

**Minutes of the Meeting of the  
Board of University and School Lands  
October 27, 2022**

The October 27, 2022 meeting of the Board of University and School Lands was called to order at 9:03 AM by Chairman Doug Burgum.

**Members Present:**

|                 |                    |
|-----------------|--------------------|
| Doug Burgum     | Governor           |
| Alvin A. Jaeger | Secretary of State |
| Drew Wrigley    | Attorney General   |

**Members Absent:**

|                 |                                      |
|-----------------|--------------------------------------|
| Thomas Beadle   | State Treasurer                      |
| Kirsten Baesler | Superintendent of Public Instruction |

**Department of Trust Lands Personnel Present:**

|                      |   |
|----------------------|---|
| Joseph Heringer      | Commissioner                              |
| Catelin Newell       | Administrative Staff Officer              |
| Rick Owings          | Administrative Staff Officer              |
| Emily Bosch          | Unclaimed Property                        |
| Christopher Dingwall | Minerals Title Specialist                 |
| James Wald           | Legal Council                             |
| Elvedina Papalichev  | Paralegal                                 |
| Dennis Chua          | Investments                               |
| Chris Suelzle        | Minerals Division Director                |
| Adam Otteson         | Revenue Compliance Division Director      |
| Joseph Stegmiller    | Surface Division Director                 |
| Matthew Reile        | Technical Support Specialist              |
| Peggy Gudvangen      | Finance Division Director                 |
| Susan Dollinger      | Unclaimed Property                        |
| Scott Giere          | Revenue Compliance                        |
| Lynn Spencer         | Minerals Title Specialist                 |
| Kayla Spangelo       | Surface Range Soils Management Specialist |

**Guests in Attendance:**

|              |                                |
|--------------|--------------------------------|
| Ryan Norrell | Office of the Governor         |
| John Reiten  | Office of the Governor         |
| Dave Garner  | Office of the Attorney General |
| Josh Keven   | RVK                            |
| Jackie       | Bismarck Tribune               |
| C. Rajala    | Nonprofit News                 |
| Reice Haase  | ND Industrial Commission       |
| Brady Pelton | NDPC                           |

**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 September 26, 2022, meeting was made by Attorney General Wrigley and the motion was seconded by Secretary Jaeger and the motion carried unanimously on a voice vote.

**O P E R A T I O N S**

(10/27/22)

## Commissioner's Report

- Surface team has been very busy conducting annual Fall surface auctions; thank you and great work team!
- Annual financial audit complete; Eide Bailly will present at November meeting
- Meeting with Indian Affairs Commissioner regarding Trust Lands Completion Act
- Mineral Tracker is working on annual minerals valuation project for November presentation
- Investment process continues while we search for new CIO
  - Regular meetings with investment consultant RVK
  - Strategizing asset allocation
  - Pacing studies
  - Hedge fund search
- Minerals system design testing continues with good progress being made
- Chaired SIB Securities Litigation Committee Meeting – September 27<sup>th</sup>
- Presented investments performance report to Legislative Management's Budget Section – September 28<sup>th</sup>
- Participated in Hess "Follow the Barrel Tour" – September 29<sup>th</sup>
- Attended SIB Investment Committee Inaugural Meeting as voting member – October 7<sup>th</sup>

## HR Update

- Chief Investment Officer – first round of interviews completed
- Accounting Position – filled and starting November 1st

## DIVISION REPORTS

### SURFACE

#### SURFACE DIVISION



For the month of September 2022, the Surface Division granted 14 Rights of Way generating \$131,821 in income for the Trusts.

Department staff traveled throughout North Dakota the first three weeks of October conducting annual Fall surface lease auctions. These are done on a five-year rolling basis as leases expire. A summary of auction results will be presented at the November meeting.



Photo Credit: Jacob Lardy  
Burleigh County 143-79-16

## MINERALS

## MINERALS DIVISION

NORTH  
**Dakota** | Trust Lands  
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For the month of September 2022, the Minerals Division received no oil & gas lease extension, coal lease extension, or shut-in requests.

The Division is preparing for the Department's upcoming online Oil & Gas Lease Auction to be held October 25 - November 1, 2022. The auction will be hosted by EnergyNet.

315 mineral tracts, comprising a total of 22,883.72 net mineral acres, have been nominated.

Mineral Tracts nominated for Oil & Gas Lease Auction  
**October 25 - November 1, 2022**

| County        | Tracts     | Net Min Acres    |
|---------------|------------|------------------|
| Billings      | 6          | 320              |
| Burke         | 10         | 800              |
| Divide        | 9          | 678.42           |
| Golden Valley | 1          | 80               |
| McKenzie      | 6          | 415.98           |
| Mountrail     | 89         | 7,813.67         |
| Ward          | 194        | 12,775.65        |
| <b>TOTAL</b>  | <b>315</b> | <b>22,883.72</b> |

## MINERALS DIVISION

NORTH  
**Dakota** | Trust Lands  
Be Legendary.™

## DTL Well Snapshots

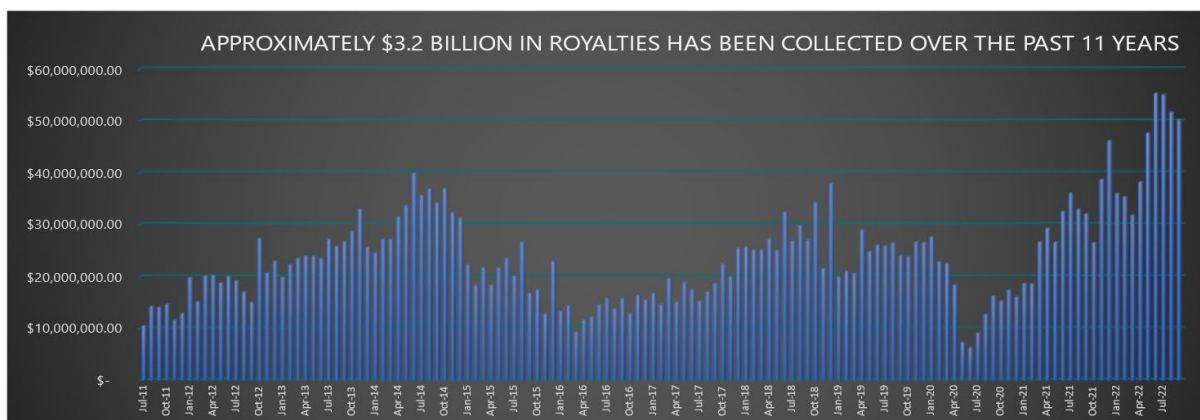
Based on NDIC 08/2022 well data obtained by Mineral Tracker on 10/10/2022

|  | ND Total   | DTL Total  | Percentage    |
|--|------------|------------|---------------|
| <b>Producing Wells in which State -DTL has an interest</b>                     | 17,321     | 8,505      | <b>49.10%</b> |
| <b>Oil production (in barrels) in which State -DTL has an interest (Gross)</b> | 31,047,417 | 15,573,344 | <b>50.16%</b> |
| <b>State-DTL's interest in oil production (Net) (in barrels)</b>               | 31,047,417 | 441,136    | <b>1.42%</b>  |
| <b>Wells located on State-DTL Surface</b>                                      | 20,039     | 638        | <b>3.18%</b>  |

## MINERALS DIVISION

NORTH  
**Dakota** | Trust Lands  
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As of September 2022, for fiscal year 2022-23 the Department has received **\$156,898,705** in royalties as compared to **\$101,269,253** last fiscal year at this time.

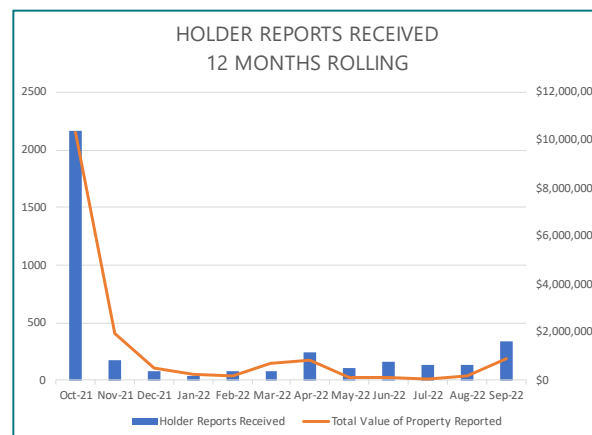
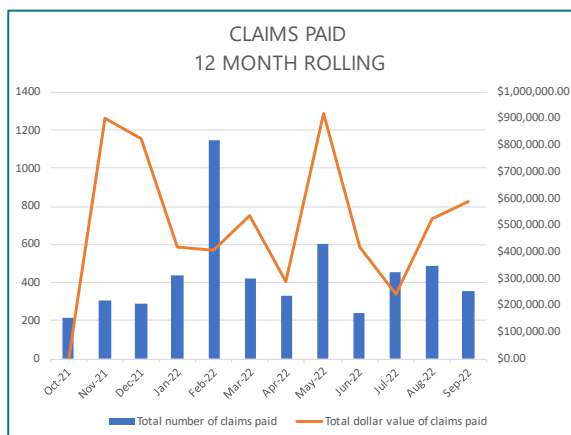


## UNCLAIMED PROPERTY

UNCLAIMED PROPERTY DIVISION




For the month of September 2022, the Division paid 357 claims with \$588,577.36 returned to rightful owners/heirs. It received 342 holder reports with a dollar value of \$930,013.19.



UNCLAIMED PROPERTY DIVISION



The Division is approaching a milestone of \$100 million in properties returned to rightful owners.  
**(Since inception in 1975)**



**NORTH DAKOTA**  
 Unclaimed Property

[CLAIMING PROPERTY](#)
[REPORTING PROPERTY](#)
[ABOUT](#)

**WE HAVE RETURNED MORE THAN:**

\$93,843,302

Find Your Unclaimed Property Now!

SEARCH

**Attention Businesses**  
 Click here to see what's new for 2022!

## INVESTMENTS

### Investment Updates

#### Portfolio Rebalancing Updates

There was no significant impact to any properties owned by our Private Real Estate Investment Funds due to Hurricane Ian. Only minor roof repairs due to leaks and slight roof damage in some cases. Daily operations were not hampered.

Ares Pathfinder Fund made a simultaneous distribution and capital call which resulted in a net call of around \$15.4M that is due on Oct. 25. We checked with Fund managers for anticipated capital calls and most are in unison that it depends on projected transaction closings. Owl Rock Diversified

(10/27/22)

Lending is projecting a capital call of \$5 – 10M towards the end of the year. Millennium is intending to call an additional \$90 million by the end of the year. Meanwhile, GCM Private Equity has already committed around \$91M to various investments of which \$22M were called. GCM Secondary Opportunities Fund has \$296M pending deals with \$250M pending capital drawn for deals. As can be seen, capital calls for both GCM Funds are very much reliant on underlying investments calling capital or the closing of deals being worked on.

We received a \$3.9M redemption proceed from UBS Trumbull Property Fund, which brings the total redeemed from Trumbull to \$39.5M since we entered its redemption queue. We still have around \$174M remaining in the Fund. We are still waiting on a Q3 redemption amount notice from Jamestown Premier Fund where we currently have around \$66.2M. We will be transferring \$80M excess cash from revenues to fund investments.

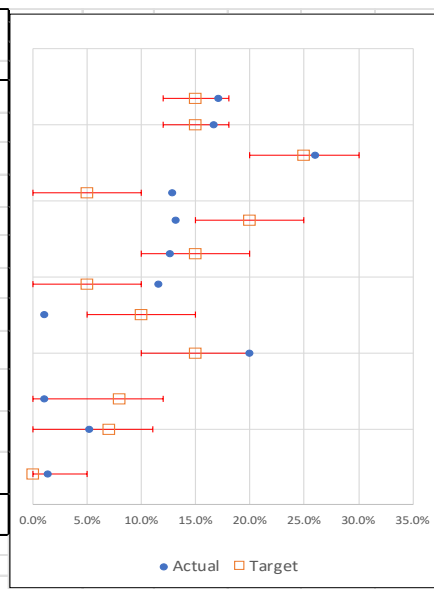
Unfunded commitments after the distributions and calls will be at \$685.25M. These are:

1. Private Credit, \$164M
  - i. ARES Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$60M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$15M
  - iv. AGDL-BUSL Fund, \$50M
2. Private Equity, \$246.25M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$105.5M
  - ii. GCM Secondary Opportunities Fund, \$128M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$12.75M
3. Private Infrastructure, \$14.5M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$14.5M
4. Opportunistic Investments, 20.5M
  - i. Varde Dislocation Fund, \$20.5M
5. Absolute Return, \$240M
  - i. Millennium USA LP (Hedge Fund), \$240M

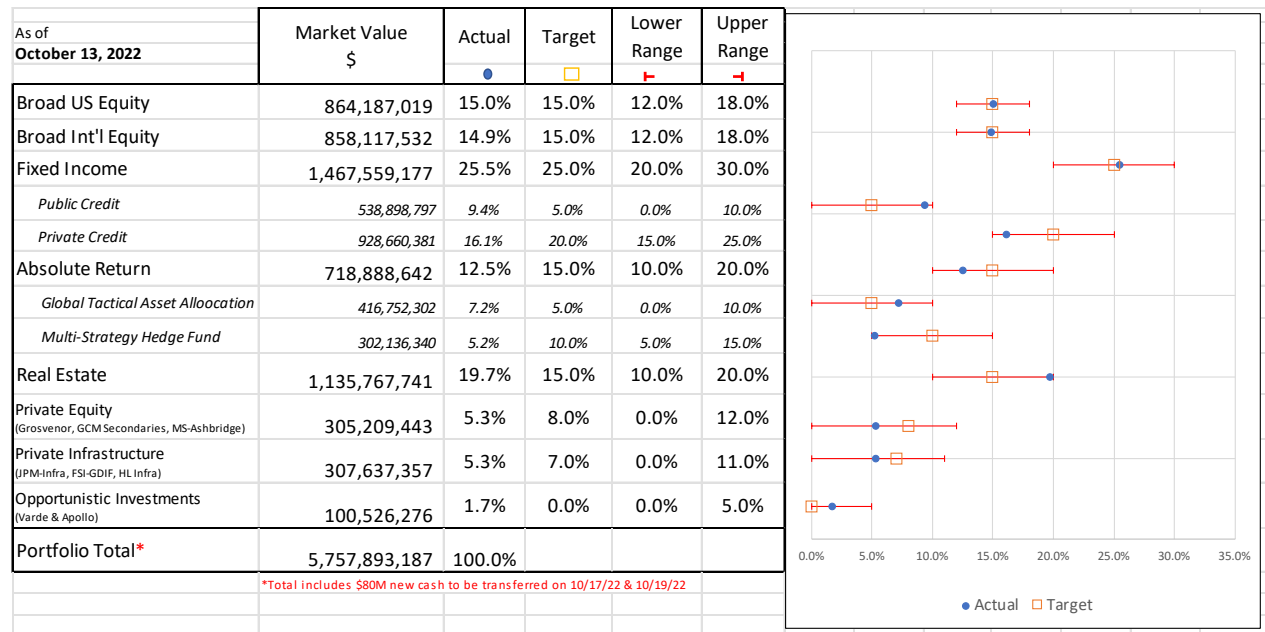
## Asset Allocation

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

| As of<br>October 13, 2022                                    | Market Value<br>\$ | Actual | Target | Lower<br>Range | Upper<br>Range |
|--|--------------------|--------|--------|----------------|----------------|
| Broad US Equity  | 972,187,019        | 17.1%  | 15.0%  | 12.0%          | 18.0%          |
| Broad Int'l Equity   | 943,617,532        | 16.6%  | 15.0%  | 12.0%          | 18.0%          |
| Fixed Income   | 1,475,389,309      | 26.0%  | 25.0%  | 20.0%          | 30.0%          |
| Public Credit  | 726,128,929        | 12.8%  | 5.0%   | 0.0%           | 10.0%          |
| Private Credit   | 749,260,381        | 13.2%  | 20.0%  | 15.0%          | 25.0%          |
| Absolute Return  | 718,888,642        | 12.7%  | 15.0%  | 10.0%          | 20.0%          |
| Global Tactical Asset Allocation                             | 656,752,302        | 11.6%  | 5.0%   | 0.0%           | 10.0%          |
| Multi-Strategy Hedge Fund                                    | 62,136,340         | 1.1%   | 10.0%  | 5.0%           | 15.0%          |
| Real Estate  | 1,135,767,741      | 20.0%  | 15.0%  | 10.0%          | 20.0%          |
| Private Equity<br>(Grosvenor, GCM Secondaries, MS-Ashbridge) | 58,959,443         | 1.0%   | 8.0%   | 0.0%           | 12.0%          |
| Private Infrastructure<br>(UPM-Infra, FSI-GDIF, HL Infra)    | 293,057,225        | 5.2%   | 7.0%   | 0.0%           | 11.0%          |
| Opportunistic Investments<br>(Varde & Apollo)                | 80,026,276         | 1.4%   | 0.0%   | 0.0%           | 5.0%           |
| Portfolio Total  | 5,677,893,187      | 100.0% |        |                |                |



### Hypothetical Funding of All Unfunded Commitments: Asset Allocation After Funding:



#### Assumptions:

- i. \$80M new cash will be transferred on 10/17/22 & 10/19/22 to fund calls.
- ii. No redemption proceeds or distributions were received.
- iii. All capital calls came in at the same time.

#### Executive Estimate of Board Assets

#### EXECUTIVE ESTIMATE OF ASSETS NORTH DAKOTA DEPARTMENT OF TRUST LANDS As of September 30, 2022

|                             | MOM\$                  |                         | MOM%          | YOY\$                  |              | YOY% |
|-----------------------------|------------------------|-------------------------|---------------|------------------------|--------------|------|
|                             | 9/30/2022              | 8/31/2022               | Change        | 9/30/2022              | Change       |      |
|                             | 2                      | 2                       |               | 1                      |              |      |
|                             | Value                  | Value                   |               | Value                  |              |      |
| Cash                        | 526,082,949            | 403,227,509             | 30.47%        | 355,122,331            | 48.14%       |      |
| Investments[1]              | 6,303,822,442          | 6,586,157,072           | -4.29%        | 6,388,861,858          | -1.33%       |      |
| Tax Receivables[2]          | 13,378,324             | 111,720,730             | -88.03%       | 15,423,709             | -13.26%      |      |
| Loans[3]                    | 40,789,675             | 40,115,716              | 1.68%         | 44,105,488             | -7.52%       |      |
| Receivables[4]              | 8,706,554              | 6,089,238               | 42.98%        | 6,978,185              | 24.77%       |      |
| <b>Sub-Total Net Assets</b> | <b>\$6,892,779,944</b> | <b>\$7,147,310,265</b>  | <b>-3.56%</b> | <b>\$6,810,491,571</b> | <b>1.21%</b> |      |
| Mineral Rights[5]           | 2,391,439,503          | 2,391,439,503           | 0.00%         | 2,391,439,503          | 0.00%        |      |
| Surface Rights[6]           | 511,088,869            | 511,088,869             | 0.00%         | 523,938,730            | -2.45%       |      |
| Building Value[7]           | 1,015,196              |                         | N/A           |                        | N/A          |      |
| <b>Total Net Assets</b>     | <b>\$9,796,323,512</b> | <b>\$10,049,838,637</b> | <b>-2.52%</b> | <b>\$9,725,869,804</b> | <b>0.72%</b> |      |

(10/27/22)



[1] Approximately 60% of the portfolio is publicly traded for which values are current to the as of date. The remaining 40% is private assets, the values of which are updated as the managers provide them, typically 30-60 days after the end of each quarter.

[2] Estimated value of production, extraction, and severance tax payments not yet received by the Department because they are not distributed until two months after production date.

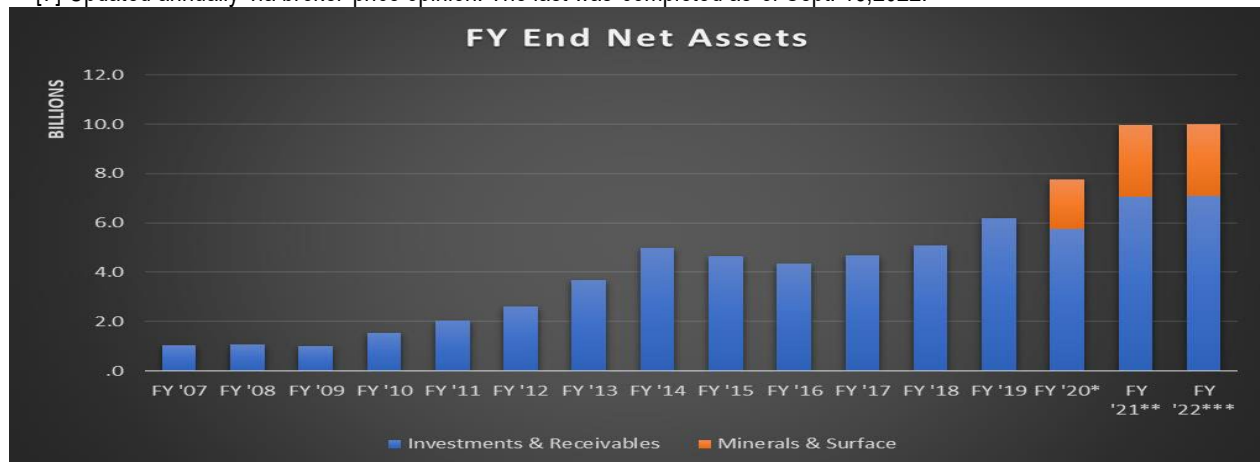
[3] Various loan programs funded with trust assets.

[4] Loans and investments interest accrued, but not yet paid.

[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2020.

[6] Valued annually via the Department's fair market value policy/formulas. The last valuation is as of March 2022.

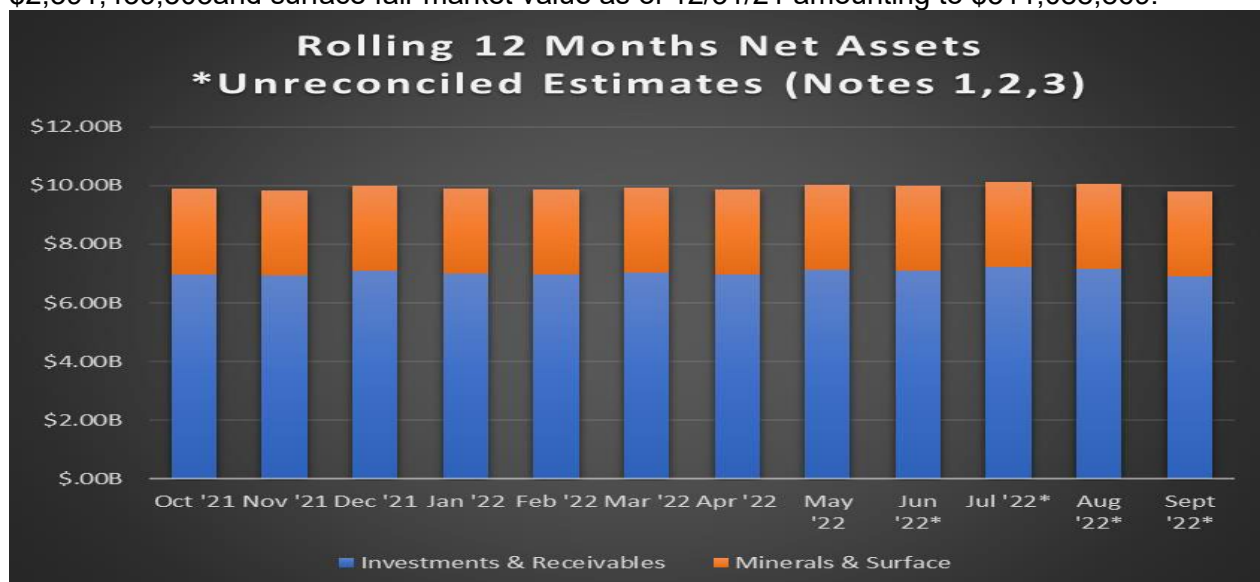
[7] Updated annually via broker price opinion. The last was completed as of Sept. 15, 2022.



\*FY End 2020 - included initial Mineral valuations as of 12/31/19 amounting to \$1,449,002,408 and surface fair market value as of 12/31/19 amounting to \$538,179,773.

\*\*FY End 2021 - included new Mineral valuations as of 12/31/20 amounting to \$2,391,439,503 and surface fair market value as of 12/31/20 amounting to \$523,938,730.

\*\*\*FY End 2022 - included most recent Mineral valuations as of 12/31/20 amounting to \$2,391,439,503 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



Notes: 1.Oct. 2021 to Nov. 2021 - included most recent Mineral valuations amounting to \$2,391,439,503 and surface fair market value of \$523,938,730.

2.Dec. 2021 to Jul. 2022 - included Mineral valuations amounting to \$2,391,439,503, surface fair market value of \$511,088,869.

3.Sept. 2022 - included \$1,015,149 building value appraised as of 9/15/22.

## Private Equity Pacing Analysis

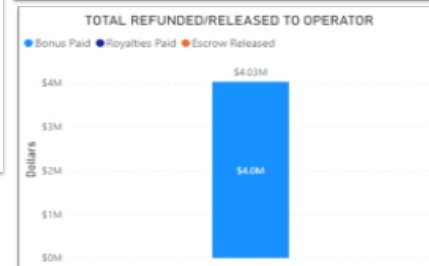
Private Equity Pacing Analysis Report document was presented to the Board and is available at the Department upon request.

## SPECIAL PROJECTS

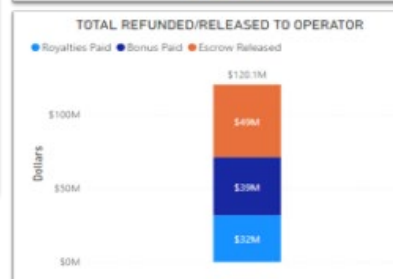
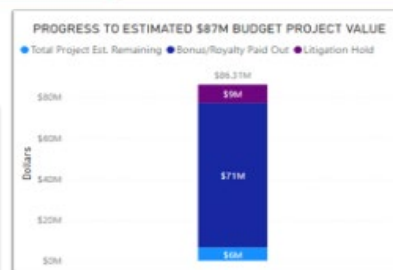
### Acreage Adjustment Report



#### TRENTON LAKE PROJECT PROGRESSION



#### TOTAL PROJECT PROGRESSION





## North Dakota Trust Lands Completion Act Executive Summary & Update

- Proposed federal law that would allow the U.S. Interior Department ("Interior") to approve land "exchanges" proposed by the ND Land Board/Department of Trust Lands ("DTL")
- Mutually beneficial purposes of such exchanges are to provide DTL with more productive and easily accessible land, while helping North Dakota tribes achieve further consolidation of lands within their reservations
- Land exchanged must be of substantially equivalent value
- Example: DTL could propose the exchange of state-owned surface acres within a reservation for federally owned mineral rights in the development path of mineral producers
- Interior must consult with the affected tribe before approval
- If approved:
  - The reservation land would be transferred to Interior to be held in trust for the tribe and be considered part of the reservation, allowing further consolidation of tribal lands and management/development of the land as the tribe sees fit
  - The mineral rights would be transferred to DTL who can then work to develop the mineral deposits, using the revenue to benefit North Dakota public schools and students
- November 2021 - Bill introduced in the U.S. Senate by Senators Hoeven & Cramer and in the U.S. House by Representative Armstrong; no action was taken due to Congressional gridlock
- Currently, working with delegation for re-introduction and action in the next Congress
- Western North Dakota counties and grazing associations have publicly expressed their support for the bill now that a compromise has been reached to alleviate their concerns about increased federal government ownership of western grazing lands; those lands were taken out of the bill
- Spirit Lake Tribe has publicly expressed support for the bill

## LITIGATION

### Litigation Update

- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor; district court status conference October 28<sup>th</sup>

- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing to be completed near year-end
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31<sup>st</sup> granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; briefing complete, awaiting scheduling of oral arguments
- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; awaiting completion of transcripts so briefing can begin
- Continental Interpleader (OHWM fed/state dispute) – briefing complete for “Acquired Federal Lands” issue; awaiting ND Federal District Court decision
- Wilkinson (OHWM title dispute / takings claim) – awaiting ND Supreme Court opinion; oral arguments held May 18, 2022
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29<sup>th</sup> dismissing the appeal and sending back to trial court for further quiet title actions on the at issue parcels

#### 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 consultations regarding:

- **Royalty Offers**
- **Newfield Royalties Case**

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

The Board entered into executive session at 10:29 AM.

#### EXECUTIVE SESSION

##### Members Present:

|                 |                    |
|-----------------|--------------------|
| Doug Burgum     | Governor           |
| Alvin A. Jaeger | Secretary of State |
| Drew Wrigley    | Attorney General   |

Department of Trust Lands Personnel present:

Joseph Heringer  
Catelin Newell  
Adam Otteson  
James Wald  
Elvedina Papalichev

Commissioner  
Administrative Staff Officer  
Revenue Compliance Division Director  
Legal Council  
Paralegal

**Guests in Attendance:**

Ryan Norrell  
John Reiten  
Dave Garner

Office of the Governor  
Office of the Governor  
Office of the Attorney General

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The executive session adjourned at 11:15 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed royalty offers and litigation with its attorneys. No formal action was taken.

**A D J O U R N**

There being no further business, the meeting was adjourned at 11:19 AM.

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Doug Burgum, Chairman  
Board of University and School Lands

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Joseph Heringer, Secretary  
Board of University and School Lands