

**Minutes of the Meeting of the
Board of University and School Lands
November 17, 2022**

The November 17, 2022 meeting of the Board of University and School Lands was called to order at 9:09 AM by Chairman Doug Burgum.

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
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
Joseph Stegmiller	Surface Division Director
Matthew Reile	Technical Support Specialist
Peggy Gudvangen	Finance Division Director
Maria Garcia	Finance
Vicki Siegel	Finance
Susan Dollinger	Unclaimed Property
Jacob Lardy	Surface
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
Mike Nowatzki	Office of the Governor
Joel Brown	MineralTracker
Catherine Grimsrud	MineralTracker
Jared Mack	Eide Bailly
Brady Pelton	NDPC
Geoff Simon	Western Dakota Energy Association
James MacPherson	

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 October 27, 2022, meeting was made by Attorney General Wrigley and the motion was seconded by Treasurer Beadle and the motion carried unanimously on a voice vote.

S P E C I A L R E P O R T S

Annual Minerals Valuation Report



November 8, 2022

North Dakota Department of Trust Lands
Attn: Joseph Heringer
1707 North 9th Street
Bismarck, ND 58506

RE: MINERAL ESTATE VALUATION | Update Summary

Greetings Mr. Heringer:

MineralTracker has completed the analysis necessary to provide an updated valuation of the oil and gas mineral rights owned by the State of North Dakota and managed by the Department of Trust Lands ("NDDTL"). The methodology employed was consistent with the previous iterations performed over the past two years.

As of the effective date, December 31, 2021, the value of all subject minerals was calculated at **\$2,813,480,347.00**. A summary table has been included on the following page to provide further detail.

The calculated value has increased approximately \$420 million from last year, primarily due to increased prices for oil and natural gas. Estimated oil reserves were relatively similar to the expectations formed last year, while expectations for natural gas production have increased as the gas-to-oil ratio in the State continues to rise.

MineralTracker will present the results of the updated Mineral Estate Valuation to the Land Board on November 17th. In addition to providing narrative color to the results of the valuation, we will plan to touch on some of the following highlights:

- Primary drivers behind record revenues realized by NDDTL this year
- Trends in lease bonuses in core counties
- Operator changes across the Williston Basin
- 3-mile laterals in off-core regions

Following the presentation to the Land Board, the MineralTracker team will endeavor to finalize the updated Mineral Estate Valuation report for the NDDTL's records in as timely a manner as possible.

It has been a pleasure working with your team over this past year, and we look forward to continuing to serve the State of North Dakota by providing insights into its valuable mineral resources.

Respectfully Submitted,

Joel Brown
VP | Mineral Services Manager
100 N. Main St. • Watford City, ND 58854
Direct: (701) 842-7331 • Cell: (701) 570-1504
jbrown@FIBT.com

100 North Main, Watford City, ND 58854 | 1601 North 12th Street, Bismarck, ND 58501
(833) 842-2924 | FIBT.com | mineraltracker.com

Reserve Class & Category	PDP	PDSI	PDNP	PUD	PROB	POSS	Total
Case Count	7,843	481	475	7,004	614	1,186	17,603
Cumulative Royalty Interest	212.20	11.02	16.27	200.16	15.89	33.07	489
Gross Oil (BBL)	1,562,773,611	52,806,489	260,381,764	3,425,605,920	127,979,234	185,962,361	5,615,509,380
Gross Gas (Mcf)	4,052,824,817	124,958,518	553,061,132	6,694,507,329	201,597,470	247,522,119	11,874,471,385
Gross Reserve (BOE)	2,238,244,413	73,632,909	352,558,620	4,541,357,141	161,578,813	227,216,048	7,594,587,944
Net Oil (BBL)	42,217,039	1,313,013	9,182,940	98,829,891	3,311,305	5,114,647	159,968,835
Net Gas (Mcf)	97,274,307	2,897,351	19,475,273	178,522,054	4,582,177	6,156,425	308,907,586
Net Reserve (BOE)	58,429,423	1,795,905	12,428,819	128,583,566	4,075,002	6,140,718	211,453,433
Undiscounted Cash Flow	\$ 2,978,814,631	\$ 85,811,226	\$ 633,696,496	\$ 5,948,734,199	\$ 219,880,206	\$ 336,863,585	\$ 10,203,800,343
NPV10	\$ 1,633,052,449	\$ 38,207,366	\$ 354,700,979	\$ 1,749,943,214	\$ 29,946,181	\$ 38,471,206	\$ 3,844,321,395
NPV12.5	\$ 1,486,014,208	\$ 33,327,822	\$ 321,904,115	\$ 1,405,844,902	\$ 20,201,214	\$ 24,989,769	\$ 3,292,282,031
NPV15	\$ 1,368,440,665	\$ 29,492,997	\$ 294,869,775	\$ 1,153,290,510	\$ 14,109,845	\$ 16,876,366	\$ 2,877,080,158
NPV20	\$ 1,190,989,255	\$ 23,844,654	\$ 252,363,722	\$ 814,172,408	\$ 7,555,819	\$ 8,566,178	\$ 2,297,492,036
NPV25	\$ 1,062,076,719	\$ 19,876,050	\$ 219,969,590	\$ 602,435,517	\$ 4,501,804	\$ 4,932,045	\$ 1,913,791,725
NPV30	\$ 963,144,538	\$ 16,930,628	\$ 194,161,674	\$ 461,115,232	\$ 2,924,908	\$ 3,151,869	\$ 1,641,428,849
Appraised Value Subtotal	\$2,783,076,127						
Additional Undeveloped Acreage	\$30,404,220						
Total Appraised Value	\$2,813,480,347						

Minerals Valuation PowerPoint Presentation was presented to the Board and is available at the Department upon request.

Financial Audit Report



October 21, 2022

To the State Land Board
and the Legislative
Assembly State of North
Dakota Bismarck, North
Dakota

We have audited the financial statements of North Dakota Department of Trust Lands (the Department) as of and for the year ended June 30, 2022, and have issued our report thereon dated October 21, 2022. Professional standards require that we advise you of the following matters relating to our audit.

(11/17/22)

Our Responsibility in Relation to the Financial Statement Audit under *Government Auditing Standards*

As communicated in our letter dated August 31, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Department solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding any significant control deficiencies over financial reporting and material weakness and material noncompliance, and other matters noted during our audit in a separate letter to you dated October 21, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- [1] Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Department may have the ability to override controls that the Department has implemented. Management may override

the Department's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the Department's financial performance or with the intent of concealing fraudulent transactions.

- [2] Investment Valuation – We identified investment valuation of Level 2 and Level 3 securities as a significant risk due to the fair value of these securities being a significant estimate.
- [3] Revenue Recognition – We identified revenue recognition as a significant risk due to the number of transactions incurred at or near year-end and a risk of recording those in the incorrect fiscal year.
- [4] Claimant Liability Valuation – We identified the valuation of the claimant liability as a significant risk due to the value being a significant estimate.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Department is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows.

Management's estimate of the fair value of investments is based on quoted market prices, estimates of fair value from investment managers, cash flow analysis, and yield currently available on comparable securities. We evaluated the key factors and assumptions used to develop the fair value estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the unclaimed property liability is based on the historical average payout percentage per subsequent year to determine the current year liability. The historical average is based on a 10-year rolling average percentage of the total unclaimed property amounts collected during a specific fiscal year paid out in subsequent fiscal years. We evaluated the key factors and assumptions and checked the clerical accuracy of the calculation used to determine the liability and determined that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. See attached report for summary of corrected misstatements. There were no uncorrected misstatements identified as a result of our audit procedures.

The following misstatement that we identified as a result of our audit procedures was brought to the attention of, and corrected by, management:

<u>Strategic Investments and Improvements Fund</u>	<u>Debit</u>
<u>Credit</u>	
Rental Income - Mineral	\$ 16,949
Bonuses - Mineral	14,302,965
Accrued Liabilities	
To properly accrue a liability in the Strategic Investments refunds and Improvements Fund for calculated bonus.	
\$ 14,319,914	

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Department's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

We have made the following modification to our auditor's report to add an Emphasis of Matter paragraph.

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the State of North Dakota that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2022 and 2021 and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated October 21, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Department, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Department's auditors.

This report is intended solely for the information and use of the State Land Board, the Legislative Assembly, and management of the Department and is not intended to be, and should not be, used by anyone other than these specified parties.

Bismarck, North Dakota

Full Financial Audit Report available from the Department upon request.

Commissioner's Report

- Secured two more significant gas royalties settlements; continuing negotiations with seven remaining
- Nearing end of new minerals system design testing; phased go-live planned near year-end
- Planning for legislative session and meeting with legislators as requested
- Touch base meeting with North Dakota Petroleum Council (November 3rd)
- Attended October 28th State Investment Board meeting as voting member
- Attended November 10th State Investment Board Investment Committee meeting as voting member

HR Update

- Chief Investment Officer – in process of conducting three finalists interviews

Common Schools Trust Fund 2023-2025 Distributions

COMMON SCHOOLS TRUST FUND 2023 -2025 DISTRIBUTIONS



Distributions from the Common Schools Trust Fund (CSTF) are based on the growth in value of the trust's assets over time, rather than on the amount of interest and income earned. Per Article IX, Section 2, of the North Dakota Constitution, distributions each biennium must equal 10% of the five-year average value of trust assets, excluding land and minerals. Equal amounts are distributed during each year of the biennium. With the substantial growth in trust assets over the past 10 years, distributions have significantly increased.

With the inclusion of the 2023-25 contribution, the CSTF will have supplied nearly \$1.8 Billion in funding to public schools in the last 10 years. Based upon the most recent K-12 enrollment data available the 2023-2025 distribution would amount to approximately \$2,142 in funding per student per year.

The following CSTF distribution data will be proposed to the 68th legislative assembly for review.

	2021-23 Biennium	2023-25 Biennium	Increase
Common Schools Trust Fund (CSTF)	\$ 421,020,000	\$499,860,000	18.7%

DIVISION REPORTS

SURFACE

SURFACE DIVISION



Encumbrances issued by Commissioner during October 2022:

19 Right of Way Agreements generating \$60,458.50 in income for the Trusts.



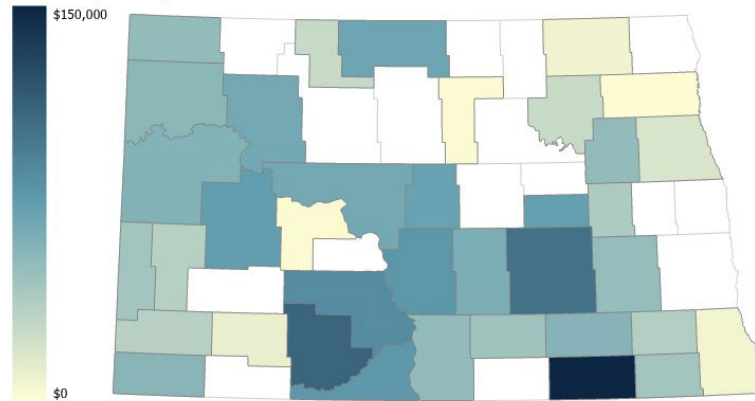
FALL SURFACE AUCTIONS SUMMARY

Fall surface lease auctions were held in 37 North Dakota counties between October 4th and October 20th, 2022.

The auctions were conducted using the new Land Management Software (LMS), a cloud-based software, that allowed the Department to have multiple teams conducting auctions in different parts of the state on the same day.

This reduced the past 4 to 5 week auction time frame to just 3 weeks. LMS also allows team members in the office to view real time auction data providing heightened customer service when stakeholders call with auction inquiries.

Revenue by County



FALL SURFACE AUCTIONS SUMMARY

2022 Fall Surface Lease Auction Summary by Trust

Trust/Fund	Trust/Fund Name	# Tracts	Total Rent
A	Common Schools	808	\$1,621,127
B	School for the Blind	3	\$3,572
C	ND Industrial School	13	\$17,495
D	School for the Deaf	11	\$13,725
E	Ellendale	9	\$29,255
F	Farm Loan Pool	5	\$40,510
H	State Hospital	8	\$14,211
I	ND Industrial School	7	\$23,980
M	School of Mines	9	\$28,627
N	North Dakota State Univ.	25	\$75,251
S	Veteran's Home	4	\$8,331
U	Univ. of North Dakota	15	\$43,244
W	ND School of Science	8	\$24,256
Y	Mayville State Univ.	1	\$3,584
Z	Valley City State/Mayville Univ.	13	\$34,832
TOTAL		939¹	\$1,982,000

¹ Trusts are associated with individual tracts, and tracts are combined into land units for leasing. Total number of tracts do not match total number of land units auctioned.

FALL SURFACE AUCTIONS SUMMARY



The auction season ended at a 98% successful lease rate. All payments from the fall auctions have cleared with no outstanding issues.

A detailed summary of all auction results as well as unleased tracts available for leasing through the Department is available on the Department's website.

The following table is a snapshot comparing our recent auction season with the previous two years.

	2020	2021	2022
Number of counties	36	34	37
Total Land Units offered	1039	1503	849
Number of Land Units left unleased	43	34	19
Number of Land Units bid-up	208	174	79
Total amount of minimum advertised bids	\$2,001,193	\$2,729,707	\$1,782,308
Total amount received	\$2,330,000	\$3,062,820	\$1,982,000
Total amount collected over minimum bid	\$328,807	\$333,113	\$199,692

With the Board's approval of leases today the Department will process the lease documents and distribute them to our lessees.

Recommendation: The Board approves the surface leases resulting from the Fall 2022 surface lease auctions.

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

MINERALS

MINERALS DIVISION

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Q4 Online Oil & Gas Lease Auction

Summary

Bidding Snapshots	
Total tracts	315
Total acres	22,883.72
Total tracts receiving bids	85
Total registered bidders	28
Total bidders who placed bids	19
Average unique bidders per tract with bid	2.16
Total bids	393
High bid per tract	\$40,320.00
High bid per acre	\$651.00
Total bonus received	\$451,932.87



Auction data and map provided by EnergyNet.

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Q4 Summary, continued

County	# Tracts	Net Min Acres	Total Bonus	Average Bonus/Acre
Billings	6	320.00	\$18,280.00	\$57.13
Burke	10	800.00	\$10,560.00	\$13.20
Divide	9	678.42	\$95,892.72	\$141.35
Golden Valley	1	80.00	\$4,160.00	\$52.00
McKenzie	6	415.98	\$37,430.38	\$89.98
Mountrail	89	7813.67	\$272,354.12	\$34.86
Ward	194	12,775.65	\$13,255.65	\$1.04
TOTAL	315	22,883.72	\$451,932.87	\$19.75*

* Excluding tracts in the fringe county of Ward, the Average Bonus/Acre = \$43.40.

Average Bonus/Acre (Total Bonus/Total Acres)

Aug 2020	Nov 2020	Feb 2021	May 2021	Aug 2021	Nov 2021	Feb 2022	May 2022	Aug 2022	Nov 2022
\$44.64	\$66.12	\$56.68	\$50.33	\$335.12	\$215.87	\$199.32	\$67.01	\$48.92	\$19.75

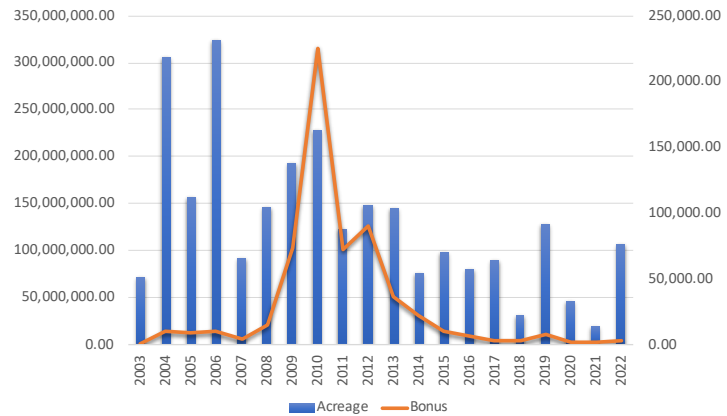
Trust/ Fund	Trust/Fund Name	# Tracts	Total Bonus
A	Common Schools	145.5	\$303,581.60
B	School for the Blind	2	\$1416.22
C	Capitol Building	2	\$11,080.00
D	School for the Deaf	1	\$80.00
E	Ellendale	2	\$9,880.00
H	State Hospital	4.75	\$229.10
I	ND Industrial School	2	\$160.00
	SIIF	153.75	\$125,345.95
U	UND	1	\$80.00
V	Valley City	1	\$80.00
	TOTAL	315	\$451,932.87

MINERALS DIVISION

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Year	Tracts	Acreage	Bonus
2003	624	50,851.17	387,260.90
2004	2,678	218,163.09	14,503,007.46
2005	1,350	111,808.20	12,309,350.04
2006	2,886	231,264.52	13,576,947.98
2007	829	65,134.94	6,211,340.61
2008	1,213	104,235.20	20,991,008.51
2009	1,735	138,109.87	103,212,375.99
2010	2,083	163,367.37	315,126,365.92
2011	1,132	87,432.04	100,553,811.94
2012	1,236	106,013.08	126,785,716.43
2013	1,267	103,586.18	50,109,863.59
2014	635	54,693.19	30,057,523.87
2015	779	69,987.56	14,522,817.52
2016	684	56,889.36	8,862,765.28
2017	720	64,291.10	4,496,748.14
2018	241	21,865.22	4,130,245.91
2019	1,065	90,698.40	10,876,517.31
2020	329	32,219.90	1,576,562.37
2021	151	13,525.98	2,175,579.72
2022	1,008	75,119.39	3,942,573.02
TOTALS	22,645	1,859,255.76	844,408,382.51

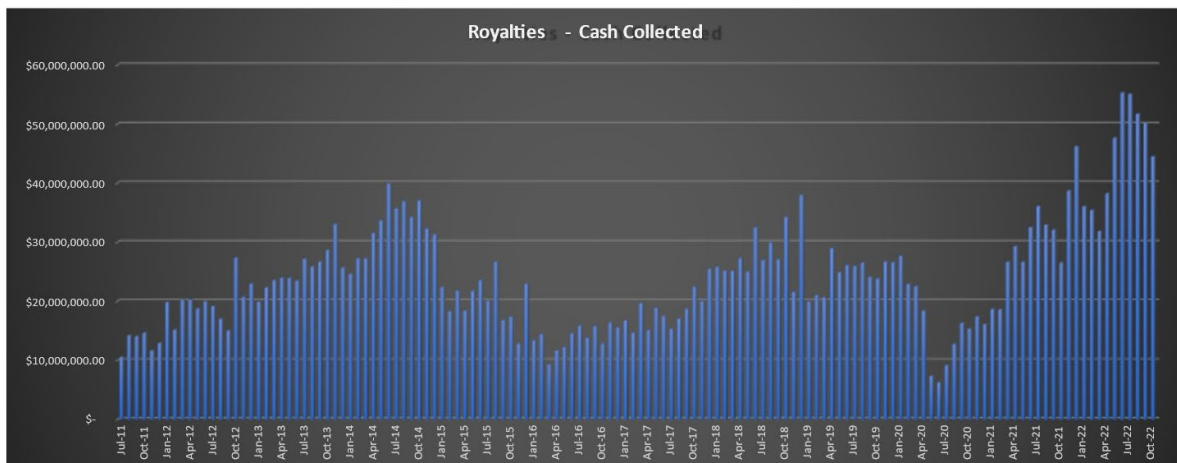
Acreage Leased & Bonus Received by Year
(Past 20 Years)



MINERALS DIVISION

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As of October 2022, for fiscal year 2022-23 the Department has received **\$201,371,096** in royalties as compared to **\$127,572,646** last fiscal year at this time.



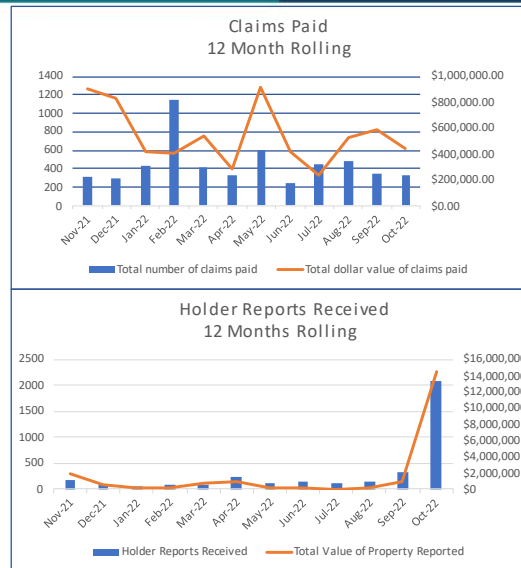
UNCLAIMED PROPERTY

UNCLAIMED PROPERTY DIVISION



For the month of October 2022, the Division paid 334 claims with \$437,521 returned to rightful owners/heirs. It received 2,075 holder reports with a dollar value of \$14,509,987. The significant increase in collections is due to the annual deadline for Holders to report their unclaimed property to the Department by October 31st each year.

Fun Fact: For the 2011-2013 biennium, total collections were \$10.1 million compared to \$31.6 million collected thus far in the 2021-2023 biennium.



FINANCIALS

Financial Statements Position Report (Unaudited) for period ended August 31, 2022

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

The Financial Report (Unaudited) for period ending August 31, 2022, was presented to the Board for review and is available at the Department upon request.

Executive Estimate of Board Assets

EXECUTIVE ESTIMATE OF ASSETS
NORTH DAKOTA DEPARTMENT OF TRUST LANDS
As of October 31, 2022

	10/31/2022 Value	MOM\$ 9/30/2022 Value	MOM% Change	YOY\$ 10/31/2021 Value	YOY% Change
Cash	494,473,849	526,082,949	-6.01%	356,546,433	38.68%
Investments ^[1]	6,503,890,327	6,303,822,442	3.17%	6,539,210,676	-0.54%
Tax Receivables ^[2]	-	13,513,006	-100.00%	16,673,092	-100.00%
Loans ^[3]	40,260,056	40,789,675	-1.30%	43,989,890	-8.48%
Receivables ^[4]	5,949,437	8,706,554	-31.67%	7,926,454	-24.94%
Sub-Total Net Assets	\$7,044,573,669	\$6,892,914,626	2.20%	\$6,964,346,545	1.15%
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	1,015,196	N/A		N/A
Total Net Assets	\$9,948,117,237	\$9,796,458,194	1.55%	\$9,879,724,778	0.69%

[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.

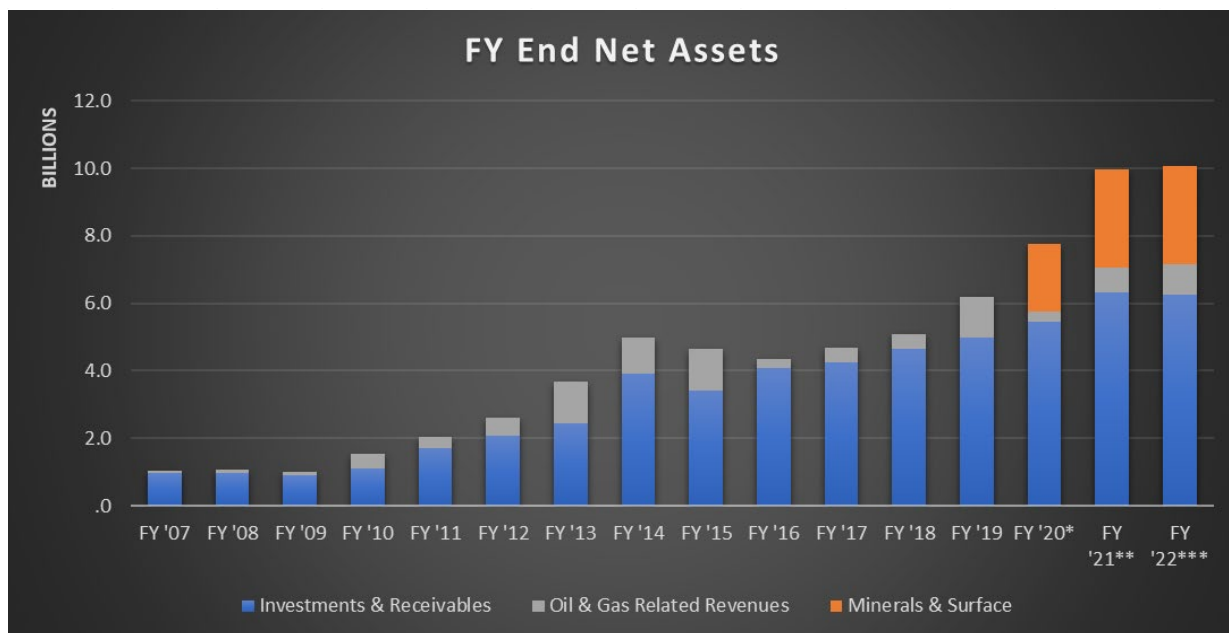
[3] Various loan programs funded with trust assets.

[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.

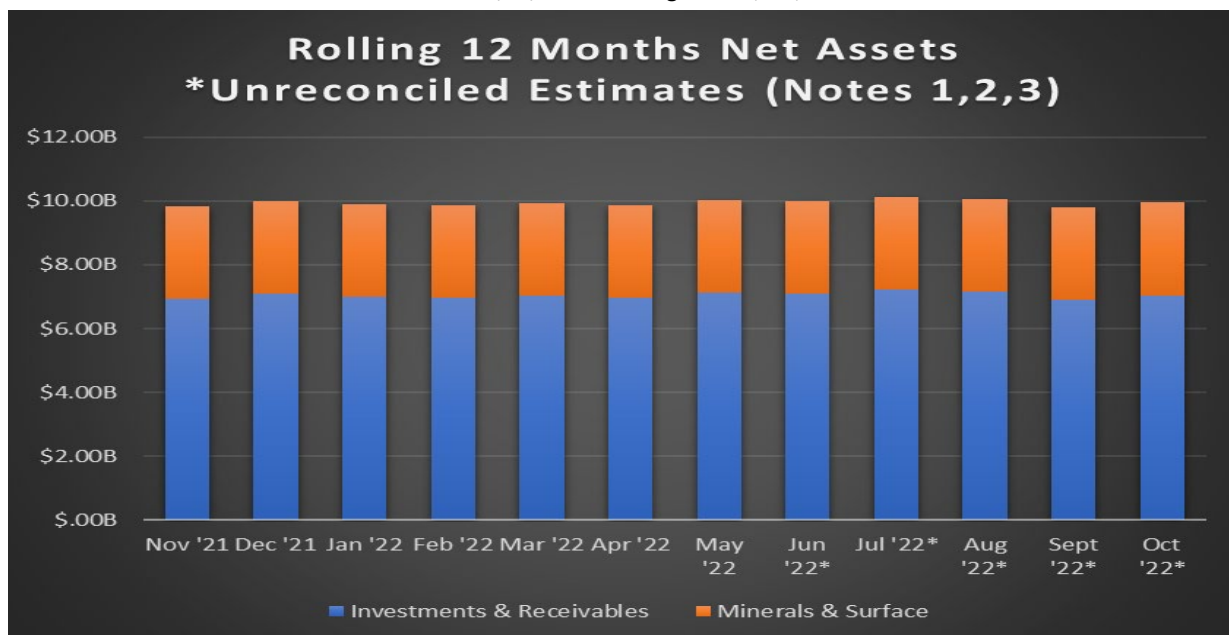
[7] Updated annually via broker price opinion. The last was completed as of Sept. 15, 2022.



* 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.

INVESTMENTS

Investment Updates

Portfolio Rebalancing Updates

Since the last Board meeting, there were no new capital calls made. We are still anticipating capital calls will be made by Owl Rock Diversified Lending projected to be in the \$5 – 10M range towards the end of the year. Millennium is still penciled in to call \$90 million by the end of the year. Meanwhile, the capital calls for the rest of the commitments are dependent on transaction closings by underlying investments such as GCM Private Equity which 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.

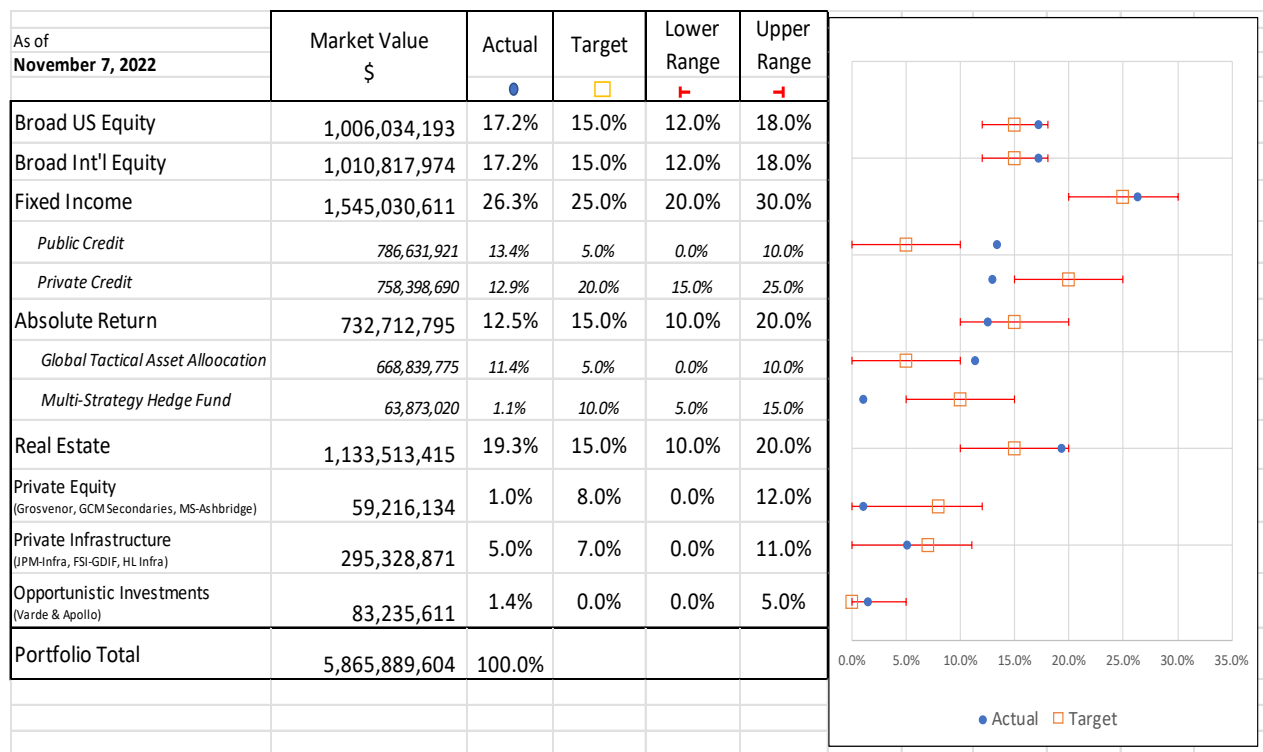
The \$80M excess cash from revenues were transferred to fund investments. More recently, \$280M in excess cash of SIIF was also transferred to the SIIF Ultra-Short investment portfolio on 11/7/2022. This brings the Ultra-Short portfolio total to around \$900M.

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

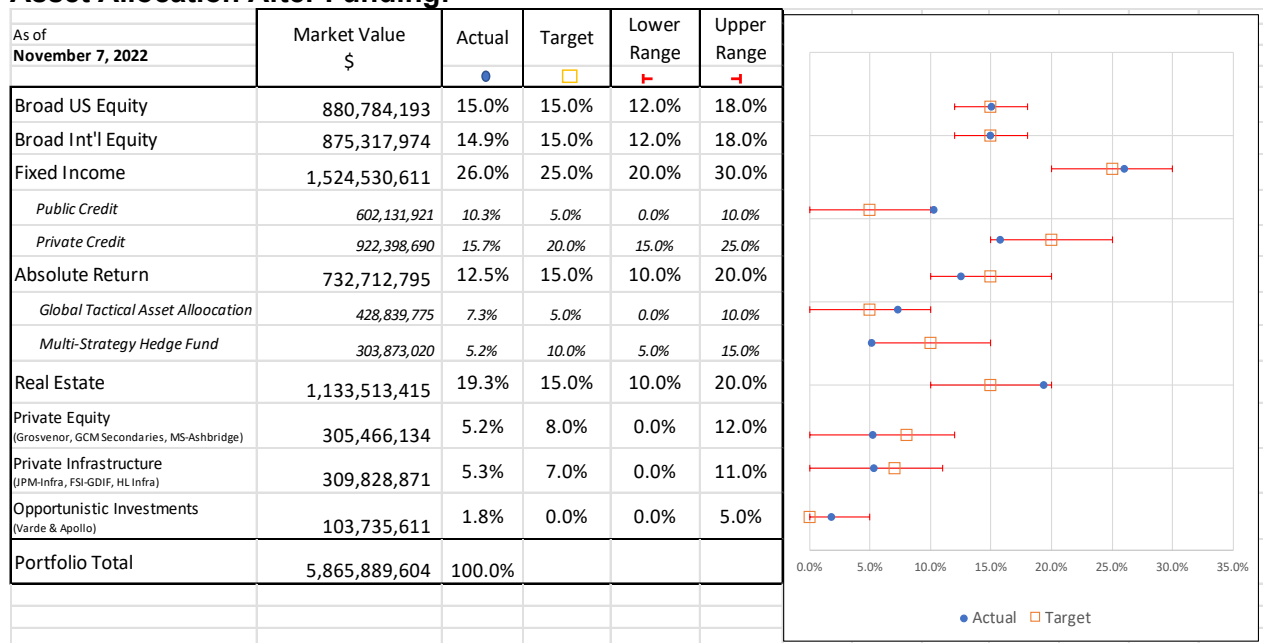
1. Private Credit, \$164M
 - i. ARES Pathfinder Fund, \$39M
 - ii. Owl Rock Diversified Lending, \$60M
 - iii. Angelo Gordon Direct Lending (AGDL) IV, \$15M
 - iv. AGDL-BUSL Fund, \$50M
2. Private Equity, \$246.25M
 - i. Grosvenor Capital Management (GCM) Private Equity, \$105.5M
 - ii. GCM Secondary 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 November 7, 2022. The figures provided are unaudited.



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



Assumptions:

- i. No other new cash is expected to fund calls.
- ii. No redemption proceeds or distributions were received.
- iii. All capital calls came in at the same time.

SPECIAL PROJECTS

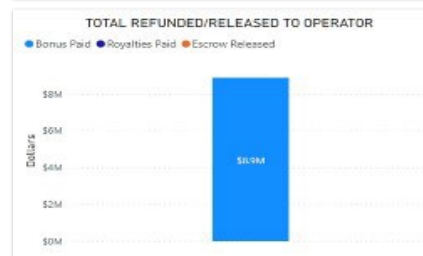
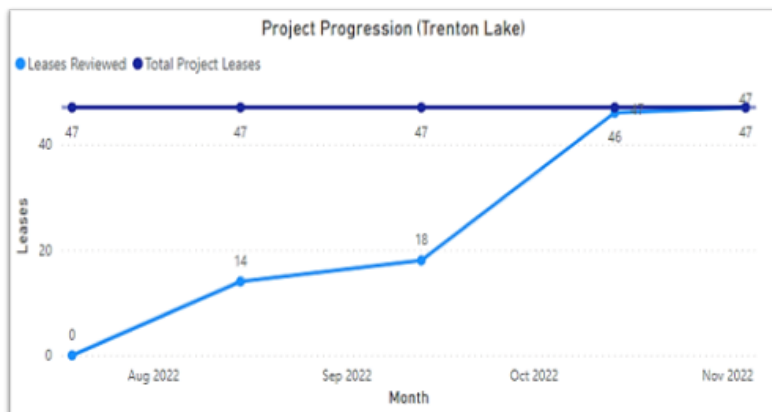
Acreage Adjustment Report

ACREAGE ADJUSTMENT PART II

November 1st, 2023, DEADLINE

NORTH
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TRENTON LAKE PROJECT PROGRESSION

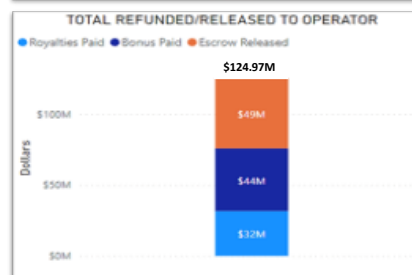
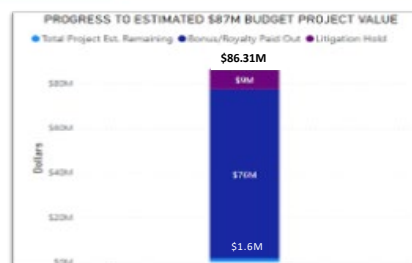
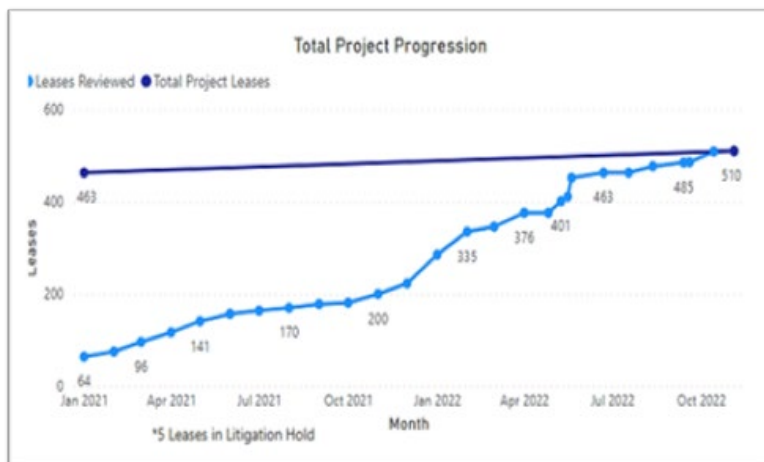


ACREAGE ADJUSTMENT SURVEY REPORT

PROJECT TOTAL

NORTH
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TOTAL PROJECT PROGRESSION



LITIGATION

Litigation Update

- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court issued November 10th opinion in our favor affirming trial court’s dismissal of all Plaintiff’s claims (conversion, conspiracy, physical taking, regulatory taking, escrow taking, unjust enrichment, costs & attorney fees from violation of constitutional rights)
- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor; at October 28th status conference, district court set November 28th briefing deadline
- 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 in January
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31st granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8th 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
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29th dismissing the appeal and sending back to trial court for further quiet title actions on the at issue parcels

A D J O U R N

There being no further business, the meeting was adjourned at 11:42 AM.

Doug Burgum, Chairman
Board of University and School Lands

Joseph Heringer, Secretary
Board of University and School Lands