BOARD OF UNIVERSITY AND SCHOOL LANDS

Governor's Conference Room
Ground Floor, State Capitol
July 29, 2021 at 9:00 AM

Join Microsoft Teams Meeting

+1 701-328-0950

Conference ID: 115 943 002#

AGENDA

➢ **= Board Action Requested**

1. **Approval of Meeting Minutes – *Jodi Smith***

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

   ➢ A. June 24, 2021 – pg. 2

2. **Reports – *Jodi Smith***

   A. June Report of Encumbrances Issued by the Commissioner – pg. 14

   B. June Unclaimed Property Report – pg. 20

   C. April Financial Position – pg. 23

   D. Investment Update – pg. 32

   E. June Acreage Adjustment Report – pg. 33

   F. June Shut-In Report – pg. 35

3. **Investments – *Michael Shackelford***

   ➢ A. Direct Lending – pg. 36

   ➢ B. Private Equity – pg. 87

4. **Operations – *Jodi Smith***

   A. Board of University and School Lands Media Policy – pg. 125

   ➢ B. Senate Bill 2282 – Legislative Study – pg. 128

5. **Surface – *Michael Humann***

   ➢ A. Board of University and School Land Surface Land Lease – pg. 134

6. **Minerals – *Jodi Smith***

   ➢ A. Acreage Adjustment Survey T153N R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36 – pg. 137

7. **Royalty Compliance – *Adam Otteson***

   ➢ A. Royalty Repayment Offers – pg. 139

8. **Litigation – *Jodi Smith***

   ➢ A. Newfield Exploration Company et al Civ. No. 27-2018-CV-00143 – pg. 140

   ➢ B. William S. Wilkinson et al. Case No. 53-2012-CV-00038 – pg. 142

   ➢ **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:**

Next Meeting Date – August 26, 2021

Minutes of the Meeting of the
Board of University and School Lands
June 24, 2021

The June 24, 2021 meeting of the Board of University and School Lands was called to order at 9:00 AM in the Governor's Conference of the State Capitol and via Microsoft Teams by Chairman Doug Burgum.

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Wayne Stenehjem	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Emily Bosch	Unclaimed Property Claims
Dennis Chua	Investment Analyst
Christopher Dingwall	Mineral Title Specialist
Robert Dixon	ITD
Susan Dollinger	Unclaimed Property
Peggy Gudvangen	Accounting Division Director
Michael Humann	Surface Division Director
Roman Knudsvig	NDDTL Intern
Kristie McCusker	Paralegal
Catelin Newell	Administrative Staff Officer
Adam Otteson	Revenue Compliance Director
Rick Owings	EIIO Grants Administrator
Kate Schirado	Administrative Assistant
Michael Shackleford	Investments Director
David Shipman	Minerals Division Director
Kayla Spangelo	Range Soils Management Specialist
Lynn Spencer	Mineral Title Specialist
Joseph Stegmiller	Range Soils Management Specialist
James Wald	Legal Council

Guests in Attendance:

Dave Garner	Office of the Attorney General
Reice Haase	Office of the Governor
Leslie Bakken Oliver	Governor's General Counsel
Kelly Moldenhauer	Guest
Launa Moldenhauer	Guest
Amy Sisk	Bismarck Tribune
Mike McCleary	Bismarck Tribune
Charles Tuttle	

Additional Guests in Attendance:

Audrey O'Neill
Brady Pelton (NDPC)
Colin Vick
Craig Smith
Gary Hagen
Lawrence Bender
James MacPherson
Mike Nowatzki
Andrea Pfennig

Ron Ness
Troy Seibel

A P P R O V A L O F M I N U T E S

A motion to approve the minutes of the May 25, 2021 regular meeting was made by Attorney General Wayne Stenehjem and seconded by State Treasurer Thomas Beadle and the motion carried unanimously on a voice vote.

R E P O R T S

May 2021 Report of Encumbrances Issued by Land Commissioner

Granted to: **BRIDGER PIPELINE LLC, CASPER-WY**
For the Purpose of: Easement: Pipeline-Oil Gathering Pipeline
Right-of-Way Number: RW0008829
Trust: A - Common Schools
Legal Description: GOL-143-103-36-SE4

Granted to: **HENRY HILL OIL SERVICES LLC, WILLISTON-ND**
For the Purpose of: Easement: Well-Salt Water Disposal Well Extension
Right-of-Way Number: RW0008801
Trust: A - Common Schools
Legal Description: WIL-154-100-16-SE4
* agreement contains a recurring payment requirement; $0.10 per barrel or $500 per month minimum

Granted to: **ONEOK ROCKIES MIDSTREAM LLC, SIDNEY-MT**
For the Purpose of: Easement: Pipeline-Gas Gathering Pipeline
Right-of-Way Number: RW0008667
Trust: A - Common Schools
Legal Description: DUN-146-94-36-SE4, SW4

Granted to: **WHITING OIL AND GAS CORPORATION, DENVER-CO**
For the Purpose of: Easement: Pipeline-Oil Gathering Pipeline
Right-of-Way Number: RW0008707
Trust: A - Common Schools
Legal Description: MOU-153-92-16-NW4

Granted to: **GOODNIGHT MIDSTREAM BAKKEN LLC, DALLAS-TX**
For the Purpose of: Easement: Pipeline-Salt Water Pipeline
Right-of-Way Number: RW0008826
Trust: A - Common Schools
Legal Description: MOU-153-92-16-NW4

Granted to: **GOODNIGHT MIDSTREAM BAKKEN LLC, DALLAS-TX**
For the Purpose of: Easement: Pipeline-Salt Water Pipeline
Right-of-Way Number: RW0008840
Trust: A - Common Schools
Legal Description: MOU-153-92-16-NW4

Granted to: **MCKENZIE ELECTRIC COOPERATIVE INC, WATFORD CITY-ND**
For the Purpose of: Easement: Electric-Buried Distribution Line
Right-of-Way Number: RW0008866
Trust: A - Common Schools
Legal Description: DUN-147-96-36-NW4

Granted to: **WHITING OIL AND GAS CORPORATION, DENVER-CO**

For the Purpose of:	Easement-Amend: Pipeline-Oil Gathering Pipeline
Right-of-Way Number:	RW0008876
Trust:	A - Common Schools
Legal Description:	MOU-153-92-16-NW4

Granted to:	**BIRD CONSERVANCY OF THE ROCKIES, FORT COLLINS-CO**
For the Purpose of:	Permit: Access to School Land
Right-of-Way Number:	RW0008871
Trust:	A - Common Schools, B – School for the Blind, Z – Valley City State University & Mayville State University, U – University of North Dakota, H – State Hospital, D – School for the Deaf, E – Ellendale, W – Sate School of Science
Legal Description:	MER-144-88-16-NE4, NW4, SE4, SW4 MOR-134-80-13-S2SW4, W2SE4 MOR-134-80-23-LOT 3, LOT 7, LOTS 1,2 LESS FEDERAL CONDEMNATION, SW4SE4, LOT 6 MOR-134-80-24-LOT 1, LOT 2, LOT 3, LOT 4, N2NW4, SW4NW4 OLI-141-82-16-NE4 WEST OF HWY, NW4, SE4 WEST OF HWY AND NORTH OF CNTY ROAD, SE4 WEST OF HWY AND SOUTH OF CNTY ROAD

Granted to:	**LEGACY RESERVES OPERATING LP, CODY-WY**
For the Purpose of:	Permit: Road-Access Road
Right-of-Way Number:	RW0008875
Trust:	A - Common Schools
Legal Description:	MCK-147-104-16-NE4, NW4, SE4

Granted to:	**HESS NORTH DAKOTA PIPELINES, LLC, HOUSTON-TX**
For the Purpose of:	Permit: Temporary Construction
Right-of-Way Number:	RW0008825
Trust:	A - Common Schools
Legal Description:	WIL-156-95-16-NW4

Granted to:	**AMERICAN COLLOID COMPANY, BELLE FOURCHE-SD**
For the Purpose of:	Permit: Coal Exploration (Leonardnite)
Right-of-Way Number:	RW0008873
Trust:	V- Valley City State University, L – Strategic Investment & Improvements fund
Legal Description:	BOW-130-99-1-SW4 (50% mineral ownership; no surface ownership) ADA-130-98-8-SW4 (50% mineral ownership; no surface ownership)

May Unclaimed Property Report

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of May 2021, the Division received 39 holder reports with a property value of $190,153 and paid 278 claims with a total value of $449,408.

The Financial Report (Unaudited) for period ending March 31, 2021 was presented to the Board for review and is available at the Department upon request.

Investment Updates

Portfolio Rebalancing Updates

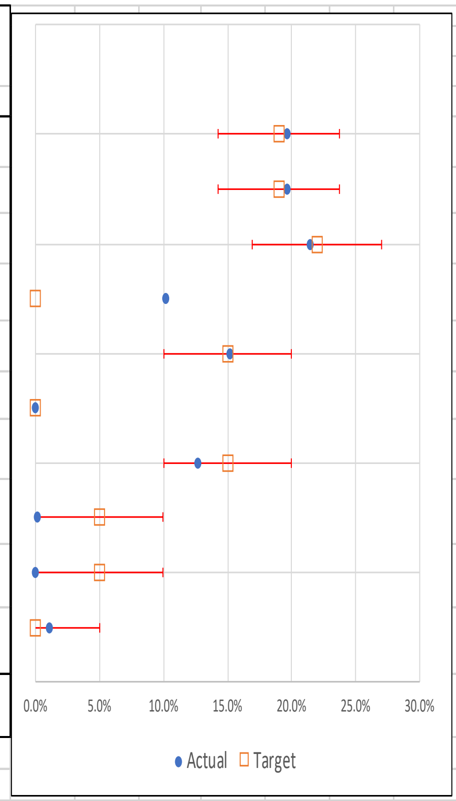
There were no new capital calls made since the last Board meeting. Therefore, total unfunded commitments remained at around $645.5M. Out of the total unfunded, the following unfunded amounts and fund managers are as follows:

Amount	Fund Manager
$130M	JPM Infrastructure Fund
$100M	Harrison Street Core Property Fund LP
$94.5M	Apollo Accord Fund
$50M	Varde Dislocation Fund
$119M	GCM Private Equity
$84.5M	ARES Pathfinder Fund
$67.5M	Angelo Gordon DL IV

Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of June 15, 2021. The figures provided are unaudited.

As of June 15, 2021	Market Value $	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,158,642,322.63	19.7%	19.0%	14.0%	24.0%
Broad Int'l Equity	1,157,507,124.37	19.6%	19.0%	14.0%	24.0%
Fixed Income	1,263,755,048.25	21.4%	22.0%	17.0%	27.0%
Transition Account	599,050,828.73	10.2%	0.0%	-5.0%	5.0%
Absolute Return	893,717,467.54	15.2%	15.0%	10.0%	20.0%
DIS	-	0.0%	0.0%	-5.0%	5.0%
Real Estate	749,939,532.00	12.7%	15.0%	10.0%	20.0%
Private Equity (Grosvenor)	11,000,000.00	0.2%	5.0%	0.0%	10.0%
Private Infrastructure (JPM-Infra)	-	0.0%	5.0%	0.0%	10.0%
Opportunistic Investments (Varde & Apollo)	62,516,009.00	1.1%	0.0%	-5.0%	5.0%
Portfolio Total	5,896,128,332.52	100.0%			



Energy Infrastructure and Impact Office Quarterly Program Report

The Energy Infrastructure and Impact Office (EIIO) is a division within the Department of Trust Lands (Department). EIIO provides financial assistance to local units of government that are impacted by oil and gas activity. In turn, EIIO receives a portion of the Oil and Gas Gross Production Tax. The office has been a part of the Department since 1977 and was formally known as the Energy Development Impact Office created under N.D.C.C. ch. 57-62. Over the course of the past 40 years, EIIO has dispersed over $626 million in funding.

The Oil and Gas Impact Grant Fund currently has 9 grants with a balance of $972,069.49 as of June 7, 2021. The following shows grant activity for the last seven months:

Oil and Gas Impact Grant Fund	Grants with balances	Current Balance Obligated to Grants
12/1/2020	17	$2,833,286.75
3/9/2021	12	$1,591,589.01
6/7/2021	9	$972,069.49

The Energy Impact Fund, established within Senate Bill 2013 as enacted by the Sixty-fifth Legislative Assembly, was created to supplement the Oil and Gas Impact Grant Fund for the 2017-2019 biennium. House Bill 1013 of the Sixty-sixth Legislative Assembly requires the Commissioner of University and School Lands to transfer any unexpended funds remaining in the Energy Impact Fund when the fund is repealed on June 30, 2021, to the Oil and Gas Impact Grant Fund.

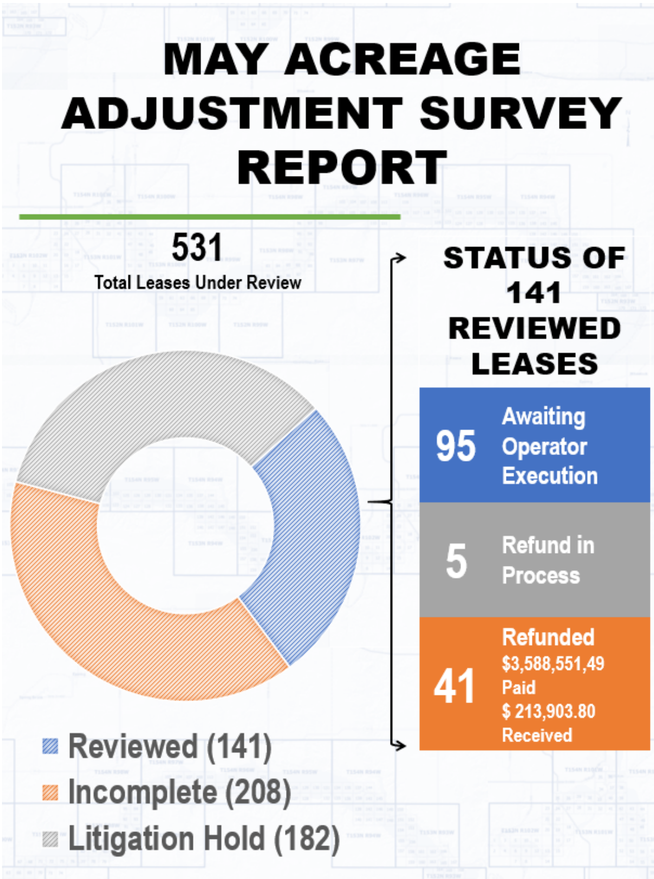
EIIO collaborated with the Williston Basin International Airport and the North Dakota Aeronautics Commission regarding the timeline to get these grants closed out by June 30, 2021. On June 2, 2021, the last payment was made to the Williston Basin International Airport, thus closing out this fund reimbursing the full $15 Million to the airport. The following shows grant activity for the last seven months:

Energy Impact Fund	Grants with balances	Current Balance Obligated to Grants
12/1/2020	3	$1,752,239.48
3/9/2021	3	$1,434,396.94
6/7/2021	0	$0.00

EIIO is currently managing 9 grants for a total of $972,069.49. The following shows grant activity for the last seven months:

Oil and Gas Impact Grant Fund	Grants with balances	Current Balance Obligated to Grants	Energy Impact Fund	Grants with balances	Current Balance Obligated to Grants	Total between both Funds
12/1/2020	17	$2,833,286.75	12/1/2020	3	$1,752,239.48	$4,585,526.23
3/9/2021	12	$1,591,589.01	3/9/2021	3	$1,434,396.94	$3,025,985.95
6/7/2021	9	$972,069.49	6/7/2021	0	$0.00	$972,069.49

May Acreage Adjustment Report



NDDTL River Tracts map was also presented to the Board and is available upon request.

May 2021 Report of Shut-Ins Approved by Land Commissioner

Granted to:	**Marathon Oil Company**
For the Purpose of:	Operations
Date Issued:	05/26/2021
Application Fee:	$100.00
Trust:	SIIF – Strategic Investment and Improvements Fund
Lease:	OG-07-00379, OG-07-00380, OG-07-00381

O P E R A T I O N S

Board of University and School Lands Code of Ethics Policy Manual

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. The Department recommends the Code of Ethics Policy be repealed due to establishment of the North Dakota Ethics Commission under North Dakota Constitution Article XIV in 2019. In addition, Chapter 54-66 of the North Dakota Century Code governs ethical considerations of public officials, together with the Administrative Rules of the North Dakota Ethics Commission (which is not an administrative agency) found in Title 115 of the North Dakota Administrative Rules.

Due to the constitution, statutes, and administrative rules in place to address these ethical issues, the Commissioner is requesting the Board repeal of the Board of University and School Lands Code of Ethic Policy.

The first reading of the policy was held at the May 25, 2021 meeting. The Commissioner requested the Board provide input on the proposed policy. Additionally, an open comment period was held and no comments were received.

Motion: The Board repeal the proposed North Dakota Board of University and School Lands Ethics Policy – Chapter 2, General, superseded by North Dakota Constitution Article XIV and Chapter 54-66 of the North Dakota Century Code.

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

Board of University and School Lands Code of Ethics Policy materials were provided to the Board and are available from the Department upon request.

Board of University and School Lands Media Relations Policy Manual

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. The Board requested the Commissioner prepare a Media Relations Policy that seeks to work cooperatively with the media to disseminate information of public interest and concern in an accurate, complete, and timely manner and in harmony with the official position of the Board.

The Department of Trust Lands (Department) has created a draft policy that the Treasurer and Attorney General's Office is currently reviewing. It is anticipated the Media Relations Policy will be presented to the Board at the July 29, 2021 Board meeting.

Term of the Commissioner of University and School Lands

N.D.C.C. § 15-02-02 provides:

> The term of office of the commissioner [of university and school lands] is four years beginning July first of the year following the general election of the governor and ending June thirtieth of the fourth calendar year after appointment or until a successor is appointed and qualified. The commissioner may be removed for cause at any time during the commissioner's term of office, by a vote of four or more board

members. Upon vacancy by death, resignation, or removal, the board shall appoint a commissioner for the remainder of the four-year term.

Jodi Smith was appointed as Commissioner on November 27, 2017, a mid-term appointment which will expire on June 30, 2021.

Motion: The Board appoint Commissioner Jodi Smith for a four-year term, under N.D.C.C. § 15-02-02, term effective July 1, 2021 with a legislative increase of 1.5%.

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

S U R F A C E

No Net Loss Preliminary Land Sale Approval T136N R86W Section 28 NW1/4, Section 32 N1/2N1/2, Section 36 SE1/4

Trust Land (Attachment 1 - aerial map)
Grant County
Township 136 North, Range 86 West
Section 28: NW¼
Section 32: N½N½
Section 36 SE¼

Provided accessible and leasable land (Attachment 2 - aerial map)
Hettinger County
Township 136 North, Range 94 West
Section 20: S½NE¼, SE¼

The Board of University and School Lands (Board) received an application from Kelly and Launa Moldenhauer for the purchase of approximately 480 acres of trust land in Grant County (see trust land legal description above) as part of a no net loss land sale in accordance with Chapter 85-04-07 and Chapter 85-04-08 of the North Dakota Administrative Code. To meet the requirements of a no net loss land sale, the applicants/purchasers are required to provide land (see provided accessible and leasable land legal description above) as payment.

The properties were evaluated and appraised as part of a no net loss property sale. The attached Land Evaluations (Attachments 3 and 4) contain land and environmental assessment, rental, and appraisal information for these properties. The Requirements of Sale – Sale Criteria Evaluation is also attached (Attachment 5).

The following is a summary of sale criteria (Attachment 5) considered by the Department of Trust Lands in consideration of a no net loss sale in accordance with subsections a through f of N.D.A.C. 85-04-07-02(2) and 85-04-08-02(2).

a. Equal of greater value

Trust Land Value:	Grant County Appraisal	$262,625
	Allied Appraisals Inc.	$293,000
Land to be provided:	Allied Appraisals Inc.	$382,500

b. Equal or greater income

Annual Rental Income

Trust Land Fair Market Value (FMV) minimum rent Grant County	$6,726
Land to be provided FMV minimum rent Hettinger County	$6,721
Land to be provided current private rent Hettinger County	$9,360

Annual Income Return (rent less tax obligations)

Trust Land FMV minimum rent less taxes Grant County	$6,624
Land to be provided FMV minimum rent less taxes Hettinger County	$5,677
Land to be provided current rent less taxes Hettinger County	$8,586

Comments: The highest and best use for the trust land and the land to be provided is agricultural. The trust land in Grant County for which the sale application was received would have an annual income return of $6,624. The land to be provided in Hettinger County would have a projected annual income, when applying the Board's FMV rent policy, of $5,677, resulting in an estimated decrease in annual income of $957 to the various trusts. Using the current cash rent value (obtained from applicant) there would be an annual income of $8,586, resulting in an estimated increase in annual income of $1,962 to the various trusts. It should be noted that the FMV minimum rent is lower because the major soil, Vebar-Cohagen, has a low cropland productivity index which results in the average cropland rental rate for Hettinger County being adjusted downward. The current rental rate of $40 per acre ($9,360) is indicative of good demand to rent cropland and a willingness for prospective lessees to pay average to above average rental rates for lower producing cropland.

c. 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; or
   (3) Substantially higher income.

Comments: Although this transaction would not result in the Board receiving equal or greater acreage, the land to be provided has excellent dedicated access when compared to the N½N½ of Section 32 and the SE¼ of Section 36. The land to be provided is of higher value than trust land ($382,500 versus $293,000) and would provide similar income ($5,677 versus $6,624) using the Board's FMV rent policy and greater income ($8,586 versus $6,624) using the current private rental rate.

d. 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.

Comments: The proposed no net loss sale will not fragment trust land holdings by creating an isolated parcel of trust land. All minerals underlying the trust lands would be reserved pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

e. Potential for long-term appreciation. The proposed no net loss sale must have similar revenue potential as the trust lands.

Comments: The potential long-term appreciation for the land tracts involved in this sale would be similar for this proposed no net loss sale.

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

Comments: The land to be provided has excellent dedicated access. This land is 1½ miles west of the Enchanted Highway and has a good County gravel road (St. Michaels Road) with access approaches along the south side of the tract and good section line access trails along the east and north sides of the tract. Two of the three proposed sale tracts do not have improved dedicated access. The N½N½ of Section 32 is an isolated tract which requires access permission across surrounding private land. Access to the SE¼ of Section 36 from the west would be across private land, while access from the east would be by section line trail to the southeast corner. The NW¼ of Section 28 has excellent dedicated access as a County Road traverses the tract (58th St SW).

Land adjacent to the proposed land is Wildlife Habitat to the north and east, as the United States Bureau of Reclamation owns the entire section 21 (640 acres), three quarters of section 22 (480 acres) to the east. Land to the north of Section 20 the S½ of Section 17 is owned by the Mott 30 Mile Creek Hunt Club. Land to the south and west is privately owned land used for cropland production.

Per N.D. Admin. Code § 85-04-07-03(3) and N.D. Admin. Code § 85-04-08-03(4) concerning the sale procedure:

> 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.

After public comment and in accordance with N.D. Admin. Code § 85-04-07-03 and N.D. Admin. Code § 85-04-08-03, 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.

Motion: The Board authorizes the Commissioner to post for public comment on the Department's website a notice of the application for sale, any supporting documentation,

and instructions for submitting public comments regarding the sale. The Board also authorizes the Commissioner to 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.

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

No Net Loss Preliminary Land Sale Approval T136N R86W Section 28 NW1/4, Section 32 N1/2N1/2, Section 36 SE1/4 information materials were also provided to the Board and are available from the department upon request.

R E V E N U E   C O M P L I A N C E

EXECUTIVE SESSION

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

- **Royalty Repayment Offers**

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

The Board entered into executive session at 10:09 AM.

EXECUTIVE SESSION

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Wayne Stenehjem	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Catelin Newell	Administrative Staff Officer
Kristie McCusker	Paralegal
Rick Owings	EIIO

Kate Schirado Administrative Assistant

Guests in Attendance:

Dave Garner	Office of the Attorney General
Leslie Bakken Oliver	General Counsel
Reice Haase	Governor's Policy Advisor

The executive session adjourned at 11:06 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session meeting, the Board was provided information and no formal action was taken.

A D J O U R N

There being no further business, the meeting was adjourned at 11:06 AM.

Doug Burgum, Chairman
Board of University and School Lands

Jodi Smith, Secretary
Board of University and School Lands

RE: June 2021 Report of Encumbrances Issued by Land Commissioner
(No Action Requested)

Granted to:	**TRUE OIL LLC, CASPER-WY**
For the Purpose of:	On-lease Activity: Well-Vertical Oil Well
Right-of-Way Number:	RW0008705
Date Issued:	6/17/2021
Application Fee:	N/A.00
Right-of-way Income:	$18,523.2 (*)
Damage Payment to Lessee:	$161.04
Trust:	A - Common Schools
Length (Rods):	234.88
Area (Acres):	3.05
Legal Description:	MCK-148-102-36-NE4, SE4

* agreement contains a recurring payment requirement of $12,348.80 for well site & road

Granted to:	**DENBURY ONSHORE LLC, PLANO-TX**
For the Purpose of:	On-lease Activity: Water/CO2 Injection Pipelnes
Right-of-Way Number:	RW0008893
Date Issued:	6/30/2021
Application Fee:	N/A
Right-of-way Income:	$2,298.90
Damage Payment to Lessee:	$77.57
Trust:	A - Common Schools
Length (Rods):	77.57
Area (Acres):	0.97
Legal Description:	BOW-131-106-24-NE4SE4, LOT 2

Granted to:	**OASIS PETROLEUM NORTH AMERICA LLC, HOUSTON-TX**
For the Purpose of:	On-lease Activity: Well-Horizontal Oil Well
Right-of-Way Number:	RW0008838
Date Issued:	6/29/2021
Application Fee:	$N/A.00
Right-of-way Income:	$71,600.00 (*)
Damage Payment to Lessee:	$1,431.30
Trust:	A - Common Schools
Length (Rods):	101.72
Area (Acres):	15.06
Legal Description:	MCK-151-97-36-SW4

* agreement contains an annual payment requirement of $7,376.00 annually for well site & road

Granted to:	**PETRO-HUNT LLC, BISMARCK-ND**
For the Purpose of:	Easement: Well-Subsurface Well Bore
Right-of-Way Number:	RW0008819
Date Issued:	6/14/2021
Application Fee:	$250.00
Right-of-way Income:	$2,000.0
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0.00
Area (Acres):	0.00
Legal Description:	DIV-164-100-36-SW4

Granted to:	**OASIS PETROLEUM NORTH AMERICA LLC, HOUSTON-TX**

For the Purpose of: Permit: Road-Access Road
Right-of-Way Number: RW0008898
Date Issued: 6/29/2021
Application Fee: $250.00
Right-of-way Income: $12,840.00 (*)
Damage Payment to Lessee: $123.47
Trust: A - Common Schools
Length (Rods): 123.47
Area (Acres): 1.12
Legal Description: MCK-151-97-36-SW4
* agreement contains an annual payment requirement of $1,284.00 for the road

Granted to: **OASIS MIDSTREAM SERVICES LLC, HOUSTON-TX**
For the Purpose of: Easement: Pipeline-Multiple Pipelines
Right-of-Way Number: RW0008626
Date Issued: 6/29/2021
Application Fee: $250.00
Right-of-way Income: $89,610.00
Damage Payment to Lessee: $89.61
Trust: A - Common Schools
Length (Rods): 89.61
Area (Acres): 1.70
Legal Description: MCK-151-97-36-SW4

Granted to: **WBI ENERGY TRANSMISSION INC, GLENDIVE-MT**
For the Purpose of: Easement: Pipeline-Gas Transmission Pipeline
Right-of-Way Number: RW0008379
Date Issued: 6/15/2021
Application Fee: $150.00
Right-of-way Income: $84,048.16
Damage Payment to Lessee: $364.72
Trust: A - Common Schools
Length (Rods): 330.60
Area (Acres): 4.13
Legal Description: WIL-158-95-36-NE4, SE4, SW4

Granted to: **WBI ENERGY TRANSMISSION INC, GLENDIVE-MT**
For the Purpose of: Easement: Pipeline-Gas Transmission Pipeline
Right-of-Way Number: RW0008392
Date Issued: 6/15/2021
Application Fee: $100.00
Right-of-way Income: $8230.20
Damage Payment to Lessee: $31.4
Trust: A - Common Schools
Length (Rods): 31.40
Area (Acres): 0.39
Legal Description: BRK-159-94-16-NW4

Granted to: **ONEOK ROCKIES MIDSTREAM LLC, SIDNEY-MT**
For the Purpose of: Easement: Pipeline-Gas Gathering Pipeline
Right-of-Way Number: RW0008387
Date Issued: 6/15/2021
Application Fee: $250.00
Right-of-way Income: $161,350.00
Damage Payment to Lessee: $176.27
Trust: A - Common Schools
Length (Rods): 352.55
Area (Acres): 4.40

Legal Description:	MCK-149-97-36-NW4, W2SW4, LOTS 4,5,6

Granted to:	**TESORO HIGH PLAINS PIPELINE COMPANY LLC, SAN ANTONIO-TX**
For the Purpose of:	Easement: Pipeline-Oil Gathering Pipeline
Right-of-Way Number:	RW0008854
Date Issued:	6/15/2021
Application Fee:	$250.00
Right-of-way Income:	$95,707.25
Damage Payment to Lessee:	$178.49
Trust:	A - Common Schools
Length (Rods):	178.49
Area (Acres):	2.23
Legal Description:	DUN-146-93-16-NE4

Granted to:	**WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND**
For the Purpose of:	Easement: Pipeline-Potable Water Pipeline
Right-of-Way Number:	RW0008717
Date Issued:	6/24/2021
Application Fee:	$150.00
Right-of-way Income:	$1,691.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	512.44
Area (Acres):	6.39
Legal Description:	MOU-155-93-16-NW4, SE4, SW4

Granted to:	**WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND**
For the Purpose of:	Easement: Pipeline-Potable Water Pipeline
Right-of-Way Number:	RW0008719
Date Issued:	6/24/2021
Application Fee:	$100.00
Right-of-way Income:	$467.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	141.62
Area (Acres):	1.77
Legal Description:	WIL-154-95-16-NE4

Granted to:	**WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND**
For the Purpose of:	Easement: Pipeline-Potable Water Pipeline
Right-of-Way Number:	RW0008720
Date Issued:	6/24/2021
Application Fee:	$100.00
Right-of-way Income:	$792.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	240.12
Area (Acres):	3.00
Legal Description:	WIL-155-96-36-NE4, N2SE4, SW4SE4

Granted to:	**WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND**
For the Purpose of:	Easement: Pipeline-Potable Water Pipeline
Right-of-Way Number:	RW0008721
Date Issued:	6/24/2021
Application Fee:	$100.00
Right-of-way Income:	$214.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools

Length (Rods):	64.97
Area (Acres):	0.81
Legal Description:	MOU-153-92-16-NW4

Granted to:	**WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND**
For the Purpose of:	Easement: Pipeline-Potable Water Pipeline
Right-of-Way Number:	RW0008722
Date Issued:	6/24/2021
Application Fee:	$150.00
Right-of-way Income:	$1,088.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	329.79
Area (Acres):	4.12
Legal Description:	MOU-154-93-36-NE4, SE4

Granted to:	**WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND**
For the Purpose of:	Easement: Pipeline-Potable Water Pipeline
Right-of-Way Number:	RW0008882
Date Issued:	6/24/2021
Application Fee:	$250.00
Right-of-way Income:	$1,059.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	320.96
Area (Acres):	4.02
Legal Description:	WIL-156-102-16-NE4, NW4

Granted to:	**BASIN ELECTRIC POWER COOP INC, BISMARCK-ND**
For the Purpose of:	Easement: Electric-Transmission Line
Right-of-Way Number:	RW0008614
Date Issued:	6/29/2021
Application Fee:	$250.00
Right-of-way Income:	$74,292.25
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	623.73
Area (Acres):	29.54
Legal Description:	MOU-155-93-16-SE4, SW4 MOU-155-93-36-NE4, NW4

Granted to:	**MCKENZIE ELECTRIC COOPERATIVE INC, WATFORD CITY-ND**
For the Purpose of:	Easement: Electric-Buried Distribution Line
Right-of-Way Number:	RW0008848
Date Issued:	6/30/2021
Application Fee:	$250.00
Right-of-way Income:	$5,358.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	346.31
Area (Acres):	4.33
Legal Description:	MCK-146-100-36-SE4, SW4

Granted to:	**MOUNTRAIL-WILLIAMS ELECTRIC COOPERATIVE, WILLISTON-ND**
For the Purpose of:	Easement: Drop Line-Buried Electric Distribution Line
Right-of-Way Number:	RW0008852
Date Issued:	6/25/2021
Application Fee:	$250.00

Right-of-way Income:	$1,000.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	3.84
Area (Acres):	5.00
Legal Description:	MOU-153-92-16-NW4

Granted to:	**ELKAN INC, WATFORD CITY-ND**
For the Purpose of:	Easement-Amend: Pipeline-Raw Water Pipeline
Right-of-Way Number:	RW0008845
Date Issued:	6/14/2021
Application Fee:	$250.00
Right-of-way Income:	N/A
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0.00
Area (Acres):	0.00
Legal Description:	MCK-148-98-16-NE4

Granted to:	**GRANT COUNTY AUDITOR, CARSON-ND**
For the Purpose of:	Easement: Release of Easement
Right-of-Way Number:	RW0008193
Date Issued:	6/2/2021
Application Fee:	N/A
Right-of-way Income:	N/A
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0
Area (Acres):	0
Legal Description:	GRA-133-87-36-NE4, SE4

Granted to:	**CATES EARTH SCIENCE TECHNOLOGIES INC, BISMARCK-ND**
For the Purpose of:	Permit-Amend: Temporary Layflat Line
Right-of-Way Number:	RW0008888
Date Issued:	6/29/2021
Application Fee:	$250.00
Right-of-way Income:	$2,640.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	160.00
Area (Acres):	0.00
Legal Description:	MOU-151-92-36-W2NE4SW4, NW4SW4, S2SW4

Granted to:	**WEST DAKOTA WATER LLC, WILLISTON-ND**
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008891
Date Issued:	6/17/2021
Application Fee:	$250.00
Right-of-way Income:	$1,301.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	78.85
Area (Acres):	0.00
Legal Description:	WIL-156-97-16-S2SW4 LESS THE N 248 FT

Granted to:	**NORTHERN PLAINS ENGINEERING LLC, DICKINSON-ND**
For the Purpose of:	Permit: Planning & Preconstruction Survey
Right-of-Way Number:	RW0008837

Date Issued:	6/25/2021
Application Fee:	$250.00
Right-of-way Income:	$500.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0.00
Area (Acres):	0.00
Legal Description:	All Trust Land in North Dakota

Granted to:	**ACKERMAN ESTVOLD ENGINEERING, MINOT-ND**
For the Purpose of:	Permit: Planning & Preconstruction Survey
Right-of-Way Number:	RW0008879
Date Issued:	6/25/2021
Application Fee:	$250.00
Right-of-way Income:	$500.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0.00
Area (Acres):	0.00
Legal Description:	All Trust Land in North Dakota

Granted to:	**BEAVER CREEK ENVIRONMENTAL, BISMARCK-ND**
For the Purpose of:	Permit: Access to School Land for native pollinator population studies
Right-of-Way Number:	RW0008885
Date Issued:	6/17/2021
Application Fee:	$250.00
Right-of-way Income:	N/A
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools, F - Farm Loan Pool, Z Valley City State University & Mayville State University, E - Ellendale, C - Capitol Building, W - North Dakota State School of Science, N - North Dakota State University
Length (Rods):	0.00
Area (Acres):	0.00
Legal Description:	BRK, LOG, MCH, MCI, MCL, MER, MOU, OLI, PIE, ROL, STU, WIL

Granted to:	**ND STATE WATER COMMISSION, BISMARCK-ND**
For the Purpose of:	Permit: Access to School Land to collect water surface elevation data
Right-of-Way Number:	RW0008863
Date Issued:	6/30/2021
Application Fee:	N/A
Right-of-way Income:	N/A
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0.00
Area (Acres):	0.00
Legal Description:	EMM-129-75-16-SE4

Granted to:	**ND GEOLOGICAL SURVEY, BISMARCK-ND**
For the Purpose of:	Permit: Access to School Land to map geologic features
Right-of-Way Number:	RW0008904
Date Issued:	6/17/2021
Application Fee:	N/A
Right-of-way Income:	N/A
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0.00
Area (Acres):	0.00
Legal Description:	BRL-138-75-16-NW4

RE: June Unclaimed Property Report
(No Action Requested)

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of June 2021, the Division received 49 holder reports with a property value of $183,317 and paid 308 claims with a total value of $403,538.

The Department has engaged Marketing & Advertising Business Unlimited, Inc. (MABU), a full-service management, marketing and multimedia production company, to aid the Department in developing and deploying a strategic communications plan surrounding changes to N.D.C.C. ch. 47-30.1 as a result of the passage of Senate Bill 2048 during the Sixty-seventh Legislative Assembly. The communication plan has been fully executed at this time which included:

- Development and distribution of two issues of an e-newsletter to holders of unclaimed property
- Review of website landing page content with additions, including a link to Senate Bill 2048
- Development of an Unclaimed Property infographic and fact sheet
- Key stakeholder interviews to gauge perceptions
- PowerPoint presentation delivered as a webinar to the League of Cities
- Creation of educational webinar to be posted on website for all holders
- Digital and social media posts and print advertisements targeting key industries and professionals
- News release to media, followed by media interviews, news stories, etc.
- Stakeholder and partner outreach with trade associations
- Updated holders manual

Attachment – Unclaimed Property Fact Sheet

UNCLAIMED PROPERTY LAW BECOMES EFFECTIVE JULY 1

Coming Soon: New Law Updates on the Unclaimed Property Website!

JUNE 30, 2021: Repeal of N.D.C.C. Ch. 47-30.1

JULY 1, 2021: Effective date of N.D.C.C. Ch. 47-30.2

Adopted in 1985, N.D.C.C. Ch. 47-30.1 was written to meet the needs of North Dakota property holders and owners and to comply with national standards.

But times have changed, and laws adopted more than 35 years ago lack the flexibility needed to function in today's world of online business transactions. In response, the North Dakota Department of Trust Lands Unclaimed Property Division conducted an extensive three-year review and revision process. With input from key stakeholders, the resulting N.D.C.C. Ch. 47-30.2 incorporates:

- Changes that will be beneficial to property holders and owners
- Efficiencies in administration of the program and
- National best practices

WHY CHANGE NOW?

In today's high-tech world, time is money. The revised Century Code permits use of electronic notices, reduces the need for paper checks and mail transactions, and clarifies definitions that delayed and complicated the transfer of property.

Adoption of N.D.C.C. Ch. 47-30.2 brings Unclaimed Property Division business transactions into the 21st Century. It identifies types of property not available in 1985, such as virtual currency, payroll cards and health savings accounts.

The new law specifies dormancy periods for many types of property and places a high priority on information security. It clarifies the process of securing properties from businesses and returning them to the rightful owners. It also conforms with the 2016 Revised Uniform Unclaimed Property Act (RUUPA), a movement toward national standardization and simplification of state property custody decisions.

EFFECTIVE DATES

JUNE 30

FY 2021 holder reporting goes through this date

JULY 1

FY 2022 new holder reporting laws go into effect

JULY 1–OCT. 31

Time period for FY 2021 reporting

MONIES MANAGED BY THE BOARD OF UNIVERSITY AND SCHOOL LANDS — INCLUDING UNCLAIMED PROPERTY — NOW COVER 15 PERCENT OF THE COST OF K-12 PUBLIC EDUCATION IN NORTH DAKOTA.

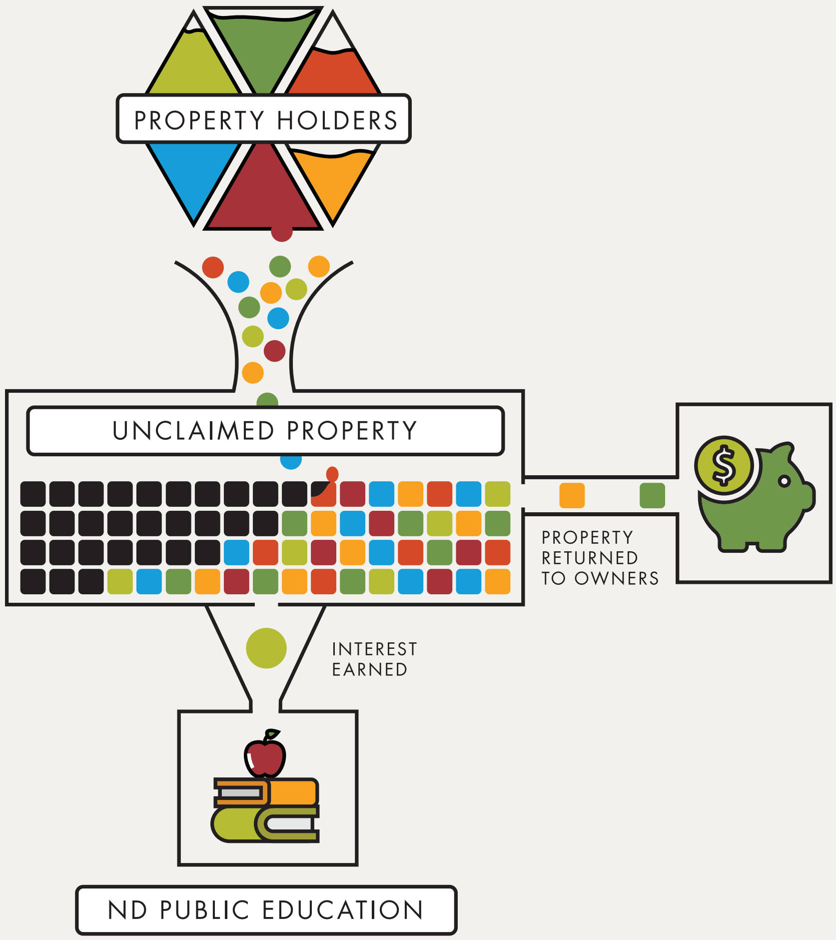
HIGHLIGHTS OF THE NEW CENTURY CODE

Among other changes, N.D.C.C. Ch. 47-30.2:

- Changes the due date from on Nov. 1 to before Nov. 1
- Lowers the combined property threshold from $50 to $25
- Modifies the dormancy period for some types of property
- Changes requirements for property holders to notify apparent owners of abandoned property
- Lists the penalties for failure to report, pay or deliver properties
- Governs the enforceability of agreements between owners and finders
- Addresses confidentiality and security of information
- Describes how an unclaimed property administrator may take custody of properties
- Provides the administrator authority to request property reports and examine records
- Details the administrator's role in depositing funds into the Common Schools Trust Fund
- Establishes rules for determining if property is abandoned and which state may take custody
- Directs the process for delivering unclaimed property to another state

To view N.D.C.C. Ch. 47-30.2, visit *https://unclaimedproperty.nd.gov/* or email unclaimed@nd.gov

UNCLAIMED PROPERTY: FROM HOLDERS TO OWNERS



In 1975, the North Dakota Legislative Assembly established an Unclaimed Property Division in the NDDTL. Since then –

- **$183.6 MILLION** in unclaimed property has been submitted.
- **$76.5 MILLION** in property has been returned to owners.
- **$107.1 MILLION** in property remains unclaimed.
- **ONE IN SEVEN** North Dakotans has unclaimed property.

NORTH Dakota | Trust Lands
Be Legendary.

NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report
(Unaudited)

For period ended April 30, 2021

DEPARTMENT OF ND TRUST LANDS
INVESTING FOR EDUCATION

ITEM 2C

Board of University and School Lands

Comparative Financial Position (Unaudited)

Schedule of Net Assets

Assets by Trust:	April 30, 2021	April 30, 2020
Common Schools	$5,464,933,478	$4,420,024,465
North Dakota State University	82,560,875	67,273,619
School for the Blind	14,817,147	12,033,981
School for the Deaf	23,757,578	19,716,582
State Hospital	15,933,353	13,330,675
Ellendale *	26,612,844	21,432,216
Valley City State University	14,570,765	12,019,918
Mayville State University	9,675,748	7,725,704
Youth Correctional Center	28,691,765	22,507,563
State College of Science	21,260,226	17,364,612
School of Mines **	25,570,046	20,628,196
Veterans Home	5,888,438	4,930,593
University of North Dakota	39,837,449	32,596,913
Capitol Building	3,184,007	5,322,946
Strategic Investment and Improvements	755,628,561	758,614,175
Coal Development	71,680,911	71,575,145
Indian Cultural Education Trust	1,408,431	1,172,710
Theodore Roosevelt Presidental Library	54,991,131	14,328,824
Total	$6,661,002,753	$5,522,598,837

Assets by Type:		
Cash	$332,295,991	$111,669,858
Receivables	8,911,475	8,179,010
Investments ***	6,144,758,709	5,335,731,411
Office Building (Net of Depreciation)	320,805	386,133
Farm Loans	5,256,193	8,319,593
Energy Construction Loans	-	923,408
Energy Development Impact Loans	9,908,961	10,660,833
School Construction Loans (Coal)	38,908,935	41,391,562
Due to/from Other Trusts and Agencies	120,641,684	5,337,029
Total	$6,661,002,753	$5,522,598,837

<u>* Ellendale Trust</u>

The following entities are equal beneficiaries of the Ellendale Trust:

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

<u> School of Mines</u>**

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

<u>* Investments</u>**

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

ITEM 2C

Board of University and School Lands

Comparative Financial Position (Unaudited)

Combined Permanent Trusts

	April 30, 2021	April 30, 2020
Balance Sheet		
Assets:		
Cash	$48,088,902	$62,607,652
Interest Receivable	7,316,020	5,849,530
Investments	5,715,763,524	4,604,803,720
Farm Loans	5,256,193	8,319,593
Energy Construction Loans	-	923,408
Due from Other Agencies	14,018,730	5,261,611
Office Building (Net of Depreciation)	320,805	386,133
Total Assets	$5,790,764,174	$4,688,151,647
Liabilities:		
Unclaimed Property Claimant Liability	$16,645,538	$16,551,604
Due to Other Trusts	-	-
Due to Other Funds	8,921	15,006
Accounts Payable	-	-
Total Liabilities	16,654,459	16,566,610
Equity:		
Fund Balance	4,892,120,248	4,919,177,984
Net Income/(Loss)	881,989,467	(247,592,947)
Total Liabilities and Equity	$5,790,764,174	$4,688,151,647
Income Statement		
Income:		
Investment Income	$110,366,262	$93,489,749
Realized Gain/(Loss)	146,842,070	(66,488,439)
Unrealized Gain/(Loss)	655,609,520	(300,716,740)
Royalties - Oil and Gas	94,456,253	123,052,840
Royalties - Coal	258,243	393,241
Royalties - Aggregate	603,312	191,184
Bonuses - Oil and Gas	966,430	8,408,332
Bonuses - Coal	-	24,000
Rents - Surface	11,758,768	13,080,371
Rents - Mineral	150,434	154,676
Rents - Coal	26,036	42,668
Rents - Office Building	70,702	72,156
Gain/Loss on Sale of Land - OREO		-
Sale of Capital Asset	-	25,000
Oil Extraction Tax Income	53,388,526	75,075,111
Unclaimed Property Income	11,073,165	9,965,993
Total Income	1,085,569,721	(43,229,858)
Expenses and Transfers:		
Investment Expense	5,720,650	6,575,563
In-Lieu and 5% County Payments	262,264	249,019
Administrative Expense	3,222,481	2,942,030
Operating Expense - Building	111,859	333,477
Transfers to Beneficiaries	194,263,000	194,263,000
Total Expense and Transfers	203,580,254	204,363,089
Net Income/(Loss)	$881,989,467	($247,592,947)

Board of University and School Lands

Comparative Financial Position (Unaudited)

Capitol Building Trust

	April 30, 2021	April 30, 2020
Balance Sheet		
Assets:		
Cash	$179,639	$163,093
Interest Receivable	23,324	26,651
Investments	2,981,045	5,133,201
Total Assets	$3,184,008	$5,322,945
Liabilities:		
Due to Other Trusts and Agencies	$0	$0
Equity:		
Fund Balance	5,535,786	6,548,608
Net Income	(2,351,778)	(1,225,663)
Total Liabilities and Equity	$3,184,008	$5,322,945
Income Statement		
Income:		
Investment Income	$57,594	$124,906
Realized Gain(Loss)	4,888	28,095
Unrealized Gain/(Loss)	(31,115)	(23,911)
Rents - Surface	165,901	158,525
Rents - Mineral	2,002	2,002
Royalties - Oil and Gas	685,092	835,674
Bonuses - Oil and Gas	2,160	802
Bonus - Coal	-	-
Royalties - Aggregate	-	-
Total Income	886,522	1,126,093
Expenses and Transfers:		
Investment Expense	2,138	2,801
In-Lieu and 5% County Payments	3,620	3,398
Administrative Expense	26,302	21,197
Transfers to Facility Management	2,200,000	2,270,000
Transfers to Legislative Council	36,240	54,360
Transfer to Supreme Court	970,000	
Total Expense and Transfers	3,238,300	2,351,756
Net Income/(Loss)	($2,351,778)	($1,225,663)

Board of University and School Lands

Comparative Financial Position (Unaudited)

Coal Development Trust

	April 30, 2021	April 30, 2020
Balance Sheet		
Assets:		
Cash	$401,765	$322,879
Interest Receivable	479,844	705,731
Investments	21,903,413	18,418,404
Coal Impact Loans	9,908,961	10,660,833
School Construction Loans	38,908,935	41,391,562
Due from other Trusts and Agencies	259,974	252,445
Total Assets	$71,862,892	$71,751,854
Liabilities:		
Due to Other Trusts and Agencies	$181,982	$176,711
Equity:		
Fund Balance	70,750,579	70,296,353
Net Income	930,331	1,278,790
Total Liabilities and Equity	$71,862,892	$71,751,854
Income Statement		
Income:		
Investment Income	$289,149	$347,420
Interest on School Construction Loans	426,090	622,544
Realized Gain/(Loss)	30,385	83,531
Unrealized Gain/(Loss)	(176,331)	(77,656)
Coal Severance Tax Income	376,039	396,808
Total Income	945,332	1,372,647
Expenses and Transfers:		
Investment	11,077	8,653
Administrative	3,924	2,726
Transfers to General Fund	-	82,478
Total Expense and Transfers	15,001	93,857
Net Income/(Loss)	$930,331	$1,278,790

Board of University and School Lands

Comparative Financial Position (Unaudited)

Strategic Investment and Improvements Fund

	April 30, 2021	April 30, 2020
Balance Sheet		
Assets:		
Cash	$283,490,665	$48,439,417
Interest Receivable	1,148,094	1,607,644
Investments	364,444,841	708,567,114
Due from other Trusts or Agencies	106,544,962	-
Total Assets	$755,628,562	$758,614,175
Liabilities:		
Accounts Payable	$0	$0
Equity:		
Fund Balance	767,541,457	1,134,326,018
Net Income	(11,912,895)	(375,711,843)
Total Liabilities and Equity	$755,628,562	$758,614,175
Income Statement		
Income:		
Investment Income	$4,699,926	$13,677,363
Realized Gain/(Loss)	472,589	3,145,458
Unrealized Gain/(Loss)	(2,771,470)	(2,906,846)
Interest on Fuel Prod Facility	17,303	-
Royalties - Oil and Gas	59,492,969	74,471,094
Bonuses - Oil and Gas	(861,877)	1,166,894
Royalties - Coal	114,576	338,529
Rents - Mineral	62,374	55,183
Tax Income - Oil Extraction & Production Distribution	312,042,208	-
Total Income	373,268,598	89,947,675
Expenses and Transfers:		
Administrative	1,066,865	1,631,971
Investment Expense	110,466	296,624
Transfers to General Fund	382,200,000	382,200,000
Transfer to Commerce Department		3,000,000
Transfer to Adjutant General		2,502,253
Transfer to Energy Infrastructure& Impact Office		2,000,000
Transfer to Aeronautics Commission		20,000,000
Transfer to ND Parks & Recreation		1,877,500
Transfer to Information Technology Department		25,150,000
Transfer to Industrial Commission		270,000
Transfer to Bank of North Dakota		25,137,707
Transfer to ND Department of Corrections		1,218,000
Transfer to Office of Management & Budget		100,000
Transfer to Agencies with Litigation Pool	764,162	563,275
Transfer to State Treasurer		
Transfer to Environmental Quality	1,040,000	
Transfer from Public Service Commission		(52,818)
Transfer from Department of Health Department		(67,310)
Transfer from Attorney General Office		(6,387)
Transfer from State Highway Patrol		(49,403)
Transfer from Commerce Department		(111,895)
Total Expense and Transfers	385,181,493	465,659,518
Net Income/(Loss)	($11,912,895)	($375,711,843)

As of April 30, 2021 the SIIF had a fund balance of $755,628,562. The fund balance is made up of two parts. The committed fund balance is that portion of the fund that has either been set aside until potential title disputes related to certain riverbed leases have been resolved or appropriated by the legislature. The uncommitted fund balance is the portion of the fund that is unencumbered, and is thus available to be spent or dedicate to other programs as the legislature deems appropriate. The uncommitted fund balance was $488,953,997 as of April 30, 2021.

ITEM 2C

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Indian Cultural Trust

	April 30, 2021	April 30, 2020
Fiduciary Net Position		
Assets:		
Cash	$2,102	$3,332
Interest receivable	1,097	660
Investments	1,405,232	1,168,717
Total Assets	1,408,431	1,172,709
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	1,408,431	1,172,709
Total Net Position	$1,408,431	$1,172,709
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	-	-
Total Contributions	$0	$0
Investment Income:		
Net change in fair value of investments	202,181	(92,581)
Interest	27,588	23,831
Less investment expense	(1,415)	2,900
Net Investment Income	228,354	(65,850)
Miscellaneous Income	2,905	167
Total Additions	231,259	(65,683)
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	1,031	10
Total Deductions	1,031	10
Change in net position held in Trust for:		
Private-Purpose	230,228	(65,693)
Total Change in Net Position	230,228	(65,693)
Net Position - Beginning FY Balance	1,221,309	1,285,265
Net Position - End of Month	$1,451,537	$1,219,572

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Theodore Roosevelt Presidential Library

	April 30, 2021	April 30, 2020
Fiduciary Net Position		
Assets:		
Cash	$132,919	$133,484
Interest receivable	(56,904)	(11,206)
Investments	54,915,116	14,206,861
Total Assets	54,991,131	14,329,139
Liabilities:		
Accounts payable	-	315
Total Liabilities	-	315
Net Position:		
Net position restricted	54,991,131	14,328,824
Total Net Position	$54,991,131	$14,329,139
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	35,000,023	-
Total Contributions	$35,000,023	$0
Investment Income:		
Net change in fair value of investments	4,423,863	(994,603)
Interest	685,286	206,806
Less investment expense	36,432	16,670
Net Investment Income	5,072,717	(804,467)
Miscellaneous Income	186	82,859
Total Additions	35,036,641	99,528
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	500	315
Total Deductions	500	315
Change in net position held in Trust for:		
Private-Purpose	35,037,141	99,213
Total Change in Net Position	35,037,141	99,213
Net Position - Beginning FY Balance	14,918,706	15,050,748
Net Position - End of Month	$49,955,847	$15,149,961

ITEM 2C

RE: Investment Updates
(No Action Requested)

Portfolio Rebalancing Updates

The portfolio was rebalanced in July. The following is a summary:

- $67M taken out of the Broad US Equity and $13M from the Broad International Equity
- $80M total was transferred to Fixed Income with $40m to each Core Bonds Manager
- To align Real Estate to its target, $30M was added to the original $100M commitment to Harrison Street Core Property Fund

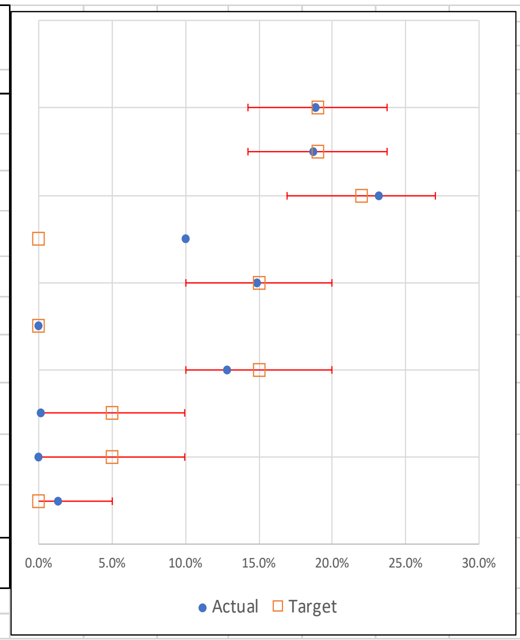
A $13M capital call was made by Apollo Accord Fund. $3.8M will be called by GCM Private Equity on July 22. Therefore, total unfunded commitments after 7/22 will be at $658.7M. Broken down as follows:

1. JPM Infrastructure Fund, $130M
2. Harrison Street Core Property Fund LP, $130M
3. Apollo Accord Fund, $81.5M
4. Varde Dislocation Fund, $50M
5. GCM Private Equity, $115.2M
6. ARES Pathfinder Fund, $84.5M
7. Angelo Gordon DL IV, $67.5M.

Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of July 20, 2021. The figures provided are unaudited.

As of July 20, 2021	Market Value $	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,102,200,165.65	18.9%	19.0%	14.0%	24.0%
Broad Int'l Equity	1,093,291,045.26	18.7%	19.0%	14.0%	24.0%
Fixed Income	1,353,171,117.35	23.2%	22.0%	17.0%	27.0%
Transition Account	586,072,690.81	10.0%	0.0%	-5.0%	5.0%
Absolute Return	866,424,225.41	14.8%	15.0%	10.0%	20.0%
DIS	-	0.0%	0.0%	-5.0%	5.0%
Real Estate	749,939,532.00	12.8%	15.0%	10.0%	20.0%
Private Equity (Grosvenor)	10,967,479.00	0.2%	5.0%	0.0%	10.0%
Private Infrastructure (JPM-Infra)	-	0.0%	5.0%	0.0%	10.0%
Opportunistic Investments (Varde & Apollo)	75,516,009.00	1.3%	0.0%	-5.0%	5.0%
Portfolio Total	5,837,582,264.48	100.0%			



Upcoming Investment Manager Meetings

The following meeting with investment manager were planned to discuss updates on strategy, compliance, and performance. Meetings will be held at the Department of Trust Lands. Please inform the Commissioner ahead of time if you plan to attend, so that we can make sure enough presentation materials are available.

August 11, 2021, 9:00AM **JP Morgan Core Bond**
Fixed Income ($366M, 6.3% of PTF assets)

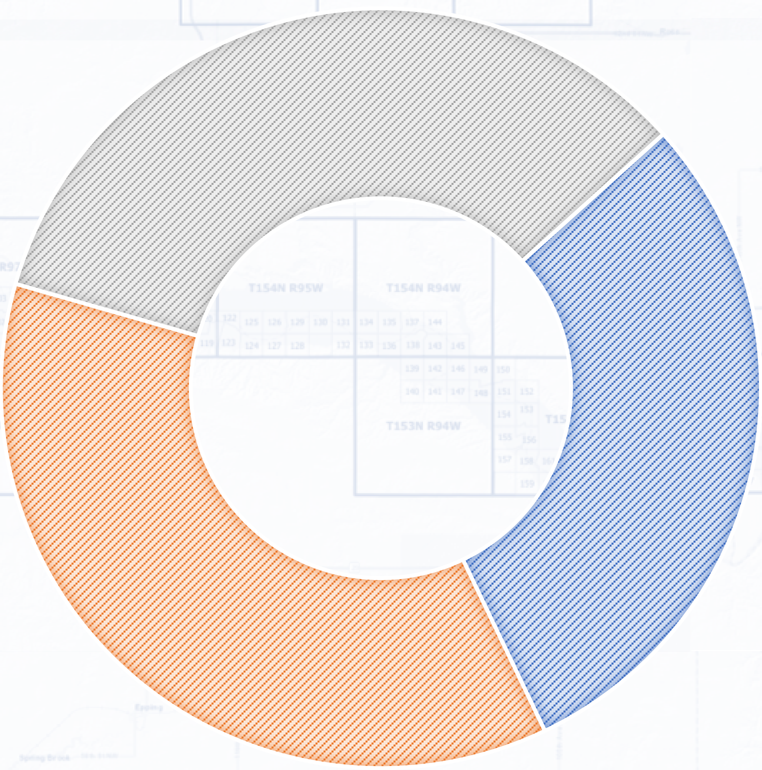
JUNE ACREAGE ADJUSTMENT SURVEY REPORT

531

Total Leases Under Review

STATUS OF 157 REVIEWED LEASES

102	Awaiting Operator Execution
9	Refund in Process
46	Refunded $3,900,205.74 Paid $ 276,599.70 Received

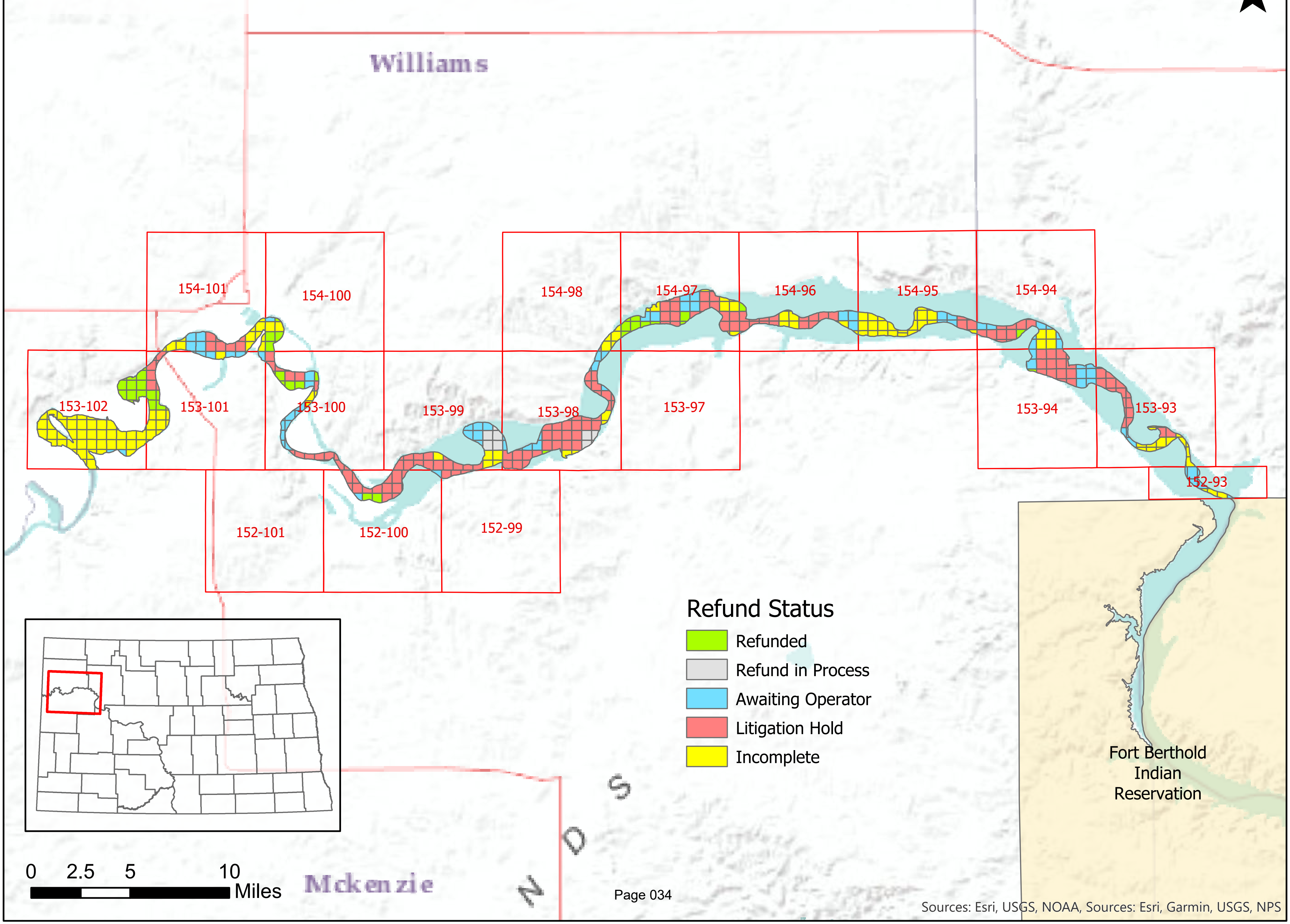


Reviewed (157)

Incomplete (194)

Litigation Hold (180)

Refund Status of NDDTL River Tracts



RE: June 2021 Report of Shut-Ins Approved by Land Commissioner
(No Action Requested)

Granted to:	**ConocoPhillips**
For the Purpose of:	Operations
Date Issued:	06/04/2021
Application Fee:	$100.00
Trust:	A – Common Schools
Lease:	OG-04-00196, OG-04-00197, OG-04-00198, OG-04-00199

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
July 29, 2021

RE: Fixed Income – Direct Lending Manager

In accordance with the Investment Policy Statement (IPS) the Department of Trust Lands (Department) staff regularly reviews the Permanent Trust Funds' (PTFs) asset allocations for rebalancing purposes. At the end of the first and second quarters of 2021, the Department determined that the PTFs should be rebalanced out of public equities (both domestic and international) into fixed income and commercial real estate (CRE). The outperformance of domestic and international equities brought each asset class above their target allocations, while fixed income and CRE were below target.

Given that the current low interest rate environment is expected to persist, the Department and RVK believe it is prudent to put the rebalanced dollars into Private Credit. Certain Private Credit strategies, such as direct lending, have an attractive risk/return profile and a low default/loss track record. Private Credit would add higher yield to the PTFs at acceptable risk levels. In addition, when bond yields do rise the floating rate nature of direct lending loans will avoid negative valuation effects.

The Department and RVK began the manager search by compiling a list of top performing Private Credit managers within RVK's database. The Department and RVK reviewed the performance and risk history of each manager, along with fees, asset quality, asset characteristics and investment structures. The Department and RVK interviewed managers to review their investment strategies and investment processes.

After conducting a thorough due diligence of each manager it was determined that the Department and RVK would recommend the Board approve an allocation to Owl Rock Capital (a subsidiary of Blue Owl Capital Inc.) in their Owl Rock Diversified Lending fund. Owl Rock is an investment manager with nearly $28 Billion in assets under management and around 180 employees (with 66 investment professionals). Owl Rock's team has a strong track record in middle market lending, with a diligent underwriting process and strong portfolio characteristics that Staff and RVK felt would well suit the PTFs.

In addition, the fund is structured as an evergreen fund, which means it will be continuously open to new investment and has a limited withdrawal feature. This will assist the PTFs in maintaining continuous investment in direct lending without having to regularly find new opportunities in the sector, and also allow for limited liquidity, if needed.

Recommendation: **The Board approve an initial $100 Million investment with Owl Rock in the Owl Rock Diversified Lending fund, subject to final review and approval of all legal documents by the Office of the Attorney General.**

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

Attachment 1: RVK Recommendation Memo
Attachment 2: Owl Rock Diversified Lending Presentation

Memorandum

To	North Dakota Board of University and School Lands
From	RVK Private Credit Manager Research Team
Subject	Owl Rock Diversified Lending Fund Due Diligence Memo
Date	July 2021

Executive Summary

The following is a review and due diligence memorandum for Owl Rock Diversified Lending Fund (the "Fund" or the "strategy"), a middle market, direct lending strategy offered by Owl Rock Capital ("Owl Rock") with a focus on senior secured debt and sponsor-backed investments. RVK conducted due diligence on the strategy and believes that this represents one of the best available options in senior secured direct lending and places it as a "best idea" in the context of a conservative private credit portfolio targeting a diversified allocation to classic corporate cash flow backed lending. RVK recommends that North Dakota Board of University and School Lands commit up to $100 million to Owl Rock Diversified Lending Fund, in order to provide added diversification to the total portfolio, access traditional direct lending deal flow through a highly skilled market participant, and strengthen its ability to protect capital across all phases of the market cycle. In addition, this product, designed as an evergreen fund, is expected to increase the efficiency of investors' capital redeployment, the strength of return compounding experienced by investors, and the administrative efficiency of investors' private credit programs.

The Fund is designed, from an investment perspective, similarly to Owl Rock Capital Corporation ("ORCC"), Owl Rock's first diversified direct lending vehicle. However, the two products differ structurally. While ORCC is structured as a Business Development Company ("BDC"), it remains similar to the Owl Rock Diversified Lending Fund in that it was formed primarily to originate and make directly originated senior secured loans to US middle-market companies. ORCC commenced operations in March of 2016, successfully executed on its IPO in July 2019 and now trades on the New York Stock Exchange under the ticker "ORCC." ORCC is rated investment grade by four ratings agencies, including Moody's, S&P, Fitch and Kroll. As of 3/31/2021, ORCC had $13.1 billion in assets under management, with 99% floating rate loans and 96% senior secured, a small portion of which are unitranche loans.

ORCC has held up very well in the midst of the 2020 global pandemic, as only 1 of the 191 loans in the portfolio has realized a loss since inception of the strategy in 2016 through 3/31/2021. Furthermore, the track record's low total loss ratio of just 0.3% demonstrates a superior long-term ability to shield investors from losses while achieving favorable outcomes in downside situations. This low loss ratio also compares very favorably with Owl Rock's competitors in the direct lending space, where post-pandemic loss ratios in the range of 2%-5% are more typical. We believe this demonstrates a high-level of risk control and protection, in line with our expectations for a top senior direct lending strategy.

The Fund will target a net 10% IRR, which is derived primarily from the yield of its underlying loans. This level of targeted absolute return is slightly higher than Owl Rock's predecessor strategy, ORCC, which has produced a net IRR of 8.9% as of 3/31/2021, but is reflective of most US direct lending strategies at this time. The Fund expects to employ a relatively conservative level of fund level leverage of 0.9x – 1.25x with a cap at 2.0x of total commitments. The strategy's performance has thus far been in-line with our expectations, as detailed further in Figure 1. It should be noted that, given its lower credit risk profile and moderate use of fund level leverage, we believe this conservative strategy represents strong risk-adjusted value relative to most peers.

Figure 1: Owl Rock Diversified Lending Summary (As of 3/31/2021)

Fund	Vintage	Equity Raised ($B)	Net IRR	Net Multiple	Net IRR Quartile	Net Multiple Quartile	Custom Index IRR
ORCC	2016	$5.6	8.9%	1.14x	2^{nd}	3rd	3.4%
Total		**$5.6**	**8.9%**	**1.14x**			**3.4%**

Performance data has been calculated by RVK with cash flows provided by the manager. The fund series has been compared against the Private Credit - Direct Lending peer group provided by Preqin and uses the most up-to-date data as of 7/2021. The peer group contains both levered and unlevered strategies. Custom Index IRR represents the IRR calculated using the 50% Bloomberg Barclays US Corporate High Yield Index / 50% Credit Suisse Leveraged Loan Index assuming an index investment with the same cash flow timing. ORCC went public in July 2019 and currently trades on the New York Stock Exchange under the ticker symbol, "ORCC".

Strengths/Merits

Significant Experience and Tenure of Investment Team: Owl Rock has originated $30 billion of capital across 233 borrowers since its inception in 2016 through March 31, 2021, making it one of the most experienced investment managers operating in the direct lending space today. In addition, over the past several years, Owl Rock has built a substantial sourcing network of 550 private equity sponsors, which we believe has led to a meaningful advantage in origination ability and a consistently strong investment pipeline. Recreating this network would be extremely difficult, and the barriers to entry in the middle market, though steadily eroding over time, are in some cases still material due to fragmented sourcing channels and the growing need for direct origination capabilities. Furthermore, the strategy is captained by an investment committee that has an average of over 25 years of industry experience. In our view, this level of experience has led to greater skill in Owl Rock's deal screening, credit underwriting, portfolio management, and workout capabilities over newer entrants to the industry.

Defensive Strategy through Transaction Leadership: In the majority of cases and approximately 73% of the time historically, Owl Rock will seek a leadership role within the lender groups in which it participates through either leading a club deal while acting as the administrative agent, or simply being the sole senior lender to the borrower. Through this position of authority in the lender group, Owl Rock is able to directly negotiate loan terms with the borrower and employ its defensive strategy, rather than relying on other lenders in the lender group, which may lack the same risk control and be more willing to accept borrower-friendly loan terms. Historically, this emphasis on leadership has resulted in loan documents that are more lender-friendly, often containing multiple covenants with tight cushions, which we believe has ultimately produced a relatively low total loss rate for the strategy's track record of approximately 0.3%. Additionally, lead lenders are typically able to charge borrowers higher origination fees, thereby strengthening the returns of Owl Rock's loans and increasing the strategy's expected absolute return compared to peers. Finally, since Owl Rock is leading discussions with borrowers and sponsors, it is able to establish stronger personal relationships with counterparties, further augmenting the strength of its sourcing network which in many cases has led to repeat business with existing borrowers.

Diverse Portfolio: The portfolio is expected to include 75-100 investments and be highly diverse across both position and industry, thereby reducing concentration risk on multiple fronts. While "over" diversification within an equity portfolio can reduce the impact of top performers, a highly diverse portfolio of private loans, which have limited upside, can often help mitigate losses without compromising expected returns. Individual position sizes are expected to be in the range of 1%-2% with a maximum limit of 5%. With respect to industry diversification, the strategy expects to invest across several relatively defensive sub-industries of healthcare, business services, insurance and software, while generally avoiding cyclical industries such as retail, energy, restaurants, and commodities. As such, this portfolio is expected to exhibit a relatively defensive posture compared to peer strategies that lack the same degree of portfolio diversification and invest more heavily in industries characterized by higher levels of volatility and higher correlation to market cycles.

Efficient Fund Structure: As an evergreen product, or fund without a fixed lifetime, the Fund will allow for the automatic reinvestment of capital until such time as investors choose to redeem instead of automatically returning investor capital to investors at the end of a pre-determined period. This structural feature, which is typically only appropriate for diversified, lower-risk offerings characterized by predictable returns, low losses and heavy levels of contractual cash flow, acts to limit the "cash drag" typically experienced by closed-end fund investors during the ramp-up and redemption of funds in a closed-end series. Consequently, the fund's open-ended structure is expected to increase the long-term multiple on invested capital ("MOIC") of this offering relative to those of closed-end products that are of comparable risk and benefit from comparable levels of relative value. In addition, this open-ended fund structure is expected to reduce the investment's administrative burden relative to most closed-end options.

Issues to Consider

Recent Merger with Dyal Capital Partners: In May of 2021, Owl Rock merged with Dyal Capital Partners to form Blue Owl Capital ("Blue Owl"). Given this recent transaction, which resulted in the formation of a new entity and ownership structure, the integration risk associated with such a large merger essentially remains untested. The full impact of the merger on Owl Rock's direct lending strategy has yet to be fully realized.

> *Mitigation Factors: Owl Rock and Dyal will operate as distinct but complementary segments. Owl Rock's management team will retain their existing ownership stakes and will not sell their interests in connection with the transaction. Owl Rock and Dyal continue to be led by their current respective long-tenured management, and their respective investment teams continue to employ their longstanding disciplined investment philosophies. Further, Owl Rock's investment approach and process has not changed as a result of the merger. There have been no changes to the investment team, strategy or committees of any entities managed by Owl Rock or its affiliates as a result of the transaction. While we believe the current ownership-structure is acceptable in order to maintain Firm stability, RVK also believes that maintaining distinct, separate segments to the ownership group is a significantly positive step for Blue Owl to take in order to mitigate potential conflicts of interest, retain top performers, continue to motivate the investment team, and further improve upon the alignment of interest of senior investment professionals with the strategy's investors.*

Competition within Direct Lending: The direct lending market has been characterized by extremely high levels of fundraising over the past decade, including a record $82 billion in 2019 and a strong $61 billion in 2020 despite the global pandemic. Thus far, 2021 is tracking at levels that could easily surpass 2019 and 2020, with fundraising at $50 billion at the time of this writing. This level of crowding has resulted in several disadvantages to direct lending investors, such as compressed spreads across traditional direct lending strategies, less downside protection due to looser and more borrower-friendly loan agreements, and new direct lending strategies flooding the market with relatively inexperienced investment teams.

> *Mitigation Factors: Owl Rock is able to avoid some of the overcrowding within direct lending markets as a result of their superior sourcing and origination advantages. Owl Rock's senior investors have been investing in this market for decades, establishing a large origination network leading to what RVK believes to be a meaningful competitive advantage in sourcing in spite of the steadily increased levels of competition faced by the strategy. Frequently, Owl Rock is given the first look at a deal due to a long-standing relationship with a private equity sponsor, which can reduce the negative effects of*

> *competition for the loan. Additionally, about a third of Owl Rock's annual deal flow represents follow-on funding to existing portfolio companies who exclusively use Owl Rock as their lender of choice. As such, we believe Owl Rock's experience and established sourcing network enables the strategy to resist many of the negative effects of overcrowding that have impacted the broader US direct lending market.*

Fund-Level Leverage Consideration: The Fund will target fund-level leverage of 1.0x and generally range between 0.9x and 1.25x debt to investor's capital. While the Fund has a maximum allowance of 2.0x, historically the strategy's fund level leverage has ranged between 0.7x and 1.0x. Generally speaking, investors can expect an increase in the risk and return profile of a strategy when fund-level leverage is applied. It is important to note that we view the target fund-level leverage of 1.0x as relatively conservative in a peer group of direct lending funds that frequently utilize leverage of 2.0x or more. The relatively conservative fund level leverage range should provide a lower-risk and lower-return profile, which will generally underperform a peer group that contains levered strategies in long bull markets and periods without elevated market volatility.

> Mitigation Factors: *The Fund's relatively conservative use of fund level leverage is likely to act as an effective risk control and to provide shelter from potential disruptions across global credit markets, which we believe is likely to be an important consideration for many clients at this time. Additionally, the Fund has the added flexibility of increasing fund-level leverage to a maximum of 2.0x during benign investment environments.*

Summary of Key Terms

Fund Name	Owl Rock Diversified Lending Fund
Target Fund Size	$2.5 billion
Minimum Investment	$15 million
General Partner Commitment	$50 million
Target Return	10% net
Investment Period	2 year investment period, followed by a 3-year reinvestment period
Harvest Period	Rolling 3-year extensions or option to redeem at year 5

Management Fee	1.25% on invested assets; 1.0% on invested assets for commitments of $100 or higher
Incentive Fee	10% beginning in year 6
Preferred Return	6%
Distribution Policy	Waterfall: 1. 100% to limited partners, until limited partners receive an amount equal to their total invested capital; 2. Beginning in year 6, 100% to limited partners, until limited partners receive a 6% preferred return; 3. 100% to the general partner until the general partner receives 10% of cumulative distributions; 4. Thereafter, 90% to limited partners and 10% to the general partner.
Fund-Level Leverage	0.9x – 1.25x debt-to-equity with cap at 2.0x total commitments
Key Person Event	Two of the four of Douglas Ostrover, Marc Lipschultz, Craig Packer and Alan Kirshenbaum

Firm Background

Owl Rock is a leading alternative asset manager focused on direct lending. Owl Rock commenced operations in 2016 and has grown to $27.8 billion of assets under management as of March 31, 2021. Figure 2 illustrates a breakdown of Owl Rock's platform.

Owl Rock was formed when Owl Rock's Co-Founders, Doug Ostrover, Marc Lipschultz and Craig Packer, who each worked in intersecting areas of leveraged finance, came together in 2016 with a shared observation. This observation was that despite years of record capital raise in the private equity marketplace, which tops $4.4 trillion since 2013, financing options for middle market companies remained limited. For years banks had been, and continue to step back from holding loans, moving instead toward an originate and syndicate model. Since 1994, investment banks have reduced their activity in the primary loan marketplace by over 80%. Exacerbating this trend, there were and remain today, only a handful of scaled direct lending platforms that private equity firms can approach to receive a full financing solution on a given transaction.

Owl Rock's Co-Founders sought to form a scaled direct lending platform dedicated to providing flexible and full financing solutions to U.S. middle market companies. Since Owl Rock's formation, the firm has grown to nearly $28 billion of assets under management and approximately 180 employees as of 3/31/21.

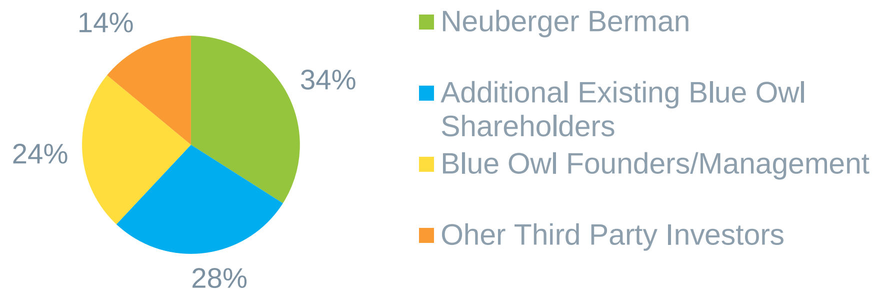
Figure 2: Owl Rock Platform Overview

	Diversified Lending	First Lien Lending	Technology Lending	Opportunistic Lending
AUM	$17.7 Billion	$3.1 Billion	$5.5 Billion	$1.4 Billion
Vintage	March 2016	July 2018	August 2018	July 2020
Equity Raised	$9.2 Billion	$1.6 Billion	$3.2 Billion	$1.4 Billion
Focus	● Senior secured, floating rate ● First lien, second lien, unitranche	● Senior secured, floating rate ● Traditional first lien only	● Late-stage venture capital sponsored ● Debt and equity investments ● US Technology companies	● Performing US companies, typically venture capital or sponsor backed ● Flexible private capital solutions with debt and/or equity ● Addressing challenging and unique situations

Ownership

In May of 2021, Owl Rock and Dyal Capital Partners closed on a business combination to form Blue Owl Capital Inc., a publicly-traded leading alternative asset management platform with over $52 billion of assets under management. However, notably, Owl Rock and Dyal will operate as distinct but complementary segments. Owl Rock's management team will retain their existing ownership stakes and will not sell their interests in connection with the transaction. In terms of governance, Blue Owl will have a multi-share class structure. Seven individuals, comprised of four Owl Rock principals and three Dyal principals, will have "high vote" shares in Blue Owl. These shares are expected to collectively control approximately 90% of the votes in Blue Owl. Figure 3 illustrates the current ownership structure of Blue Owl Capital.

Figure 3: Ownership Structure



Source: Blue Owl. As of July 2021

As noted earlier, Owl Rock and Dyal will operate as distinct but complementary segments of Blue Owl Capital. As such, Owl Rock and Dyal will continue to be led by their current respective long-tenured management, and their respective investment teams continue to employ their longstanding disciplined investment philosophies. Further, Owl Rock's investment approach and process has not changed as a result of the merger. There have been no changes to the investment team, strategy or committees of any entities managed by Owl Rock or its affiliates as a result of the transaction. While we believe the current ownership-structure is acceptable in order to maintain Firm stability, RVK also believes that maintaining distinct, separate segments to the ownership group is a significantly positive step for Blue Owl to take in order to mitigate potential conflicts of interest, retain top performers, continue to motivate the investment team, and further improve upon the alignment of interest of senior investment professionals with the strategy's investors.

Compensation

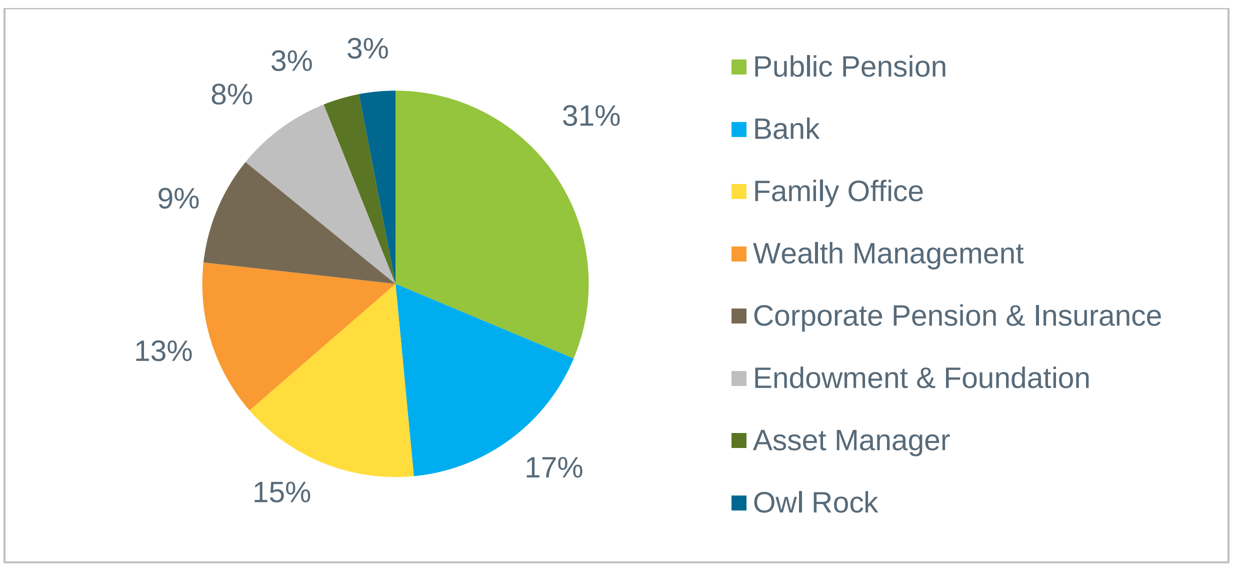
Owl Rock's compensation plan includes competitive base salaries and discretionary bonuses. Owl Rock employees are paid based on their individual performance and the performance of the overall business. Benchmarking to other middle-market direct lenders and asset managers is another factor that is considered in determining compensation.

In respect of the year ended 2020, a portion of discretionary bonuses for each investment professional who was Managing Director and Principal were deferred. The deferred portion will vest evenly over three years. In addition, investment professionals who were Managing Directors, Principals, Vice Presidents and Senior Associates were provided 'points' as part of their compensation. Points represent a portion of incentive fees earned by Owl Rock. Both of these programs have been implemented to create long-term incentives for employees, and the distribution of points specifically has been implemented to align the interests of Owl Rock's investment team with that of Owl Rock's partners. As such, it is our view that the Firm's compensation structure provides an alignment of interest with investors that is comparable to their peers in the industry.

Investor Base

Owl Rock's investor base is diverse, and skews toward larger institutions such as public and corporate pension investors, insurance companies and endowments and foundations as seen in Figure 4. Additionally, general partner capital represents 3% of Owl Rock's investor base. This is within the range of what RVK considers to be "market standard" in private credit, where general partners typically commit between 1% and 5% to their funds. We believe this level of commitment also acts to further reinforce the alignment of the senior investment team's interest and priorities with those of their Limited Partners.

Figure 4: Owl Rock Investor Base



Source: Owl Rock. As of 3/31/2021

Investment Team

Owl Rock has one of the largest and most well-resourced investment teams operating within middle market direct lending at this time, and currently employs over 65 professionals in their New York City office. The team is captained by a highly experienced group of senior investors, who have worked within middle market direct lending for over 25 years. The three Co-Founders of Owl Rock and members of the Investment Committee, worked together for over a decade at Goldman Sachs, Blackstone, KKR and Credit Suisse prior to the inception of Owl Rock. This senior investment team demonstrates a level of experience and tenure within direct lending that is among the best within its peer group, and we believe this augmented level of maturity across the senior team has historically translated into a higher level of skill in sourcing, underwriting, and structuring loans. The Owl Rock investment team is shown below.

Founders: Over 25 Years Average Experience

Doug Ostrover	Marc Lipshultz	Craig Packer
● Co-Founder & CEO, Blue Owl Capital ● Co-Founder, Owl Rock Capital Partners ● CEO & Co-CIO, Owl Rock Advisers	● Co-Founder & Co-President, Blue Owl Capital ● Co-Founder & President, Owl Rock Capital Partners ● Co-CIO, Owl Rock Advisers	● Co-Founder & Senior MD, Blue Owl Capital ● Co-Founder, Owl Rock Capital Partners ● Co-CIO, Owl Rock Advisers ● President and CEO of Owl Rock BDCs

Managing Directors: 18 Years Average Experience

Alexis Maged	Erik Bissonnette	Nicole Drapkin	Brian Finkelstein	Adam Forchheimer
Jamie Halper	Jesse Huff	David Jar	Jean Joseph	Patrick Linnemann

Derek Liu	Mark Marino	Arthur Martini	Pravin Vazirani	Lukas Spiss
Jon ten Oever	Kurt Tenenbaum	Scott Turco	Dhruv Narain	Jeffery Walwyn

Rest of the Investment Team: 7 Years Average Experience

7 Principals	12 Vice Presidents	10 Senior Associates	14 Associates

Source: Owl Rock. As of 3/31/2021.

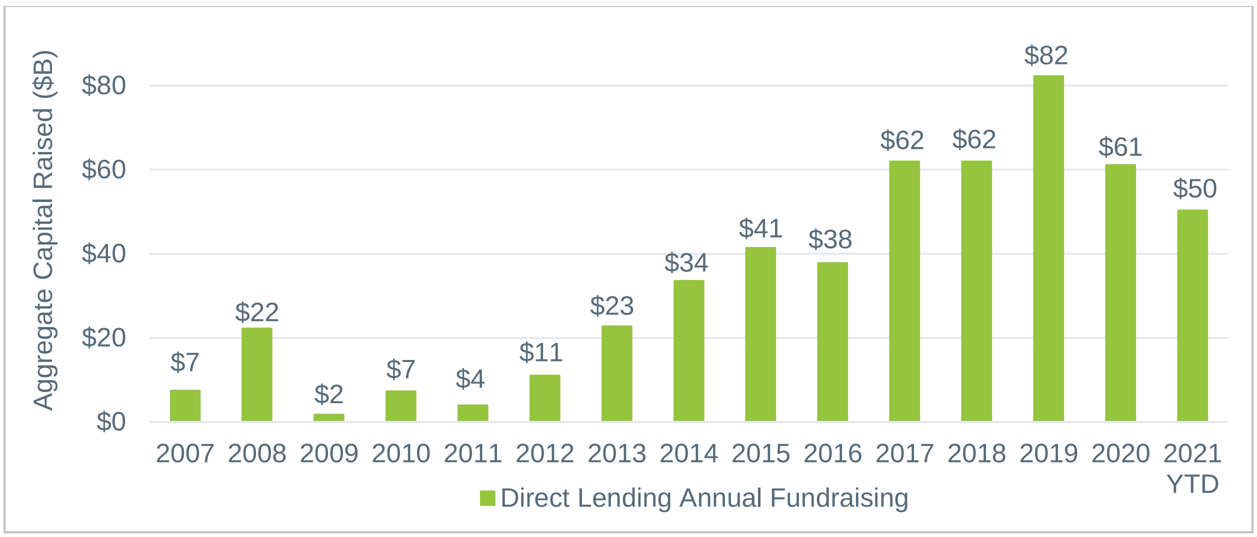
We believe that the size, strength and tenure of the team significantly bolsters Owl Rock's ability to source and underwrite new investment opportunities across direct lending markets while simultaneously allowing it to provide greater attention and care to its current portfolio companies. For example, senior investment professionals on the Owl Rock team both source and underwrite loans in the portfolio, in contrast to many competitors in the direct lending market that have separate teams for sourcing and underwriting. In addition, each member of the team is able to focus their time on monitoring approximately five to eight accounts each, which is meaningfully fewer accounts per team member than many of Owl Rock's peers who are often forced to monitor fifteen or more accounts due to significantly reduced staffing. As such, with frequent check-in calls with sponsors and borrower management teams along with rigorous monthly and quarterly borrower performance reviews, we believe Owl Rock's portfolio management capabilities are strong relative to many other investment options in the direct lending space.

Owl Rock has experienced relatively low turnover amongst senior investment professionals throughout the past several years, likely due in part to a team culture that fosters career development through a desire to retain talented individuals. Notably, only one senior investment professional (which includes managing directors and above) has left the firm since Owl Rock's inception in 2016.

Market Overview

Figure 5 displays the annual fundraising of direct lending funds since 2007. As with the broader private credit asset class, the direct lending market has seen explosive growth since the economic recovery following the Global Financial Crisis. This was largely fueled by the increased regulation applied to banks with the purpose of de-risking their balance sheets, thereby opening the door for lenders in private markets to step-in and fill the financing gap for smaller businesses. As seen in the following graph, 2019 was a record year for direct lending fundraising, which reached $82 billion, marking a nearly four times increase since 2008. Fundraising in 2020 took a slight dip as a result of the pandemic, and while we would expect a pandemic-induced slowdown in fundraising amounts, 2020 was still relatively in line with direct lending fundraising in 2017 and 2018. Furthermore, we believe that the most resilient direct lending managers will not only survive the pandemic, but thrive by providing financing for private companies that require debt financing as the economy recovers. This is evidenced by the rebound in fundraising thus far in 2021.

Figure 5: Direct Lending Annual Fundraising



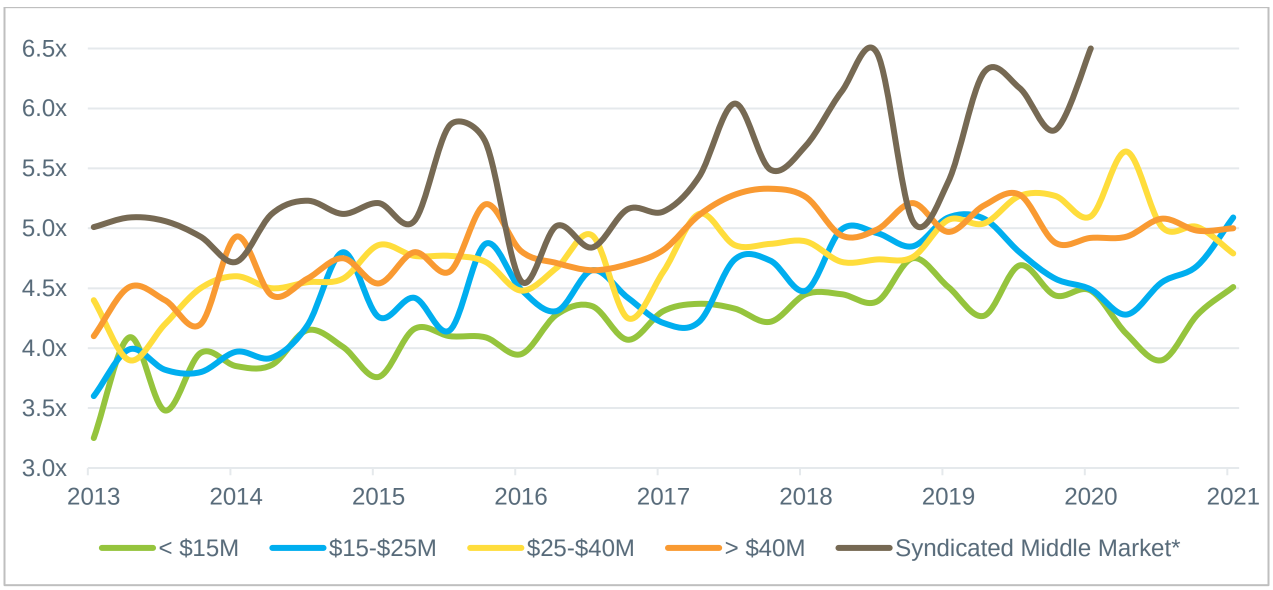
Source: Preqin. Data is as of 7/2021

Market Characteristics: Leverage and Yield Levels

Following several years of record fundraising amounts in the direct lending asset class as noted earlier, the market has been flooded with new participants, thereby significantly increasing competition among private lenders. This overcrowding has generally resulted in the reduction of unlevered yields available to private lenders and the deterioration of typical lender protections.

In addition, the amount of leverage used by private middle market borrower companies has been trending upwards over the past several years, indicating a gradual potential increase in the risk of default faced by middle market direct lenders as borrowers gradually take on a larger proportion of debt relative to the earnings they are able to generate. This has been illustrated in Figure 6, which shows the average leverage (or debt/EBITDA) of middle market loans across various borrower EBITDA sizes. According to an extensive default study conducted by Moody's, one of the largest and most well-known Nationally Recognized Statistical Rating Organizations in the world, leverage is likely the single most impactful contributing factor in determining the likelihood of corporate defaults. As such, we believe leverage has the potential to be the most meaningful variable of credit risk (or default probability), as a greater amount of leverage typically translates into a large debt burden that companies may find it more difficult to accommodate. Leverage levels for all borrower sizes have been near all-time highs for a number of years, indicating that lenders have been more willing to accept an increased level of credit risk without requiring additional compensation through augmented yields. Although Owl Rock's senior debt focus, thorough underwriting process and tilt toward less volatile industries has insulated it from a portion of this additional credit risk, we nonetheless consider this market trend to be a headwind faced by both Owl Rock and other middle market lenders. As such, we believe their defensive emphasis is likely to be especially important going forward.

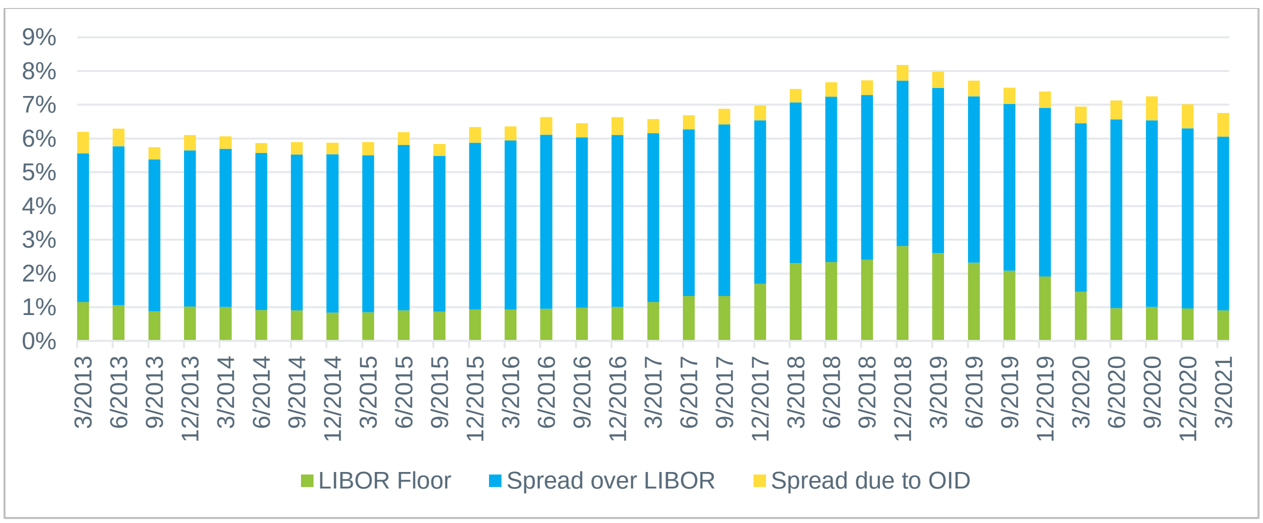
Figure 6: Average Total Leverage of Middle Market Loans by Borrower EBITDA Size



Source: Refinitiv LPC, RVK. *Syndicated Middle Market are large middle market loans that are mostly rated and syndicated to a wide investor base with an average EBITDA of around $50M. There were not enough deals to calculate a Syndicated Middle Market average in the second or third quarter of 2020. Data as of 3/31/2021.

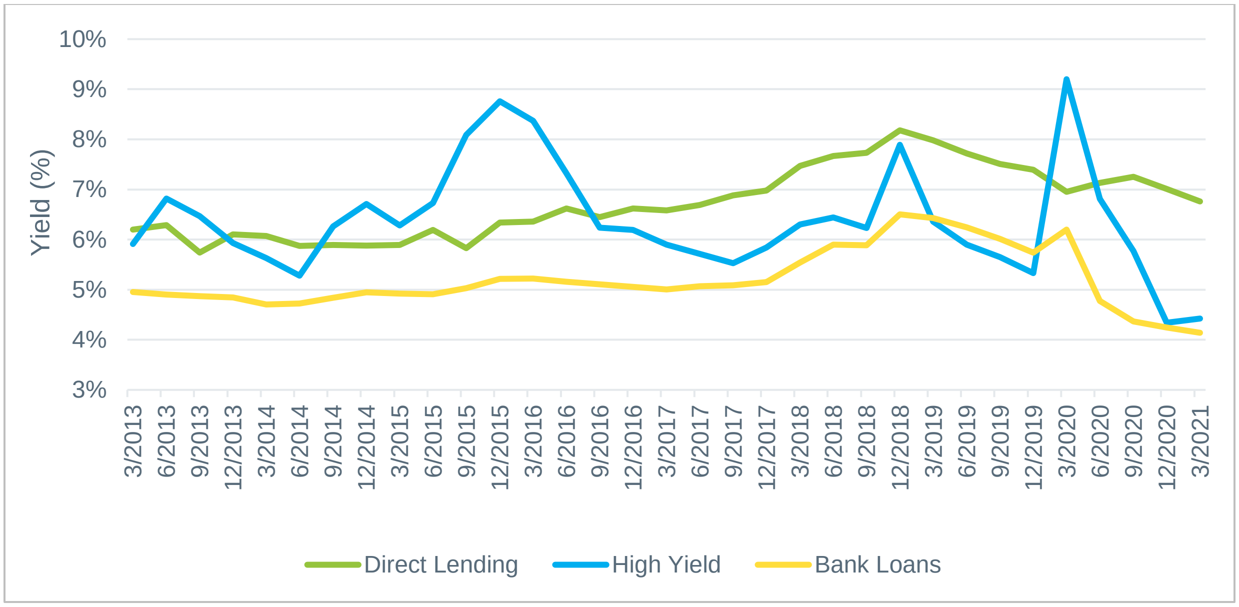
In spite of ongoing yield compression across most diversified private lending, it is important to note that investors in direct lending can still generally expect an increased yield compared to the yields available across their public fixed income portfolios, as private middle market loans still often provide a yield premium of approximately 1%-3% over securities of comparable credit quality in public fixed income markets. As illustrated in Figures 7 and 8, senior loans in the middle market have historically offered lenders consistent all-in yields of between 5.8%-8.2%, with an average yield of 6.7% since 2013. This compares favorably to the average yield of bank loans and high yield bonds of 5.2% and 6.4% during the same time period, as measured by the Credit Suisse Leveraged Loan Index and ICE BofA US High Yield Index, respectively. More recently, yields in public markets have approached historical lows while the yields of private senior middle market loans have remained more consistent, further amplifying the yield premium offered by senior direct lending relative to public speculative grade bonds and loans. For example, in the first quarter of 2021, the typical yield of newly issued senior loans in the private middle market was approximately 6.8%, while the current yield of the Credit Suisse Leveraged Loan Index and the effective yield of the ICE BofA US High Yield Index have dropped to 4.1% and 4.4% as of 3/31/2021, respectively. In light of these developments, we believe that the private middle market can offer yield-seeking investors a strong absolute yield that is meaningfully elevated compared to those of most public fixed income securities.

Figure 7: Yield Components of Senior Direct Lending Loans



Source: Refinitiv LPC, RVK. Represents the average first lien term loan yield with a three-year term. Data based on private data submissions and excludes unitranche and second lien term loans. Data as of 3/31/2021.

Figure 8: Senior Direct Lending Yield versus High Yield and Bank Loans



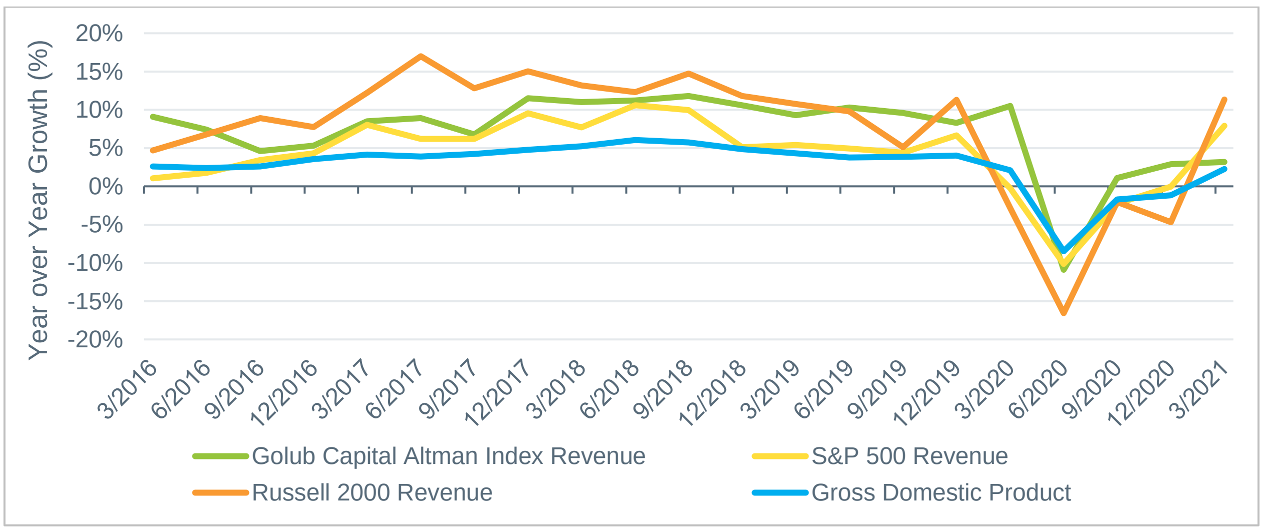
Source: Refinitiv LPC, Federal Reserve Bank of St. Louis, Ice Data Indices LLC, Credit Suisse, RVK. Direct Lending represents the average first lien term loan yield with a three-year term. Data based on private data submissions and excludes unitranche and second lien term loans. High Yield represents the effective yield of the ICE BofA US High Yield Index. Bank Loans represents the current yield of the Credit Suisse Levered Loan Index. Data as of 3/31/2021.

Borrower Characteristics: Growth

Direct lending generally involves providing debt financing to private companies that are smaller than the “typical” large corporate borrowers behind most traditional institutional fixed income portfolios. Often, these private companies are in a high-growth stage of their business life cycle and require debt to finance an expanding business model. As a result, smaller, private businesses that can only access private markets have generally been more willing to accept loans with higher interest rates and allow lenders additional protections in order to finance their growing businesses, as discussed in detail earlier. The high-growth characteristic of borrowers that access direct lending markets has been illustrated in Figure 10. This graph highlights the year-over-year growth rates of revenue for companies within the Golub Capital Altman Index (GCAI), which we have used to represent the private middle market, the S&P 500 and Russell 2000, which represent large and small-cap public companies, and Gross Domestic Product (GDP), which represents the broader US economy. The GCAI is not a perfect representation of the private middle market, as it only represents approximately 150 private companies within the portfolio of Golub Capital (a market leader in middle market direct lending); however, it may be the best available proxy to estimate the revenue growth of companies in a market that lacks broad or accurate financial reporting. As illustrated in the following graph, the GCAI has enjoyed consistent annual revenue growth of around 8-10% since 2016, outperforming the growth in GDP and large-cap companies within the S&P 500, while closely tracking small-cap companies within the Russell 2000 over the majority of recent time periods.

Given this characteristic, it should be noted that in spite of their higher-growth profile, GCAI constituents were not disproportionately impacted by the recent economic turbulence of 2020, with growth rates dropping similarly to those of S&P 500 constituents in early 2020 and then bouncing back more quickly during subsequent months. We believe these 2020 results are a promising early indicator of the resilience of many middle-market borrowers in the current economic environment. Of particular note, though of limited sample size, is the sharp snap back in year over year growth in the first quarter of 2021, as all growth metrics as well as GDP posted positive numbers during this period. Longer-term, we believe that the high-growth characteristics found within private companies that access direct lending markets are generally a favorable consideration for investors who are seeking additional absolute return versus traditional public debt markets.

Figure 9: Estimated Revenue Growth in Middle Market Direct Lending



Source: Refinitiv LPC, Federal Reserve Bank of St. Louis, Ice Data Indices LLC, Credit Suisse, RVK. Direct Lending represents the average first lien term loan yield with a three-year term. Data based on private data submissions and excludes unitranche and second lien term loans. High Yield represents the effective yield of the ICE BofA US High Yield Index. Bank Loans represents the current yield of the Credit Suisse Levered Loan Index. Data as of 3/31/2021.

As noted earlier, the COVID-19 pandemic has resulted in levels of economic stress that the market has not experienced since the Global Financial Crisis in 2008-2009. There are many businesses that have been forced to shut down completely during the quarantine, and have seen their revenue drop to zero for extended periods of time, a phenomenon that the modern private lending system has never before experienced at this scale. In spite of the relative resilience pictured in Figure 9, we expect many direct lending managers will struggle during this environment, and some of the weaker players who frequently lend at higher leverage levels and structure loans with fewer lender protections may take meaningful losses if their borrower companies have not sufficiently recovered by the many time loan amendments and extensions made during the pandemic terminate. As such, we believe that the current environment is one where skilled manager selection in general, and a tilt toward more conservative and experienced players specifically, has the potential to significantly augment the risk-adjusted returns experienced by investors.

While it may be somewhat premature to gauge the health of the overall economy at the time of this writing, early indications point to a general level of resiliency across the direct lending space, with a fairly brisk recovery among stronger private middle market borrowers, such as those illustrated in Figure 9. As of the end of the first quarter of 2021, the year-over-year revenue growth of the GCAI is positive (about 3.2%). As such, we do not believe that the current economic environment will prove to be permanently disruptive to all private lenders. Instead, we expect that lenders to the private middle market who focus on high-quality borrowers may benefit from an accelerated recovery in revenue.

Investment Strategy

Owl Rock Diversified Lending Fund is a direct lending strategy that provides senior secured loans to privately-owned, sponsor-backed middle-middle market companies in the United States. These loans are used by companies for a variety of purposes, including financing leveraged buyout transactions, company acquisitions, organic growth, debt refinancing, and other forms of recapitalization. The portfolio is expected to include 75-100 loans, each representing 1-2% of the portfolio at any point in time. Overall, we believe that this strategy offers investors an attractive risk-adjusted expected return through the combination of several key defensive attributes, as well as a solid absolute return profile derived primarily through income.

Portfolio Exposure

The typical deal characteristics of an Owl Rock loan are highlighted in Figure 10. The strategy seeks to provide primarily first lien term loans of approximately $20-$250 million in size to private equity sponsor-backed businesses in the middle market. The borrower profile is commonly a high-quality company with historically stable cash flows, operating in non-cyclical industries, and an EBITDA of $10-$250 million. Both loan sizes and borrower sizes encompass larger-scale borrowers than what is typical across many middle market focused peer strategies, enabling Owl Rock to benefit from select investment opportunities available only to lenders of its scale, but limiting its ability to access the less efficiently priced lower middle market as completely as smaller peer strategies. As with most direct lending strategies, Owl Rock's loans are cash-flow based, meaning they are collateralized by a company's equity and expected future cash flows as opposed to by tangible assets in most cases. The strategy's loans are primarily senior secured, meaning they are at the top of the borrowers' capital structure, with a typical debt/EBITDA of 5.0x-6.0x and a loan to value less than 50%. Owl Rock's conservative targeted levels of loan to value, in particular, contribute to a lower overall risk profile than is common across much of its peer group. This is particularly noteworthy in the context of the current market environment, where unitranche loans characterized by aggressively high loan to value levels are becoming increasingly common. On the other side of the risk spectrum, Owl Rock's average levels of underlying borrower leverage have gradually risen alongside those of its overall peer group.

Figure 10: Typical Direct Lending Deal Characteristics

Deal Metric	Typical Range
Investment Size	$20 - $250 million
Asset Type	Primarily first lien loans, may include unitranche and second lien loans
Interest Rate	LIBOR + 5.50% - 7.50% (LIBOR floor = 0.9%)
OID / Origination Fees	1.5% - 2%
Borrower Leverage (Debt/EBITDA)	5.0x – 6.0x
Borrower Loan to Value	Less than 50%
Borrower Revenue	$50 - $2.5 billion
Borrower EBITDA	$10 - $250 million
Borrower Industry Profile	High-quality companies that provide historically stable, consistent cash flows
Borrower Ownership	Private, at least partially owned by a private equity sponsor
Use of Loan Proceeds	Leveraged buyout (LBO), growth capital, or recapitalization
Collateral Type	Borrower's equity and expected future cash flows
Covenant Protection	2 - 3 financial covenants
Lender Group Position	Primarily lead lender, some club deal participation

Source: RVK, Owl Rock.

In our view, there are several crucial attributes across Owl Rock's targeted investments that differentiate this strategy from its direct lending peers, and indicate that this opportunity offers a strong risk-adjusted relative value. Specifically, we believe that the following attributes of the direct lending strategy contribute to a distinguished profile:

Meaningful Covenant Protection: Owl Rock typically demands at least one financial covenant, and often multiple financial covenants, in every loan. For many of Owl Rock's direct lending peers, "covenant-light" loans (which generally refer to loans with only one covenant) or loans without any covenants at all have gradually become the new normal over the last few years. Owl Rock is able to use their covenants as a tool to not only monitor their portfolio companies (they are tested each quarter), but to give Owl Rock the power to step in and negotiate adjustments to their borrowers' financial and operational activities when covenants are breached. As such, we believe that the strategy's covenant protection indicates the potential for strong downside protection. Owl Rock amended a total of 14 covenants in 2020 due to pandemic-induced problems faced by their borrowers. RVK believes these amendments were instrumental in protecting investor capital as defaults and resulting losses were kept at an extremely low level. Notably, prior to the pandemic, Owl Rock had relatively few material amendments and zero amendments thus far in 2021. We expect the downside protection provided by strong covenant packages to be especially useful in a post-pandemic world.

Lender Group Leadership: In the majority of cases and approximately 73% of the time historically, Owl Rock will seek a leadership role within the lender groups in which it participates through either leading a club deal while acting as the administrative agent, or simply being the sole senior lender to the borrower. This leadership position within the lender group provides a number of benefits, including higher origination fees, a greater amount of control over the specific loan terms during the negotiation process, and a deeper relationship with borrowers and sponsors. Owl Rock typically charges origination fees of approximately 1.5%-2% to their borrowers, when the typical origination fees across most senior middle market lenders are less than 1%, as illustrated earlier in the Market Overview section in Figure 7. This increase in origination fee meaningfully augments the strategy's expected all-in yield compared to peers. In addition, through controlling dialogue with the borrower, Owl Rock is able to negotiate favorable loan terms rather than relying upon peer strategies that may not have the same defensive expectations for loan documents. Finally, by developing deeper relationships with borrowers and sponsors, Owl Rock's sourcing network expands, thereby leading to further loan opportunities in the future. We believe this contributes to the significant amount of annual deal flow that is sourced from Owl Rock's existing borrowers, typically 30-35% annually.

Position in the Capital Structure and Conservative Loan to Value Levels: The strategy commonly makes senior secured loans to companies located at the very top of the capital structure. The strategy's predecessor, ORCC, held 80% first lien and 96% senior secured loans as of March 31, 2021. In addition, the loan-to-value levels are typically less than 50%. As of March 31, 2021, the average loan-to-value for loans held within ORCC was 45%. Owl Rock's position in the capital structure as well as their low loan-to-value levels indicate that there is a significant amount of equity value "cushion" that is subordinate to Owl Rock's position as the senior lender. We believe that this conservative profile could be especially appropriate for the current market, where the potential for continued economic volatility and the periodic disruption of corporate borrowers' earnings is expected to remain relatively elevated.

Portfolio Exposure

The following section analyzes the strategy's full track record, a robust history which includes 191 loans made since March 2016, to ensure that the portfolio's exposure is in line with our expectations. All data in this section is as of 3/31/2021. It should be noted, however, that in spite of the large number of loans historically made by Owl Rock a large portion of the strategy remains unrealized. Specifically, only 44% of the $16.2 billion of invested capital had been realized as of March 31.

Figure 11 outlines some basic statistics from Owl Rock's track record, and indicates that past portfolios have been built within our expectations for the stated strategy in terms of both loan metrics and borrower attributes. Furthermore, there are a few metrics worth highlighting as being positive compared with many peers. First, the average spread over LIBOR attached to Owl Rock's loans is approximately 6.5%, which tends to be approximately 100-150 basis points higher than its peers within senior middle market direct lending, as previously indicated in Figure 7 in the Market Overview section. Additionally, the strategy's loans have an average loan-to-value of 45% which is more conservative than is typical for peers in the private middle market and syndicated middle markets, many of which have been lending at much higher loan-to-value levels in recent years. In our view, the combination of higher loan spreads with lower loan to value levels demonstrates that this strategy offers a compelling risk-adjusted return when compared to that of many direct lending peers.

Figure 11: Strategy Track Record Portfolio Statistics

Deal Metric	Weighted Average
Investment Size	$84.5 million
LIBOR Floor	0.9%
Spread over LIBOR	6.5%
OID / Origination Fees	1.5%

Borrower Leverage (Debt/EBITDA)	5.5x
Borrower Loan to Value	45%
Borrower Revenue	$466 million
Borrower EBITDA	$104 million

Source: RVK, Owl Rock. Data as of 3/31/2021.

Past portfolios have been highly diversified from an industry perspective, including 29 total industries. The strategy has demonstrated a preference for companies with long operating histories in historically defensive sectors with stable cash flows, such as software, insurance, business services, and healthcare, while avoiding typically cyclical sectors that may lack sufficient cash flow to support a debt burden. As a result of this conservative tilt, the strategy has relatively little exposure to borrowers in sectors such as energy, retail, casual dining, airlines, and cruise ships, many of which have recently been hit hardest by the pandemic.

Nearly all of Owl Rock's loans have at least one financial covenant, and approximately 85% of loans have multiple financial covenants. This is becoming increasingly rare among direct lending managers, as "Covenant-Light" loans (which only have one covenant) have become a new normal in the recent environment of aggressive lending practices. Additionally, only 1% of Owl Rock's loans have experienced a payment default (missed an interest or principal payment), which is in line with our default expectations for a conservative senior lending strategy. Out of the 1% of the track record that has experienced a payment default during the life of the loan, the average gross multiple is 0.79x, which demonstrates a relatively strong recovery in the event that a borrower does miss a payment. Lastly, Owl Rock's total loss ratio, which measures both realized and unrealized losses, is only 0.3%, indicating that Owl Rock's payment defaults do not typically materialize into losses. The loss ratio has been analyzed in greater detail in Figure 14 in the upcoming Capital Risk of Loss section later in this Memo.

Given that we believe this strategy is in a stronger position to protect investor downside through the lower loan to values and greater lender protections found within senior debt, we believe that it has the potential to deliver attractive relative value when compared to strategies taking on greater capital structure risk.

Strategy Summary and Return Expectations

In summary, the Owl Rock Diversified Lending Fund is targeting a net IRR of 10%, which is a net return target that is in line with most direct lending strategies in spite of its conservatism, and may be higher than those of many peer strategies dedicated to senior loans. Furthermore, this return is derived almost entirely through cash yield as opposed to any price appreciation of Owl Rock's underlying loans, indicating a conservative, income-dominant return profile. The strategy commonly seeks spreads of 5.5%-7.5% over LIBOR, with an origination fee of approximately 1.5%-2%, for an all-in yield of 7-9.5%. As previously discussed in the Market Overview section and illustrated in Figure 8, this level of all-in yield is meaningfully higher than that currently available through publicly traded leveraged loan or high yield bond markets, and moderately higher than most of its senior loan focused peers in the private middle market.

Investment Process

The quality of Owl Rock's investment process is in line with our expectations for a top-tier, senior debt focused direct lending strategy. Furthermore, it is differentiated, in our view, through strong relationships with high quality sponsors, in-house expertise in sub-industry screening criteria, and extensive portfolio management experience and resources. Owl Rock's underwriting process is discussed in greater detail in the following section.

Sourcing

As lenders in the middle market, a strong origination platform is a key competitive advantage and a meaningful barrier to entry for new participants seeking to lend in this market segment. We believe Owl Rock's large investment team has successfully built a substantial sourcing network since the firm's inception. The foundation of the sourcing platform is a large network of private equity sponsors. Owl Rock has successfully completed over 280 transactions with private equity sponsors since 2016. Additionally, it has formed several close relationships with private equity firms that consistently produce high-quality lending opportunities. Owl Rock calls this group of approximately 100 sponsors their "Core Group", and has thus far been able to rely on it for consistent deal flow. By developing close relationships with these Core Sponsors, Owl Rock estimates that it is given the "first look" at a deal over many peer lending strategies, which we believe is a meaningful sourcing competitive advantage. In our view, Owl Rock's deep relationships with several sponsors will result in continued high-quality deal flow into the future.

In addition to a large network of private equity sponsors, Owl Rock has built a sizable base of portfolio companies, which it frequently taps to source follow-on investments. It is fairly common for an existing borrower to continue working with Owl Rock for its debt financing needs as it grows and expands. As a result, Owl Rock estimates that its existing network of portfolio companies accounts for approximately 30% of annual deal flow, which we view as a substantial differentiator in sourcing compared to newer peer strategies, which typically lack the same scale of transactions with repeat borrowers.

Owl Rock's sourcing advantage was perhaps most apparent during calendar year 2020, when a large subset of the direct lending market effectively ceased new lending activity as a result of the pandemic and the amount of newly issued private loans was less than half that of the same time period in 2019. While many peer strategies were forced to shut down origination efforts entirely, Owl Rock was able to rely upon its substantial sourcing network to invest in 39 new loans representing $2.8 billion in calendar year 2020. As such, we are confident that this strategy will be able to continue to deploy capital, even if further market volatility negatively impacts loan issuance in direct lending markets.

Deal Screening

As a result of building a strong sourcing platform, Owl Rock reviews a large volume of potential investments, typically between 1,000 and 2,500 annually, but closes on only approximately 5% of them, indicating a high level of selectivity compared to many peer strategies in the direct lending space. Since the strategy's inception in 2016 through March 31, 2021, Owl Rock has reviewed a total of 5,568 deals and closed on 293 of those deals. Owl Rock's credit screening criteria follows a fairly standard operation. While combing through investment opportunities, the team primarily focuses on borrowers with stable cash flow generation from a variety of geographic regions and customer sources. Additionally, Owl Rock prefers companies with experienced management teams and long operating histories that have strong compensation incentives in the form of significant equity ownership within the company. Finally, Owl Rock seeks companies that have either tangible competitive advantages or defensible positions within their respective industries.

A key differentiator to Owl Rock's investment process is that they do not bifurcate underwriting from origination. The deal team members assigned to a transaction maintain all borrower dialogue, drive due diligence, structure, negotiate and document terms, and monitor the credit, incentivizing the team to maintain high standards and levels of selectivity with respect to both the borrowers with which they invest and the lender protections attached to those investments.

Underwriting and Deal Execution

Owl Rock employs a rigorous underwriting and due diligence process that includes a comprehensive understanding of a potential borrower's industry, market environment, operational ability, and financial prospects. In our view, we believe the investment process is extremely thorough, and matches our expectations for a "best-in-class" direct lending strategy. While a standard 60-90 days is the typical underwriting timeline, the team has the ability to underwrite and complete a deal within 45-50 days, primarily due to prior experience in the industry, knowledge of the sponsor, or using existing loan documentation from previous deals. This demonstrates an execution ability that is unmatched by many of Owl Rock's peers that lack the same level of experience and resources. Furthermore, this execution capability has historically led to increased deal flow when sourcing investment opportunities that may have more competition from peer lenders, as sponsors tend to favor lenders that have a reputation for quick and efficient underwriting.

Once a potential investment opportunity passes the initial screen, a deal team is formed, which typically consists of three to four members. Initial due diligence involves an onsite visit (or virtual meeting) with the borrower's executive management team and private equity sponsor, as well as a thorough review of all provided diligence materials. Following this preliminary review, the deal team will present a screening memorandum to the investment committee (IC) for their initial review. The IC is composed of four full-time members, including the Co-Founder and CEO, Doug Ostrover, Co-Founder and President, Marc Lipschultz, Co-Founder and Senior MD, Craig Packer, and the Head of Credit, Alexis Maged. As mentioned earlier, this group of senior investors is highly experienced with multiple decades of industry tenure, which we believe can often lead to greater skill in evaluating the relative value of investment opportunities. The screening memorandum includes a borrower and transaction overview, financial summary, investment thesis, key risk factors, and recommendations for next steps. Typically, if a member of the IC expresses concerns about any element of the investment opportunity at this stage, the underwriting team is unlikely to proceed. However, if the investment opportunity appears promising, the IC will provide the underwriting team with guidance and recommended areas of focus for further due diligence.

As part of the exhaustive due diligence following the preliminary approval from the IC, the deal team is responsible for creating an investment committee memorandum to present to the IC that addresses topics including, but not limited to: an in-depth analysis of historical financial data, a thorough review of loan documents, and research relating to the company's industry, customers, suppliers, and competitors. Perhaps the most important element of the due diligence process is the team's financial modeling, which analyzes the company's expected future cash flows available for the senior lender. A "best in class" direct lender, in RVK's view, will typically model out multiple (two or more) scenarios in order to analyze the borrower's financial projections and test various downside cases. These downside cases often simulate a three standard deviation event (such as the Global Financial Crisis) and involve a severe 35-50% reduction in a borrower's future EBITDA. If a company appears unable to maintain sufficient cash flow to make interest and principle payments in these drastic downside cases, Owl Rock will not move forward with the investment. We are encouraged by the severity of Owl Rock's downside scenario modeling, as it tends to involve more extreme scenarios than many of Owl Rock's peers, which more typically only test a 10%-20% downside case, based on the range of investment process reviews conducted by RVK in the direct lending space. In our view, this demonstrates Owl Rock's conservative and defensive investment approach to underwriting.

Asset Management and Portfolio Monitoring

Once a deal has been closed, the deal team that led the underwriting will continue to monitor the investment throughout the life of the loan. We believe Owl Rock's level of active involvement throughout the monitoring process, is a differentiator of this strategy compared to its peers due to the considerable attention to detail granted to each portfolio company. Owl Rock's large team allows each member to only monitor between five and eight accounts, compared to a more typical range of ten to twenty or more across the broader direct lending landscape. As such, more time can be spent with each portfolio company, including the review of monthly and quarterly financials, complete quarterly portfolio reviews, and frequent check-in calls with company management.

An investment will be placed on the investment watch list when select events occur. It will only be removed from the watch list with the approval of the Investment Committee. Events that lead to an investment being placed on the watch list include, but are not limited, to a material underperformance versus budget, material covenant non-compliance, a meaningful change in market value of borrower, material change in the industry or competitive position of the borrower and a payment default or bankruptcy. A pro-active approach is taken with all investments on the watch list and the Investment Committee will approve all amendments, waivers and workouts.

Pandemic Impact on Investment Process

The effects of the pandemic and subsequent stay-at-home orders temporarily impacted Owl Rock's investment process, though the investment team believes they have been able to perform all of their core tasks without sacrificing the quality of their underwriting. The team has learned to adapt in order to maintain a high level of attention to detail throughout the due diligence and monitoring processes, including more frequent phone and video calls with borrower management teams. For example, during the months following the virus outbreak in spring 2020, the portfolio team was often conducting daily calls with borrowers to review cash flow projections, which demonstrates a level of active monitoring rarely seen by RVK in a review of the strategy's direct lending peers. Additionally, an environment where all market participants have been affected by the pandemic, we believe Owl Rock's large existing network of sponsors, borrowers, and business counterparties will help it maintain a sufficiently high-quality investment process and level of knowledge concerning its chosen investments. In contrast, we have greater concerns about the large number of "newcomer" direct lending strategies with more limited experience in their chosen spaces. Without a longstanding network to fall back on, we believe that less experienced strategies may be disproportionately impacted by the pandemic-related restrictions on travel and face-to-face interaction.

Performance and Track Record Analysis

The following section reviews and summarizes the strategy's track record, including its net performance, a comparison to public market performance, and its loss ratio. Performance data has been calculated by RVK with cash flows provided by Owl Rock. This section is abbreviated in order to be concise; however, RVK's full performance and track record analysis can be provided upon client request, and includes fund-level net cash flows, position-level gross performance, performance attribution, and a sensitivity analysis.

As seen in Figure 12, Owl Rock's track record net performance has been in line with our expectations for a conservative, senior-focused direct lending strategy. The strategy has experienced average performance within its peer group in the direct lending space thus far, including 2nd or 3rd quartile performance across the track record. However, it is important to note that this peer group contains many highly-levered or more aggressive strategies that are expected to outperform in a benign credit environment, similar to the environment that direct lending strategies experienced over the decade leading up to 2020. As such, this peer group would be especially difficult for a conservative, senior-focused direct lending strategy like Owl Rock to outperform during this time.

Figure 12: Track Record Performance (As of 3/31/2021)

Fund	Vintage Year	Net DPI	Net RVPI	Net TVPI	Net IRR	Net IRR Quartile	Net TVPI Quartile
ORCC	2016	0.44x	0.69x	1.14x	8.9%	2nd	3rd
Total		**0.44x**	**0.69x**	**1.14x**	**8.9%**	**2nd**	**3rd**

The track record's performance is expected to continue to improve following the pandemic-driven mark-down that occurred across virtually all direct lending strategies in 2020. Owl Rock's mark-downs consisted of one realized loss, and nearly all of the unrealized losses of the remaining loans have fully recovered. As such, we believe performance is on track to finish with absolute returns that are within our expectations regardless of market environment.

A significant portion (approximately 60%) of Owl Rock's track record is still unrealized. Early indications of realized performance have been strong, with an average gross IRR of 11.8% across 57 realized loans as of March 31, 2021. Furthermore, the unrealized portion of the portfolio appears to have held up extremely well in the midst of a global pandemic. Of the 134 active loans in Owl Rock's portfolio as of March 31, 2021, only two have thus far had a pandemic-related payment default. We believe a payment default rate of less than 2% during perhaps the most severe economic upheaval since the Global Financial Crisis demonstrates a relatively low level of disruption during a time period that many of Owl Rock's peers are simultaneously dealing with a range of multiple non-performing loans.

Public Market Equivalent (PME) Analysis

In our PME analysis shown in Figure 13, we have chosen a custom benchmark that represents the opportunity cost of simultaneously investing in both high yield bond and leveraged loan markets, which are common alternatives to the private credit asset class for clients that intend to use private credit primarily as a source of return augmentation for traditional fixed income portfolios. The Custom Index represented in the following table is composed of 50% Bloomberg Barclays US Corporate High Yield Index and 50% Credit Suisse Leveraged Loan Index, and the resulting IRR calculation of this Custom Index represents an investment with the same cash flow timing as the corresponding fund.

As illustrated below, ORCC has enjoyed outperformance of 5.5% over the Custom Index, which is beyond our expectations for a conservative direct lending strategy, and demonstrates the meaningful illiquidity premium that investors should expect from locking up capital in a private credit investment. With outperformance across the track record spanning five years and including the impact from the global pandemic, we believe that this strategy indicates strong superior performance over public fixed income investments with similar levels of credit risk across the market cycle.

Figure 13: Track Record Public Market Equivalent (PME) Analysis (As of 3/31/2021)

Fund	Vintage	Net IRR	Custom Index IRR
ORCC	2016	8.9%	3.4%
Total		**8.9%**	**3.4%**

Performance data has been calculated by RVK with cash flows provided by the manager. Custom Index IRR represents the IRR calculated using the 50% Bloomberg Barclays US Corporate High Yield Index / 50% Credit Suisse Leveraged Loan Index assuming an index investment with the same cash flow timing.

Capital Risk of Loss

In Figure 14 below, data has been aggregated for deals with a gross multiple of below 1.0x in order to calculate the overall loss ratio of the track record. The loss ratio is the total percentage of the strategy's track record that is either currently held at a loss but is unrealized, or has already been realized as a loss. The strategy's overall track record loss ratio is 0.3%, which is well above our expectations for a conservative direct lending strategy, where anything below 1% may indicate especially effective risk control, and anything above 3% may require further investigation. As such, we believe this strategy's risk controls and defensive tactics, including its focus on senior debt at moderate to low loan to value levels, has resulted in a level of downside protection that is superior to many of its senior direct lending peers.

Figure 14: Track Record Capital Risk of Loss (As of 3/31/2021)

Fund	Vintage Year	Multiple of Investments Held Below Cost	% of Invested Capital Held Below Cost	Total Loss Ratio
ORCC	2016	0.79x	1%	0.3%
Total		0.79x	1%	0.3%

BLUE OWL

Owl Rock Diversified Lending

July 29, 2021

North Dakota Board of University and School Lands

Owl Rock | A Division of Blue Owl

Firm Overview

Blue Owl Overview

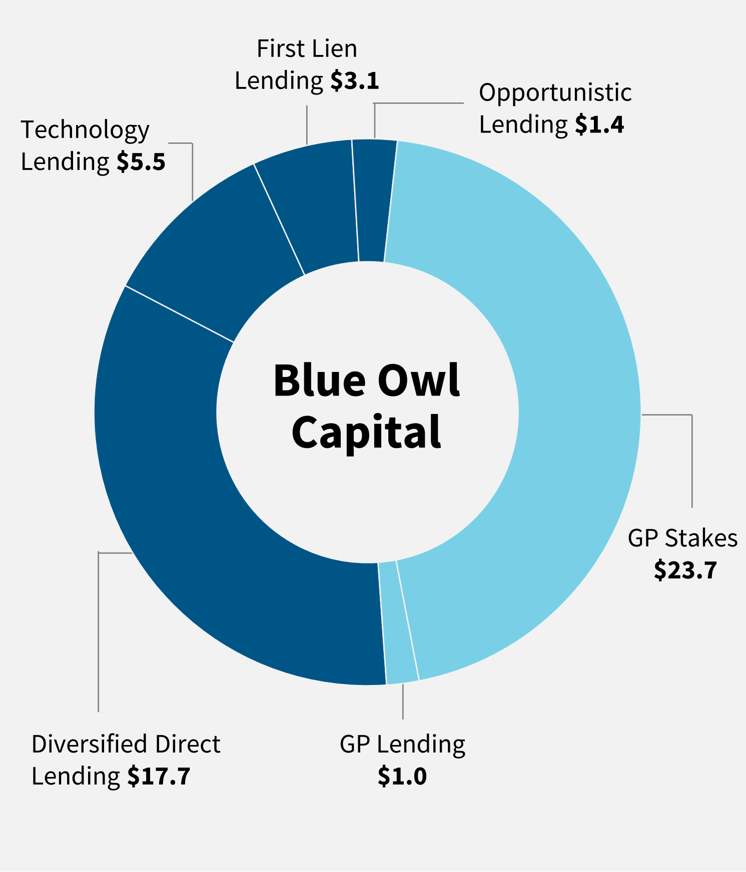
The Owl Rock and Dyal Capital platforms provide investment strategies dedicated to private capital solutions

Over $52 Billion of Assets Under Management

Owl Rock Platform

- A leading direct lending businesses with $27.8 billion in AUM
- Focused on lending to middle- and upper-middle-market companies backed by leading private equity sponsors
- Demonstrated ability to source proprietary investment opportunities with $29.8 billion in originations since inception

$27.8B Assets Under Management	**65+** Investment Professionals
290+ Deals Closed	**550+** Sponsor Relationships



Dyal Capital Platform

- A leading capital provider to institutional private equity and hedge fund managers with $24.7 billion in AUM
- Deep and extensive relationships across the alternative asset management ecosystem
- Successfully completed over 60 equity and debt transactions

$24.7B Assets Under Management	**60+** Professionals
40+ Partnerships	**10+** Year Track Record

As of report Date. **Past performance is not indicative of future results.** All investments are subject to risk, including the loss of the principal amount invested. AUM may not sum due to rounding.

About Owl Rock

Owl Rock is a leading direct lending platform managed by a seasoned executive team

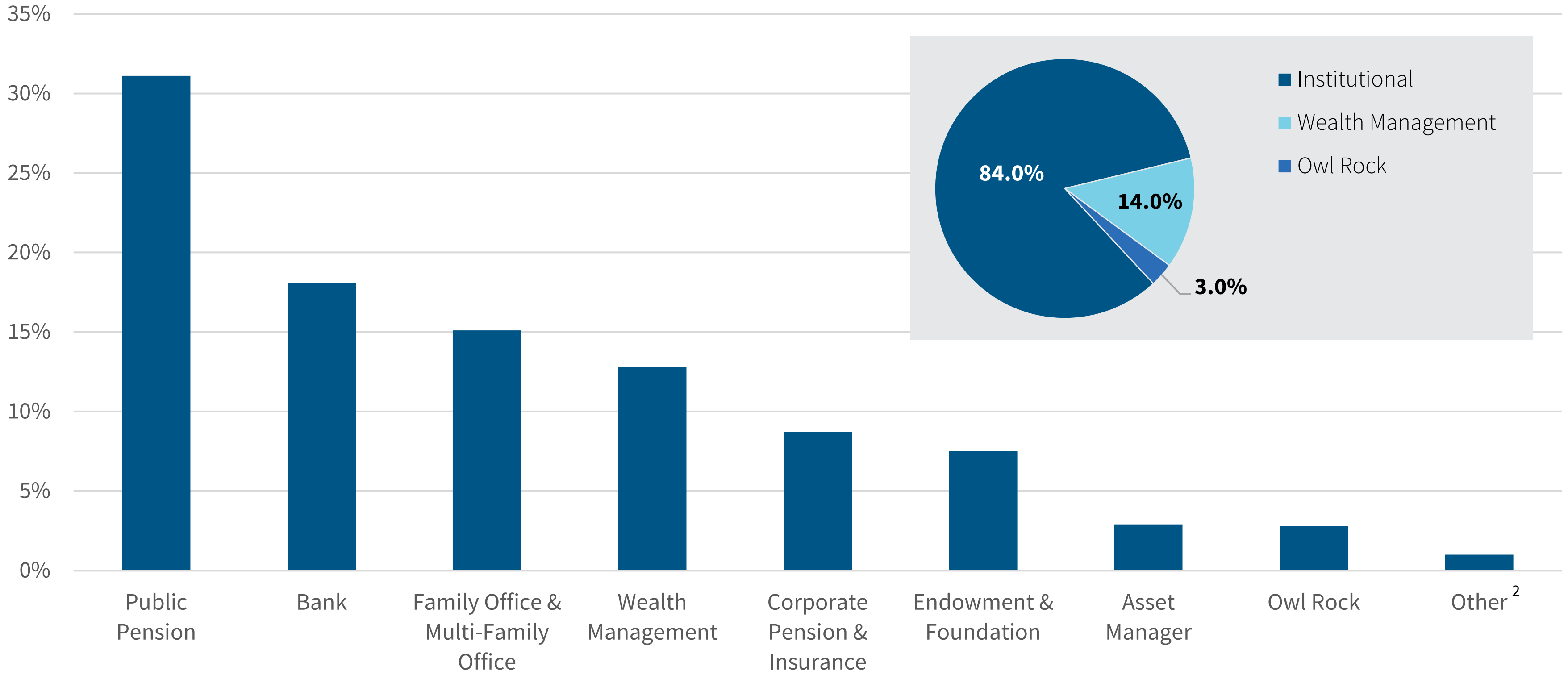
Experience	**25+** Each Co-Founder's Years of Experience	• Founders: Douglas Ostrover, Marc Lipschultz and Craig Packer • Senior executive roles at GSO/Blackstone, KKR and Goldman Sachs • Extensive experience building and managing investment businesses
Scale	**$27.8B** Assets Under Management	• Robust proprietary deal flow driven by an extensive network of sponsors • Significant backing from highly sophisticated investors • Deep bench of experienced investment professionals
Alignment	**$515M+** Owl Rock Employee & Affiliate Capital Commitments	• Not affiliated with a sponsor or large asset manager • Entire investment team is focused on direct lending • Relationship-oriented approach at all levels
Track Record	**11.9%** IRR on Realized Investments Since Inception[1]	• Demonstrated ability to source proprietary investment opportunities with $29.8B in originations • Strong credit performance across the platform with below market payment defaults

As of Report Date. Past performance is not a guarantee of future results. 1. Internal Rate of Return ("IRR") only reflects fully realized investments for Owl Rock's diversified lending, traditional first lien and technology lending strategies and would be different (and potentially higher or lower) if the IRR on unrealized investments were factored into the calculations. In addition, as the IRR shown only represents the IRR on investments, it does not include the impact of management and incentive fees or fund level expenses, including taxes, which would be borne by Owl Rock funds or their shareholders. As such an actual investor in the Owl Rock Funds would have achieved an IRR on its realized investments lower than the one shown.

Owl Rock's Client Franchise

Owl Rock maintains strong, strategic relationships with its clients

Client Breakdown



Client Count[1]	**22**	**7**	**76**	**44**	**10**	**47**	**15**	**N/A**	**53**

As of Report Date. Percentages are based on equity commitments. The Fund I (ORCC) investors included in Owl Rock's Investor Base chart above represent those investors invested in Fund I prior to the exchange listing. Investors included for the other Owl Rock managed funds are as of the report date. 1. Client Count based on equity commitments of $500,000 or more. 2. Other includes Private Wealth, Individuals and Sovereign Nations.

Investment Process

Experienced Team of 66 Investment Professionals

Sizable investment team dedicated to direct lending

Founders

Average Years Experience: 25+

Doug Ostrover

- Co-Founder & CEO, Blue Owl Capital
- Co-Founder, Owl Rock Capital Partners
- CEO & Co-CIO, Owl Rock Advisers

Marc Lipschultz

- Co-Founder & Co-President, Blue Owl Capital
- Co-Founder & President, Owl Rock Capital Partners
- Co-CIO, Owl Rock Advisers

Craig Packer

- Co-Founder and Senior MD, Blue Owl Capital
- Co-Founder, Owl Rock Capital Partners
- Co-CIO, Owl Rock Advisers
- President and CEO of Owl Rock BDCs

Managing Directors

Average Years Experience: 18

Alexis Maged*	Erik Bissonnette	Nicole Drapkin	Brian Finkelstein	Adam Forchheimer	Jamie Halper**	Jesse Huff
Daivd Jar	Jean Joseph	Patrick Linnemann	Derek Liu	Mark Marino	Arthur Martini	Dhruv Narain
Lukas Spiss	Jon ten Oever	Kurt Tenenbaum	Scott Turco	Pravin Vazirani	Jeffery Walwyn	

Rest of the Investment Team

Average Years Experience: 7

7 Principals	12 Vice Presidents	10 Senior Associates	14 Associates

As of Report Date. * Head of Credit ** Executive Chairman of ORO

Strong Origination Activity and Disciplined Underwriting

Robust pipeline with more than 5,500 deals reviewed since inception coupled with a rigorous screening process enables the team to pursue only the highest conviction investment opportunities

	Q1'21		Q4'20		Q3'20		Since Inception	
	Count	%	Count	%	Count	%	Count	%
Total Deals Reviewed	292	100%	308	100%	310	100%	5,568	100%
Deals Pursued	246	84%	250	81%	268	86%	4066	73%
Process Screen	54	18%	63	20%	54	17%	839	15%
Full Memo to I.C.	31	11%	48	16%	24	8%	409	7%
Deal Closed	18	6%	46	15%	16	5%	293	5%

Past performance is not a guarantee of future results. Closed deals represent the number of new portfolio companies in which Owl Rock invested in the quarter.

Approach to Investing and Portfolio Construction

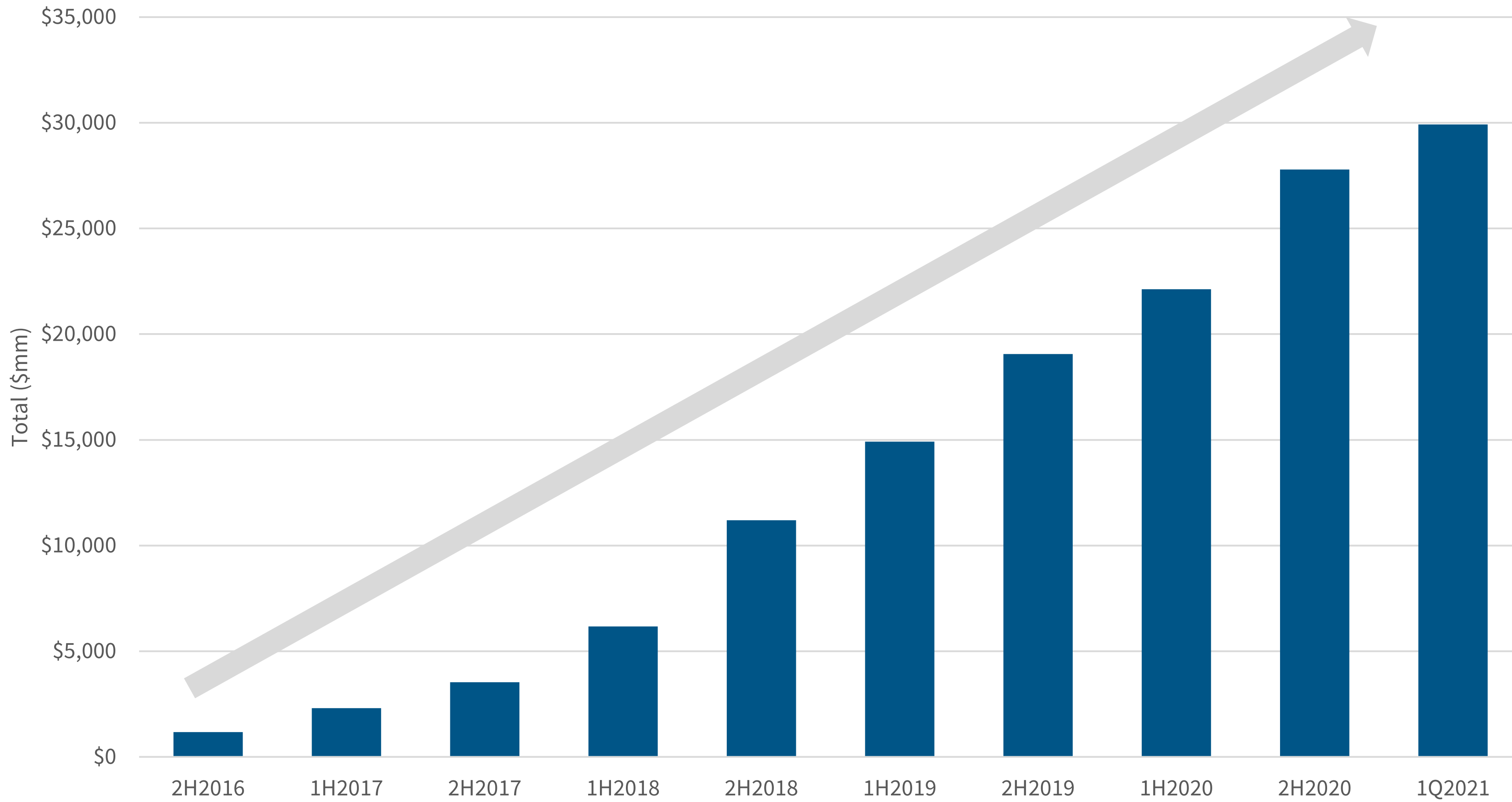
Proprietary Deals with the Ability to Negotiate Terms	• Focus on sponsor-led leveraged buyouts, refinancings, recapitalizations and acquisitions
	• Source deals primarily from private equity sponsors who value:
	  ◦ Scale: The ability to provide sizeable commitments
	  ◦ Flexible and creative solutions
	  ◦ Certainty, speed and transparency

High-Quality Companies and Diligence Process	• Maintain comprehensive diligence, focused on fundamental credit analysis and downside protection • Target performing companies with proven business models, high barriers to entry, strong competitive positioning and invested equity partners • Seek to generally avoid companies with short histories, weak management teams, limited financial controls, lack of reporting, declining businesses, or in cyclical sectors • Value sizable equity cushions and governance provided by reputable private equity sponsors
Portfolio Construction	• Senior secured floating rate loans • Maintain diversification across individual positions and industries • Underwriting focused on top-line stability and downside cases to return of par or high recovery rates
Ongoing Portfolio Monitoring	• Weekly team meeting to discuss key performance indicators, related companies, and pertinent news • Quarterly Portfolio Review where each credit discussed with the full Investment Committee • Monitor the portfolio on an ongoing basis to manage risk and seek preemptive action to resolve potential problems. Formal monthly discussion on any watchlist credits

Owl Rock's Origination Activity

Owl Rock has originated $29.8B of investments and has experienced **1 realized loss of principal, representing an annual loss rate of 5 bps**

Cumulative Annual Origination Activity Since Inception



Past performance is not a guarantee of future results. As of Report Date. Owl Rock statistics are as of Report Date. This slide on Owl Rock is for informational purposes only and describes the performance of Owl across the platform for all funds and accounts.

Strategy Overview

Owl Rock Diversified Lending (“ORDL”) Highlights

Opportunity to leverage Owl Rock’s leading direct lending platform to help provide investors current income and access to an attractive asset class

Market Opportunity

- Private equity has grown tremendously in recent years with dry powder exceeding $1.5 trillion[1]
- Since 2013, direct lenders, many of which are sub-scale, have raised just 8% of the capital raised in private equity[2]
- Banks have decreased their participation in the loan market by over 80% since 1994[3], with recent market volatility expected to further accelerate the adoption of direct lending solutions

Attributes

Modeled as a successor to Owl Rock Capital Corporation (“ORCC”)

Focus on downside protection with LTV of 50% or less

Emphasize diversification, targeting 1-2% position sizes

As of Report Date. **Past performance is not a guarantee of future results. All investments involve risk including potential loss of principal.** The views expressed are Owl Rock’s views as of the date of this presentation and may change without notice as market and other conditions change. 1. Source: Daily Alts as of 9/30/19. 2. Source: Preqin as of Report Date. 3. Source: S&P LCD as of Report Date.

Anticipated Portfolio Mix

	ORDL (fully ramped)	Diversified Lending Fund I
Asset Type[1]		
First Lien Senior Secured	65 – 80%	79%
Second Lien Senior Secured	15 – 30%	16%
Unsecured	0 – 10%	2%
Equity	< 5%	3%
Investment Characteristics		
Direct Origination	90 – 100%	98%
Floating Rate	95 – 100%	100%
Interest Spread	L+ 5.50% - 7.50%	L+ 6.5%[2]
Original Issue Discount ("OID")	1.50% - 2.00%	1.5%[3]
Portfolio Company Characteristics[4]		
Revenue	$50 million - $2.5 billion	$466 million
EBITDA	$10 million - $250 million	$104 million
Leverage	5.0x – 6.0x	5.5x
Loan-to-Value	≤ 50%	45%
Diversification		
Issuer	• 1 – 2% Position size target	• 0.9% Weighted average position size
Industry	• Broadly diversified	• 29 Industries • Largest industry: 10% of portfolio

Fund I statistics as of Report Date. Weighted averages based on fair value unless otherwise noted. ORDL's anticipated portfolio mix indicative of the portfolio once fully ramped. Please see PPM for corresponding terms. No assurance can be given that ORDL will perform in a manner similar to Fund 1. 1. Excludes Fund I consideration for investment funds and vehicles. 2. Fund I Interest Spread represents accruing floating rate investments. 3. Represents remaining OID. 4. Ranges are subject to change based on market conditions. No assurances can be given that a pipeline for investments meeting these characteristics will exist or that these companies will satisfy Owl Rock's due diligence requirements. Page 077

Strength of Strategy Demonstrated in Performance Through COVID-19 Crisis

Since inception, Owl Rock's Diversified Lending Fund I has deployed $17bn of capital across 165 borrowers and with an **11.8% gross realized IRR**[1]

Only 1 portfolio company on non-accrual

More than 90% of the portfolio is currently **marked above 95 cents on the dollar**

Borrowers saw significant **EBITDA growth** over the last 12 months through most recent quarter

As of 3/31/21. **Past performance is not a guarantee of future results.** The views expressed are Owl Rock's views as of the date of this presentation and may change without notice as market and other conditions change. All investments involve risk including potential loss of principal. 1. Gross IRR only reflects fully realized investments for ORCC and would be different (and potentially higher or lower) if the IRR on unrealized investments were factored into the calculations. In addition, as the gross IRR shown only represents the gross IRR on investments, it does not include the impact of management and incentive fees or fund level expenses, including taxes, which would be borne by Owl Rock funds or their shareholders. As such an actual investor in ORCC would have achieved an IRR on its realized investments lower than the one shown

Case Study: Troon Golf LLC

TROON®

Situation/Company Overview

- Troon Golf LLC ("Troon" or the "Company") was founded in 1990 and is headquartered in Scottsdale, AZ
- Troon is the largest outsourced golf facility management company, proving facility management services including agronomy, food & beverage and caddie services to ~300 golf properties in the U.S. and internationally
- Troon also owns and operates two golf facilities, Troon North and North River Yacht Club
- The Company was purchased by Leonard Green & Partners in September 2017
- The acquisition was financed with a $15.0 million revolving credit facility and a $155.0 million 1st lien term loan

Terms

Facility	$15 million Cash Flow Revolver, $155 million 1st Lien Term Loan
Owl Rock Commitment	100% of revolver and 1st Lien Term Loan
Pricing	L+6.38% (1% LIBOR floor) [1]
Maturity	6 years, 1.5% upfront fee
Call Protection	102/101
Yield to 3-year takeout	8.21% [1]
Amortization	1.0% per annum with bullet at maturity

Investment Merits

- Growing demand for 3rd party management amid continued weakness in the overall golf industry
- Leading market share (26% share / 2.0x larger than next largest competitor) and unique positioning with a focus on high-end private and daily-fee golf facilities
- Revenue stability and visibility related to long-term contracts and high historical renewal rates which are complemented by high free cash flow conversion
- Experienced management team with a deep understanding of golf facility management

Investment Risks

- Pressure on golf facility P&Ls related to the sustained declines in U.S. golf, driven by historical overbuilding and evolving golf adoption trends
- Competitive threat from increased M&A activity by ClubCorp (Apollo take-private) and American Golf Corporation, Marriott Golf (post-Starwood acquisition) and self-management as golf facility economics improve
- Soft renewal pricing dynamics, constraining organic management contract growth and driving increased importance of net contract adds

 1. Blended across all commitments and at the time of investment close

ORDL Key Terms

ORDL Summary of Key Terms

Structure	Private Fund (GP / LP)
Minimum Commitment	$15 million
Owl Rock Investment	Minimum $100 million combined with ORCC III commitment
First Close	1Q 2020
Fundraising Period	• Initially, 2 years from First Close • Thereafter, closings beginning at the end of each Reinvestment Period for a 12 month period
Reinvestment Period	• 3 years from the later of the end of Fundraising Period or an investor's close date • Rolling, automatic 3-year extensions (opt-out with 180 days' notice)
Capital Commitments	• Capital Commitments may be drawn during the Fundraising Period and Reinvestment Period • Unfunded Capital Commitments will automatically roll across Reinvestment Periods. Investors may terminate any unfunded Capital Commitment upon the end of a Reinvestment Period with 180 day prior notice
Distributions	Quarterly

This information is summary in nature and is in no way complete, and these terms have been simplified for illustrative purposes and may change materially at any time without notice. In particular, this information omits certain important details about the stated terms, and does not address certain other key Fund terms or risks or represent a complete list of all proposed Fund terms. If you express an interest in investing in either of the proposed funds, you will be provided with a private placement memorandum, subscription agreement, and other documents ("Fund Documents"), which shall govern in the event of any conflict with the general terms listed herein. You must rely only on the information contained in the Fund Documents in making any decision to invest. Please see PPM for corresponding terms.

ORDL Summary of Key Terms (Continued)

Withdrawals	• Beginning December 31, 2025, at the end of each Reinvestment Period, creation of a withdrawal capital account at investors' election with 180 days' notice • Orderly winddown of withdrawal capital accounts • Minimum withdrawal amounts and capital account balance TBD
Distributions and Recycling	• Generally intends to distribute, out of assets legally available for distribution, substantially all of its available earnings on a quarterly basis • All principal proceeds will be reinvested
Management Fee	• 1.25% of invested assets; fee break to 1.0% on invested assets for commitments of $100m+ • No management fee on undrawn capital commitments
Incentive Fee	• 10% incentive fee beginning in year 6; 6% total return hurdle, paid and tested annually • 100% catch up • Based on net income and fair value of capital account • High-water mark of initial capital contribution
Leverage	• Target 0.9x – 1.25x debt-to-equity with cap at 2.0x total commitments

This information is summary in nature and is in no way complete, and these terms have been simplified for illustrative purposes and may change materially at any time without notice. In particular, this information omits certain important details about the stated terms, and does not address certain other key Fund terms or risks or represent a complete list of all proposed Fund terms. If you express an interest in investing in either of the proposed funds, you will be provided with a private placement memorandum, subscription agreement, and other documents ("Fund Documents"), which shall govern in the event of any conflict with the general terms listed herein. You must rely only on the information contained in the Fund Documents in making any decision to invest. Please see PPM for corresponding terms.

Appendix

Owl Rock Fund Level Performance as of 3/31/2021

Inception		Net IRR			
Period	**Date**	**1 Year**	**3 Year**	**5 Year**	**Since Inception**
Owl Rock Capital Corporation (Diversified Lending Fund I)[1]	March 2016	16.2%[1]	8.7%	8.9%	8.9%
Owl Rock Technology Finance Corp. (ORTF) [2]	August 2018	17.6%	n/a	n/a	9.9%
Owl Rock First Lien Fund (FLF) [2]	July 2018	21.3%	n/a	n/a	8.0%

Inception		Net Annualized Total Return		
Period	**Date**	**1 Year**	**3 Year**	**Since Inception**
Owl Rock Capital Corporation II (Diversified Lending Fund II)[3]	April 2017	15.6%	7.6%	8.2%

As of Report Date. **Past performance is not a guarantee of future results.** Returns are being provided for informational purposes only; investors' returns may vary and can be higher or lower than what is reflected above. The above includes drawdown and non-drawdown funds. Net IRRs based on Net Asset Value ("NAV") represent the annual return rate and are based on cash flows for distributions, capital calls and equity raised, and net asset value ("NAV") as of the end of the period presented. The calculations include the impact of management fees, performance fees (where applicable) and expenses incurred by the fund; Net IRRs for FLF are based on cash flows for distributions, capital calls and net asset value ("NAV") as of the end of the period presented. FLF IRRs do not include additional amounts received/paid between investors representing interest on capital contributions that would have been made if all investors had been admitted to the partnership on the Initial Closing Date for their full commitment amount. An investment in the FLF may be made via multiple feeder funds with distinct characteristics, which may contribute to an investor's IRR being higher or lower than FLF's stated returns. The IRRs are reflective of fee paying investors in Owl Rock First Lien Fund, L.P. The calculations include the impact of management fees and expenses incurred by the fund.

1. Diversified Lending Fund I net annualized returns based on an annualized total return calculation for the 1-year period. Total return is based on the change in net asset value ("NAV") per share (assuming dividends and distributions, if any, are reinvested in accordance with the Fund I dividend reinvestment plan), if any, divided by the beginning NAV per share. 3 Year, 5 Year and Since inception periods are based on an IRR calculation due to the fund's capital call drawdown activity prior to its initial public offering in July 2019.
2. Owl Rock Technology Finance Corp. (ORTF) and Owl Rock First Lien Fund (FLF) returns based on IRR calculation due to capital call drawdown activity of the fund.
3. Diversified Lending Fund II net annualized total return is based on the change in net asset value ("NAV") per share (assuming dividends and distributions, if any, are reinvested in accordance with the Diversified Lending Fund II's dividend reinvestment plan), if any, divided by the beginning NAV per share (which for the purposes of this calculation is equal to the net offering price in effect at that time).

Important Information

Unless otherwise indicated, the Report Date reference is 03/31/2021.

Past performance is not a guide to future results and is not indicative of expected realized returns.

Assets Under Management ("AUM") is calculated as the sum of the total assets managed, undrawn debt (at the product-level including amounts subject to certain types of restrictions) and uncalled committed equity capital (including commitments to products that have yet to commence their investment periods).

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MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
July 29, 2021

RE: Private Equity - Secondaries

On April 8, 2020, the Board of University and School Lands' (Board) approved an asset allocation to Private Equity (PE) within the broader Strategic Asset Allocation (SAA) for the Permanent Trust Funds (PTFs). On August 27, 2020, the Board approved an investment in PE with GCM Grosvenor (GCM) in a "Fund-of-One" structure.

The PE strategy approved in April 2020 assumed a six to eight year ramp-up to the PTFs full 5% PE allocation within the SAA. The rationale provided to the Board at the time was that a multi-year ramp-up allowed for investment in multiple PE vintage years. There are well established diversification advantages to owning multiple vintage years. Even if we disregarded vintage year diversification, we would still be subject to the notoriously slow pace of capital calls from each PE manager to which we committed capital.

The Staff and RVK have been in discussions to contemplate ways to speed the PTFs investment in PE, while still respecting the diversification virtues of owning multiple vintage years and understanding the slow pace of capital calls. In addition, staff and GCM have also had multiple discussions along the same lines. The joint solution is increased investment in PE secondaries.

PE secondaries are capital investments in PE funds that were invested by third-parties who now wish to sell their interests. Managers like GCM create secondaries funds to invest in the orphaned interests. The advantage to investing in secondaries is the visibility into some or all of the underlying PE portfolio investments. Also advantageous is the ability to avoid some or all of the J-curve, which is the period of negative cashflow versus positive cashflow (or capital calls vs distributions).

Staff and RVK discussed conducting an additional manager search, but decided to stay with our current PE manager GCM. The rationale was three-fold: First, Staff and RVK had only just completed the first PE search a year ago and not much had changed amongst the managers from the previous search. Second, the documentation negotiation process for these can be lengthy and Staff felt speed of execution would be beneficial. Third, GCM is intimately familiar with the PTFs' PE pacing schedule and can attenuate the investments between the Fund-of-One and their Secondaries fund to ensure the PTFs remain on track.

Recommendation: **The Board approve up to a $150 Million investment in the GCM Grosvenor Secondary Opportunities Fund III, L.P., subject to final review and approval of all legal documents by the Office of the Attorney General.**

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

Attachment 1: RVK Recommendation Memo
Attachment 2: GCM Grosvenor Presentation

Memorandum

To	North Dakota Board of University and School Lands
From	RVK, Inc.
Subject	Private Equity Secondaries Recommendation
Date	July 15, 2021

The purpose of this memo is to summarize and describe to the North Dakota Board of University and School Lands ("NDBUSL") Staff and RVK's recommendation regarding an investment into private equity secondaries, which would accelerate the plan's progress toward the private equity target allocation.

Recommendation Summary

Staff and RVK's overall recommendation can be summarized as follows:

- Based on RVK's analysis and current commitment pacing, the NDBUSL has approximately 8 years before the plan achieves the target allocation to private equity.
- Private equity secondaries represents an attractive way to deploy capital that would accelerate progress toward the private equity target allocation without disrupting the long term, annual commitment schedule. Consistent deployment in private markets is important to mitigate specific vintage year risk.
- GCM Grosvenor, the previously selected finalist from the 2020 fund of one request for proposal process, has a strong secondaries platform and is currently in market with GCM Grosvenor Secondaries Opportunities Fund III. NDBUSL is already invested in the Fund through the GCM Grosvenor Fund of One.
- Invest up to $150 million additionally into GCM Grosvenor Secondary Opportunities Fund III would increase capital deployment in private equity and represents an attractive opportunity to partner with an existing strategy in the NDBUSL portfolio.

Investment Pacing

As reviewed during the fund of one request for proposal process in 2020, there are challenges associated with achieving and maintaining a private equity allocation as a percentage of the total portfolio that are not present in more liquid asset classes. These challenges include the specific cash flow characteristics of the asset class and the necessary use of closed-end investment vehicles, where the investor does not control the timing of cash flows. For the typical private equity fund, it will take multiple years for the full commitment to be invested and distributions may be received from the sale of the initial investments before the final committed dollars are called. The result of this investment structure is a series of cash flows into and out of the investments at irregular intervals.

After Staff and RVK discussed additional deployment into private equity, RVK updated the private equity pacing study for the NDBUSL to evaluate additional capital deployment into secondaries.

This proprietary analysis uses a detailed cash flow modeling process to analyze the cash flow patterns of the NDBUSL's existing and potential private equity investments. The results of this study indicated that the NDBUSL could commit up to approximately $150 million to secondaries funds in 2021 to increase the velocity of the plan's approach to the target allocation without impacting RVK's recommend consistent, annual commitment schedule. Figure 1 illustrates the difference between the two approaches. Additional commitments will be required after the investment period of the Grosvenor Fund of One and the proposed secondary commitment to maintain the target allocation, and a similar pacing study will be required to determine appropriate sizing for the next series of commitments.

Figure 1: Secondary Allocation Estimated Effect

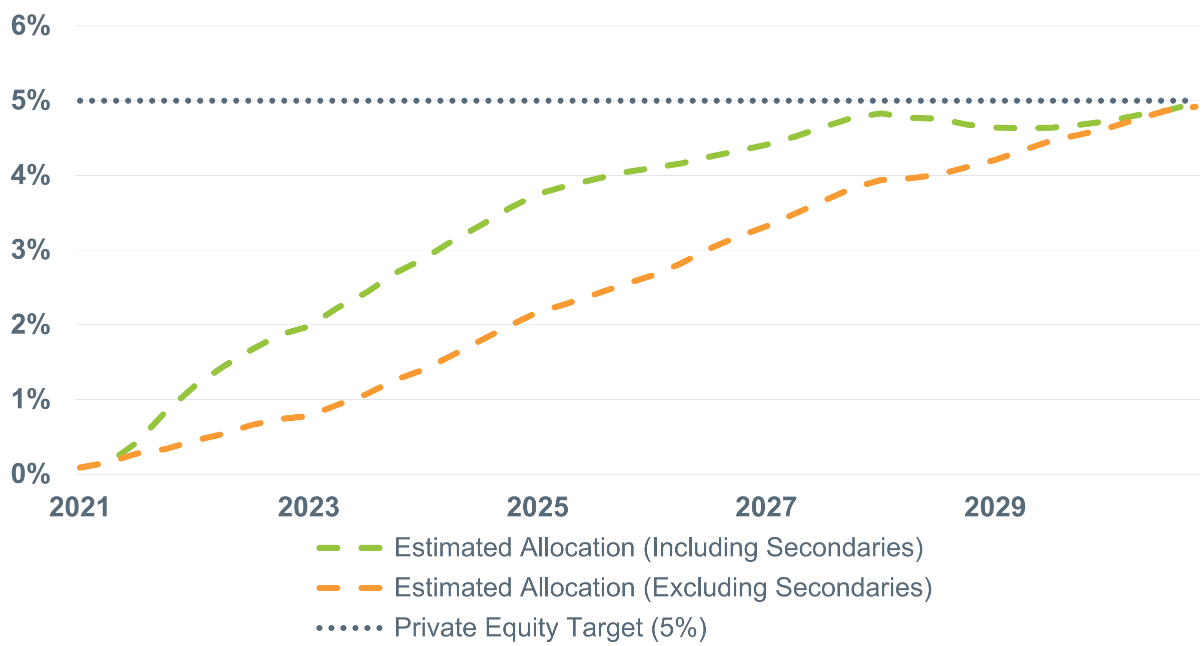


Figure 2 shows the expected effect each commitment has on future market value. The 2020 area represents NDBUSL's commitment to the GCM Grosvenor fund of one from 2020 (Grosvenor BUSL, LP) while the 2021 commitment represents the proposed secondary commitment. Future fund of one commitments are show in 2023 and 2026. Similar to the previous chart, the proposed secondaries commitment begins to substantially decline in market value in 2025 and 2026, which allows the annual primary commitments to continue unaffected.

Figure 2: Expected Market Value with Secondaries Commitment

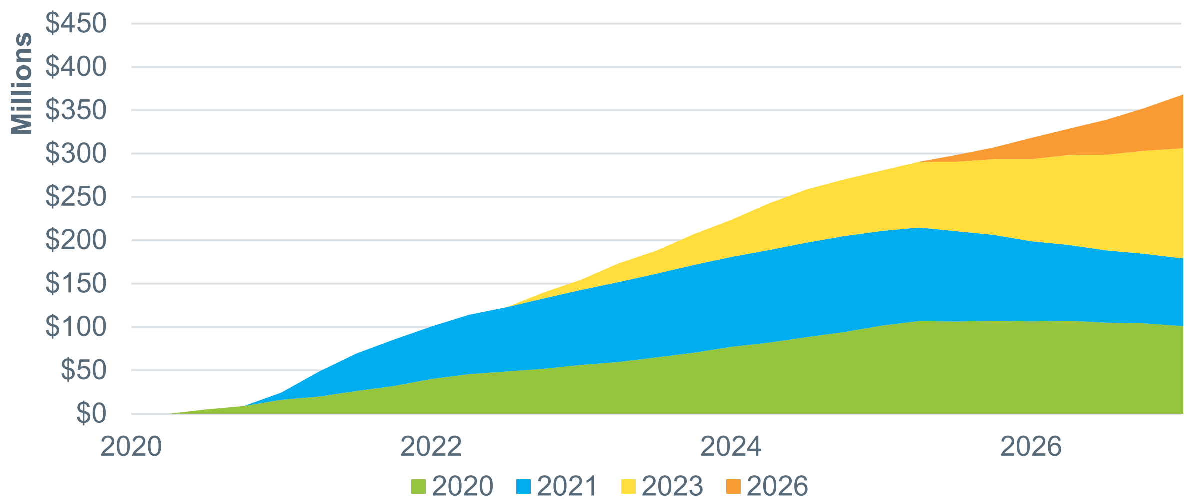
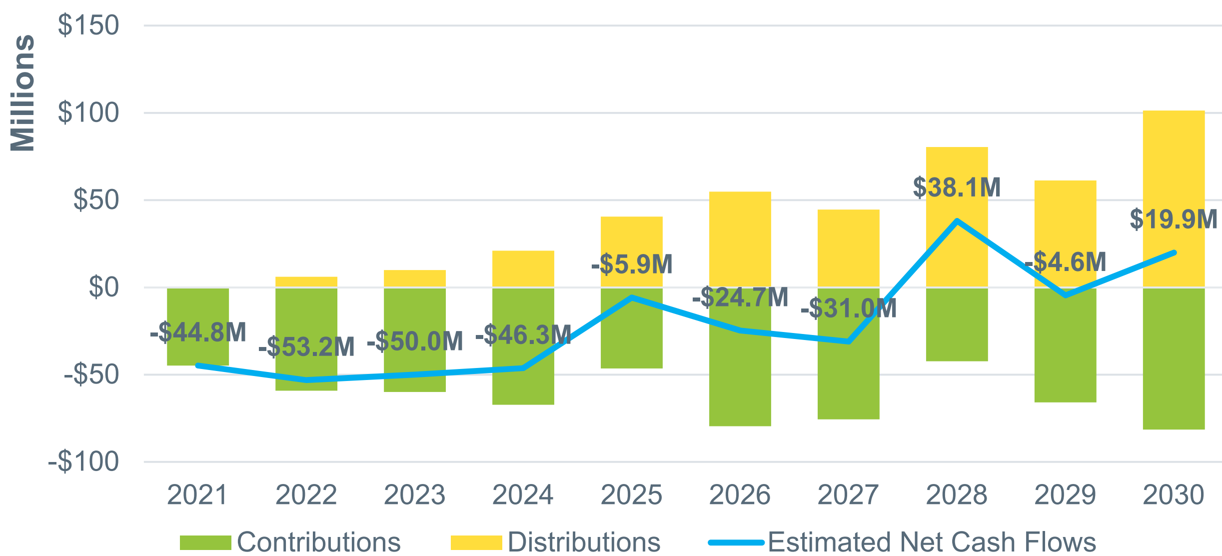


Figure 3 demonstrates the expected cash flows of the NDBUSL private equity portfolio, inclusive of the recommended commitment to secondaries. The additional secondaries commitment increases cash demands of the portfolio in the near term and reduces net cash needs from the portfolio from 2026 through 2028. RVK would note that expected cash flows, particularly distributions, are difficult to forecast accurately due to the idiosyncratic nature of private equity portfolio company realizations, so variation from the figures below is to be expected.

Figure 3: Estimated Portfolio Cash Flows



Private Equity Secondaries

Private equity secondaries are a well-established part of the private equity universe and represent an increasingly deep and complex marketplace. In a traditional direct private equity fund, investors commit capital which is invested in a series of private companies over a multi-year deployment period. In contrast, a private equity secondaries funds seek to purchase existing private equity funds, often at a discount, from other private equity investors who invested in the fund at a prior date.

As an example transaction, Investor A commits $50 million to Fund B. Fund B then deploys the $50M over a four year investment period, resulting in a portfolio valued at $65 million due to some appreciation of the underlying portfolio companies. Investor A then seeks a buyer for their investment in Fund B, due to a need for liquidity or to redeploy the capital elsewhere. Secondary Fund C could then purchase Investor A's investment in Fund B, likely for around $55 million given the positive trajectory but still uncertain prospects for the private companies in Fund B. This transaction provides liquidity to Investor A, does not require Fund B's manager to make any changes or seek liquidity, and allows Secondary Fund C to acquire a portfolio of private companies for a price below the current net asset value. Secondary funds often invest in a number of different structures, including the preceding portfolio example but also transactions led by private equity funds, all of which share that the asset is acquired on the secondary market from the primary investor.

Benefits of secondaries include:

- Faster capital deployment compared to traditional private equity strategies. Due to the fact that secondaries are fully funded at close, secondary funds deploy capital more quickly than traditional private equity funds.
- Faster time to liquidity given the assets purchased by secondaries funds have already been invested, typically for multiple years, prior to purchase.
- Secondary funds offer broad diversification. Because secondaries funds typically purchase a mix of fund interests and single assets, secondaries funds are among the most diversified structures within private equity.

Potential risks of secondaries include:

- As is the case with most risk assets, private equity secondaries are currently fully priced and do not offer the level of discount available ten or even five years ago. The secondary market for private equity has matured and expanded and, as a result, information asymmetries have been reduced resulting in a more efficient market. Return expectations for secondaries have likely declined relative to a decade ago.

- Secondaries generally offer high IRRs relative to traditional private equity but lower multiples, owing to the fact that secondary investors purchase assets after some initial value creation has taken place.

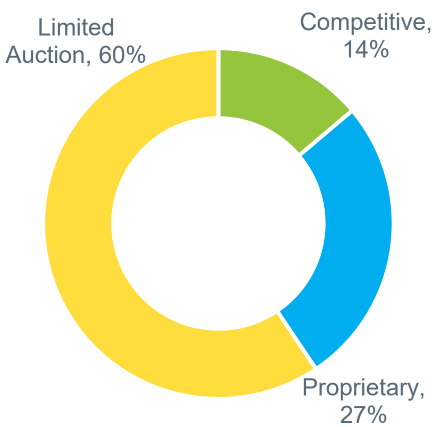
- Private equity investment managers are dependent on accommodative public and private markets to achieve realizations. While secondaries frequently have substantially shorter terms than traditional private equity investments, a severe economic dislocation could delay realizations. RVK's analysis attempts to be conservative and we would expect that, at a commitment below $150 million, the total fund's allocation to private equity would remain below the 5% target and annual commitments could continue to be made to provide vintage year diversification even in the event of a broader market dislocation. However, it is possible that commitments made to secondaries could cause the allocation to private equity to exceed the target allocation.

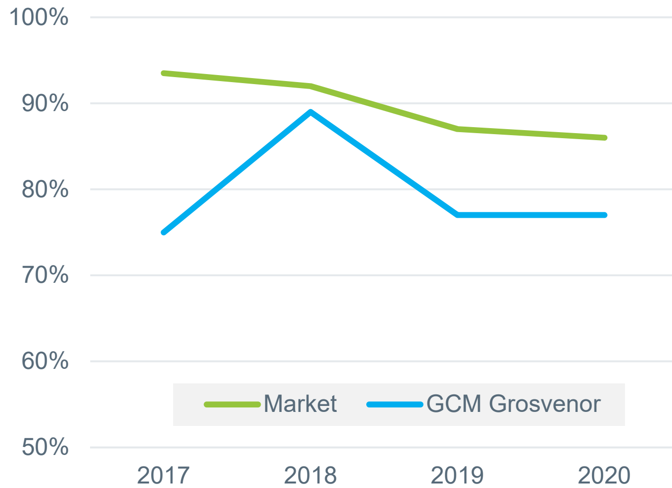
GCM Grosvenor Secondary Opportunities Fund III

As part of the firm's broader private equity offerings, GCM Grosvenor invests in secondaries through funds of one and commingled vehicles. The firm is currently raising GSCM Grosvenor Secondary Opportunities Fund III ("GCM SOF III"), a continuation of an existing commingled secondaries strategy. GCM Grosvenor's secondaries investment strategy leverages the strengths of the broader platform, including a focus on small & mid-sized deals and a large primary investment platform to support access to proprietary secondary transactions. The firm employees 15 individuals focused on private equity secondaries alongside 52 total private equity investment professionals. GCM Grosvenor has more than 350 advisory board seats and has one of the most well developed emerging manager programs, both of which contribute to attractive secondary deal flow.

GCM Grosvenor focuses on less competitive deals in secondaries, avoiding auctions and seeking investment opportunities where the team has a relationship advantage due to the firm's large primary investment platform. GCM Grosvenor Secondary Opportunities Fund II has an average investment size of $19 million investment and an 18.5% average discount. 100% of the firm's secondary transactions have been with existing managers or with investment firms GCM Grosvenor expects to invest with on a primary basis going forward. GCM Grosvenor also has the scale and expertise necessary to execute GP-led secondary transactions, which represent a growing percentage of the secondary market.

Figures 4 & 5: GCM Grosvenor SOF II Transaction Sourcing and Historical Discounts





GCM Grosvenor expects to invest GCM SOF III globally in between 20 and 40 investments, with middle market buyouts comprising the majority of the fund's assets. Other stages are expected to include growth equity, venture capital, real assets, large market buyouts, and special situations. The United States is expected to comprise between 60% and 80% of the total portfolio. The fund expects to be diversified by transaction type, with investments in traditional fund secondaries as well as GP-led transactions and structured secondaries. Figure 6 demonstrates GCM Grosvenor's prior fund track record. Prior to raising the commingled Secondaries Opportunities Funds, the team invested in secondaries for more than two decades out of customized fund of ones.

Figure 6: GCM Grosvenor Secondaries Opportunities Fund Track Record (As of 12/31/2020)

Fund	Vintage Year	Fund Size	% Committed	Average Discount	Number of Investments	Net IRR	Net TVPI
GCM SOF I	2015	$182	100%	16.8%	13	16.1%	1.47x
GCM SOF II	2017	$704	74%	18.5%	34	19.6%	1.29x

Figure 7 provides the current terms for GCM SOF III.

Figure 7: GCM Secondaries Opportunities Fund III Key Terms

Investment Period	3 years, may be extended 1 year
Term	10 years
Management Fee	0.95% for commitments less than $50 million 0.90% for commitments equal to or in excess of $50 million 0.85% for commitments equal to or in excess of $100 million 0.80% for commitments equal to or in excess of $150 million
Carried Interest & Preferred Return	10% carried interest 8% preferred return

A profile of GCM Grosvenor follows in the Appendix.

Next Steps

RVK and Staff recommend the Board evaluate an additional commitment to private equity secondaries at the NDBUSL meeting on June 24, 2021. A larger commitment to secondaries would increase the pace of capital deployment into private equity with limited downsides. GCM Grosvenor has an attractive secondaries platform and strategy that NDBUSL is already invested with through the fund of one.

Appendix: Manager Profile

GCM Grosvenor

Firm Established	1971	**Total AUM**	$62 billion
Year PE Established	1999	**No. of PE Employees**	52
Firm Headquarters	Chicago, IL	**Secondaries PE AUM**	$X billion
Ownership Structure	Public	**% Employee Owned**	N/A

Firm Overview

Since 1971, GCM Grosvenor has provided investors with an array of asset management services across alternative asset classes, beginning with hedge funds and later branching into private equity, private credit, infrastructure, and real estate. The GCM Grosvenor private equity group was previously part of Credit Suisse and called the Customized Fund Investment Group ("CFIG") until GCM Grosvenor acquired the business in 2014. In August 2020, the firm announced a transaction to become public through a special purpose acquisition company; this transaction closed in 2020.

Private Equity Overview

GCM Grosvenor uses a combined top-down and bottom-up process, including both sector and geographic filters, with a rigorous review of each general partner and potential fund opportunity. GCM Grosvenor have been managing private equity investment programs since 1999, and the firm expanded private equity investment offerings in 2003 to include co-investments and secondaries. The primary focus of GCM Grosvenor's private equity business is small and middle markets, which they believe offer differentiated opportunities and greater potential for alpha. Since inception, GCM Grosvenor have committed more than $21 billion to 300+ middle market buyout funds. The firm also has a separate 15-member operational due diligence team that performs an independent review of each investment from a legal and operational perspective.

Key Manager Attributes

Several attributes of GCM Grosvenor resulted in their selection as the fund of one finalist, including:

- Experience with custom client mandates – GCM Grosvenor has over 20 years of experience investing in the private equity asset class and the former Credit Suisse group's main focus has always been on investing custom mandates on behalf of clients like NDBUSL. These two traits combine to support a limited partner-focused organization that has successfully invested over multiple market cycles. GCM Grosvenor's extensive history within the industry also contributes to the firm's longstanding relationships with top tier and access constrained general partners.

- Analytics and back office support – GCM Grosvenor uses the proprietary web-based system in the portfolio construction and risk management process. This system is accessible by clients and would allow NDBUSL to access fund and portfolio company information. GCM Grosvenor also has a number of back office personnel who will be able to assist NDBUSL with any portfolio requests.

- Comprehensive dual-track due diligence process – Grosvenor reviews each opportunity through both an investment due diligence process and an operational due diligence process. The firm's rigorous investment process seeks to highlight general partners with unique value creation strategies and advantages relative to peers. While this investment process occurs, GCM Grosvenor's operations team also reviews each opportunity, ensuring structure, terms, and operational risk are all acceptable. The firm only invests in opportunities that pass both processes.

- Use of top down themes – GCM Grosvenor utilizes a top down approach through the creation of investment themes by the firm's investment teams. These themes are regularly revised based on market conditions and reflect the team's current views on the most attractive areas to invest capital.

GCM GROSVENOR

North Dakota Board of University and School Lands (“ND BUSL”)

Program Update

July 29, 2021

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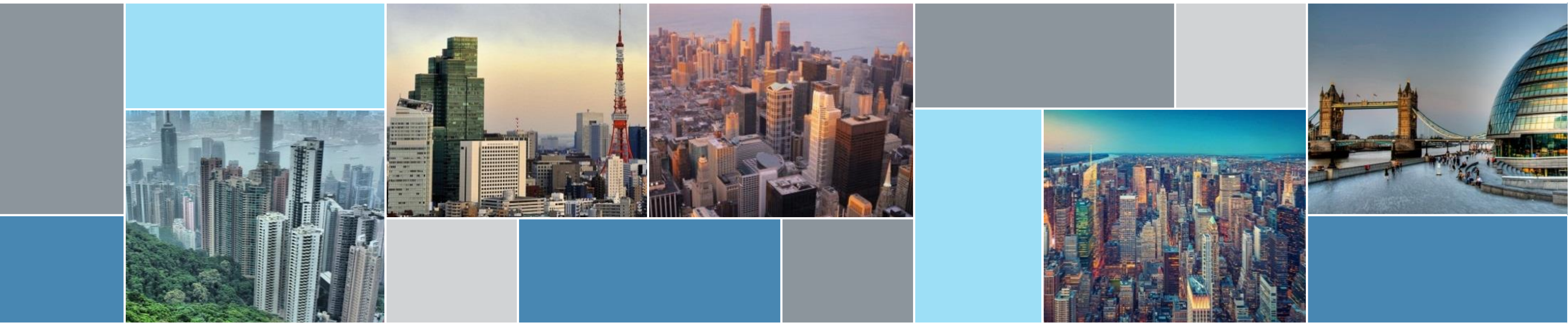


The Notes and Disclosures following this presentation are an integral part of this presentation and must be read in connection with your review of this presentation.

This presentation has been prepared by Grosvenor Capital Management, L.P. and GCM Customized Fund Investment Group, L.P.

Table of Contents

Tab A

GCM Grosvenor and Program Overview

Program Overview

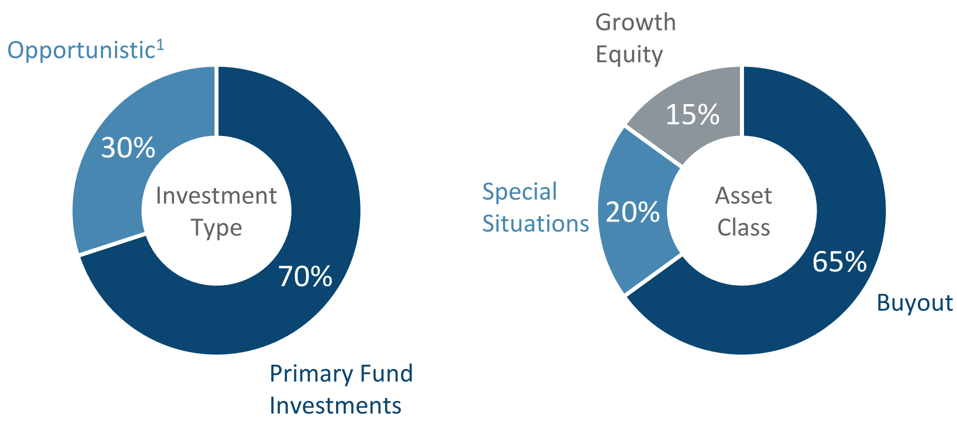
GCM Grosvenor is pleased to present North Dakota Board of University and School Lands ("ND BUSL") with an update on their private equity program ("the Program").

Program Size: **$130M**

Inception Date: **December 2020**

Total Commitments to Date: **$34M**

Target Portfolio Construction



GCM Grosvenor Value Add

- ✓ Interactive relationship with ND BUSL staff involvement through deal flow calls, portfolio reviews and frequent adhoc updates
- ✓ Ability to manage pacing and portfolio construction to meet ND BUSL's objectives
- ✓ Provide exposure to hard-to-access managers
- ✓ Flexibility of strategy to evolve over time
- ✓ Access to broader GCM Grosvenor platform for information and select advisory services

1. Includes secondaries, co-investments, and direct investments.

Tab B

Cash Flow Projections for Additional Commitment

ND BUSL Cash Flow Projections

Executive Summary

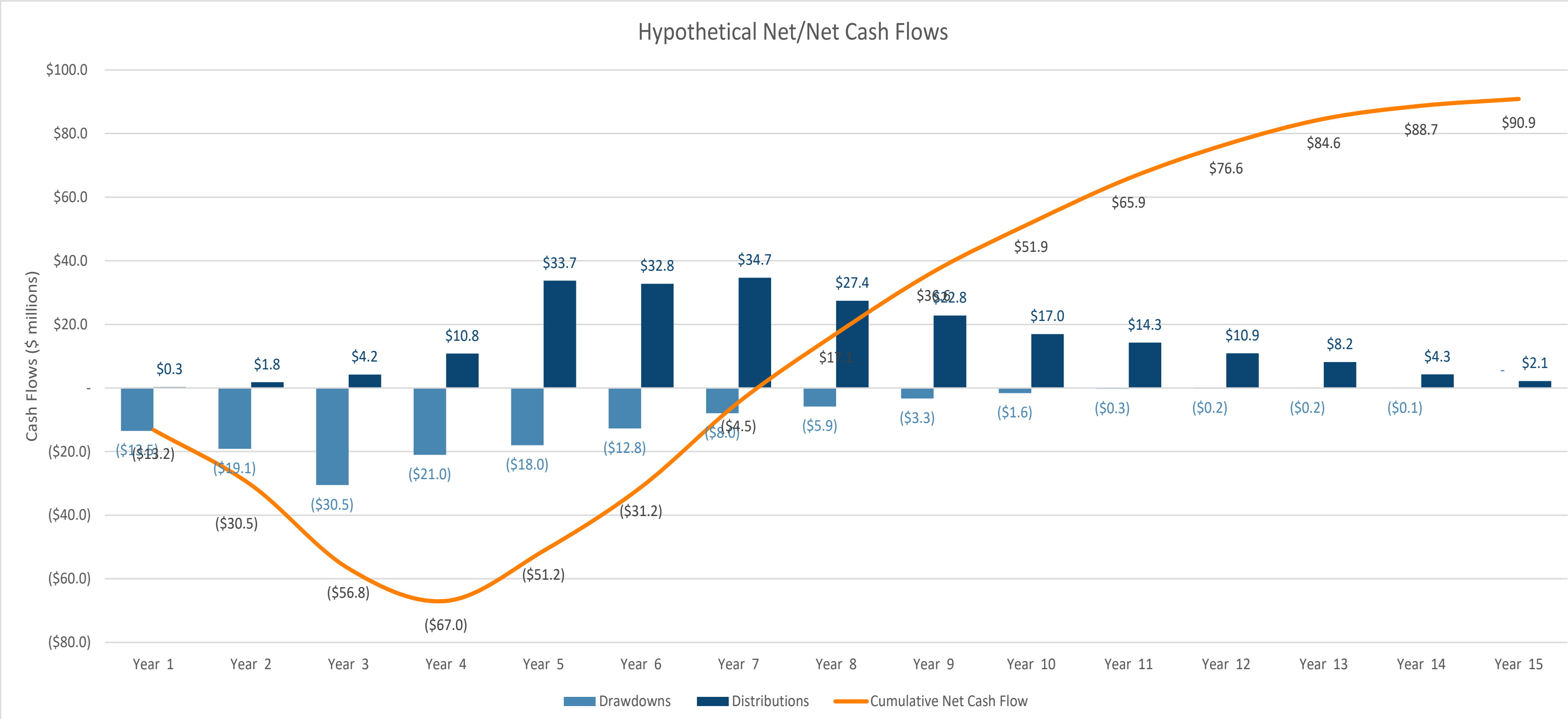
- GCM conducted a cash flow projection analysis for the existing Private Equity program ("ND1") and a potential $150 million additional commitment to GCM Grosvenor Secondary Opportunities Fund III, L.P. ("GSF III")
  - This analysis was created to evaluate options for deployment of capital to more rapidly reach a 5% commitment target to Private Equity
  - The combined cash flow distributions of the existing ND1 program and additional $150 million GSF III commitment are meant to fully fund a Re-up program ("ND2") in Year 4
  - Assumes standard drawdown and distribution schedules
- The following cash flow projections scenario slides illustrate the following:
  - **ND1** – Existing $130mm program with a 3-year deployment period, 10% co-investments, 20% secondaries, 70% primaries
  - **Scenario A1** – ND1 + $150mm additional commitment to GCM Grosvenor Secondary Opportunities Fund III, L.P. ("GSF III")
  - **Scenario A2** – Reflects A1 and includes a Year 4 Re-up program ("ND2") sized at $165mm with a 3-year deployment period, and the same portfolio characteristics as ND1: 10% co-investments, 20% secondaries, 70% primaries
- The cash flow projection analysis illustrates that the additional $150 million commitment to GSF III creates a steeper J-curve but also generates a quicker return of capital with estimated emergence out of the J-curve by Year 6

Based on the projected drawdowns and distributions over the next four years, we believe an additional $150mm commitment to GSF III will provide adequate liquidity to fund the Year four ND2 Re-up

For Illustrative purposes only. No assurance can be given that any investment will achieve its objectives or avoid losses.

ND1: Cash Flow Projections

$130mm Existing Private Equity Program

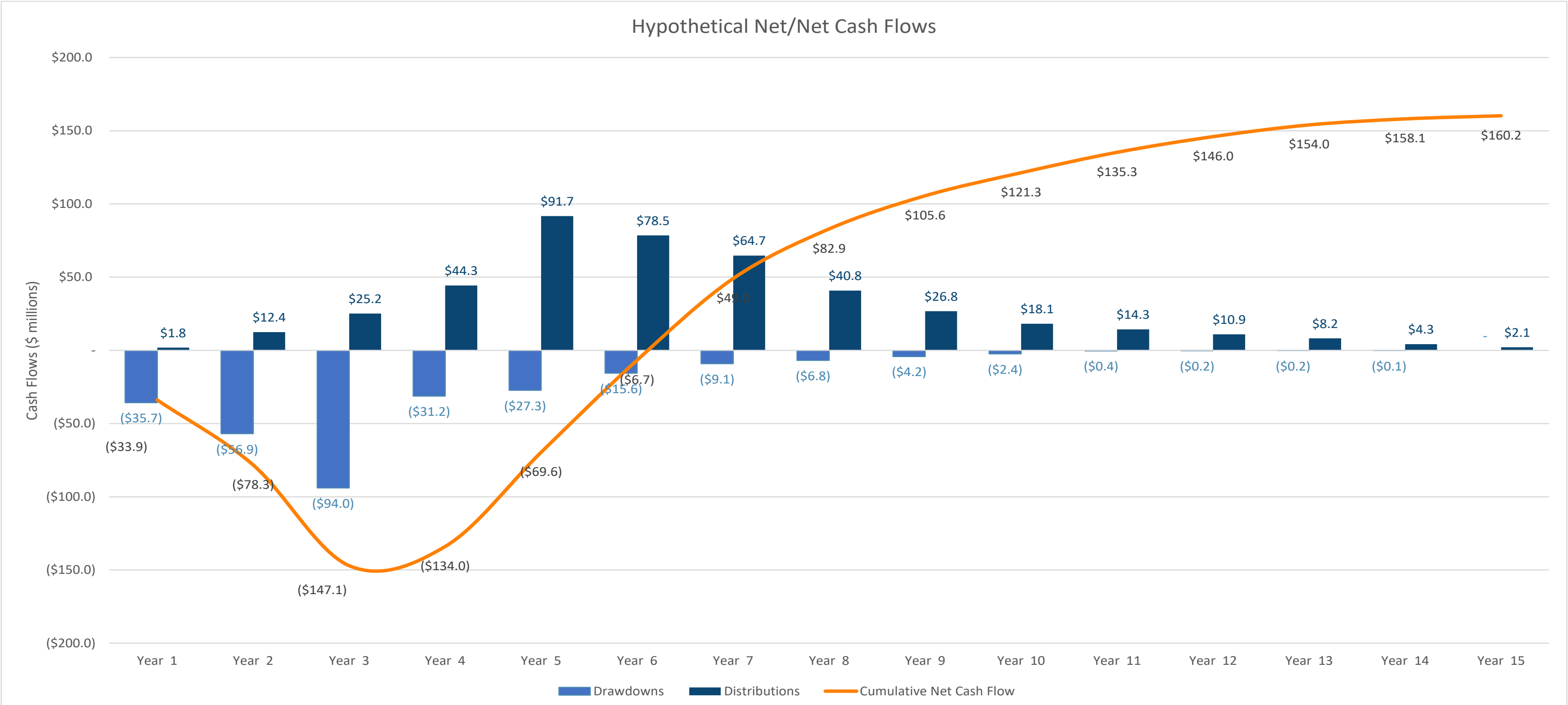


- Commitment Period: 12/31/20 – 12/31/23
- Investment Type – Primaries (70%), Opportunistic – GSF III Investment (20%) & Co-Investments (10%)
- Net Cumulative Cash Flows as a % of Total Program size is -51% in Year 4

The model assumes net/gross returns of 1.86x for Buyout Primary Funds, 1.52x for Special Situation Primary Funds, 1.81x for Growth Equity Primary Funds, 1.94x for co-investments and 1.60x for GSF III. Investors in these strategies may not have achieved these returns in the past. **No assurance can be given that any investment will achieve its objectives or avoid losses. THE MODEL RETURNS SHOWN ARE HYPOTHETICAL IN NATURE AND ARE SHOWN FOR ILLUSTRATIVE, INFORMATIONAL PURPOSES ONLY. IT DOES NOT REFLECT THE ACTUAL RETURNS OF ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES, OR ANY STRATEGY PURSUED BY ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES AND DOES NOT GUARANTEE FUTURE RESULTS.** The model returns are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, an asset class, projected cash flows, projected future valuations, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues. Certain of these assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions or model rates used or that other assumptions that may be used in calculating model returns have been stated or fully considered. Alternative modeling techniques or assumptions might produce significantly different results and prove to be more appropriate. **Changes in the assumptions may have a material impact on the model returns presented.** Returns are net of Grosvenor level fees; the fees are estimates for purposes of this analysis.

Scenario A1: Cash Flow Projections

ND1+ $150mm additional investment in GSF III



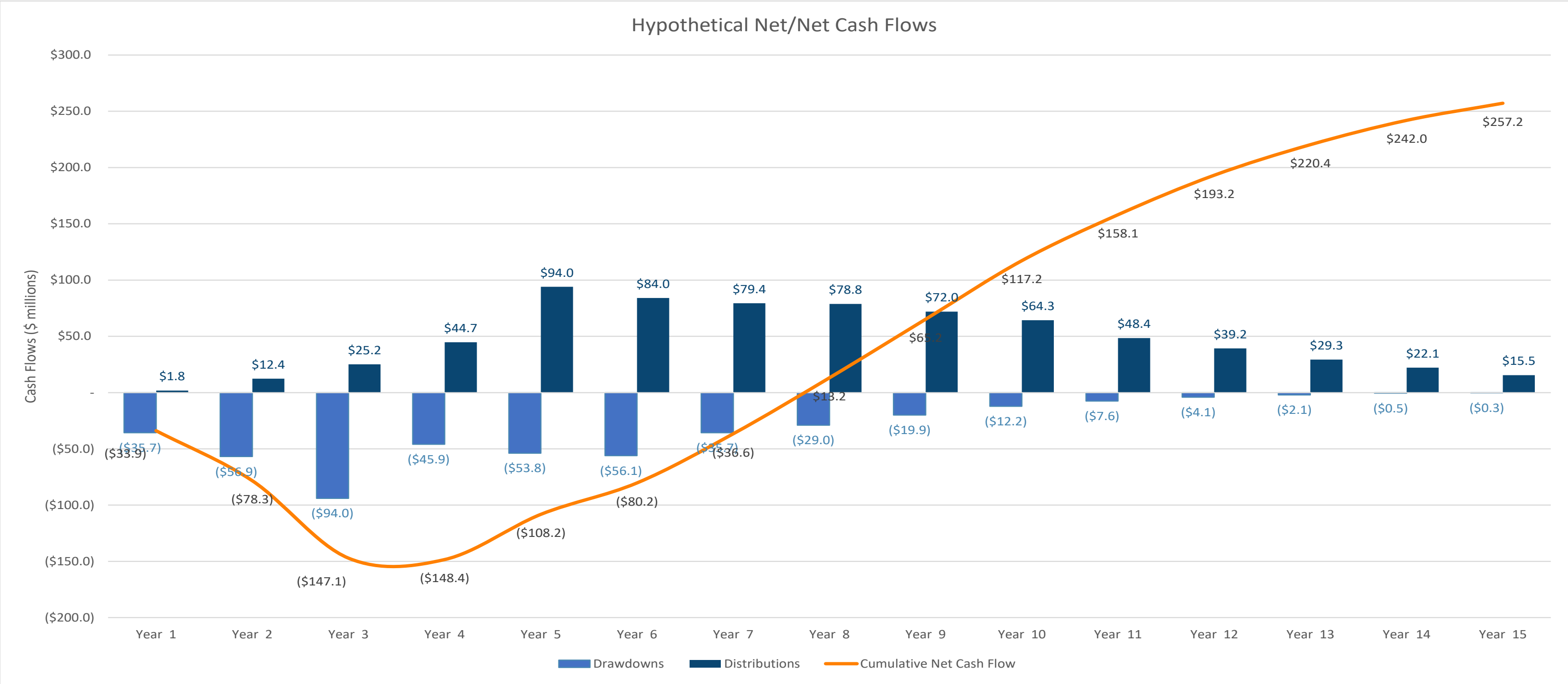
- Existing North Dakota $130 million program deployed over Years 1-3
- Additional $150 million commitment to GSF III in Year 2
- Cumulative distributions by end of Year 3 of $39.4 million
- Estimated emergence from J-curve by Year 6
- Net Cumulative Cash Flows as a % of Total Program size is -52% in Year 3

The model assumes gross net returns of 1.86x for Buyout Primary Funds, 1.52x for Special Situation Primary Funds, 1.81x for Growth Equity Primary Funds, 1.94x for co-investments and 1.60x for GSF III. Investors in these strategies may not have achieved these returns in the past. **No assurance can be given that any investment will achieve its objectives or avoid losses. THE MODEL RETURNS SHOWN ARE HYPOTHETICAL IN NATURE AND ARE SHOWN FOR ILLUSTRATIVE, INFORMATIONAL PURPOSES ONLY. IT DOES NOT REFLECT THE ACTUAL RETURNS OF ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES, OR ANY STRATEGY PURSUED BY ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES AND DOES NOT GUARANTEE FUTURE RESULTS.** The model returns are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, an asset class, projected cash flows, projected future valuations, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues. Certain of these assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions or model rates used or that other assumptions that may be used in calculating model returns have been stated or fully considered. Alternative modeling techniques or assumptions might produce significantly different results and prove to be more appropriate. **Changes in the assumptions may have a material impact on the model returns presented.** Returns are net of Grosvenor level fees; the fees are estimates for purposes of this analysis.

Scenario A2: Cash Flow Projections

ND1+ $150M additional investment in GSF III with Year 4 Re-up (ND2)

- Recycling the existing North Dakota program and GSF III drop-down distributions fully funds the North Dakota Re-up in Year 4



- ND1 $130 million program deployed over Years 1-3
- Additional $150 million commitment to GSF III in Year 2
- Re-up North Dakota commitment of $165 million in Year 4, with 1st year contribution of $14.7 million
- Estimated emergence from J-curve by Year 8
- Net Cumulative Cash Flows as a % of Total Program size is -33% in Year 4

The model assumes gross net returns of 1.86x for Buyout Primary Funds, 1.52x for Special Situation Primary Funds, 1.81x for Growth Equity Primary Funds, 1.94x for co-investments and 1.60x for GSF III. Investors in these strategies may not have achieved these returns in the past. **No assurance can be given that any investment will achieve its objectives or avoid losses. THE MODEL RETURNS SHOWN ARE HYPOTHETICAL IN NATURE AND ARE SHOWN FOR ILLUSTRATIVE, INFORMATIONAL PURPOSES ONLY. IT DOES NOT REFLECT THE ACTUAL RETURNS OF ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES, OR ANY STRATEGY PURSUED BY ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES AND DOES NOT GUARANTEE FUTURE RESULTS.** The model returns are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, an asset class, projected cash flows, projected future valuations, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues. Certain of these assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions or model rates used or that other assumptions that may be used in calculating model returns have been stated or fully considered. Alternative modeling techniques or assumptions might produce significantly different results and prove to be more appropriate. **Changes in the assumptions may have a material impact on the model returns presented.** Returns are net of Grosvenor level fees; the fees are estimates for purposes of this analysis.

Tab C

Current Program Update

Current Program Update

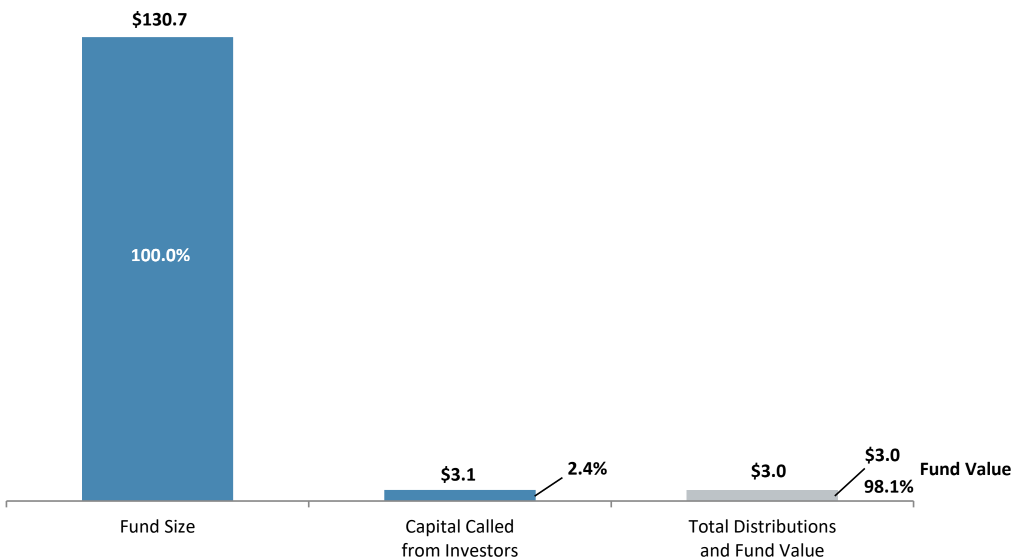
- **GCM Grosvenor - BUSL, L.P.**
- GCM Grosvenor Secondary Opportunities Fund III, L.P.

GCM Grosvenor - BUSL, L.P.

As of March 31, 2021

Fund Summary ($ in millions)

Fund Size	$130.7
Capital Called from Investors	$3.1
Capital Called as a % of Fund Size	2.4%
Distributions to Investors	$0.0
Distributions as a % of Capital Called	0.0%
Estimated Fund Value	$3.0
Estimated Fund Value as a % of Capital Called	98.1%
Total Distributions and Fund Value	$3.0



Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses. For additional information, see the Endnotes section in the Appendix.

GCM Grosvenor - BUSL, L.P.

As of March 31, 2021

Fund Investment Report ($ in millions)

Investment Name	Vintage Year	Fund Size	Commitment	Funded Amount	Remaining Commitment	Reported Value	Valuation Date	Distributions	Total Value	Investment Multiple Current Quarter	Investment Multiple Prior Quarter	Investment Multiple Change
Primary Funds												
Peak Rock Capital Fund III LP	2021	$1,000.0	$6.0	$0.0	$6.0	$0.0	N/A	$0.0	$0.0	N/A	N/A	N/A
Secondary Funds												
GCM Grosvenor Secondary Opportunities Fund III, LP	2021	135.9	26.0	0.9	25.1	0.9	N/A	0.0	0.9	1.00x	N/A	N/A
Co-Investments												
Blue Triton Brands (f.k.a. Nestle Waters North America)	2021	N/A	2.0	1.9	0.1	1.9	3/31/2021	0.0	1.9	1.00	N/A	N/A
Total Investments			**$34.0**	**$2.8**	**$31.2**	**$2.8**		**$0.0**	**$2.8**	**1.00x**	**N/A**	**N/A**
Other Fund Net Assets/(Liabilities)						0.2						
Total Fund Value						**$3.0**						

Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses. For additional information, see the Endnotes section in the Appendix.

GCM Grosvenor - BUSL, L.P.

As of March 31, 2021

New Commitments – Current Quarter

Blue Triton Brands (f.k.a. Nestle Waters North America)

Co-Investment Commitment: $2.0 million

Blue Triton Brands (formerly known as Nestlé Waters North America) is one of the leading providers of bottled water in North America, with products sold in nearly all retail outlets across the US. The company comprises eight highly recognizable brands sold through retail and home and office delivery, including Poland Spring, Arrowhead and Nestlé Pure Life.

GCM Grosvenor Secondary Opportunities Fund III, LP

Secondary Commitment: $26.0 million

GCM Grosvenor Secondary Opportunities Fund III, LP seeks to provide a single point of entry to a diversified portfolio of secondary fund interests, encompassing both LP and GP-led secondary opportunities. GCM Grosvenor's large primary fund portfolio has the potential to provide the team with a robust secondary sourcing network, information advantages, and unique visibility into the GP-led market.

Peak Rock Capital Fund III LP

Primary Commitment: $6.0 million

Peak Rock Capital Fund III LP ("Peak Rock III" or the "Fund") will make debt and equity investments in lower middle market companies. The Fund will focus on opportunistic, underperforming, and distressed opportunities in the lower middle market ($50 MM to $500 MM of revenue and greater than $15 MM of EBITDA prior to recent challenges) where it will seek to control or significantly influence the target company as it undertakes an operational improvement plan and/or financial restructuring.

New Commitments – Subsequent Quarter

Appriss Health

Co-Investment Commitment: $1.0 million

Appriss Health is a premier software, data and insights platform for whole-person care coordination. Appriss Health's combined offering spans an unmatched network of health systems, provider's offices, behavioral health programs, post-acute providers, payors, states, pharmacies and other entities.

Mavis Tire Express

Co-Investment Commitment: $0.6 million

Mavis Tire Express Services ("Mavis") is one of the leading independent tire dealers in the U.S. with approximately 1,200 company-owned units primarily in New England, the Midwest and Southern U.S. The company operates under several brands (including Mavis, Town Fair Tire, Express Oil, and Brakes Plus) and while it is primarily focused on tire sales (over 60% of the company's revenue mix), it also derives significant revenue from providing auto-related services (e.g., mechanical work, tire-related services, oil service). Mavis is also the only tire chain that has its own brand of private label products, offering over 1,000 different SKUs across a broad range of suppliers.

The Veritas Capital Vantage Fund, L.P.

Primary Commitment: $6.0 million

The Veritas Capital Vantage Fund, L.P. ("Veritas" or the "Fund") is being established to continue Veritas' successful strategy in the middle market by investing in companies that provide critical products and services – primarily involving technology or technology-enabled solutions – to governments, government-influenced markets and commercial customers worldwide. Veritas' key differentiator is an in-depth knowledge and understanding of government and government-influenced markets and customers and the policy and regulatory environment affecting the Target Industries. The Fund is expected to make 8 - 10 platform investments with businesses that require an equity investment in the initial platform of less than $250 MM at the time of acquisition.

Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses. For additional information, see the Endnotes section in the Appendix.

Closed and Pending Commitments

As of June 30, 2021

($ in USD millions)

Deal Name	Status	Amount	Deal Type	Asset Class	Geography	Vintage	Year of Program
Peak Rock Capital Fund III LP	Closed	$6.0	Primary	Special Situation	North America	2021	FY1
The Veritas Capital Vantage Fund, L.P.	Closed	$6.0	Primary	Buyout	North America	2021	FY1
Project Jaguar (Peraton)	Closed	$1.4	Co-Investment	Buyout	North America	2021	FY1
Project Praetorian (Appriss Health)	Closed	$1.0	Co-Investment	Growth Equity	North America	2021	FY1
Project Triton (Nestle Water)	Closed	$2.0	Co-Investment	Buyout	North America	2021	FY1
Project Tread (Mavis Tires)	Closed	$0.6	Co-Investment	Buyout	North America	2021	FY1
ICONIQ Strategic Partners VI	Pending	$6.0	Primary	Growth Equity	North America	2021	FY1
Nordic Capital Evo, SCSp	Pending	$6.0	Primary	Buyout	Europe	2021	FY1
FY1 Closed and Pending Commitments		**$29.0**					
FY1 Dry Powder		*$4.5*					
FY 2 Commitments		$33.5				2022	FY2
FY 3 Commitments		$32.5				2023	FY3
GCM Grosvenor Secondary Opportunities Fund III, L.P.	Closed	$26.0	Secondary	Buyout	Global	2021	FY1
Fee Reserve		*$4.6*					
Program Total		**$130.0**					

Estimated figures are preliminary and subject to change. Please see “Notes and Disclosures” following this presentation for endnotes.

Current Program Update

- GCM Grosvenor - BUSL, L.P.
- **GCM Grosvenor Secondary Opportunities Fund III, L.P.**

Executive Summary

GSF III

GCM Grosvenor Secondary Opportunities Fund III

In the early stages of a wave of secondary opportunities

- Deferred "traditional LP" volume from 2020
- Accelerating number of GP-led opportunities
- Proliferation of private funds raised over the past 10 years

Our secondary strategy and market positioning is compelling and differentiated

- Unique platform, portfolio, information & relationships
- Focused on smaller and less efficient end of secondary market
- Natural barrier to competition by targeting lesser-known funds where we have an angle
- Growing competitive advantage as our primary commitments accelerate and sponsors get more involved in secondary transactions

Resulting in attractive secondary deal flow

- Less competitive situations
- Discounted purchases
- Allocations to oversubscribed deals
- Better information

Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses. Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

GCM Grosvenor Secondary Opportunities Fund III

Secondary Opportunities Fund III

Single point of entry to a diversified portfolio of secondary fund interests, focused on both LP and GP-led opportunities.

- Ability to leverage our unique information and relationships from our broader platform in seeking to find and execute compelling deals
- Flexible investment mandate capable of adapting to the evolving opportunity sets

Target objectives / investment parameters[1]	
Target net IRR	15 – 20%+
Geography	Global
Target number of investments	30 – 50
Transaction types	LP interests, GP-led, Structured Equity
Target assets	Diversified (50 – 70% MMBO)
Investment period / term	Three year / Ten year

1 **Target returns, forward looking estimates, and risk parameters are shown to illustrate the current risk/return profile of how the fund or investment is/will be managed. <u>They do not forecast, predict, or project any fund, investment, or investor return.</u> See the Notes and Disclosures following this report for additional information regarding target returns, forward looking estimates and risk parameters. No assurance can be given that any investment will achieve its target return, forward looking estimate, risk parameters, or investment objectives.**

No assurance can be given that any investment will achieve its objectives or avoid losses.

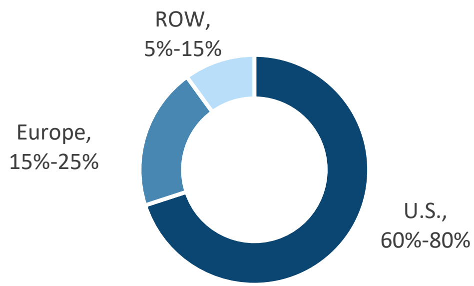
Fund Illustrative Portfolio Construction

GCM Grosvenor Secondary Opportunities Fund III

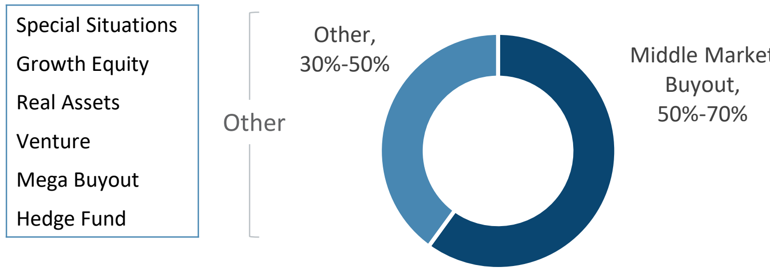
Target objectives / investment parameters[1]

15 – 20%+	Target net IRR	30 – 50	Target number of investments

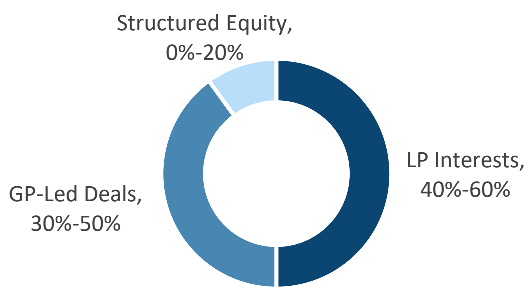
Geography of underlying investments



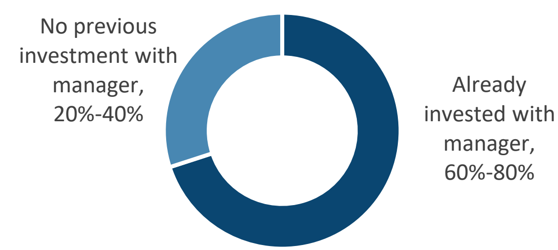
Strategy of underlying funds purchased



Type of transaction[2]



Relationship with underlying fund managers



1 **Target returns, forward looking estimates, and risk parameters are shown to illustrate the current risk/return profile of how the fund or investment is/will be managed. <u>They do not forecast, predict, or project any fund, investment, or investor return.</u> See the Notes and Disclosures following this report for additional information regarding target returns, forward looking estimates and risk parameters. No assurance can be given that any investment will achieve its target return, forward looking estimate, risk parameters, or investment objectives.**

2 Structured equity does not include earn-outs and deferrals.

For illustrative purposes only. Fund allocations may fall outside of the presented ranges, perhaps materially.

Appendix A

Cash Flow Projections – Supplemental Information

ND BUSL Cash Flow Projections

Summary Table

Summary Table

($ in Millions)	**Scenario A1**	***Includes ND2 Re-up*** **Scenario A2**
Years 1 – 4 Cumulative Distributions from ND1 + Proposed	$83.8	$84.1
Year 4 – Re-up Contribution Requirement for ND2	-	$14.7
Cumulative Net Distributions after Year 4 ND2 Contributions	$83.8	$69.4
Net Cash Flow in First Positive Year	$13.1	$40.2
Out of J Curve (Estimate)	Year 6	Year 8
J Curve Trough as % of Total Program	-52%	-34%

The model assumes gross net returns of 1.86x for Buyout Primary Funds, 1.52x for Special Situation Primary Funds, 1.81x for Growth Equity Primary Funds, 1.94x for co-investments and 1.60x for GSF III. Investors in these strategies may not have achieved these returns in the past. **No assurance can be given that any investment will achieve its objectives or avoid losses. THE MODEL RETURNS SHOWN ARE HYPOTHETICAL IN NATURE AND ARE SHOWN FOR ILLUSTRATIVE, INFORMATIONAL PURPOSES ONLY. IT DOES NOT REFLECT THE ACTUAL RETURNS OF ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES, OR ANY STRATEGY PURSUED BY ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES AND DOES NOT GUARANTEE FUTURE RESULTS.** The model returns are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, an asset class, projected cash flows, projected future valuations, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues. Certain of these assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions or model rates used or that other assumptions that may be used in calculating model returns have been stated or fully considered. Alternative modeling techniques or assumptions might produce significantly different results and prove to be more appropriate. **Changes in the assumptions may have a material impact on the model returns presented.** Returns are net of Grosvenor level fees; the fees are estimates for purposes of this analysis.

Scenario A1: Cash Flow Projections

ND1+ $150M additional investment in GSF III

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
2020-1 Series															
Drawdowns	($13.5)	($19.1)	($30.5)	($21.0)	($18.0)	($12.8)	($8.0)	($5.9)	($3.3)	($1.6)	($0.3)	($0.2)	($0.2)	($0.1)	-
Distribution	0.3	1.8	4.2	10.8	33.7	32.8	34.7	27.4	22.8	17.0	14.3	10.9	8.2	4.3	2.1
Net Cash Flows	($13.2)	($17.3)	($26.3)	($10.2)	$15.8	$20.0	$26.7	$21.5	$19.5	$15.3	$14.0	$10.7	$8.0	$4.1	$2.1
Cumulative	*($13.2)*	*($30.5)*	*($56.8)*	*($67.0)*	*($51.2)*	*($31.2)*	*($4.5)*	*$17.1*	*$36.6*	*$51.9*	*$65.9*	*$76.6*	*$84.6*	*$88.7*	*$90.9*
GSF III															
Drawdowns	($22.2)	($37.8)	($63.4)	($10.2)	($9.3)	($2.8)	($1.1)	($1.0)	($0.9)	($0.8)	($0.1)	-	-	-	-
Distribution	1.6	10.6	20.9	33.5	57.9	45.7	30.1	13.4	4.0	1.2	0.1	-	-	-	-
Net Cash Flows	($20.7)	($27.2)	($42.5)	$23.3	$48.6	$42.9	$29.0	$12.4	$3.1	$0.4	($0.0)	-	-	-	-
Cumulative	*($20.7)*	*($47.8)*	*($90.3)*	*($67.0)*	*($18.4)*	*$24.5*	*$53.5*	*$65.9*	*$69.0*	*$69.4*	*$69.4*	*$69.4*	*$69.4*	*$69.4*	*$69.4*
Aggregate															
Drawdowns	($35.7)	($56.9)	($94.0)	($31.2)	($27.3)	($15.6)	($9.1)	($6.8)	($4.2)	($2.4)	($0.4)	($0.2)	($0.2)	($0.1)	-
Distribution	1.8	12.4	25.2	44.3	91.7	78.5	64.7	40.8	26.8	18.1	14.3	10.9	8.2	4.3	2.1
Net Cash Flows	($33.9)	($44.4)	($68.8)	$13.1	$64.4	$62.9	$55.7	$33.9	$22.6	$15.7	$14.0	$10.7	$8.0	$4.1	$2.1
Cumulative	*($33.9)*	*($78.3)*	*($147.1)*	*($134.0)*	*($69.6)*	*($6.7)*	*$49.0*	*$82.9*	*$105.6*	*$121.3*	*$135.3*	*$146.0*	*$154.0*	*$158.1*	*$160.2*

- Note: Year 1 GSF III cash flow reflects "catch-up" drawdowns and distributions for investors in subsequent closes

The model assumes gross net returns of 1.86x for Buyout Primary Funds, 1.52x for Special Situation Primary Funds, 1.81x for Growth Equity Primary Funds, 1.94x for co-investments and 1.60x for GSF III. Investors in these strategies may not have achieved these returns in the past. **No assurance can be given that any investment will achieve its objectives or avoid losses. THE MODEL RETURNS SHOWN ARE HYPOTHETICAL IN NATURE AND ARE SHOWN FOR ILLUSTRATIVE, INFORMATIONAL PURPOSES ONLY. IT DOES NOT REFLECT THE ACTUAL RETURNS OF ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES, OR ANY STRATEGY PURSUED BY ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES AND DOES NOT GUARANTEE FUTURE RESULTS.** The model returns are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, an asset class, projected cash flows, projected future valuations, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues. Certain of these assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions or model rates used or that other assumptions that may be used in calculating model returns have been stated or fully considered. Alternative modeling techniques or assumptions might produce significantly different results and prove to be more appropriate. **Changes in the assumptions may have a material impact on the model returns presented.** Returns are net of Grosvenor level fees; the fees are estimates for purposes of this analysis.

Scenario A2: Cash Flow Projections

ND1+ $150M additional investment in GSF III with Year 4 Re-up (ND2)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
2020-1 Series															
Drawdowns	($13.5)	($19.1)	($30.5)	($21.0)	($18.0)	($12.8)	($8.0)	($5.9)	($3.3)	($1.6)	($0.3)	($0.2)	($0.2)	($0.1)	-
Distribution	0.3	1.8	4.2	10.8	33.7	32.8	34.7	27.4	22.8	17.0	14.3	10.9	8.2	4.3	2.1
Net Cash Flows	($13.2)	($17.3)	($26.3)	($10.2)	$15.8	$20.0	$26.7	$21.5	$19.5	$15.3	$14.0	$10.7	$8.0	$4.1	$2.1
Cumulative	*($13.2)*	*($30.5)*	*($56.8)*	*($67.0)*	*($51.2)*	*($31.2)*	*($4.5)*	*$17.1*	*$36.6*	*$51.9*	*$65.9*	*$76.6*	*$84.6*	*$88.7*	*$90.9*
GSF III															
Drawdowns	($22.2)	($37.8)	($63.4)	($10.2)	($9.3)	($2.8)	($1.1)	($1.0)	($0.9)	($0.8)	($0.1)	-	-	-	-
Distribution	1.6	10.6	20.9	33.5	57.9	45.7	30.1	13.4	4.0	1.2	0.1	-	-	-	-
Net Cash Flows	($20.7)	($27.2)	($42.5)	$23.3	$48.6	$42.9	$29.0	$12.4	$3.1	$0.4	($0.0)	-	-	-	-
Cumulative	*($20.7)*	*($47.8)*	*($90.3)*	*($67.0)*	*($18.4)*	*$24.5*	*$53.5*	*$65.9*	*$69.0*	*$69.4*	*$69.4*	*$69.4*	*$69.4*	*$69.4*	*$69.4*
Re-Up															
Drawdowns	-	-	-	($14.7)	($26.5)	($40.5)	($26.6)	($22.2)	($15.8)	($9.8)	($7.2)	($3.9)	($1.9)	($0.4)	($0.3)
Distribution	-	-	-	0.3	2.3	5.5	14.6	38.0	45.2	46.1	34.1	28.3	21.1	17.9	13.3
Net Cash Flows	-	-	-	($14.3)	($24.2)	($35.0)	($12.0)	$15.8	$29.4	$36.3	$26.9	$24.4	$19.2	$17.5	$13.1
Cumulative	-	-	-	*($14.3)*	*($38.5)*	*($73.5)*	*($85.6)*	*($69.8)*	*($40.3)*	*($4.1)*	*$22.8*	*$47.2*	*$66.4*	*$83.9*	*$96.9*
Aggregate															
Drawdowns	($35.7)	($56.9)	($94.0)	($45.9)	($53.8)	($56.1)	($35.7)	($29.0)	($19.9)	($12.2)	($7.6)	($4.1)	($2.1)	($0.5)	($0.3)
Distribution	1.8	12.4	25.2	44.7	94.0	84.0	79.4	78.8	72.0	64.3	48.4	39.2	29.3	22.1	15.5
Net Cash Flows	($33.9)	($44.4)	($68.8)	($1.2)	$40.2	$27.9	$43.7	$49.7	$52.1	$52.0	$40.9	$35.1	$27.2	$21.6	$15.2
Cumulative	*($33.9)*	*($78.3)*	*($147.1)*	*($148.4)*	*($108.2)*	*($80.2)*	*($36.6)*	*$13.2*	*$65.2*	*$117.2*	*$158.1*	*$193.2*	*$220.4*	*$242.0*	*$257.2*
Self-Funding Re-Up Test															
Cumulative distributions available for funding Re-Up	$1.8	$14.3	$39.4	$84.1	$163.5	$221.0	$259.8	$311.9	$361.7	$410.2	$448.8	$480.8	$506.1	$526.3	$541.4
Re-Up drawdowns (ex. GSF III dropdown)	-	-	-	(14.7)	(26.5)	(40.5)	(26.6)	(22.2)	(15.8)	(9.8)	(7.2)	(3.9)	(1.9)	(0.4)	(0.3)
Excess/(Shortfall)	$1.8	$14.3	$39.4	$69.4	$136.9	$180.4	$233.1	$289.7	$345.9	$400.4	$441.6	$476.9	$504.2	$526.0	$541.2

- Note: Year 1 GSF III cash flow reflects "catch-up" drawdowns and distributions for investors in subsequent closes

The model assumes gross net returns of 1.86x for Buyout Primary Funds, 1.52x for Special Situation Primary Funds, 1.81x for Growth Equity Primary Funds, 1.94x for co-investments and 1.60x for GSF III. Investors in these strategies may not have achieved these returns in the past. **No assurance can be given that any investment will achieve its objectives or avoid losses. THE MODEL RETURNS SHOWN ARE HYPOTHETICAL IN NATURE AND ARE SHOWN FOR ILLUSTRATIVE, INFORMATIONAL PURPOSES ONLY. IT DOES NOT REFLECT THE ACTUAL RETURNS OF ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES, OR ANY STRATEGY PURSUED BY ANY PORTFOLIO MANAGED BY GCM GROSVENOR OR ITS AFFILIATES AND DOES NOT GUARANTEE FUTURE RESULTS.** The model returns are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, an asset class, projected cash flows, projected future valuations, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues. Certain of these assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions or model rates used or that other assumptions that may be used in calculating model returns have been stated or fully considered. Alternative modeling techniques or assumptions might produce significantly different results and prove to be more appropriate. **Changes in the assumptions may have a material impact on the model returns presented.** Returns are net of Grosvenor level fees; the fees are estimates for purposes of this analysis.

Appendix B

Notes and Disclosures

Appendix

GCM Grosvenor - BUSL, L.P. - (the "Fund")

Endnotes

No assurance can be given that any investment will achieve its objective or avoid losses.

All Fund data is as of the report date, unless otherwise noted. If applicable, fund investment valuations are as of the prior report date, unless otherwise noted. If applicable, co-investment valuations are as of the report date.

Investment Returns are presented net of fees and expenses charged at the underlying investment level but do not reflect the fees, expenses, and carried interest charged by the relevant GCM Fund to its investors/participants (i.e., gross/net performance). Unless otherwise indicated, Investment Returns do not take into account the application of leverage. Additional information is available upon request.

Fund Summary

Establishment date for the fund is December 30, 2020.

Capital Called from Investors - Includes amounts called for investments, Fund expenses and management fees.

Distributions to Investors - Represents total proceeds returned to investors (including recallable and non-recallable returns of capital) and withholding taxes paid to the IRS and state taxing authorities on behalf of investors, if applicable.

Fund Investment Report

If applicable, investments may be held indirectly through special purpose vehicles.

If applicable, for secondary investments, commitments to the funds represent the purchase price paid plus unfunded commitment at the time of purchase.

Amounts for any foreign-denominated investments, if applicable, have been converted to the Fund's currency as of period-end.

Fund Size – Fund sizes are as of the quarter-end or earlier and reflect the aggregate fund size which may include investment vehicles to which the Fund may not have commitments.

Funded Amount – Represents amounts funded to the investments plus capitalized expenses paid. A portion of the funded amount may not reduce the Fund's remaining commitments to the investments.

Reported Value – Represents the fair value reported by the funds as of the stated valuation date, adjusted for cash flows through period end, where applicable, pursuant to GCM Grosvenor's valuation policy. If applicable, for co-investments, the fair value is determined by the General Partner/Investment Manager as of the stated valuation date pursuant to GCM Grosvenor's valuation policy.

Distributions - Represents recallable and non-recallable proceeds received from the investments. If applicable, for co-investments, amounts may be inclusive of escrow proceeds receivable.

Total Value – Represents the reported value plus distributions.

Investment Multiple – Represents the total value divided by the funded amount.

Other Fund Net Assets/(Liabilities) – Represents all other assets and/or liabilities other than investments, consisting of cash balance, accrued Fund-related fees and expenses, and/or any other receivable and payables, where applicable, as of the period-end.

Target Returns, Forward Looking Estimates, and Risk Parameters

Notes and Disclosures

Target Returns, Forward Looking Estimates, and Risk Parameters: Target returns, forward looking estimates, and risk parameters are shown to illustrate the current risk/return profile of how the fund or investment is/will be managed. **Target returns, forward looking estimates, and risk parameters do not forecast, predict, or project any fund, investment, or investor return.** It does not reflect the actual or expected returns of any investor, investment, GCM fund, or strategy pursued by any GCM fund, and does not guarantee future results.

Target returns, forward looking estimates, and risk parameters:

- are based solely upon how the fund or investment is expected to be managed including, but not limited to, GCM Grosvenor's current view of the potential returns and risk parameters of the investment, investments in the GCM fund, or strategy pursued by a GCM fund;
- do not forecast, predict, or project the returns or risk parameters for any investor, investment, GCM fund, or any strategy pursued by any GCM fund; and
- are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, asset classes, projected cash flows, projected future valuations of target assets and businesses, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues.

Changes in the assumptions will have a material impact on the target returns, forward looking estimates, and risk parameters presented. Target returns and forward looking estimates are generally shown before fees, transactions costs and taxes and do not account for the effects of inflation. Management fees, transaction costs, and potential expenses may not be considered and would reduce returns and affect parameters. **Target Returns And Risk Parameters May Not Materialize.**

Notes and Disclosures

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For any questions, please contact GCM Grosvenor Investor Relations at investorrelations@gcmlp.com.

RE: Board of University and School Lands Media Relations Policy Manual
(No Action Requested)

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. The Board requested the Commissioner prepare a Media Relations Policy that seeks to work cooperatively with the media to disseminate information of public interest and concern in an accurate, complete, and timely manner and in harmony with the official position of the Board.

The Department of Trust Lands (Department) has created a draft policy that the Treasurer and Attorney Generals Office has reviewed.

This is the "first reading" of the proposed repeal, with suggestions being taken into consideration and a "second reading" to occur on August 26, 2021.

Attachment 1: Board of University and School Lands Media Relations Policy

Media Relations Policy

The Board of University and School Lands (Board) seeks to work cooperatively with the media to disseminate information of public interest and concern in an accurate, complete, and timely manner consistent with the official position of the Board. The Commissioner will receive directive from the Board.

1. To achieve the Board's goal, the Commissioner and Secretary of the Board is designated as the Board's Public Information Officer (PIO) and is responsible for implementing this policy. When the Commissioner is unavailable, the Commissioner may designate a Department of Trust Lands (Department) spokesperson as the Acting Board PIO.
2. The Commissioner should engage with the media in a courteous, polite, and professional manner. Any media inquiries received by Department staff should be referred immediately to the Commissioner for response.
3. Inquiries from the news media have a high priority and the Department should respond as quickly and accurately as possible. Every effort should be made to meet media deadlines and to ensure that all information released is accurate and complete.
4. When contacted by the Commissioner for information needed to respond to a media inquiry, all Department Division Directors shall immediately provide the Commissioner the most accurate and complete information available for the response.
5. If the Commissioner determines that a response to the media can best be achieved by having someone with more background or expertise speak for the Board on a particular topic, the Commissioner may designate one of the authorized spokespersons to assist with or give the Board's response.
6. To assure that the members of the Board have accurate, complete, and timely information to fulfill their responsibilities, Board members shall be informed by email of the substance of significant media inquiries and of the Commissioner's official response. They shall be notified of all official Board press releases.
7. The Commissioner may not make policy statements to the media on behalf of the board about any issue before the board unless or until the board has taken an official position on the issue.

BOARD SPOKESPERSONS:
Authorized Board spokespersons that the Commissioner, in his or her judgment, may designate for a particular response include:

1. Department Directors;

2. Department Public Relations Specialist; and

3. Board Members.

RECORDS REQUESTS:

1. Media requests for records will be handled in accordance with this policy, and consistent with the North Dakota Open Records law, N.D.C.C.ch. 44-04.
2. The Commissioner must be notified of all media records requests.
3. The Commissioner shall forward the request to the person responsible for responding to open records requests.
4. The Commissioner is responsible for assuring that all records requests are handled in an accurate, complete, and timely manner.

PRIVILEGED AND PRIVATE INFORMATION:

1. Most of the records and affairs of the Board and Department are public information which citizens, including the media, have the right to access.
2. If a media request for an interview or for records appears to involve a subject matter that may be privileged or confidential, the Commissioner should consult with the Attorney General's Office for review.

PERSONAL POINTS OF VIEW:

Board members answering media inquiries regarding Board issues should state that their views may not necessarily represent the views of the Board.

BOARD AND DEPARTMENT-INITIATED INFORMATION:

1. Media contact, including news releases, media advisories, and personal contacts with reporters and editors, on behalf of the entire Board should be processed through the Commissioner.
2. Employees seeking to publicize Department events or activities or needing to collaborate with the media regarding important information to the public, shall coordinate with the Commissioner, and Board members should consider doing so as well.

RE: Senate Bill 2282

The 67th Legislative Assembly passed Senate Bill 2282 which states:

> SECTION 1. LEGISLATIVE MANAGEMENT STUDY - MEMBERSHIPS OF BOARD OF UNIVERSITY AND SCHOOL LANDS AND INDUSTRIAL COMMISSION. During the 2021-22 interim, the legislative management shall study the membership of the board of university and school lands and the membership of the industrial commission. The study must include consideration of potential conflicts of interest relating to the memberships, possible changes to the composition of the memberships of the board of university and school lands and the industrial commission, and possible changes to article IX of the Constitution of North Dakota. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

The Study was assigned to the Judiciary Committee with the initial meeting scheduled for August 11, 2021. The Department has been requested to provide a presentation from the perspective of the Board as it relates to Senate Bill 2282.

Article IX of the North Dakota Constitution has 13 Sections (Attachment 1). The Department of Trust Lands (Department) has reviewed each Section within the Article IX for possible recommendations for revisions.

Recommendation: The Board provides the Commissioner with the authority to recommend changes to Section 2 and Section 6.

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

ARTICLE IX
TRUST LANDS

Section 1. All proceeds of the public lands that have been, or may be granted by the United States for the support of the common schools in this state; all such per centum as may be granted by the United States on the sale of public lands; the proceeds of property that fall to the state by escheat; all gifts, donations, or the proceeds thereof that come to the state for support of the common schools, or not otherwise appropriated by the terms of the gift, and all other property otherwise acquired for common schools, must be and remain a perpetual trust fund for the maintenance of the common schools of the state. All property, real or personal, received by the state from whatever source, for any specific educational or charitable institution, unless otherwise designated by the donor, must be and remain a perpetual trust fund for the creation and maintenance of such institution, and may be commingled only with similar funds for the same institution. If a gift is made to an institution for a specific purpose, without designating a trustee, the gift may be placed in the institution's fund; provided that such a donation may be expended as the terms of the gift provide. Revenues earned by a perpetual trust fund must be deposited in the fund. The costs of administering a perpetual trust fund may be paid out of the fund. The perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

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

For the biennium during which this amendment takes effect, distributions from the perpetual trust funds must be the greater of the amount distributed in the preceding biennium or ten percent of the five-year average value of trust assets, excluding the value of lands and minerals. Thereafter, biennial 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.

Section 3. The superintendent of public instruction, governor, attorney general, secretary of state and state treasurer comprise a board of commissioners, to be denominated the "board of university and school lands". Subject to the provisions of this article and any law that may be passed by the legislative assembly, the board has control of the appraisement, sale, rental, and disposal of all school and university lands, and the proceeds from the sale of such lands shall be invested as provided by law.

Section 4. The public officers designated by law shall constitute boards of appraisal and under the authority of the state board of university and school lands shall appraise all school lands within their respective counties which they may from time to time recommend for sale at their actual value under the prescribed terms and shall first select and designate for sale the most valuable lands.

Section 5. After one year from the assembling of the first legislative assembly the lands granted to the state from the United States for the support of the common schools, may be sold upon the following conditions and no other: No more than one-fourth of all such lands shall be sold within the first five years after the same become salable by virtue of this section. No more than one-half of the remainder within ten years after the same become salable as aforesaid. The residue may be sold at any time after the expiration of said ten years. The legislative assembly shall provide for the sale of all school lands subject to the provisions of this article. In all sales of lands subject to the provisions of this article all minerals therein, including but not limited to oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, or colloidal or other clays, shall be reserved and excepted to the state of North Dakota, except that leases may be executed for the extraction and sale of such materials in such manner and upon such terms as the legislative assembly may provide.

Section 6. No original grant school or institutional land shall be sold for less than the fair market value thereof, and in no case for less than ten dollars ($10.00) per acre, provided that when lands have been sold on contract and the contract has been canceled, such lands may be resold without reappraisement by the board of appraisal. The purchaser shall pay twenty (20) percent of the purchase price at the time the contract is executed; thereafter annual payments shall be made of not less than six (6) percent of the original purchase price. An amount equal to not less than three (3) percent per annum of the unpaid principal shall be credited to interest and the balance shall be applied as payment on principal as credit on purchase price. The purchaser may pay all or any installment or installments not yet due to any interest paying date. If the purchaser so desires, he may pay the entire balance due on his contract with interest to date of payment at any time and he will then be entitled to proper conveyance.

All sales shall be held at the county seat of the county in which the land to be sold is situated, and shall be at public auction and to the highest bidder, and notice of such sale shall be published once each week for a period of three weeks prior to the day of sale in a legal newspaper published nearest the land and in the newspaper designated for the publication of the official proceedings and legal notices within the county in which said land is situated.

No grant or patent for such lands shall issue until payment is made for the same; provided that the land contracted to be sold by the state shall be subject to taxation from the date of the contract. In case the taxes assessed against any of said lands for any year remain unpaid until the first Monday in October of the following year, the contract of sale for such land shall, if the board of university and school lands so determine, by it, be declared null and void. No contract of sale heretofore made under the provisions of this section of the constitution as then providing shall be affected by this amendment, except prepayment of principal may be made as herein provided.

Any of said lands that may be required for townsite purposes, schoolhouse sites, church sites, cemetery sites, sites for other educational or charitable institutions, public parks, airplane landing fields, fairgrounds, public highways, railroad right of way, or other railroad uses and purposes, reservoirs for the storage of water for irrigation, irrigation canals, and ditches, drainage ditches, or for any of the purposes for which private lands may be taken under the right of eminent domain under the constitution and laws of this state, may be sold under the provisions of this article, and shall be paid for in full at the time of sale, or at any time thereafter as herein provided. Any of said lands and any other lands controlled by the board of university and school lands, including state coal mineral interests, may, with the approval of said board, be exchanged for lands and coal mineral interests of the United States, the state of North Dakota or any county or municipality thereof as the legislature may provide, and the lands so acquired shall be subject to the trust to which the lands exchanged therefor were subject, and the state shall reserve all mineral and water power rights in land so transferred, except coal mineral interests approved for exchange by the board of university and school lands under this section.

When any of said lands have been heretofore or may be hereafter sold on contract, and the purchaser or his heirs or assigns is unable to pay in full for the land purchased within twenty years after the date of purchase and such contract is in default and subject to being declared null and void as by law provided, the board of university and school lands may, after declaring such contract null and void, resell the land described in such contract to such purchaser, his heirs or assigns, for the amount of the unpaid principal, together with interest thereon reckoned to the date of such resale at the rate of not less than three (3%) percent, but in no case shall the resale price be more than the original sale price; such contract of resale shall be upon the terms herein provided, provided this section shall be deemed self-executing insofar as the provisions for resale herein made are concerned.

Section 7. All lands received by the state for any specific educational or charitable institution shall be appraised and sold in the same manner and under the same limitations and subject to all the conditions as to price and sale as provided in this constitution for the appraisal and sale of lands for the benefit of common schools. However, a distinct and separate account shall be kept by the proper officers of each of said funds and the limitations as to the time in which school land may be sold shall apply only to lands granted for the support of common schools.

Section 8. The legislative assembly shall have authority to provide by law for the leasing of lands granted to the state for educational and charitable purposes; but no such law shall authorize the leasing of said lands for a longer period than five years. Said lands shall only be leased for pasturage and meadow purposes and at a public auction after notice as heretofore provided in case of sale; provided, that all of said school lands now under cultivation may be leased, at the discretion and under the control of the board of university and school lands, for other than pasturage and meadow purposes until sold. All rents shall be paid in advance.

Provided, further, that coal lands may also be leased for agricultural cultivation upon such terms and conditions and for such a period, not exceeding five years, as the legislature may provide.

Section 9. No law shall ever be passed by the legislative assembly granting to any person, corporation or association any privileges by reason of the occupation, cultivation or improvement of any public lands by said person, corporation or association subsequent to the survey thereof by the general government. No claim for the occupation, cultivation or improvement of any public lands shall ever be recognized, nor shall such occupation, cultivation or improvement of any public lands ever be used to diminish either directly or indirectly, the purchase price of said lands.

Section 10. The legislative assembly may provide by law for the sale or disposal of all public lands that have been, or may hereafter be granted by the United States to the state for purposes other than set forth in article IX, section 1. The legislative assembly in providing for the appraisal, sale, rental, and disposal of the same shall not be subject to the provisions and limitations of article IX, sections 1 through 11.

Section 11. The legislative assembly shall pass suitable laws for the safekeeping, transfer and disbursement of the state school funds; and shall require all officers charged with the same or the safekeeping thereof to give ample bonds for all moneys and funds received by them, and if any of said officers shall convert to his own use in any manner or form, or shall loan with or without interest or shall deposit in his own name, or otherwise than in the name of the state of North Dakota, or shall deposit in any banks or with any person or persons, or exchange for other funds or property any portion of the school funds aforesaid or purposely allow any portion of the same to remain in his own hands uninvested, except in the manner prescribed by law, every such act shall constitute an embezzlement of so much of the aforesaid school funds as shall be thus taken or loaned, or deposited, or exchanged, or withheld and shall be a felony; and any failure to pay over, produce or account for, the state school funds or any part of the same entrusted to any such officer, as by law required or demanded, shall be held and be taken to be prima facie evidence of such embezzlement.

Section 12. The following public institutions of the state are permanently located at the places hereinafter named, each to have the lands specifically granted to it by the United States in the Act of Congress approved February 22, 1889, to be disposed of and used in such manner as the legislative assembly may prescribe subject to the limitations provided in the article on school and public lands contained in this constitution.

1. The seat of government at the city of Bismarck in the county of Burleigh.
2. The state university and the school of mines at the city of Grand Forks, in the county of Grand Forks.
3. The North Dakota state university of agriculture and applied science at the city of Fargo, in the county of Cass.
4. A state normal school at the city of Valley City, in the county of Barnes, and the legislative assembly, in apportioning the grant of eighty thousand acres of land for normal schools made in the Act of Congress referred to shall grant to the said normal school at Valley City, as aforementioned, fifty thousand (50,000) acres, and said lands are hereby appropriated to said institution for that purpose.
5. The school for the deaf and dumb of North Dakota at the city of Devils Lake, in the county of Ramsey.
6. A state training school at the city of Mandan, in the county of Morton.
7. A state normal school at the city of Mayville, in the county of Traill, and the legislative assembly in apportioning the grant of lands made by Congress in the Act aforesaid for state normal schools shall assign thirty thousand (30,000) acres to the institution hereby located at Mayville, and said lands are hereby appropriated for said purpose.
8. A state hospital for the insane at the city of Jamestown, in the county of Stutsman. And the legislative assembly shall appropriate twenty thousand acres of the grant of lands made by the Act of Congress aforesaid for other educational and charitable institutions to the benefit and for the endowment of said institution, and there shall be located at or near the city of Grafton, in the county of Walsh, an institution for the feebleminded, on the grounds purchased by the secretary of the interior for a penitentiary building.

Section 13. The following public institutions are located as provided, each to have so much of the remaining grant of one hundred seventy thousand acres of land made by the United States for "other educational and charitable institutions" as is allotted by law:

1. A soldiers' home, when located, or such other charitable institution as the legislative assembly may determine, at the city of Lisbon in the county of Ransom, with a grant of forty thousand acres of land.
2. The school for the blind at the city of Grand Forks in the county of Grand Forks or at such other location as may be determined by the legislative assembly to be in the best interests of the students of such institution and the state of North Dakota.
3. A school of forestry, or such other institution as the legislative assembly may determine, at such place in one of the counties of McHenry, Ward, Bottineau, or

Rolette, as the electors of said counties may determine by an election for that purpose, to be held as provided by the legislative assembly.

4. A school of science or such other educational or charitable institution as the legislative assembly may prescribe, at the city of Wahpeton in the county of Richland, with a grant of forty thousand acres.
5. A state college at the city of Minot in the county of Ward.
6. A state college at the city of Dickinson in the county of Stark.
7. A state hospital for the mentally ill at such place within this state as shall be selected by the legislative assembly.

No other institution of a character similar to any one of those located by article IX, section 12, or this section shall be established or maintained without an amendment of this constitution.

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

July 29, 2021

RE: Surface Land Lease Revisions

As a result of implementing a 100% cost share for the Permanent Improvement – Livestock Water Developments, rent credits and depreciation will be eliminated; thus, paragraphs 5 and 6 of the Surface Land Lease are proposed for revision. Cost share will now be the form of compensation to protect the lessee for their investment in developing a permanent improvement on trust land. The change to cost share will allow rental revenues and improvement expenditures to be accurately reflected in the financials. Additional, other non-material changes were made in various sections for clarification purposes. The red-line version of the Surface Land Lease is attached.

Additionally, as a result of the current drought, the Department of Trust Lands, the Water Commission and the Governor's Office are proposing a solution for permanent water supply on trust lands. The Water Commission will need to authorize the expenditure of $1M to supplement the Department's current cost share program to ensure the water development is fully reimbursed. The permanent water development improvement will belong to the Board of University and School Lands while the non-improvements which are normally the property of the surface lessee (such as equipment to pump and power a well) will be property of the State of North Dakota. Additionally, the Department of Water Resources may access and use any of the water wells for aquifer observation. Pending approval of the $1M in funding from the Water Commission, Surface leases will need to be amended with an additional lease provision where the State of North Dakota provides funding for non-permanent improvements to clarify ownership of non-permanent improvements.

Recommendation: **The Commissioner recommends the Board approve the changes to the Surface Land Lease as referenced above and shown in the attached redlined Surface Land Lease. Additionally, the Commissioner recommends the Board approve the use of necessary amendments to the Surface Land Lease upon approval of the permanent water supply funding from the Water Commission.**

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

Expires: **«ag_expiration»** ***SURFACE LAND LEASE*** Lease number: **«ag_ln»**

The State of North Dakota, acting by and through the Board of University and School Lands ("LESSOR") and its agent, the Commissioner of University and School Lands ("COMMISSIONER"), hereby leases to LESSEE the land in **«cy_name»** County, ND & described herein ("the Lease"):

Township «lm_twp» North, Range «lm_rng» West
Section «lm_sec»: «lm_subdv»
(the "Land")

THIS LEASE, executed this **1st day of January, 20___,** between LESSOR and the following LESSEE, is conditioned upon payment of **«Paid»**, before January 1 of each year and LESSEE'S compliance with all of the terms of this Lease. (The first year's rent has been paid.)

«ss_lessee1» «lessee2»
«na_addr1» «lessee3»
«na_addr2»
«na_city» «na_state» «na_zip»
(the "LESSEE")

AUTHORIZED USES

(Cropland: «crop» Acres) **(Hayland: «hay» Acres)** **(Grazing/Waste: «grazing» Acres)**

TERMS AND CONDITIONS

1. **LEASE TERM.** The Lease term ("Lease Term") begins on this **1st day of January, 20___,** and ends on **«ag_expiration»**

2. **ASSIGNMENTS AND THIRD PARTY USE.** This Lease or any part thereof shall not be assigned, nor shall LESSEE allow the land or any part thereof to be used in any manner by anyone other than LESSEE without the prior written consent of COMMISSIONER. A grazing permit issued by a grazing association to a member-permittee does not violate this clause.

3. **PROHIBITED USES.** The land shall only be used for the purposes set forth above. LESSEE may **not** cultivate additional acreage or change the location of fields. Other prohibited uses include, but are not limited to, equipment storage; hay storage; trash dumping; rock dumping; feedlots; feeding; draining water on or off the land; mining scoria, gravel, clay, or any other minerals; cutting wood; or allowing others to do the same unless authorized in writing by LESSOR.

4. **NONPERMANENT IMPROVEMENTS.** LESSEE may place nonpermanent improvements, (e.g., fences, corrals, water tanks, and mobile calf creep feeders) on the Land and must remove ~~them~~any such improvements within one-hundred twenty (120) days after th~~e~~is Lease is terminated or expires, whichever is earlier. Any nonpermanent improvements not removed within one-hundred twenty (120) days shall become the property of the next lessee. COMMISSIONER, upon written ~~application~~request from LESSEE received before the end of the 120-day period, may, for cause, extend the period of time for removing nonpermanent improvements.

5. **PERMANENT IMPROVEMENTS.** Permanent improvements (e.g., buildings, wells, dams, water holes, water lines, trees) may not be placed on or removed from the Land without prior written consent of COMMISSIONER. All permanent improvements shall be deemed the property of LESSOR. However, at the discretion of COMMISSIONER, the cost of permanent improvements may be ~~credited~~paid to the ~~rent for the following lease years or may be depreciated for the~~LESSEE to protect~~ion of the~~ LESSEE'S investment in the Land or in the event the Land is leased to another person, sold, or exchanged. To be eligible for such~~rent credit or depreciation~~ cost share, the application must be received and approved by COMMISSIONER ~~before~~prior to the commencement of construction of any such permanent improvement.

6. **USE AND MAINTENANCE OF PERMANENT IMPROVEMENTS.** LESSEE may use existing wells, dams, dugouts and water lines on the Land and any other improvements belonging to LESSOR. Said use is subject to payment of any undepreciated costs of improvement projects remaining as of the effective date of this Lease~~to a prior lessee as defined in paragraph 5~~. LESSEE shall maintain all improvements belonging to LESSOR, at no expense to LESSOR, in as good condition as received, normal wear excepted. Major repairs to improvements must be approved in writing by COMMISSIONER ~~before~~prior to beginning work. All repairs shall be deemed the property of LESSOR subject only to the right of LESSEE to request ~~depreciation or rent credit~~cost share for major repairs, as defined in paragraph 5~~, for major repairs~~.

7. **LESSEE ACCEPTS LIABILITY FOR INJURIES AND DAMAGES TO HIMSELF AND OTHERS - CONDITION OF PREMISES.** LESSOR makes no representation concerning the condition, safety, or usability of the Land ~~and~~or any improvements thereon. LESSEE leases the Land and any improvements on an "as is" basis. LESSOR does not covenant that the Land and its improvements are fit or safe for the purposes for which LESSEE intends to use them. LESSEE accepts liability and indemnifies and holds harmless LESSOR for any loss that may be suffered by the person or property of LESSEE, LESSEE'S employees and agents, and anyone else, when such loss is in any way related to LESSEE'S use and management of the Land and its improvements.

8. **RANGELAND USE.** LESSEE shall not allow overgrazing which would result in forage production below the potential forage production for ~~in~~ good range condition.

9. **CROPLAND USE.** If cropland is specifically authorized by this Lease, LESSEE shall maintain the Land consistent with good cropping practices for similar soils in the area. LESSEE shall prevent soil loss through erosion in excess of the established soil loss tolerance by the use of crop residue management, reduced tillage practices, grassed waterways, stripcropping, or any other accepted conservation practices. Cropland must be farmed under the Federal crop program such that crop bases are maintained unless exempted in writing by COMMISSIONER.

10. **WEED CONTROL.** LESSEE shall control all noxious weeds on the Land and maintain the Land in a reasonably weed free condition.

11. **CONSERVATION PLAN.** LESSOR reserves the right to require LESSEE to implement a soil conservation or range management plan at any time during the Lease to prevent damage or to improve the condition of the Land.

12. **ROAD DITCHES.** LESSEE shall mow and maintain road ditches as required by law.

13. **PUBLIC ACCESS.** LESSEE may not post or otherwise prohibit non-vehicular public access to the land, but exceptions may be granted at the sole discretion of COMMISSIONER. If LESSEE desires to be notified prior to anyone entering the land, LESSEE shall post only signs provided by COMMISSIONER setting forth LESSEE'S name, address, and telephone number. LESSEE may not lease, sell or otherwise charge for access on the land.

14. **ENCUMBRANCES.** This Lease is subject to all existing and future coal, oil, natural gas, uranium, gravel, scoria, clay, and other mineral leases and exploration permits covering the Land. LESSEE agrees that the holders of such leases or permits may enter upon the Land and conduct exploration and mining operations. This Lease is further subject to all existing and future easements, rights-of-way, and other servitudes covering the Land and LESSEE agrees to honor the same. LESSEE shall not be entitled to any compensation by reason of such leases, permits, easements, rights-of-way, or servitudes unless otherwise provided for by LESSOR.

15. **RIGHT OF ENTRY.** LESSOR or its agent may enter the Land at any time without notification for the purpose of inspecting the Land and improvements thereon. LESSEE further agrees to allow LESSOR or its agent access to the Land across LESSEE'S property, or property leased by the LESSEE.

16. **SALE OR EXCHANGE.** This Lease is specifically made subject to termination in the event LESSOR notifies LESSEE, during the months of October through January of any year during the Lease Term, that all or a portion of the Land will be sold or exchanged by LESSOR. If the Land is sold or exchanged, LESSEE shall surrender possession of the Land within thirty days of LESSOR mailing to LESSEE a notice of the sale or exchange.

17. **COMPLIANCE WITH LAWS AND REGULATIONS.** LESSEE shall comply with all ~~applicable~~ rules and regulations of the Board of University and School Lands and all ~~applicable~~ state and federal laws, including payment of any taxes levied against the Land or LESSEE'S interest thereon.

18. **FAILURE TO PAY RENT.** If LESSEE fails to pay rent when due, this Lease shall automatically expire on the last day of the lease period for which rent was last paid. In order to enforce such forfeiture of Lease, no demand for rent either written or verbal need be given LESSEE nor is a notice of termination required.

19. **CANCELLATION.** If LESSEE fails to comply with any of the terms and conditions of this Lease, it may be cancelled by LESSOR. Cancellation is effective upon actual delivery of a notice of cancellation by LESSOR, except that no notice is required for cancellation as provided in paragraph 18.

20. **NO WARRANTY OF TITLE.** LESSOR neither warrants nor agrees to defend title to the Land.

21. **ADDITIONAL LEASE PROVISIONS.** This Lease is made subject to any additional lease provisions made known prior to leasing which are hereby attached and made a part hereof.

22. **AMENDMENTS.** Lease amendments must be in writing and executed by both the LESSOR and LESSEE.

IN WITNESS WHEREOF, the State of North Dakota, acting by and through the Board of University and School Lands, has caused this Lease to be executed in its name by its agent, the Commissioner of University and School Lands.

THE STATE OF NORTH DAKOTA, acting by and through the Board of University and School Lands

Commissioner of University and School Lands

NORTH DAKOTA DEPARTMENT OF TRUST LANDS
1707 N 9th Street
P.O. Box 5523
Bismarck, ND 58506-5523
701-328-2800
https://land.nd.gov

RE: Acreage Adjustment Survey - T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36

Under North Dakota law, the Board of University and School Lands (Board) is vested with the authority to manage state-owned minerals including the oil, gas, and related hydrocarbons within the beds of the State's navigable waters. On behalf of the State, the Board oversees the Strategic Investment and Improvements Fund (SIIF) which collects the revenues from these sovereign minerals.

Timeline of State Activity Related to Sovereign Lands

- The 1977 Legislature defined "sovereign lands" as "those beds, islands, accretions, and relictions lying within the ordinary high watermark of navigable lakes and streams." 1977 N.D. Sess. Laws, ch. 144, § 1, codified as N.D.C.C. § 15-08.2-02 (repealed 1989 N.D. Sess. Laws, ch. 552, § 4).
- From 1977 to 1989, the Board had authority over both the surface and subsurface of sovereign lands, including the power to convey interests.
- In 1989, the Legislature again defined state title as "those beds, islands, accretions, and relictions lying within the ordinary high watermark of navigable lakes and streams." 1989 N.D. Sess. Laws, ch. 552, § 3, codified as N.D.C.C. § 61-33-01.
- The 1989 Legislature gave the State Engineer's Office authority to manage the surface and the Board authority over the oil, gas, and related hydrocarbons within the subsurface, with each agency having the power to convey interests.
- In 2007, the Office of the State Engineer issued the North Dakota Sovereign Land Management Plan and Ordinary High Water (OHWM) Mark Delineation Guidelines.
- In 2009, the Board and the State Engineer engaged Bartlett & West, a private engineering company, to undertake a comprehensive study of the OHWM along the Yellowstone River and the Missouri River from the Montana border to river mile marker 1549 near Williston (Phase I Delineation).
- In 2010, the Board again contracted with Bartlett & West to approximate the location of the OHWM for the historic Missouri River under Lake Sakakawea from river mile marker 1574 near the Furlong Loop to river mile marker 1482, the border of the Fort Berthold Reservation (Phase II). This study was completed using historical aerial photography, elevation data, and topographic maps.
- In 2010, the Board authorized Phase III to investigate specific and isolated sections of the Missouri and Yellowstone Rivers between Williston to the Montana border that could not be fully completed under Phase I due to location and complexity (this includes the Trenton Lake area.)
- In 2012, the Board initiated the review of the estimated historic OHWM between the Four Bears Bridge and the Garrison Dam (Phase IV) using the same techniques as Phase II.
- In 2013, the North Dakota Supreme Court issued decisions in *Reep v. State* and *Brigham v. State* holding that the State owns the mineral interests up to the ordinary high water mark of navigable rivers and water bodies.
- In 2017, the Sixty-Fifth Legislative Assembly's adoption of Senate Bill 2134 (SB 2134), codified as N.D.C.C. ch. 61-33.1, sought to establish state ownership of minerals below the ordinary high water mark of the historical Missouri riverbed channel (Historical OHWM) inundated by Pick-Sloan Missouri basin project dams.
- In 2019, the Sixty-Sixth Legislative Assembly amended N.D.C.C. ch. 61-33.1 relating to the ownership of mineral rights of land subject to inundation by Pick-Sloan Missouri basin project dams. Under N.D.C.C. § 61-33.1-03(8), the Board contracted with Kadrmas, Lee & Jackson, Inc. (KLJ) "to analyze the final review findings and determine the acreage on

> a quarter-quarter basis or government lot basis above and below the [Historical OHWM] as delineated by the final review findings of the industrial commission."

On June 25, 2020, the Board formally requested the North Dakota Industrial Commission complete further review of T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36. The North Dakota Industrial Commission entered Order No. 31104 providing the Department of Trust Lands (Department) with necessary information to complete the acreage adjustment survey in T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36.

The Department has consulted with the State Engineer as to the State's sovereign land ownership in Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36 of Township 153 North, Range 102 West, Williams/McKenzie Counties, North Dakota (more commonly referred to as the Trenton Lake area.) On November 24, 2021, the State Engineer presented a technical memorandum to the Board. The Board requested the Department provide the Board with an outline of options for the Board to review.

On January 28, 2021, the Board was presented with options relating to T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36. The Board requested the Department work with the State Engineer's Office to provide additional insight.

Recommendation:

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

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
July 29, 2021

RE: Repayment of Royalties

The North Dakota Board of University and School Lands (Board) manages land, minerals and proceeds as trustee for the exclusive benefit of constitutionally identified beneficiaries, with much of the income funding North Dakota schools and institutions. The Board also manages oil, gas and other hydrocarbons underlying sovereign lands for the State of North Dakota.

The Board has requested royalty repayment offers from gas payors be discussed during executive session.

RE: Newfield Litigation
(No Action Requested)

Case: **Newfield Exploration Company, Newfield Production Company, and Newfield RMI LLC v. State of North Dakota, ex rel. the North Dakota Board of University and School Lands and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands, Civ. No. 27-2018-CV-00143**
Date Filed: **March 7, 2018**
Court: **District Court/McKenzie County**
Attorneys: **David Garner**
Opposing Counsel: **Lawrence Bender - Fredrikson & Byron, P.A. and Michelle P. Scheffler – Haynes and Boone, LLP**
Judge: **Robin Schmidt**

Issues: Plaintiff is seeking a Declaratory Judgment that it is currently paying gas royalties properly under the Board's lease. Specifically, Plaintiff is asking the Court to order that gas royalty payments made by the Plaintiff be based on the gross amount received by the Plaintiff from an unaffiliated third-party purchaser, not upon the gross amount paid to a third party by a downstream purchaser, and that Plaintiff does not owe the Defendants any additional gas royalty payments based on previous payments.

- **History:** A Complaint and Answer with Counterclaims have been filed. Newfield filed an Answer to Counterclaims. A Scheduling conference was held July 27, 2018. Plaintiffs' filed a Motion for Summary Judgment on August 13, 2018 and Defendants filed a Cross-Motion for Summary Judgment. Plaintiffs' Response was filed October 19, 2018 and Defendants' Reply was filed November 9, 2018. A hearing on the Motions for Summary Judgment was held on January 4, 2019 at 1:30 p.m., McKenzie County. An Order on Cross Motions for Summary Judgment was issued on February 14, 2019, granting Plaintiff's motion for summary judgment and denying Defendants' motion for summary judgment. The Judgment was entered March 1, 2019, and the Notice of Entry of Judgment was filed March 4, 2019. Defendants have filed a Notice of Appeal to the North Dakota Supreme Court (Supreme Court). The trial scheduled in McKenzie County District Court for September 10 and 11, 2019 has been cancelled. Defendants/Appellants' Brief to the Supreme Court was filed April 29, 2019. Plaintiffs/Appellees filed their Brief of Appellees and Appendix of Appellees on June 7, 2019. Defendants/Appellants filed a reply brief on June 18, 2019. Oral Argument before the Supreme Court was held on June 20, 2019. On July 11, 2019, the Supreme Court entered its Judgment reversing the Judgment of the McKenzie County District Court. On July 25, 2019 Newfield filed Appellee's Petition for Rehearing. Also on July 25, 2019, a Motion for Leave to File Amicus Curiae Brief by Western Energy Alliance in Support of Newfield was filed with the Supreme Court. On July 26, 2019, a Motion for Leave to File Amicus Curiae Brief by North Dakota Petroleum Council in Support of Newfield was filed with the Supreme Court. On August 20, 2019, the North Dakota Supreme Court requested Defendants file a Response to the

Petition for Rehearing and the two Amicus Curiae Briefs no later than September 4, 2019. Defendants/Appellants filed their Response to Petition for Rehearing on September 4, 2019. A Corrected Opinion was filed by the North Dakota Supreme Court on September 9, 2019, changing the page number of a citation. On September 12, 2019, the North Dakota Supreme Court entered an order denying Newfield's Petition for Rehearing. On September 20, 2019, the opinion and mandate of the Supreme Court was filed with McKenzie County District Court. A Telephonic Status Conference was held October 8, 2019. On October 9, 2019, the District Court issued an Order Setting Briefing Schedule which ordered "the parties to file a brief regarding how they suggest the case proceed after the Supreme Court's decision." The parties filed briefs with the District Court on November 6, 2019. Notice of Appearance for Michelle P. Scheffler of Hayes and Boone, LLP on behalf of Plaintiffs was filed November 7, 2019. Telephonic Status Conference scheduled for March 17, 2020 before the District Court. On May 14, 2020, the Court scheduled a five-day Court Trial to start on October 4, 2021, McKenzie County Courthouse. On July 28, 2020, a Stipulated Scheduling Order was entered, setting dates for various deadlines. On April 1, 2021, the State served Defendants State of North Dakota, ex re. the North Dakota Board of University and School Lands, and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands' Interrogatories, Requests for Production of Documents, and Requests for Admissions to Plaintiff. On April 1, 2021, the Plaintiffs served the following on the State: Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of a Representative of the North Dakota Department of Trust Lands; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Lance Gaebe; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Taylor K. Lee; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Jodi Smith; and Plaintiffs' First Set of Interrogatories, Requests for Production, and Requests for Admission to all Defendants.

Current Status:

- **On July 1, 2021, Defendants filed their Motion for Summary Judgment and Plaintiffs filed their Motion for Partial Summary Judgment.**

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
July 29, 2021

RE: <u>Wilkinson</u> Litigation
(No Action Requested)

Case: **<u>William S. Wilkinson, et. al. v. Board of University & School Lands, Brigham Oil & Gas, LLP; EOG Resources, Inc.; Case No. 53-2012-CV-00038</u>**
Date Filed: **January, 2012**
Court: **Williams County District Court**
Judge: **Paul Jacobson**
Attorney: **Jennifer Verleger/Matthew Sagsveen/David Garner**
Opposing Counsel: **Josh Swanson/Rob Stock, Lawrence Bender, John Ward**

Issues: The Wilkinson lawsuit was filed on January 10, 2012. The Plaintiffs assert that they own minerals in a 200 acre tract west of Williston. This suit was initially filed in state court as a quiet title action. The Attorney General's Office filed an Answer and Counterclaim on February 27, 2012.

On July 1, 2014, the Plaintiffs filed an amended complaint in the case and added claims of unconstitutional takings, conversion, constructive trust and unjust enrichment, civil conspiracy and deprivation of rights under 42 U.S.C. § 1983. Plaintiffs assert in their amended complaint that the Board should be issuing leases on the west side of the Highway 85 bridge pursuant to the Phase II Investigation – the estimated location of the ordinary high watermark (OHWM) prior to inundation of Lake Sakakawea – rather than the Phase I Delineation – current location of the OHWM. Plaintiffs argue that the subject property is located under Lake Sakakawea, which did not exist at statehood, and thus the state did not acquire title to it as sovereign lands. Therefore, the State's title to the Missouri River is limited to the channel as it existed prior to inundation of Lake Sakakawea as determined by the Phase II investigation.

In January of 2016, the State Engineer sought and was granted intervention. A joint motion for summary judgment was filed by the Board and the State Engineer on March 1, 2016. On May 18, 2016, the district court granted the motion for summary judgment finding that: (1) the subject property is located along the Missouri River, which is no doubt navigable; (2) The Phase I Delineation should be used to determine the OHWM for the subject property rather than the Phase II Investigation, and therefore the property is determined to be sovereign land of the state of North Dakota; (3) to the extent Plaintiffs are aggrieved by the Phase I Delineation, they must exhaust their administrative remedies through the State Engineer before making a claim in district court; and (4) there are no grounds to support Counts II through VII. Plaintiffs filed a notice of appeal on June 1, 2016. Both EOG Resources, Inc. and Statoil Oil and Gas LP filed cross-appeals.

On September 28, 2017, the North Dakota Supreme Court reversed the district court's decision and remanded the case back to the district court. The Supreme Court held that:

1. Surface ownership could not be determined without the United States as a party to the action;

2. N.D.C.C. ch. 61-33.1 has a retroactive clause and the district court did not have an opportunity to determine if it applies and governs ownership of the minerals at issue;
3. A “takings” analysis must be conducted if the district court determines the State owns the disputed minerals; and
4. The district court erroneously made findings of disputed fact.

History: Due to the passage of S.B. 2134, the District Court ordered the case stayed and all deadlines be held in abeyance until the final review findings under S.B. 2134 are issued by the North Dakota Industrial Commission (NDIC). Plaintiff, after NDIC issued the review findings, requested a status conference with the Court to set a new trial date and other deadlines. The Board and State Engineer filed a Motion for Continued Stay of Proceedings on October 11, 2018. The telephonic status conference scheduled for November 2, 2018 was cancelled. A Hearing on the Motion for Continued Stay was held November 30, 2018. Defendants submitted a proposed Order and the Judge asked for Plaintiffs to submit a proposed Order, which was filed December 4, 2018. The Court issued its Order on December 12, 2018, denying the Motion for Continued Stay and requiring the parties confer on a scheduling order and submit a Rule 16 scheduling order by January 26, 2019. The State filed a Motion for Proposed Scheduling Order on January 28, 2019, and Plaintiffs filed a notice of hearing on January 31, 2019, and filed their Response to State’s Motion for Proposed Scheduling Order and Plaintiffs’ Request for Rule 16(F) Sanctions on February 1, 2019. State Defendants filed a Reply Brief in Support of Motion for Proposed Scheduling Order on February 8, 2019. Statoil & Gas LP filed a Response to State’s Motion for Proposed Scheduling Order and Plaintiff’s Proposed Scheduling Order on February 11, 2019. Plaintiffs scheduled a hearing in District Court on the Motion for Scheduling Order which was held March 5, 2019, at 2:00 p.m. The District Court didn’t rule on the scheduling motions but granted Plaintiffs’ request to file a motion for Summary Judgment within 30 days of the hearing. On April 15, 2019, Plaintiffs’ filed with the District Court a Notice of Motion, Motion for Summary Judgment, Brief in Support of Motion for Summary Judgment, Affidavit of Joshua Swanson, Notice of Hearing (requesting a hearing be held at the earliest possible date available on the Court’s calendar), and proposed Order Granting Plaintiffs’ Motion for Summary Judgment. On April 17, 2019, Plaintiffs’ filed a Notice of Hearing scheduling a hearing for 2:00 p.m. on July 30, 2019 before the Honorable Paul W. Jacobson, at the Williams County Courthouse, Williston. The parties entered into a Stipulation Extending Time to Respond to Plaintiffs’ Motion for Summary Judgment and Plaintiffs’ Time to Reply which was entered May 1, 2019. The Order Extending Time to Respond was entered May 2, 2019, extending Defendants’ time to respond to June 14, 2019, and extending Plaintiffs’ deadline to file reply to July 1, 2019. On June 10, 2019 Statoil & Gas LP filed its Opposition to Plaintiffs’ Motion for Summary Judgment. Also, on June 10, 2019, the Stipulated Motion to Dismiss Defendant XTO Energy Inc. was filed in which Plaintiffs, Cross-claimant EOG, and Defendant XTO stipulated and requested the Court dismiss XTO from the action with prejudice and without costs and disbursements to any party, as it holds no ownership interest in, right to, claim or title to any mineral interests as alleged by Plaintiffs. The Board of University and School Lands filed its Brief in Opposition to Plaintiffs’ Motion for Summary Judgment on June 14, 2019. Also filed on June 14, 2019 where the State Engineer’s Response to Brief in Opposition to Plaintiffs’ Motion for Summary and the Response of EOG Resources, Inc., to Plaintiffs’ Motion for Summary Judgment. On June 17, 2019, the Court entered its Order Dismissing Defendant XTO Energy, Inc. from the Action. On July 1, 2019, Plaintiff’s filed their Reply Brief in Support of Motion for Summary Judgment. The hearing on the Motion for Summary Judgment was held on July 30, 2019. Order Granting Plaintiffs' Motion for Summary Judgment was entered on September 6, 2019.The proposed Judgment was submitted on September 12, 2019. The Judgment and Notice of Entry of Judgment were filed with the District Court on September 16, 2019. Board of University and School Lands' Notice of Appeal to the North Dakota Supreme Court was filed on November 15, 2019. State Engineer's Notice of Appeal to the North Dakota Supreme Court was filed on November 15, 2019. Notice of Appeal to North Dakota Supreme Court filed by Statoil Oil & Gas LP f/k/a Brigham Oil & Gas, LLP on November 27, 2019. Appellant's Initial Briefs were due December 12, 2019; however, a Joint Motion for Extension of Time to File Briefs was filed and an extension was granted on December 13, 2019, with all briefs being due to the Supreme Court as follows:

- Appellants' (including Board of University and School Lands) Initial Briefs - January 13, 2020;
- Appellees' Response Briefs – March 2, 2020; and
- Appellants' (including Board of University and School Lands) Reply Briefs – March 16, 2020.

On January 13, 2020, the Brief of Appellant, Board of University and School Lands was filed with the Supreme Court. Appellant North Dakota State Engineer's Principal Brief was also filed on January 13, 2020. Plaintiffs/Appellees Response Brief filed with the Supreme Court on March 2, 2020. Plaintiffs/Appellees Response Brief filed with the Supreme Court on March 2, 2020. Reply Brief of Defendant and Appellant, Board of University and School Lands filed on March 16, 2020. Appellant North Dakota State Engineer's Reply Brief filed March 16, 2020. The North Dakota Supreme Court issued its Opinion of the Court on August 27, 2020. On September 18, 2020 a Notice of Hearing was filed in the District Court setting a status conference for October 13, 2020, at 3:30 p.m. The Court issued an Order After Status Conference dated October 13, 2020, stating that a two day bench trial will be scheduled. A telephonic scheduling conference was scheduled for October 29, 2020, at 10:00 a.m. On October 23, 2020, the Supreme Court Judgment/Opinion was filed with the District Court.

Current Status:

- **On October 30, 2020, the Court issued its Order After Scheduling Conference. The matter was set for Court Trial on April 16, 2021, for one day and July 23, 2021, also for one day. Defense council expressed concerns with a conflict with other scheduled trials. Therefore, a status conference was set for February 4, 2021 to determine if any conflicts have been obviated. The Court indicated it would consult with the scheduling clerk to determine second priority dates for one day trials in 2021. The Court set backup Court Trial dates of May 27, 2021 and May 28, 2021.**
- **Plaintiffs' Combined Discovery Requests to Defendant, the Board of University and School Lands of the State of North Dakota were served on the Board on January 26, 2021. The Board has 30 days to respond.**
- **On February 25, 2021, the Board served its Answers to Plaintiffs' Combined Discovery Requests to Defendant, the Board of University and School Lands of the State of North Dakota, and the State Engineer served its answers to interrogatories.**
- **State Engineer's Interrogatories, Request for Admissions, and Request for Production of Documents Regarding Damages (Request II) was served March 12, 2021.**

- **On March 19, 2021, Defendant Statoil Oil and Gas, LP's Answers to Plaintiffs' Combined Discovery Requests to Defendant, Statoil Oil & Gas, LP was served.**
- **On March 22, 2021, Defendant Statoil Oil and Gas, LP's First Supplemental Answers to Plaintiffs' Combined Discovery Requests to Defendant, Statoil Oil & Gas, LP was served.**
- **Plaintiff's Responses to State Engineer's Interrogatories, Requests for Admissions, and Requests for Production of Documents regarding Damages (Request II) was served April 14, 2021.**

  On April 20, 2021, Plaintiffs filed their Motion for Attorneys' Fees and Costs against the State of North Dakota. Plaintiffs scheduled a hearing on this motion for July 22, 2021.
- **Plaintiffs scheduled a status conference for April 27, 2021. At that hearing, it was decided that the trial for May 2021 would be scheduled for July 22 & 23, 2021, in Williston.**
- **On May 18, 2021, the Board of University and School Lands and the State Engineer filed their Response Brief Opposing Plaintiffs' Motion for Attorneys Fees and Costs.**
- **On June 8, 2021, Plaintiffs filed their Reply to State's Response Brief Opposing Plaintiffs' Motion for Attorneys' Fees and costs.**
- **On June 22, 2021, Plaintiffs filed their Pretrial Statement and Defendants, Board and State Engineer, filed their Pre-Trial Brief.**
- **Bringham Oil & Statoil brought a Motion to Dismiss on July 7, 2021.**
- **On July 8, 2021, the parties exchanged their witness and exhibit lists.**
- **Motions in Limine were filed on July 8, 2021 by Bringham Oil and Statoil and the Board and State Engineer.**

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

<u>Overview</u>

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

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

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

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

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

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

Recommended Motion to be made in open session:

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

- Royalty Repayment Offers
- Newfield Exploration Company et al Civ. No. 27-2018-CV-00143
- William S. Wilkinson et al. Case No. 53-2012-CV-00038

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

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

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

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

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

Statements upon return to open session:

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

State that the Board is back in open session.

State that during its executive session, the Board provided its attorney with guidance regarding litigation relating to the sovereign lands' minerals claims.

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

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

-or- .

Ask for a formal motion and a vote on it.

Move to the next agenda item.