range is performing at a multiple of 0.9x. This is Cloud Capital's first asset, and the valuation has been impacted by rising interest rates.

Cloud Capital

September 2025

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An investment in any Fund is speculative and involves a high degree of risk, including the fact that such an investment would be illiquid and be subject to significant restrictions on transferability. No secondary market for shares/interests of a Fund exists or is expected to develop. The Fund pursues a core/core plus investment program that is expected to be concentrated in data centers. The expected lack of diversification in its investment program can be expected to result in higher risk than a fund that pursues a more diversified investment program.

The fees and expenses of a Fund will reduce its investment profits. Past performance is not necessarily indicative of or a guarantee of future results, and the investments described herein are highly speculative and involve risk, including the risk of total loss. These risks, and other important risks associated with an investment, are described in detail in the Documents, which prospective investors are strongly urged to review.

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I. Executive Summary



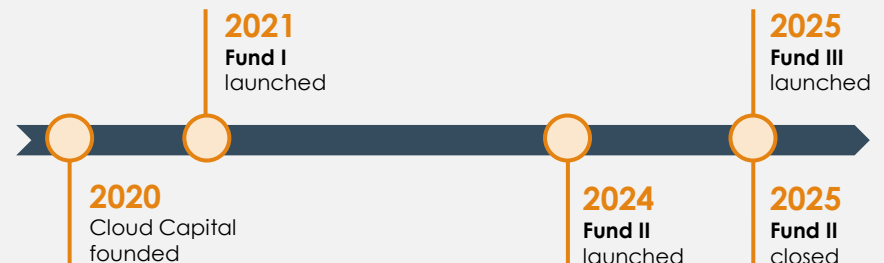
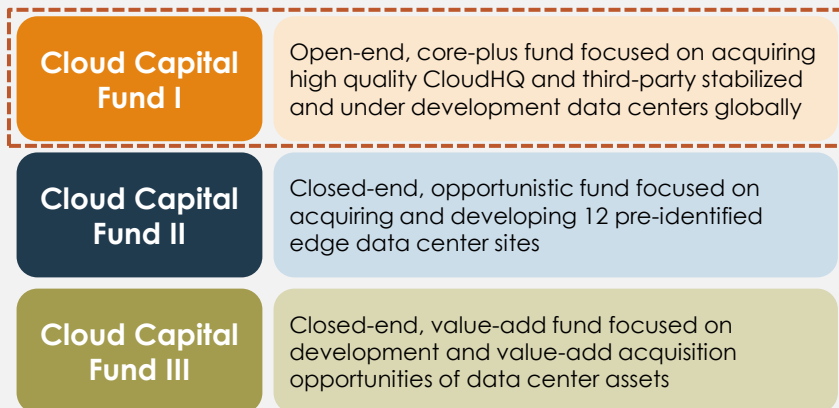
Cloud Capital Overview

Cloud Capital Overview



- Cloud Capital is a leading global specialized investment management firm focused on acquiring, developing and operating high-quality data centers. Cloud Capital was established by Hossein Fateh, a recognized pioneer in the data center sector for over 30 years
- The Cloud Capital team is comprised of professionals with extensive experience in the digital infrastructure sector, having built relationships with key data center tenants and being involved in many of the sector's key transactions for over a decade. Cloud Capital has grown to a team of 29 professionals, with offices in Washington D.C., San Francisco, and London
- Cloud Capital benefits from our strategic collaboration with CloudHQ, a leading developer, owner, and operator of data centers with over 260 professionals globally.⁽²⁾ Cloud Capital Fund I has proprietary first access to acquire assets developed by CloudHQ

Product Offering and Timeline



(1) Information as of Q2 2025.

(2) Cloud Capital and CloudHQ are affiliated companies under common ownership, but with different management structures that are independent of one another for purposes of investment decision-making.

Cloud Capital Team



Cloud Capital Senior Management

Years of experience
★ Investment Committee
🇺🇸 🇬🇧 Location



Hossein Fateh⁽¹⁾
CEO & Founder



Shariar Mohajer
President & CIO



John Comerford
COO & CCO



Investment & Asset Management



Kristin O'Connor Leung
MD & Head of North American Investments



Kyle Lewis
Managing Director



Lisa Collado
VP, Transaction Mgmt. & Closing



Fredrik Stocklassa
Vice President



Vivian Kuo
Vice President



Octave Bellet
Senior Associate



Sidney Chong
Associate



George Airs
Associate



Investor Relations & Capital Formation



Jerome Combredet
Head of IR & Capital Formation - EMEA



Vivian Tongalson
Head of IR & Capital Formation - Americas



Isaac Stewart
Associate



Capital Markets



Jason Weaver
Executive Vice President, Head of Capital Markets



Finance, Tax & Operations



Jim Armstrong
SVP & Fund Controller – U.S.



Richard Stubbs
Fund Controller – Europe



Dawn Yu
Director, Tax



Dermot Heron
Director, European Tax



Violet Leonard
Director, Accounting



Vicky Mo
Accounting Manager



Luke Oppermann
Fund Finance Manager



Olivia Cleary
Administration Assistant



Legal & Compliance



Liridon Sylisufi
European Counsel



Ben Kayden
U.S. Counsel



Lisa Bollard
VP, Compliance



Senior Advisors



Jeff Foster
Senior Advisor



Christof Hammerli
Senior Advisor



Neal Diplock
Senior Tax Advisor



Note: Please see Important Disclosures on Page 2.

(1) Hossein Fateh recuses himself from the investment committee in any CloudHQ related transactions.



Fund I Investment Strategy

Global Offering Focused on Data Centers

- Global open-end, core+ dedicated data center fund
- Led by long-term data center sector specialists
- **Geographic Focus:** North America and Europe, with potential tenant-led expansion over time
- **Target Returns:** blended 11-13% p.a. gross IRR / 10%+ p.a. net IRR ⁽¹⁾
- **Target Leverage:** 50-60% LTV, supported by strong credit tenancy with medium / long lease term and annual escalators

Blended Investment Strategy

- Flexible investment strategy building a quality portfolio of data center assets which may include:

Acquisition of assets developed by CloudHQ

Acquisition of assets from third parties

Acquisition of data center businesses with existing portfolios

Select growth opportunities to enhance acquired assets through related incremental expansion and development

Differentiated Ownership Approach



- **Tenant-led strategy** – strategic partner to key data center users



- **Trusted landlord** given mission critical assets that require proven owner / operator / development expertise and long-standing relationships



- **Long leases to high credit tenants** can provide defensive cash flows



- **Aim to be tenant-preferred landlord continuity and confidentiality** offered through perpetual and private structure

Note: Please see Important Disclosures on Page 2.

(1) Target blended 10%+ p.a. net return (assuming a 10-year hold) which is net of management fees, fund level expenses, carried interest, and other fees. These targets are based on a complex model of illustrative returns from target opportunities, and there can be no assurance that the vehicle will achieve the target returns or objectives set forth in this presentation. The mathematical model used to obtain these returns can be made available upon request.

Cloud Capital's Competitive Edge



Specialist Sector Knowledge

- ✓ Cloud Capital's specialist knowledge of the data center sector provides what we believe to be a meaningful competitive advantage. Our team seeks to ensure we have the expertise and capabilities to acquire and manage mission-critical data center facilities



Global Transaction Experience

- ✓ The Cloud Capital senior investment team brings material transaction experience to the table, having been involved in many of the sector's key M&A transactions for over a decade. The Cloud Capital team has a track record of sourcing and executing transactions in key data center markets



Strong Tenant Relationships

- ✓ At the core of Cloud Capital's approach is a commitment to building and maintaining long-term, strategic relationships with the largest data center tenants globally, including hyperscale and scale enterprise tenants



Ability to Leverage CloudHQ's Expertise

- ✓ Our affiliation with CloudHQ provides us access to CloudHQ's world class technical, leasing, development and operational expertise.⁽¹⁾ This expertise, coupled with CloudHQ's market leading reputation and longstanding tenant relationships, provides what we believe to be a material advantage in sourcing and executing data center transactions

Note: Please see Important Disclosures on Page 2. References to Cloud Capital's competitors or peers reflect Cloud Capital's subjective judgements relating to other firms' activity in the data center space, which rely in part on subjective views and assumptions. Not all possible competitors or peers may be included, which could lead to material differences in the comparisons made herein although Cloud Capital has chosen what it believes to be a representative set.

(1) Cloud Capital has the ability to consult with CloudHQ on aspects of due diligence, however this does not extend to any form of investment advice.



II. Q&A



III. Appendix: Investor Presentation



A. Opportunity Overview

Opportunity Overview



Cloud Capital offers access to a world-class portfolio of mission critical data center assets, providing a long-term income stream and strategic growth opportunities delivered by a specialist data center platform



Cloud Capital : Leading Dedicated Data Center Investment Management

- Investment strategy focused on acquiring high quality data centers globally
- Mission to be the partner and landlord of choice to top data center tenants
- Led by a dedicated team of data center specialists, with the benefits of strategic collaboration via CloudHQ's technical, development, and operational expertise and longstanding tenant relationships to source and enhance premium assets
- Cloud Capital Fund I currently owns a portfolio of \$5.2 billion⁽¹⁾ in data center assets and is supported by blue-chip institutional investors
- Substantial sponsor commitment of 10% (up to \$200 million), demonstrating meaningful alignment of interests



CloudHQ : Leading Global Data Center Developer & Operator

- Global data center provider that specializes in the design, development, and operation of world class hyperscale data center facilities for the world's largest technology companies
- CloudHQ's global footprint and experience provides access to key data center tenants and potential target investment opportunities for off-market state-of-the-art facilities for Cloud Capital



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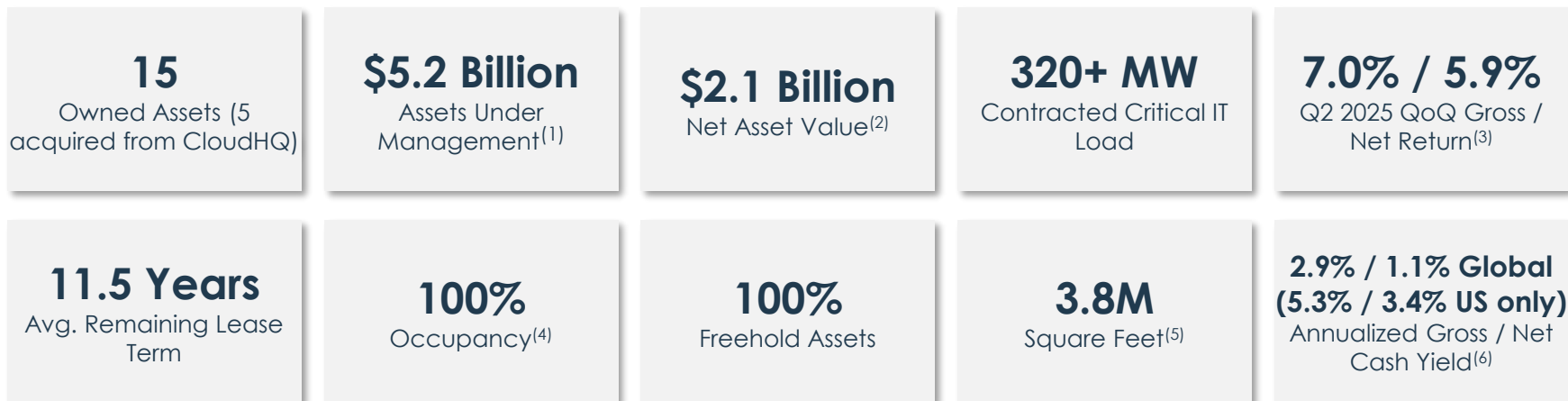
Note: Please see Important Disclosures on Page 2.

(1) Target blended 10%+ p.a. net return (assuming a 10-year hold) which is net of management fees, fund level expenses, carried interest, and other fees. These targets are based on a complex model of illustrative returns from target opportunities, and there can be no assurance that the vehicle will achieve the target returns or objectives set forth in this presentation. The mathematical model used to obtain these returns can be made available upon request.

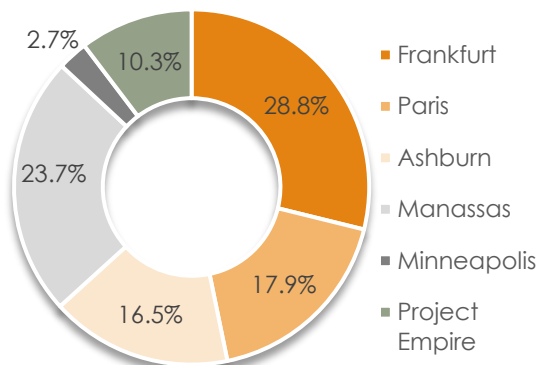
Fund I Snapshot as of Q2 2025



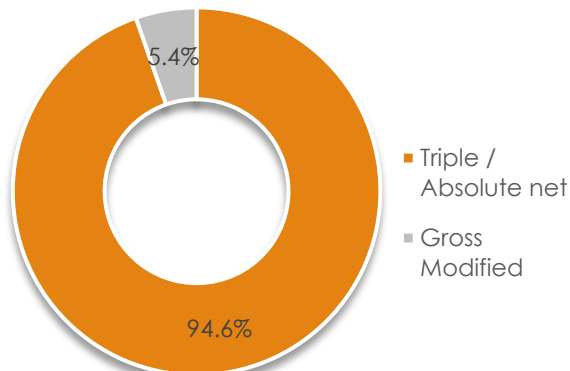
Summary of Cloud Capital Fund I Global Portfolio



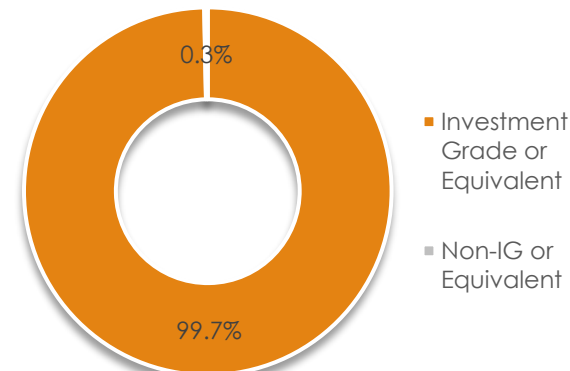
Geographic Diversification⁽⁷⁾



Tenant Lease & Contract Type⁽⁸⁾



Tenant Credit Quality⁽⁸⁾



Note: EUR to USD conversion based on rate as of June 30, 2025 at 1.1720

(1) Based on GAV as of Q2 2025 per Cloud Capital's Valuation Policy, at 100%.

(2) NAV is calculated as GAV less market value or par of debt plus net current assets (including cash on hand, receivables, other assets, etc. and net of liabilities), at ownership percentage. Market value of debt based on debt mark-to-market valuation provided by Chatham Financial.

(3) Calculated using the time-weighted returns methodology compliant with NCREIF. Net return calculated net of 1% asset management fee and promote based on 6% hurdle and 15% GP allocation.

(4) 100% occupancy on built capacity.

(5) Total property size includes optioned space not fitted out.

(6) Based on asset-level distributions and contributions, before fund-level expenses and fees. Invested amount based on invested equity in all operating and development assets. Gross cash yield is below the fund's stabilized target as the fund's portfolio currently contains several pre-leased developments. Net cash yield calculated Net of fund level expenses (est. 0.25% of NAV) and management fee (1.0% of NAV). In Q2 2025, the Fund made a catch-up first distribution for the four delivered Project Empire sites. The cash yield figures are normalized for Project Empire catch-up distribution.

(7) Based on GAV at ownership %. Project Empire is a collection of build-to-suit edge data centers located across various locations across the U.S.

(8) Based on contracted MW by tenant.



Investment Highlights

Deep Industry Knowledge

- Hossein Fateh (CEO) is recognized as a pioneer and long-time market leader in the data center sector who has developed, leased and acquired data centers providing over 1,440 MW of IT load⁽¹⁾
- Shariar Mohajer (President & CIO) has executed \$100+ billion of communications infrastructure / data center M&A transactions globally⁽²⁾

Differentiated Approach

- Global, core+, and privately-sponsored fund focused exclusively on data centers
- Evergreen structure provides attractive long-term framework for tenant-preferred landlord continuity and aims to create liquidity for investors (subject to redemption protocols)
- Focused on the sector's largest addressable market (hyperscale, large enterprise and interconnection assets)

Attractive Thematic Opportunity

- Data centers are mission-critical facilities, and part of the essential infrastructure of the internet
- Cloud Capital believes that explosive data growth from the proliferation of high bandwidth internet connectivity and the emergence of new content and technologies is driving significant demand for facilities to store, process and connect this data. The adoption and evolution of AI is expected to create significant additional demand for data center capacity in key markets

Strategic Collaboration

- Cloud Capital provides investment management expertise and is dedicated to its acquisition strategy that focuses on the long-term ownership of high-quality data center assets across key global markets
- CloudHQ provides world class operational expertise for consultation, a market leading reputation and longstanding tenant relationships, all of which provide a material advantage in sourcing, underwriting and executing data center transactions

Target Opportunities

- Potential target investment opportunities from Fund I's proprietary first access to CloudHQ developments off-market⁽³⁾
- Proven capacity to source additional attractive assets off-market and directly from tenants, including an on-going programmatic build-to-suit project with top hyperscaler to aggregate diversified Edge portfolio across the United States

High Quality Assets

- High-quality portfolio totaling \$5.2 billion current GAV⁽⁴⁾ – 100% occupied with 11.5 year WALT and 99.7% investment grade tenant credit quality
- In Q4 2024, Cloud Capital successfully closed a \$1.325bn ABS financing. At the time, the issuance achieved the highest rating by any data center ABS under S&P's new ratings framework with the senior tranches rated A, and the 157bps average senior spread was the lowest pricing spread in the sector since 2021

Note: Please see Important Disclosures on Page 2.

(1) Since 1997, Hossein Fateh has acquired and developed/delivered 30 data centers comprising more than 1,180 MW. These figures are inclusive of Hossein's track record prior to DFT's IPO, DFT's track record from IPO to sale (September 2017), and Hossein's track record as President and CEO of CloudHQ. Note, Hossein Fateh stepped down from his position as DFT's Vice Chairman of the Board in November 2015. Additional information is available upon request.

(2) Over a span of 30+ years, Shariar Mohajer worked at Lehman Brothers, Merrill Lynch and RBC Capital Markets focused almost exclusively on communications infrastructure M&A. He first began working on data center investments while at Merrill Lynch's Global Communications Fund in 2000, and most recently oversaw one of the most active data center M&A practices globally while at RBC Capital Markets.

(3) CloudHQ owned data centers available for sale are first offered to Cloud Capital Fund I prior to other third-party buyers. Certain assets may be restricted from sale to Cloud Capital due to (i) sensitivities of the underlying tenant(s), (ii) the current tenant has a right to purchase the facility and/or (iii) potential tax considerations for the existing shareholders. No guarantee is made here that these assets will be made available to Cloud Capital for investment.

(4) Based on GAV as of Q2-25 per Cloud Capital's Valuation Policy, at ownership %. FRA1 & 2 are currently 89.9% owned and Project Empire assets are currently 80% owned.

Data Center Investment Thesis



Data centers benefit from a unique combination of strong industry tailwinds and significant barriers to entry

I

Favorable Sector Tailwinds

- Explosion in data growth
- Internet and mobile connectivity is critical for business and consumers
- Rapid creation of data rich content including video streaming and gaming
- Accelerating public cloud adoption
- Global adoption and evolution of AI
- McKinsey estimates global data center demand capacity will increase by over 130 GW from 2025 to 2030⁽¹⁾

II

High Growth, Creditworthy Tenants

- Top five hyperscale tenants (Microsoft, Amazon, Google, Apple, and Meta) have an aggregate market cap of over \$14 trillion, comprising ~26% of the S&P 500⁽²⁾
- Increased data center outsourcing by high-credit and high-growth companies in order to increase quality and decrease cost
- Diverse tenant segments: large tech companies, telecom businesses, financial institutions, and government entities

III

Attractive Supply & Demand Dynamics

- Increased demand by top tenants – currently witnessing record levels of commitments
- Vacancy declining in top markets despite new inventory given level of absorption
- Constrained supply chains for essential equipment and access to land / power
- Speed to market is critical – largest data center tenants are unable to meet capacity demands by building facilities themselves

IV

High Barriers to Entry

- Public and private cloud latency requirements necessitate locating in major markets with challenges to purchasing land and sourcing power
- Key tenants use trusted providers
- Significant initial capex requirements
- Hard-to-replicate assets

V

Strong and Resilient Defensive Characteristics

- Mission-critical infrastructure crucial to global business operations – part of the essential infrastructure of the internet
- High tenant switching costs – tenants invest significantly in the facility
- Defensive orientation; outperformance during Global Financial Crisis and COVID-19

VI

Predictable, Long-Term Contractual Cash Flows

- High quality tenants (large cap, high-credit quality companies)
- Medium to long term lease structures with annual escalators and NNN terms
- High retention rates
- Technology risk for IT equipment borne by tenants

Note: Please see Important Disclosures on Page 2. This slide contains statements of opinion, which are the result of Cloud Capital's research and experience. Such opinions are based on certain assumptions and other elements of subjectivity.

(1) McKinsey & Company, 'The cost of compute: A \$7 trillion race to scale data centers', 2025.

(2) Market capitalization figures as of September 2025. Based on S&P Capital IQ.



B. Cloud Capital Overview

Cloud Capital Overview



Cloud Capital is a leading global specialized investment management firm focused on acquiring, developing and operating high-quality data centers

2020

Firm Established

\$5.3bn

Assets Under
Management

29

Person Team

3

Offices Globally

3

Funds Launched



Specialist Data Center Investment Manager

- Cloud Capital is an investment management firm established in 2020 by Hossein Fateh, a recognized pioneer in the data center sector for over 30 years
- The Cloud Capital team is comprised of professionals with extensive experience in the digital infrastructure sector, having built relationships with key data center tenants and being involved in many of the sector's key transactions for over a decade
- Cloud Capital has grown to a team of 29 professionals, with offices in Washington D.C., San Francisco, and London



Specialist Data Center Developer & Operator

- Cloud Capital benefits from its strategic collaboration with CloudHQ, a leading developer, owner and operator of data centers globally⁽¹⁾
- CloudHQ is one of the fastest growing data center companies in the world with over 260 professionals globally
- Cloud Capital Fund I has proprietary first access to acquire state-of-the-art data center facilities developed by CloudHQ

Cloud Capital Team



Cloud Capital Senior Management



Hossein Fateh⁽¹⁾ ★
CEO & Founder

30+



Shariar Mohajer ★
President & CIO

30+



John Comerford
COO & CCO

25+



Kristin O'Connor Leung ★
MD & Head of North American Investments

25+



Kyle Lewis ★
Managing Director

15+



Lisa Collado
VP, Transaction Mgmt. & Closing

20+



Fredrik Stocklassa
Vice President

8+



Vivian Kuo
Vice President

6+



Octave Bellet
Senior Associate

6+



Sidney Chong
Associate

6+



George Airs
Associate

3+

Investor Relations & Capital Formation



Jerome Combredet
Head of IR & Capital Formation - EMEA

25+



Vivian Tongalson
Head of IR & Capital Formation - Americas

23+



Isaac Stewart
Associate

4+

Capital Markets



Jason Weaver
Executive Vice President, Head of Capital Markets

30+

Finance, Tax & Operations



Jim Armstrong
SVP & Fund Controller – U.S.

20+



Richard Stubbs
Fund Controller – Europe

25+



Dawn Yu
Director, Tax

18+



Dermot Heron
Director, European Tax

14+



Violet Leonard
Director, Accounting

12+



Vicky Mo
Accounting Manager

6+



Luke Oppermann
Fund Finance Manager

6+



Olivia Cleary
Administration Assistant

6+

Legal & Compliance



Liridon Sylisufi
European Counsel

10+



Ben Kayden
U.S. Counsel

10+



Lisa Bollard
VP, Compliance

19+

Senior Advisors



Jeff Foster ★
Senior Advisor

30+



Christof Hammerli
Senior Advisor

25+



Neal Diplock
Senior Tax Advisor

45+

Note: Please see Important Disclosures on Page 2.

(1) Hossein Fateh recuses himself from the investment committee in any CloudHQ related transactions.

Synergistic Cloud Platform – Overview

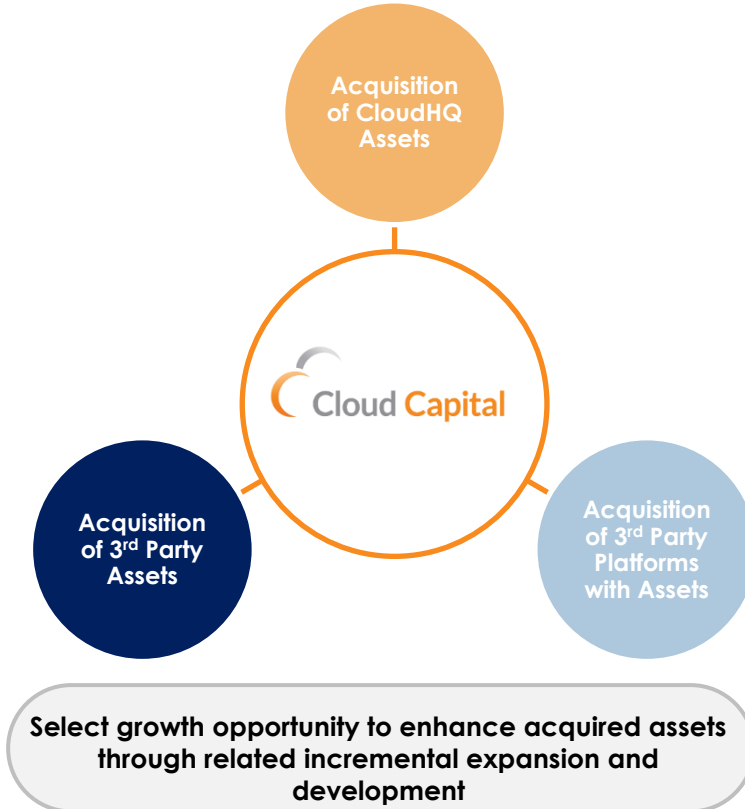


Cloud Capital leverages CloudHQ's technical and operational expertise and established tenant relationships in order to complement its data center investment strategy

Cloud Platform

Cloud Capital: Specialist Data Center Investment Manager

CloudHQ: Specialist Data Center Developer & Operator





C. Current Investments and Potential Opportunities

Fund I Investments and Potential Opportunities



Tenant-led global opportunity set with existing portfolio and potential investments in U.S. and European markets



Operational Assets



Development Assets



CloudHQ Potential Investment Opportunities

Target Markets⁽¹⁾

Note: Please see Important Disclosures on Page 2.

(1) References to the current target investment opportunities are based on Cloud Capital's internal analyses. There can be no assurance that any of the current deals in the target investment opportunities will be completed, or that Cloud Capital will have a similar set of potential investments going forward. Cloud Capital is currently working on several of these target opportunities for investment via the Fund, Cloud Capital Fund II and future side vehicles.

RE: Administrative Rules Revisions

The Department of Trust Lands proposes updates to Title 85, Board of University and School Lands, of the North Dakota Administrative Code in order to add clarity, achieve greater efficiency, and better reflect the Board's guidance. Proposed revisions are summarized as follows:

North Dakota Administrative Code ch. 85-01-01 (Definitions and General Provisions)

- Added definitions for "Permanent Improvement" and "Nonpermanent Improvement" as they relate to surface land leases

North Dakota Administrative Code ch. 85-03-04 (Claiming Property)

Added documentation requirement for payment of unclaimed property reported in the name of a minor to confirm claimant authority

North Dakota Administrative Code ch. 85-04-01 (Leasing Trust Lands for Agricultural Use)

- Removed the option for a lessee to temporarily assign a lease

North Dakota Administrative Code ch. 85-04-02 (Construction Aggregate)

- Eliminated requirement for public comments on proposed construction aggregate leases to include the lease applicant's name and address
- Removed requirement to present public comments on proposed construction aggregate leases to the Board
- Removed requirement that bids be submitted on a royalty per yard basis to align with industry bidding standards
- Removed requirement that advanced royalty payments be made on anniversary of lease date to reduce administrative burden on all parties
- Updated frequency of royalty payments from monthly to annually to reduce administrative burden on all parties

North Dakota Administrative Code ch. 85-04-03 (Permanent Improvements)

- Added mechanism to address nonpermanent improvements (e.g. feeders, fences) left on leased premises after a surface land lease has expired or been terminated
- Removed Badlands water adjustment stipulation

North Dakota Administrative Code ch. 85-04-04 (Encumbrances of Trust Lands)

- Clarified requirement that a third party conducting a survey on behalf of an applicant obtain an access permit to align with department access practices
- Added provision that all required information and payment be provided before issuance of an encumbrance
- Updated release procedure and moved to its own new section
- Added further detail to lease termination process, including updated notice of intent to terminate procedures, to ensure clarity and fairness
- Split the "reserved rights and termination" section into two separate sections for clarity and readability purposes

North Dakota Administrative Code ch. 85-04-06 (Land Exchange)

- Added criteria to accept less acreage
- Clarified public comment process

North Dakota Administrative Code ch. 85-04-07 (Land Sales under North Dakota Century Code Chapter 15-06)

- Removed the land sale application process
- Added exception to no net loss for small-acre tracts

North Dakota Administrative Code ch. 85-04-08 (Land Sales under North Dakota Century Code Chapter 15-07)

- Same primary revisions as were made to ch. 85-04-07

North Dakota Administrative Code ch. 85-04-09 (Land Sales under North Dakota Century Code Chapter 15-09)

- Removed the requirement that the department conduct a siting and environmental review of a subject tract

North Dakota Administrative Code ch. 85-06-01 (Oil and Gas)

- Removed the requirement that the department take all oil & gas lease nominations to public auction in order to provide the department greater discretion over leasing of individual tracts
- Modernized and reduced auction expenses by publishing lease auction notices on the department's website instead of in newspapers
- Removed restriction that prevented the Board from issuing an oil and gas lease before receipt of the bonus, rental payments, and fees
- Added provision that an application for assignment, amendment, or extension of an oil & gas lease use a form prescribed by the department for clarity and consistency purposes
- Removed the requirement that a release of an oil & gas lease use a form prescribed by the department as this practice seemed unnecessary
- Require notice of lease cancellation be sent by certified or registered mail rather than requiring a signed receipt reducing the administrative and procedural burden on department staff
- Clarified payment obligations by specifying that interest under N.D.C.C. § 15-05-10 accrues for each 30-day delinquency period
- Eliminated the requirement that a shut-in request include written approval of the operator

Recommendation: The Board authorizes the Commissioner to proceed with review of the proposed Administrative Rules, including formal review by the Office of Attorney General, preparation for public hearings, collection of comments, and submittal to Legislative Council.

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

Attachment 1 – Definitions and General Provisions, Claiming Unclaimed Property, Leasing Trust Lands for Agricultural Use, Construction Aggregate, Permanent Improvements, Encumbrances of Trust Lands, Land Exchange, Land Sales under North Dakota Century Code Chapter 15-06, Land Sales under North Dakota Century Code Chapter 15-07, Land Sales under North Dakota Century Code Chapter 15-09, and Oil & Gas.

**ARTICLE 85-01
GENERAL ADMINISTRATION**

Chapter
85-01-01 Definitions and General Provisions

**CHAPTER 85-01-01
DEFINITIONS AND GENERAL PROVISIONS**

Section
85-01-01-01 Definitions
85-01-01-02 Exception

85-01-01-01. Definitions.

The following definitions, in addition to the definitions in North Dakota Century Code chapters 15-05, 15-06, 15-07, 15-08, 15-08.1, 38-09, 47-06, 47-30.2, and 57-62, apply to this title:

1. "Acquired lands" includes all property defined as "nongrant" and "other than original grant lands" in North Dakota Century Code section 15-07-01.
2. "Arm's length transaction" means a transaction between parties with adverse economic interests in which each party to the transaction is in a position to distinguish its economic interest from that of the other party and does not mean a transaction made by a corporation or other entity with itself, or a parent, subsidiary, or interrelated corporation or entity, or between partners or co-joint venturers, or between corporations or other entities having interlocking directorships or close business relationships that may compromise their individual interests.
3. "Agricultural use" includes the use of trust lands for the purpose of grazing, cropping, and haying.
4. "Board" means the board of university and school lands.
5. "Bonus" means the monetary consideration paid by a lessee for the execution of a lease by the board.
6. "Certified appraiser" means a certified general appraiser or a certified residential appraiser who holds a valid permit issued by the North Dakota real estate appraiser qualifications and ethics board.
7. "Coal" means a dark-colored compact and earthy organic rock with less than forty percent inorganic components, based on dry material, formed by the accumulation and decomposition of plant material. The term includes consolidated lignitic coal, in both oxidized and nonoxidized forms, and leonardite, having less than eight thousand three hundred British thermal units per pound [453.59 grams], moist and mineral matter free, whether or not the material is enriched in radioactive materials.
8. "Coal lease" means a contract entered between the board and a third party for a coal mining operation on trust lands.
9. "Coal leased premises" means the land subject to a given coal lease.
10. "Coal mining operation" means any type of activity conducted to discover, or prospect for, the presence of coal, or to remove the coal so discovered from its original position on or in the land by any means whatsoever.

11. "Commercial quantities" means whether: The well yields a profit exceeding operating costs over a reasonable period of time; and
12. A reasonably prudent operator would continue operating a well in the manner being operated under the facts and circumstances.
13. "Commissioner" means the commissioner of university and school lands.
14. "Construction aggregate" means gravel, sand, scoria, road material, building stone, colloidal or other clays, and cement materials.
15. "Construction aggregate lease" means a contract entered between the board and a third party for mining of construction aggregate on trust lands.
16. "Construction aggregate leased premises" means the land area subject to a given construction aggregate lease.
17. "Construction aggregate mining operation" means any type of activity conducted to discover, or prospect for, the presence of construction aggregate, or to remove the construction aggregate so discovered from its original position on or in the land by any means whatsoever.
18. "Custodial agreement" means an agreement between the lessee and a third party in which the lessee agrees to take custody of livestock not owned by the lessee for a specified period of time and to provide day-to-day care for the livestock.
19. "Delay rental" means the annual minimum payment given to maintain a lease in the absence of production in commercial quantities during the primary term.
20. "Department" means the office of the commissioner and the department of trust lands.
21. "Disturbed" means any alteration of the surface or subsurface of any lands subject to a lease or encumbrance with the board.
22. "Encumbrance" means a right other than an ownership interest in real property. The term includes easements, permits, surface damage agreements and any other restrictions, encroachments, licenses, mortgages, and liens that relate to trust lands, and specifically excludes leases which are administered separately.
23. "Fair market value" means the price set by the commissioner after an analysis of prices paid for similar products or services in the local area under article 85-04.
24. "F.O.B." means free on board.
25. "Gas" means all natural gas and all other gaseous or fluid hydrocarbons not defined as oil, but does not include coal, lignite, oil shale, or similar hydrocarbons.
26. "Gas well" means a well producing gas or natural gas from a common source of gas supply as determined by the North Dakota industrial commission, other than from coalbed methane.
27. "Gross proceeds" means the sum of all consideration in whatever form or forms, paid for the gas attributable to the lease.
28. "Invasive species" means a species that is nonnative to the ecosystem under consideration and whose introduction causes or is likely to cause economic or environmental harm or harm to human health.
29. "Market value" means the price a willing buyer would pay a willing seller in an arm's length transaction in which the buyer is not compelled to buy or the seller is not compelled to sell.

30. "Net construction aggregate interest" means the undivided portions of the total construction aggregate estate on a given tract of land.
31. "Nonpermanent Improvement" means agricultural structures that can be readily removed from the land including but not limited to fences, creep feeders, stock tanks.
- ~~30~~ 31. "Offset drainage" means the drainage of oil or gas to an adjoining tract of land on which a well is being drilled or is already in production.
- ~~34~~ 32. "Offset well" means any well drilled opposite another well on adjoining property with the specific purpose of preventing drainage to the adjoining property.
- ~~32~~ 33. "Oil" means crude petroleum oil and other hydrocarbons regardless of gravity produced in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas.
- ~~33~~ 34. "Oil and gas lease" means a contract entered between the board and a third party for oil and gas production.
- ~~34~~ 35. "Oil and gas leased premises" means the land subject to a given oil and gas lease.
- ~~35~~ 36. "Oil well" means a well capable of producing oil and which is not a gas well as defined herein.
- ~~36~~ 37. "Original grant lands" means all those lands granted to the state of North Dakota by virtue of the Enabling Act of 1889, as further defined in North Dakota Century Code section 15-06-01.
- ~~37~~ 38. "Payor" means either the lessee or an entity other than the lessee who assumes, or agrees to perform, any of the lessee's rights and responsibilities under a lease.
39. "Permanent Improvement" means agricultural structures that are permanently affixed to the land including but not limited to well casing, dams, dugouts.
- ~~38~~ 40. "Pest" means any insect, rodent, nematode, fungus, weed, any form of terrestrial or aquatic plant or animal life, viruses, bacteria, or other micro-organisms, except viruses, bacteria, or other micro-organisms, whose presence causes or is likely to cause economic or environmental harm or harm to human health.
- ~~39~~ 41. "Surface land lease" means a contract entered between the board and a third party for agricultural use on trust lands.
- ~~40~~ 42. "Surface land leased premises" means the land area subject to a given surface land lease.
- ~~44~~ 43. "Terminate," unless otherwise provided, has the same meaning as the word "cancel."
- ~~42~~ 44. "Trust lands" means any property owned by the state of North Dakota and managed by the board.
- ~~43~~ 45. "Trusts" means permanent trusts and other funds managed or controlled by the board.
- ~~44~~ 46. "Vertical oil and gas well" means a well, the wellbore of which is drilled on a vertical or directional plane into a non-shale formation and is not turned or curved horizontally to allow the wellbore additional access to the oil and gas reserves in the formation.
- ~~45~~ 47. "When run" means that point in the time when the production from a well is removed or sold from the leased premises and delivered to the purchaser or user of such production; for purposes of computing royalties, that point in time must be considered to be 7:00 a.m., on the day the production is delivered, using central standard time, to the purchaser or user regardless of the actual time delivered.

History: Effective January 1, 2019; amended effective January 1, 2020; January 1, 2021; April 1, 2022; April 1, 2024; _____, 2026.
General Authority: NDCC 15-01-02, 15-05-05, 15-05-09, 15-05-18, 15-07-02, 15-07-20, 15-08.1-06, 43-30.2-03, 61-33-06.
Law Implemented: NDCC 4.1-47-04, 15-01-02, 15-04, 15-05, 15-07, 15-08, 15-08.1

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**ARTICLE 85-03
UNCLAIMED PROPERTY**

Chapter	
85-03-01	Definitions
85-03-02	Reporting Abandoned Property
85-03-03	Claiming Property
85-03-04	Examinations

**CHAPTER 85-03-03
CLAIMING PROPERTY**

Section	
85-03-03-01	Claims [Repealed]
85-03-03-02	Required Documentation
85-03-03-03	Payment of Claim
85-03-03-04	Heir Finder Requests
85-03-03-05	Claims Submitted by Heir Finder

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85-03-03-02. Required documentation.

A claimant shall provide adequate documentation to establish ownership of the abandoned property, including photo identification and documentation of social security number.

1. The following additional documentation is required when a claim is submitted on behalf of:
 - a. Deceased individuals: Copy of death certificate and documentation providing legal claim authority.
 - b. Business claims: Federal employer identification number and documentation providing legal claim authority.
 - c. Incapacitated individuals: Copy of documentation providing legal claim authority.
 - d. Minors: A claim for property held in the name of an owner under the age of eighteen must be submitted by a person with legal authority to act on the owner's behalf. The claimant must provide documentation sufficient to establish such authority.
2. If there are multiple owners, all reported owners or the legal representative shall submit a claim form.
3. The administrator may request additional documentation necessary to support a claim.
4. If a claimant chooses to donate the property to the common schools trust fund, required documentation remains the same.

History: Effective January 1, 2019; amended effective _____, 2026

General Authority: NDCC 15-01-02, 47-30.2-03

Law Implemented: NDCC 47-30.2-50, 47-30.2-51, 47-30.2-52

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ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange <u>with the United States</u>
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-01 LEASING TRUST LANDS FOR AGRICULTURAL USE

Section	
85-04-01-01	Failure to Pay or Nonsufficient <u>Insufficient</u> Funds at Auction
85-04-01-02	Annual Surface Land Lease Rental Payment
85-04-01-03	Assignment and Use by a Third Party
85-04-01-04	Sale of Surface Land Lease for Agricultural Use Prohibited
85-04-01-05	Inspection by Prospective Lessee or Purchaser
85-04-01-06	Custodial Agreement
85-04-01-07	Right of Entry
85-04-01-08	Surface Land Lease Termination
85-04-01-09	Board Review
85-04-01-10	<u>Weed and Pest</u> Cost-Share on Surface Land Leased Premises
85-04-01-11	<u>Weed and Pest</u> Cost-Share Application
85-04-01-12	<u>Weed and Pest</u> Cost-Share on Cropland
85-04-01-13	<u>Weed and Pest</u> Cost-Share Payments
85-04-01-14	Biological Control Agents
85-04-01-15	Record Maintenance

85-04-01-01. Failure to pay or ~~nonsufficient~~ insufficient funds at auction.

1. The commissioner may not issue a surface land lease for agricultural use until payment in full is received by the department.
2. A successful bidder who fails to pay for a surface land lease ~~is~~ may be deemed ineligible to bid at subsequent surface land lease auctions administered by the board for the remainder of the current calendar year ~~plus~~ and a minimum of three additional full calendar years thereafter.
3. If a surface land lease payment made at auction ~~is, fails to clear~~ for any reason ~~not paid by the bank on which it is drawn~~, the commissioner shall notify the bidder by mail addressed to the bidder's ~~post office~~ address on file with the department that payment by cashier's check or money order is required within ten business days from the date the letter is mailed.

History: Effective January 1, 2020; amended effective . 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-07-20, 54-30-17.1

85-04-01-02. Annual surface land lease rental payment.

1. The annual surface land lease rental payment for the second and ~~each~~ succeeding years of a surface land lease must be received by the department ~~no later than five p.m. central standard time~~ by the close of business on the last business day of January of the surface land lease year. If payment is not received, the surface land lease automatically terminates without notice.
2. If the annual surface land lease rental payment, for any reason, ~~is not paid by the bank on which it is drawn~~ fails to clear after ~~five p.m. central standard time~~ the close of business on the last business day of January of the surface land lease year in which it is due, the surface land lease automatically terminates and the commissioner may designate the lessee ineligible to bid at subsequent surface land lease auctions for the remainder of the current calendar year ~~plus~~ and a minimum of three additional full calendar years thereafter.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-04-01, 15-07-20, 54-30-17.1

85-04-01-03. Assignment and use by a third party.

1. A surface land lease or any part thereof may not be assigned, nor may the lessee allow the surface land leased premises or any part thereof to be used in any manner by anyone other than the lessee without the written consent of the commissioner. A grazing permit issued by a grazing association to a member-permittee is authorized.
2. A lessee may request an assignment of a surface land lease from the department. The commissioner shall approve or deny an assignment based on the best interests of the trusts. The following assignments may be approved:
 - a. An assignment without restriction to a close relative including the spouse, father, mother, son, daughter, brother, or sister for the same terms and conditions as the original surface land lease.
 - ~~b. An assignment of less than the full surface land lease term to a third party if the lessee is temporarily out of the livestock business or unable to properly stock the surface land leased premises. Being temporarily out of the livestock business means no longer owning or leasing the livestock and personally providing for their day-to-day care, with the intent to return to the livestock business within two years or less. The assignment must be for two years or less. The rent payable by the assignee must be at a rate consistent with the current year's fair market value minimum rent or the current surface land lease price, whichever is greater.~~
 - e b. An assignment to a third party with the surface land lease expiring at the end of the current surface land lease year. The rent payable by the assignee must be at a rate consistent with the current year's fair market value minimum rent or the current surface land lease price, whichever is greater.
3. A lessee may request to add one or more additional lessees to a surface land lease. All such additional lessees shall be bound by the full terms and conditions of the surface land lease.
4. A lessee may request to remove one or more lessees from a surface land lease. The removal of any lessee must be approved in writing by all current lessees named on the lease.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-04-01, 15-07-20, 54-30-17.1

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85-04-01-08. Surface land lease termination.

1. Failure to comply with the surface land lease terms, board rules, ~~and board policies, and or~~ applicable laws ~~(except as otherwise stated in this chapter)~~ may result in surface land lease termination by the commissioner. ~~Before a surface land lease is terminated, the department personally shall serve the lessee with the notice of intent to terminate the surface land lease specifying the reason for termination.~~
2. ~~A lessee may file with the department a written request for waiver of the notice of intent to terminate the surface land lease, which must include a statement of the specific grounds for the request. A request must be filed with the department within ten business days after service on the lessee of the notice of intent to terminate the surface land lease. A request for a waiver is deemed filed when personally delivered to or when received by the department. The commissioner may:~~
 - ~~a. Waive any breach except those terms required under applicable laws; or the commissioner may~~
 - ~~b. Allow the lessee time to cure the breach; or~~
 - ~~c. Terminate the surface land lease.~~
3. ~~Not less than ten business days after the notice of intent to terminate the surface land lease is served on the lessee, the commissioner may terminate the surface land lease. Surface land lease termination is effective upon actual delivery of a notice of termination by the department. The notice of termination of the surface land lease must be served personally, by mail requiring a signed receipt, or by overnight courier or delivery service requiring a signed receipt. Failure to accept mail requiring a signed receipt constitutes service. Termination of the surface land lease does not release the lessee from liability for any sum due the board or from any damages due.~~
3. The procedure to terminate a surface land lease is as follows:
 - a. The department shall provide notice of intent to terminate the surface land lease with specific reasons for termination by certified mail to the lessee's last known address on file with the department.
 - b. A lessee may file with the department a written request for review of the intent to terminate the surface land lease. The request for review must:
 - (1) Be received by the department within fifteen business days after service of notice to the lessee; and
 - (2) Include a statement for reason of review.
 - c. The commissioner may terminate a surface land lease no earlier than fifteen business days after the date of notice of intent to terminate the surface land lease.
 - (1) A notice of termination of a surface land lease must be sent by certified mail requiring a signed receipt, or by overnight courier or delivery service requiring a signed receipt.
 - (2) Termination of a construction aggregate lease is effective upon the date of notice of termination.
4. Termination of the surface land lease does not release the lessee from liability for any sum due amounts or damages owed to the board.

- 4 5. When a surface land lease is terminated, the commissioner may deem the former lessee ineligible to bid at a surface land lease auction administered by the department for a minimum of the remainder of the current calendar year plus and a minimum of three additional full calendar years thereafter.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-04-01, 15-07-20, 15-07-21, 54-30-17.1

85-04-01-09. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-04-01, 15-07-20, 54-30-17.1

85-04-01-10. Weed and Pest Cost-share on surface land leased premises.

The lessee is responsible for noxious weed and invasive species and pest control on the surface land leased premises. The department may participate in weed and pest cost-share reimbursement, as follows:

1. Payments for state-listed noxious weed control costs;
2. Payments for county-listed noxious weed control costs; or
3. Payments for other invasive species and pests as allowed by the department.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24

85-04-01-11. Weed and Pest Cost-share application.

A lessee ~~shall~~ may submit a request for weed or pest cost-share. The request must be submitted using the electronic cost-share application available on the department's website or a paper application provided upon request. A lessee shall provide all information specifically required by the application and any supplemental information requested by the department. The amount of the cost-share must be determined by the department consistent with the department's cost-share policy.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24

85-04-01-12. Weed and Pest Cost-share on cropland.

Noxious weeds and invasive species on cropland are not eligible for cost-share.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24

85-04-01-13. Weed and Pest Cost-share payments.

Cost-share payments may be made ~~upon receipt of an invoice~~ for allowable expenses related to weed and pest control.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24

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ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
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85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange <u>with the United States</u>
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
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85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-02 CONSTRUCTION AGGREGATE

Section	
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85-04-02-12	Theft of Construction Aggregate
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85-04-02-17	Surrender by Lessee
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85-04-02-19	Surface Owner Consent
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85-04-02-21	Protection of Cultural Resources
<u>85-04-02-22</u>	<u>Assignment of Construction Aggregate Lease</u>
<u>85-04-02-23</u>	<u>Reserved Rights</u>

85-04-02-01. Application.

An applicant shall submit a request for a construction aggregate lease, amendment, assignment, or extension using the electronic application available on the department's website or a paper application provided upon request. ~~The application must clearly state whether the request is for a construction aggregate lease, amendment, assignment, or extension. An application submitted on any other form may not be accepted.~~

1. An application fee may be charged as determined by the board. ~~Each application and construction aggregate lease is limited to a maximum of one hundred sixty contiguous acres [64.75 contiguous~~

~~hectares] of like net construction aggregate interest. An application must be made as follows:~~

- ~~2.~~ An application is deemed filed and complete when the department receives the application, the application fee if applicable, and any supplemental information requested by the department.
- ~~3.~~ An application for a construction aggregate lease must:
 - ~~4 a.~~ Construction aggregate lease. An applicant shall provide all information required by the application and any supplemental information requested by the department. An application must designate the type of construction aggregate desired. An application is deemed filed and complete when the department receives an application, the application fee, and any supplemental information requested by the department. Designate the type of construction aggregate desired; and
 - ~~b.~~ Provide all information required by the application and any supplemental information requested by the department.
- ~~2 4.~~ Amendment. A lessee may submit a request for an amendment to a construction aggregate lease for a specific purpose. ~~If the request for an amendment is granted, the department shall mail the amendment to the applicant for signature.~~
- ~~3 5.~~ Assignment. A construction aggregate lease may be assigned upon prior written consent of the commissioner. ~~Assignments must be granted by the commissioner through written notification to both the assignor and assignee. The commissioner may refuse to assign a construction aggregate lease for good cause. The assignor remains responsible for compliance of all construction aggregate lease terms and this chapter until the assignment is approved by the commissioner. Upon approval, the assignee is responsible for compliance with all construction aggregate lease terms and this chapter. If the request for an assignment is granted, the department shall mail the assignment to the applicant for signature.~~
- ~~4 6.~~ Extension.
 - ~~a.~~ A lessee may submit ~~a request~~ an application for an extension of a construction aggregate lease for up to an additional five-year term to be granted at the discretion of the commissioner.
 - ~~b.~~ The department may adjust the royalty rate if an additional term is granted. ~~If the request for a construction aggregate lease extension is granted, the department shall mail the construction aggregate lease extension to the applicant for signature.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-02. Construction aggregate lease term.

1. A construction aggregate lease term may not exceed five years.
2. When the lessee is a state agency or a political subdivision;
 - ~~a.~~ ~~Lease term of one year or less;~~ the royalty rate must be a fixed ~~for a construction aggregate lease term of one year or less~~ amount based on fair market value.
 - ~~b.~~ ~~For a construction aggregate~~ Lease term greater than one year;~~;~~ the royalty rate must be based on fair market value. The department may include an annual adjustment based on the current fair market value.

3. When the lessee is a private entity ~~requesting less than five thousand cubic yards [3822.77 cubic meters] of construction aggregate, the term of the construction aggregate lease must be for one year or less:~~
 - a. For leases with a term of one year or less:
 - (1) The royalty rate must be a fixed amount based on fair market value; and
 - (2) The lease must be for less than five thousand cubic yards [3822.77 cubic meters] of construction aggregate.
 - b. For leases with a term greater than one year:
 - (1) The lease shall be offered at public auction; and
 - (2) The royalty rate must be based on fair market value. The department may include an annual adjustment based on the current fair market value.
4. ~~A construction aggregate lease to any entity other than a state agency or a political subdivision for a term greater than one year must be offered at public auction.~~
5. When construction aggregate is requested for an emergency, the term of the construction aggregate lease may not exceed one year.
6. Each construction aggregate lease is limited to a maximum of one hundred sixty contiguous acres [64.75 contiguous hectares] of like net construction aggregate interest.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

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85-04-02-04. Notice of construction aggregate leasing.

Upon receipt of an application for a construction aggregate lease and a determination that the application covers a tract the commissioner is willing to lease, the department shall post on the department's website a notice of the application for construction aggregate lease, any supporting documentation, and instructions for submitting public comments. Comments must be received by the department no later than five p.m. central standard time fourteen days after posting the notice of the application for a construction aggregate lease to be considered. All comments must be in writing and contain the following:

1. Name and address of the interested person;
2. ~~Applicant's name and address;~~
3. The legal description of the proposed construction aggregate leased premises as shown on the published notice; and
4. A detailed statement as to whether the interested person supports or opposes the issuance of the construction aggregate lease.

~~Those comments must be brought to the board along with the department's recommendations.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-05. Auctioned construction aggregate leases.

1. Notice of an auction must be published in the official newspaper of the county where the proposed construction aggregate leased premises is located and in the Bismarck Tribune.
2. The notice must be published once at least ten days prior to the day of the auction.
3. The notice must contain the legal description of the proposed construction aggregate leased premises, the construction aggregate lease term, and the time and place where the auction will be held. ~~Bidding must be on a royalty per yard basis. Immediately after the bidding session, comments as to whether a construction aggregate lease should be issued can be presented to the department.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

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85-04-02-07. Advance royalties.

1. As consideration for a construction aggregate lease with a term greater than one year, the lessee shall pay on the date a construction aggregate lease is issued an advance on the yearly royalty, as determined by the commissioner, but not less than one thousand dollars.
 - a. The advance payment is due each year in which the construction aggregate lease is in force ~~and is due prior to the construction aggregate lease anniversary date.~~
 - b. The advance payment may be credited against construction aggregate mined during the term of the construction aggregate lease. Advance royalty payments for which a credit is not claimed must be forfeited.
 - c. The commissioner may adjust the advance royalty payment amount. ~~Any adjustment takes effect on the anniversary date of the construction aggregate lease following notice to lessee.~~
2. The commissioner may require an advance royalty deposit for a construction aggregate lease with a term of one year or less. The deposit must be credited against construction aggregate mined during the term of the construction aggregate lease.
3. If payment is not timely received, a notice of intent to terminate the construction aggregate lease must be issued by the department.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-08. Royalties.

1. Royalties must be received by the department by five p.m. central ~~standard~~ prevailing time on the last business day of the calendar ~~month~~ year following sale, utilization, stockpiling, or removal from the construction aggregate leased premises of the construction aggregate mined.
2. ~~If payment is not timely received, a notice of intent to terminate the construction aggregate lease must be issued.~~ Royalties must be paid in full on any stockpiled construction aggregate remaining

on the construction aggregate leased premises ninety days prior to the expiration of the construction aggregate lease.

3. The commissioner may terminate a construction aggregate lease if payment is not received in accordance with this section.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-09. Testing.

The department may require a lessee to conduct drilling tests on the construction aggregate leased premises prior to mining. The commissioner may terminate a lease for failure to conduct test drilling when required or failure to furnish the required information. If testing is required;

1. Sufficient test holes must be drilled to outline the boundaries, thickness, and depth of the construction aggregate deposit and estimate the quality, quantity, and type of construction aggregate located on the ~~construction aggregate~~ leased premises.
2. The lessee shall furnish the department a map of the ~~construction aggregate~~ leased premises showing the boundaries of the construction aggregate deposit and furnish the department a written report estimating the thickness, depth, quality, quantity, and type of construction aggregate.
3. All test holes must be reclaimed to the satisfaction of the department at the conclusion of testing. ~~Failure to conduct test drilling when required or failure to furnish the required information must result in a notice of intent to terminate the construction aggregate lease being issued.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-10. Mining and reclamation plan.

1. Prior to issuance of a construction aggregate lease, the department, in consultation with the lessee, will develop a mining and reclamation plan for the commissioner's approval. Mining must not begin on the construction aggregate leased premises until the mining and reclamation plan is approved by the commissioner and a lease is issued.
2. The intent of the reclamation plan is to reclaim the construction aggregate leased premises to its previous potential use and productivity.
3. The commissioner may terminate the construction aggregate lease if the lessee fails to comply with the reclamation plan. ~~The reclamation plan may be modified by the commissioner and the lessee shall comply with any modifications to the plan. In the event the lessee does not comply with the modified reclamation plan, the construction aggregate lease may be terminated.~~
- 3 4. The reclamation plan must:
 - a. ~~indicate the location of~~ Include details describing the construction aggregate mining operation in relation to the construction aggregate deposit and a plan for ~~the~~ reclamation ~~once after~~ the construction aggregate has been removed. ~~The reclamation plan must~~
 - b. Include the leveling of the disturbed surface at the close of the construction aggregate mining operations to as close to its original contour as is reasonably possible taking into consideration the amount of construction aggregate removed.

- c. Include details for the preservation and respreading of topsoil, and the revegetation of the surface with appropriate flora.
- 4 5. Special reclamation plans for the propagation of wildlife habitat, the creation of a nature preserve, or other alternate land use may be required by the commissioner, provided the costs of such reclamation do not unreasonably increase the cost of reclamation.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-11. Bond.

1. ~~Payment of all royalties and reclamation of any portion of the construction aggregate leased premises disturbed by the lessee is the responsibility of the lessee.~~ To assure payment of royalties and satisfactory reclamation, the lessee ~~must~~ shall obtain and retain in force a surety bond, in an amount determined by the commissioner.
2. ~~The lessee, in lieu of a surety bond, may file another form of security subject to the commissioner's approval.~~
1. Upon written request, the commissioner may waive the bonding requirement for a political subdivision or other state agency.
2. Bond Amount:
 - 3 a. The commissioner shall set the initial surety bond amount at a minimum of five thousand dollars per acre for the initial mine disturbed area, with no initial surety bond amount being less than ten thousand dollars.
 - 4 b. The commissioner may adjust the amount of the surety bond annually, with the adjustment based on the estimated cost to reclaim the remaining disturbed site and the amount of stockpiled construction aggregate. If the commissioner determines an additional surety bond or other security is required, the lessee shall submit the additional surety bond or other security within thirty days after request by the commissioner as required by this section.
3. The lessee, in lieu of a surety bond, may file another form of security subject to the commissioner's approval.
- 5 4. The lessee may submit a written request for a full or partial release of the surety bond to the commissioner. At the commissioner's discretion, the surety bond may be released in whole or in part.
- 6 5. Upon the payment of all outstanding royalties and satisfactory completion of ~~the~~ reclamation, the commissioner shall release the surety bond. ~~The lessee may forfeit the surety bond may be forfeited to pay outstanding royalties or to complete reclamation. The commissioner shall give final approval of the reclamation before the surety bond is released. The forfeiture of the surety bond by the lessee does not release the lessee of the duty and responsibility to reclaim the construction aggregate leased premises.~~
7. ~~Upon written request, the commissioner may waive the bonding requirement for a political subdivision or other state agency.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-14. Construction aggregate mining operations.

The lessee shall conduct construction aggregate mining operations in a good and ~~workmanlike~~ professional manner and in accordance with the construction aggregate lease terms, board rules and policies, and applicable laws, ~~and a construction aggregate lease may be terminated by the lessor for a failure to comply.~~ The lessee shall take reasonable steps to prevent construction aggregate mining operations from unnecessarily causing or increasing soil erosion or drainage and damage to crops, pasture, or trees.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-15. ~~Reserved rights and~~ Termination of a Construction Aggregate Lease.

1. Failure to comply with construction aggregate lease terms, board rules, and board policies, and or applicable laws may result in construction aggregate lease termination by the commissioner. ~~Before a construction aggregate lease is terminated, the department personally shall serve the lessee with the notice of intent to terminate construction aggregate lease specifying the reason for termination. The commissioner may:~~
 - a. Waive any breach except those terms required under applicable law;
 - b. Allow the lessee time to cure the breach; or
 - c. Terminate the construction aggregate lease.
2. The procedure to terminate a construction aggregate lease is as follows:
 - a. The department shall provide notice of intent to terminate the construction aggregate lease with specific reasons for termination by certified mail to the lessee's last known address on file with the department.
 - 2 b. The lessee may file with the department a written request for waiver review of the ~~notice of intent to terminate the construction aggregate lease, which must include a statement of the specific grounds for the request. A request must be filed with the department within ten business days after service on the lessee of the notice of intent to terminate the construction aggregate lease. A request for a written waiver is deemed filed when personally delivered to or when received by the department. The commissioner may waive any breach except a breach in violation of applicable laws, or the commissioner may allow the lessee time to cure the breach. The request for review must:~~
 - (1) Be received by the department within fifteen business days of the date of notice; and
 - (2) Include a statement of reason why review is warranted.
 - c. The commissioner may terminate a construction aggregate lease no earlier than fifteen business days after the date of notice of intent to terminate the construction aggregate lease.
 - (1) A notice of termination of a construction aggregate lease must be sent by certified mail requiring a signed receipt, or by overnight courier or delivery service requiring a signed receipt.

(2) Termination of a construction aggregate lease is effective upon the date of notice of termination.

3. Termination does not release the lessee from liability for royalty owed to the board, damages resulting from a breach of a construction aggregate lease term, or to reclaim the construction aggregate leased premises.

~~3- The board reserves the right to use, rent, lease, sell, or encumber the construction aggregate leased premises and reserves all historical, archaeological, and paleontological materials on or beneath the surface of the construction aggregate leased premises. Leases for the production of coal, oil and gas, uranium, potash, or other valuable minerals have priority over any lease for the mining of construction aggregate.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-16. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-17. Surrender by lessee.

The lessee may surrender a construction aggregate lease upon payment of all outstanding royalties and other debts owed the board. Surrender of a construction aggregate lease does not release the lessee from its responsibility to reclaim the construction aggregate leased premises in accordance with these rules and terms of the construction aggregate lease.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-18. Conditions on expiration, termination, or surrender.

At the expiration, termination, or surrender of a construction aggregate lease and, upon the completion of reclamation, unless otherwise waived, the lessee shall remove its property from the construction aggregate leased premises within one hundred twenty days from the date of expiration, termination, surrender, or the date reclamation is completed. The lessee is liable to the board for the costs of removal of any property remaining on the construction aggregate leased premises after the deadline for removal. If the lessee does not remove all stockpiled construction aggregate from the construction aggregate leased premises by the construction aggregate lease expiration, termination, or surrender date, it is considered abandoned and becomes the property of the board unless otherwise approved in writing by the commissioner.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

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85-04-02-20. Surface lessee protection.

Where the surface of the construction aggregate leased premises is managed or owned by the board and is leased to a person other than the construction aggregate lessee, the construction aggregate lessee shall restore all fences and other improvements that have been damaged, moved, or removed as a result of construction aggregate mining operations and shall further compensate the surface lessee for any damage to or loss of other improvements owned by the surface lessee.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-21. Protection of cultural resources.

1. If any historical, archaeological, paleontological, or other cultural artifacts, vestiges, or remains are found prior to, during, or after any exploration, testing, production, mining, or reclamation operations on the construction aggregate leased premises, ~~the director of the state historical board and the commissioner must be notified immediately and~~ the lessee shall:
 - a. Immediately notify the commissioner and the state historical society.
 - b. Protect the site and the materials ~~must be protected by the lessee~~ from further disturbance until a professional examination can be made or until some other form of clearance to proceed is authorized by the commissioner. ~~Upon written request, the commissioner may grant an extension of the construction aggregate lease term for delays in operations caused by the requirements of this section.~~
2. If no further disturbance is allowed, the construction aggregate lease may be terminated ~~and the lessor shall refund to the lessee any advance royalties not already credited or forfeited as provided in this chapter.~~
3. The department and the ~~director of the state historical board~~ society may inspect the construction aggregate leased premises at all times to determine compliance with this section.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18, 55-02-07

85-04-02-22. Assignment of Construction Aggregate Lease.

1. The commissioner may refuse to consent to the assignment of a construction aggregate lease for good cause.
2. The assignor remains responsible for compliance of all construction aggregate lease terms, board rules and policies, and applicable laws until the assignment is approved by the commissioner.

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18, 55-02-07

85-04-02-23. Reserved Rights.

The board reserves the right to use, rent, lease, sell, or encumber the construction aggregate leased premises and reserves all historical, archaeological, and paleontological materials on or beneath the surface of the construction aggregate leased premises. Leases issued by the board for the production of coal, oil, gas, uranium, potash, or other minerals have priority over any lease for the mining of construction aggregate.

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18, 55-02-07

ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange <u>with the United States</u>
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-03 PERMANENT IMPROVEMENTS

Section	
85-04-03-01	Permanent and Nonpermanent Improvements
85-04-03-02	Application
85-04-03-03	Rent Credit, Cost-Share, and Depreciation
85-04-03-04	General Standards for a Permit for a Permanent Improvement
85-04-03-05	Issuance of a Permit for Permanent Improvement

85-04-03-01. Permanent and nonpermanent improvements.

1. Permanent improvements may not be placed on, removed from, or applied to any surface land leased premises without the written consent of the commissioner.
2. Permanent improvements placed on or implemented on any surface land leased premises are the property of the state of North Dakota.
- 2 3. A lessee may place nonpermanent improvements on any surface land leased premises without written consent of the commissioner.
4. Upon expiration or termination of the surface land lease:
 - a. The lessee may remove the nonpermanent improvements within one hundred twenty days after the surface land lease expires or is terminated.
 - b. The commissioner may, upon written request from the lessee before the end of the one-hundred-twenty-day period and for good cause, extend the period of time for removing nonpermanent improvements.
 - c. Any nonpermanent improvements not removed within one hundred twenty days become the property of the next lessee unless the Commissioner deems the nonpermanent improvements to be a hinderance to the surface land leased premises.
 - (1) Any nonpermanent improvements deemed to be a hinderance must be removed by the responsible party within 120 days after delivery of written notification from the department ~~The commissioner, upon written application from the lessee before the end of the one hundred twenty day period, for good cause, may extend the period of time for removing nonpermanent improvements.~~

(2) If hinderances are not removed within 120 days, the department may remove the hinderance and require the responsible party to pay for the cost.

5. A lessee shall be responsible for any damage or improvements that remain on the leased premises and are deemed a hinderance by the commissioner.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-08-26

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85-04-03-03. Rent credit, cost-share, and depreciation.

1. Rent credits, cost-share, and depreciation of project costs may be authorized at the sole discretion of the commissioner.
2. Rent credits or cost-share may not exceed the approved maximum project cost as determined by the commissioner or the actual project cost, less reimbursements from non_department sources, whichever is lower.
3. The commissioner may depreciate project costs less reimbursements to the lessee from non_department sources and rent credits or cost-share from the department for a period not to exceed ten years.
4. Any unexpired depreciation amount must be available from the department before the surface land lease auction and must be announced at the surface land lease auction.
5. If the former lessee is not the successful bidder at auction, the new lessee is required to compensate the former lessee for the undepreciated amount and the department shall continue to depreciate through the original depreciation term. The commissioner may cancel any undepreciated cost of constructing a permanent improvement if the lessee fails to offer the minimum bid for the land and the land is not leased at the next auction at which the land is offered, or if the lessee fails to comply with the conditions of the surface land lease.
- ~~5. No rent credits, cost share, or depreciation for livestock water developments are allowed on surface land leased premises that receive an up front livestock water deduction in determining the minimum bid for public auction.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24, 15-08-26

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85-04-03-05. Issuance of a permit for permanent improvement.

The commissioner may determine whether to issue a permit for the construction of a permanent improvement and ~~to determine~~ the maximum project cost, rent credit, cost-share, and depreciation

amounts. The commissioner may impose such terms on a permit as the commissioner deems necessary. A permit must be issued prior to site preparation or construction.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-08-26

ARTICLE 85-04
SURFACE LAND MANAGEMENT

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85-04-05	Public Access and Use [Repealed]
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CHAPTER 85-04-04
ENCUMBRANCES OF TRUST LANDS

Section	
85-04-04-01	Application
85-04-04-02	Surveying and Planning Permit Requirements
85-04-04-03	General Standards for an Encumbrance
85-04-04-04	Issuance of an Encumbrance
85-04-04-05	Right of Entry <u>and Inspection</u>
85-04-04-06	Expiration of an Encumbrance
<u>85-04-04-07</u>	<u>Assignment of an Encumbrance</u>
<u>85-04-04-08</u>	<u>Full or Partial Release of an Encumbrance</u>

85-04-04-01. Application.

An applicant shall submit a request for an encumbrance, amendment, ~~assignment~~ consent to assign, extension, or renewal using the electronic application form available on the department's website or a paper application provided upon request. ~~The application must clearly state whether the request is for an encumbrance, amendment, assignment, extension, or renewal.~~ An application submitted on any other form will not be accepted. ~~An application fee may be charged as determined by the board. An application must be made as follows:~~

1. An application must be submitted for the following:

- ~~4~~ a. Encumbrance. ~~An applicant shall provide all information required by the application form and any supplemental information requested by the department. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department.~~
- ~~2~~ b. Amendment to an encumbrance. ~~An applicant may request an amendment to an encumbrance for a specific purpose, including a request to change the site location or route of a previously issued encumbrance. If the request for an amendment is granted, the department will mail the amendment to the applicant for signature.~~
- ~~3~~ c. Consent to Assignment of an encumbrance. ~~An encumbrance may not be assigned unless specifically authorized by the terms of the encumbrance or upon written consent of the commissioner. An assignment must be granted by the commissioner through written notification to both the assignor and assignee. The commissioner may refuse to~~

~~assign an encumbrance for good cause. The assignor remains responsible for compliance with all terms of the encumbrance and this chapter until the assignment is approved by the commissioner. If the commissioner's approval is not required, the assignor is responsible for compliance with all terms of the encumbrance and this chapter until the department is notified of the assignment. Upon approval or notification, the assignee shall be responsible for compliance with all terms of the encumbrance and this chapter. If the request for an assignment is granted, the department shall mail the assignment to the applicant for signature.~~

4 d. ~~Extension or renewal of an encumbrance. An applicant may request an extension or renewal of an encumbrance for an additional term. Additional compensation may be requested by the department. If the request for an extension or renewal is granted, the department shall notify the applicant.~~

e. Full or partial release of an encumbrance.

2. An application must state a specific purpose for which it is being submitted.

3. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department.

4. An application for a consent to assign an encumbrance must be received by the department prior to execution of an assignment between applicable parties.

5. An application fee may be charged as determined by the board.

6. Compensation may be requested by the department.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-05-01

85-04-04-02. Surveying and planning ~~permit~~ requirements.

1. Prior to accessing trust lands to conduct any surveys, including general surveys, metes-and-bounds, centerline, cadastral, ocular reconnaissance cultural resource surveys, and habitat or wetland delineations, ~~an applicant shall obtain a surveying and planning permit from the department. The applicant shall complete an electronic application available on the department's website or a paper application provided upon request. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department.~~ the following criteria must be met:

a. An application for an encumbrance for which the survey is being conducted has been filed with the department; and

b. Any person or entity conducting survey work on behalf of the applicant shall obtain a surveying and planning permit from the department.

2. ~~Upon issuance of the surveying and planning permit to the applicant, access to trust lands under the permit is only permissible if a third party applicant has filed an application for an encumbrance. The surface tenant must be notified by the third party applicant of the required access to trust lands at least one calendar week prior to the date of access. The person or entity conducting the survey shall provide notice to the surface tenant of the need for access to trust lands for survey purposes no later than seven calendar days before the scheduled access date.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

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85-04-04-04. Issuance of an encumbrance.

1. The commissioner may approve and issue an encumbrance on the board's behalf in accordance with this chapter.
2. ~~If an application does not comply with this chapter, or if the commissioner determines board review is desirable, the application may be brought before the board for its consideration. An~~ encumbrance shall not be approved or issued until all required payments and information is received by the department.
3. ~~The commissioner may impose such terms as deemed necessary. An~~ encumbrance must be issued prior to site preparation or construction, except for surveying in accordance with a granted surveying and planning permit.
4. The commissioner may impose such terms to an encumbrance as the commissioner deems necessary.
5. The commissioner may refuse to issue an encumbrance at commissioner's sole discretion.
6. ~~If an application does not comply with this chapter, or if the commissioner determines board review is desirable, the commissioner may bring the application to the board for consideration.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-05. Right of entry and inspection.

The department may enter the land at any time without notification for the purpose of inspecting the land, activity, or construction.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-06. Expiration of an encumbrance.

1. Unless otherwise stated in the encumbrance, the encumbrance expires two years from the date of issuance if the activity or construction is not fully completed on trust lands in accordance with the terms of the encumbrance.
2. An encumbrance automatically terminates without notice at the end of its term or for failure to complete an activity or construction.
3. Prior to the expiration of the encumbrance, the holder may apply for an amendment or extension in accordance with this chapter.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-07. Assignment of an Encumbrance.

An encumbrance may not be assigned unless specifically authorized by the terms of the encumbrance or upon written consent of the commissioner.

1. Specifically authorized by the terms of the encumbrance.
 - a. The assignor is responsible for compliance with all terms of the encumbrance, this chapter, and applicable laws until the department is notified of the assignment.
 - b. Upon notification, the assignee shall be responsible for compliance with all terms of the encumbrance, this chapter, and applicable law.
2. Upon written consent of the commissioner.
 - a. The commissioner may refuse to assign an encumbrance at commissioner's sole discretion.
 - b. A consent to assignment shall not be deemed valid unless provided in writing by the commissioner.
 - c. The assignor remains responsible for compliance with all terms of the encumbrance and this chapter until consent to the assignment is provided by the commissioner. Upon approval, the assignee shall be responsible for compliance with all terms of the encumbrance, this chapter, and applicable law.

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-08. Full or Partial Release of an Encumbrance.

1. An encumbrance may not be released unless specifically authorized by the terms of the encumbrance or upon written consent of the commissioner.
2. Prior to a full or partial release of an encumbrance:
 - a. All infrastructure, both above and below ground, shall be removed from the property unless specifically authorized by the terms of the encumbrance or upon prior written consent of the commissioner.
 - b. Pipelines must be purged to eliminate potential contaminants.
 - c. If a pipeline is authorized by the commissioner in writing to remain on the property, the pipeline shall be capped at the property boundaries and termination points. The encumbrance holder shall remain liable for pipelines remaining on the property.
 - d. The department may require a survey identifying the location of the released infrastructure. The survey shall clearly identify any components of the infrastructure that will remain on the property after the release.

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

ARTICLE 85-04 SURFACE LAND MANAGEMENT

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85-04-06	Land Exchange <u>with the United States</u>
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CHAPTER 85-04-06 LAND EXCHANGE WITH THE UNITED STATES

Section	
85-04-06-01	Approval of Land Exchange
85-04-06-02	Criteria for Land Exchange
85-04-06-03	Application for Land Exchange
85-04-06-04	Evaluation of Application
85-04-06-05	Comments and Notice
85-04-06-06	Exchange Report
85-04-06-07	Board Authorization

85-04-06-01. Approval of land exchange.

The board may approve an exchange of trust lands with the United States which it determines is in the best interests of the trusts and complies with current law. Under North Dakota Century Code section 15-06-01, any land received under an exchange of original grant land maintains its status as "original grant lands".

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: N.D. Constitution article IX, § 6; NDCC 15-06-01, 15-06-19.1

85-04-06-02. Criteria for land exchange.

The department shall consider the criteria listed below in any land exchange. Land exchanges are not required to satisfy all criteria outlined below. Criteria will be considered in a cumulative manner and meeting certain criteria may not guarantee approval.

1. Equal or greater value. A land exchange must result in the board receiving equal or greater asset value to the trusts.
 - a. ~~In connection with any exchange the department may use information, provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment. The commissioner shall procure appraisals, completed by a certified appraiser, to determine the value of the trust lands and the proposed exchange land. The same appraiser shall conduct appraisals of the trust lands to be exchanged and the~~

~~proposed exchange land. In the event the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.~~

- ~~b. The department shall advise the appraiser regarding the scope of work to ensure the value of the trust lands to be exchanged is determined by the highest and best use of the land, not simply the present use. For example, if an exchange is proposed in which the trust lands to be exchanged are currently leased for grassland but the land is in the path of residential, commercial, or industrial development, the trust lands to be exchanged must be appraised for the highest and best use for residential, commercial, or industrial development rather than its current use as grassland.~~
 - a. Any appraisals considered by the department must include appraised values for both the trust lands highest and best use as well as the current use.
 - e b. The department ~~shall~~ may consider features not reflected in the market price which are difficult to assign a monetary value, including location, proximity to public lands, recreational opportunities, scenery, other amenities, and results of cultural resources inventories in evaluating the relative value of trust lands to be exchanged.
2. Equal or greater income to the trusts. A land exchange must result in the board receiving equal or greater income to the trusts. The projected agricultural income for the proposed exchange land will be estimated using the board's minimum lease rate. The minimum lease rate for the proposed exchange land will be compared to the present income received by the trusts from the trust lands to be exchanged, including all current and potential future revenue streams from surface leases, encumbrances, development of natural resources, and other sources, and any tax liability.
3. Acreage. Land exchanges should result in the board receiving equal or greater acreage. The board, however, may consider receiving less acreage in return for ~~substantially higher value or income, or both~~ one or more of the following:
- a. Improved dedicated access;
 - b. Substantially higher value in relation to the amount of acres lost; or
 - c. Substantially higher income in relation to the amount of acres lost.
4. Consolidation of trust lands. The proposed land exchange must not fragment trust land holdings by creating isolated parcels of trust land. ~~In all exchanges, the board shall reserve all minerals underlying the trust lands to be exchanged pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.~~
5. Potential for long-term ~~appreciation~~ increase in income and value. The proposed exchange land must have similar ~~revenue~~ or greater income and value potential as ~~than~~ the trust lands to be exchanged.
6. Access. A land exchange must not diminish access to trust lands. Accessible trust lands should be exchanged with lands that offer equal or improved access.
7. In connection with any exchange of trust land with the United States, the department may consider all available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment.
8. In all exchanges, the board shall reserve all minerals underlying the trust lands to be exchanged pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1, 15-06-22, 15-07-02

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85-04-06-04. Evaluation of application.

The department shall evaluate the application and may request the applicant provide additional information. After the department's evaluation:

1. The commissioner may reject an application:
 - a. If the application does not meet the requirements of subsections 1 and 2 of section 85-04-06-02; or
 - b. If the application fails to comply with North Dakota law.
2. If the commissioner determines an application meets the requirements of section 85-04-06-02, the commissioner shall present the application to the board to determine if the application reflects a tract the board is willing to exchange.
3. If the land is leased, the commissioner shall notify the lessee of the intent to exchange the property.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

85-04-06-05. Comments and notice.

1. ~~Upon receipt of an application for land exchange and a determination by the board that~~ If the board determines the application covers a tract of land the board is willing to exchange, the department shall:
 - a. Post on the department's website a notice of the application for land exchange, any supporting documentation, and instructions for submitting public comments.
 - b. ~~The department also shall~~ publish notice of an application for land exchange in the official newspaper of the county where the proposed exchange land and proposed trust lands to be exchanged are located and in the Bismarck Tribune. The notice must:
 - (1) Be published once each week for three consecutive weeks prior to the deadline for comments; and
 - (2) ~~The notice must~~ Contain the legal description of the proposed exchange land and proposed trust lands to be exchanged and the deadline for comments. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled comment period if it appears the omission or error is not prejudicial to the department's interest.

2. ~~All comments must be in writing and contain the following:~~

- ~~a. Name and address of the interested person;~~
- ~~b. Applicant's name and address;~~
- ~~c. The legal description of the proposed exchange land and proposed trust lands to be exchanged as shown on the published notice; and~~
- ~~d. A detailed statement as to whether the interested person supports or opposes the proposed land exchange.~~

c. Solicit public comment regarding the proposed exchange. All comments must be in writing and include the following:

- (1) Name and address of the interested person;
- (2) The legal description of the proposed tract for exchange as shown on the published notice; and
- (3) A detailed statement as to whether the interested person supports or opposes the exchange.

2. The department shall give notice of the proposed exchange to any entity having a property interest in any portion of trust lands involved in the exchange as reflected in the records of the department and if the land is leased, the commissioner shall notify the lessee of the intent to exchange the property during the months of October through January.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

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85-04-06-07. Board authorization.

~~Upon receipt of the department's exchange report, the board shall consider the specific recommendations of the department and public comments and evaluate the merits of the land exchange. The board shall determine whether further review and public comment are required.~~

~~When a proposed exchange satisfies the exchange criteria, the board may exercise its discretion to suspend further review and disapprove the application as not in the best interests of the trusts.~~

~~Alternatively, the board may direct the commissioner to complete specific tasks relating to the merits of the proposed exchange and report back to the board with findings before proceeding further. When the board is satisfied that the department and applicant have generated all information necessary for its decision, the board shall review and determine whether the proposed exchange is in the best interests of the trusts.~~

~~The commissioner is authorized to complete all documents for the exchange on the board's behalf if the board approves the exchange.~~

The board shall review the exchange report, department recommendations, and public comments and determine whether to proceed with the exchange. The commissioner is authorized to complete all documents for the exchange on the board's behalf if the board approves the exchange. If the land is leased, the commissioner shall notify the lessee within the months of October through January of the intent to exchange the property.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

**ARTICLE 85-04
SURFACE LAND MANAGEMENT**

Chapter	
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85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

**CHAPTER 85-04-07
LAND SALES UNDER NORTH DAKOTA CENTURY CODE CHAPTER 15-06**

Section	
85-04-07-01	Sale of Original Grant Lands
85-04-07-02	Requirements of Sale
85-04-07-03	Sale Procedure
85-04-07-04	Payment of Costs
85-04-07-05	Board Review

85-04-07-01. Sale of original grant lands.

The board shall retain and manage original grant lands to produce revenue consistent with the long-term maintenance of the original grant lands' income producing potential and ecological health. The commissioner may propose, ~~or accept letters of application for,~~ the sale of original grant lands after the original grant lands have been evaluated ~~by the commissioner~~ for "highest and best use" as defined in North Dakota Century Code section 15-02-05.1 and the department considers the following criteria:

1. If the tract has been zoned or has high potential to be zoned residential, commercial, ~~or industrial,~~ or similar zoning type;
- ~~2. The tract's potential for mineral development, including sand, gravel, clay, and scoria;~~
- 3 2. If the tract has been a source of persistent management problems, resulting in the sale of the tract being prudent from a long-term financial point of view;
- 4 3. If the tract and adjacent trust land tracts total less than eighty acres [32.37 hectares] in size, more or less, for grassland and less than forty acres [16.19 hectares], more or less, for cropland or hayland, except those tracts which are severed by a highway, road, railroad, canal, river, or lake, which may be sold if the severed portion is less than these amounts; or
- 5 4. If the tract and adjacent trust land tracts exceed eighty acres [32.37 hectares] in size, more or less, for grassland or more than forty acres [16.19 hectares] in size, more or less, for cropland.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

85-04-07-02. Requirements of no net loss sale.

Any sale of original grant lands, ~~with the exception of~~ excluding sale of tracts ~~provided~~ listed in subsection 1, 2, or 3 of section 85-04-07-01, is subject to the following:

1. The proposed sale would result in no net loss of leasable original grant lands; and
2. The ~~applicant agrees to~~ land provided as consideration must provide accessible and leasable land equal or greater in acres (unless otherwise provided in this section) and value to the trust from which the original grant lands were sold, for which the department then shall consider the criteria listed below ~~in subsections a through f in~~ for any no net loss sale. Land provided for a no net loss sale is not required to satisfy all ~~six~~ criteria outlined below. Criteria will be considered in a cumulative manner and meeting certain criteria may not guarantee approval.
 - a. Equal or greater value. A no net loss sale must result in the board receiving equal or greater asset value to the trusts. Any appraisals considered by the department must include both the values for the trust lands highest and best use and the current use.
 - (1) ~~In connection with any no net loss sale the department may use information, provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment. The commissioner shall procure appraisals in accordance with North Dakota Century Code sections 15-06-22 and 15-06-23, and shall request additional appraisals be completed by a certified appraiser, to determine the value of the trust lands and the proposed no net loss sale land. The same appraiser shall conduct appraisals of the trust lands and the proposed no net loss sale land. In the event the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.~~
 - (2) ~~The department shall advise the appraiser regarding the scope of work to ensure the value of the trust lands is determined by the highest and best use of the land, not simply the present use. For example, if a no net loss sale is proposed in which the trust lands are currently leased for grassland but the land is in the path of residential, commercial, or industrial development, the trust lands must be appraised for the highest and best use for residential, commercial, or industrial development rather than its current use as grassland.~~
 - (3) ~~b.~~ b. The department ~~shall~~ may consider features not reflected in the market price that are difficult to assign a monetary value, including location, proximity to public lands, recreational opportunities, scenery, other amenities, and results of cultural resources inventories in evaluating the relative value of trust lands.
 - ~~b~~ c. Equal or greater income to the trusts. A no net loss sale must result in the board receiving equal or greater income to the trusts. The projected agricultural income for the proposed no net loss sale land will be estimated using the board's minimum lease rate. The minimum lease rate for the proposed no net loss sale land will be compared to the present income received by the trusts from the trust lands, including all current and potential future revenue streams from surface leases, encumbrances, development of natural resources, and other sources, and any tax liability.
 - ~~e~~ d. Acreage. A no net loss sale should result in the board receiving equal or greater acreage. The board may, however, consider receiving less acreage in return for one or more of the following:

- (1) Improved dedicated access;
- (2) Substantially higher value in relation to the amount of acres lost; or
- (3) Substantially higher income in relation to the amount of acres lost.

~~d e.~~ Consolidation of trust lands. The proposed no net loss sale must not fragment trust land holdings by creating isolated parcels of trust land. ~~In all no net loss sales, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.~~

~~e f.~~ Potential for long-term ~~appreciation~~ increase in income and value. The proposed no net loss sale land must have similar ~~revenue~~ income and value potential as the trust lands.

~~f g.~~ Access. A no net loss sale must not diminish access to trust lands. The no net loss land should provide equal or improved access.

~~3. Any land acquired pursuant to a sale of original grant lands, subject to no net loss, shall be treated by the board as "original grant lands" In connection with any no net loss sale the department may use any available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment.~~

~~4. In all no net loss sales and subject to applicable law, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota.~~

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

85-04-07-03. No net loss Sale procedure.

~~1. A letter of application for purchase of original grant lands meeting the criteria in section 85-04-07-01 may be accepted at any time. An application must include:~~

- ~~a. A nonrefundable application fee in an amount set by the board;~~
- ~~b. A legal description of the trust lands; and~~
- ~~c. A legal description of the lands to be provided to ensure no net loss.~~

~~Upon board approval, a sale of original grant lands must be conducted in accordance with North Dakota Century Code chapter 15-06.~~

~~2. Upon receipt of a letter of application to purchase a tract, the potential sale must be presented to the commissioner for preliminary approval or rejection.~~

~~3. The commissioner may recommend to the board that a tract meeting the criteria of section 85-04-07-01 may be offered for sale even though no letter of application has been received.~~

~~Upon a determination that the application covers a tract the board is willing to sell, the department shall post on the department's website a notice of the application for sale, any supporting documentation, and instructions for submitting public comments. The department also shall publish notice of a letter of application for sale in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune. Notice must be published once each week for three consecutive weeks prior to the deadline for comments. The notice must contain the legal description of the proposed tract and the deadline for comments. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled comment period if it appears the omission or error is not prejudicial to the department's interest. All comments must be in writing and contain the following:~~

- ~~a. Name and address of the interested person;~~
- ~~b. Applicant's name and address;~~

- ~~e. The legal description of the proposed tract for sale as shown on the published notice; and~~
- ~~d. A detailed statement as to whether the interested person supports or opposes the sale.~~
- ~~4. The board shall review all appraisals, any public comments, other relevant information including title examinations, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price.~~
- ~~5. If the land is leased, the commissioner shall notify the lessee of the intent to sell the property during the months of October through January.~~
- ~~6. The department shall notify the applicant, if any, of the price set by the board, which must be the minimum acceptable sale price.~~
- ~~7. The department may contract a legal metes and bounds survey for the tract to be sold at public auction under North Dakota Century Code chapter 15-06.~~
- ~~8. If the applicant desires to proceed, the applicant shall submit to the department a formal offer to purchase. The formal offer to purchase must serve as the opening bid at the public sale. The applicant shall provide five percent of the minimum sale price as earnest money, as a condition of the formal offer to purchase.~~
- ~~9. Land must be advertised for sale at public auction under North Dakota Century Code chapter 15-06.~~
- ~~10. If no bids are received on a tract for which no formal application was received, the tract may be sold for the board established minimum acceptable sale price to the first interested party at a private sale during the six months following the date of the auction.~~
- ~~11. The sale of any tract under this chapter may be by:

 - ~~a. Contract under section 6 of article IX of the Constitution of North Dakota; or~~
 - ~~b. A purchase agreement requiring twenty percent payment of the purchase price on the day of the sale, which may include earnest money paid, and the balance due within sixty calendar days. The balance due date may be extended at the commissioner's discretion, up to a maximum of one hundred eighty days from the date of the sale. Interest must be charged on any remaining balance, beginning sixty days after the date of sale, at the Bank of North Dakota base rate plus one percent.~~~~
- 1. The department may recommend a tract of land that meets the criteria of section 85-04-07-02 to the commissioner for consideration for a no net loss sale.
- 2. Board Preliminary Review. If the commissioner determines to proceed with the sale, the commissioner shall present to the board the proposed no net loss land sale for preliminary review. Upon a determination that the board is willing to sell, the department shall conduct the following:
 - a. Notify the lessee if the lands are leased.
 - b. Publish a notice of sale, that includes a request for bidders, pursuant North Dakota Century Code chapter 15-06. The notice of sale must contain:
 - (1) the legal description of the proposed trust land tract to be sold;
 - (2) Instructions on how to register to bid; and
 - (3) deadline for bidders to register.
 - c. The department shall procure all appraisals from a certified appraiser for tract(s) to be sold and for lands provided for consideration.
 - (1) Appraisals shall be obtained in accordance with North Dakota Century Code sections 15-06-22 and 15-06-23.
 - (2) Appraisals for trust lands and the proposed no net loss sale land shall be appraised by the same certified appraiser.
 - (3) If the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.

d. Solicit public comment regarding the proposed sale. All comments must be in writing and include the following:

- (1) Name and address of the interested person;
- (2) The legal description of the proposed tract for sale as shown on the published notice; and
- (3) A detailed statement as to whether the interested person supports or opposes the sale.

3. Bidder Registration Process.

a. Bidders shall provide the following:

- (1) A nonrefundable application fee; and
- (2) A legal description of the lands to be provided for consideration.

b. Bidders shall agree to an offer to purchase that contains the following:

- (1) Bidder is subject to all costs associated to the bidder review and sale process, including:
 - (a) Appraisal costs;
 - (b) Title examination; and
 - (c) Legal survey, if deemed necessary by the commissioner.

(2) Bidder agrees to allow the department and its agents access to the lands offered for consideration or shall procure access on department's behalf.

c. The department shall review the lands proposed by each potential bidder to determine if they meet the criteria under 85-04-07-02.

4. Board Final Review. The board shall review all approved registered bidders including appraisals and land offered for consideration, any public comments, other relevant information including title examinations, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price and the following shall be conducted:

a. If the land is leased, the commissioner shall notify the lessee within the months of October through January of the intent to sell the property.

b. The commissioner shall conduct an auction pursuant to North Dakota Century Code chapter 15-06.

c. A purchase agreement shall be executed with the winning bidder at the closing of the sale. The purchase agreement must require:

- (1) That the purchaser pay twenty (20) percent of the purchase price at the time the purchase agreement is executed; and
- (2) That the purchaser convey the land used as consideration within sixty calendar days after execution of the agreement. The commissioner may extend the deadline to convey, at the commissioner's sole discretion, up to a maximum of one hundred eighty days after execution of the purchase agreement.

d. If no bids are received at auction, the tract may be sold for the board established minimum acceptable sale price to the first interested party at a private no net loss sale during the six

months following the date of the auction.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

85-04-07-04. Payment of costs.

The purchaser is responsible for payment of ~~all~~ costs, including appraisals, title examinations, and other costs as may be necessary to complete the sale.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

85-04-07-05. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange <u>with the United States</u>
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-08 LAND SALES UNDER NORTH DAKOTA CENTURY CODE CHAPTER 15-07

Section	
85-04-08-01	Sale of Acquired Lands
85-04-08-02	Requirements of Sale
85-04-08-03	Sale Procedure
85-04-08-04	Payment of Costs
85-04-08-05	Board Review

85-04-08-01. Sale of acquired lands.

The board shall retain and manage acquired lands to produce revenue consistent with the long-term maintenance of the acquired lands' income producing potential and ecological health until sold. The commissioner may propose, ~~or accept a letter of application for,~~ the sale of acquired lands if the ~~department has reviewed its potential for mineral development and the acquired~~ lands have been evaluated ~~by the commissioner~~ for "highest and best use" as defined in North Dakota Century Code section 15-02-05.1 and the department considers the following criteria:

1. If a tract is acquired through foreclosure or deed in lieu of foreclosure from the board's loan pool account, established under North Dakota Century Code section 15-03-04.1, after January 1, 2020;
2. If the tract has been zoned or has high potential to be zoned residential, commercial, ~~or industrial~~ or similar zoning type;
3. ~~The tract's potential for mineral development, including sand, gravel, clay, and scoria;~~
- 4 3. If the tract has been a source of persistent management problems, resulting in the sale of the tract being prudent from a long-term financial point of view;
- 5 4. If the tract and adjacent trust land tracts total less than eighty acres [32.37 hectares] in size, more or less, for grassland and less than forty acres [16.19 hectares], more or less, for cropland or hayland, except those tracts which are severed by a highway, road, railroad, canal, river, or lake, which may be sold if the severed portion is less than these amounts; or
- 6 5. If the tract and adjacent trust land tracts exceed eighty acres [32.37 hectares] in size, more or less, for grassland or more than forty acres [16.19 hectares] in size, more or less, for cropland.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

85-04-08-02. Requirements of no net loss sale.

Any sale of acquired lands, with the exception of tracts provided in subsections 1, 2, 3, and 2 4 of section 85-04-08-01, is subject to the following:

1. The proposed sale would result in no net loss of leasable acquired lands; and
2. The ~~applicant agrees to land provided as consideration must~~ provide accessible and leasable land equal or greater in acres (unless otherwise provided in this section) and value to the trust from which the acquired lands were sold, for which the department then shall consider the criteria listed below ~~in subdivisions a through f in~~ for any no net loss sale. Land provided for a no net loss sale is not required to satisfy all ~~six~~ criteria outlined below. Criteria will be considered in a cumulative manner and meeting certain criteria may not guarantee approval.
 - a. Equal or greater value. A no net loss sale must result in the board receiving equal or greater asset value to the trusts. Any appraisals considered by the department must include appraised values for both the trust lands highest and best use as well as the current use.
 - ~~(1) In connection with any no net loss sale, the department may use consider all available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment. The commissioner shall procure appraisals, completed by a certified appraiser, to determine the value of the trust lands and the proposed no net loss sale land. The same appraiser shall conduct appraisals of the trust lands and the proposed no net loss sale land. In the event the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.~~
 - ~~(2) The department shall advise the appraiser regarding the scope of work to ensure the value of the trust lands is determined by the highest and best use of the land, not simply the present use. For example, if a no net loss sale is proposed in which the trust lands are currently leased for grassland but the land is in the path of residential, commercial, or industrial development, the trust lands must be appraised for the highest and best use for residential, commercial, or industrial development rather than its current use as grassland.~~
 - b. The department ~~shall~~ may consider features not reflected in the market price that are difficult to assign a monetary value, including location, proximity to public lands, recreational opportunities, scenery, other amenities, and results of cultural resources inventories in evaluating the relative value of trust lands.
 - c. Equal or greater income to the trusts. A no net loss sale must result in the board receiving equal or greater income to the trusts. The projected agricultural income for the proposed no net loss sale land will be estimated using the board's minimum lease rate. The minimum lease rate for the proposed no net loss sale land will be compared to the present income received by the trusts from the trust lands, including all current and potential future revenue streams from surface leases, encumbrances, development of natural resources, and other sources, and any tax liability.
 - e d. Acreage. A no net loss sale should result in the board receiving equal or greater acreage.

The board may, however, consider receiving less acreage in return for one or more of the following:

- (1) Improved dedicated access;
 - (2) Substantially higher value in relation to the amount of acres lost; or
 - (3) Substantially higher income in relation to the amount of acres lost.
- d e. Consolidation of trust lands. The proposed no net loss sale must not fragment trust land holdings by creating isolated parcels of trust land. ~~In all no net loss sales, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.~~
- e f. Potential for long-term ~~appreciation~~ increase in income and value. The proposed no net loss sale land must have similar ~~revenue~~ income and value potential as the trust lands.
- f g. Access. A no net loss sale must not diminish access to trust lands. The no net loss land should provide equal or improved access.
3. In connection with any no net loss sale, the department may consider all available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment.
4. In all no net loss sales, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

85-04-08-03. No net loss Sale procedure.

1. ~~A letter of application for purchase of acquired lands meeting the criteria in section 85-04-08-01 may be accepted at any time. An application must include:~~
 - a. ~~A nonrefundable application fee in an amount set by the board;~~
 - b. ~~A legal description of the trust lands; and~~
 - c. ~~A legal description of the lands to be provided to ensure no net loss.~~~~Upon board approval, a sale of acquired lands must be conducted in conformance with North Dakota Century Code sections 15-06-25 and 15-07-04.~~
2. ~~Upon receipt of a letter of application for sale of a tract, the potential sale must be presented to the commissioner for preliminary approval or rejection.~~
3. ~~The commissioner may recommend to the board that a tract be sold even though no letter of application for sale has been received.~~
4. ~~Upon a determination that the application covers a tract the board is willing to sell, the department shall post on the department's website a notice of the application for sale, any supporting documentation, and instructions for submitting public comments. The department also shall publish notice of a letter of application for sale in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune. Notice must be published once each week for three consecutive weeks prior to the deadline for comments. The notice must contain the legal description of the proposed tract and the deadline for comments. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled comment period if it appears the omission or error is not prejudicial to the department's interest. All comments must be in writing and contain the following:~~
 - a. ~~Name and address of the interested person;~~

- ~~b. Applicant's name and address;~~
 - ~~c. The legal description of the proposed tract for sale as shown on the published notice; and~~
 - ~~d. A detailed statement as to whether the interested person supports or opposes the sale.~~
- ~~5. The board shall review all appraisals, public comments received, and any other relevant information, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall use the appraisal to establish a sale price. The board reserves the right to increase the sale price if it deems the appraised value is inadequate.~~
- ~~6. If the land is leased, the commissioner shall notify the lessee of the intent to sell the property during the months of October through January.~~
- ~~7. The department shall notify the applicant, if any, of the price set by the board, which must be the minimum acceptable sale price.~~
- ~~8. The department may contract a legal metes and bounds survey for the tract to be sold at public auction under North Dakota Century Code chapter 15-07.~~
- ~~9. If the applicant desires to proceed, the applicant shall submit to the department a formal offer to purchase. The formal offer to purchase must serve as the opening bid at the public sale. The applicant shall provide five percent of the minimum sale price as earnest money, as a condition of the formal offer to purchase.~~
- ~~10. The department shall determine if acquired lands will be advertised for sale at public auction or by sealed bids, with the sale price set by the board as the minimum bid. If no bids are received on property for which an application has been received, the acquired lands may be sold to the applicant at the minimum bid.~~
- ~~11. If no bids are received on property for which no formal application was received, the property may be sold for the board established minimum acceptable sale price to the first interested party at a private sale during the six months following the date of the auction.~~
- ~~12. The sale of land may be by:~~
 - ~~a. Contract under section 6 of article IX of the Constitution of North Dakota; or~~
 - ~~b. A purchase agreement requiring twenty percent payment of the purchase price on the day of the sale, which may include earnest money paid, and the balance due within sixty calendar days. The balance due date may be extended at the commissioner's discretion, up to a maximum of one hundred eighty days from the date of the sale. Interest must be charged on any remaining balance, beginning sixty days after the date of sale, at the Bank of North Dakota base rate plus one percent.~~
- 1. The department may recommend a tract of land that meets the criteria of section 85-04-08-02 to the commissioner for consideration for a no net loss sale.
- 2. Board Preliminary Review. If the commissioner determines to proceed with the sale, the commissioner shall present to the board the proposed no net loss land sale for preliminary review. Upon a determination that the board is willing to sell, the department shall conduct the following:
 - a. Notify the lessee if the lands are leased.
 - b. Publish a notice of sale, that includes a request for bidders, in accordance with the procedures set out in North Dakota Century Code chapter 15-06. The notice of sale must contain:
 - (1) The legal description of the proposed trust land tract to be sold;
 - (2) Instructions on how to register to bid; and
 - (3) Deadline for bidders to register.
 - c. The department shall obtain all appraisals from a certified appraiser for tract(s) to be sold and for lands provided for consideration.

- (1) Appraisals shall be obtained in accordance with the procedures set out in North

Dakota Century Code sections 15-06-22 and 15-06-23.

- (2) Appraisals for trust lands and the proposed not net loss sale land shall be appraised by the same certified appraiser.
- (3) If the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.

d. Solicit public comment regarding the proposed sale. All comments must be in writing and include the following:

- (1) Name and address of the interested person;
- (2) The legal description of the proposed tract for sale as shown on the published notice; and
- (3) A detailed statement as to whether the interested person supports or opposes the sale.

3. Bidder Registration Process.

a. Bidders shall provide the following:

- (1) A nonrefundable application fee; and
- (2) A legal description of the lands to be provided for consideration.

b. Bidders shall agree to an offer to purchase that contains the following:

(1) Bidder is subject to all costs associated to the bidder review and sale process, including:

- (a) Appraisal costs;
- (b) Title examination; and
- (c) Legal survey, if deemed necessary by the commissioner.

(2) Bidder agrees to allow the department and its agents access to the lands offered for consideration or shall obtain access on department's behalf.

c. The Department shall review the lands proposed by each potential bidder to determine if they meet the criteria under 85-04-07-02.

4. Board Final Review. The board shall review all approved registered bidders including appraisals, land offered as consideration, any public comments, other relevant information including title examinations, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price and the following shall be conducted:

a. If the land is leased, the commissioner shall notify the lessee of the intent to sell the property.

b. The commissioner shall conduct an auction pursuant to North Dakota Century Code chapter 15-07.

c. A Purchase Agreement shall be executed with the winning bidder at the closing of the sale. The purchase agreement must require:

(1) That the purchaser pay twenty (20) percent of the purchase price at the time the purchase agreement is executed; and

(2) That the purchaser convey the land used as consideration within sixty calendar

days after execution of the agreement. The commissioner may extend the deadline to convey, at the commissioner's sole discretion, up to a maximum of one hundred eighty days after execution of the purchase agreement.

- d. If no bids are received at auction, the tract may be sold for the board-established minimum acceptable sale price to the first interested party at a private sale during the six months following the date of the auction.

- 43 5. Acquired lands acquired after January 1, 2020, may be sold to any mortgagor or a member of the mortgagor's immediate family under North Dakota Century Code section 15-07-10. The sale must be for cash only with twenty percent payment of the purchase price on the day of the sale, which may include earnest money paid, and the balance due within sixty calendar days. The balance due date may be extended at the commissioner's discretion, up to a maximum of one hundred eighty days from the date of the sale. Interest must be charged on any remaining balance, beginning sixty days after the date of sale, at the Bank of North Dakota base rate plus one percent.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

85-04-08-04. Payment of costs.

The purchaser is responsible for payment of ~~all~~ costs, including appraisals, title examinations, and other costs as may be necessary to complete the sale.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

85-04-08-05. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

**ARTICLE 85-04
SURFACE LAND MANAGEMENT**

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange <u>with the United States</u>
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

**CHAPTER 85-04-09
LAND SALES UNDER NORTH DAKOTA CENTURY CODE CHAPTER 15-09**

Section	
85-04-09-01	Sale of Lands for Public or Quasi-Public Purpose
85-04-09-02	Sale Procedure
85-04-09-03	Payment of Costs
85-04-09-04	Fencing
85-04-09-05	Reversion Clause
85-04-09-06	Board Review

....

85-04-09-02. Sale procedure.

1. ~~The commissioner may accept an application for to purchase of land may be accepted and the land sold in conformance in accordance~~ with North Dakota Century Code chapter 15-09.
2. An application must be submitted ~~using a paper application provided on a form prescribed by the department upon request and be.~~
 - a. The application must:
 - (1) Be completed and signed by authorized personnel;
 - (2) ~~and must~~ Include a nonrefundable application fee in an amount set by the board unless waived by the commissioner; and
 - (3) ~~The application must~~ Meet the requirements of North Dakota Century Code section 15-09-01, ~~and may require, depending on the land to be purchased, the following:~~
 - a. ~~A siting and environmental review completed by the department; and~~
 - b. ~~A "metes and bounds" survey of the land to be purchased, including both a plat and written narrative of the survey completed by the applicant. The narrative must include the distances and angles between points of intersection and points of entry and exit tied into the section corners, quarter section corners, or lot corners, and a breakdown of the acreage in the parcel for each separate quarter section or lot included in the purchase.~~

b. The department may request additional supporting documents.

- ~~3. If the land is leased, the commissioner shall notify the lessee of the intent to sell the property during the months of October through January.~~
- ~~3. Upon receipt of an application for sale of lands for public or quasi-public purpose and a determination that the application covers a tract the commissioner is willing to consider for sale, the department shall post on the department's website a notice of the application for sale of lands for public or quasi-public purpose, any supporting documentation, and instructions for submitting public comments. All comments must be in writing and contain the following:~~
 - ~~a. Name and address of the interested person;~~
 - ~~b. Applicant's name and address;~~
 - ~~c. The legal description of the proposed tract as shown on the published notice; and~~
 - ~~d. A detailed statement as to whether the interested person supports or opposes the sale.~~
- ~~4. The department shall secure a real property appraisal in accordance with North Dakota Century Code sections 15-06-22 and 15-06-23 and may secure additional appraisals from certified appraisers. Appraisals must consider the matter of severance of adjacent trust lands caused by the sale and the effect on the value of adjacent trust lands, which may reflect a higher appraisal.~~
- ~~5. The department shall provide the board a report of all appraisals, public comments, and any other relevant information to allow the board to determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price. The board reserves the right to increase the sale price if it deems the appraised value is inadequate.~~
- ~~6. The board shall obtain fair market value for all land sold under North Dakota Century Code chapter 15-09 and must consider its "highest and best use" as defined in North Dakota Century Code section 15-02-05.1.~~
- ~~7. The department shall notify the applicant, if any, of the price set by the board, which must be the approved sale price.~~
- ~~8. The notice of the application and the board approved sale price must be published and a hearing must be held in conformance with North Dakota Century Code section 15-09-03. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled hearing if it appears the omission or error is not prejudicial to the department's interest.~~
- ~~9. Any comments made at the hearing must be brought to the board, along with the department's recommendations regarding those comments.~~
- ~~10. If the applicant desires to purchase the property at the price set by the board and pays full purchase price, the commissioner may complete the sale on the board's behalf. If an agreement as to price cannot be reached, the applicant may proceed under North Dakota Century Code section 15-09-05.~~
4. Commissioner Review. If the commissioner determines to proceed with the sale, the department shall conduct the following:
 - a. Notify the lessee if the lands are leased.
 - b. Obtain all appraisals from a certified appraiser for tract(s) to be sold. The commissioner may require additional appraisals be conducted by different certified appraisers.

- c. Obtain from the applicant a "metes and bounds" survey of the land to be purchased, including both a plat and written narrative of the survey. The narrative must include the distances and angles between points of intersection and points of entry and exit tied into the section corners, quarter section corners, or lot corners, and a breakdown of the acreage in the parcel for each separate quarter section or lot included in the purchase.
- 5. Board Review. The commissioner shall present to the board the proposed land sale including appraisals public comments, and any other relevant information. Upon a determination by the board that it is willing to sell:
 - a. The board shall set a minimum acceptable sale price.
 - b. The department shall:
 - (1) Publish a notice of sale that includes a request for bidders. The notice of sale must include:
 - (a) The legal description of the proposed trust land tract to be sold;
 - (b) Instructions on how to register to bid; and
 - (c) The deadline for bidders to register.
 - (2) Notify the lessee of the intent to sell the property within the months of October through January if the land is leased.
 - (3) Conduct a hearing according to the North Dakota Century Code section 15-09-03. Any comments made at the hearing must be brought to the board, along with recommendations regarding the comments.
- 6. If the applicant desires to purchase the property at the price set by the board and pays full purchase price, the commissioner may complete the sale on the board's behalf.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-09

....

85-04-09-06. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review, and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-09

ARTICLE 85-06 MINERALS MANAGEMENT

Chapter	
85-06-01	Oil and Gas
85-06-02	Coal

CHAPTER 85-06-01
OIL AND GAS

Section	
85-06-01-01	Oil and Gas Lease Nomination
85-06-01-02	Advertisement for Public Auction
85-06-01-03	Public Auction
85-06-01-04	Rejection of Nomination and Bids
85-06-01-05	Form and Term of Oil and Gas Lease
85-06-01-06	Assignment, Amendment, or Extension
85-06-01-07	Voluntary Release
85-06-01-08	Royalties
85-06-01-09	Disputed Title Royalty Escrow Account
85-06-01-10	<u>Breach Cancellation</u> of Oil and Gas Lease
85-06-01-11	Board Review
85-06-01-12	Reports of Lessee - Delinquency Penalty
85-06-01-13	Audit and Examination
85-06-01-14	Request for Shut-In Status for Oil or Gas
85-06-01-15	Offset Obligations for Vertical Oil and Gas Wells

85-06-01-01. Oil and gas lease nomination.

The department ~~shall~~ may accept an oil and gas lease nomination for a tract not already under an oil and gas lease as reflected in department records and may accept a nomination for a tract under an oil and gas lease which will expire prior to the date of the oil and gas lease sale. The first nomination received on a tract is considered an offer and determines the opening bid.

1. The department ~~shall~~ may accept a nomination for an oil or gas lease either electronically through the department's website or in writing. The nomination period for an oil and gas lease must be the period set by the commissioner during which the department ~~shall~~ may accept oil and gas lease nominations.
2. An oil and gas lease nomination must be limited to a maximum of one quarter section, unless otherwise authorized under subsection 3, or by the board.
3. A nomination for a tract containing a body of water may include up to a section of land if the tract cannot reasonably be subdivided by quarter section or half section. The tract acreage, including islands, may be offered and described as "more or less" and may be adjusted by the board within each quarter section.

History: Effective January 1, 2020; amended effective April 1, 2024; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Constitution article IX, § 5; NDCC 15-01-02, 15-02-05, 15-05-09, 61-33-06, 61-33.1

85-06-01-02. Advertisement for public auction.

The department shall publish notice of an oil and gas lease auction ~~in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune~~ on the department's website. The notice must be published ~~once~~, at least ten days prior to the day of the auction. The advertisement must specify the date, time, and place of the auction, and how an interested person may obtain a list of the tracts to be auctioned. ~~Should~~ If publication of any notice is inadvertently omitted by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled leasing if it appears the omission or error is not prejudicial to the department's interest.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 38-09-15

85-06-01-03. Public auction.

The board may issue an oil and gas lease by public auction. Public auctions may be hosted either live or online at the discretion of the commissioner. Bidding is based on a bonus of not less than one dollar per acre, and an annual delay rental of not less than one dollar per acre per year based on the acreage shown in the records of the department at the time the oil and gas lease is issued.

1. The successful bidder at an auction shall pay the bonus, the rental payments for the primary term as defined by the oil and gas lease, the advertising fee, the lease auction administration fee, and any processing fees via automated clearing house or wire transfer, by five p.m. central prevailing time, ten days after the date the auction closed. ~~The board may not issue an oil and gas lease until receipt of the bonus, rental payments, and fees.~~
2. If no bids are received, the nominator is the successful bidder.
3. The board may not issue an oil and gas lease until receipt of the bonus, rental payments, and fees.

History: Effective January 1, 2020; amended effective April 1, 2024; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Constitution article IX, § 5; NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

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85-06-01-06. Assignment, amendment, or extension.

A lessee shall submit ~~a written request~~ an application to the department for an assignment, amendment, or extension of an oil and gas lease, or a portion of the oil and gas leased premises, utilizing the form available on the department's website. ~~A request must include~~ The lessee shall provide any documents requested by the department. The lessee shall submit a fee, in an amount set by the board, to the department with the ~~request~~ application.

1. Assignments. All oil and gas lease obligations must be current at the time the assignment is approved. The lessee remains bound by the terms and conditions of the oil and gas lease, board rules and policies, and applicable laws until the assignment is approved by the department. Upon approval of the assignment, the assignee is bound by all the terms and conditions of the

oil and gas lease, board rules and policies, and applicable laws. The assignor shall provide the department with a copy of the fully executed assignment within thirty days from the approval.

2. Extensions. If, at the expiration of the primary term, production of oil or gas or both has not been obtained in commercial quantities on the leased premises but drilling, testing, completion, recompletion, reworking, deepening, plugging back, or repairing operations are being conducted thereon in good faith, the lessee may, on or before the expiration of the primary term, file a written application with the department for a one hundred eighty day extension of ~~this the~~ oil and gas lease, such application to be accompanied by a payment of ten dollars per acre, and the commissioner, in writing, shall extend ~~this the~~ oil and gas lease for a period of one hundred eighty days beyond the expiration of the primary term and as long as oil or gas or both is produced in commercial quantities; the lessee may, as long as such drilling, testing, or completion operations are being conducted in good faith, make written application to the commissioner, on or before the expiration of the initial extended period of one hundred eighty days for an additional extension of one hundred eighty days, such application to be accompanied by a payment of twenty dollars per acre, and the commissioner, in writing, shall extend ~~this the~~ oil and gas lease for an additional one hundred eighty day period from and after the expiration of the initial extended period of one hundred eighty days, and as long as oil or gas or both is produced in commercial quantities; ~~this the~~ oil and gas lease must not be extended for more than a total of three hundred sixty days from and after the expiration of the primary term unless production in commercial quantities has been obtained or unless extended by some other provision hereof.
3. Amendments. A lessee may request an amendment to an oil and gas lease for a specific purpose. A request for an amendment must state the specific grounds for the request. Approval of a request is at the discretion of the commissioner and the department shall notify the lessee in writing whether or not the request is approved.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 15-05-15

85-06-01-07. Voluntary release.

To request a voluntary release of an oil and gas lease, a lessee shall submit a written request to the department for the voluntary release of an oil and gas lease, or portion of an oil and gas leased premises, ~~utilizing the form available on the department's website~~ and shall provide all other documents requested by the department. Approval of a voluntary release is at the discretion of the commissioner and the department shall notify the lessee in writing whether ~~or not~~ the voluntary release is approved. All oil and gas lease obligations must be current at the time the voluntary release is approved. The lessee remains bound by the terms and conditions of the oil and gas lease, board rules and policies, and applicable laws until the voluntary release is approved by the commissioner.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09

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85-06-01-10. ~~Breach~~ Cancellation of oil and gas lease.

1. Other than as provided in subsection 7, an oil and gas lease may be canceled for:

- a. Nonpayment of any sum due under the oil and gas lease;
 - b. Breach of any oil and gas lease terms or conditions; or
 - c. A violation of applicable laws, rules, or board policies.
2. Before an oil and gas lease is canceled, the department shall send a notice of intention to cancel the lease specifying the reason for cancellation to the lessee listed in the records of the department by certified or registered mail ~~requiring a signed receipt~~ to the lessee's address as shown in the records of the department.
3. A lessee may file with the commissioner a request for a waiver, or a request for the commissioner to review the notice of intention to cancel the oil and gas lease, which must include a statement of the specific grounds for the request. A request must be in writing and filed with the commissioner within thirty days after the date the notice of intention to cancel the oil and gas lease is postmarked. A request for a waiver or review is deemed filed when personally delivered or when received by the department. The commissioner may allow the lessee time to cure the breach, or may waive any breach, except a breach of oil and gas lease terms required under North Dakota Century Code. Any waiver must be limited to the particular breach waived and does not limit the board's right to cancel the oil and gas lease for any other breach. If, after review of the request, the commissioner determines cancellation of the lease is still warranted, the commissioner shall request board approval of the cancellation. An oil and gas lease cancellation under this section is exempt from the requirements of section 85-06-01-11.
4. If the lessee has not filed a release of the oil and gas lease with the applicable county recorder's office or requested a waiver or commissioner review within thirty days after the postmark date of a notice of intention to cancel the lease, the commissioner may cancel the lease.
5. Release of the oil and gas lease by the lessee or cancellation of the lease does not release the lessee from liability for any sum due to the board or from any damages caused by a breach of the lease.
6. Upon cancellation of the oil and gas lease, the department shall file a notice of cancellation of oil and gas lease with the applicable county recorder's office.
7. An oil and gas lease automatically terminates for failure to pay the annual delay rental by the date due without further notice by the department or opportunity for the lessee to remedy the default.

History: Effective January 1, 2020; amended effective April 1, 2024; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Constitution article IX, § 5; NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

85-06-01-11. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if a board review is warranted.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 15-05-10

85-06-01-12. Reports of lessee - Delinquency penalty.

Royalty payment and reporting are due on forms prescribed by the department as follows:

1. For gas:
 - a. Within one hundred twenty-three days of the last day of the month in which initial production occurs, royalty payment and reporting are due for the first, second, and third months of production.
 - b. Successive royalty payments and reporting are due within sixty-one days of the last day of the month in which production occurs.
2. For oil:
 - a. Within ninety-two days of the last day of the month in which initial production occurs, royalty payment and reporting are due for the first, second, and third months of production.
 - b. Successive royalty payments and reporting are due within thirty days of the last day of the month in which production occurs.
3. The royalty payment and reporting deadline may be extended by the commissioner upon written request. An extension, if granted, only applies to future royalty payments and reporting.
4. Any sum, other than delay rentals, not paid when due is delinquent and is subject to a delinquency penalty of one percent of the sum for each thirty-day period of delinquency or fraction of delinquency period, unless a waiver or board review is requested under subsection 6. For leases issued after July 31, 2021, any penalty must be calculated pursuant to subsection 3 of North Dakota Century Code section 15-05-10.
5. Unpaid royalties bear interest under subsection 2 of North Dakota Century Code section 15-05-10 and said interest shall be due for each thirty-day period of delinquency or fraction of delinquency period, unless a waiver or board review is requested under subsection 6.
6. A lessee has thirty days from the date of the receipt of a notice of a penalty and interest assessment to pay the penalty and interest, request a waiver or reduction, or to request board review.
 - a. A request for a waiver or reduction of the penalty or interest or a request for board review must be in writing and provide the grounds for the request.
 - b. The following factors may be considered when deciding to waive or reduce the penalty or interest: the reason for the late payment; the degree of control the payor had over the late payment; any unusual or mitigating circumstances involved; the loss of interest earnings to the trust involved; and any other relevant factors.
 - c. A waiver or reduction of penalty and interest does not constitute a waiver of the right to seek the full amount of both penalty and interest if the initial claim for royalty payment is not paid. If a claim for unpaid royalties, penalties, and interest is settled and payment received, the amount of penalties and interest not collected is deemed waived.

History: Effective January 1, 2020; amended effective April 1, 2022; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 15-05-10, 47-16-39.2

85-06-01-14. Request for shut-in status for oil or gas.

1. A lessee requesting shut-in status of an oil or gas well, without canceling the lease, shall submit a written ~~request~~ application to the department utilizing the form available on the department's website. The ~~request~~ application must contain the following information:
 - a. The name and well file number assigned by the North Dakota department of mineral resources oil and gas division;
 - b. The township, range, and section of the surface location of the well;
 - c. The board's oil and gas lease number for the subject lease, the date of the oil and gas lease, the acreage covered by the oil and gas lease, and the current lessee;
 - d. The name and address of the operator of the well;
 - e. The cumulative production and the number of days of production for the three months immediately preceding the request;
 - ~~f. The written approval of the request from the operator;~~
 - ~~g.~~ f. The grounds for the request and the anticipated length of time the well will be shut-in; and
 - ~~h.~~ g. Any additional information requested by the department.
2. An application fee, in an amount set by the department, must be submitted with the application. Upon approval of the shut-in ~~request~~ application, the applicant shall promptly submit to the department a shut-in well payment. The shut-in well payment must be the same amount for oil or gas wells and must be calculated on a per-lease, per-well basis.
3. An application is deemed filed when the department receives the application form, application fee, shut-in well payment, and any additional information requested by the department.
4. Within fifteen days of receipt of an application, the commissioner shall notify the applicant in writing, as follows:
 - a. The application is approved and the terms of the shut-in approval;
 - b. The application is denied;
 - c. An additional fifteen day period is necessary to consider the application; or
 - d. The application requires board approval.
5. If an application is denied, a lessee may file with the department a written request for commissioner review, specifying the grounds for the request.
6. A shut-in approval is effective for one year from the date of approval unless the commissioner determines a shorter amount of time is appropriate.
7. The commissioner may revoke a shut-in approval if the commissioner determines the action is in the best interests of the trusts. If a shut-in approval is revoked prior to its expiration, the department shall provide notice to the lessee by certified mail. Within sixty days from the date

Law Implemented: N.D. Constitution article IX, § 5; NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

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. Schiffman (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. On September 12, 2025, North Dakota Department of Water Resources filed a joint appeal with us to the North Dakota 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

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 30 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.