

**Minutes of the Meeting of the
Board of University and School Lands
May 23, 2022**

The May 23, 2022 meeting of the Board of University and School Lands was called to order at 9:04 AM by Chairman Doug Burgum. Roll call was taken for the Board Members.

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 (via Teams)

Department of Trust Lands Personnel present:

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Dennis Chua	Investments
Rick Owings	Administrative Staff Officer
Kristie McCusker	Paralegal
Michael Shackelford	Investments Director
James Wald	Legal Council
Catelin Newell	Administrative Staff Officer
Chris Suelzle	Minerals Division Director
Peggy Gudvangen	Finance Division Director
Jessica Fretty	Unclaimed Property
Susan Dollinger	Unclaimed Property
Joseph Stegmiller	Surface Division Director
Scott Giere	Revenue Compliance
Matthew Reile	IT
Christopher Dingwall	Minerals Title Specialist
Lynn Spencer	Minerals Title Specialist
Adam Otteson	Revenue Compliance Division Director

Guests in Attendance:

Ryan Norrell	Office of the Governor
Reice Haase	Office of the Governor
Dave Garner	Office of the Attorney General
Charles Carvell	Office of the Attorney General
Kevin Balaod	WithIntelligence (Journalist)
Brady Pelton	NDPC
Geoff Simon	Western Dakota Energy Association
Gary Hagen	
Ron Ness	NDPC
Josh Kevan	RVK
Joseph Delaney	

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 April 28, 2022 meeting was made by Treasurer Beadle and the motion was seconded by Secretary Jaeger and the motion carried unanimously on a voice vote.

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

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

The Board entered into executive session at 9:05 AM.

EXECUTIVE SESSION

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 (via Teams)

Department of Trust Lands Personnel present:

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Kristie McCusker	Paralegal
Chris Suelzle	Minerals Division Director
Adam Otteson	Revenue Compliance Division Director
James Wald	Legal Council

Guests in Attendance:

Dave Garner	Office of the Attorney General
Charles Carvell	Office of the Attorney
Ryan Norrell	Office of the Governor

The executive session adjourned at 9:56 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed a royalty settlement offer and the MHA litigation with its attorneys. No formal action was taken.

LITIGATION

Litigation Update

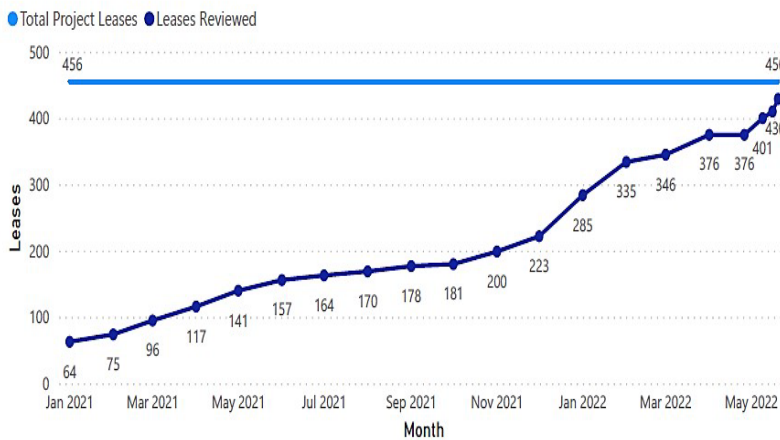
- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court oral arguments - May 18th, 10:45am
- Newfield (royalty deductions) – final briefs due mid-June; ND Supreme Court oral arguments scheduled thereafter
- Whiting Bankruptcy (unclaimed property claim) – DTL objection response deadline extended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

SPECIAL PROJECTS

ACREAGE ADJUSTMENT SURVEY REPORT

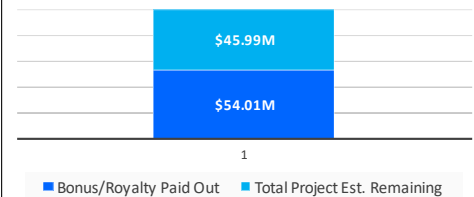


PROJECT PROGRESSION



*15 Leases in Litigation Hold

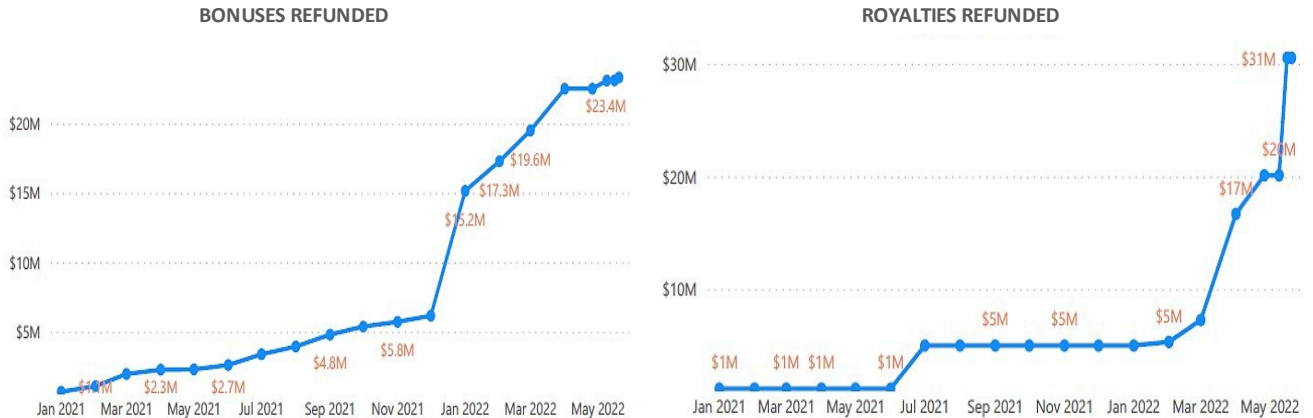
PROGRESS TO ESTIMATED \$100M PROJECT VALUE



REFUNDED TO OPERATOR



ACREAGE ADJUSTMENT SURVEY REPORT



North American Coal Company Coal Lease Application

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

T147N R82W Section 36: N2

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

T146N R82W Section 2: Lots 1, 2, S2NE4

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

(see attached map)

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

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

(05/23/22)

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

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

OPERATIONS

Commissioner’s Report

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

DIVISION REPORTS

SURFACE

SURFACE DIVISION



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

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



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

MINERALS

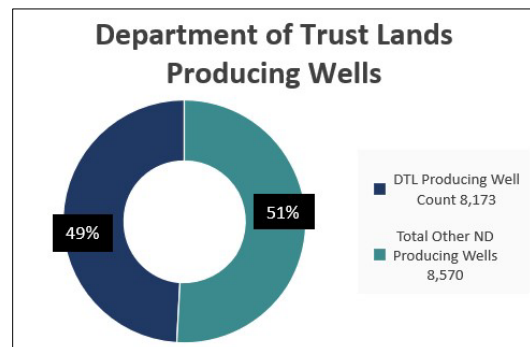
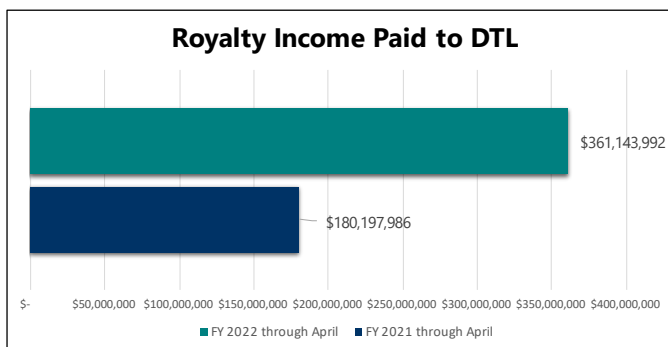
MINERALS DIVISION



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

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

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



MINERALS DIVISION



May Oil & Gas Lease Auction Summary

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

MINERALS DIVISION



May Oil & Gas Lease Auction Summary

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

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

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

Average Bonus/Acre (Total Bonus/Total Acres)

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

UNCLAIMED PROPERTY

UNCLAIMED PROPERTY DIVISION



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

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

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

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

* Please note: This total includes only cash properties.

FINANCIALS

Financial Statements Position Report (Unaudited) for period ended February 28, 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 February 28, 2022 was presented to the Board for review and is available at the Department upon request.

INVESTMENTS

Investment Updates

Portfolio Rebalancing Updates

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

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

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

1. Varde Dislocation Fund, \$20.5M
2. GCM Private Equity, \$110M

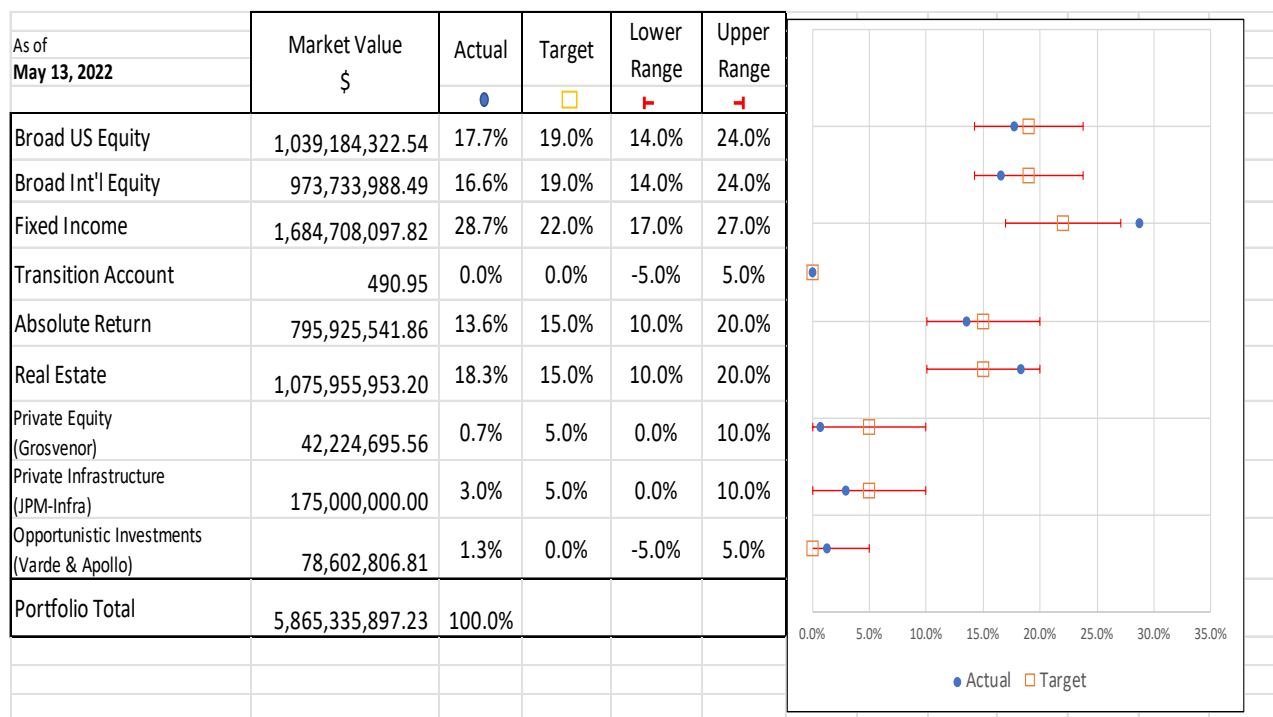
(05/23/22)

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

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

Asset Allocation

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



Commercial Real Estate – Jamestown Redemption

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

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

There are two areas of primary concern:

1. Extended period of underperformance. Jamestown has a large allocation to the largest U.S. gateway markets (Boston, Los Angeles, New York, San Francisco, Seattle, and Washington D.C.), which have seen significant market stress related to Covid. This has led to a three-

year average annual return of -1.54% for the fund vs 11.29% for the index through March 31, 2022.

2. Portfolio occupancy and income return weakness. Both office and retail in the gateway markets are still at low utilization rates and may have an extended period to recovery. The fund has also been expending capital to make improvements to convert properties to higher use.

Attachment 1: RVK Recommendation Memo

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

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

RVK Recommendation Memo was presented to the Board for review and is available at the Department upon request.

A D J O U R N

There being no further business, the meeting was adjourned at 11:47 AM.

Doug Burgum, Chairman
Board of University and School Lands

Joseph Heringer, Secretary
Board of University and School Lands