

**Minutes of the Meeting of the  
Board of University and School Lands  
April 27, 2023**

The April 27, 2023, 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
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
<b>Member(s) Absent:</b>	Superintendent Baesler

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Rick Owings	Administrative Staff Officer
James Wald	Legal Council
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Chris Suelzle	Minerals Division Director
Emily Bosch	Unclaimed Property
Maria Garcia	Finance Division
Susan Dollinger	Unclaimed Property
Elvedina Papalichev	Paralegal
Peggy Gudvangen	Finance Division Director
Joseph Stegmiller	Surface Division Director
Lynn Spencer	Minerals Title Specialist
Scott Giere	Revenue Compliance
Jessica Fretty	Unclaimed Property

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Suzie Weigel	Office of the Attorney General
Josh Kevan	RVK
Peter Masset	
C. Rajala	

**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 March 30, 2023 meeting was made by Treasurer Beadle and the motion was seconded by Secretary Howe and the motion carried unanimously on a voice vote.

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

**Commissioner's Report**

- April 3<sup>rd</sup> – traveled to Standing Rock Indian Reservation for meeting with tribal leaders regarding the North Dakota Trust Lands Completion Act
- New minerals system phased roll out continues to progress well; next major step end of April

(04/27/23)

- Continuing to spend much time monitoring, collaborating, and testifying on legislative bills that pertain to Board and Department business
- Chaired April 10<sup>th</sup> special meeting of the State Investment Board Securities Litigation Committee
- Attended April 21<sup>st</sup> State Investment Board Investment Committee meeting as voting member
- Will be attending April 28<sup>th</sup> full State Investment Board meeting as voting member

#### **HR Update**

- Investment Operations Officer – strong pool of applicants; offer accepted with May 1st start date
- All positions filled!

#### **Legislative Update**

**HB 1013** – Department budget bill; referred out of conference committee with 1) additional minerals position; 2) additional unclaimed property claims processor; 3) additional investment officer; and 4) \$4.9 million to complete our IT project; **passed House on April 25<sup>th</sup> by vote of 89-4; passed Senate on April 26<sup>th</sup> by vote of 45-2; on to governor for signature**

**HB 1400** – amends NDCC § 15-01-02 to replace “full control of the investments” to “investment authority over” and specifies Land Board may contract investment management to State Investment Board; amends NDCC § 21-10-06 to specify State Investment Board may manage funds of Common Schools Trust Fund under a written contract with the Land Board; House Industry, Business, and Labor Committee recommended DO NOT PASS 14-0; **failed in House by a vote of 80-13 on February 1st**

**HB 1175** – would require all leased surface acres to be open to public access; Department prefers current statute that allows collaborative approach based on specific circumstances of each tract; Commissioner can close tracts at discretion or tenants can request CLOSED or NOTIFY signs from Department; historically only 1% - 3% of all acreage has been closed and even then, only for specific date ranges, usually when cattle are expected to be grazing; health and safety of the public is also a concern for tracts that have oil wells, pipelines, or other industrial operations on them; **amended to “shall consider” legislative management study and passed House by a vote of 89-2 on February 14<sup>th</sup>; failed in Senate by vote of 42-5 on March 6th**

**HB 1360** – Department filed bill to amend Unclaimed Property statutes: 1) increase holder record retention period to 10 years from date notified of an exam; 2) increase statute of limitations to enforce holder duties from five years after holder files report to seven; **passed House by a vote of 93-0 on January 31<sup>st</sup>; passed Senate by a vote of 44-0 on March 31<sup>st</sup>; signed by Governor on April 10<sup>th</sup>**

**SB 2049** – Department filed bill to clarify/clean-up surface management statutes regarding notifying county treasures of surface auctions, timber harvesting on trust lands, granting authority for organized events on trust lands, and the permitting of beehives on trust lands; **passed Senate by a vote of 45-1 on January 12th; passed House by a vote of 91-3 on March 16<sup>th</sup>; SIGNED BY GOVERNOR ON MARCH MARCH 22<sup>ND</sup>!**

**HB 1185** – created grant program from the Coal Development Trust Fund for school construction projects affected by “unanticipated construction inflation”; Department testified against at January 17<sup>th</sup> House Education Committee hearing due to its unconstitutionality; the Coal Development Trust Fund is established in Sec. 21, Art. X of the North Dakota Constitution which only provides for loans from the fund, not grants; allowing grants would also alter the “permanent” nature of the fund as provided in Art. X; Committee amended to remove grant language and instead expanded the loan program for school construction projects with unanticipated inflation if bid after January 1, 2021 and before June 30, 2024; loans may be up to \$5 million per district at a rate not to exceed (04/27/23)

1.50%; passed House by a vote of 90-0 on February 10<sup>th</sup>; failed in Senate by a vote of 3-43 on March 9th

## DIVISION REPORTS

### SURFACE



Encumbrances issued by Commissioner during March 2023: 16 Right of Way Agreements generating \$60,885 in income for the Trusts.

Photo Credit: Kayla Spangelo  
Williams County 159-100-36



The Division also conducted its spring surface lease auctions in March. The following summary shows results in comparison to the previous two spring auction seasons. Tracts offered at auction in the spring are unleased from fall auctions or associated with dropped leases.

DEPARTMENT OF TRUST LANDS SPRING SURFACE AUCTION SUMMARY	2021	2022	2023
Number of counties	19	19	23
Total tracts offered	66	73	70
Number of tracts leased	56 (85%)	58 (79%)	62 (89%)
Number of bid tracts bid-up	15 (27%)	17 (23%)	16 (23%)
Total amount of minimum advertised bids	\$98,815	\$115,482	\$155,891
Total amount received	\$121,605	\$167,970	\$174,858

## MINERALS

## MINERALS DIVISION – WELL SUMMARY

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TIMELINE	*FEB-2023			*FEB-2022		
	ND TOTAL	DTL TOTAL	%	ND TOTAL	DTL TOTAL	%
DEPARTMENT OF TRUST LANDS (DTL) VS. NORTH DAKOTA WELL TOTALS						
PRODUCING WELLS IN WHICH STATE-DTL HAS AN INTEREST	17,209	8,486	49.31%	16,543	8,189	49.50%
OIL PRODUCTION (IN BARRELS) IN WHICH STATE-DTL HAS AN INTEREST (GROSS)	30,989,715	14,404,466	46.48%	30,263,377	15,336,010	50.68%
STATE-DTL'S INTEREST IN OIL PRODUCTION (NET) (IN BARRELS)	30,989,715	418,940	1.35%	30,263,377	422,539	1.40%
WELLS LOCATED ON STATE-DTL SURFACE	20,407	644	3.16%	19,390	619	3.19%

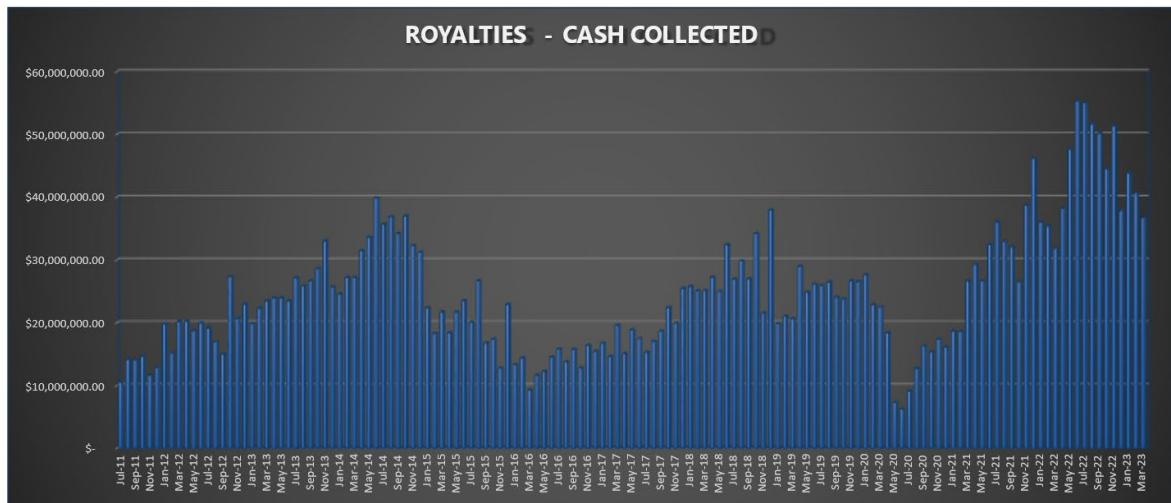
\*APRIL 2023: BASED ON NDIC 02/2023 WELL DATA OBTAINED BY MINERAL TRACKER AS OF APRIL 17, 2023, SOME CONFIDENTIAL INFORMATION NOT AVAILABLE

\*FEBRUARY 2022: BASED ON NDIC 02/2022 WELL DATA OBTAINED BY MINERAL TRACKER ON APRIL 17, 2023

## RECORD FISCAL YTD O/G ROYALTIES

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As of March 2023, for fiscal year 2022-23 the Department has received **\$411,881,474** in royalties as compared to **\$315,734,344** last fiscal year at this time. That is an all time record and **30%** year-over-year increase!

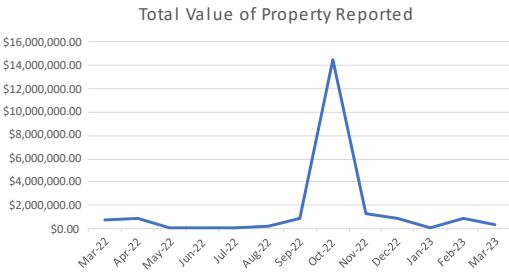
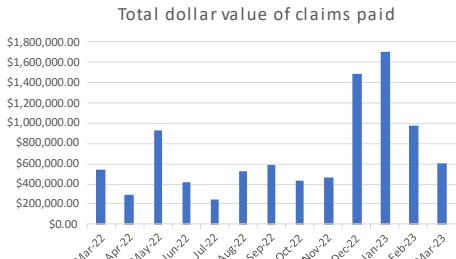


## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY

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For the month of March 2023, the Division paid 611 claims with \$609,125.27 returned to rightful owners/heirs. It received 61 holder reports with a dollar value of \$295,252.63.



## TRUE or FALSE

**Third-party services may contract with owners to help them collect their unclaimed property in exchange for a percentage of what they recover.**

True – The industry term is “Heirfinder” or “Finder”. However, in North Dakota an heirfinder must hold a private investigator’s license AND they cannot charge more than 10%.

## FINANCIALS

## Financial Statements Position Report (Unaudited) for period ended January 31, 2023

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 January 31, 2023, was presented to the Board for review and is available at the Department upon request.**

**EXECUTIVE ESTIMATE OF ASSETS**  
**NORTH DAKOTA DEPARTMENT OF TRUST LANDS**  
**As of March 31, 2023**

	3/31/2023 Value	MOM\$ 2/28/2023 Value	MOM% Change	YOY\$ 3/31/2022 Value	YOY% Change
Cash	452,470,509	353,007,846		397,580,738	
Investments <sup>[1]</sup>	7,270,429,898	7,198,132,397		6,540,494,042	
Tax Receivables <sup>[2]</sup>	-	-		43,802,799	
Loans <sup>[3]</sup>	39,657,643	39,731,341		43,433,551	
Receivables <sup>[4]</sup>	8,108,229	8,965,598		7,776,058	
<b>Sub-Total Net Assets</b>	<b>\$7,770,666,278</b>	<b>\$7,599,837,182</b>	<b>2.25%</b>	<b>\$7,033,087,188</b>	<b>10.49%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	511,088,869		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		264,332	
<b>Total Net Assets</b>	<b>\$11,103,239,095</b>	<b>\$10,925,421,594</b>	<b>1.63%</b>	<b>\$10,357,920,736</b>	<b>7.20%</b>

[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.

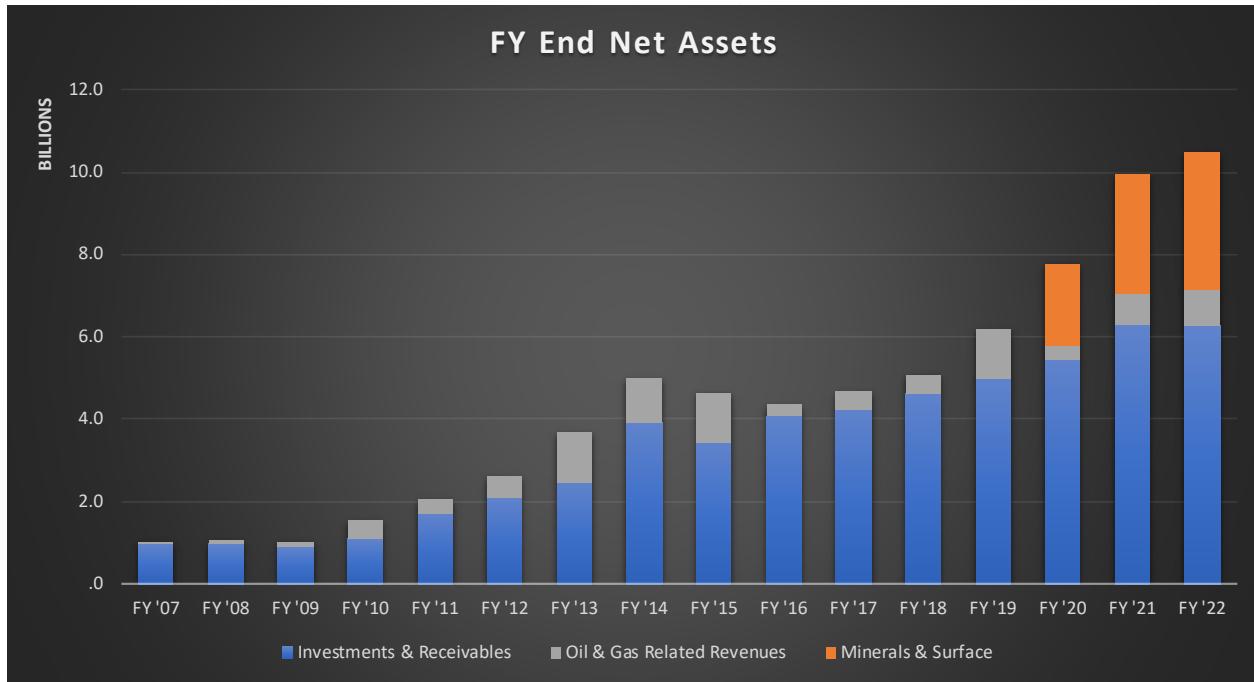
[3] Various loan programs funded with trust assets.

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

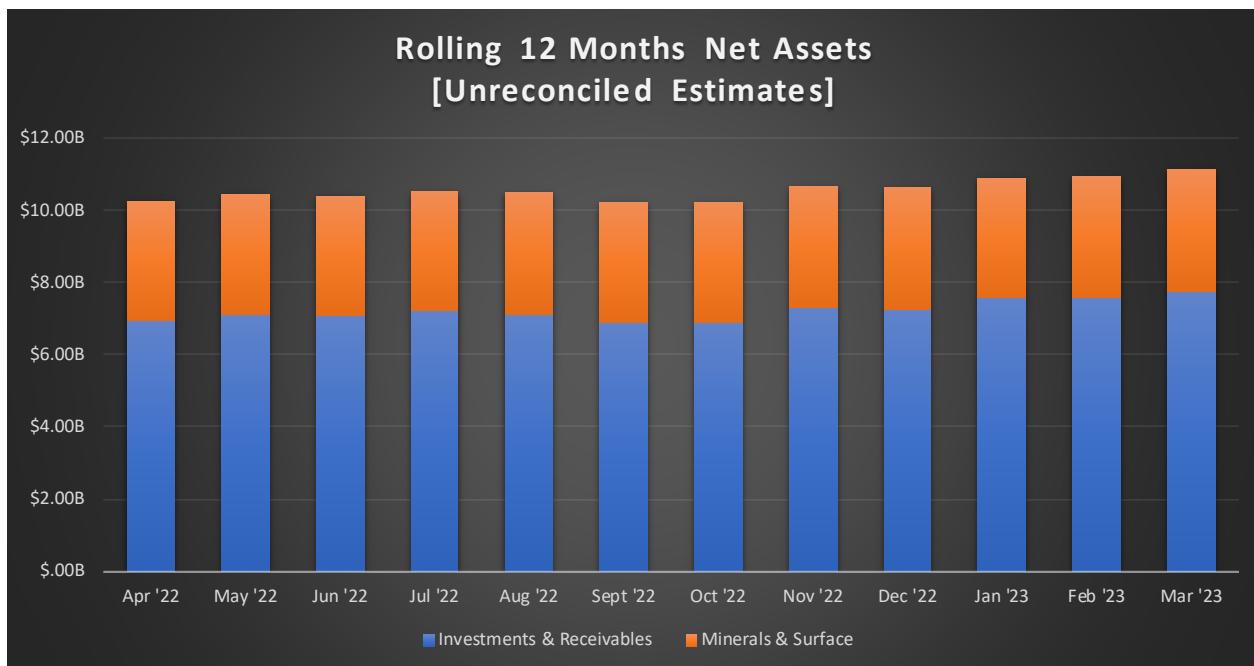
[5] Valued annually via contract with Mineral Tracker. Valuation as of December 31, 2021.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated annually via broker price opinion. Valuation as of Sept. 15, 2022.



- [1] 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.
- [2] 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.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



- [1] Dec 2021 includes mineral rights value of \$2,813,480,347
- [2] Sep 2022 includes appraised building value of \$1,015,196
- [3] Mar 2023 includes surface rights value of \$518,077,274

## Investment Updates

### Pipeline

Two Sigma Absolute Return Enhanced Fund (quant equity market neutral hedge fund) has been approved, pending legal review.

### Portfolio Rebalancing Updates

Funded capital calls in March include: \$562k to Hamilton Lane Infrastructure Opportunities Fund.

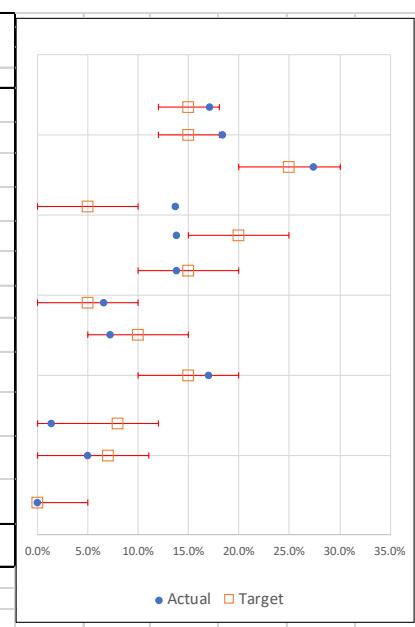
Unfunded commitments remaining total \$555.7M as follows:

1. Private Credit, \$172M
  - i. ARES Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$52.5M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$10M
  - iv. AGDL-BUSL Fund, \$50M
  - v. Varde Dislocation Fund, \$20.5M
2. Private Equity, \$223.8M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$97.9M
  - ii. GCM Secondary Opportunities Fund, \$114.4M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
3. Private Infrastructure, \$9.9M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$9.9M
4. Absolute Return, \$150M  
Millennium USA LP (Hedge Fund), \$150M

### Asset Allocation

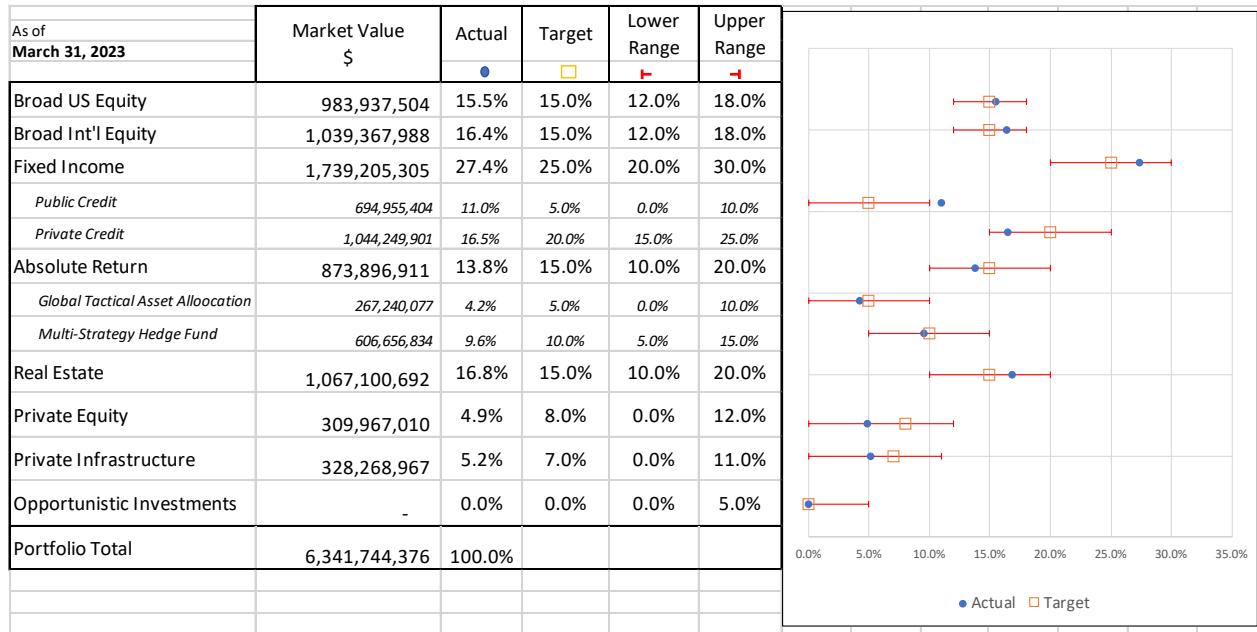
The table below shows the status of the permanent trusts' asset allocation as of March 31, 2023 (unaudited).

As of March 31, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,081,837,504	17.1%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,165,267,988	18.4%	15.0%	12.0%	18.0%
Fixed Income	1,739,205,305	27.4%	25.0%	20.0%	30.0%
Public Credit	866,955,404	13.7%	5.0%	0.0%	10.0%
Private Credit	872,249,901	13.8%	20.0%	15.0%	25.0%
Absolute Return	873,896,911	13.8%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	417,240,077	6.6%	5.0%	0.0%	10.0%
Multi-Strategy Hedge Fund	456,656,834	7.2%	10.0%	5.0%	15.0%
Real Estate	1,077,000,692	17.0%	15.0%	10.0%	20.0%
Private Equity	86,167,010	1.4%	8.0%	0.0%	12.0%
Private Infrastructure	318,368,967	5.0%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,341,744,376	100.0%			



## 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.

Quarter 1 2023 Performance Report presented to the Board and is available at the Department upon request.

International Exposure Report presented to the Board and is available at the Department upon request.

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

Trust Funds Overview Presentation was presented to the Board and is available at the Department upon request.

## L I T I G A T I O N

### Litigation Update

- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court issued November 10<sup>th</sup> 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); received notice February 8th that Plaintiffs have petitioned United States Supreme Court for certiorari on 5th Amendment takings grounds; certiorari was denied by the U.S. Supreme Court on April 17th

- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor for a second time in September 2022; trial court issued February 22, 2023 order in our favor awarding \$4,389,449 in underpaid royalties, \$2,265,043 in interest, and \$1,684,588 in penalties, totaling \$8,339,079; Newfield has 60 days to appeal; Newfield filed separate Motion to Amend Findings/Judgment to reduce interest/penalties; hearing held April 25<sup>th</sup>; awaiting court decision
- MHA (Missouri riverbed ownership) –Appealed D.C. Federal District Court denial of Board's motion to intervene; oral arguments were held February 1st; D.C. Circuit Court of Appeals issued judgment in Board's favor April 21st reversing trial court and allowing Board to intervene
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022 granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; briefing complete and oral arguments were held March 16<sup>th</sup>; awaiting court decision
- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; currently in post-trial briefing stage
- Continental Interpleader (OHWM fed/state dispute) – ND Federal District Court issued opinion March 21st granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29<sup>th</sup> dismissing appeal and sending back to trial court for further quiet title actions on at issue parcels; district court signed stipulated order and judgment on remaining claims February 1st; currently waiting for appeal status pending resolution of attorney fees issues between the other parties

#### 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 consolations regarding:**

- **Continental Resources, Inc. v. North Dakota Board of University and School Lands and the United States of America – Case No. 1:17-cv-014**
- **Mandan, Hidatsa, and Arikara Nation v. United States Department of Interior Case No. 20-1928**

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

**The Board entered into executive session at 11:14 AM.**

**EXECUTIVE SESSION****Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer

**Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
James Wald	Legal Council
Chris Suelzle	Minerals Division Director
Elvedina Papalichev	Paralegal

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Charles Carvell	Office of the Attorney General
Dave Garner	Office of the Attorney General
Jennifer Verleger	Office of the Attorney General

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The executive session adjourned at 11:44 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed the Continental Resources case and MHA case 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 11:45 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

**Minutes of the Meeting of the  
Board of University and School Lands  
December 18, 2023**

The December 18, 2023, meeting of the Board of University and School Lands was called to order at 9:07 AM by Chairman Doug Burgum and roll call was taken.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Kate Schirado	Executive Assistant
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Maria Garcia	Finance
Susan Dollinger	Unclaimed Property Director
Peggy Gudvangen	Finance Director
Adam Otteson	Revenue Compliance Division Director
Lynn Spencer	Minerals Title Specialist
James Wald	Legal Council
Matthew Reile	IT
Pam Reile	Revenue Compliance
Rick Owings	Administrative Staff Officer
Garret Hecker	Surface Range Soils Management Specialist
Anning Tang	Investments
Jacob Lardy	Land Management Specialist
Emily Bosch	Unclaimed Property
Kisha Mitchell	Unclaimed Property
Elvedina Papalichev	Paralegal
Jessica Sanchez	Minerals Management Officer
Joseph Stegmiller	Surface Division Director
Jessica Fretty	Unclaimed Property
Jessica Sanchez	Minerals Management Officer
Amanda Parent Dufour	Minerals Management Officer
Ryan Kobilansky	Surface Range Soils Management Specialist
Scott Giere	Revenue Compliance

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Mike Nowatski	Office of the Governor
Josh Kevan	RVK
Geoff Simon	Western Dakota Energy Association
Kevin Balaod	WithIntelligence (Journalist)
Nathan Paulsen	
Paige Hall	
Brooks Burgum	
Matt Lien	

## APPROVAL OF MINUTES

A motion to approve the minutes of the November 30, 2023 meeting was made by Secretary Howe and the motion was seconded by Treasurer Beadle and the motion carried unanimously on a voice vote.

## OPERATIONS

### Commissioner's Report

- Oil Royalty Deductions Settlements - In discussions with two major Bakken operators; anticipating agreements can be reached Q1 2024
- Agency biennial report completed and submitted by December 1, 2023, deadline
- Beginning strategic planning process – first submission due January 15
- Numerous meetings as member of statewide Cash Management Study Committee; goal of having consultant hired by year-end 2023
- Dakota Access Pipeline Draft EIS – coordinated North Dakota comments submitted by December 13 deadline; very impressive and impactful document
- Our team continues to be involved helping to provide coordinated statewide agency responses to various other proposed federal rules (oil & gas, environmental, land & travel management plans, etc.)
- December 5 & 8 – chaired State Investment Board – Securities Litigation Committee
- December 8 – attended State Investment Board - Investment Committee meeting as a voting member
- December 12 – state agency fees study presentation given to Government Finance Committee by Joseph Stegmiller (Surface Director) & Chris Suelzle (Minerals Director)

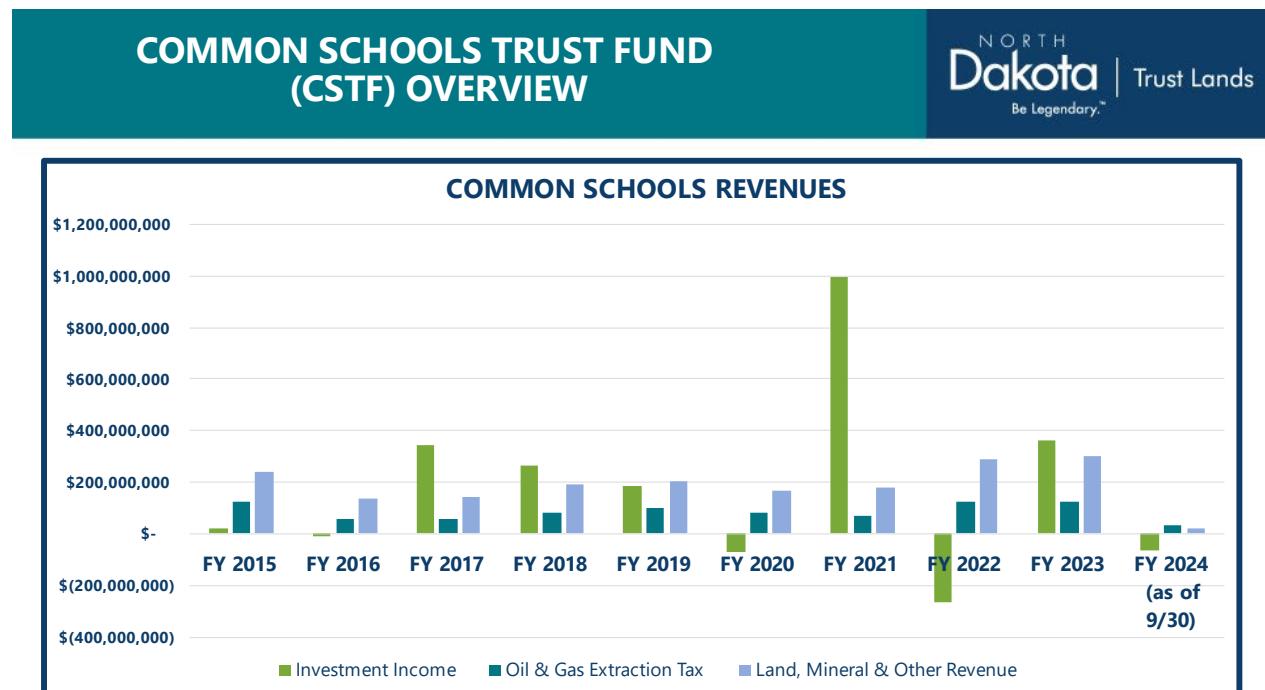
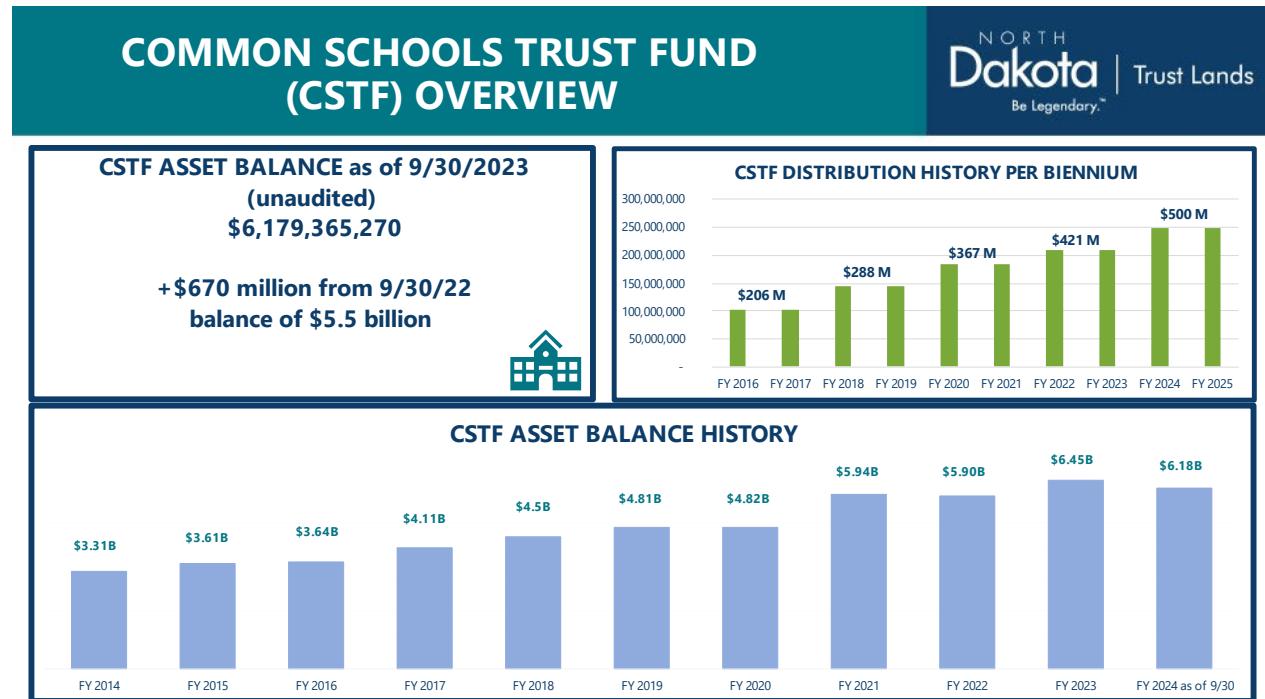
### HR Update

- Reviewed annual Gallup Employee Engagement Survey results with team; good overall results above statewide mean; developing improvement plan for two identified areas
- Conducting mid-year check-in reviews to evaluate progress towards goals

### **The Department of Trust Lands Biennial Report 2021-2023**

**The Department of Trust Lands Biennial Report was provided to the Board. The report is available at the Department upon request.**

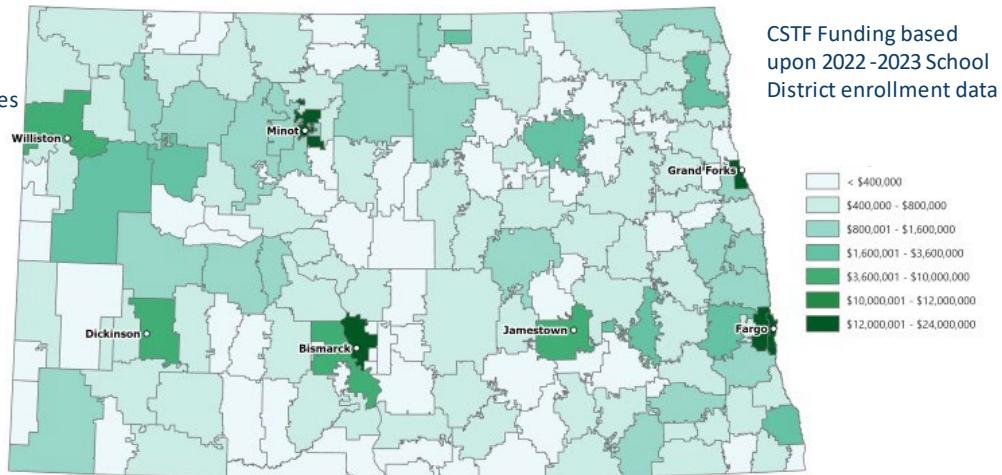
## Financial Dashboard First Look



## COMMON SCHOOLS TRUST FUND DISTRIBUTIONS BY SCHOOL DISTRICT

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While much of the income generated for the CSTF is generated from oil and gas royalties in the west, all North Dakota K-12 school districts benefit from the nearly \$500 million in distributions in the 2023-25 biennium.



## STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

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### SIIF BALANCE as of 9/30/2023 (unaudited)

- Total Balance - \$1,077,793,639
- Uncommitted Balance – \$397,522,216

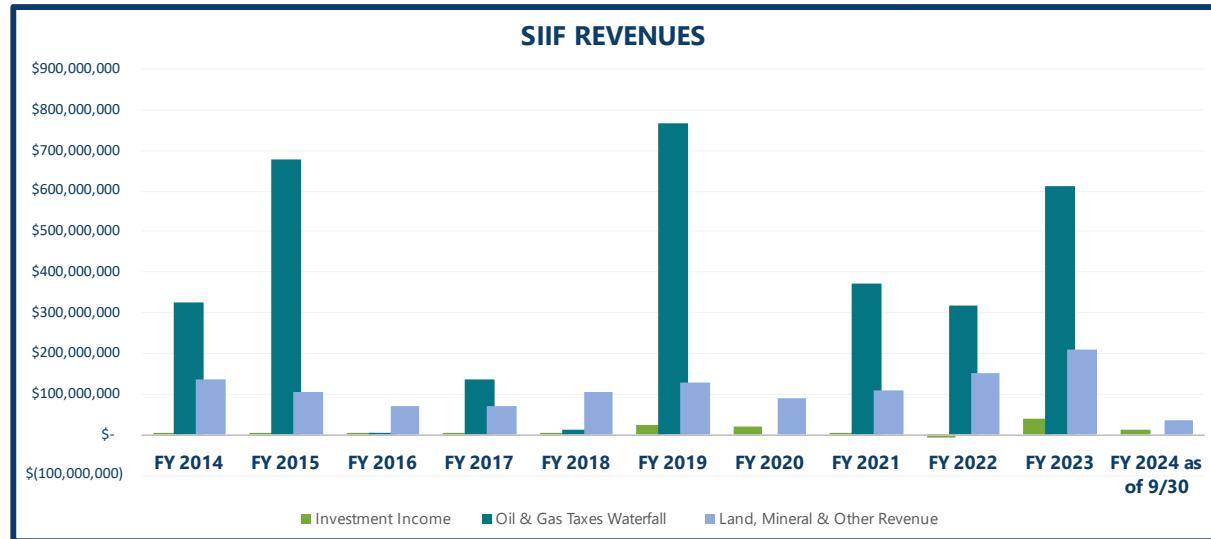


### SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



## STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

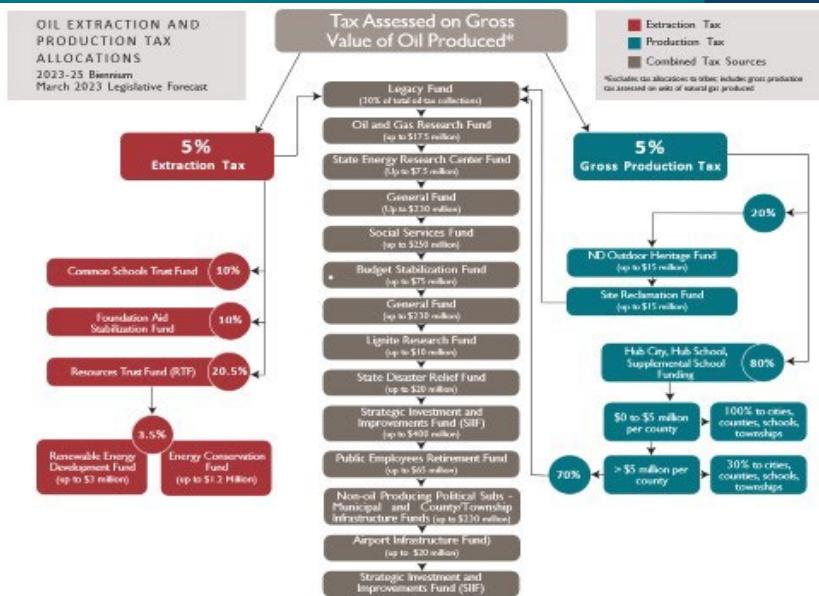
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### TAX ASSESSED ON GROSS VALUE OF OIL PRODUCED

Provided by the Governor's office and Office of Management & Budget

NORTH Dakota | Trust Lands  
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## DIVISION REPORTS

## SURFACE

## SURFACE DIVISION

NORTH  
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Encumbrances issued by Commissioner during November 2023: 12 Right of Way Agreements generating \$236,883 in income for the Trusts.



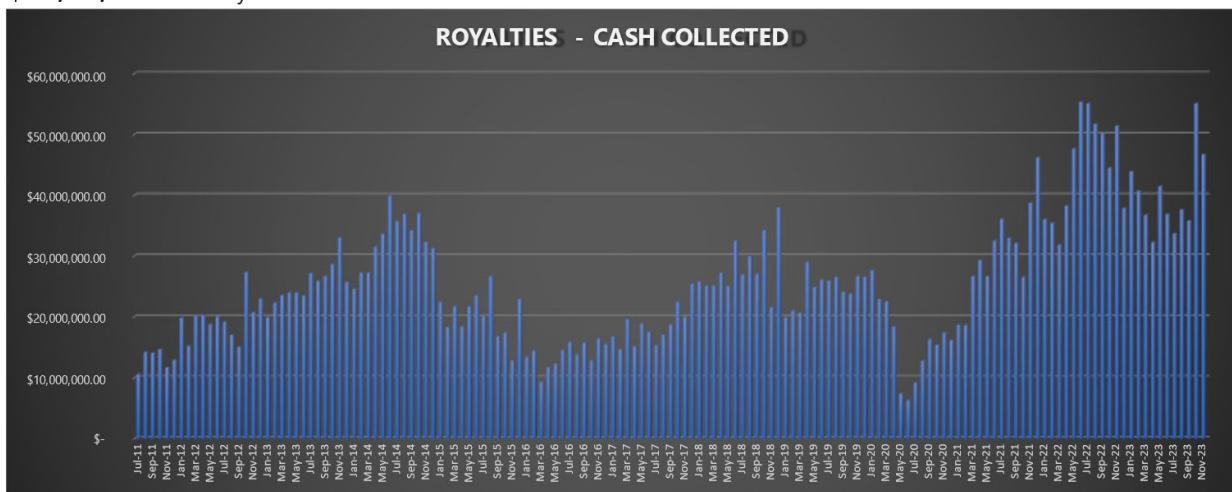
An oxbow of the Sheyenne River in Richland County on 136-52-36 taken in Mid November 2023. Credit: Jacob Lardy

## MINERALS

MINERALS DIVISION  
FISCAL YTD O/G ROYALTIES

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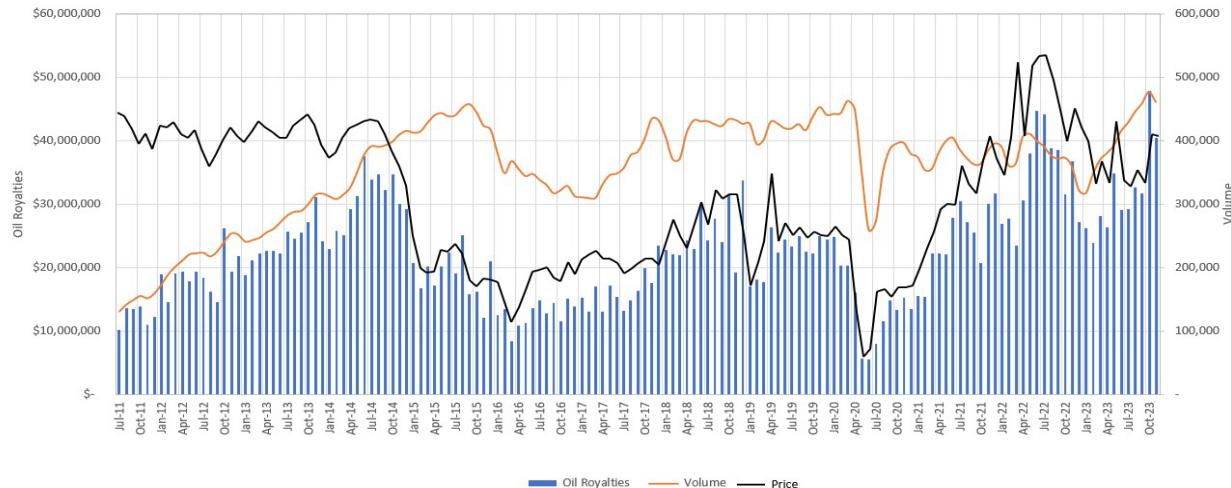
As of November 30, 2023\*, for fiscal year 2023-24 the Department has received **\$208,771,719** in royalties as compared to **\$252,738,267** last fiscal year at this time.



\*November royalty revenue is from September gas production and October oil production



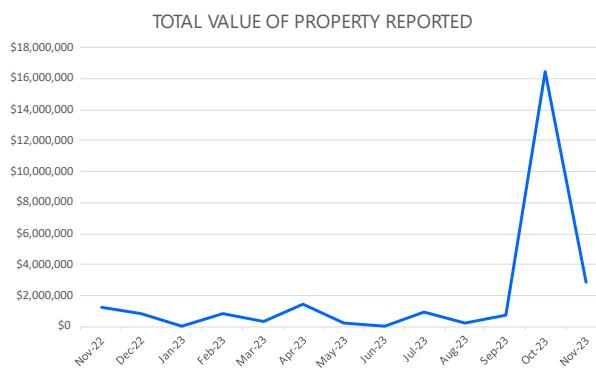
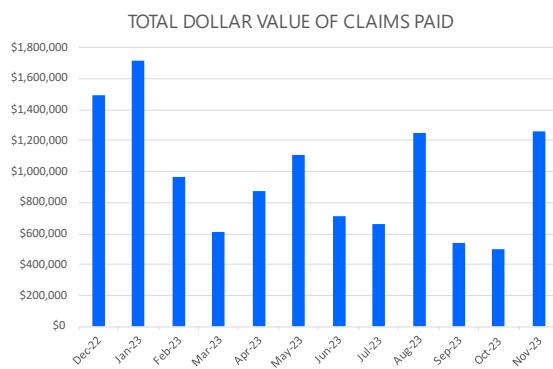
In the early years production growth was the driver of the Department's royalty increases. Now that our net monthly production has been more stable, averaging around 450,000 barrels per month this biennium, the price of oil & gas is the main driver of monthly royalty variations.



## UNCLAIMED PROPERTY



For the month of November 2023, the Division paid 638 claims with \$1,255,989 returned to rightful owners/heirs. The Division also received 157 holder reports with a dollar value of \$2,866.658.



## 2023 PRIDE OF DAKOTA



NORTH Dakota | Trust Lands  
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Dickinson – Jessica and Emily



Minot – Emily and Kisha



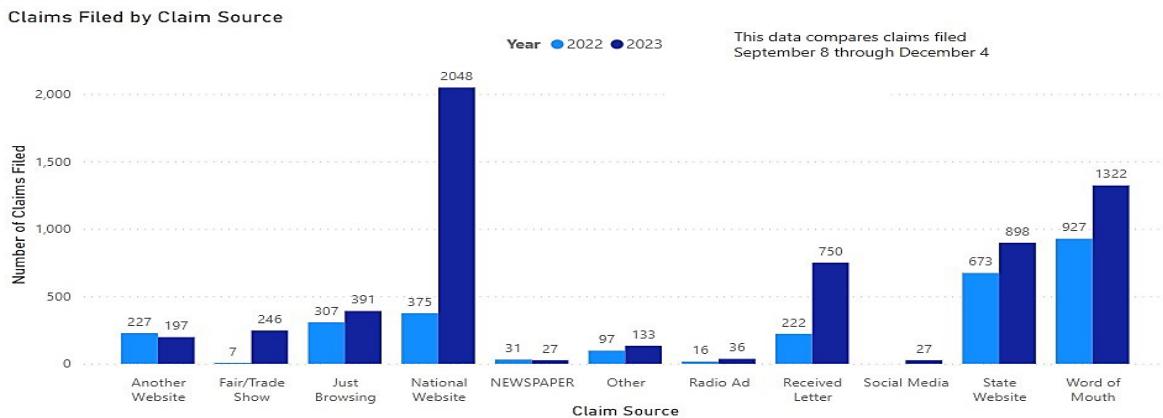
Bismarck – Jessica and Susan

## 2023 PRIDE OF DAKOTA



NORTH Dakota | Trust Lands  
Be Legendary.™

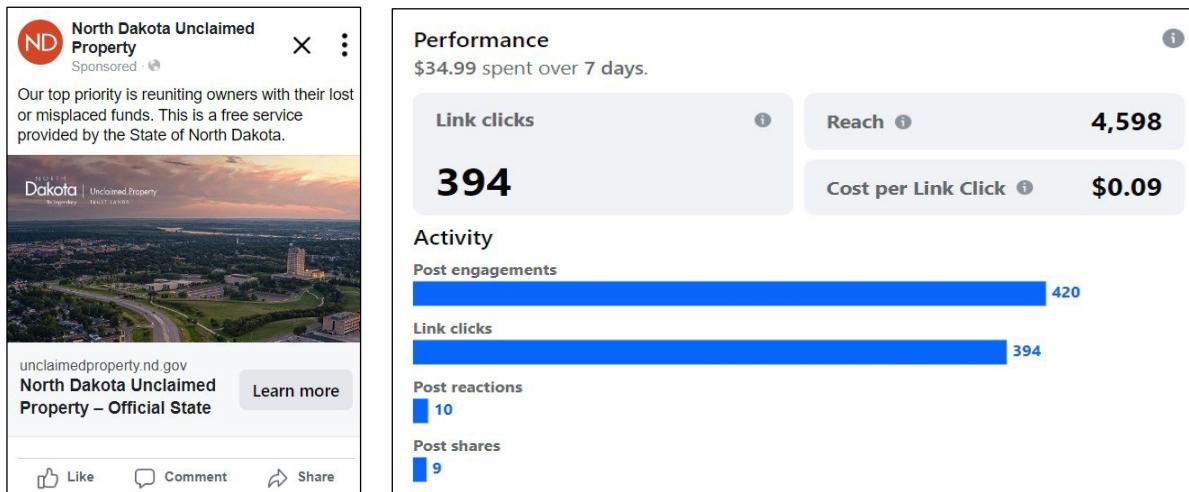
The Division attended the Pride of Dakota Shows in Dickinson, Minot, Grand Forks, Fargo, and Bismarck. From early September to current it received a total of 6,075 claims compared to 2,882 during the same time frame in 2022.



**2023 SOCIAL MEDIA PILOT PROJECT**  
**ND Unclaimed Property Facebook**

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

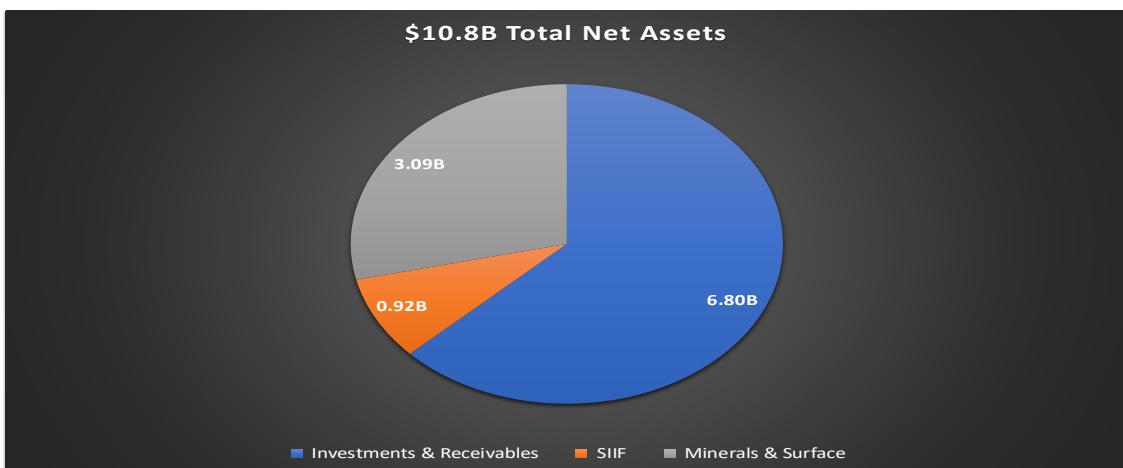
## FACEBOOK ADVERTISING PERFORMANCE NOV 13-20, 2023



## Executive Estimate of Board Assets

**EXECUTIVE ESTIMATE OF ASSETS**  
**NORTH DAKOTA DEPARTMENT OF TRUST LANDS**  
As of November 30, 2023

	11/30/2023 Value	MOM\$ 10/31/2023 Value	MOM% Change	YOY\$ 11/30/2022 Value	YOY% Change
Cash	224,120,045	203,811,935		149,223,973	
Investments <sup>[1]</sup>	6,520,197,187	6,306,462,080		6,122,246,173	
SII <sup>[2]</sup>	915,599,874	938,446,019		1,009,606,451	
Loans <sup>[3]</sup>	41,895,343	37,814,668		40,251,666	
Receivables <sup>[4]</sup>	11,008,267	9,207,142		6,857,816	
<b>Sub-Total Net Assets</b>	<b>\$7,712,820,716</b>	<b>7,495,741,843</b>	<b>2.90%</b>	<b>\$7,328,186,079</b>	<b>5.25%</b>
Mineral Rights <sup>[5]</sup>	2,568,614,367	2,568,614,367		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	518,077,274		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		1,015,196	
<b>Total Net Assets</b>	<b>\$10,800,527,553</b>	<b>\$10,583,448,680</b>	<b>2.05%</b>	<b>\$10,653,770,491</b>	<b>1.38%</b>



[1] Approximately 40% publicly traded with daily marks and 60% private markets with monthly or quarterly marks.

[2] Strategic Investment and Improvements Fund subject to biennial appropriations.

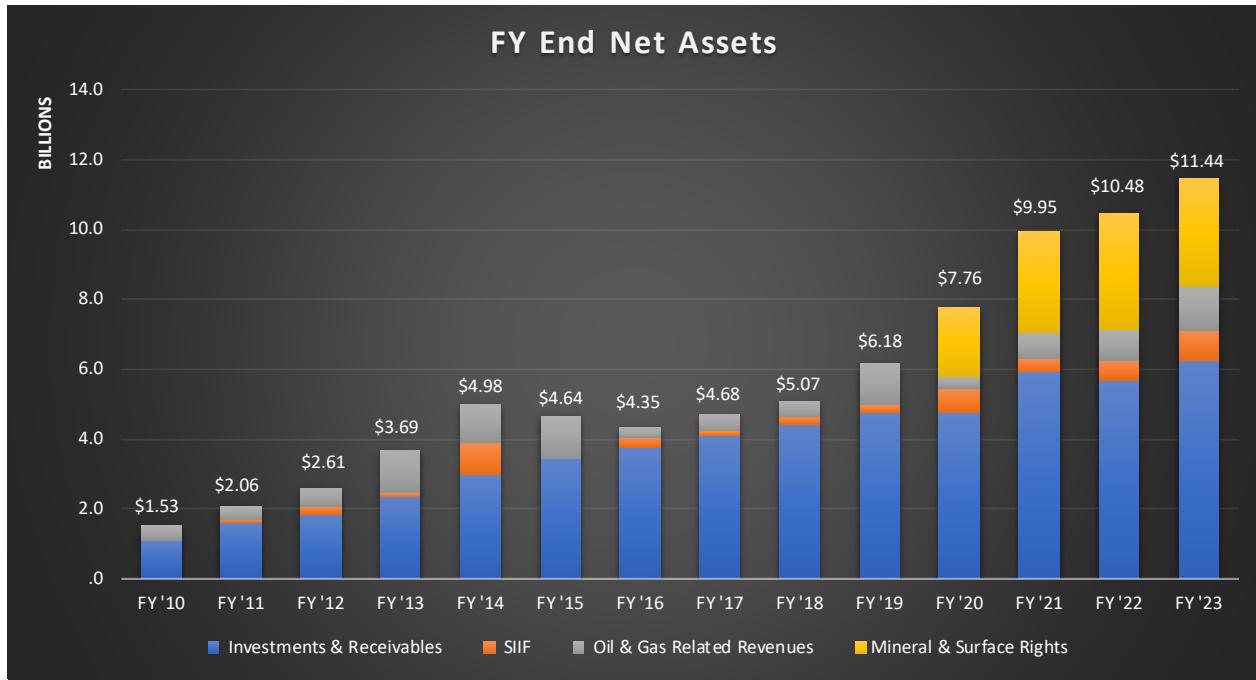
[3] Various loan programs funded with trust assets.

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

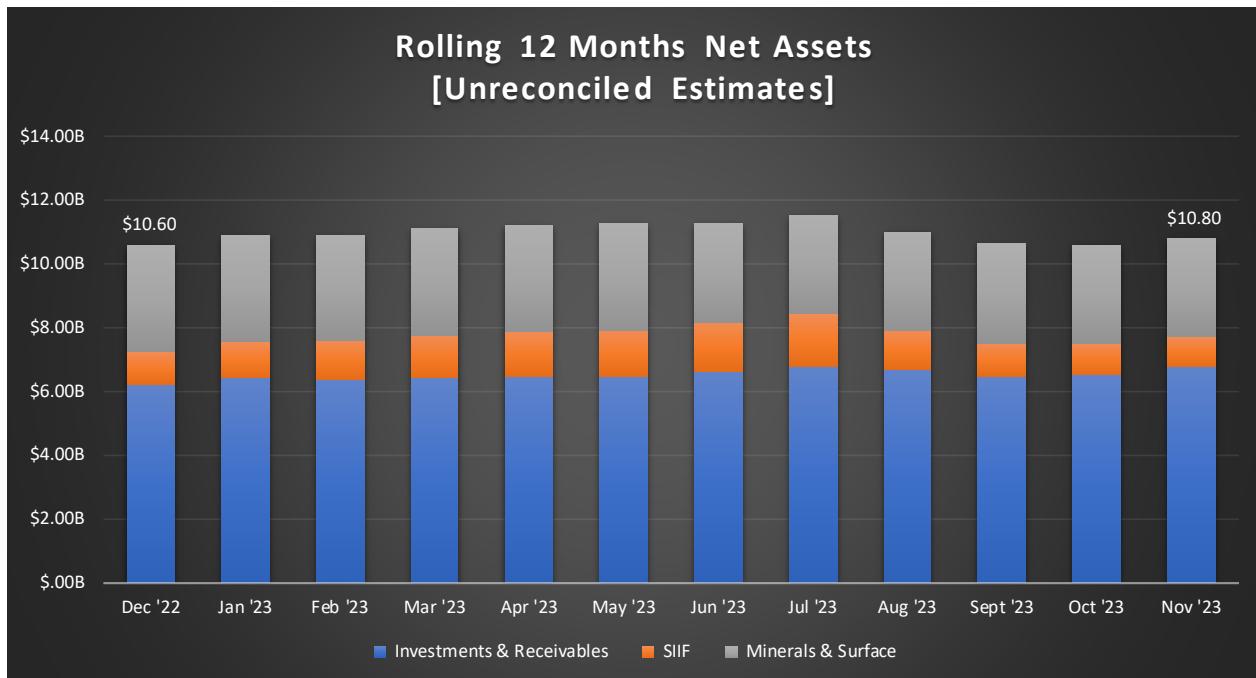
[5] Valued annually via contract with Mineral Tracker. Valuation as of June 30, 2023.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated every other year via broker price opinion. Listed valuation is as of Sept. 15, 2022.



[1] FY 2023 includes mineral rights value of \$2,568,614,367, appraised building value of \$1,015,196 and surface rights value of \$518,077,274



[1] Jun 2023 includes mineral rights value of \$2,568,614,367

[2] Sep 2022 includes appraised building value of \$1,015,196

[3] Mar 2023 includes surface rights value of \$518,077,274

## INVESTMENTS

## Investment Updates

## Q4-Q1 Pipeline

Private Credit: diversified private credit recommendation

Public Credit: core fixed income recommendation

Private Equity: venture capital recommendation

## Capital Calls Funded and Pending:

2023 Q1 \$15.9M

2023 Q2 \$19.1M

2023 Q3 \$24.0M

2023 Q4 \$9.6M

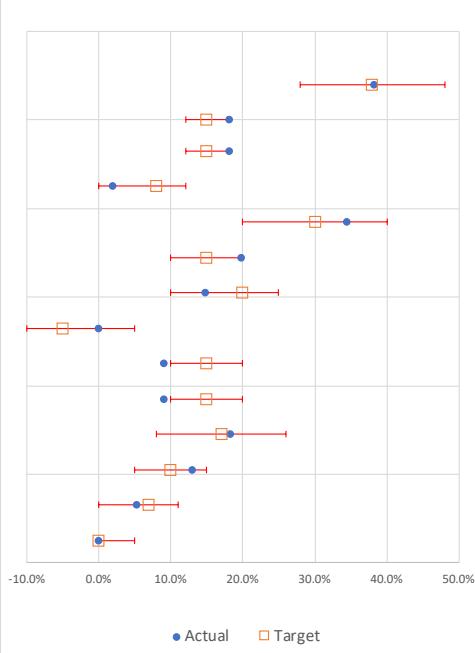
2023 YTD \$68.6M

## Total Unfunded Commitments Remaining \$460.5M (as of November 30, 2023):

1. Private Credit, \$71.8M
  - i. Ares Pathfinder Fund, \$26.8M
  - ii. Owl Rock Diversified Lending, \$45M
2. Private Equity, \$232.7M
  - i. GCM Grosvenor Private Equity, \$90M
  - ii. GCM Grosvenor Secondary Opportunities Fund III, \$98M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
  - iv. Khosla Ventures, \$33.2M
3. Real Assets, \$6M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$6M
4. Absolute Return, \$150M
  - i. Millennium USA, \$150M

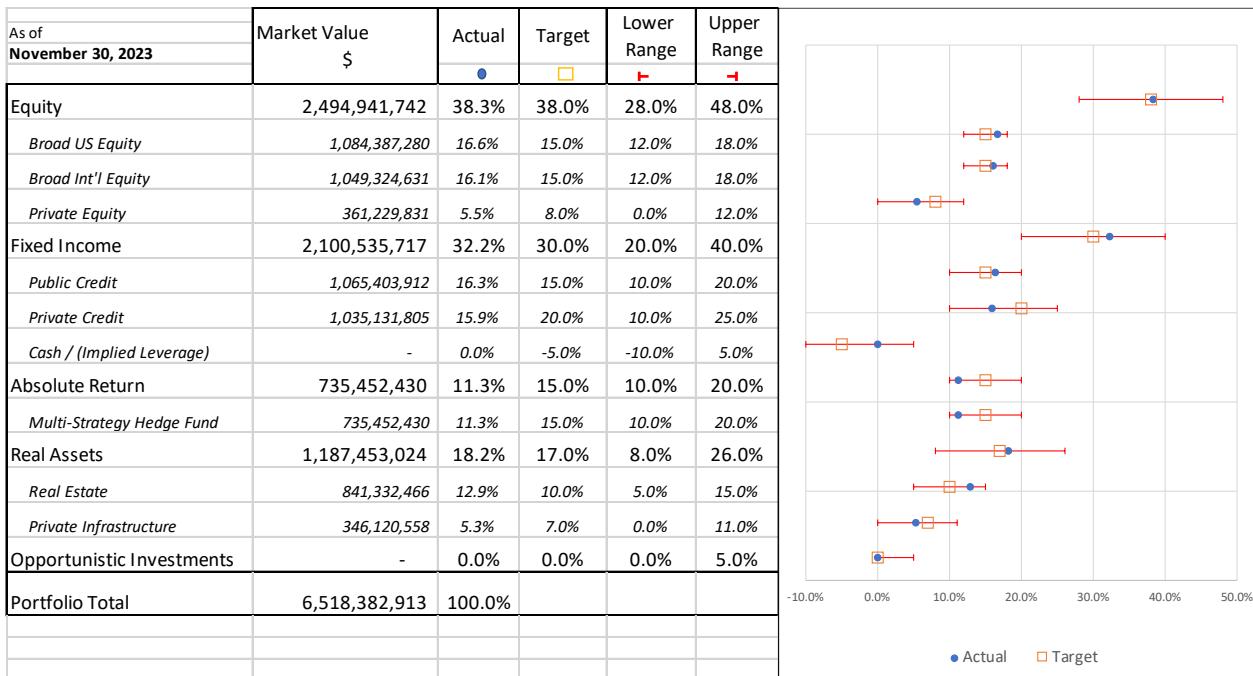
## Current Asset Allocation (unaudited)

As of November 30, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
Equity	2,494,941,742	38.3%	38.0%	28.0%	48.0%
Broad US Equity	1,182,387,280	18.1%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,184,024,631	18.2%	15.0%	12.0%	18.0%
Private Equity	128,529,831	2.0%	8.0%	0.0%	12.0%
Fixed Income	2,250,535,717	34.5%	30.0%	20.0%	40.0%
Public Credit	1,287,203,912	19.7%	15.0%	10.0%	20.0%
Private Credit	963,331,805	14.8%	20.0%	10.0%	25.0%
Cash / (Implied Leverage)	-	0.0%	-5.0%	-10.0%	5.0%
Absolute Return	585,452,430	9.0%	15.0%	10.0%	20.0%
Multi-Strategy Hedge Fund	585,452,430	9.0%	15.0%	10.0%	20.0%
Real Assets	1,187,453,024	18.2%	17.0%	8.0%	26.0%
Real Estate	847,332,466	13.0%	10.0%	5.0%	15.0%
Private Infrastructure	340,120,558	5.2%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,518,382,913	100.0%			



## Hypothetical Asset Allocation (after funding all commitments)

(12/18/23)



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

### 3rd Quarter Performance Report

3<sup>rd</sup> Quarter Investment Performance Analysis was presented to the Board and is available at the Department upon request.

## LITIGATION

### Litigation Update

- **EEE Minerals, LLC v. State of North Dakota, the Board of University and School Lands**
  - **Case Summary:** (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022, granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; on August 30, 2023, the 8<sup>th</sup> Circuit three judge panel issued its opinion in our favor affirming the trial court's dismissal on all counts; on September 12, 2023, Plaintiffs requested a rehearing in front of the full 8<sup>th</sup> Circuit Court which was denied on October 27, 2023; Plaintiffs have 90 days to petition the U.S. Supreme Court for certiorari.

Commencement: December 2020

ND Assigned Attorney(s): Philip Axt, ND Solicitor General

Counsel For EEE: Joshua Swanson (Vogel Law Firm, Fargo ND)

Court: United States District Court, District of North Dakota

Judge: Magistrate Judge Clare R. Hochhalter

Win = Takings claim dismissed resulting in no liability to state

Lose = Plaintiff's case can proceed resulting in trial to determine validity of claims

- **Whitetail Wave LLC v. XTO Energy, Inc.; the Board of University and School Lands**

- **Case Summary:** OHWM title dispute / takings claim – On August 22, 2023, Whitetail Wave appealed the trial court's rulings for the state (takings, Wenck Line, quiet title) and the award of attorney fees to co-defendant XTO Energy. Briefings and oral arguments before the North Dakota Supreme Court to follow.

Commencement: June 2015

ND Assigned Attorney(s): David Garner, Assistant Attorney General

Counsel for Whitetail Wave: Christopher Sweeney (Moulton Bellingham PC, Billings, MT)  
Joshua Swanson (Vogel Law Firm, Fargo, ND)

Counsel for XTO: Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND)

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = Takings claim dismissed resulting in no liability to state

Lose = Plaintiff's case can proceed resulting in trial to determine validity of claims

- **Continental Resources, Inc. v. North Dakota Board of University & School Lands and North Dakota Department of Trust Lands**

- **Case Summary:** Continental Oil Royalty Deductions – Now that the Newfield gas royalty deductions case has been resolved, this has come off stay and the parties have filed a joint scheduling order laying out the discovery and preparation timeline for trial that is currently scheduled for August 4-8, 2025, in McKenzie County.

Commencement: December 2017

ND Assigned Attorney(s): David Garner, Assistant Attorney General

Counsel for  
Continental Resources, Inc.: Jamie Bryan, (K&L Gates, Fort Worth, TX)  
Mark Barron (Baker & Hostetler, LLP, Denver, CO)

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = Clarity that Land Board oil & gas lease does not allow for deductions from oil royalties resulting in tens of millions of dollars in deductions being repaid to the state.

Lose = Deductions from oil royalties are allowed under the lease, requiring additional administrative rules/case law to clarify extent

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior**

- **Case Summary:** Missouri riverbed ownership – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We filed a motion requesting a change of venue to North Dakota that the Court is now considering.

Commencement: July 2020

ND Assigned Attorneys: James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.)  
Charles Carvell, Special Assistant Attorney General (Pearce Durick PLLC, Bismarck ND)  
Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs

Counsel for MHA: Steven D. Gordon (Holland & Knight's Washington, D.C.)  
Philip Merle Baker-Shenk (Holland & Knight's Washington, D.C.)  
Timothy Purdon (Robins Kaplan, Bismarck, ND)  
Timothy Billion (Robins Kaplan, Minneapolis, MN)

Counsel for United States Department of Interior: Reuben S. Schifman (Washington, D.C.)

Court: United States District Court for the District of Columbia

Judge: Honorable Amy Berman Jackson

Win = North Dakota owns historical Missouri Riverbed (mineral rights) through Fort Berthold Indian Reservation resulting in release to state of tens of millions of dollars in withheld oil & gas royalties.

Lose = U.S. owns the riverbed in trust for MHA Nation so royalties are released to the tribe

- **Continental Resources, Inc., v. North Dakota Board of University and School Lands and the United States of America (Interpleader)**

- **Case Summary:** OHWM fed/state dispute – ND Federal District Court issued opinion March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; federal government appealed and we filed cross appeal; final brief is due January 12, 2024, with oral arguments to be scheduled thereafter.

Commencement: December 2016

ND Assigned Attorneys: Charles Carvell, Special Assistant Attorney General (Pearce Durick PLLC, Bismarck ND)  
Philip Axt, ND Solicitor General

Counsel for XTO: Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND)  
Spencer Ptacek (Fredrikson & Byron P.A., Bismarck, ND)

Counsel for USA: Shaun Pettigrew (Environment and Natural Resources Division (ENRD) of the U.S. Department of Justice

Court: United States District Court, District of North Dakota

Judge: Magistrate Judge Clare R. Hochhalter

Win = State survey controls where U.S. lands abut the Wenck line resulting in retention of 2,500 mineral acres

Lose = Federal surveys control resulting in loss of approximately 2,500 mineral acres

- **State of North Dakota, ex. rel. v Virginia Leland, et.al.**

- **Case Summary:** OHWM river island ownership, trial was held on September 12-16, 2022; post-trial briefing completed December 2023; awaiting Judge Schmidt's ruling.

Commencement: January 2016

ND Assigned Attorneys: Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs  
James Wald, DTL General Counsel

Counsel for Whiting Oil and Gas Corp: Paul Forster (Crowley Fleck, PLLP, Bismarck, ND)  
Shane Hanson (Crowley Fleck, PLLP, Bismarck, ND)

Counsel for Defendant(s): Kevin Chapman (Chapman Law Firm, P.C., Williston, ND)  
Ariston Johnson (Johnson & Sundein, Watford City, ND)  
and Others

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = State owns at issue Yellowstone River islands and related mineral interests

Lose = Plaintiffs owns at issue Yellowstone River islands and related mineral interests

## A D J O U R N

There being no further business, the meeting was adjourned at 11:05 AM.

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Doug Burgum, Chairman  
Board of University and School Lands

---

Joseph Heringer, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands  
February 23, 2023**

The February 23, 2023, meeting of the Board of University and School Lands was called to order at 9:06 AM by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Michael Howe	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
James Wald	Legal Council
Frank Mihail	Chief Investment Officer
Chris Suelzle	Minerals Division Director
Elvedina Papalichev	Paralegal
Adam Otteson	Revenue Compliance Division Director
Peggy Gudvangen	Finance Division Director
Garret Hecker	Surface Range Soils Management Specialist
Emily Bosch	Unclaimed Property
Lynn Spencer	Minerals Title Specialist
Maria Garcia	Finance Division
Scott Giere	Revenue Compliance
Susan Dollinger	Unclaimed Property
Matthew Reile	IT
Kayla Spangelo	Right of Way Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
Zach Greenberg	Office of the Governor
John Reiten	Office of the Governor
Dave Garner	Office of the Attorney General
Josh Kevan	RVK
Ron Ness	ND Petroleum Council
Macey Wallace	
C. Rajala	
Gary Hagen	

**APPROVAL OF MINUTES**

A motion to approve the minutes of the January 26, 2023, meeting was made by Treasurer Beadle and the motion was seconded by Attorney General Wrigley and the motion carried unanimously on a voice vote.

## LITIGATION

### Litigation Update

- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court issued November 10<sup>th</sup> 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); received notice February 8th that Plaintiffs have petitioned United States Supreme Court for certiorari on 5th Amendment takings grounds
- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor for a second time in September 2022; remand briefs were filed by both parties in December 2022; trial court issued February 22, 2023, order awarding Land Board \$8.3 million in damages, interest, and penalties; Newfield/Ovintiv has 60 days to appeal
- MHA (Missouri riverbed ownership) –Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing is complete and oral arguments were held on February 1st; awaiting court decision
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022, granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; briefing complete and oral arguments scheduled for March 16<sup>th</sup> in St. Paul
- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; currently in post-trial briefing stage
- 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 29<sup>th</sup> dismissing appeal and sending back to trial court for further quiet title actions on at issue parcels; district court signed stipulated order and judgment on remaining claims February 1st; appeal period expires April 3rd; if there is a renewed appeal, it is unclear whether the SC would require new briefing/arguments since issues would be exactly the same

### 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 consolations regarding:**

- **William S. Wilkinson, et. al v. Board of University & School Lands – Case No. 53-2012-CV-0038**

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

**The Board entered into executive session at 9:10 AM.**

#### **EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Kirstin Baesler	Superintendent of Public Instruction (via Teams)
Thomas Beadle	Treasurer

**Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer (via Teams)
James Wald	Legal Council
Chris Suelzle	Minerals Division Director
Elvedina Papalichev	Paralegal

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
Zach Greenberg	Office of the Governor
John Reiten	Office of the Governor
Jen Verleger	Office of the Attorney General (via Teams)
Dave Garner	Office of the Attorney General

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The executive session adjourned at 9:20 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed the William S. Wilkinson et. al v. Board of University & School Lands Case and litigation with its attorneys. No formal action was taken.

## OPERATIONS

### Commissioner's Report

- One more gas royalties settlements achieved; continuing negotiations with now only two remaining
- New minerals system phased roll out continues to progress well
- Continuing to spend much time managing legislative session
- Attended February 10<sup>th</sup> State Investment Board Investment Committee meeting as voting member
- Attended February 17<sup>th</sup> full State Investment Board meeting as voting member

### HR Update

- Investment Operations Officer – position posted and receiving applications; hope to have filled by April 1st

### Legislative Update

**HB 1013** – Department budget bill; Commissioner has testified at four hearings on this before House Appropriations Committee, Government Operations Division; the Division has been good to work with, passing the bill to the full Appropriations Committee with 1) additional minerals position; 2) additional unclaimed property claims processor; and 3) \$4.9 million to complete our IT update projects

**HB 1400** – amends NDCC § 15-01-02 to replace “full control of the investments” to “investment authority over” and specifies Land Board may contract investment management to State Investment Board; amends NDCC § 21-10-06 to specify State Investment Board may manage funds of Common Schools Trust Fund under a written contract with the Land Board; House Industry, Business, and Labor Committee recommended DO NOT PASS 14-0; failed in House by a vote of 80-13 on February 1st

**HB 1175** – would require all leased surface acres to be open to public access; Department prefers current statute that allows collaborative approach based on specific circumstances of each tract; Commissioner can close tracts at discretion or tenants can request CLOSED or NOTIFY signs from Department; historically only 1% - 3% of all acreage has been closed and even then, only for specific date ranges, usually when cattle are expected to be grazing; health and safety of the public is also a concern for tracts that have oil wells, pipelines, or other industrial operations on them;

[amended to “shall consider” legislative management study and passed House by a vote of 89-2 on February 14th](#)

**HB 1360** – Department filed bill to amend Unclaimed Property statutes: 1) increase holder record retention period to 10 years from date notified of an exam; 2) increase statute of limitations to enforce holder duties from five years after holder files report to seven; [passed House by a vote of 93-0 on January 31<sup>st</sup>](#)

**SB 2049** – Department filed bill to clarify/clean-up surface management statutes regarding notifying county treasures of surface auctions, timber harvesting on trust lands, granting authority for organized events on trust lands, and the permitting of beehives on trust lands; [passed Senate by a vote of 45-1 on January 12<sup>th</sup>](#)

**HB 1185** – created grant program from the Coal Development Trust Fund for school construction projects affected by “unanticipated construction inflation”; Department testified against at January 17<sup>th</sup> House Education Committee hearing due to its unconstitutionality; the Coal Development Trust Fund is established in Sec. 21, Art. X of the North Dakota Constitution which only provides for loans from the fund, not grants; allowing grants would also alter the “permanent” nature of the fund as provided in Art. X; Committee amended to remove grant language and instead expanded the loan program for school construction projects with unanticipated inflation if bid after January 1, 2021 and before June 30, 2024; loans may be up to \$5 million per district at a rate not to exceed 1.50%; [passed House by a vote of 90-0 on February 10<sup>th</sup>](#)

## DIVISION REPORTS

## S U R F A C E

SURFACE DIVISION

**NORTH Dakota** | Trust Lands  
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Encumbrances issued by Commissioner during January 2023: 10 Right of Way Agreements generating \$115,306 in income for the Trusts.

Photo Credit: Kayla Spangelo  
McKenzie County 149-98-16

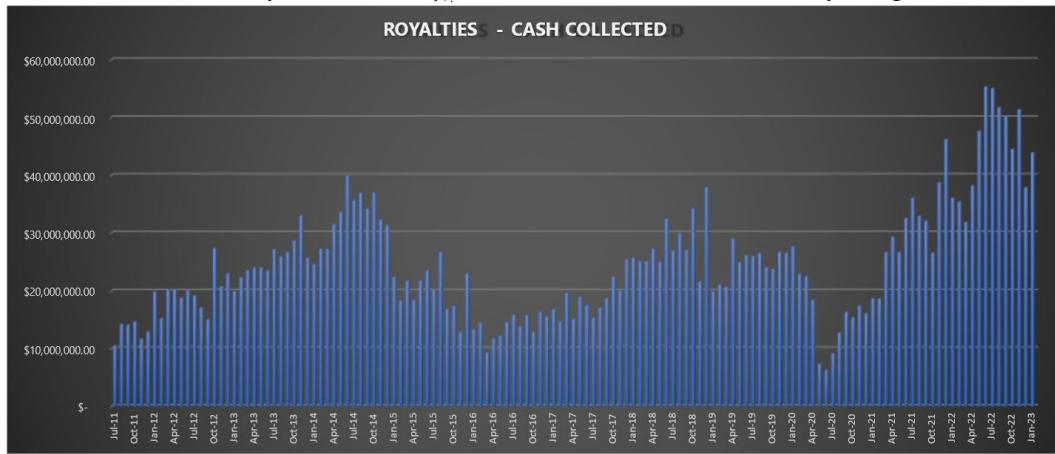


## M I N E R A L S

MINERALS DIVISION

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

As of January 2023, for fiscal year 2022-23 the Department has received **\$334,466,921** in royalties as compared to **\$248,496,594** last fiscal year at this time. This calculates to a 35% increase in royalties generated.

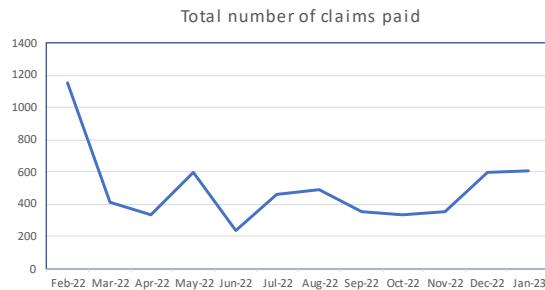


## UNCLAIMED PROPERTY

### UNCLAIMED PROPERTY DIVISION



For the month of January 2023, the Division paid 612 claims with \$1,711,890.36 returned to rightful owners/heirs. It received 28 holder reports with a dollar value of \$88,404.00.



## FINANCIALS

### Financial Statements Position Report (Unaudited) for period ended November 30, 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 November 30, 2022, was presented to the Board for review and is available at the Department upon request.**

## Executive Estimate of Assets

EXECUTIVE ESTIMATE OF ASSETS  
NORTH DAKOTA DEPARTMENT OF TRUST LANDS  
As of January 31, 2023

	1/31/2023 Value	MOM\$ 12/31/2022 Value	MOM% Change	YOY\$ 1/31/2022 Value	YOY% Change
Cash	330,187,206	284,810,916		414,662,933	
Investments <sup>[1]</sup>	7,211,622,212	6,951,337,829		6,504,972,683	
Tax Receivables <sup>[2]</sup>	-	-		18,276,871	
Loans <sup>[3]</sup>	39,850,947	39,696,314		43,714,193	
Receivables <sup>[4]</sup>	6,403,458	7,168,417		7,447,083	
<b>Sub-Total Net Assets</b>	<b>\$7,588,063,823</b>	<b>\$7,283,013,475</b>	<b>4.19%</b>	<b>\$6,989,073,763</b>	<b>8.57%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347		2,813,480,347	
Surface Rights <sup>[6]</sup>	511,088,869	511,088,869		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		278,609	
<b>Total Net Assets</b>	<b>\$10,913,648,235</b>	<b>\$10,608,597,887</b>	<b>2.88%</b>	<b>\$10,313,921,588</b>	<b>5.81%</b>

[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.

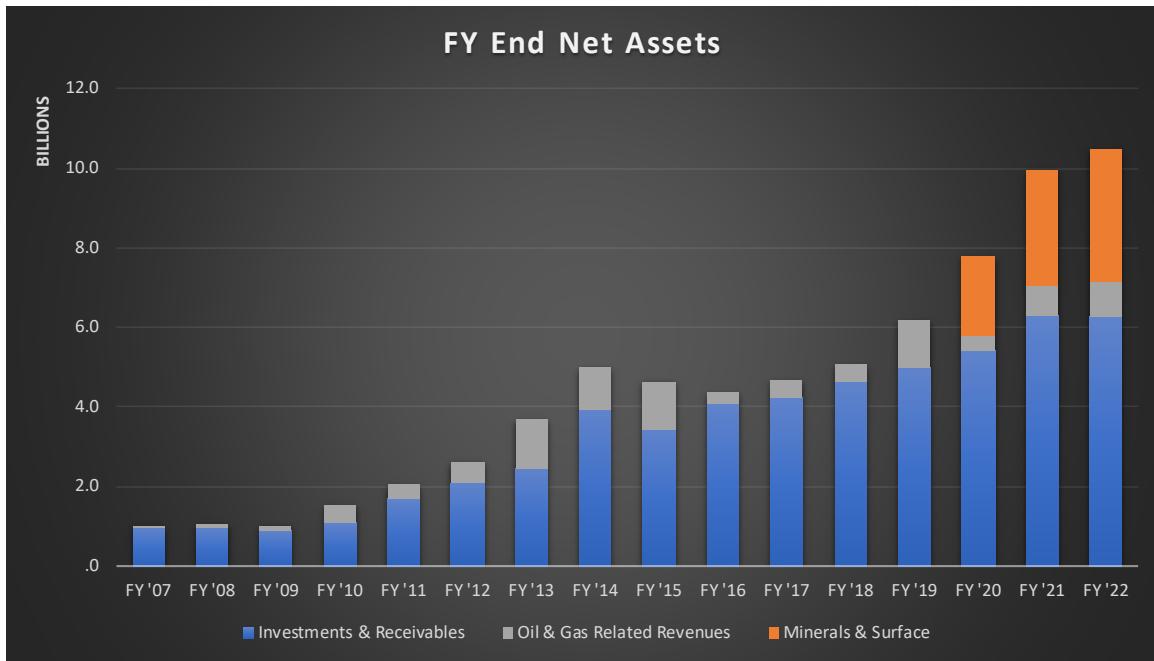
[3] Various loan programs funded with trust assets.

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

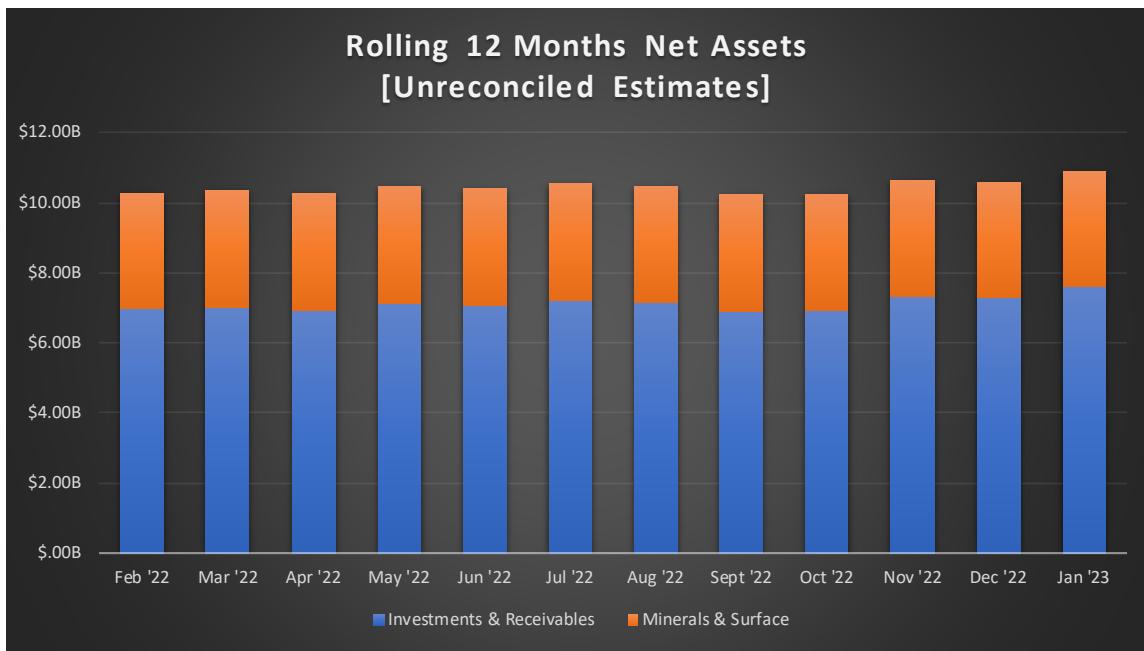
[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2021.

[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.



- [1] 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.
- [2] 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.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



- [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 \$2,813,480,347, surface fair market value of \$511,088,869.
- [3] Sep. 2022 - included \$1,015,149 building value appraised as of 9/15/22.

## INVESTMENTS

### Investment Updates

### Pipeline

Balyasny Asset Management Atlas Enhanced Fund (multi-strat hedge fund) has been funded. Two Sigma Absolute Return Enhanced Fund (quant equity market neutral hedge fund) has been approved, pending legal review.

### Portfolio Rebalancing Updates

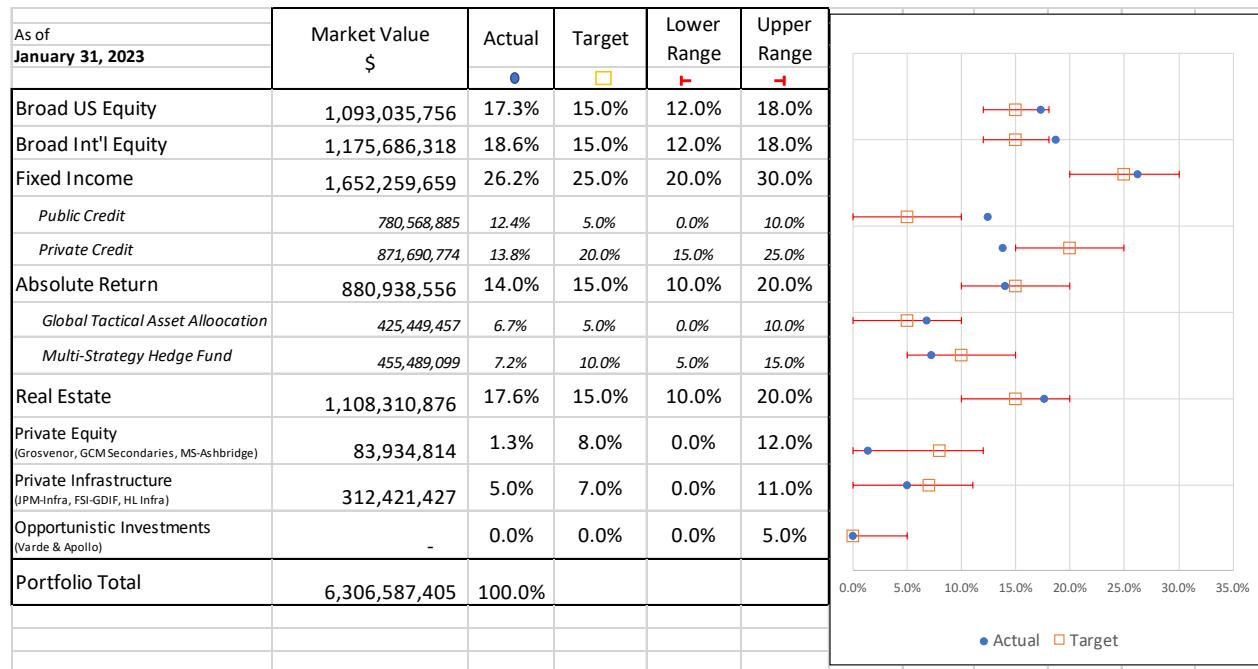
Funded commitments since the last Board meeting include: \$300M to Balyasny.

Unfunded commitments remaining total \$559.5M as follows:

1. Private Credit, \$172M
  - i. *ARES Pathfinder Fund, \$39M*
  - ii. *Owl Rock Diversified Lending, \$52.5M*
  - iii. *Angelo Gordon Direct Lending (AGDL) IV, \$10M*
  - iv. *AGDL-BUSL Fund, \$50M*
  - v. *Varde Dislocation Fund, \$20.5M*
2. Private Equity, \$226.8M
  - i. *Grosvenor Capital Management (GCM) Private Equity, \$100.9M*
  - ii. *GCM Secondary Opportunities Fund, \$114.4M*
  - iii. *Morgan Stanley Ashbridge TS Fund II, \$11.5M*
3. Private Infrastructure, \$10.7M
  - i. *Hamilton Lane Infrastructure Opportunities Fund, \$10.7M*
4. Absolute Return, \$150M
  - i. *Millennium USA LP (Hedge Fund), \$150M*

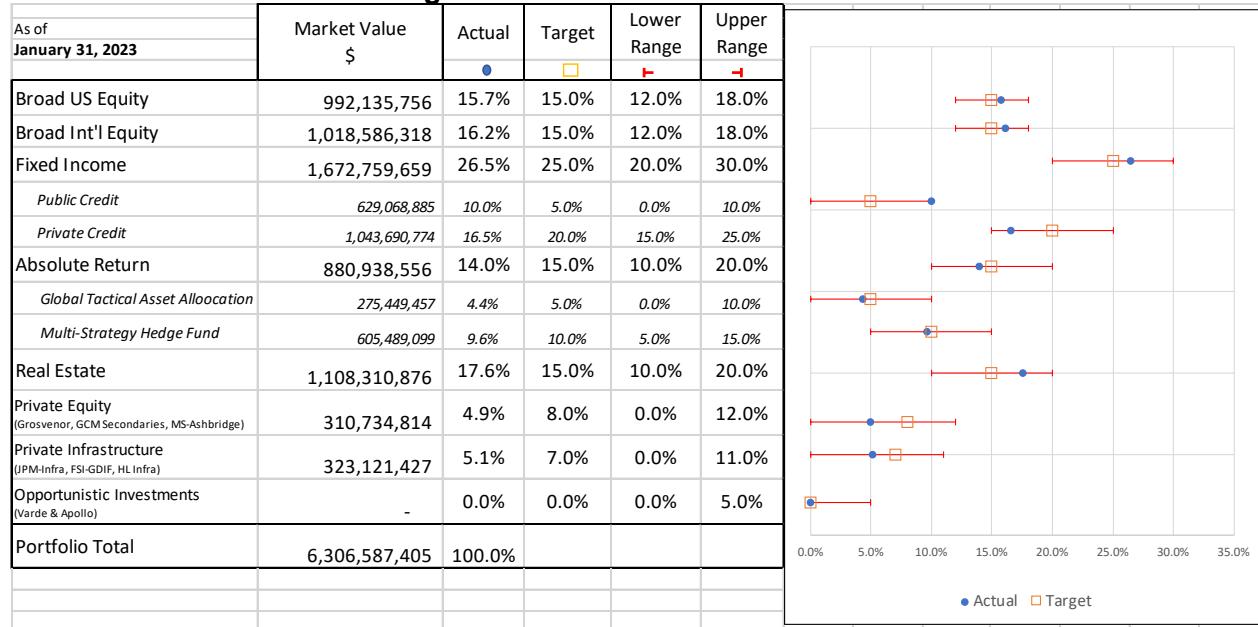
## Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of January 31, 2023 (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.**

**4th Quarter 2022 Performance Report**

**4th Quarter 2022 Performance Report 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 11:01 AM.

---

Doug Burgum, Chairman  
Board of University and School Lands

---

Joseph Heringer, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands  
January 26, 2023**

The January 26, 2023, meeting of the Board of University and School Lands was called to order at 9:05 AM by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Michael Howe	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
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Rick Owings	Administrative Staff Officer
James Wald	Legal Council
Frank Mihail	Chief Investment Officer
Chris Suelzle	Minerals Division Director
Adam Otteson	Revenue Compliance Division Director
Peggy Gudvangen	Finance Division Director
Emily Bosch	Unclaimed Property
Lynn Spencer	Minerals Title Specialist
Maria Garcia	Finance Division
Jacob Lardy	Land Management Specialist
Joseph Stegmiller	Surface Division Director
Susan Dollinger	Unclaimed Property
Kayla Spangelo	Surface Range Soils Management Specialist
Jessica Fretty	Unclaimed Property

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
Zach Greenberg	Office of the Governor
John Reiten	Office of the Governor
Charles Carvell	Office of the Attorney General
Reice Haase	ND Industrial Commission
C. Rajala	

**APPROVAL OF MINUTES**

A motion to approve the minutes of the December 19, 2022 and January 4, 2023 meetings were made by Treasurer Beadle and the motion was seconded by Attorney General Wrigley and the motion carried unanimously on a voice vote.

## OPERATIONS

### **Commissioner's Report**

- Two more gas royalties settlements achieved; continuing negotiations with now only four remaining
- In midst of new minerals system phased go-live; so far so good!
- Much time spent over past several weeks corresponding/meeting with legislators, monitoring bills, preparing/giving testimony, and collaborating with other affected agencies and constituents
- DTL had a booth at the January 10<sup>th</sup> North Dakota State Agencies Information Fair at Capitol; many stopped with good information provided and even a few that found unclaimed property!
- Attended December 16<sup>th</sup> State Investment Board meeting as voting member
- Attended January 13<sup>th</sup> SIB Investment Committee meeting as voting member

### **HR Update**

- Chief Investment Officer – new CIO Frank Mihail started January 3<sup>rd</sup>
- Investment Analyst, Dennis Chua, took a position as a Retirement Investment Officer with the San Diego County Employees Retirement Association and his last day with DTL was January 13<sup>th</sup>. We thank Dennis for his 3 ½ years of good service and are happy for him that he will be closer to family and in a warmer climate as he desired! We will work to fill the position as soon as possible.

### **Legislative Update**

**HB 1013** – Department budget bill; Commissioner has testified at two hearings on this before House Appropriations Committee, Government Operations Division

**HB 1400** – amends NDCC § 15-01-02 to replace “full control of the investments” to “investment authority over” and specifies Land Board may contract investment management to State Investment Board; amends NDCC § 21-10-06 to specify State Investment Board may manage funds of Common Schools Trust Fund under a written contract with the Land Board

## RE: House Bill 1400

**Motion:** The Board formally oppose House Bill 1400, a bill for an act to amend and reenact subsection 2 of section 15-01-02 and subsection 3 of section 21-10-06 of the North Dakota Century Code, relating to investment of the common schools trust fund.

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

**HB 1175** – would require all leased surface acres to be open to public access; Department prefers current statute that allows collaborative approach based on specific circumstances of each tract; Commissioner can close tracts at discretion or tenants can request CLOSED or NOTIFY signs from Department; historically only 1% - 3% of all acreage has been closed and even then, only for specific date ranges, usually when cattle are expected to be grazing; health and safety of the public is also a concern for tracts that have oil wells, pipelines, or other industrial operations on them

## RE: House Bill 1175

**Motion:** The Board formally oppose House Bill 1175, a bill for an act to create and enact a new section to chapter 15-04 of the North Dakota Century Code, relating to the posting of leased grant lands.

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

**HB 1360** – Department filed bill to amend Unclaimed Property statutes: 1) increase holder record retention period to 10 years from date notified of an exam; 2) increase statute of limitations to enforce holder duties from five years after holder files report to seven

**SB 2049** – Department filed bill to clarify/clean-up surface management statutes regarding notifying county treasures of surface auctions, timber harvesting on trust lands, granting authority for organized events on trust lands, and the permitting of beehives on trust lands; passed Senate by a vote of 45-1 on January 12<sup>th</sup>

**HB 1185** – creates grant program from the Coal Development Trust Fund for school construction projects affected by “unanticipated construction inflation” which “must have occurred for a voter-approved bond issue passed after July 2021 and before January 2023”; grants can be up to \$5 million per district; Department testified against at January 17<sup>th</sup> House Education Committee hearing due to its unconstitutionality; the Coal Development Trust Fund is established in Sec. 21, Art. X of the North Dakota Constitution which only provides for loans from the fund, not grants; allowing grants would also alter the “permanent” nature of the fund as provided in Art. X

## Department of Trust Lands Workforce Handout



The Department of Trust Lands (Department) is a special fund agency not reliant upon the general fund for its operations. Under the guidance of the Board of University & School Lands (Board) the Department oversees 13 permanent trusts: Common Schools, North Dakota State University, School for the Blind, School for the Deaf, State Hospital, Ellendale State College\*, Valley City State University, Mayville State University, Youth Correctional Center, State College of Science, School of Mines (UND), Veterans Home, University of North Dakota.

\* Dickinson State University, Minot State University, Dakota College at Bottineau, Veterans Home, School for the Blind, State Hospital, and the State College of Science are current beneficiaries of this trust.

In addition, Department oversees the management of the following funds: Indian Cultural Education Trust, Capitol Building Fund, Strategic Investment and Improvements Fund (SIIF), Coal Development Trust Fund, Theodore Roosevelt Presidential Library Fund.

### DID YOU KNOW?

#### MINERALS



WE MANAGE 2.4 MILLION MINERAL ACRES WITH INTEREST IN MORE THAN 8,600 OF ND'S 17,400 PRODUCING WELLS WITH APPROX. 8300 LEASES.

#### SURFACE



WE MANAGE MORE THAN 700,000 SURFACE ACRES IN 50 OF NORTH DAKOTA'S 53 COUNTIES WITH APPROX. 4400 LEASES.

### CURRENT AGENCY TEAM MEMBER STATS

**30**

FTE Count

**6.4**

average yrs of service

**62%**

turnover since 2019

**3**

retirement eligible

### HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

#### STAFFING

**ND DTL**  
30 FTE  
1 FTE/\$236 Million

**UTAH**  
68 FTE  
1 FTE/\$46 Million

**MINNESOTA**  
82 FTE  
1 FTE/\$23 Million

**TEXAS GLO**  
744 FTE  
1 FTE/\$75 Million

#### 2021 ASSET VALUE

**\$ 7,101,953,058**

**\$ 3,108,093,074**

**\$ 1,900,000,000**

**\$ 55,624,100,000**

#### 2021 ANNUAL REVENUE

**\$ 695,000,000**

**\$ 89,138,239**

**\$ 54,500,000**

**\$ 1,842,756,144**

## DEPARTMENT HIGHLIGHTS

### OVER \$3 BILLION IN ROYALTY REVENUE DEPOSITED IN DTL TRUSTS & FUNDS



### COMMON SCHOOLS TRUST FUND (CSTF) FUNDING OF K-12 EDUCATION

**\$2,142**

CSTF funding per  
K-12 student

The CSTF distributions to the State Tuition Fund have totaled more than \$1.8 billion over the last 10 years; helping to alleviate the financial responsibility of the General Fund and North Dakota property tax payers.

The 2023-2025 Biennium alone will see an 18.7% increase in distributions totaling nearly \$500 million translating to approximately \$2,142 in funding per K-12 student.



CSTF MAIN SOURCES OF REVENUE: 10% OF OIL EXTRACTION TAX, 8,600 BAKKEN WELL ROYALTIES, OIL & GAS LEASE BONUS PAYMENTS, SURFACE RIGHTS OF WAY, SURFACE RENTAL INCOME, AGGREGATE.



\$500 MILLION TO BE  
DISTRIBUTED IN  
2023-25 BIENNIAL



18.7% INCREASE IN  
DISTRIBUTION OVER  
LAST BIENNIAL



\$5.66 BILLION VALUE  
AS OF FISCAL END  
2022

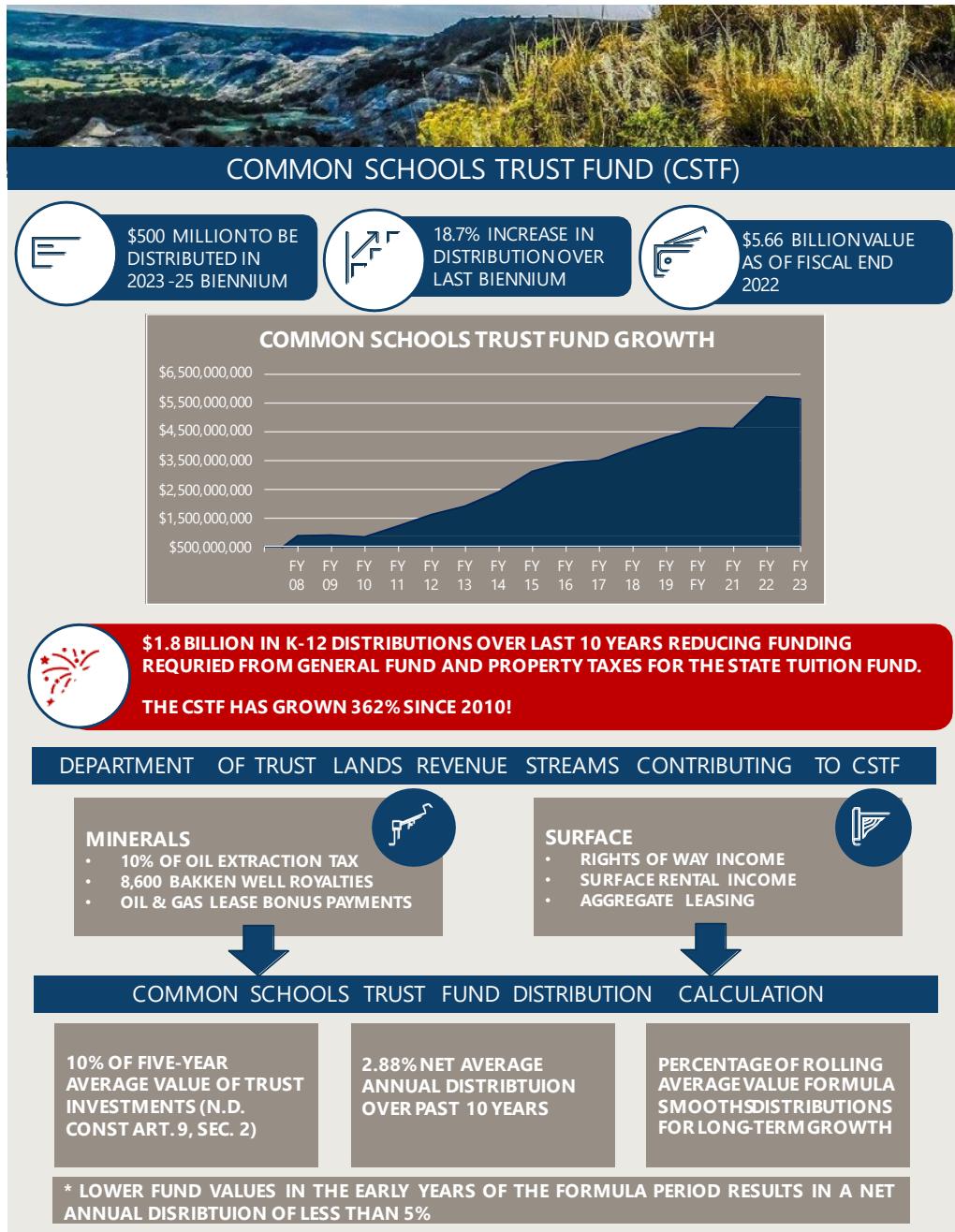
### ADDITIONAL DEPARTMENTS MANAGED UNDER DTL

#### ENERGY INFRASTRUCTURE & IMPACT OFFICE (EIRO)

- EIRO did not have additional funding allocated in the last Legislative Session.
- The office has paid all grants in full and does not have an FTE solely for EIRO

#### UNCLAIMED PROPERTY

- 3 FTEs dedicated out of the 30 allocated to the Department of Trust Lands.
- Unlimited FREE Unclaimed Property Searches at:  
<https://unclaimedproperty.nd.gov>



## DIVISION REPORTS

## S U R F A C E

### SURFACE DIVISION



Encumbrances issued by Commissioner during December 2022:

11 Right of Way Agreements generating \$104,084 in income for the Trusts.

Photo Credit: Kayla Spangelo  
Dunn County 146-97-36



## M I N E R A L S

### MINERALS DIVISION



The Minerals Division approved 1 shut-in request in December 2022.

The Division is preparing for the Department's next online Oil & Gas Lease Auction. The auction will open on **March 7, 2023**, and close on **March 14, 2023**. The auction will be hosted by EnergyNet.

102 mineral tracts, comprising a total of 9,560.37 net mineral acres, have been nominated to date.

The **nomination deadline is January 20, 2023**.

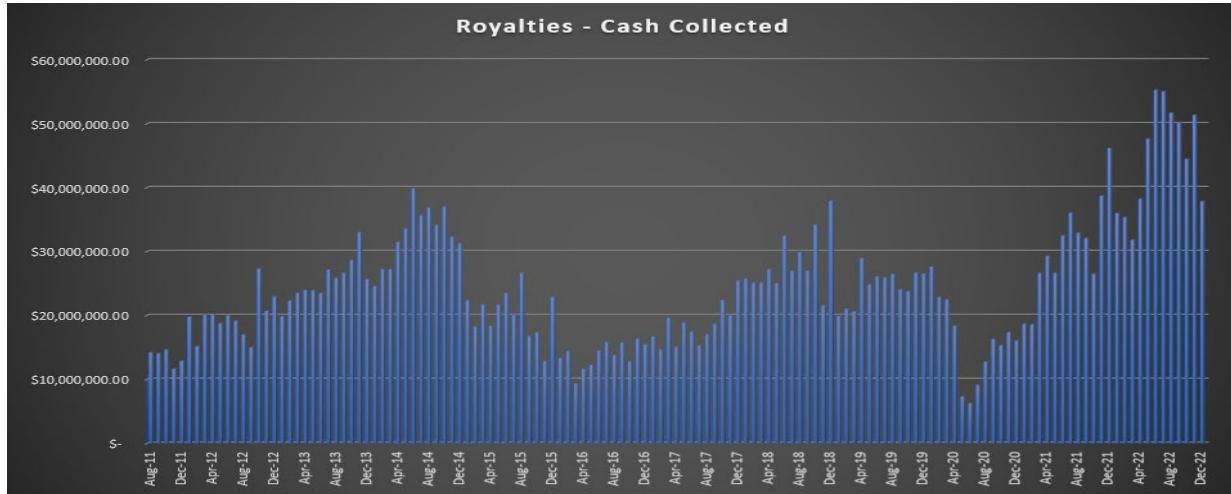
Mineral Tracts nominated for the  
**March 7-14, 2023**  
Online Oil & Gas Lease Auction

County	Tracts	Net Acres
Billings	6	800
Bowman	4	320
Burke	11	1045.22
Divide	27	2,640.14
Golden Valley	4	289.17
McKenzie	5	720
Renville	8	628.50
Stark	18	1,442.84
Ward	19	1,674.50
<b>Totals</b>	<b>102</b> tracts	<b>9,560.37</b> net acres

## MINERALS DIVISION

NORTH  
Dakota | Trust Lands  
Be Legendary.™

As of December 2022, for fiscal year 2022-23 the Department has received **\$290,597,599** in royalties as compared to **\$212,468,331** last fiscal year at this time.

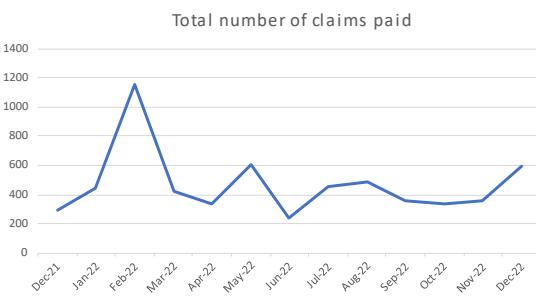
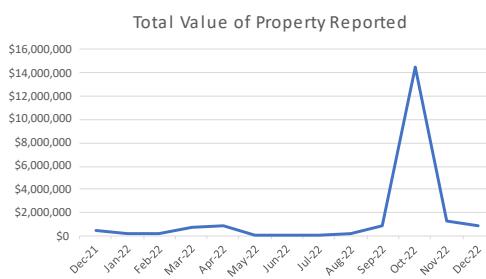


## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY DIVISION

NORTH  
Dakota | Trust Lands  
Be Legendary.™

For the month of December 2022, the Division paid 595 claims with \$1,489,289.39 returned to rightful owners/heirs. It received 79 holder reports with a dollar value of \$871,855.19.



## F I N A N C I A L S

### Financial Statements Position Report (Unaudited) for period ended October 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 October 31, 2022, was presented to the Board for review and is available at the Department upon request.**

## I N V E S T M E N T S

### Investment Updates

#### Pipeline

Balyasny Asset Management Atlas Enhanced Fund (multi-strat hedge fund) has been approved for \$300M, pending legal review.

Two Sigma Absolute Return Enhanced Fund (quant equity market neutral hedge fund) has been approved \$150M, pending legal review.

#### Portfolio Rebalancing Updates

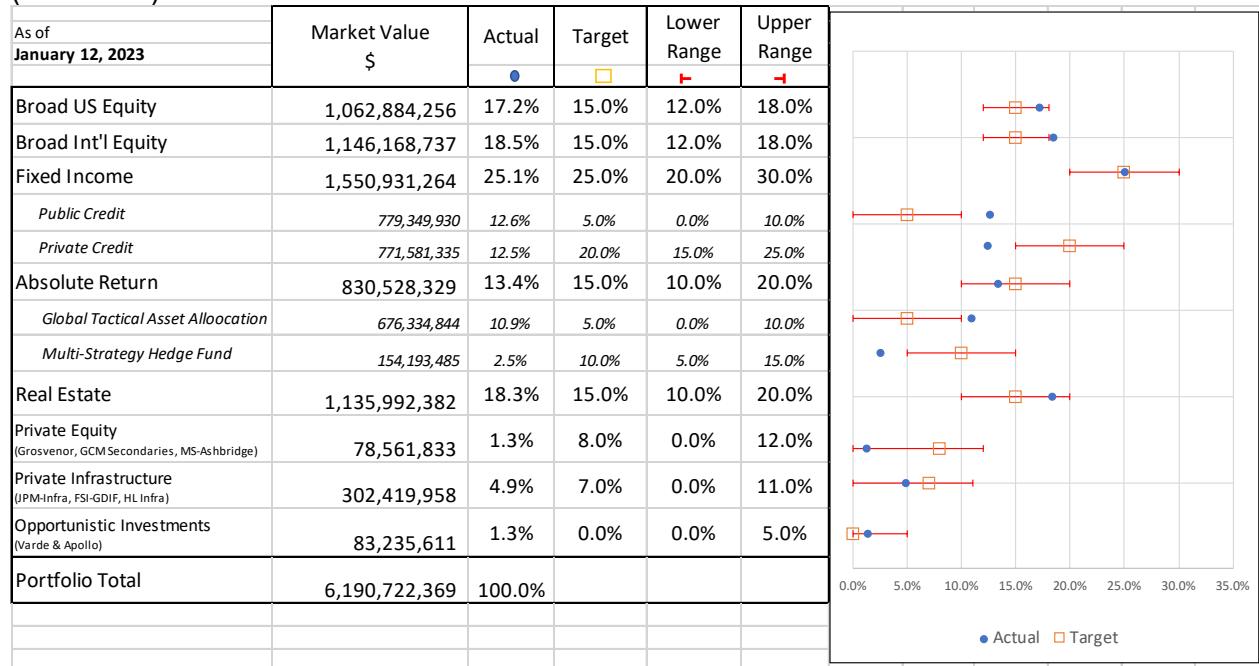
Capital calls since the last Board meeting include: \$2.81M for GCM Private Equity, \$16.8M GCM Secondary Opportunities Fund, \$1.25M MS Ashbridge TS Fund, \$3.7M Hamilton Lane Infrastructure Opp. Fund, \$5M AGDL IV, and \$7.3M Owl Rock Diversified Lending.

Unfunded commitments remaining total \$558.9M as follows:

1. Private Credit, \$151.5M
  - i. ARES Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$52.5M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$10M
  - iv. AGDL-BUSL Fund, \$50M
2. Private Equity, \$226.8M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$100.9M
  - ii. GCM Secondary Opportunities Fund, \$114.4M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
3. Private Infrastructure, \$10.1M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$10.1M
4. Opportunistic Investments, 20.5M
  - i. Varde Dislocation Fund, \$20.5M
5. Absolute Return, \$150M  
Millennium USA LP (Hedge Fund), \$150M  
 (01/26/23)

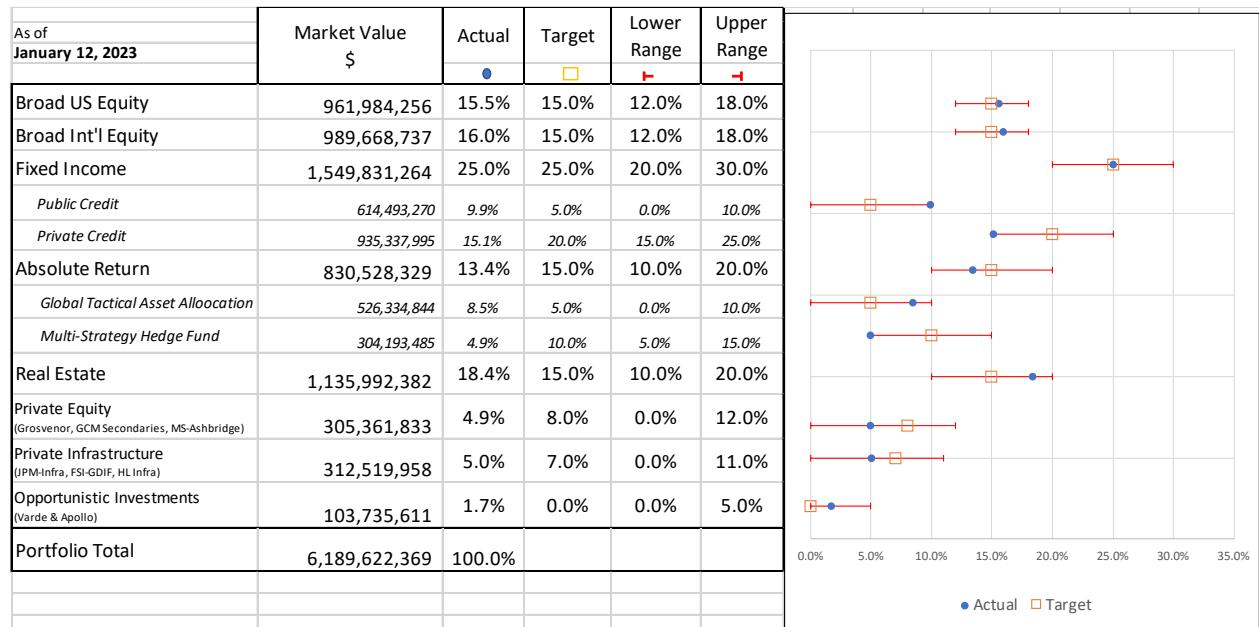
## Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of January 12, 2023 (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.**
- iv. **\$1.1M annual distribution to Permanent Funds**

## Executive Estimate of Board Assets

### EXECUTIVE ESTIMATE OF ASSETS NORTH DAKOTA DEPARTMENT OF TRUST LANDS

As of December 31, 2022

	12/31/2022 Value	MOM\$ Value	MOM% Change	YOY\$ Value	YOY% Change
Cash	284,810,916	256,082,684	11.22%	411,232,346	-30.74%
Investments <sup>[1]</sup>	6,951,337,829	7,024,993,912	-1.05%	6,582,535,580	5.60%
Tax Receivables <sup>[2]</sup>	-	-	0.00%	17,333,018	-100.00%
Loans <sup>[3]</sup>	39,696,314	40,251,666	-1.38%	43,784,715	-9.34%
Receivables <sup>[4]</sup>	7,168,417	6,857,816	4.53%	35,165,945	-79.62%
<b>Sub-Total Net Assets</b>	<b>\$7,283,013,475</b>	<b>\$7,328,186,079</b>	<b>-0.62%</b>	<b>\$7,090,051,604</b>	<b>2.72%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347	0.00%	2,813,480,347	0.00%
Surface Rights <sup>[6]</sup>	511,088,869	511,088,869	0.00%	511,088,869	0.00%
Building Value <sup>[7]</sup>	1,015,196	1,015,196	N/A	N/A	N/A
<b>Total Net Assets</b>	<b>\$10,608,597,887</b>	<b>\$10,653,770,491</b>	<b>-0.42%</b>	<b>\$10,414,620,820</b>	<b>1.86%</b>

[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.

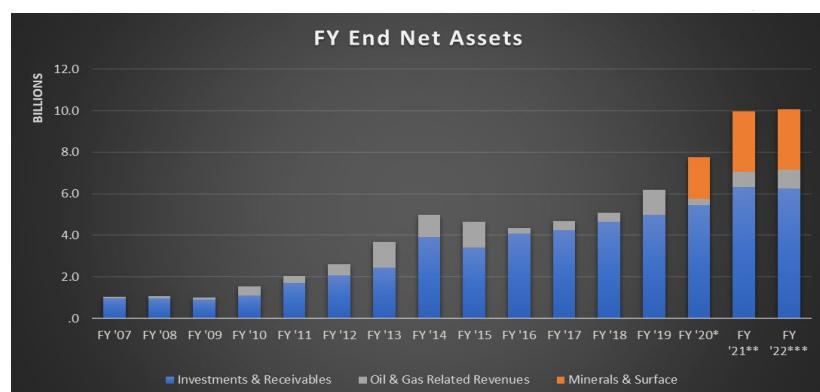
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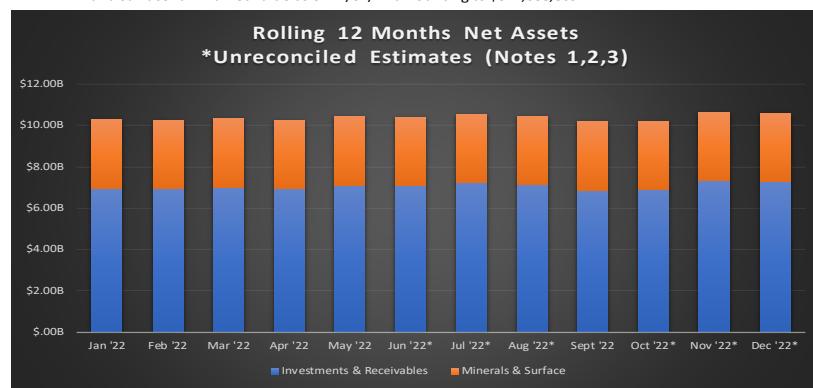
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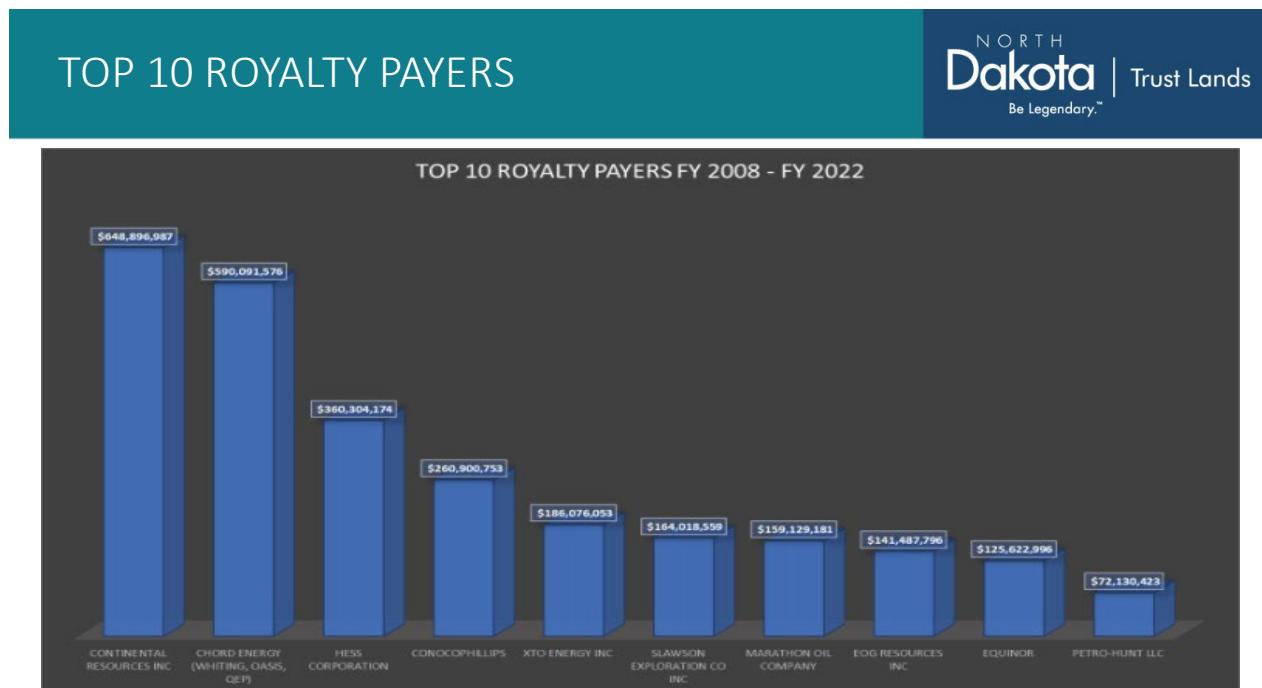


Notes:

- 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 \$2,813,480,347, surface fair market value of \$511,088,869.
- 3. Sept. 2022 - included \$1,015,149 building value appraised as of 9/15/22.

## SPECIAL PROJECTS

## Top 10 Royalty Producers



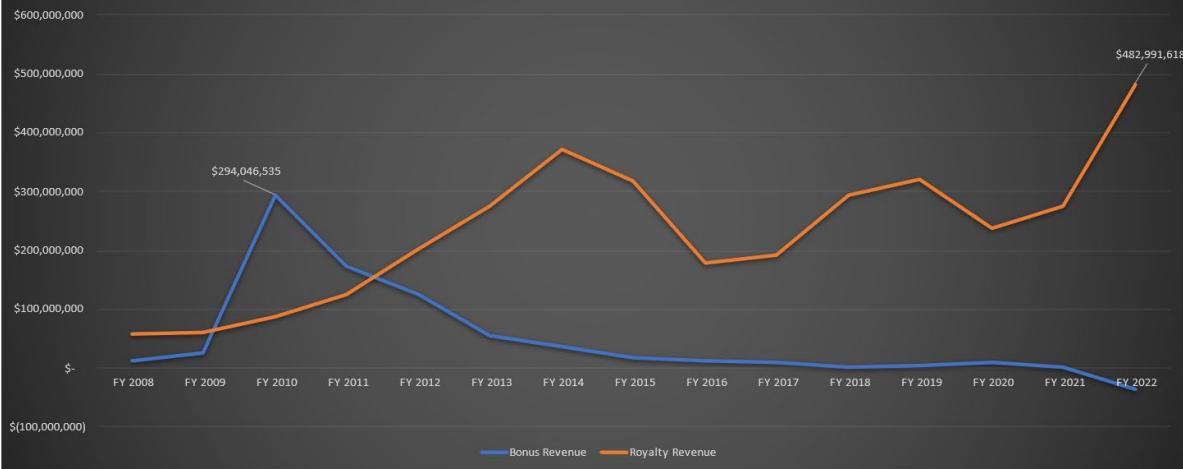
## History of Royalties by Trust/Fund



## BONUS & ROYALTY REVENUES

NORTH  
Dakota | Trust Lands  
Be Legendary.™

### BONUS & ROYALTY REVENUES FY 2008-2022



## BONUS & ROYALTY REVENUES

NORTH  
Dakota | Trust Lands  
Be Legendary.™

### SIIF VS PERMANENT TRUST FUNDS OIL AND GAS REVENUES (BONUS & ROYALTY)





## LITIGATION

### Litigation Update

- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor for a second time in September 2022; remand briefs were filed by both parties in December and we now await what we hope is a final order from the trial court
- MHA (Missouri riverbed ownership) –Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing is complete and oral arguments are scheduled for February 1st
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022 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 and briefing
- 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 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 consolations regarding:**

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of Interior – Case No. 20-1928**

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

**The Board entered into executive session at 10:37 AM.**

## EXECUTIVE SESSION

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Kirstin Baesler	Superintendent of Public Instruction
Thomas Beadle	Treasurer

**Department of Trust Lands Personnel present:**

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

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
Zach Greenberg	Office of the Governor
Charles Carvell	Office of the Attorney General

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The executive session adjourned at 11:01 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed the Mandan, Hidatsa, and Arikara Nation v. United States Department of Interior Case 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 11:03 AM.

---

Doug Burgum, Chairman  
Board of University and School Lands

---

Joseph Heringer, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands  
July 27, 2023**

The July 27, 2023, meeting of the Board of University and School Lands was called to order via Microsoft Teams meeting at 9:10 AM by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer
<b>Members Absent:</b>	
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Kate Schirado	Executive Assistant
Rick Owings	Administrative Staff Officer
James Wald	Legal Council
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Maria Garcia	Finance
Susan Dollinger	Unclaimed Property Director
Elvedina Papalichev	Paralegal
Peggy Gudvangen	Finance Director
Joseph Stegmiller	Surface Director
Pam Reile	Revenue Compliance
Matthew Reile	IT System Administrator
Adam Otteson	Revenue Compliance Director
Garret Hecker	Surface Range Soils Management Specialist
Lynn Spencer	Minerals Title Specialist
Jacob Lardy	Land Management Specialist
Jessica Fretty	Unclaimed Property
Scott Giere	Revenue Compliance
Ryan Kobilansky	Surface Range Soils Management Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
Claire J. Ness	Office of the Attorney General
Jennifer Sandberg	RVK
Matt Sturdivan	RVK
Cheryl Hanson	NISA
Dan Scholz	NISA
John Knowles-Bagwell	NISA
Jordan Smith	NISA
Justin Mars	NISA
Jack Dura	Media
C. Rajala	Media

## APPROVAL OF MINUTES

A motion to approve the minutes of the June 29, 2023 meeting was made by Secretary Howe and the motion was seconded by Attorney General Wrigley and the motion carried unanimously on a voice vote.

## OPERATIONS

### Commissioner's Report

- Commissioner Performance & Compensation Committee – action planned for August meeting (2 board members; 1 HRMS rep., 1 industry professional)
- July 6 – Chaired meeting of State Investment Board – Securities Litigation Committee
- July 12 – testified in favor of North Dakota Trust Lands Completion Act before the U.S. Senate Committee on Energy and Natural Resources - Subcommittee on Public Lands, Forests, and Mining; meetings with congressional delegation and committee staffers; very productive and interesting trip; likely back to D.C. in Fall for U.S. House hearing
- July 14 – attended State Investment Board - Investment Committee meeting as voting member
- July 19 - attended Lignite Research Council meeting as voting member
- July 21 - attended full State Investment Board meeting as voting member
- July 26 – attended Legislative Audit and Fiscal Review Committee meeting

### HR Update

- New Unclaimed Property Claims Processor position filled
- Interviews being conducted for new Investment and Minerals Officer positions

## DIVISION REPORTS

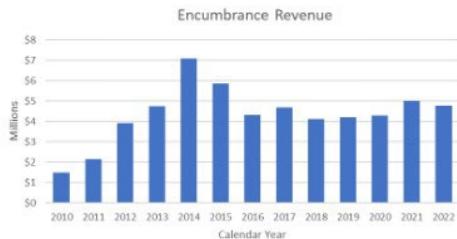
### SURFACE

## SURFACE DIVISION

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Encumbrances issued by Commissioner during June 2023:

- 22 Right of Way Agreements generating \$343,196 in income for the Trusts.



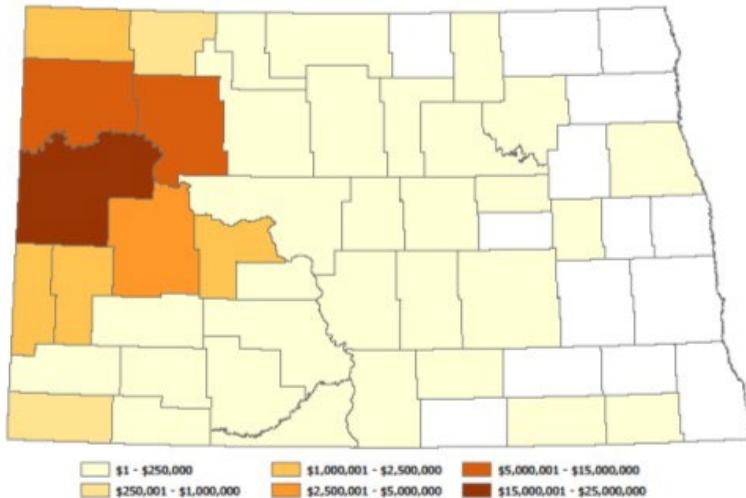
Williams County 153-99-22

Photo Credit: Kayla Spangelo (June 2019)  
Short-horned Lizard (*Phrynosoma douglassi*)

## SURFACE DIVISION

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Total Encumbrance Revenue by County since 2010



## MINERALS

## MINERALS DIVISION



The Minerals Division is preparing for the Department's next online Oil & Gas Lease Auction. The auction will open on August 1, 2023, and close on August 8, 2023. The auction will be hosted by EnergyNet.

78 Land Units, comprising a total of 8,741.96 net mineral acres, have been nominated for the auction.

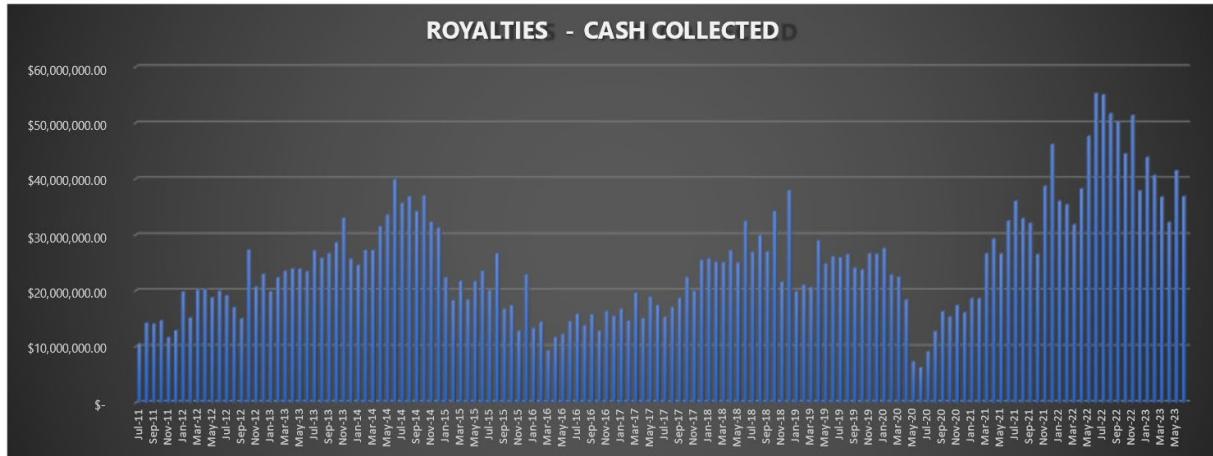
### Land Units nominated for the August 1-8, 2023 Online Oil & Gas Lease Auction

County	Land Units	Net Acres
Billings	10	1,440.00
Burke	6	688.00
Divide	20	2,000.00
Dunn	2	160.00
McKenzie	20	3199.36
Mountrail	2	34.60
Stark	10	820.00
Williams	8	400.00
<b>TOTAL</b>	<b>78</b>	<b>8,741.96</b>
		Net Acres

## RECORD FISCAL YTD O/G ROYALTIES



As of June 2023, for fiscal year 2022-23 the Department has received **\$522,469,809** in royalties as compared to **\$456,915,316** last fiscal year at this time. This closes out our record fiscal year at more than a 14% increase over last fiscal year.



## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov/>

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For the month of June 2023, the Division paid 437 claims with \$713,769.42 returned to rightful owners/heirs. It received 61 holder reports with a dollar value of \$54,584.03.



Good Morning America ran three segments on back-to-back days at the end of June highlighting unclaimed property and the opportunity states have to return money to rightful owners. This national spotlight produced a tremendous spike in page views, searches, and claims filed. For North Dakota, during the same time period last year, 101 claims were filed compared to 713 claims filed this year for an increase of 606%.

## UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov/>

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### Fiscal Year 2022 vs. Fiscal Year 2023



In June, the Division presented and recorded two educational webinars that will be added to the website to bolster education for businesses required to report/remit unclaimed property. The first provides general information on the Fundamentals of Unclaimed Property and the second is specific to creating an unclaimed property report in the proper format.

## FINANCIALS

### Financial Statements Position Report (Unaudited) for period ended April 30, 2023

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 April 30, 2023, was presented to the Board for review and is available at the Department upon request.**

### **Executive Estimate of Assets**

**EXECUTIVE ESTIMATE OF ASSETS  
NORTH DAKOTA DEPARTMENT OF TRUST LANDS**

**As of June 30, 2023**

	6/30/2023 Value	MOM\$ 5/31/2023 Value	MOM% Change	YOY\$ 6/30/2022 Value	YOY% Change
Cash	769,244,735	647,131,545		574,285,156	
Investments <sup>[1]</sup>	7,387,811,095	7,243,220,738		6,197,797,109	
Tax Receivables <sup>[2]</sup>	-	-		246,166,707	
Loans <sup>[3]</sup>	38,015,765	38,084,527		40,799,923	
Receivables <sup>[4]</sup>	10,805,125	8,684,512		26,687,000	
<b>Sub-Total Net Assets</b>	<b>\$8,205,876,719</b>	<b>7,937,121,322</b>	<b>3.39%</b>	<b>\$7,085,735,896</b>	<b>15.81%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	518,077,274		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		-	
<b>Total Net Assets</b>	<b>\$11,538,449,536</b>	<b>\$11,269,694,139</b>	<b>2.38%</b>	<b>\$10,410,305,112</b>	<b>10.84%</b>

[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.

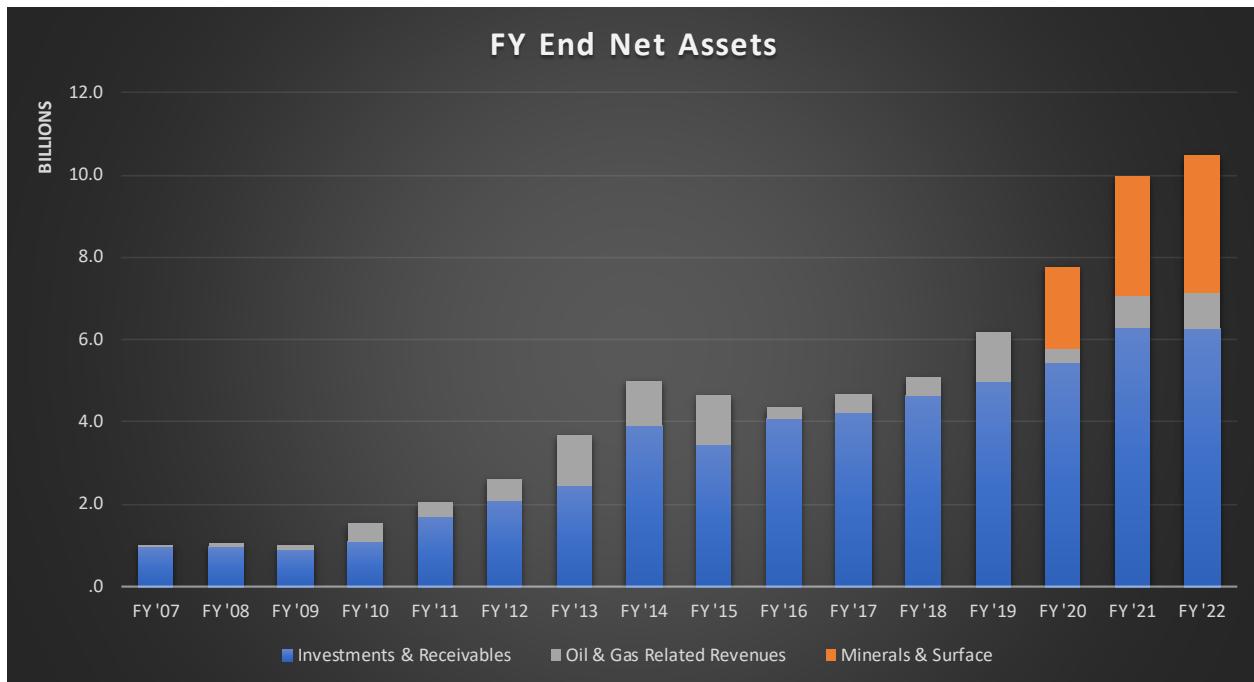
[3] Various loan programs funded with trust assets.

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

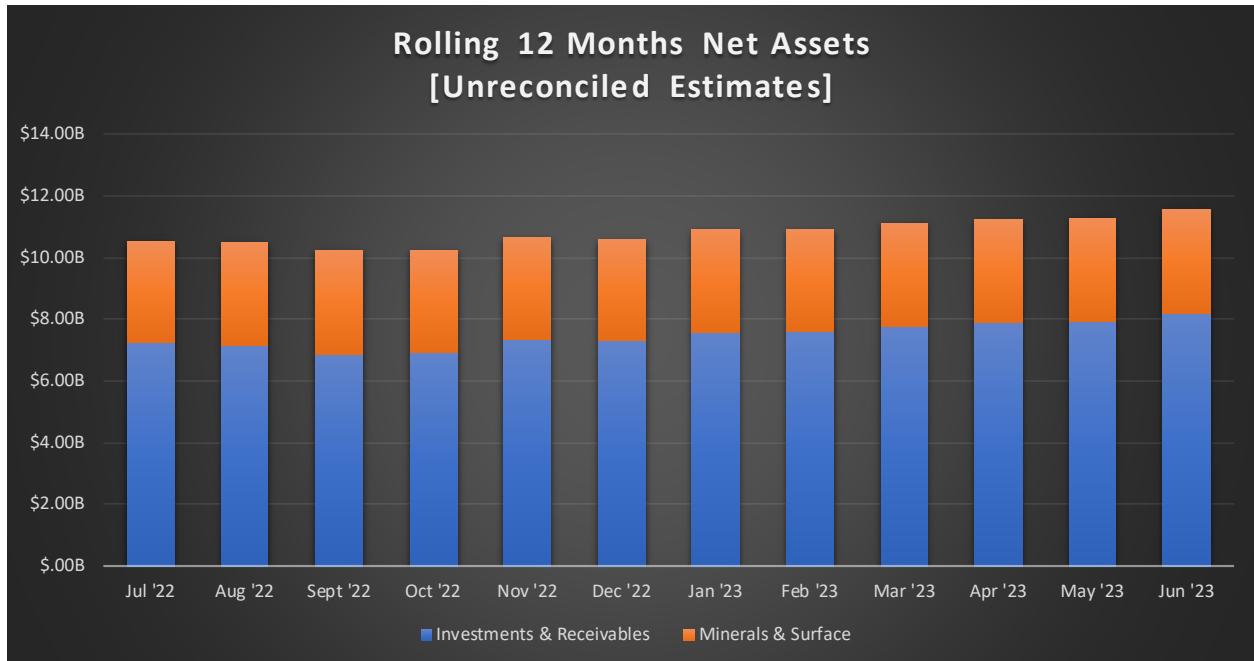
[5] Valued annually via contract with Mineral Tracker. Valuation as of December 31, 2021.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated annually via broker price opinion. Valuation as of Sept. 15, 2022.



- [1] 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.
- [2] 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.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



- [1] Dec 2021 includes mineral rights value of \$2,813,480,347
- [2] Sep 2022 includes appraised building value of \$1,015,196
- [3] Mar 2023 includes surface rights value of \$518,077,274

## INVESTMENTS

### Investment Updates

#### Q3-Q4 Pipeline

Public Credit: bond overlay manager recommendation

Real Estate: total portfolio restructuring recommendation

Public Equity: extended equity (130-30) manager recommendation

Private Credit: distressed credit manager recommendation

Absolute Return: multi-strategy hedge fund recommendation

#### Portfolio Rebalancing Updates

Capital Calls Funded and Pending:

06/21 Ares Pathfinder Fund \$6.0M

06/22 GCM Grosvenor Private Equity \$3.45M

07/06 Owl Rock Diversified Lending \$7.5M

07/25 Hamilton Lane Infrastructure Opportunities Fund \$1.5M

**Total Unfunded Commitments Remaining \$477M (as of June 30, 2023):**

1. Private Credit, \$105M
  - i. Ares Pathfinder Fund, \$32M
  - ii. Owl Rock Diversified Lending, \$52.5M
  - iii. Varde Dislocation Fund, \$20.5M
2. Private Equity, \$212M
  - i. GCM Grosvenor Private Equity, \$94M
  - ii. GCM Grosvenor Secondary Opportunities Fund III, \$106.5M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
3. Private Infrastructure, \$10M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$10M
4. Absolute Return, \$150M
  - i. Millennium USA LP (Hedge Fund), \$150M

## **Current Asset Allocation (unaudited)**

As of June 30, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
Equity	2,465,264,838	38.2%	38.0%	28.0%	48.0%
Broad US Equity	1,161,162,531	18.0%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,195,911,327	18.5%	15.0%	12.0%	18.0%
Private Equity	108,190,980	1.7%	8.0%	0.0%	12.0%
Fixed Income	1,750,181,909	27.1%	30.0%	20.0%	40.0%
Public Credit	853,421,407	13.2%	15.0%	10.0%	20.0%
Private Credit	896,760,502	13.9%	20.0%	10.0%	25.0%
Cash / (Implied Leverage)	-	0.0%	-5.0%	-10.0%	5.0%
Absolute Return	879,719,384	13.6%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	312,977,149	4.9%	0.0%	0.0%	0.0%
Multi-Strategy Hedge Fund	566,742,235	8.8%	15.0%	10.0%	20.0%
Real Assets	1,356,677,050	21.0%	17.0%	8.0%	26.0%
Real Estate	1,035,212,070	16.0%	10.0%	5.0%	15.0%
Private Infrastructure	321,464,980	5.0%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,451,843,182	100.0%			

### Hypothetical Asset Allocation (after funding all commitments)

As of June 30, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
<b>Equity</b>	2,465,264,838	38.2%	38.0%	28.0%	48.0%
<i>Broad US Equity</i>	1,067,162,531	16.5%	15.0%	12.0%	18.0%
<i>Broad Int'l Equity</i>	1,077,911,327	16.7%	15.0%	12.0%	18.0%
<i>Private Equity</i>	320,190,980	5.0%	8.0%	0.0%	12.0%
<b>Fixed Income</b>	1,750,181,909	27.1%	30.0%	20.0%	40.0%
<i>Public Credit</i>	748,421,407	11.6%	15.0%	10.0%	20.0%
<i>Private Credit</i>	1,001,760,502	15.5%	20.0%	10.0%	25.0%
<i>Cash / (Implied Leverage)</i>	-	0.0%	-5.0%	-10.0%	5.0%
<b>Absolute Return</b>	879,719,384	13.6%	15.0%	10.0%	20.0%
<i>Global Tactical Asset Allocation</i>	162,977,149	2.5%	0.0%	0.0%	0.0%
<i>Multi-Strategy Hedge Fund</i>	716,742,235	11.1%	15.0%	10.0%	20.0%
<b>Real Assets</b>	1,356,677,050	21.0%	17.0%	8.0%	26.0%
<i>Real Estate</i>	1,025,212,070	15.9%	10.0%	5.0%	15.0%
<i>Private Infrastructure</i>	331,464,980	5.1%	7.0%	0.0%	11.0%
<b>Opportunistic Investments</b>	-	0.0%	0.0%	0.0%	5.0%
<b>Portfolio Total</b>	6,451,843,182	100.0%			

*Assumptions: No other new cash is expected to fund calls. No redemption proceeds or distributions were received. All capital calls came in at the same time.*

## Investment Policy Statement – Second Reading

The Board of University and School Lands (Board) Investment Policy Statement (IPS) must be updated to reflect the Board's new Strategic Asset Allocation (SAA) for the Permanent Trust Funds approved at the June 29, 2023 Board meeting.

The substantive changes to the IPS are as follows (see attachment):

1. Update Strategic Asset Allocation targets and ranges (pages 17-18).
2. Update Benchmark indices and targets (page 19).
3. Update Permitted Investments language under Fixed Income, Absolute Return and Total Portfolio Leverage sections (page 21-22).

**Motion: The Board approve changes to the Investment Policy Statement as shown on the attached redline version.**

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

**Investment Policy Statement redline was provided to the Board and is available at the Department upon request.**

## Public Credit – Bond Overlay

Last month, the Board of University and School Lands (Board) approved a new Strategic Asset Allocation (SAA), increasing the public credit target to 15% and authorizing a prudent use of leverage in the core bond portfolio. The goal is to improve cash efficiency and reduce hedge fund drag on the portfolio over the long run.

Staff recommends hiring an overlay manager to synthetically replicate the public credit benchmark / policy index. The overlay manager will use derivative instruments, such as total return swaps and futures to gain exposure to the Barclays US Aggregate Bond Index. As governed by policy targets and leverage limits set forth in the Investment Policy Statement (IPS), guidelines for the mandate will be put in place to target 5% synthetic exposure over the long run, with the ability to increase exposure up to 10% or decrease exposure down to 0%.

Synthetic Exposure	Min	Target	Max
US Aggregate Bond Index	0%	5%	10%

Staff and RVK began a manager search by reaching out to a list of five capable overlay managers. After interviewing and conducting due diligence on potential investment managers, Staff and RVK recommend contracting with NISA to provide core bond overlay services.

NISA was founded in 1994 and is headquartered in St. Louis. The firm manages over \$495B in assets across 215 institutional relationships and trades over \$1T in notional exposure annually. The firm has a research team of 55 analysts and a portfolio management team with 23 years of experience, on average.

Today's macroeconomic environment may not be the right backdrop to implement such a strategy because (1) financing costs above 5.00% are higher than recent past and (2) the market is telling us (inverted yield curve) that it does not pay to take duration risk. However, Staff recommends beginning the manager hiring process today. It is expected to take at least 8 weeks to finalize guidelines and set up appropriate counterparty agreements. The program can be authorized today, set up in a couple months and turned on at a later date.

**Motion: The Board approve contracting with NISA to provide core bond overlay services, subject to standard legal review/documentation.**

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

**RVK Executive Summary and NISA Presentation were provided to the Board and are available at the Department upon request.**

**Extended Equity Educational Presentation was provided to the Board and is available at the Department upon request.**

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

### **Administrative Rules Revisions – First Reading**

The Department of Trust Lands proposes changes to Title 85, Board of University and School Lands, of the North Dakota Administrative Code in order to add clarity, achieve greater efficiency, and reduce red tape. Proposed changes are summarized as follows:

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

The definition of "oil well" is amended to apply to only those wells that are producing in paying quantities, and the definition of "agricultural use" is amended to remove honeybee pasture or meadow grazing as an agricultural use as the term is applied throughout N.D.A.C. title 85, including as it relates to the sale and leasing of trust lands. All revisions are spelled out in the attached proposed rules.

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

Proposed revisions include the repeal of language allowing for temporary assignment of surface leases, clarification as to how notice of intent to terminate a surface land lease must be provided, and how cost-share payments from the Department may be made. All revisions are spelled out in the attached proposed rules.

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

Proposed amendments clarify how advance royalty payments for mining of construction aggregate are paid. All revisions are spelled out in the attached proposed rules.

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

Repeal of language prohibiting rent credits, cost-share, and depreciation for livestock water developments on trust land tracts that receive up-front livestock water deduction when determining the minimum bid for public lease auction. This revision permits certain rent credits, cost-sharing, and depreciation for livestock water developments even where an up-front livestock water deduction is applied to the minimum bid price for surface leases. All revisions are spelled out in the attached proposed rules.

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

Proposed amendments reduce red tape associated with obtaining an encumbrance on trust lands by refining and further clarifying the application process, including how an applicant may apply for an encumbrance and clarification as to purposes for which an encumbrance may be obtained. All revisions are spelled out in the attached proposed rules.

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

The procedure pertaining to the sale of original grant lands was revisited to streamline the process and clarify ambiguities. While much of the previous process will remain intact, certain amendments to the application and review process are proposed. The most significant changes relate to the procedures of no-net-loss sales with exceptions made for certain hard-to-manage tracts. All revisions are spelled out in the attached proposed rules.

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

Many of the same amendments related to the land sale process in N.D.A.C. ch. 85-04-07 are also applied to the land sale process set forth in N.D.A.C. ch. 85-05-08. All revisions are spelled out in the attached proposed rules.

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

Various portions of chapter 85-06-01 are amended to increase efficiency, reduce red tape, and provide greater clarification, including updates pertaining to the nomination payment process for mineral auctions, payment of delay rentals, rules regarding oil and gas lease cancellation due to a breach of the lease terms, and updates to the shut-in procedures of an oil and gas well located on trust lands. All revisions are spelled out in the attached proposed rules.

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

The sole revision to this chapter is the repeal of the words “to the examiner” in N.D.A.C. § 85-03-04-03. The result of this revision is that funds may be remitted directly to the state rather than first being sent through an examiner. This revision is spelled out in the attached proposed rules.

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

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

**Redline version was provided to the Board and is available at the Department upon request.**

**L I T I G A T I O N****Litigation Update**

- MHA (Missouri riverbed ownership) – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We are preparing a response to the motion.
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022, granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; briefing complete and oral arguments were held March 16, 2023; awaiting court decision
- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; currently in post-trial briefing stage
- Continental Interpleader (OHWM fed/state dispute) – ND Federal District Court issued opinion March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; federal government appealed and we filed cross appeal; briefing scheduled to be completed in October
- Whitetail Wave (OHWM title dispute / takings claim) – Trial court issued attorney fees order on June 28, 2023, the appeal deadline for which is August 28, 2023; remaining title issues on hold until final resolution of attorney fees issue

**A D J O U R N**

There being no further business, the meeting was adjourned at 11:13 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

**Minutes of the Meeting of the  
Board of University and School Lands  
June 29, 2023**

The June 29, 2023, meeting of the Board of University and School Lands was called to order at 9:05 AM by Chairman Doug Burgum and roll was taken.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer
<b>Members Absent:</b>	
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Kate Schirado	Executive Assistant
Rick Owings	Administrative Staff Officer
James Wald	Legal Council
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Chris Suelzle	Minerals Director
Emily Bosch	Unclaimed Property
Maria Garcia	Finance
Susan Dollinger	Unclaimed Property Director
Elvedina Papalichev	Paralegal
Peggy Gudvangen	Finance Director
Joseph Stegmiller	Surface Director
Pam Reile	Revenue Compliance
Vicki Siegel	Finance
Matthew Reile	IT System Administrator
Adam Otteson	Revenue Compliance Director
Garret Hecker	Surface Range Soils Management Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Suzie Weigel	Office of the Attorney General
Josh Kevan	RVK
Kirby Frances	RVK
Peter Buckland	Khosla
Arash Rebek	Khosla
Jennifer Sandberg	RVK
Kevin Balaod	With Intelligence
Geoff Simon	Western Dakota Energy Association
Charles Tuttle	

**APPROVAL OF MINUTES**

A motion to approve the minutes of the May 25, 2023 meeting was made by Attorney General Wrigley and the motion was seconded by Treasurer Beadle and the motion carried unanimously on a voice vote.

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

### Commissioner Compensation

#### Performance Recap

- Hired March 14, 2022 - \$150,000 salary
- Quick study on multiple complex issues stepped into – legal and investment experience helped greatly
- Restructured Leadership - Surface Director, Investment Director, Unclaimed Property Director, General Counsel
- Enhanced board communication & collaboration
- Improved Board Packets - new format, more concise, more data analytics
- New Hires - Accountant, Investment Officer, 2 surface positions, Revenue Compliance Payment Processor, Unclaimed Property Claims Processor, Paralegal
- Achieved numerous royalty settlements totaling millions of dollars
- Success in reducing litigation
- Completed acreage adjustment project on time and under budget
- Record revenues, assets, and distributions
- Record unclaimed property receipts and payouts
- Successful legislative session with three critical new FTEs, fully funded IT project completion, salary increases, surface clean-up / red tape reduction bill, unclaimed property statute of limitations and record retention bill, and worked to stop some bad legislation
- New minerals system went live January 2023
- Implemented hybrid work policy
- Pay equity funding allowed much needed and well-deserved salary adjustments to key and highly skilled team members

Motion: **Approve legislatively funded 6% increase to the Commissioner's annual salary to \$159,000, effective July 1, 2023; Appoint a committee / working group to study and provide recommendations to the Board for Commissioner performance review policy and further adjustments to compensation, consisting of: Two Board members; One HRMS representative; One industry professional**

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

## DIVISION REPORTS

## SURFACE

SURFACE DIVISION

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Encumbrances issued by Commissioner during May 2023:

- 14 Right of Way Agreements generating \$311,315 in income for the Trusts

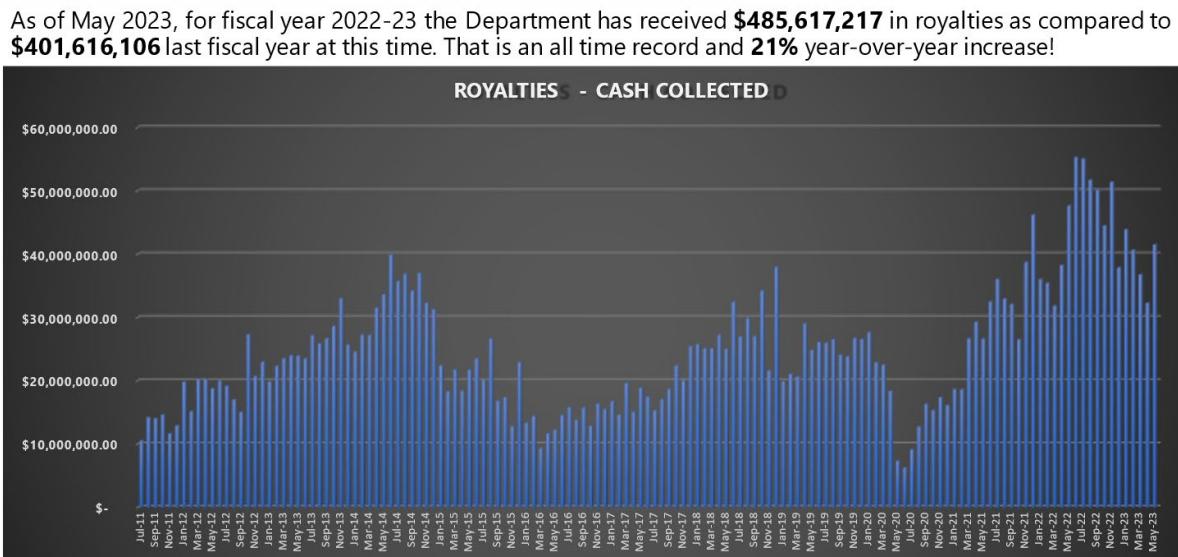
Dunn County 148-96-36; Fall 2018  
Photo Credit: Kayla Spangelo



## MINERALS

RECORD FISCAL YTD O/G ROYALTIES

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## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY DIVISION

NORTH  
Dakota | Trust Lands  
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For the month of May 2023, the Division paid 729 claims with \$1,105,794.77 returned to rightful owners/heirs. It received 107 holder reports with a dollar value of \$216,464.02.

The Division offered two free property reporting webinars in June providing important information for holders to help them increase reporting compliance according to N.D.C.C. 47-30.2

The webinars offered were Reporting 101 to learn the fundamentals of unclaimed property reporting and Preparing the Manual Online Report (MOR), a step-by-step instruction on creating the report.



## FINANCIALS

**Financial Statements Position Report (Unaudited) for period ended March 31, 2023**

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 March 31, 2023, was presented to the Board for review and is available at the Department upon request.**

## Executive Estimate of Assets

EXECUTIVE ESTIMATE OF ASSETS  
NORTH DAKOTA DEPARTMENT OF TRUST LANDS  
As of May 31, 2023

	5/31/2023 Value	MOM\$	MOM%	YOY\$	YOY%
	4/30/2023 Value	Change		5/31/2022 Value	Change
Cash	647,131,545	545,653,407		445,793,880	
Investments <sup>[1]</sup>	7,243,220,738	7,286,203,524		6,422,782,468	
Tax Receivables <sup>[2]</sup>	-	-		193,820,370	
Loans <sup>[3]</sup>	38,084,527	38,175,596		43,182,871	
Receivables <sup>[4]</sup>	8,684,512	8,508,502		7,088,924	
<b>Sub-Total Net Assets</b>	<b>\$7,937,121,322</b>	<b>7,878,541,028</b>	<b>0.74%</b>	<b>\$7,112,668,513</b>	<b>11.59%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	518,077,274		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		264,332	
<b>Total Net Assets</b>	<b>\$11,269,694,139</b>	<b>\$11,211,113,845</b>	<b>0.52%</b>	<b>\$10,437,502,061</b>	<b>7.97%</b>

[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. Valuation as of December 31, 2021.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated annually via broker price opinion. Valuation as of Sept. 15, 2022.

## INVESTMENTS

### Investment Updates

#### Q3 Pipeline

Public Equity: Education session on 130/30 active extension strategies and manager recommendations for the public equity portfolio

Public Credit: bond overlay manager recommendation

Absolute Return: multi-strategy hedge fund recommendation

Real Estate: total portfolio restructuring recommendation

#### Portfolio Rebalancing Updates

##### Capital Calls Funded and Pending:

05/05 GCM Grosvenor Secondary Opportunities Fund III \$9.5M

06/21 Ares Pathfinder Fund \$6.0M

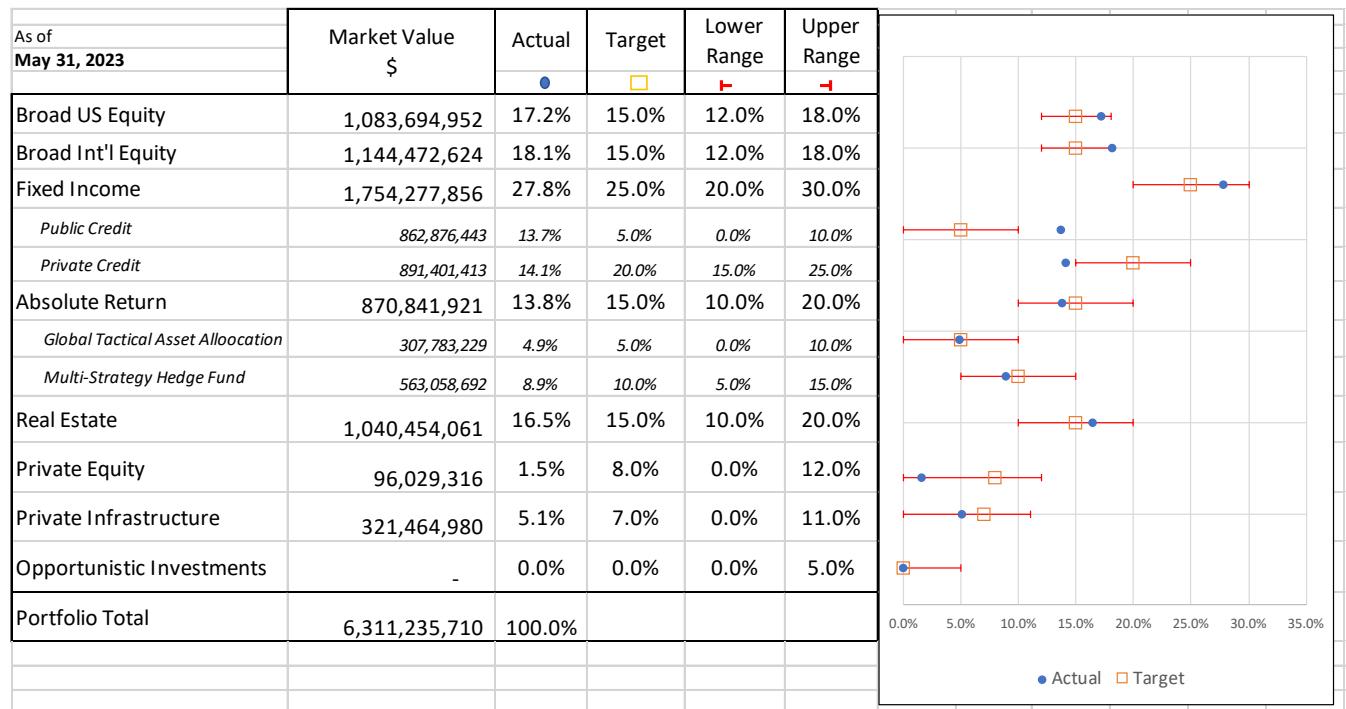
06/22 GCM Grosvenor Private Equity \$3.45M

07/06 Owl Rock Diversified Lending \$7.5M

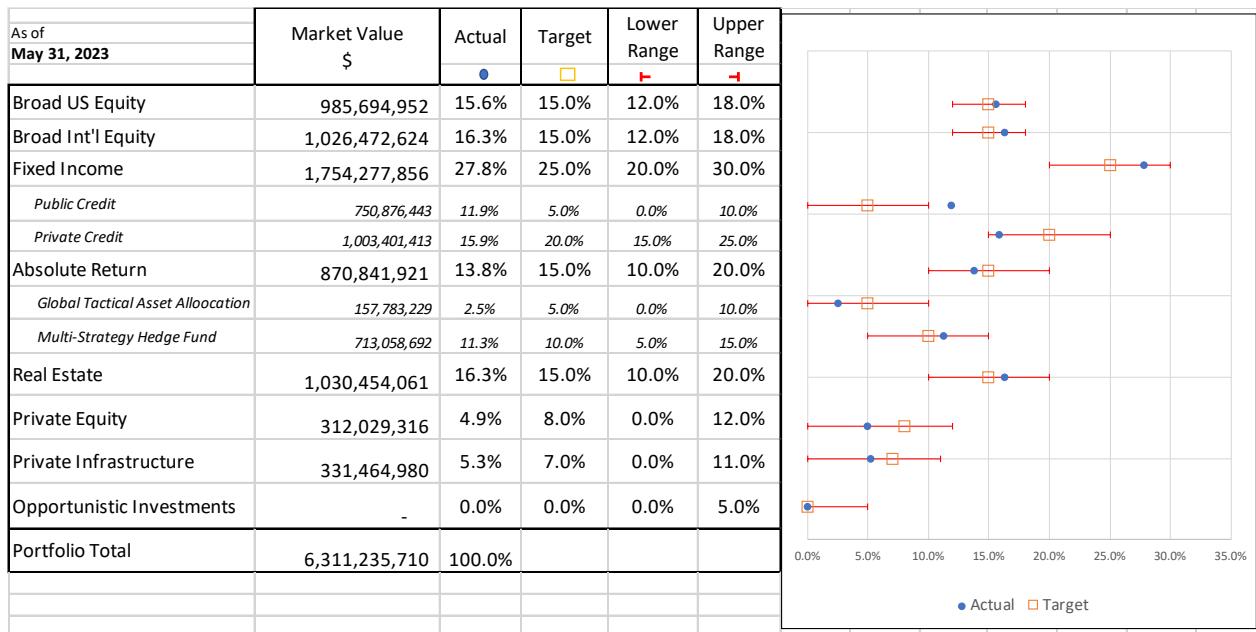
**Total Unfunded Commitments Remaining \$488M (as of May 31, 2023):**

1. Private Credit, \$112M
  - i. Ares Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$52.5M
  - iii. Varde Dislocation Fund, \$20.5M
2. Private Equity, \$216M
  - i. GCM Grosvenor Private Equity, \$98M
  - ii. GCM Grosvenor Secondary Opportunities Fund III, \$106.5M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
3. Private Infrastructure, \$10M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$10M
4. Absolute Return, \$150M
  - i. Millennium USA LP (Hedge Fund), \$150M

**Current Asset Allocation (unaudited)**

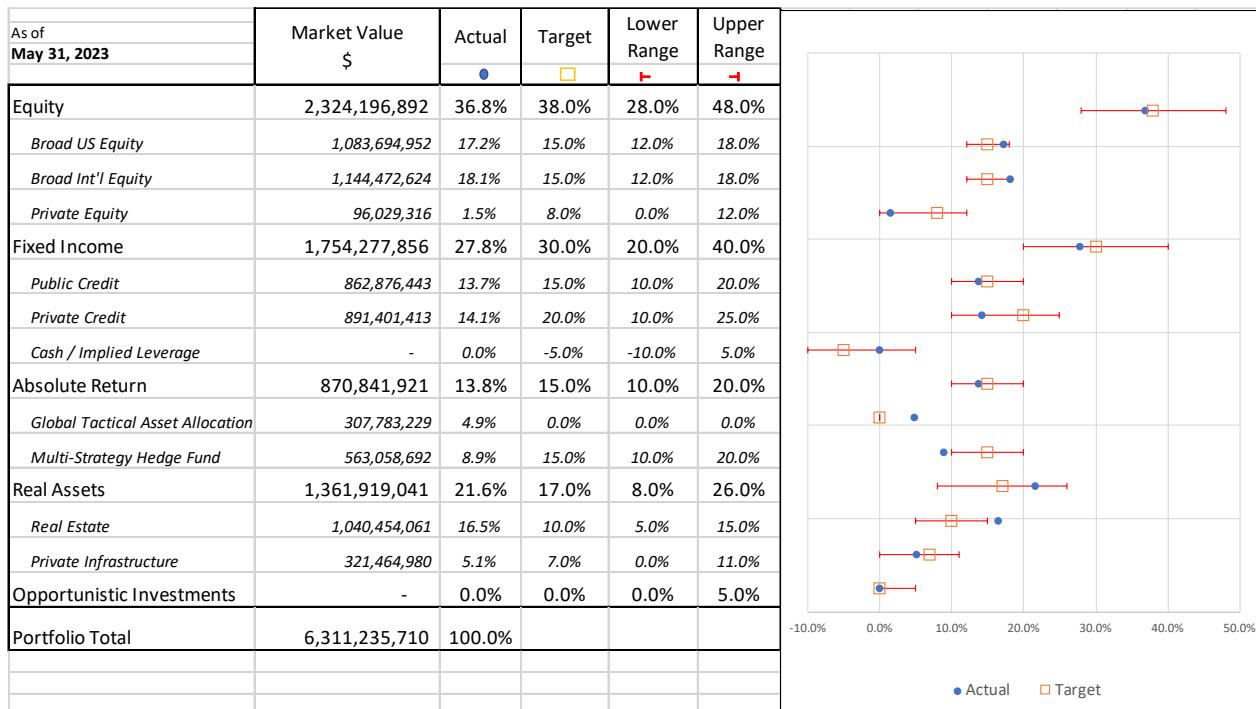


## Hypothetical Asset Allocation (after funding all commitments)



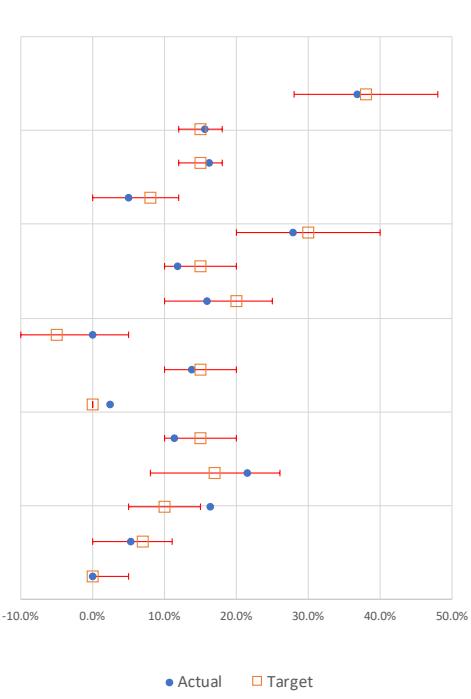
*Assumptions: No other new cash is expected to fund calls. No redemption proceeds or distributions were received. All capital calls came in at the same time.*

## Proposed Asset Allocation (unaudited)



## Proposed Hypothetical Asset Allocation (after funding all commitments)

As of May 31, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
Equity	2,324,196,892	36.8%	38.0%	28.0%	48.0%
Broad US Equity	985,694,952	15.6%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,026,472,624	16.3%	15.0%	12.0%	18.0%
Private Equity	312,029,316	4.9%	8.0%	0.0%	12.0%
Fixed Income	1,754,277,856	27.8%	30.0%	20.0%	40.0%
Public Credit	750,876,443	11.9%	15.0%	10.0%	20.0%
Private Credit	1,003,401,413	15.9%	20.0%	10.0%	25.0%
Cash / Implied Leverage	-	0.0%	-5.0%	-10.0%	5.0%
Absolute Return	870,841,921	13.8%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	157,783,229	2.5%	0.0%	0.0%	0.0%
Multi-Strategy Hedge Fund	713,058,692	11.3%	15.0%	10.0%	20.0%
Real Assets	1,361,919,041	21.6%	17.0%	8.0%	26.0%
Real Estate	1,030,454,061	16.3%	10.0%	5.0%	15.0%
Private Infrastructure	331,464,980	5.3%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,311,235,710	100.0%			



## Private Equity – Venture Capital

In October 2022, the Board of University and School Lands (Board) reviewed the Private Markets Pacing Analysis by RVK. Assuming 5 years to reach our 8% target allocation for private equity, the pacing plan recommends \$110M per year in private equity commitments for the next 5 years to manage capital calls / distributions and benefit from vintage year diversification.

Staff recommends building a venture capital allocation within the private equity portfolio. Venture capital is a way to gain early exposure to companies with potential to deliver higher returns than private equity leveraged buyout. Potential for outsized returns does not come without risk and because of the higher volatility profile of venture capital, allocations must be sized prudently. Staff recommends venture capital represent no more than 1/3 of the private equity allocation. This results in a venture capital pacing recommendation of up to \$40M per year.

The current macroeconomic environment could be well-timed to build a venture capital portfolio. Series C and D valuations have declined by more than 50% from 2021 peak valuations. Peer allocators with mature private market portfolios have slowed allocations as their portfolios were impacted by the denominator effect, a phenomenon where private market portfolios become overweight due to public market selloffs. This will allow the Board to build relationships with top performing managers going into what may become the best vintage years of the next decade.

Staff began a manager search by reaching out to a list of top performing venture capital firms. After interviewing and conducting due diligence on potential venture capital managers, Staff and RVK recommend making a commitment to Khosla Ventures (KV).

KV was founded in 2004 by Vinod Khosla. The firm has grown to over \$14B in assets across 300 companies. The team is known for holding advanced technical degrees, which allow them to source opportunities in deep tech sectors such as robotics, epigenetics and artificial intelligence.

For diversification purposes, KV invests across a broad array of industries with concentration limits on any one sector or company.

The commitment will be allocated across three different funds – Seed Fund F targets seed rounds, KV VIII (main fund) targets Series A-B rounds and Opportunity Fund 2 targets Series C-D rounds.

**Motion: The Board approve \$35M commitment to Khosla Ventures, subject to standard legal review/documentation.**

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

**RVK Executive Summary and Khosla Ventures Presentation were presented to the Board and are available at the Department upon request.**

### **Strategic Asset Allocation Study and Recommended Changes**

The Investment Policy Statement (IPS) requires a formal asset allocation review at least once every four years; the last study was completed June 2022. Based on rapidly changing macroeconomic conditions and at the request of the Department Investment Staff (Staff), RVK conducted a Strategic Asset Allocation (SAA) study for the Permanent Trust Funds (PTFs). RVK used 2023 capital market assumptions, which updated their long-term expectations for investment returns and risk across all major asset classes. RVK ran these assumptions through their optimization model and Monte Carlo simulations. Based on the study, Staff and RVK recommend the following SAA changes:

- **Increase Public Credit.** Bonds have returned to favor as the Federal Reserve raised interest rates at its fastest pace in 40 years, increasing Fed Funds Rate from 0.00-0.25% in March 2022 to 5.00-5.25% in May 2023. Cash and Treasuries are generating a meaningful and attractive yield.
- **Decrease Real Estate.** 2023 capital market assumptions see real estate as one of the only asset classes with lower expected returns. A lagged asset class, real estate is starting to show cracks as certain subsectors (office and retail) meaningfully underperform. It may take considerable time for the asset class to recover from the higher interest rate environment.
- **Increase Multi-Strategy Hedge Funds.** Long-short, relative value and market neutral sub-strategies have proven to be effective diversifiers. They exhibit uncorrelated returns and stay true to the goal of Absolute Return – delivering consistent positive returns throughout the market cycle – from the ability to take short positions during market selloffs and crisis periods.
- **Remove Global Tactical Asset Allocation (GTAA).** GTAA's diversification benefits are minimal as the strategy invests in redundant asset classes, such as long-only stocks and bonds, which exhibit higher correlation to broad equity and bond market indices. Without the tools to trade against the market (go short), GTAA is not as effective as Multi-Strat Hedge Funds at staying true to the goal of Absolute Return – delivering consistent positive returns throughout the market cycle.
- **Add Portfolio Leverage.** A larger hedge fund allocation can drag the portfolio during expansion phases. Introducing a modest amount of leverage to a lower volatility asset class, such as core

bonds (public credit), can help improve portfolio efficiency over the long run. Introducing guidelines now will allow Staff to implement the strategy when appropriate.

**Motion: The Board approve changes to the Strategic Assets Allocation (SAA) as indicated by the Candidate Portfolio in the attached RVK Asset Allocation Overview and authorize Staff to begin investment manager searches to meet the new SAA.**

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

**RVK Asset Allocation Overview was presented to the Board and is available at the Department upon request.**

### **Investment Policy Statement – First Reading**

The Board of University and School Lands (Board) Investment Policy Statement (IPS) must be updated to reflect the Board's new Strategic Asset Allocation (SAA) for the Permanent Trust Funds.

The substantive changes to the IPS are as follows (see attachment):

1. Update Strategic Asset Allocation targets and ranges (pages 17-18).
2. Update Benchmark indices and targets (page 19).
3. Update Permitted Investments language under Fixed Income, Absolute Return and Total Portfolio Leverage sections (page 21-22).

Attachment: Investment Policy Statement redline

**Investment Policy Statement redline was provided to the Board and is available at the Department upon request.**

## **LITIGATION**

### **Litigation Update**

- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of Board's motion to intervene; oral arguments were held February 1st; D.C. Circuit Court of Appeals issued judgment in Board's favor April 21st reversing trial court and allowing Board to intervene; parties are now in discussion regarding next steps in this litigation with next status report due to the Court by July 10th
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022 granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; briefing complete and oral arguments were held March 16<sup>th</sup>; awaiting court decision

- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; currently in post-trial briefing stage
- Continental Interpleader (OHWM fed/state dispute) – ND Federal District Court issued opinion March 21st granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; federal government appealed and we filed cross appeal
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29<sup>th</sup> dismissing appeal and sending back to trial court for further quiet title actions on at issue parcels; district court signed stipulated order and judgment on remaining claims February 1st; currently waiting for appeal status pending resolution of attorney fees issues between the other parties

**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:**

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of Interior – Case No. 20-1928**

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

**The Board entered into executive session at 10:36 AM.**

**EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer

**Members Absent:**

Kirsten Baesler	Superintendent of Public Instruction
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**Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Kate Schirado	Executive Assistant
James Wald	Legal Council
Chris Suelzle	Minerals Director
Elvedina Papalichev	Paralegal

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Jennifer Verleger	Office of the Attorney General
Charles Carvell	Office of the Attorney General

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The executive session adjourned at 11:05 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed the MHA case 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 11:09 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

**Minutes of the Meeting of the  
Board of University and School Lands  
March 30, 2023**

The March 30, 2023, meeting of the Board of University and School Lands was called to order at 9:07 AM by Chairman Doug Burgum and roll was taken.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction (Joined at 9:25 AM)

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Rick Owings	Administrative Staff Officer
James Wald	Legal Council
Frank Mihail	Chief Investment Officer
Chris Suelzle	Minerals Division Director
Susan Dollinger	Unclaimed Property
Elvedina Papalichev	Paralegal
Christopher Dingwall	Minerals Title Specialist
Peggy Gudvangen	Finance Division Director
Emily Bosch	Unclaimed Property
Maria Garcia	Finance Division
Garret Hecker	Surface Range Soils Management Specialist
Joseph Stegmiller	Surface Division Director
Lynn Spencer	Minerals Title Specialist
Jacob Lardy	Land Management Specialist
Matthew Reile	IT

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Charles Carvell	Office of the Attorney General

**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 February 23, 2023 meeting was made by Attorney General Wrigley and the motion was seconded by Treasurer Beadle and the motion carried unanimously on a voice vote.

## OPERATIONS

### Commissioner's Report

- New minerals system phased roll out continues to progress well; next major step end of April
- Continuing to spend much time monitoring, collaborating, and testifying on legislative bills that pertain to Board and Department business
- Attended March 10<sup>th</sup> State Investment Board Investment Committee meeting as voting member
- Chaired March 21<sup>st</sup> State Investment Board Securities Litigation Committee meeting
- Attended March 24<sup>th</sup> full State Investment Board meeting as voting member

### HR Update

- Investment Operations Officer – strong pool of applicants and interviews being conducted; hope to have position filled by May 1st
- Revenue Compliance Specialist – open position due to retirement; strong pool of applicants and offer accepted with April 3<sup>rd</sup> start date

### Legislative Update

**HB 1013** – Department budget bill; passed House with 1) additional minerals position; 2) additional unclaimed property claims processor; and 3) \$4.9 million to complete our IT update projects; Commissioner has testified twice before Senate Appropriations Committee, Government Operations Division; committee provided favorable feedback on adding Investment Officer position, but was inclined to reduce IT project funding to \$2.5 million; no final action taken yet

**HB 1400** – amends NDCC § 15-01-02 to replace “full control of the investments” to “investment authority over” and specifies Land Board may contract investment management to State Investment Board; amends NDCC § 21-10-06 to specify State Investment Board may manage funds of Common Schools Trust Fund under a written contract with the Land Board; House Industry, Business, and Labor Committee recommended DO NOT PASS 14-0; failed in House by a vote of 80-13 on February 1st

**HB 1175** – would require all leased surface acres to be open to public access; Department prefers current statute that allows collaborative approach based on specific circumstances of each tract; Commissioner can close tracts at discretion or tenants can request CLOSED or NOTIFY signs from Department; historically only 1% - 3% of all acreage has been closed and even then, only for

specific date ranges, usually when cattle are expected to be grazing; health and safety of the public is also a concern for tracts that have oil wells, pipelines, or other industrial operations on them; amended to “shall consider” legislative management study and passed House by a vote of 89-2 on February 14<sup>th</sup>; failed in Senate by vote of 42-5 on March 6th

**HB 1360** – Department filed bill to amend Unclaimed Property statutes: 1) increase holder record retention period to 10 years from date notified of an exam; 2) increase statute of limitations to enforce holder duties from five years after holder files report to seven; passed House by a vote of 93-0 on January 31<sup>st</sup>

**SB 2049** – Department filed bill to clarify/clean-up surface management statutes regarding notifying county treasures of surface auctions, timber harvesting on trust lands, granting authority for organized events on trust lands, and the permitting of beehives on trust lands; passed Senate by a vote of 45-1 on January 12th; passed House by a vote of 91-3 on March 16<sup>th</sup>; SIGNED BY GOVERNOR ON MARCH MARCH 22<sup>ND</sup>!

**HB 1185** – created grant program from the Coal Development Trust Fund for school construction projects affected by “unanticipated construction inflation”; Department testified against at January 17<sup>th</sup> House Education Committee hearing due to its unconstitutionality; the Coal Development Trust Fund is established in Sec. 21, Art. X of the North Dakota Constitution which only provides for loans from the fund, not grants; allowing grants would also alter the “permanent” nature of the fund as provided in Art. X; Committee amended to remove grant language and instead expanded the loan program for school construction projects with unanticipated inflation if bid after January 1, 2021 and before June 30, 2024; loans may be up to \$5 million per district at a rate not to exceed 1.50%; passed House by a vote of 90-0 on February 10<sup>th</sup>; failed in Senate by a vote of 3-43 on March 9th

## DIVISION REPORTS

## S U R F A C E

## SURFACE DIVISION



Encumbrances issued by Commissioner during February 2023: 13 Right of Way Agreements generating \$86,398 in income for the Trusts.

Photo Credit: Jacob Lardy  
Morton County 138-87-36



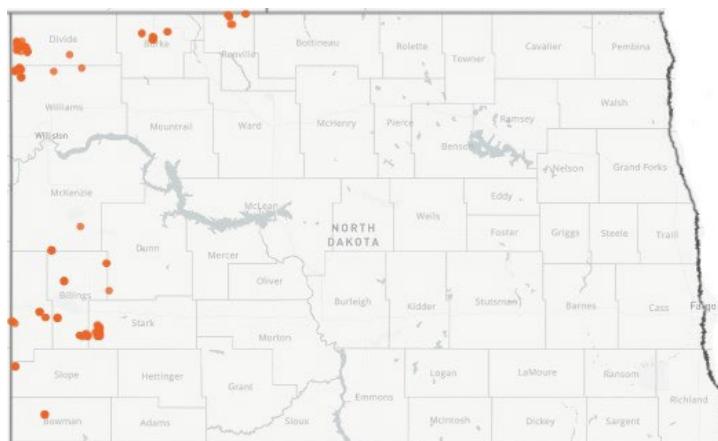
## M I N E R A L S

## OIL &amp; GAS LEASE AUCTION RESULTS



**2023 Q1** March Online Oil & Gas Lease Auction  
Summary

Bidding Snapshots	
Total tracts	<b>129</b>
Total acres	<b>12,526.05</b>
Total tracts receiving bids	<b>129</b>
Total registered bidders	<b>38</b>
Total bidders who placed bid	<b>26</b>
Average unique bidders on tract with bid	<b>3.16</b>
Total bids	<b>1,378</b>
High bid per tract	<b>\$102,080.00</b>
High bid per acre	<b>\$6,803.00</b>
Total bonus received	<b>\$2,411,705.46</b>



Auction data and map provided by EnergyNet.

## OIL & GAS LEASE AUCTION RESULTS

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### 2023 Q1 Auction Summary, *continued*

Trust/Fund	Trust/Fund Name	# Tracts	Total Bonus
A	Common Schools	71	\$1,639,270.53
C	Capitol Building	1	\$27,483.30
H	State Hospital	1.5	\$3,080.00
L	SIIF (Strategic Investment & Improvements Fund)	46	\$614,012.49
N	NDSU	6.5	\$100,573.10
U	UND	1	\$26,406.04
V	Valley City	2	\$880.00
	<b>TOTAL</b>	<b>129</b>	<b>\$2,411,705.46</b>

County	# Tracts	Net Min Acres	Total Bonus	Average Bonus/Acre
<b>Billings</b>	<b>20</b>	<b>2461.68</b>	<b>\$203,158.48</b>	<b>\$82.53</b>
<b>Bowman</b>	<b>4</b>	<b>320</b>	<b>\$2,400.00</b>	<b>\$7.50</b>
<b>Burke</b>	<b>11</b>	<b>1045.22</b>	<b>\$81,562.90</b>	<b>\$78.03</b>
<b>Divide</b>	<b>23</b>	<b>2000.14</b>	<b>\$919,022.69</b>	<b>\$459.48</b>
<b>Dunn</b>	<b>1</b>	<b>8</b>	<b>\$7,112.00</b>	<b>\$889.00</b>
<b>Golden Valley</b>	<b>10</b>	<b>1249.17</b>	<b>\$74,551.78</b>	<b>\$59.68</b>
<b>McKenzie</b>	<b>5</b>	<b>720</b>	<b>\$178,240.00</b>	<b>\$247.56</b>
<b>Renville</b>	<b>8</b>	<b>628.5</b>	<b>\$4,446.59</b>	<b>\$7.07</b>
<b>Slope</b>	<b>4</b>	<b>640</b>	<b>\$4,480.00</b>	<b>\$7.00</b>
<b>Stark</b>	<b>24</b>	<b>1778.84</b>	<b>\$267,007.34</b>	<b>\$150.10</b>
<b>Williams</b>	<b>19</b>	<b>1674.5</b>	<b>\$669,723.68</b>	<b>\$399.95</b>
<b>TOTAL</b>	<b>129</b>	<b>12,526.05</b>	<b>\$2,411,705.46</b>	<b>\$192.54</b>

Average Bonus/Acre (Total Bonus/Total Acres)

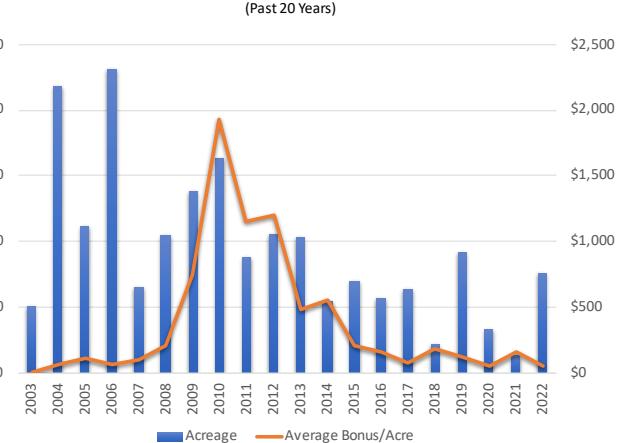
Aug 2020	Nov 2020	Feb 2021	May 2021	Aug 2021	Nov 2021	Feb 2022	May 2022	Aug 2022	Nov 2022	Mar 2023
\$44.64	\$66.12	\$56.68	\$50.33	\$335.12	\$215.87	\$199.32	\$67.01	\$48.92	\$19.75	\$192.54

## HISTORICAL AUCTION RESULTS

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Year	Tracts	Acreage	Bonus	Average Bonus/Ac
2003	624	50,851.17	\$387,260.90	\$7.62
2004	2,678	218,163.09	\$14,503,007.46	\$66.48
2005	1,350	111,808.20	\$12,309,350.04	\$110.09
2006	2,886	231,264.52	\$13,576,947.98	\$58.71
2007	829	65,134.94	\$6,211,340.61	\$95.36
2008	1,213	104,235.20	\$20,991,008.51	\$201.38
2009	1,735	138,109.87	\$103,212,375.99	\$747.32
2010	2,083	163,367.37	\$315,126,365.92	\$1,928.94
2011	1,132	87,432.04	\$100,553,811.94	\$1,150.08
2012	1,236	106,013.08	\$126,785,716.43	\$1,195.94
2013	1,267	103,586.18	\$50,109,863.59	\$483.75
2014	635	54,693.19	\$30,057,523.87	\$549.57
2015	779	69,987.56	\$14,522,817.52	\$207.51
2016	684	56,889.36	\$8,862,765.28	\$155.79
2017	720	64,291.10	\$4,496,748.14	\$69.94
2018	241	21,865.22	\$4,130,245.91	\$188.90
2019	1,065	90,698.40	\$10,876,517.31	\$119.92
2020	329	32,219.90	\$1,576,562.37	\$48.93
2021	151	13,525.98	\$2,175,579.72	\$160.84
2022	1,008	75,119.39	\$3,942,573.02	\$52.48
<b>TOTALS</b>	<b>22,645</b>	<b>1,859,255.76</b>	<b>\$844,408,382.51</b>	<b>\$454.16</b>

### Acreage Leased & Average Bonus/Acre Received by Year

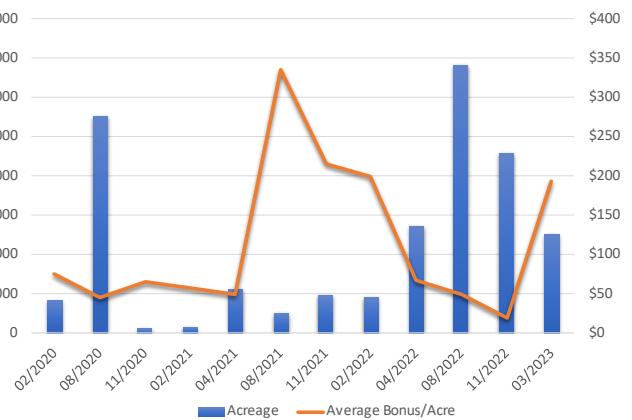




Auction	Tracts	Acreage	Bonus	Average Bonus/Acre
02/2020	36	4089.36	\$308,874.33	\$75.53
08/2020	288	27,572.15	\$1,230,769.90	\$44.64
11/2020	5	558.39	\$36,918.14	\$66.12
02/2021	6	719.02	\$40,752.60	\$56.68
05/2021	63	5592.27	\$281,476.25	\$50.33
08/2021	23	2481.29	\$831,534.87	\$335.12
11/2021	59	4733.40	\$1,021,816.00	\$215.87
02/2022	57	4596.24	\$916,142.26	\$199.32
05/2022	177	13,492.13	\$904,093.74	\$67.01
08/2022	459	34,147.30	\$1,670,404.15	\$48.92
11/2022	315	22,883.72	\$451,932.87	\$19.75
03/2023	129	12,526.05	\$2,411,705.46	\$192.54
<b>TOTALS</b>	<b>1617</b>	<b>133,391.32</b>	<b>\$10,106,420.57</b>	<b>\$75.77</b>

### Acreage Leased & Average Bonus/Acre Received by Auction

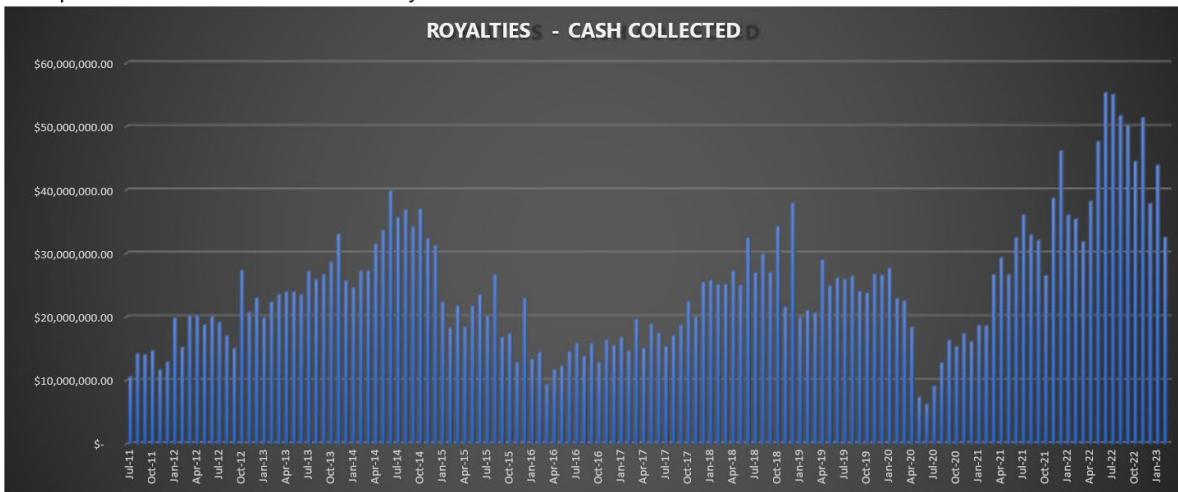
(2020 to March 2023)



## RECORD FISCAL YTD O/G ROYALTIES

NORTH  
Dakota | Trust Lands  
Be Legendary.™

As of February 2023, for fiscal year 2022-23 the Department has received **\$375,132,321** in royalties as compared to **\$283,895,581** last fiscal year at this time.

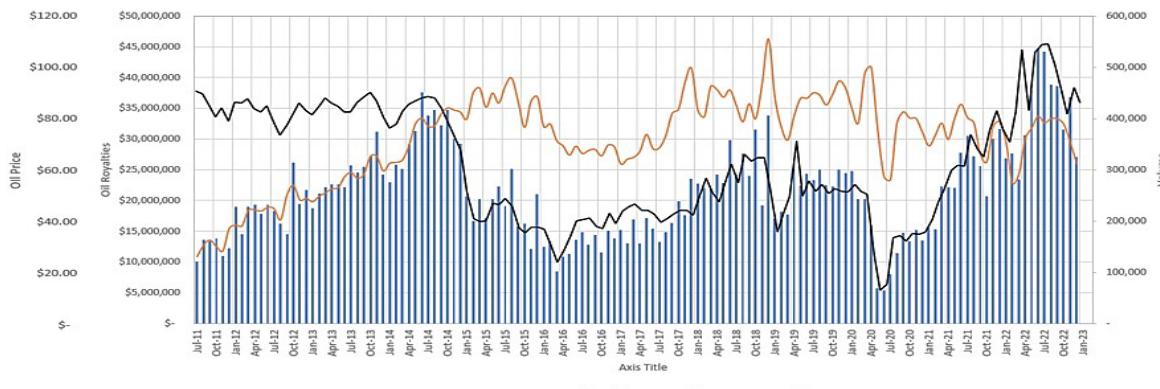


## PRICE MAIN DRIVER OF O/G ROYALTIES

NORTH  
Dakota | Trust Lands  
Be Legendary.™

In the early years production growth was the driver of the Department's royalty increases. Now that our net monthly production has been more consistent, the price of oil & gas is the main driver of monthly royalty variations.

The large swings in volume are due in part to royalties being received a day or two into the next reporting month.



## UNCLAIMED PROPERTY

### UNCLAIMED PROPERTY DAY BIG SUCCESS!

NORTH  
Dakota | Trust Lands  
Be Legendary.™

National Unclaimed Property Day was February 1<sup>st</sup> and our outreach and media attention surrounding it was a huge success! During the month of February 2023, the Division paid 2026 claims with a dollar value of \$968,205, compared to 1151 claims valued at \$409,570 during the same period of 2022. Those are increases of 76% and 136% respectively! Additionally, the Division received 124 reports from holders with a value of \$842,582.



## UNCLAIMED PROPERTY LEGAL WIN!



### Arkansas et al. v. Delaware

On February 28, 2023, the U.S. Supreme Court delivered a unanimous opinion in favor of Arkansas and a coalition of 30 other states seeking more than \$250 million in unclaimed funds from uncashed MoneyGram official check products that were wrongfully handed over to Delaware.

Under the Federal Disposition Act, proceeds of unclaimed money orders, traveler's checks and similar items must be turned over to the state where an item was purchased. Yet since 2005, MoneyGram had been turning those funds over to Delaware, as its state of incorporation. In the opinion written by Justice Ketanji Brown Jackson, a unanimous Court ruled such funds are governed by the Federal Disposition Act and that MoneyGram should have turned them over to Arkansas and its coalition partners, not Delaware.

The coalition is led by Arkansas, with a leadership group from California, Texas and Wisconsin. The other states in the coalition are Alabama, Arizona, Colorado, Florida, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Montana, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Utah, Virginia, Washington, West Virginia and Wyoming.

Estimates based on 2014 data received from MoneyGram show an approximate liability to North Dakota unclaimed property owners of \$1.4 million

### FINANCIALS

#### Financial Statements Position Report (Unaudited) for period ended December 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 December 31, 2022, was presented to the Board for review and is available at the Department upon request.**

### INVESTMENTS

#### Investment Updates

##### Pipeline

Two Sigma Absolute Return Enhanced Fund (quant equity market neutral hedge fund) has been approved, pending legal review.

##### Portfolio Rebalancing Updates

Funded capital calls in February include: \$3M to Grosvenor Private Equity.

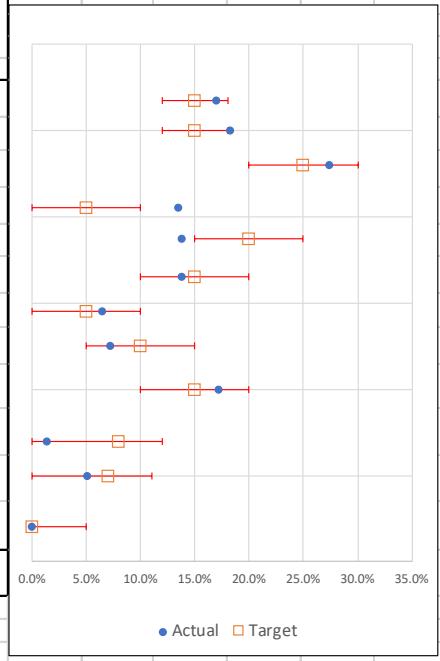
Unfunded commitments remaining total \$556.5M as follows:

1. Private Credit, \$172M
  - i. ARES Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$52.5M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$10M
  - iv. AGDL-BUSL Fund, \$50M
  - v. Varde Dislocation Fund, \$20.5M
2. Private Equity, \$223.8M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$97.9M
  - ii. GCM Secondary Opportunities Fund, \$114.4M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
3. Private Infrastructure, \$10.7M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$10.7M
4. Absolute Return, \$150M  
Millennium USA LP (Hedge Fund), \$150M

### Asset Allocation

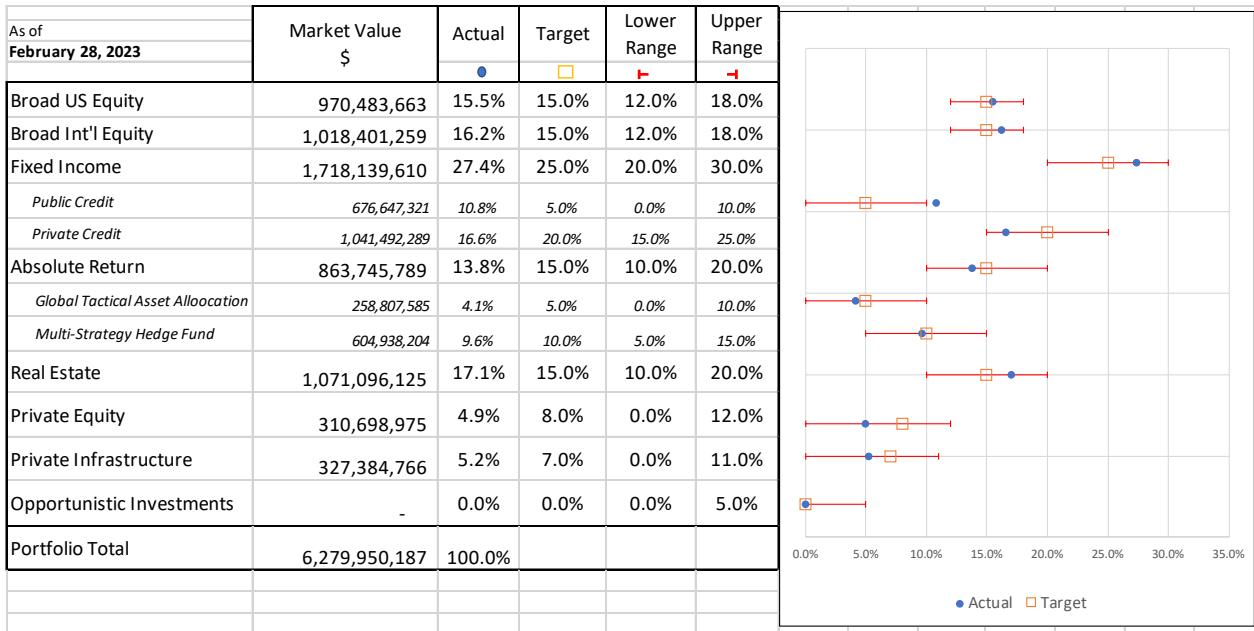
The table below shows the status of the permanent trusts' asset allocation as of February 28, 2023 (unaudited).

As of February 28, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,068,383,663	17.0%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,144,301,259	18.2%	15.0%	12.0%	18.0%
Fixed Income	1,718,139,610	27.4%	25.0%	20.0%	30.0%
Public Credit	848,647,321	13.5%	5.0%	0.0%	10.0%
Private Credit	869,492,289	13.8%	20.0%	15.0%	25.0%
Absolute Return	863,745,789	13.8%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	408,807,585	6.5%	5.0%	0.0%	10.0%
Multi-Strategy Hedge Fund	454,938,204	7.2%	10.0%	5.0%	15.0%
Real Estate	1,081,796,125	17.2%	15.0%	10.0%	20.0%
Private Equity	86,898,975	1.4%	8.0%	0.0%	12.0%
Private Infrastructure	316,684,766	5.0%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,279,950,187	100.0%			



### 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.**

### Executive Estimate of Board Assets

EXECUTIVE ESTIMATE OF ASSETS  
NORTH DAKOTA DEPARTMENT OF TRUST LANDS  
As of February 28, 2023

	2/28/2023 Value	MOM\$ 1/31/2023 Value	MOM% Change	YOY\$ 2/28/2022 Value	YOY% Change
Cash	353,007,846	330,187,206		382,468,157	
Investments <sup>[1]</sup>	7,198,132,397	7,211,622,212		6,507,357,314	
Tax Receivables <sup>[2]</sup>	-	-		20,001,855	
Loans <sup>[3]</sup>	39,731,341	39,850,947		43,595,489	
Receivables <sup>[4]</sup>	8,965,598	6,403,458		5,027,098	
<b>Sub-Total Net Assets</b>	<b>\$7,599,837,182</b>	<b>\$7,588,063,823</b>	<b>0.16%</b>	<b>\$6,958,449,913</b>	<b>9.22%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347		2,813,480,347	
Surface Rights <sup>[6]</sup>	511,088,869	511,088,869		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		278,609	
<b>Total Net Assets</b>	<b>\$10,925,421,594</b>	<b>\$10,913,648,235</b>	<b>0.11%</b>	<b>\$10,283,297,738</b>	<b>6.24%</b>

[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.

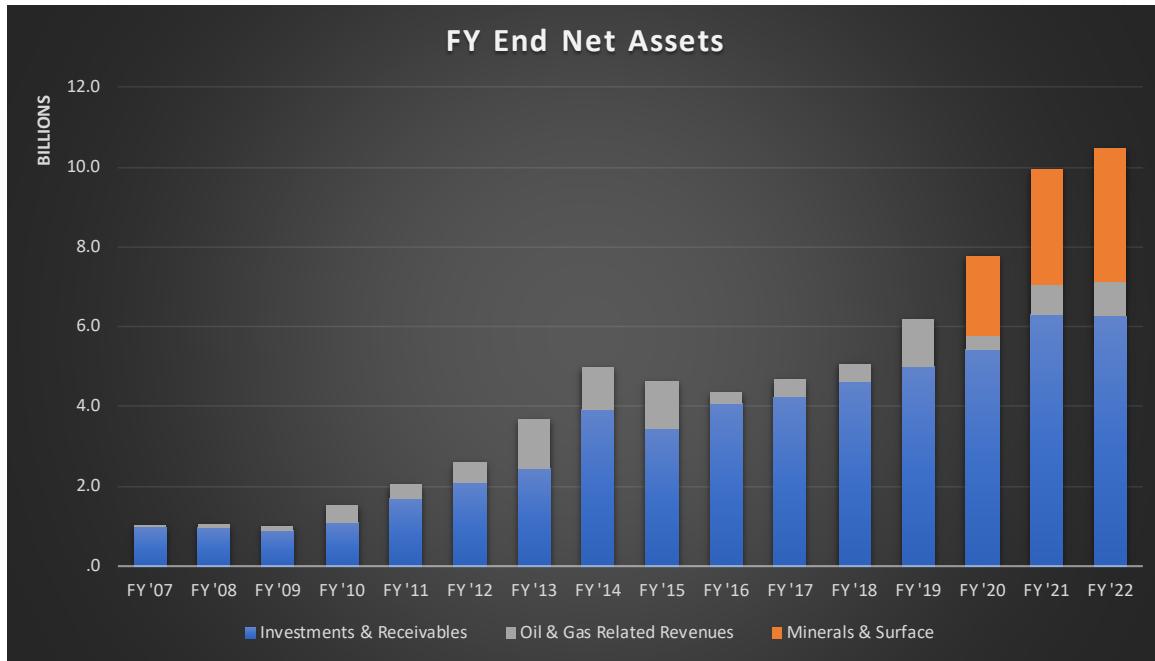
[3] Various loan programs funded with trust assets.

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

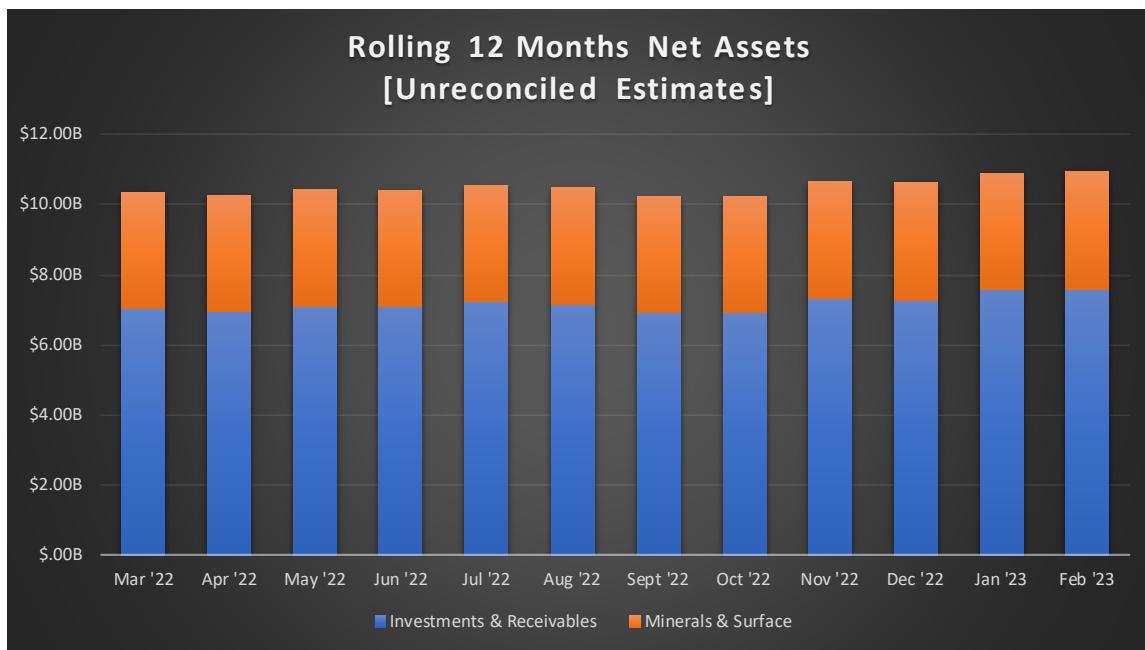
[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2021.

[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.



- [1] 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.
- [2] 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.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



- [1] Dec. 2021 to Jul. 2022 - included Mineral valuations amounting to \$2,813,480,347, surface fair market value of \$511,088,869.
- [2] Sep. 2022 - included \$1,015,149 building value appraised as of 9/15/22.

## SPECIAL PROJECTS

### 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
- 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 and Standing Rock Tribes have expressed support for the bill
- Federal delegation planning to introduce bill to U.S. House and Senate in next few weeks; hearings expected to be scheduled later this Spring/Summer at which Commissioner Heringer will likely be expected to testify

## LITIGATION

### Litigation Update

- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court issued November 10<sup>th</sup> opinion in our favor affirming trial court's dismissal of all Plaintiff's claims (conversion, (03/30/23)

conspiracy, physical taking, regulatory taking, escrow taking, unjust enrichment, costs & attorney fees from violation of constitutional rights); received notice February 8th that Plaintiffs have petitioned United States Supreme Court for certiorari on 5th Amendment takings grounds; awaiting cert decision

- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor for a second time in September 2022; trial court issued February 22, 2023 order in our favor awarding \$4,389,449 in underpaid royalties, \$2,265,043 in interest, and \$1,684,588 in penalties, totaling \$8,339,079; Newfield has 60 days to appeal
- MHA (Missouri riverbed ownership) –Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing is complete and oral arguments were held on February 1st; awaiting court decision
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022 granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; briefing complete and oral arguments were held March 16<sup>th</sup>; awaiting court decision
- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; currently in post-trial briefing stage
- Continental Interpleader (OHWM fed/state dispute) – ND Federal District Court issued opinion on March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29<sup>th</sup> dismissing appeal and sending back to trial court for further quiet title actions on at issue parcels; district court signed stipulated order and judgment on remaining claims February 1st; currently waiting for appeal status pending resolution of attorney fees issues between the other parties

#### 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 consolations regarding:**

- **Unclaimed Property Audit Settlement**
- **Continental Resources, Inc. v. North Dakota Board of University and School Lands and the United States of America – Case No. 1:17-cv-014**

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

The Board entered into executive session at 10:43 AM.

### EXECUTIVE SESSION

#### Members Present:

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Kirstin Baesler	Superintendent of Public Instruction
Thomas Beadle	(Joined from 10:49-11:25 AM via Teams)
	Treasurer

#### Department of Trust Lands Personnel present:

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Susan Dollinger	Unclaimed Property
James Wald	Legal Council
Chris Suelzle	Minerals Division Director
Christopher Dingwall	Minerals Title Specialist
Elvedina Papalichev	Paralegal

#### Guests in Attendance:

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Charles Carvell	Office of the Attorney General
Dave Garner	Office of the Attorney General
Jennifer Verleger	Office of the Attorney General

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The executive session adjourned at 11:58 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed the Unclaimed Property Audit Settlement and the Continental Resources case with its attorneys. Formal action was taken in open session on the Unclaimed Property Audit Settlement.

**Motion: Authorize the Commissioner to settle the unclaimed property audit billing dispute as recommended by the Department.**

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

**A D J O U R N**

There being no further business, the meeting was adjourned at 12:05 PM.

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Doug Burgum, Chairman  
Board of University and School Lands

---

Joseph Heringer, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands  
May 25, 2023**

The May 25, 2023, meeting of the Board of University and School Lands was called to order at 9:08 AM by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	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
Kate Schirado	Administrative Assistant
James Wald	Legal Council
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Chris Suelzle	Minerals Director
Emily Bosch	Unclaimed Property
Maria Garcia	Finance
Susan Dollinger	Unclaimed Property Director
Elvedina Papalichev	Paralegal
Peggy Gudvangen	Finance Director
Joseph Stegmiller	Surface Director
Lynn Spencer	Minerals Title Specialist
Pam Reile	Revenue Compliance
Scott Giere	Revenue Compliance Auditor
Matthew Reile	IT System Administrator
Adam Otteson	Revenue Compliance Director
Kayla Spangelo	Surface Range Soils Management Specialist
Christopher Dingwall	Minerals Title Specialist
Kisha Mitchell	Unclaimed Property
Garret Hecker	Surface Range Soils Management Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Darren Johnson	State Land Lessee
Laura Johnson	State Land Lessee
Josh Kevan	RVK
Kevin Balaod	With Intelligence
Geoff Simon	Western Dakota Energy Association
Brady Pelton	ND Petroleum Council
C. Rajala	
Garrett Martin	

## 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 27, 2023 meeting was made by Treasurer Beadle and the motion was seconded by Secretary Howe and the motion carried unanimously on a voice vote.

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

### **Commissioner's Report**

- One more gas royalties settlement achieved; now all complete pending the Newfield case!
- Appointed to Lignite Research Council by Governor Burgum; attended Council's April 11<sup>th</sup> meeting where grants for seven projects were approved totaling approximal \$7 million
- Attended May 12<sup>th</sup> State Investment Board Investment Committee meeting as voting member
- Attended May 18<sup>th</sup> full State Investment Board meeting as voting member
- May 21-23 - Traveled to RVK headquarters in Portland, Oregon with CIO, Frank Mihail, and Investment Officer, Teresa Hettinger, for strategic planning and asset allocation meetings

### **HR Update**

- All positions filled and preparing to post for 3 new FTE's approved by Legislature

## D I V I S I O N R E P O R T S

### S U R F A C E

**SURFACE DIVISION**

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

Encumbrances issued by Commissioner during April 2023: 9 Right of Way Agreements generating \$24,338 in income for the Trusts.



Photo Credit: Garret Hecker  
Divide County 161-101-16

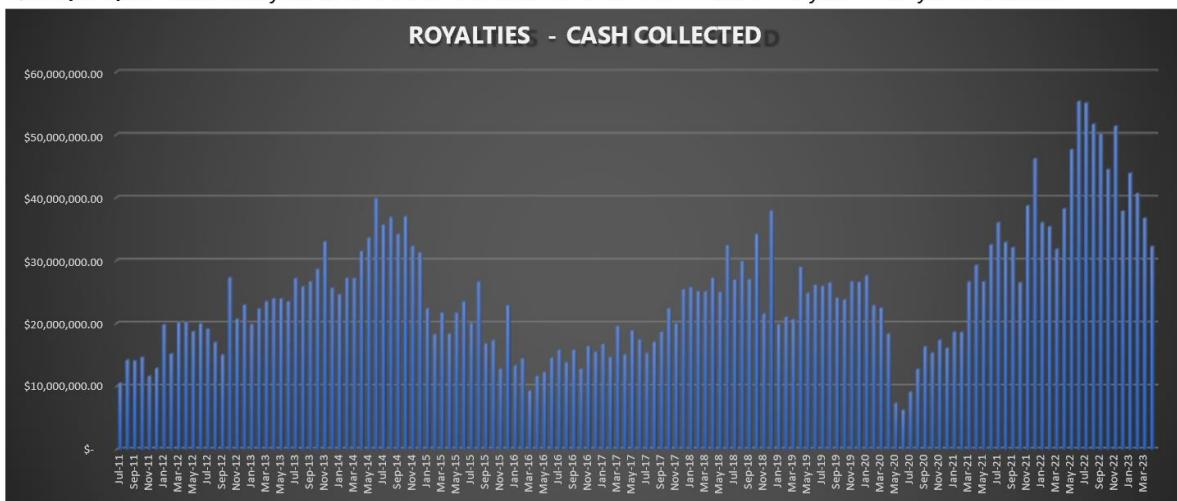
(05/25/23)

## MINERALS

## RECORD FISCAL YTD O/G ROYALTIES

NORTH  
Dakota | Trust Lands  
Be Legendary.™

As of April 2023, for fiscal year 2022-23 the Department has received **\$444,140,970** in royalties as compared to **\$353,976,572** last fiscal year at this time. That is an all time record and **25%** year-over-year increase!



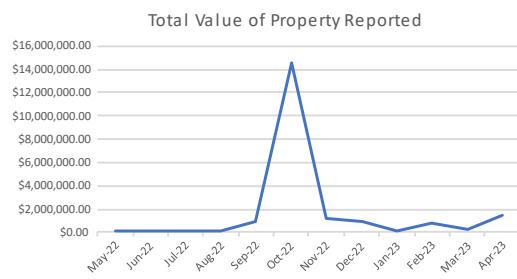
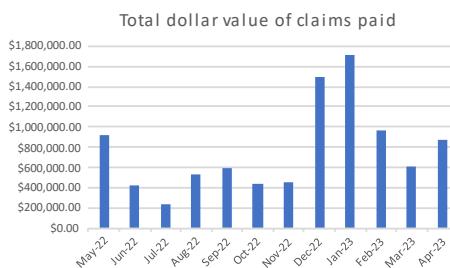
## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY DIVISION

NORTH  
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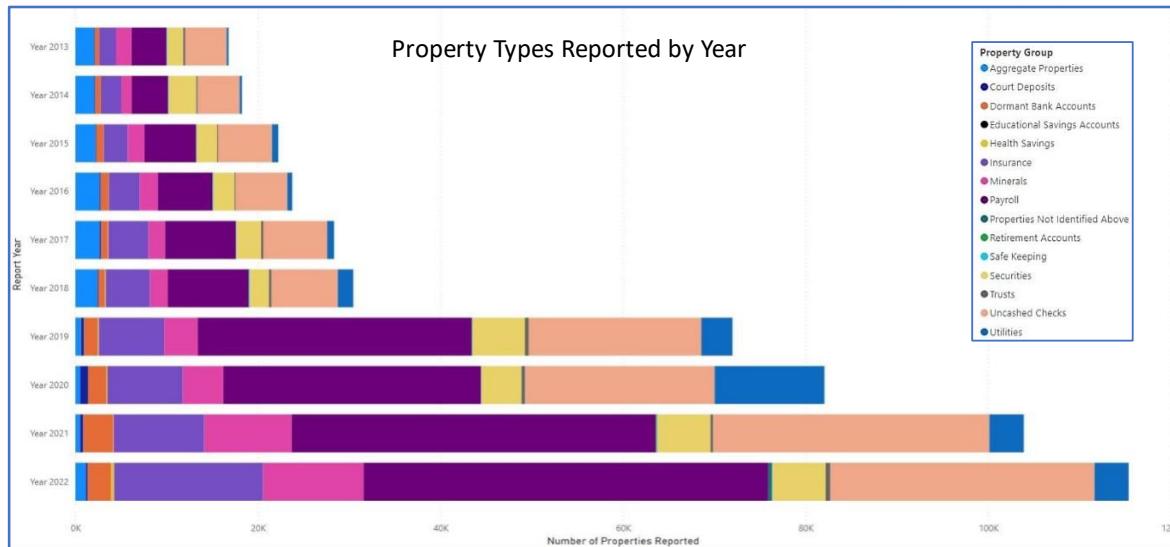
For the month of April 2023, the Division paid 767 claims with \$874,258.13 returned to rightful owners/heirs. It received 271 holder reports with a dollar value of \$1,506,818.42.

The increase in the number and value of holder reports is due to the Life Insurance deadline of April 31.



## UNCLAIMED PROPERTY DIVISION

N O R T H  
Dakota | Trust Lands  
Be Legendary.™



## FINANCIALS

**Financial Statements Position Report (Unaudited) for period ended February 28, 2023**

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, 2023, was presented to the Board for review and is available at the Department upon request.**

## Executive Estimate of Assets

**EXECUTIVE ESTIMATE OF ASSETS**  
**NORTH DAKOTA DEPARTMENT OF TRUST LANDS**  
**As of April 30, 2023**

	4/30/2023 Value	MOM\$ 3/31/2023 Value	MOM% Change	YOY\$ 4/30/2022 Value	YOY% Change
Cash	545,653,407	452,470,509		421,851,163	
Investments <sup>[1]</sup>	7,286,203,524	7,270,429,898		6,359,390,287	
Tax Receivables <sup>[2]</sup>	-	-		123,774,109	
Loans <sup>[3]</sup>	38,175,596	39,657,643		43,265,365	
Receivables <sup>[4]</sup>	8,508,502	8,108,229		5,066,584	
<b>Sub-Total Net Assets</b>	<b>\$7,878,541,028</b>	<b>7,770,666,278</b>	<b>1.39%</b>	<b>\$6,953,347,508</b>	<b>13.31%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	518,077,274		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		264,332	
<b>Total Net Assets</b>	<b>\$11,211,113,845</b>	<b>\$11,103,239,095</b>	<b>0.97%</b>	<b>\$10,278,181,056</b>	<b>9.08%</b>

[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.

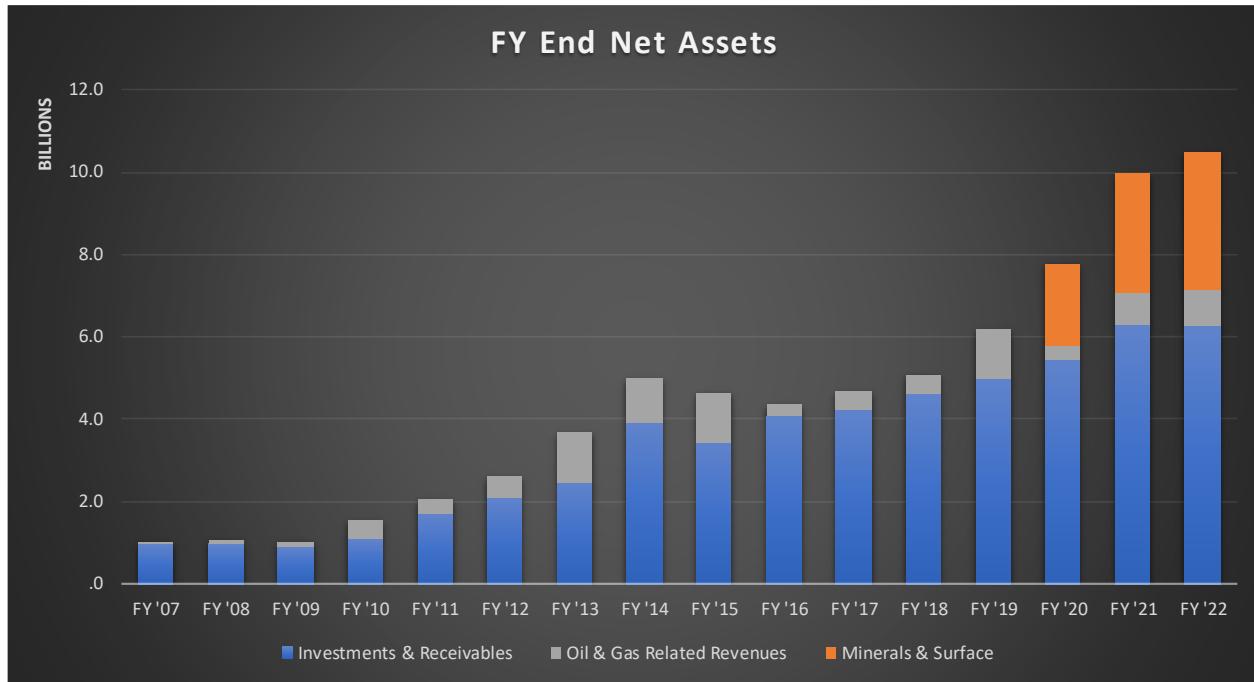
[3] Various loan programs funded with trust assets.

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

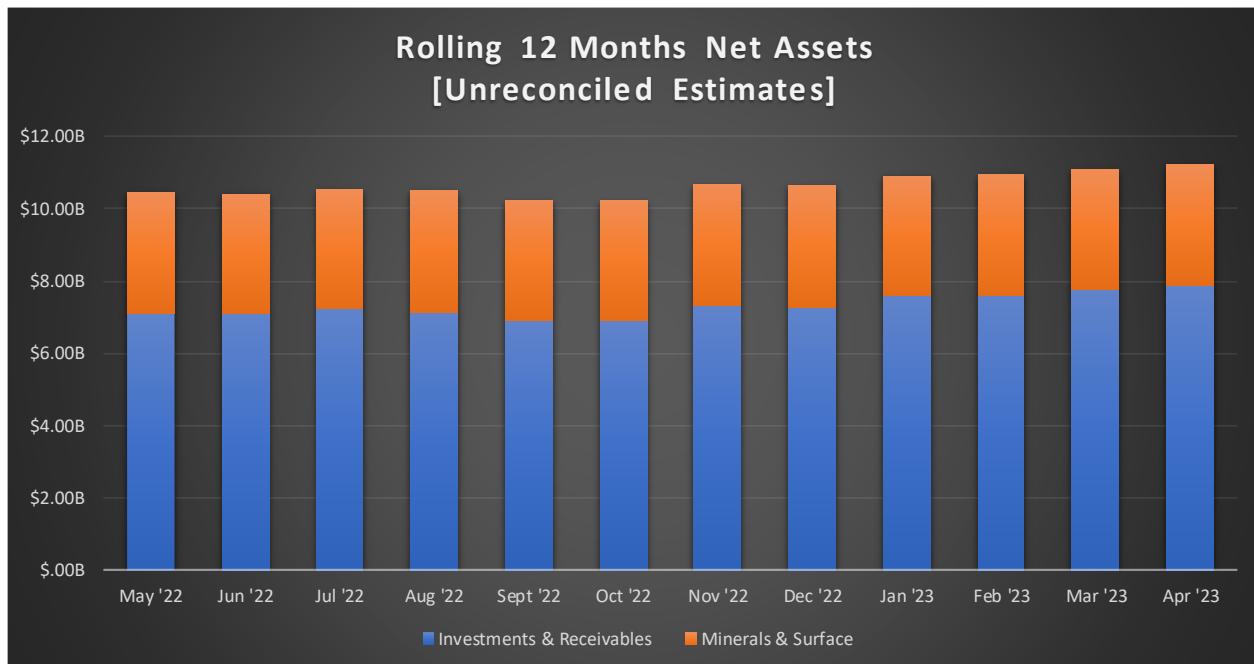
[5] Valued annually via contract with Mineral Tracker. Valuation as of December 31, 2021.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated annually via broker price opinion. Valuation as of Sept. 15, 2022.



- [1] 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.
- [2] 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.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



- [1] Dec 2021 includes mineral rights value of \$2,813,480,347
- [2] Sep 2022 includes appraised building value of \$1,015,196
- [3] Mar 2023 includes surface rights value of \$518,077,274

## INVESTMENTS

### Investment Updates

#### Pipeline

Early-stage ideas across all asset classes.

#### Portfolio Rebalancing Updates

Funded capital calls in April: none.

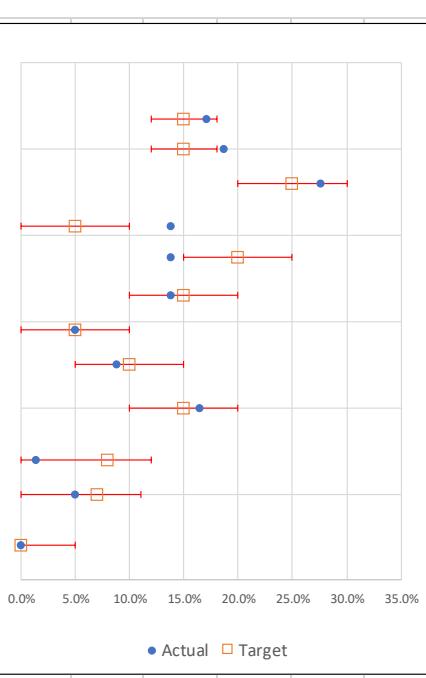
Unfunded commitments remaining total \$555.7M as follows:

1. Private Credit, \$172M
  - i. ARES Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$52.5M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$10M
  - iv. AGDL-BUSL Fund, \$50M
  - v. Varde Dislocation Fund, \$20.5M
2. Private Equity, \$223.8M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$97.9M
  - ii. GCM Secondary Opportunities Fund, \$114.4M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
3. Private Infrastructure, \$9.9M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$9.9M
4. Absolute Return, \$150M  
*Millennium USA LP (Hedge Fund), \$150M*

#### Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of April 30, 2023 (unaudited).

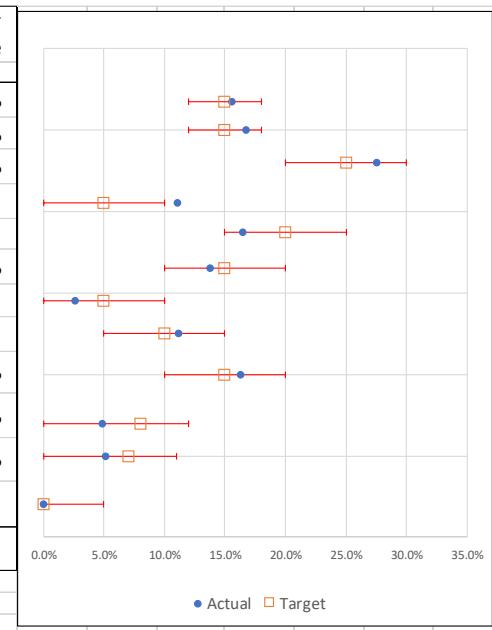
As of April 30, 2023	Market Value \$	Actual	Target	Lower	Upper
				Range	Range
Broad US Equity	1,086,503,345	17.1%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,188,057,590	18.7%	15.0%	12.0%	18.0%
Fixed Income	1,749,618,321	27.6%	25.0%	20.0%	30.0%
Public Credit	873,310,436	13.8%	5.0%	0.0%	10.0%
Private Credit	876,307,885	13.8%	20.0%	15.0%	25.0%
Absolute Return	872,327,395	13.7%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	315,597,752	5.0%	5.0%	0.0%	10.0%
Multi-Strategy Hedge Fund	556,729,643	8.8%	10.0%	5.0%	15.0%
Real Estate	1,044,016,005	16.5%	15.0%	10.0%	20.0%
Private Equity	86,239,847	1.4%	8.0%	0.0%	12.0%
Private Infrastructure	318,368,968	5.0%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,345,131,470	100.0%			



## Hypothetical Funding of All Unfunded Commitments:

### Asset Allocation After Funding:

As of April 30, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
Broad US Equity	988,603,345	15.6%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,062,157,590	16.7%	15.0%	12.0%	18.0%
Fixed Income	1,749,618,321	27.6%	25.0%	20.0%	30.0%
Public Credit	701,310,436	11.1%	5.0%	0.0%	10.0%
Private Credit	1,048,307,885	16.5%	20.0%	15.0%	25.0%
Absolute Return	872,327,395	13.7%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	165,597,752	2.6%	5.0%	0.0%	10.0%
Multi-Strategy Hedge Fund	706,729,643	11.1%	10.0%	5.0%	15.0%
Real Estate	1,034,116,005	16.3%	15.0%	10.0%	20.0%
Private Equity	310,039,847	4.9%	8.0%	0.0%	12.0%
Private Infrastructure	328,268,968	5.2%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,345,131,470	100.0%			



#### 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.**

### International Exposures

During the April 27, 2023 meeting, the Board of University and School Lands (Board) discussed its international exposures and the risks associated with China. While there remains geopolitical risks with China, those risks are difficult to predict and measure. The Board agreed to make no immediate changes to the portfolio but to remain alert and flexible.

The Permanent Trust Funds (PTFs) currently have approximately 1.6% exposure to China coming from the Broad International Equity and Global Tactical Asset Allocation (GTAA) portions of the portfolio. Given China being the largest contributor to global GDP at approximately 18%, it was discussed that a 1.6% portfolio exposure could arguably be underweight. Over 90% of the 1.6% portfolio exposure to China is coming from active management strategies which can trade in and out of positions. For the remaining exposure that is passively managed, Staff and RVK propose a solution to provide the Board with speed and flexibility in future decision-making.

Staff and RVK recommend closing the Northern Trust Emerging Markets Index account and transferring proceeds (approximately \$21M) to a new account with State Street Global Advisors (SSGA). SSGA is an existing manager relationship in good standing. SSGA uses regional building blocks to construct their passive index products. This allows them to offer the following:

#### **State Street MSCI Emerging Markets ex-China Index** **State Street MSCI China Index**

By combining the two separate sleeves, it gives the Board the ability to remain currently invested in the Emerging Markets Index and adds the flexibility to turn off the China sleeve at any point in

the future. While there is an increased cost to add this feature, Staff and RVK both agree that incorporating the separate sleeves offers the Board speed and flexibility in future decision-making.

**Motion: The Board approve closing Northern Trust Emerging Markets Index (approx. \$21M) and moving the assets to State Street MSCI Emerging Markets ex China Index + MSCI China Index, subject to standard legal review/documentation.**

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

**RVK Emerging Markets Recommendation and State Street Factsheet presented to the Board and is available at the Department upon request.**

### Investment Education

**Overview Presentation on Investments was presented to the Board and is available at the Department upon request.**

## SPECIAL PROJECTS

### No Net Loss Land Sale

Surface Director, Joseph Stegmiller, presented a No Net Loss Land Sale application submitted by M. Family, LLC, with a recommendation to approve moving to next steps in the process. After discussion, Superintendent Baesler made the following motion.

**Motion: The Board determine the application covers tracts the Board is not willing to sell and deny the application.**

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

**The No Net Loss Land Sale presentation is available at the Department upon request.**

## LITIGATION

### Litigation Update

- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of Board's motion to intervene; oral arguments were held February 1st; D.C. Circuit Court of Appeals issued judgment in Board's favor April 21st reversing trial court and allowing Board to intervene; parties are now in discussion regarding next steps in this litigation with next status report due to the Court by July 10th

(05/25/23)

- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022 granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; briefing complete and oral arguments were held March 16<sup>th</sup>; awaiting court decision
- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; currently in post-trial briefing stage
- Continental Interpleader (OHWM fed/state dispute) – ND Federal District Court issued opinion March 21st granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29<sup>th</sup> dismissing appeal and sending back to trial court for further quiet title actions on at issue parcels; district court signed stipulated order and judgment on remaining claims February 1st; currently waiting for appeal status pending resolution of attorney fees issues between the other parties

**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 consolations regarding:**

- **Royalty Settlement Offers**

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

**The Board entered into executive session at 11:11 AM.**

**EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Kirsten Baesler	Superintendent of Public Instruction
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer

**Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
James Wald	Legal Council
Chris Suelzle	Minerals Director

Adam Otteson  
Elvedina Papalichev

Revenue Compliance Director  
Paralegal

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Dave Garner	Office of the Attorney General

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The executive session adjourned at 11:40 AM and the Board returned to the open session and Teams meeting to rejoin the public. During executive session, the Board discussed royalty settlements with its attorneys. Formal action was taken when the meeting was reconvened in open session as follows:

**Motion:** To proceed with settlement of the Newfield case as presented in executive session subject to legal approval.

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

**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

**Minutes of the Meeting of the  
Board of University and School Lands  
November 30, 2023**

The October 26, 2023, meeting of the Board of University and School Lands was called to order at 9:12 AM by Chairman Doug Burgum and roll call was taken.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Kate Schirado	Executive Assistant
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Maria Garcia	Finance
Susan Dollinger	Unclaimed Property Director
Peggy Gudvangen	Finance Director
Adam Otteson	Revenue Compliance Division Director
Lynn Spencer	Minerals Title Specialist
Chris Suelzle	Minerals Division Director
James Wald	Legal Council
Matthew Reile	IT
Pam Reile	Revenue Compliance
Rick Owings	Administrative Staff Officer
Garret Hecker	Surface Range Soils Management Specialist
Anning Tang	Investments
Jacob Lardy	Land Management Specialist
Emily Bosch	Unclaimed Property
Kisha Mitchell	Unclaimed Property
Elvedina Papalichev	Paralegal
Jessica Sanchez	Minerals Management Officer
Vicki Siegel	Finance
Joseph Stegmiller	Surface Division Director

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Jared Mack	Eide Bailly
Jennifer Sandberg	RVK
Kirby Frances	RVK
Colin Vick	Blue Owl
Chris Crampton	Blue Owl
Geoff Simon	Western Dakota Energy Association
Joey	Bismarck Tribune
Kevin Balaod	WithIntelligence (Journalist)
Joseph Panther	
Eva Saad	
C. Rajala	

## APPROVAL OF MINUTES

A motion to approve the minutes of the October 26, 2023 meeting was made by Treasurer Beadle and the motion was seconded by Attorney General Wrigley and the motion carried unanimously on a voice vote.

## OPERATIONS

**Eide Bailly Department Financial Audit Report**

**Eide Bailly presented a summary of the Department financial audit to the Board. The full audit report is available at the Department upon request.**

**Financial Highlights**

**AUDITED FINANCIAL HIGHLIGHTS**

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

Common Schools Trust Fund balance increased \$560 million (+10%) from FY22 \$5.66 billion to FY23 \$6.22 billion



Combined other permanent funds balance increased \$29 million (+9%) from FY22 \$316 million to FY23 \$345 million



Annual royalty revenues increased \$25 million (+5%) from FY22 \$483 million to a record breaking FY23 \$508 million



**AUDITED FINANCIAL HIGHLIGHTS**

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

Biennial investment income increased \$85 million (+31%) from \$272 million FY19-21 to \$357 million FY21-23



Biennial rental income increased \$2 million (+7%) from \$28 million FY19-21 to \$30 million FY21-23



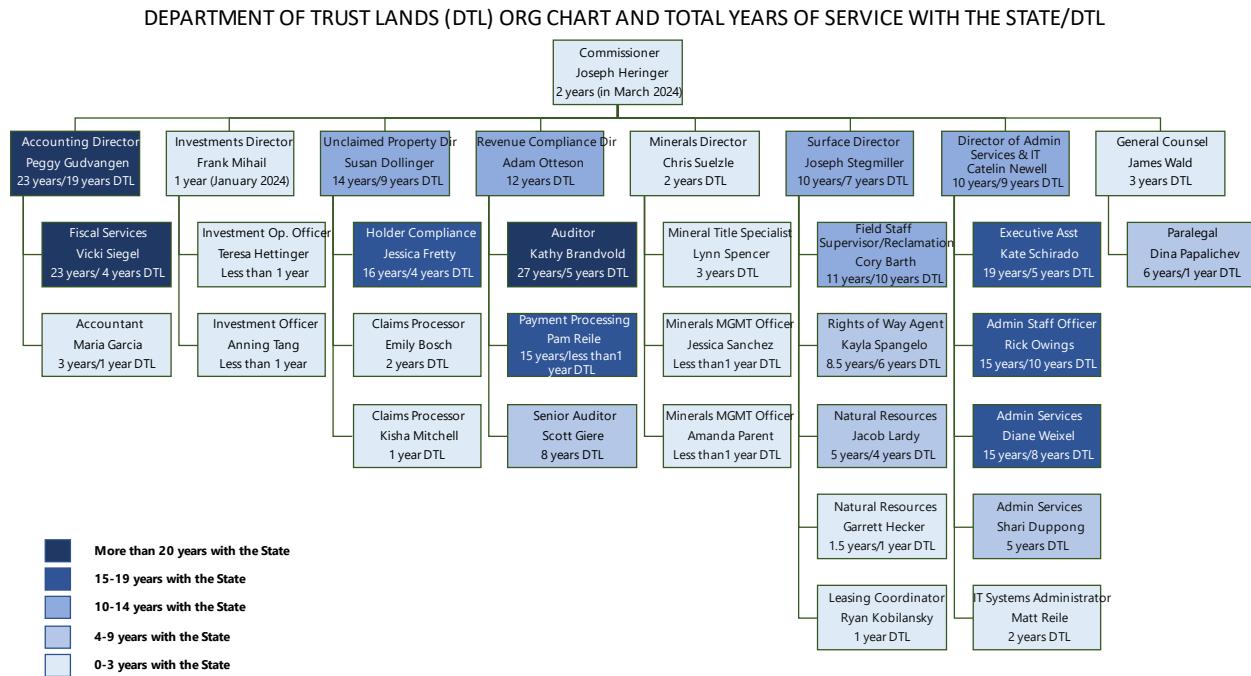
Common Schools Trust Fund K-12 distributions increased \$79 million (19%) from FY21-23 \$421 million to FY23-25 \$500 million



## Commissioner Performance & Compensation Committee

Treasurer Beadle provided a verbal update on the Committee's work and timeline.

## Department of Trust Lands Organizational Chart and Years of Service



## DIVISION REPORTS

### SURFACE



Encumbrances issued by Commissioner during October 2023:  
12 Right of Way Agreements generating \$270,421 in income for the Trusts.

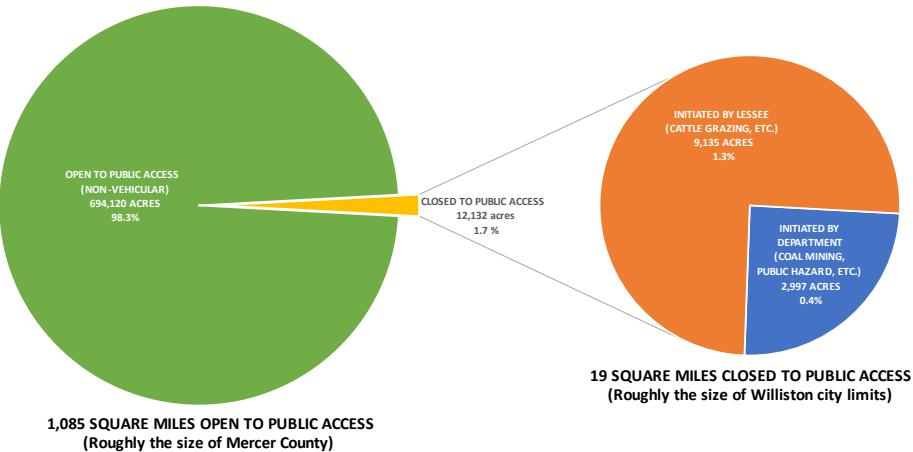
Beaver Dam on Trust Lands in McKenzie County 146-100-16 (October 2023) Photo Credit: Jacob Lardy



## SURFACE DIVISION – PUBLIC ACCESS

NORTH  
Dakota | Trust Lands  
Be Legendary.™

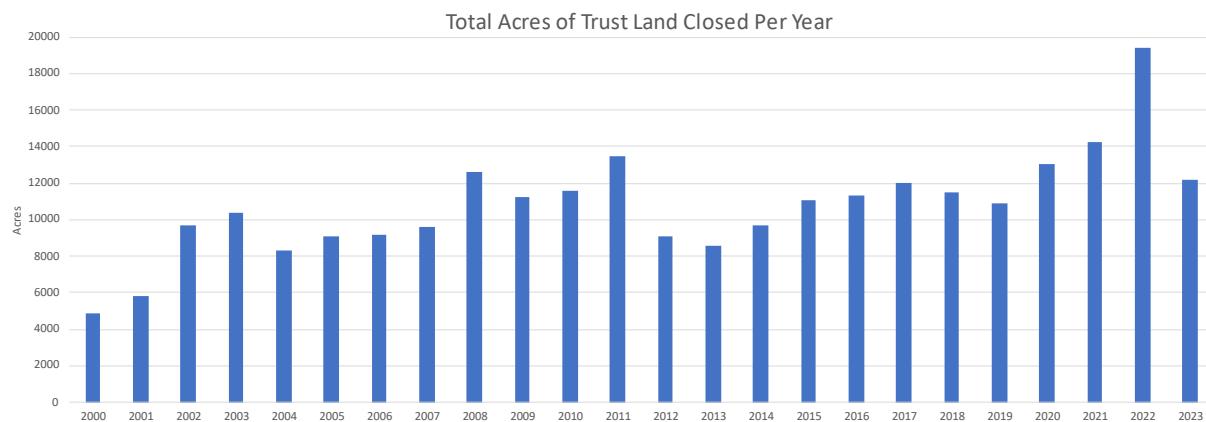
98% OF TRUST LANDS ARE OPEN TO PUBLIC ACCESS



## SURFACE DIVISION – PUBLIC ACCESS

NORTH  
Dakota | Trust Lands  
Be Legendary.™

37% YOY DECREASE IN CLOSED ACRES!  
FROM 19,372 ACRES TO 12,132 ACRES

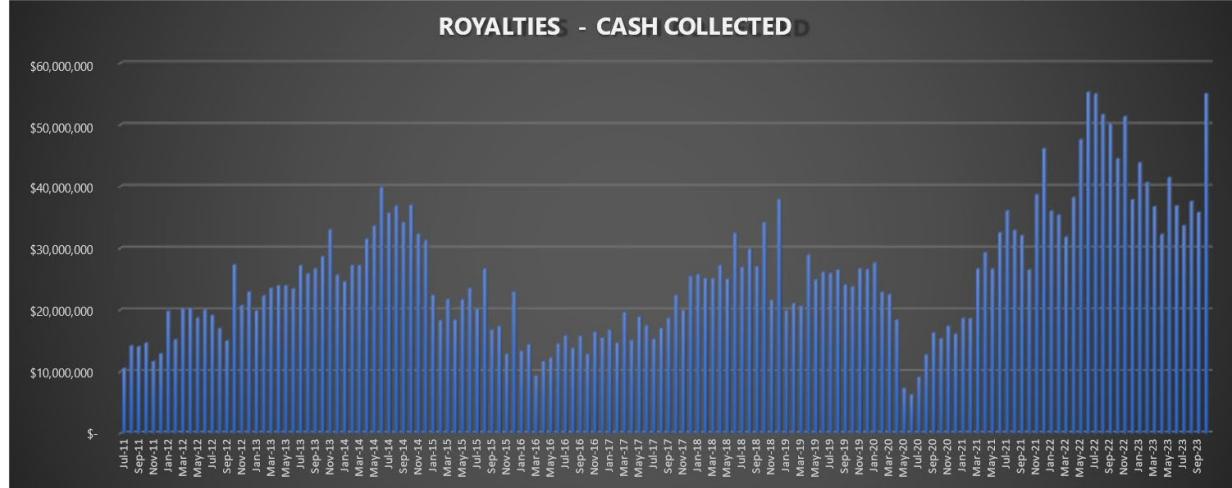


\*DTL has been working with Outdoor Interest Groups to understand their concerns about public access on trust lands.

## MINERALS

## MINERALS DIVISION FISCAL YTD O/G ROYALTIES

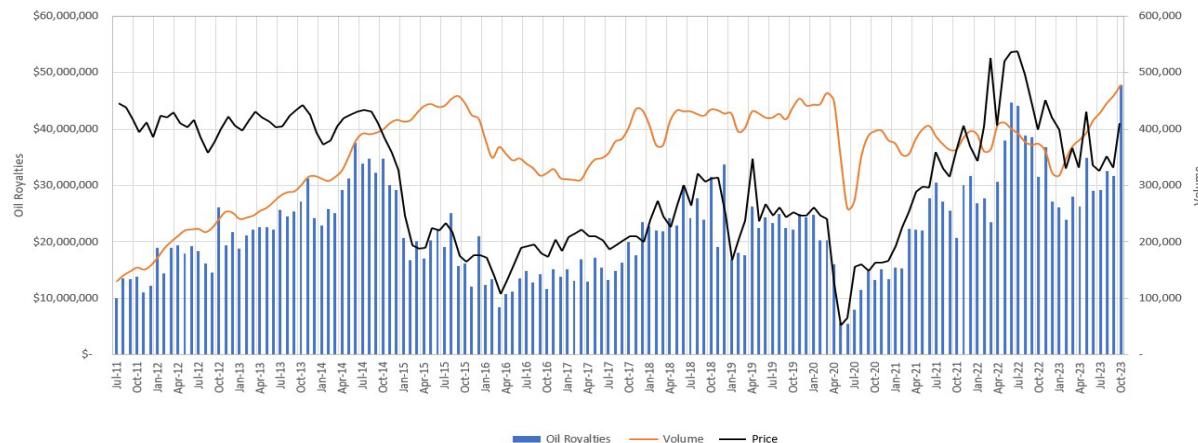
As of October 31, 2023\*, for fiscal year 2023-24 the Department has received **\$162,135,639** in royalties as compared to **\$201,371,096** last fiscal year at this time. This is the second highest royalty reporting month on record at **\$55,062,056**!



\*October royalty revenue is from August gas production and September oil production

## PRICE MAIN DRIVER OF O/G ROYALTIES

In the early years production growth was the driver of the Department's royalty increases. Now that our net monthly production has been more stable, averaging around 450,000 barrels per month this biennium, the price of oil & gas is the main driver of monthly royalty variations.



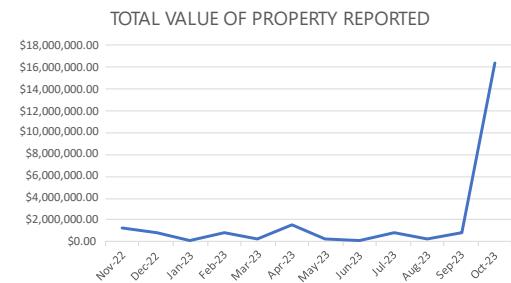
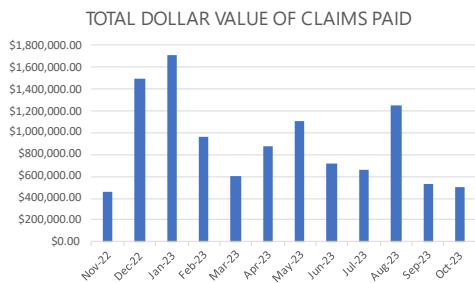
## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

NORTH  
Dakota | Trust Lands  
Be Legendary.™

For the month of October 2023, the Division paid 515 claims with \$495,259.69 returned to rightful owners/heirs. It also received 2051 holder reports with a dollar value of \$16,455,518.57\*.



*\*October 2023 is a record year for amount received in one month. (Previous record was October 2022 with \$14,509,987 received)*

## FINANCIALS

## Financial Statements Position Report (Unaudited) for period ended September 30, 2023

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 September 30, 2023, 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, 2023**

	10/31/2023 Value	MOM\$ 9/30/2023 Value	MOM% Change	YOY\$ 10/31/2022 Value	YOY% Change
Cash	205,468,214	315,029,685		479,100,283	
Investments <sup>[1]</sup>	7,219,172,566	7,469,299,644		6,382,912,473	
Tax Receivables <sup>[2]</sup>	-	-		-	
Loans <sup>[3]</sup>	37,814,668	37,852,402		40,486,644	
Receivables <sup>[4]</sup>	9,207,142	12,737,419		8,885,506	
<b>Sub-Total Net Assets</b>	<b>\$7,471,662,591</b>	<b>7,834,919,151</b>	<b>-4.64%</b>	<b>\$6,911,384,906</b>	<b>8.11%</b>
Mineral Rights <sup>[5]</sup>	2,568,614,367	2,568,614,367		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	518,077,274		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		1,015,196	
<b>Total Net Assets</b>	<b>\$10,559,369,428</b>	<b>\$10,922,625,988</b>	<b>-3.33%</b>	<b>\$10,236,969,318</b>	<b>3.15%</b>

[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.

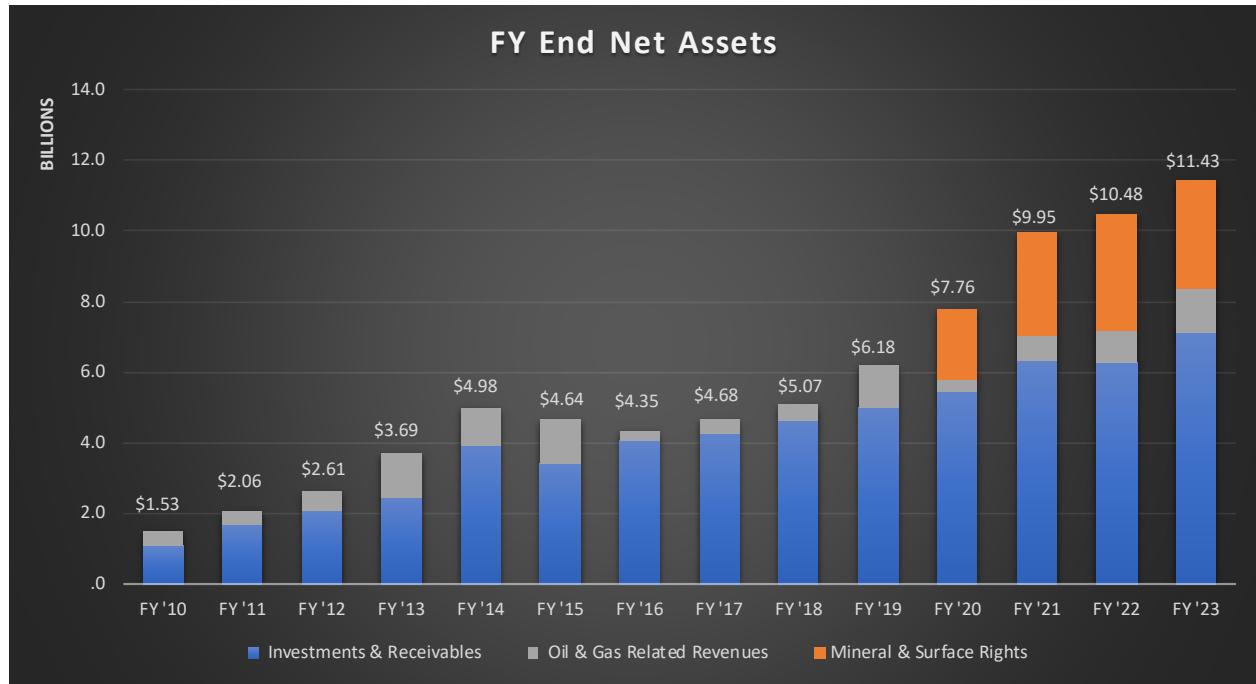
[3] Various loan programs funded with trust assets.

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

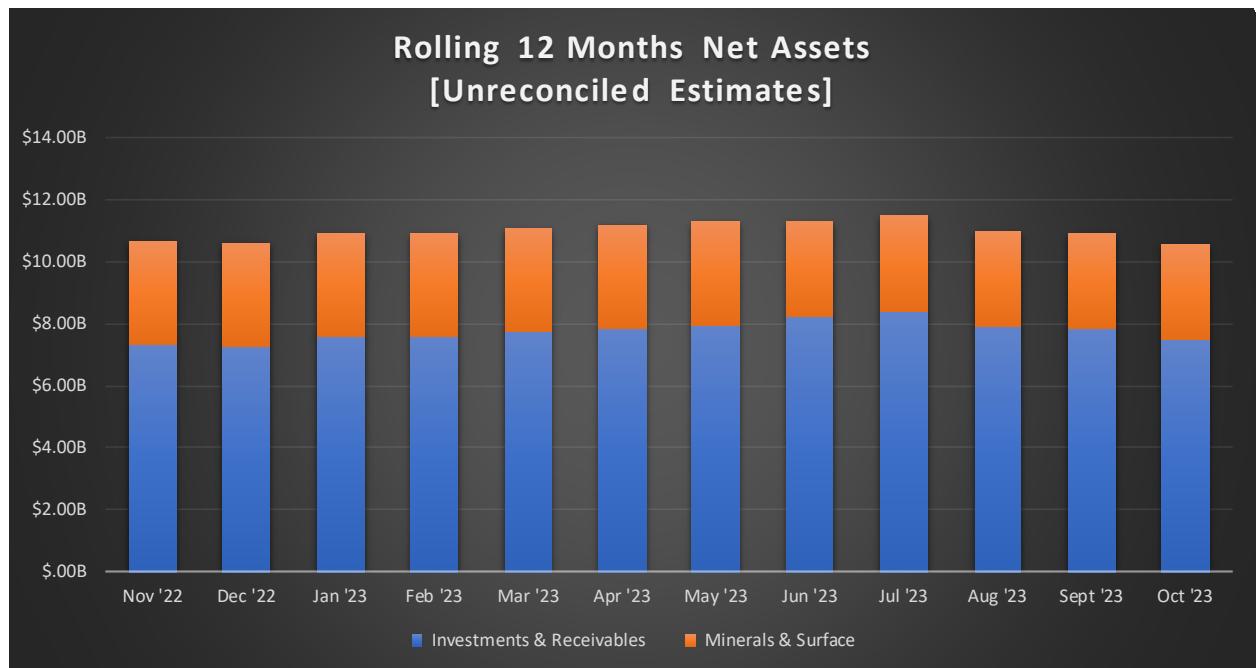
[5] Valued annually via contract with Mineral Tracker. Valuation as of June 30, 2023.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated every other year via broker price opinion. Listed valuation is as of Sept. 15, 2022.



[1] FY 2023 includes mineral rights value of \$2,568,614,367, appraised building value of \$1,015,196 and surface rights value of \$518,077,274



[1] Jun 2023 includes mineral rights value of \$2,568,614,367  
[2] Sep 2022 includes appraised building value of \$1,015,196  
[3] Mar 2023 includes surface rights value of \$518,077,274

## INVESTMENTS

### Investment Updates

#### **Q4-Q1 Pipeline**

Private Credit: diversified private credit recommendation

Public Credit: core fixed income recommendation

Private Equity: venture capital recommendation

#### **Capital Calls Funded and Pending:**

2023 Q1 \$15.9M

2023 Q2 \$19.1M

2023 Q3 \$24.0M

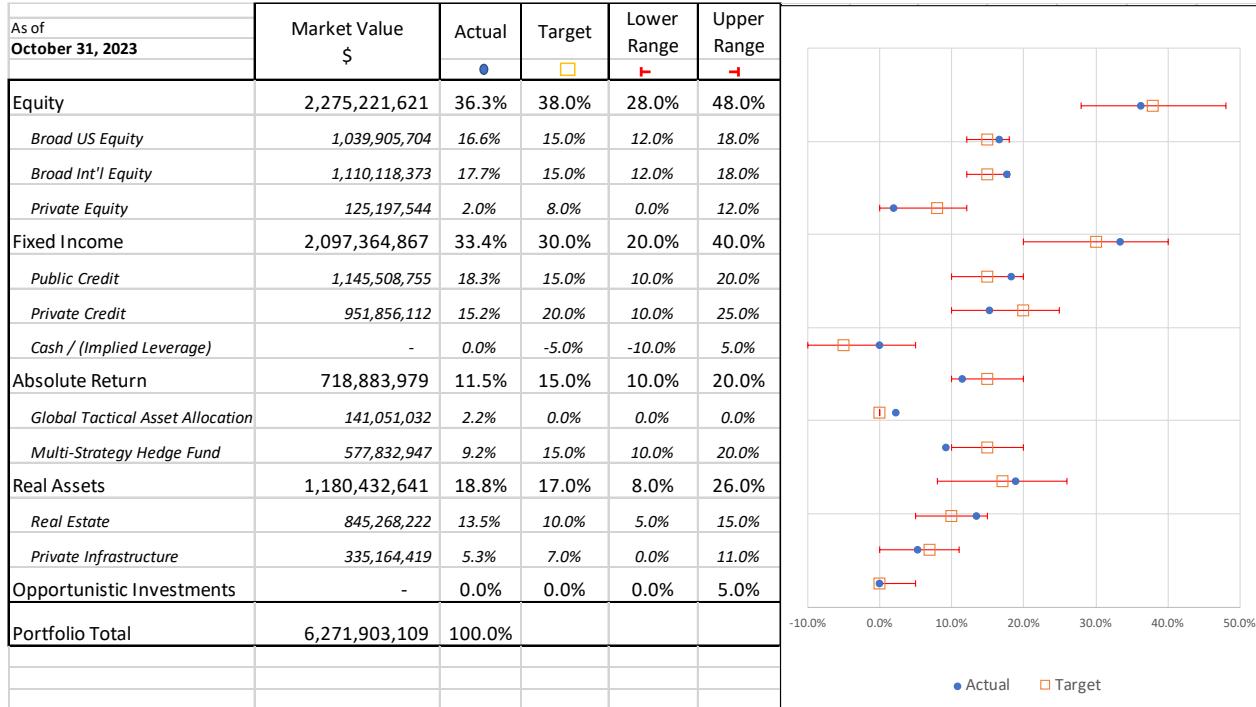
2023 Q4 \$9.6M

2023 YTD \$68.6M

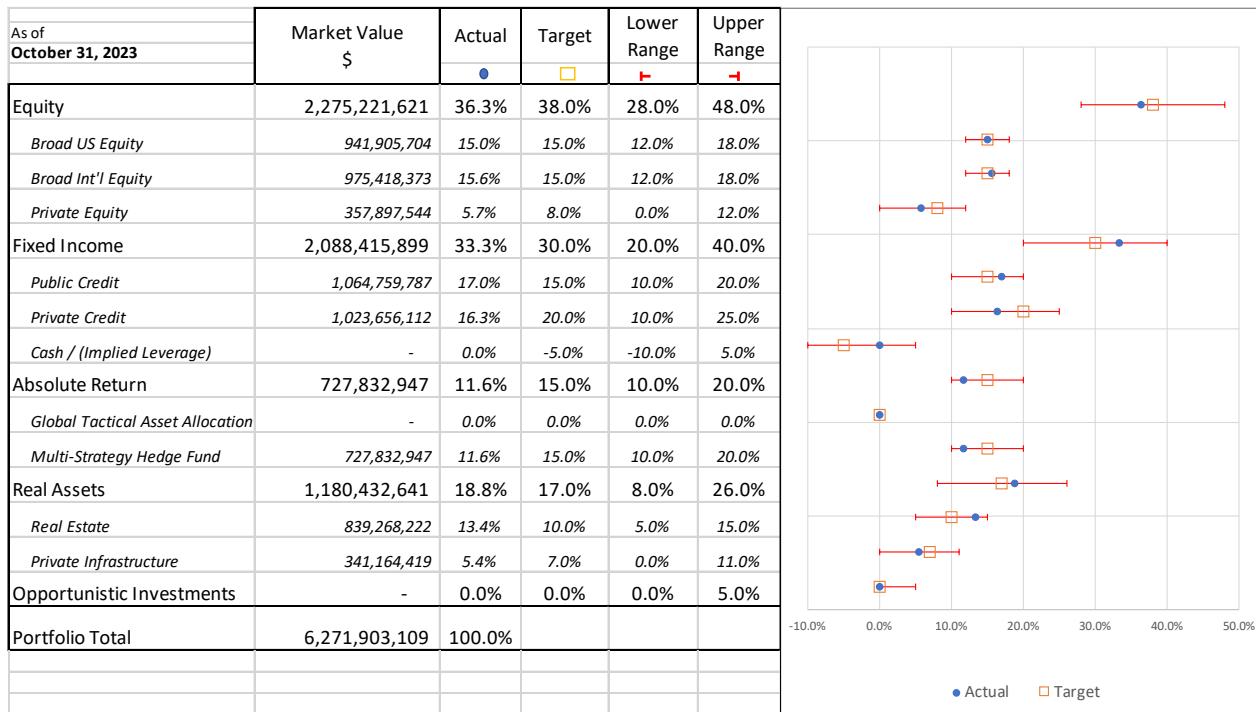
#### **Total Unfunded Commitments Remaining \$460.5M (as of October 31, 2023):**

1. Private Credit, \$71.8M
  - i. Ares Pathfinder Fund, \$26.8M
  - ii. Owl Rock Diversified Lending, \$45M
2. Private Equity, \$232.7M
  - i. GCM Grosvenor Private Equity, \$90M
  - ii. GCM Grosvenor Secondary Opportunities Fund III, \$98M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
  - iv. Khosla Ventures, \$33.2M
3. Real Assets, \$6M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$6M
4. Absolute Return, \$150M
  - i. Millennium USA, \$150M

## Current Asset Allocation (unaudited)



## Hypothetical Asset Allocation (after funding all commitments)



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

## Private Equity – GP-led Secondaries

The current 5.7% private equity commitment represents a \$140M underweight to the 8% long term strategic asset allocation target. The goal of this proposal is to increase the private equity commitment, consistent with strategic asset allocation targets.

Staff recommends allocating to GP-led secondaries within the private equity portfolio. Single asset continuation vehicles are a relatively nascent and growing subcategory of private equity where funds have reached the wind down phase and sponsors seek to extend ownership of certain assets. Sponsors have worked with these businesses for years and believe a longer time horizon can benefit the value creation process through add-on acquisitions and potential tailwinds to effectuate a timely exit. To align incentives, sponsors will roll their earned compensation (carry) into the deals. Continuation fund managers can cherry-pick trophy assets – high-performing, de-risked businesses with shorter runways to liquidity – from sponsor portfolios and offer ownership extension in exchange for a discounted entry NAV. The industry is undercapitalized and therefore currently in a buyer's market. Exits are typically expected within 3-5 years. A shorter time horizon leads to higher expected IRRs but lower expected multiples than traditional primary fund investing.

Staff and RVK recommend a commitment to Blue Owl Strategic Equity (BOSE). Blue Owl is a publicly traded (NYSE: OWL) global alternative asset manager with over 650 employees and \$157B in assets across three divisions - \$79.5B in direct lending (Owl Rock), \$51.4 in GP capital solutions (Dyal Capital) and \$25.9B in real estate (Oak Street). The GP capital solutions (70+ partnerships) and direct lending (650+ relationships) businesses create synergies for BOSE deal sourcing and underwriting.

BOSE is offering a portion of the management company economics for early investors. The fund seeks to make 12-15 single asset, GP-led continuation fund transactions, diversified across sectors and sponsor relationships. The fund will invest in developed markets (North America and Western Europe) with a 5-year investment period and 8-year fund life.

**Motion: The Board approve a \$25-50M commitment to Blue Owl Strategic Equity, subject to standard legal review/documentation.**

Attachment 1: RVK Executive Summary

Attachment 2: Blue Owl Presentation

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

**RVK Executive Summary and Blue Owl Presentation were presented to the Board and are available at the Department upon request.**

## LITIGATION

### Litigation Update

- [EEE Minerals, LLC v. State of North Dakota, the Board of University and School Lands](#)

- **Case Summary:** (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022, granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; on August 30, 2023, the 8<sup>th</sup> Circuit three judge panel issued its opinion in our favor affirming the trial court's dismissal on all counts; on September 12, 2023, Plaintiffs requested a rehearing in front of the full 8<sup>th</sup> Circuit Court which was denied on October 27, 2023; Plaintiffs have 90 days to petition the U.S. Supreme Court for certiorari.

Commencement: December 2020

ND Assigned Attorney(s): Philip Axt, ND Solicitor General

Counsel For EEE: Joshua Swanson (Vogel Law Firm, Fargo ND)

Court: United States District Court, District of North Dakota

Judge: Magistrate Judge Clare R. Hochhalter

Win = Takings claim dismissed resulting in no liability to state

Lose = Plaintiff's case can proceed resulting in trial to determine validity of claims

- **Whitetail Wave LLC v. XTO Energy, Inc.; the Board of University and School Lands**

- **Case Summary:** OHWM title dispute / takings claim – On August 22, 2023, Whitetail Wave appealed the trial court's rulings for the state (takings, Wenck Line, quiet title) and the award of attorney fees to co-defendant XTO Energy. Briefings and oral arguments before the North Dakota Supreme Court to follow.

Commencement: June 2015

ND Assigned Attorney(s): David Garner, Assistant Attorney General

Counsel for Whitetail Wave: Christopher Sweeney (Moulton Bellingham PC, Billings, MT)  
Joshua Swanson (Vogel Law Firm, Fargo, ND)

Counsel for XTO: Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND)

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = Takings claim dismissed resulting in no liability to state

Lose = Plaintiff's case can proceed resulting in trial to determine validity of claims

- **Continental Resources, Inc. v. North Dakota Board of University & School Lands and North Dakota Department of Trust Lands**

- **Case Summary:** Continental Oil Royalty Deductions – Now that the Newfield gas royalty deductions case has been resolved, this has come off stay and the parties

have filed a joint scheduling order laying out the discovery and preparation timeline for trial that is currently scheduled for August 4-8, 2025, in McKenzie County.

Commencement: December 2017

ND Assigned Attorney(s): David Garner, Assistant Attorney General

Counsel for  
Continental Resources, Inc.: Jamie Bryan, (K&L Gates, Fort Worth, TX)  
Mark Barron (Baker & Hostetler, LLP, Denver, CO)

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = Clarity that Land Board oil & gas lease does not allow for deductions from oil royalties resulting in tens of millions of dollars in deductions being repaid to the state.

Lose = Deductions from oil royalties are allowed under the lease, requiring additional administrative rules/case law to clarify extent

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior**

- **Case Summary:** Missouri riverbed ownership – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We filed a motion requesting a change of venue to North Dakota that the Court is now considering.

Commencement: July 2020

ND Assigned Attorneys: James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.)  
Charles Carvell, Special Assistant Attorney General (Pearce Durick PLLC, Bismarck ND)  
Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs

Counsel for MHA: Steven D. Gordon (Holland & Knight's Washington, D.C.)  
Philip Merle Baker-Shenk (Holland & Knight's Washington, D.C.)  
Timothy Purdon (Robins Kaplan, Bismarck, ND)

Timothy Billion (Robins Kaplan, Minneapolis, MN)

Counsel for United States Department of Interior: Reuben S. Schifman (Washington, D.C.)

Court: United States District Court for the District of Columbia

Judge: Honorable Amy Berman Jackson

Win = North Dakota owns historical Missouri Riverbed (mineral rights) through Fort Berthold Indian Reservation resulting in release to state of tens of millions of dollars in withheld oil & gas royalties.

Lose = U.S. owns the riverbed in trust for MHA Nation so royalties are released to the tribe

- **Continental Resources, Inc., v. North Dakota Board of University and School Lands and the United States of America (Interpleader)**

- **Case Summary:** OHWM fed/state dispute – ND Federal District Court issued opinion March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; federal government appealed and we filed cross appeal; final brief is due January 12, 2024, with oral arguments to be scheduled thereafter.

Commencement: December 2016

ND Assigned Attorneys: Charles Carvell, Special Assistant Attorney General  
(Pearce)  
Durick PLLC, Bismarck ND  
Philip Axt, ND Solicitor General

Counsel for XTO: Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND)  
Spencer Ptacek (Fredrikson & Byron P.A., Bismarck, ND)

Counsel for USA: Shaun Pettigrew (Environment and Natural Resources  
Division (ENRD) of the U.S. Department of Justice

Court: United States District Court, District of North Dakota

Judge: Magistrate Judge Clare R. Hochhalter

Win = State survey controls where U.S. lands about the Wenck line resulting in retention of 2,500 mineral acres

Lose = Federal surveys control resulting in loss of approximately 2,500 mineral acres

- **State of North Dakota, ex. rel. v Virginia Leland, et.al.**

- **Case Summary:** OHWM river island ownership, trial was held on September 12-16, 2022; post-trial briefing scheduled for completion in November 2023.

Commencement: January 2016

ND Assigned Attorneys: Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs  
James Wald, DTL General Counsel

Counsel for Whiting Oil and Gas Corp: Paul Forster (Crowley Fleck, PLLP, Bismarck, ND)  
Shane Hanson (Crowley Fleck, PLLP, Bismarck, ND)

Counsel for Defendant(s): Kevin Chapman (Chapman Law Firm, P.C., Williston, ND)  
Ariston Johnson (Johnson & Sundein, Watford City, ND)  
and Others

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = State owns at issue Yellowstone River islands and related mineral interests

Lose = Plaintiffs owns at issue Yellowstone River islands and related mineral interests

## **A D J O U R N**

There being no further business, the meeting was adjourned at 11:03 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

**Minutes of the Meeting of the  
Board of University and School Lands  
October 26, 2023**

The October 26, 2023, meeting of the Board of University and School Lands was called to order at 9:07 AM by Chairman Doug Burgum and roll call was taken.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Kate Schirado	Executive Assistant
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Maria Garcia	Finance
Susan Dollinger	Unclaimed Property Director
Peggy Gudvangen	Finance Director
Adam Otteson	Revenue Compliance Division Director
Lynn Spencer	Minerals Title Specialist
Chris Suelzle	Minerals Division Director
Amanda Parent Dufour	Minerals Management Officer
James Wald	Legal Council
Scott Giere	Revenue Compliance
Matthew Reile	IT
Pam Reile	Revenue Compliance
Jessica Fretty	Unclaimed Property
Rick Owings	Administrative Staff Officer
Ryan Kobilansky	Surface Range Soils Management Specialist
Garret Hecker	Surface Range Soils Management Specialist
Anning Tang	Investments
Jacob Lardy	Land Management Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Jennifer Sandberg	RVK
Josh Kevan	RVK
Matt Sturdivan	RVK
Josh Goldstein	Verition
Victoria Distasio	Verition
Karl Ngok	Verition
C. Rajala	

## APPROVAL OF MINUTES

A motion to approve the minutes of the September 29, 2023 meeting was made by Treasurer Beadle and the motion was seconded by Attorney General Wrigley and the motion carried unanimously on a voice vote.

## OPERATIONS

### Commissioner's Report

- Commissioner Performance & Compensation Committee – first meeting scheduled for Nov. 3rd
- Our team continues to be very involved helping to provide coordinated statewide agency responses to numerous new proposed federal rules (DAPL, oil & gas, environmental, land management plans, etc.)
- Eide Bailly will present annual financial audit report at November 30th meeting
- October 23 – attended State Investment Board - Investment Committee meeting as a voting member
- October 26 - attending full State Investment Board meeting as a voting member

### HR Update

- Introduction of new Minerals Officer

### Board of University and School Lands Meeting Dates For 2024

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

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

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

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

- January 25, 2024 9:00 AM – 12:00 PM
- February 29, 2024 9:00 AM – 12:00 PM
- March 28, 2024 9:00 AM – 12:00 PM
- April 25, 2024 9:00 AM – 12:00 PM
- May 30, 2024 9:00 AM – 12:00 PM
- June 27, 2024 9:00 AM – 12:00 PM
- July 25, 2024 9:00 AM – 12:00 PM

- August 29, 2024 9:00 AM – 12:00 PM
- September 26, 2024 9:00 AM – 12:00 PM
- October 31, 2024 9:00 AM – 12:00 PM
- December 12, 2024 9:00 AM – 12:00 PM (Combined Nov/Dec meeting)

## DIVISION REPORTS

### SURFACE

#### SURFACE DIVISION



Encumbrances issued by Commissioner during September 2023:  
14 Right of Way Agreements generating \$43,274 in income for the Trusts.

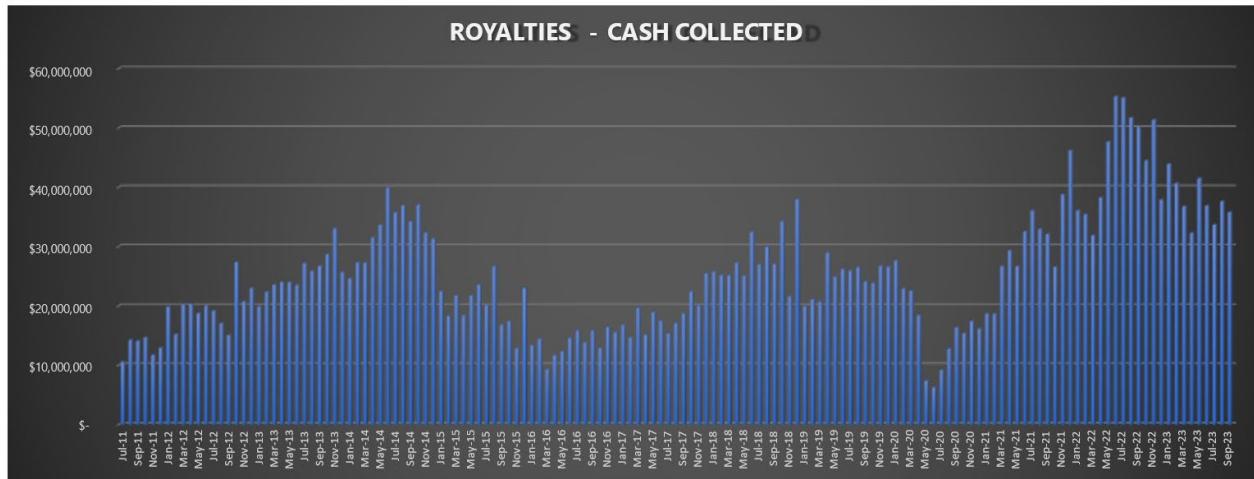
Trust Lands in Billings County 142-102-34 (May 2023)  
Photos Credit: Jacob Lardy



## MINERALS

MINERALS DIVISION  
FISCAL YTD O/G ROYALTIESNORTH Dakota | Trust Lands  
Be Legendary.™

As of September 30, 2023\*, for fiscal year 2023-24 the Department has received **\$107,050,222** in royalties as compared to **\$156,883,293** last fiscal year at this time.

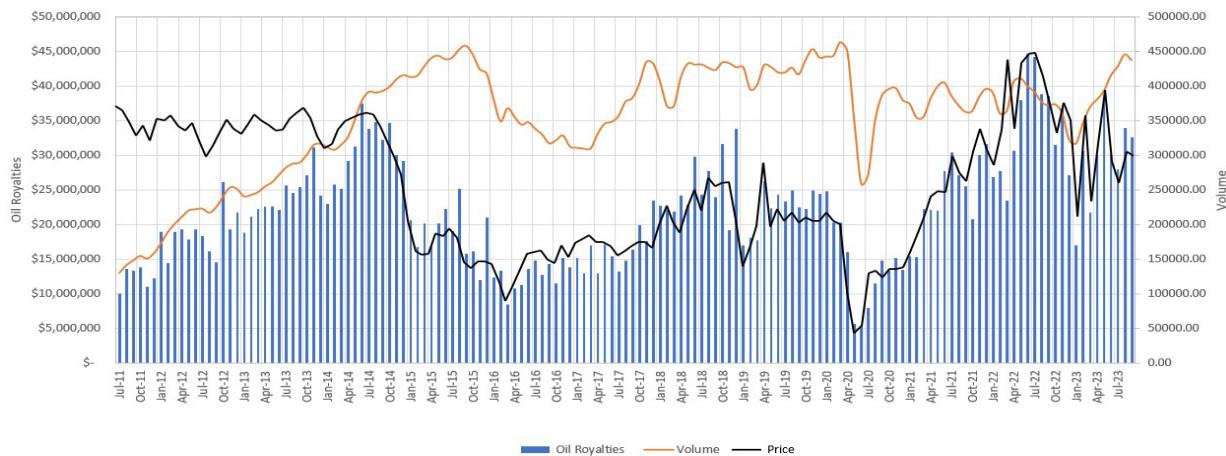


\*September royalty revenue is from July gas production and August oil production

## PRICE MAIN DRIVER OF O/G ROYALTIES

NORTH Dakota | Trust Lands  
Be Legendary.™

In the early years production growth was the driver of the Department's royalty increases. Now that our net monthly production has been more consistent, averaging around 400,000 barrels per month, the price of oil & gas is the main driver of monthly royalty variations.



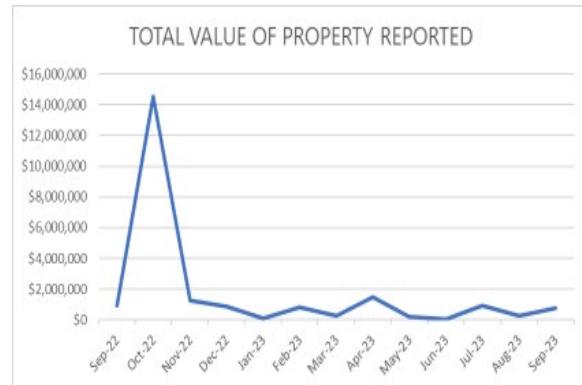
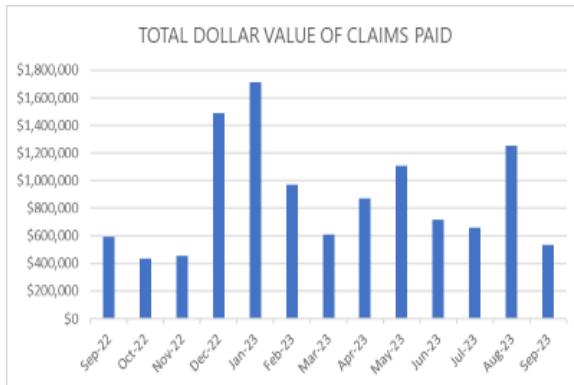
## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov/>

NORTH  
Dakota | Trust Lands  
Be Legendary.™

For the month of September 2023, the Division paid 511 claims with \$535,606 returned to rightful owners/heirs. It also received 227 holder reports with a dollar value of \$791,985.



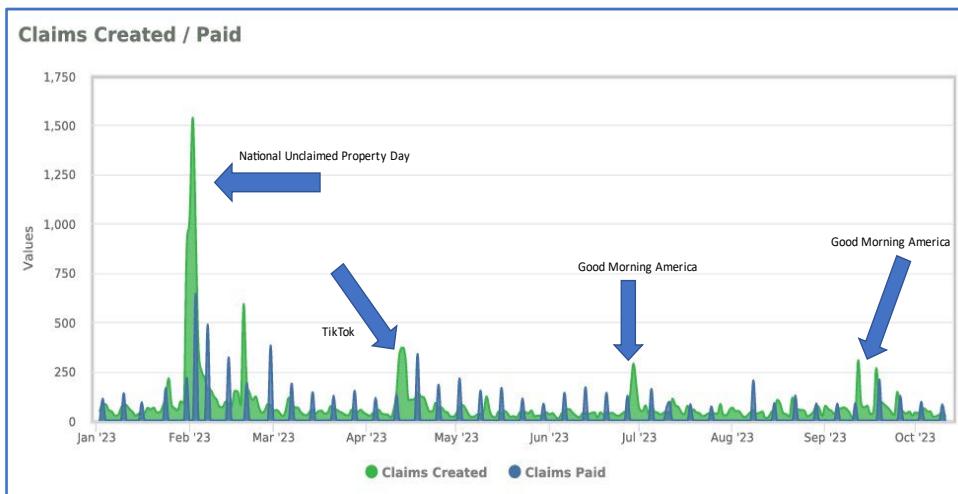
UPDATE ON SURCH – 45 States have signed on with 2 more pending very soon. A group of nonpartisan state treasurers are scheduled to meet with the U.S. Department of Labor on November 2, 2023, to begin working on rules need to implement the program.

## UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov/>

NORTH  
Dakota | Trust Lands  
Be Legendary.™

## National Spotlight Shows Bumps in Claims for 2023



## Executive Estimate of Board Assets

**EXECUTIVE ESTIMATE OF ASSETS**  
**NORTH DAKOTA DEPARTMENT OF TRUST LANDS**  
**As of September 30, 2023**

	9/30/2023 Value	MOM\$ 8/31/2023 Value	MOM% Change	YOY\$ 9/30/2022 Value	YOY% Change
Cash	315,029,685	446,460,070		525,976,572	
Investments <sup>[1]</sup>	7,469,299,644	7,407,662,187		6,297,334,096	
Tax Receivables <sup>[2]</sup>	-	-		25,868,603	
Loans <sup>[3]</sup>	37,852,402	37,852,402		40,326,553	
Receivables <sup>[4]</sup>	12,737,419	9,396,582		8,818,509	
<b>Sub-Total Net Assets</b>	<b>\$7,834,919,151</b>	<b>7,901,371,241</b>	<b>-0.84%</b>	<b>\$6,898,324,333</b>	<b>13.58%</b>
Mineral Rights <sup>[5]</sup>	2,568,614,367	2,568,614,367		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	518,077,274		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		-	
<b>Total Net Assets</b>	<b>\$10,922,625,988</b>	<b>\$10,989,078,078</b>	<b>-0.60%</b>	<b>\$10,222,893,549</b>	<b>6.84%</b>

[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.

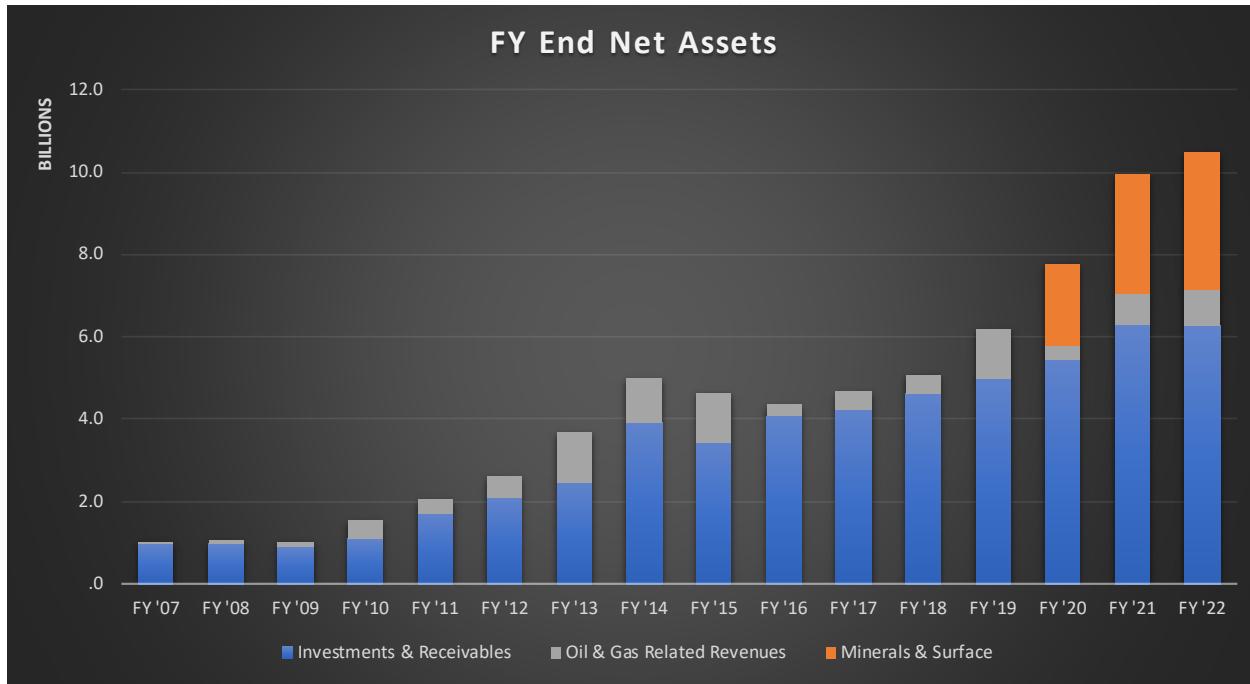
[3] Various loan programs funded with trust assets.

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

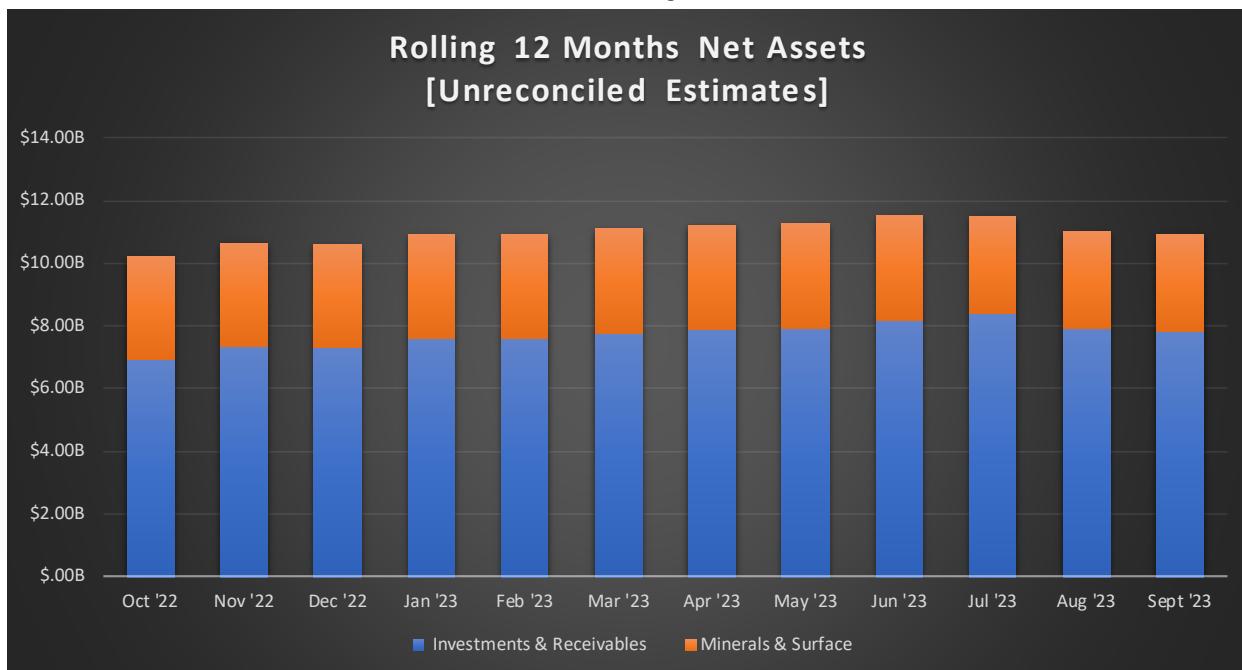
[5] Valued annually via contract with Mineral Tracker. Valuation as of June 30, 2023.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated every other year via broker price opinion. Listed valuation is as of Sept. 15, 2022.



- [1] 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.
- [2] 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.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



- [1] Jun 2023 includes mineral rights value of \$2,568,614,367
- [2] Sep 2022 includes appraised building value of \$1,015,196
- [3] Mar 2023 includes surface rights value of \$518,077,274

## INVESTMENTS

**Investment Updates****Q4-Q1 Pipeline**

Absolute Return: multi-strategy hedge fund recommendation

Private Equity: private equity / venture capital recommendation

**Portfolio Rebalancing Updates**Capital Calls Funded and Pending:

9/21 GCM Grosvenor Private Equity \$4.2M

9/22 GCM Grosvenor Secondary Opportunities Fund III \$8.5M

9/28 Hamilton Lane Infrastructure Opportunities Fund \$2.2M

10/02 Khosla Ventures \$0.8M

10/16 Ares Pathfinder Fund \$4.5M

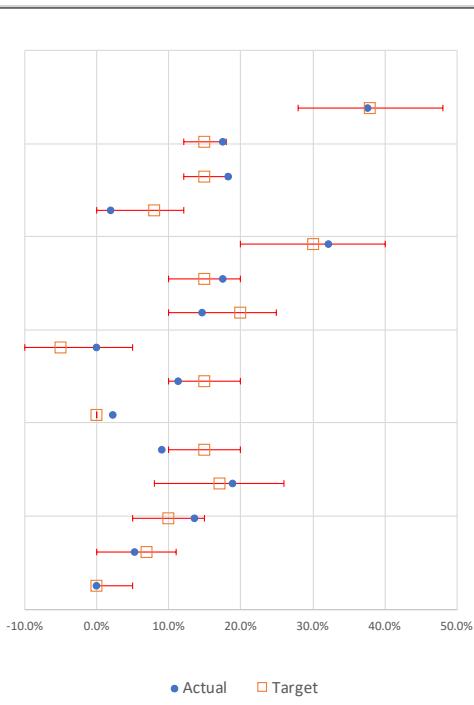
10/28 Khosla Ventures \$1.0M

**Total Unfunded Commitments Remaining \$467.5M (as of September 30, 2023):**

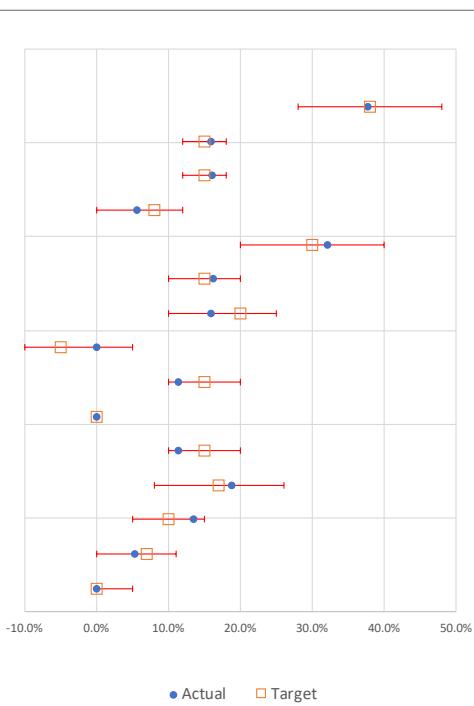
1. Private Credit, \$77M
  - i. Ares Pathfinder Fund, \$32M
  - ii. Owl Rock Diversified Lending, \$45M
2. Private Equity, \$234.5M
  - i. GCM Grosvenor Private Equity, \$90M
  - ii. GCM Grosvenor Secondary Opportunities Fund III, \$98M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
  - iv. Khosla Ventures \$35M
3. Private Infrastructure, \$6M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$6M
4. Absolute Return, \$150M  
Millennium USA LP (Hedge Fund), \$150M

### **Current Asset Allocation (unaudited)**

As of September 30, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
		●	□	↳	↔
Equity	2,401,231,801	37.7%	38.0%	28.0%	48.0%
Broad US Equity	1,116,868,072	17.5%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,161,056,714	18.2%	15.0%	12.0%	18.0%
Private Equity	123,307,015	1.9%	8.0%	0.0%	12.0%
Fixed Income	2,051,760,923	32.2%	30.0%	20.0%	40.0%
Public Credit	1,117,309,381	17.5%	15.0%	10.0%	20.0%
Private Credit	934,451,542	14.7%	20.0%	10.0%	25.0%
Cash / (Implied Leverage)	-	0.0%	-5.0%	-10.0%	5.0%
Absolute Return	719,908,743	11.3%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	143,588,745	2.3%	0.0%	0.0%	0.0%
Multi-Strategy Hedge Fund	576,319,998	9.0%	15.0%	10.0%	20.0%
Real Assets	1,200,950,230	18.8%	17.0%	8.0%	26.0%
Real Estate	865,785,811	13.6%	10.0%	5.0%	15.0%
Private Infrastructure	335,164,419	5.3%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,373,851,697	100.0%			



### Hypothetical Asset Allocation (after funding all commitments)



*Assumptions: No other new cash is expected to fund calls. No redemption proceeds or distributions were received. All capital calls came in at the same time.*

## Absolute Return – Multi-Strat Hedge Fund

The current 9% multi-strat hedge fund allocation represents a \$400M underweight to the 15% strategic asset allocation target. The goal of this proposal is to increase the multi-strat hedge fund allocation and close the global tactical asset allocation portfolio, consistent with strategic asset allocation targets.

Heading into 2024, it is reasonable to expect an increase in market volatility from uncertainty around global inflation and rising geopolitical tensions. This makes it an opportune time to increase the multi-strat hedge fund portfolio with managers who have a proven track record of delivering positive returns across all market environments. Staff and RVK reviewed a dozen hedge fund managers, focusing on rolling correlations, maximum drawdown and Sortino (a ratio of excess return to downside volatility). Staff and RVK recommend:

**• Hire Verition Fund Management (~\$150M).**

Verition was founded in 2008 and is headquartered in New York. Verition currently manages \$7B in assets across six strategies – (1) credit, (2) fixed income and macro, (3) convertible and volatility arbitrage, (4) event-driven, (5) equity long/short and capital markets and (6) quantitative strategies. The strategies exhibit low correlation to one another, and the total portfolio exhibits low beta to the broad equity and bond market indices.

**• Full Redemption PIMCO All Asset All Authority (~\$71M).**

The target allocation to global tactical asset allocation strategies has been reduced to 0%. Proceeds will be used to increase the multi-strat hedge fund allocation.

**• Full Redemption PineBridge Global Dynamic Asset Allocation (~\$71M).**

The target allocation to global tactical asset allocation strategies has been reduced to 0%. Proceeds will be used to increase the multi-strat hedge fund allocation.

**Motion: The Board approve (1) a full redemption from PIMCO All Asset All Authority (2) a full redemption from PineBridge Global Dynamic Asset Allocation and (3) a \$150M commitment to Verition Fund Management, subject to standard legal review/documentation.**

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

**RVK Multi-strategy Hedge Fund Recommendation and Verition presentation were presented to the Board and are available at the Department upon request.**

## International Equity – Extended Equities

The International Equity portfolio is currently at \$1.1 billion with a 15% long term target and is comprised of three building blocks – developed market large cap, developed market small cap and emerging markets. The goal of this proposal is to drive excess returns in the International Equity portfolio throughout market cycles.

Staff recommends introducing long-short active management in the International Equity portfolio. By relaxing the short constraint, extended equity strategies give our investment managers the tools to profit when the market moves in either direction. Staff and RVK began a manager search by

reaching out to well-known extended equity managers. After interviewing and conducting due diligence on potential extended equity managers, Staff and RVK recommend:

- **Transfer Arrowstreet Emerging Markets from long-only to 150-50 (~\$200M).**

Arrowstreet was founded in 1999 and is headquartered in Boston. They have over \$160 billion in assets under management across 296 client relationships and a team of over 100 investment professionals. Staff and RVK know Arrowstreet's firm and investment process well as they are a current manager in good standing. Emerging Markets is a sub asset class with less efficient markets, creating the opportunity to deliver excess returns and Arrowstreet has a 4-year track record of delivering excess returns in this strategy.

- **Transfer Acadian Non-US Small Cap from long-only to 130-30 (~\$165M).**

Acadian Asset Management was founded in 1986 and is headquartered in Boston. Acadian is well-known for its systematic/quantitative approach to investing. They have over \$100 billion in assets under management and a 100+ person investment team. Acadian has been investing in international equities for 35 years and the Non-US Small Cap 130-30 strategy has a 20-year track record of delivering excess returns.

- **Full Redemption State Street Emerging Markets Index (~\$20M).**

Passive exposure to emerging markets will no longer be needed. Proceeds will be added to the emerging markets extended equity strategy.

- **Full Redemption State Street World ex-US Small Cap Index (~\$20M).**

Passive exposure to ex-US small cap will no longer be needed. Proceeds will be added to the non-US small cap extended equity strategy.

**Motion: The Board approve (1) full redemption of State Street Emerging Markets Index (2) full redemption of State Street World ex-US Small Cap Index (3) transfer of Arrowstreet Emerging Markets long-only to 150-50 and (4) transfer of Acadian Non-US Small Cap long-only to 130-30, subject to standard legal review/documentation.**

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

**RVK International Equity Structure & Manager Recommendations were presented to the Board and are available at the Department upon request.**

## LITIGATION

### Litigation Update

(No Action Requested)

- **EEE (OHWM title dispute / takings claim)** – ND Federal District Court issued order May 31, 2022, granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; on August 30, 2023, the 8<sup>th</sup> Circuit three judge panel issued its opinion in our favor affirming the trial court's dismissal on all counts;

(10/26/23)

on September 12, 2023, Plaintiffs requested a rehearing in front of the full 8<sup>th</sup> Circuit Court; awaiting court response

Commencement: December 2020

Assigned Attorney: Philip Axt, ND Solicitor General

Win = Takings claim dismissed resulting in no liability to state

Lose = Plaintiff's case can proceed resulting in trial to determine validity of claims

- **Whitetail Wave (OHWM title dispute / takings claim)** – On August 22, 2023, Whitetail Wave appealed the trial court's rulings for the state (takings, Wenck Line, quiet title) and the award of attorney fees to co-defendant XTO Energy. Briefings and oral arguments before the North Dakota Supreme Court to follow.

Commencement: June 2015

Assigned Attorney: David Garner, Assistant Attorney General

Win = Takings claim dismissed resulting in no liability to state

Lose = Plaintiff's case can proceed resulting in trial to determine validity of claims

- **Continental Oil Royalty Deductions** – Now that the Newfield gas royalty deductions case has been resolved, this case comes off stay and the parties are required to file a status report with the Court by November 3, 2023.

Commencement: December 2017

Assigned Attorney: David Garner, Assistant Attorney General

Win = Clarity that Land Board oil & gas lease does not allow for deductions from oil royalties resulting in tens of millions of dollars in deductions being repaid to the state

Lose = Deductions from oil royalties are allowed under the lease, requiring additional administrative rules/case law to clarify extent

- **MHA (Missouri riverbed ownership)** – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We filed a motion requesting a change of venue to North Dakota that the Court is now considering.

Commencement: July 2020

Assigned Attorneys: Beveridge & Diamond, Washington, D.C.

Charles Carvell, Special Assistant Attorney General

Matthew Sagsveen, AG Dir. of Natural Resources and Indian Affairs

Win = North Dakota owns historical Missouri Riverbed (mineral rights) through Fort Berthold Indian Reservation resulting in release to state of tens of millions of dollars in withheld oil & gas royalties

Lose = U.S. owns the riverbed in trust for MHA Nation so royalties are released to the tribe

- **Continental Interpleader (OHWM fed/state dispute)** – ND Federal District Court issued opinion March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; federal government appealed and we filed cross appeal; briefing scheduled to be completed in November 2023

Commencement: December 2016

Assigned Attorneys: Charles Carvell, Special Assistant Attorney General  
Philip Axt, ND Solicitor General

Win = State survey controls where U.S. lands abut the Wenck line resulting in retention of 2,500 mineral acres

Lose = Federal surveys control resulting in loss of approximately 2,500 mineral acres

- **Leland/Whiting (OHWM river island ownership)** – Watford City trial September 12-16, 2022; post-trial briefing scheduled for completion in November 2023

Commencement: January 2016

Assigned Attorneys: Matthew Sagsveen, AG Dir. of Natural Resources and Indian Affairs  
James Wald, DTL General Counsel

Win = State owns at issue Yellowstone River island and related oil & gas royalties

Lose = Plaintiffs owns at issue Yellowstone River island and related oil & gas royalties

#### 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 consolations regarding:**

- **Continental Resources, Inc. v. North Dakota Board of University and School Lands and the United States of America – Case No. 1:17-cv-014 (Continental Interpleader)**

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

**The Board entered into executive session at 10:23 AM.**

**EXECUTIVE SESSION****Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Kirsten Baesler	Superintendent of Public Instruction
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer

**Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
James Wald	Legal Council

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Philip Axt	Office of the Attorney General

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The executive session adjourned at 10:47 AM and the Board returned to the open session meeting to rejoin the public. During executive session, the Board discussed the Continental Resources case with its attorneys. No formal action was taken when the open meeting reconvened.

**A D J O U R N**

There being no further business, the meeting was adjourned at 10:48 AM.

---

Doug Burgum, Chairman  
Board of University and School Lands

---

Joseph Heringer, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands  
September 1, 2023**

The September 1, 2023, meeting of the Board of University and School Lands was called to order at 9:08 AM by Chairman Doug Burgum and roll call was taken.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Kate Schirado	Executive Assistant
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Maria Garcia	Finance
Susan Dollinger	Unclaimed Property Director
Elvedina Papalichev	Paralegal
Peggy Gudvangen	Finance Director
Joseph Stegmiller	Surface Director
Garret Hecker	Surface Range Soils Management Specialist
Lynn Spencer	Minerals Title Specialist
Ryan Kobilansky	Surface Range Soils Management Specialist
Jessica Sanchez	Minerals Management Officer
Chris Suelze	Minerals Division Director
Emily Bosch	Unclaimed Property

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Dave Garner	Office of the Attorney General
Jennifer Sandberg	RVK
Matt Sturdivan	RVK
Tony Troilo	Arrowstreet
Harry Gakidis	Arrowstreet
Garrett Zdolshek	Jacobs Levy
Brian Thomas	Jacobs Levy
David Sparacino	Jacobs Levy
Peter Lehrer	Jacobs Levy
Bruce Jacobs	Jacobs Levy
Ken Levy	Jacobs Levy
Geoff Simon	Western Dakota Energy Association
Brady Pelton	NDPC
Kevin Balaod	WithIntelligence

**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 July 27, 2023 meeting was made by Secretary Howe and the motion was seconded by Treasurer Beadle and the motion carried unanimously on a voice vote.

## OPERATIONS

### **Commissioner's Report**

- Oil royalties deductions settlement achieved with major North Dakota operator; first since Newfield gas case finalized
- August 11 – attended State Investment Board - Investment Committee meeting as voting member
- August 25 - attended full State Investment Board meeting as voting member
- August 28 – CIO Frank Mihail and I attended first legislative ESG study meeting
- August 29 – admin rules public hearing held at state capitol

### **HR Update**

- Annual goal setting season – meetings to establish department, division, and individual team member goals
- Two Minerals Officer positions filled with September 1, 2023 start dates
- New Investment Officer position filled with October 1, 2023 start date

### **Commissioner Performance & Compensation Committee**

During its June 2023 meeting, the Land Board voted to form a committee to study and provide recommendations to the Board regarding: 1) Land Commissioner performance review policy and 2) needed adjustments to the Land Commissioner's salary. The committee is to consist of two Land Board members, one HRMS representative, and one industry professional. Treasurer Beadle and Secretary Howe have agreed to serve as the two Land Board members. North Dakota Chief People Officer, Molly Harrington, has agreed to serve as the HRMS representative. North Dakota Retirement & Investment Office CFO/COO, Ryan Skor, has agreed to serve as the institutional investment professional.

For the industry professional, a North Dakota government industry representative was selected to avoid potential conflicts with private industry professionals that may do business with the Department. Mr. Skor has an excellent background for this Committee as the Retirement & Investment Office is extensively involved in institutional investment management, working with investment managers, analysts, and consultants throughout the country. Mr. Skor also serves as

a resource for the State Investment Board Executive Review and Compensation Committee and has done extensive research in these areas.

**Motion: Appoint the following individuals to serve on the Commissioner Performance & Compensation Committee: Treasurer Beadle; Secretary of State Howe; Molly Harrington, Chief People Officer; and Ryan Skor, CFO/COO, Retirement & Investment Office.**

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

## DIVISION REPORTS

### SURFACE

#### SURFACE DIVISION



Encumbrances issued by Commissioner during July 2023:

- 8 Right of Way Agreements generating \$16,045 in income for the Trusts.

Williams County 146-104-36 (August 2023)  
Photo Credit: Garret Hecker



## SURFACE DIVISION

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## County Facts:

Total Revenue from Agricultural Leases in FY 2023 = \$9.9 Million

## Highest number of total acres:

McKenzie Co. (64,587 acres)

## Highest agricultural lease revenue:

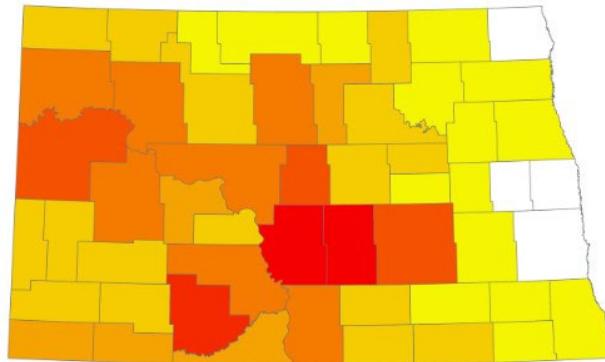
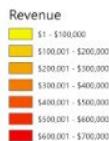
Burleigh Co. (\$650,725)

## Highest amount of crop acres:

Towner Co. (1,381 acres)

## Highest percentage of county land base:

Golden Valley Co. (4.5%)



## MINERALS

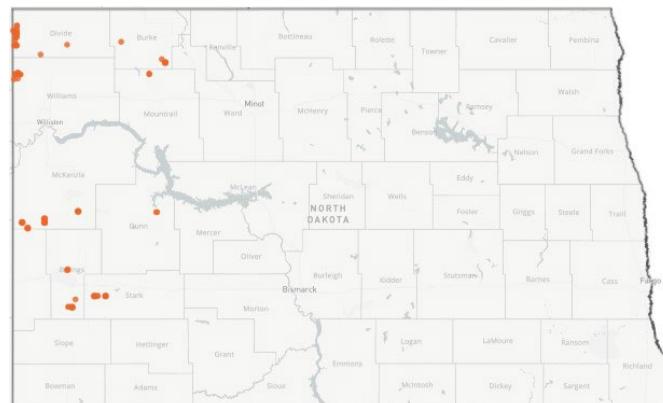
## OIL &amp; GAS LEASE AUCTION RESULTS

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## 2023 Q3 (August) Online Oil &amp; Gas Lease Auction

## Summary

Bidding Snapshots	
Total tracts	78
Total acres	8,741.96
Total tracts receiving bids	78
Total registered bidders	36
Total bidders who placed b	22
Average unique bidders on tract with bid	2.87
Total bids	711
High bid per tract	\$96,160.00
High bid per acre	\$1,970.00
Total bonus received	\$678,754.06



Auction data and map provided by EnergyNet.

## OIL & GAS LEASE AUCTION RESULTS

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### 2023 Q3 Auction Summary, *continued*

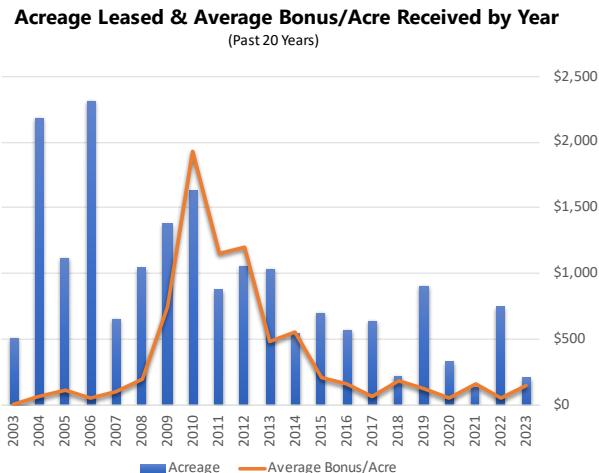
County	# Tracts	Net Min Acres	Total Bonus	Average Bonus/Net Acre
<b>Billings</b>	10	1440	\$4,800.00	\$3.33
<b>Burke</b>	6	688	\$219,760.00	\$319.42
<b>Divide</b>	20	2000	\$100,040.00	\$50.02
<b>Dunn</b>	2	160	\$168,320.00	\$1,052.00
<b>McKenzie</b>	20	3199.36	\$61,914.88	\$19.35
<b>Mountrail</b>	2	34.6	\$67,439.18	\$1,949.11
<b>Stark</b>	10	820	\$14,400.00	\$17.56
<b>Williams</b>	8	400	\$42,080.00	\$105.20
<b>TOTAL</b>	<b>78</b>	<b>8741.96</b>	<b>\$678,754.06</b>	<b>\$77.64</b>

Trust/ Fund	Trust/Fund Name	# Tracts	Total Bonus
A	<b>Common Schools</b>	56	\$504,434.88
D	<b>School for the Deaf</b>	1	\$1,680.00
E	<b>Ellendale State College</b>	1	\$6,080.00
I	<b>Youth Correctional Center</b>	2	\$640.00
L	<b>SIIF (Strategic Investment &amp; Improvements Fund)</b>	14	\$130,700.88
N	<b>NDSU</b>	1	\$34,258.30
V	<b>Valley City State U</b>	1	\$320.00
W	<b>State College of Science</b>	2	\$640.00
	<b>TOTAL</b>	<b>78</b>	<b>\$678,754.06</b>

## HISTORICAL AUCTION RESULTS

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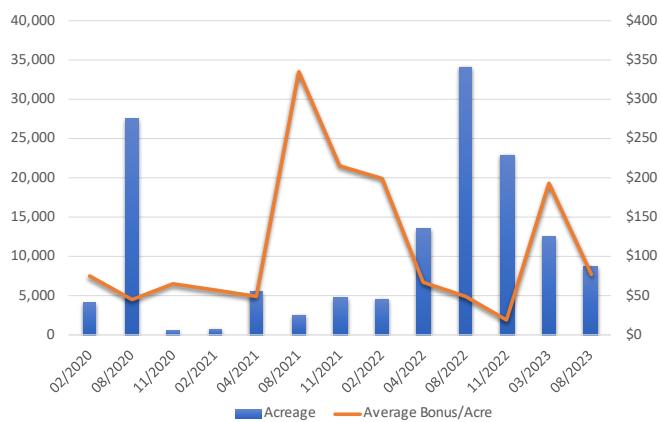
Year	Tracts	Acreage	Bonus	Average Bonus/Acre
2004	2,678	218,163.09	\$14,503,007.46	\$66.48
2005	1,350	111,808.20	\$12,309,350.04	\$110.09
2006	2,886	231,264.52	\$13,576,947.98	\$58.71
2007	829	65,134.94	\$6,211,340.61	\$95.36
2008	1,213	104,235.20	\$20,991,008.51	\$201.38
2009	1,735	138,109.87	\$103,212,375.99	\$747.32
2010	2,083	163,367.37	\$315,126,365.92	\$1,928.94
2011	1,132	87,432.04	\$100,553,811.94	\$1,150.08
2012	1,236	106,013.08	\$126,785,716.43	\$1,195.94
2013	1,267	103,586.18	\$50,109,863.59	\$483.75
2014	635	54,693.19	\$30,057,523.87	\$549.57
2015	779	69,987.56	\$14,522,817.52	\$207.51
2016	684	56,889.36	\$8,862,765.28	\$155.79
2017	720	64,291.10	\$4,496,748.14	\$69.94
2018	241	21,865.22	\$4,130,245.91	\$188.90
2019	1,065	90,698.40	\$10,876,517.31	\$119.92
2020	329	32,219.90	\$1,576,562.37	\$48.93
2021	151	13,525.98	\$2,175,579.72	\$160.84
2022	1,008	75,119.39	\$3,942,573.02	\$52.48
2023	207	21,268.01	\$3,090,459.52	\$145.31
<b>TOTALS</b>	<b>22,228</b>	<b>1,829,672.60</b>	<b>\$847,111,580.63</b>	<b>\$462.99</b>





Auction	Tracts	Acreage	Bonus	Average Bonus/Acre
02/2020	36	4089.36	\$308,874.33	\$75.53
08/2020	288	27,572.15	\$1,230,769.90	\$44.64
11/2020	5	558.39	\$36,918.14	\$66.12
02/2021	6	719.02	\$40,752.60	\$56.68
05/2021	63	5592.27	\$281,476.25	\$50.33
08/2021	23	2481.29	\$831,534.87	\$335.12
11/2021	59	4733.4	\$1,021,816.00	\$215.87
02/2022	57	4596.24	\$916,142.26	\$199.32
05/2022	177	13,492.13	\$904,093.74	\$67.01
08/2022	459	34,147.30	\$1,670,404.15	\$48.92
11/2022	315	22,883.72	\$451,932.87	\$19.75
03/2023	129	12,526.05	\$2,411,705.46	\$192.54
08/2023	78	8741.96	\$678,754.06	\$77.64
<b>TOTALS</b>	<b>1695</b>	<b>142,133.28</b>	<b>\$10,785,174.63</b>	<b>\$75.88</b>

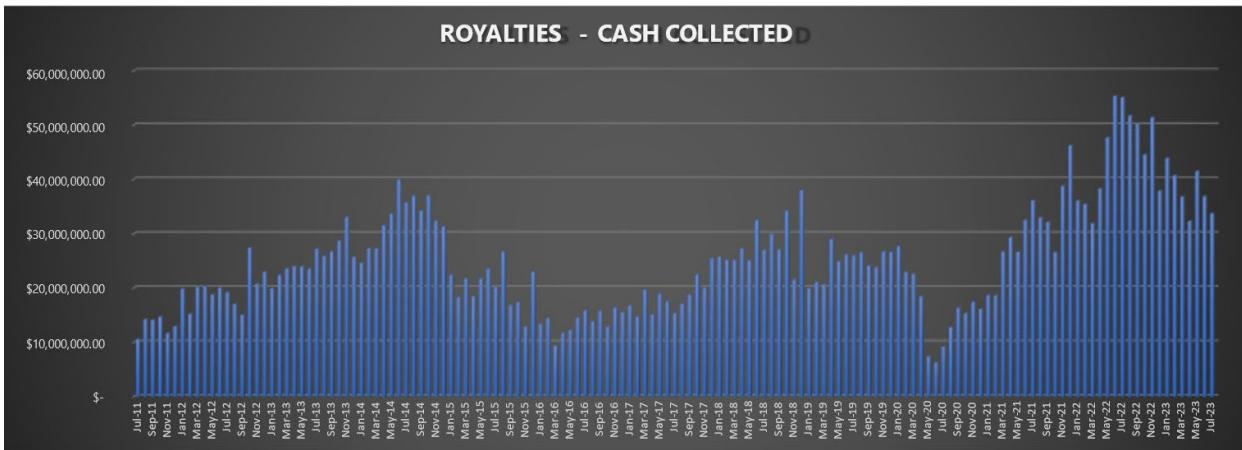
**Acreage Leased & Average Bonus/Acre Received by Auction**  
(2020 through 2023)



## FISCAL YTD O/G ROYALTIES

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As of July 2023, for fiscal year 2023-24 the Department has received **\$33,669,470** in royalties as compared to **\$55,047,797** last fiscal year at this time. While production volume was similar, Bakken Crude was trading at over \$110/barrel in June of 2022 versus just over \$70/barrel in June of 2023.



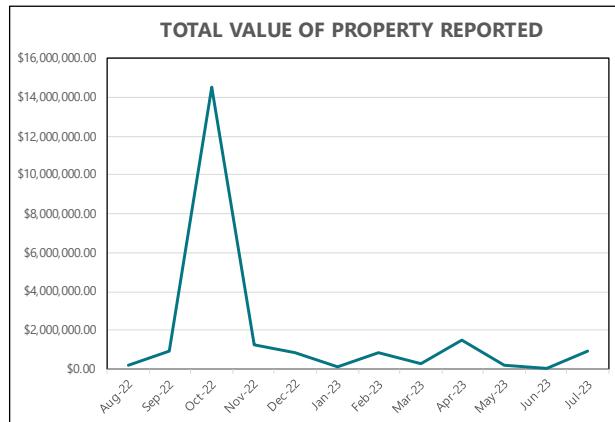
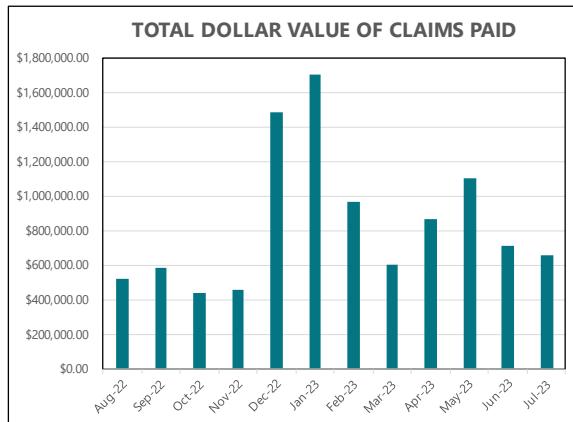
## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov/>

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For the month of July 2023, the Division paid 476 claims with \$661,209.83 returned to rightful owners/heirs. It also received 122 holder reports with a dollar value of \$909,230.57.



## SURCH – States Unclaimed Retirement Clearing House

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- A multi-state cooperative effort to facilitate state collection of unclaimed private sector retirement plan checks to overcome ERISA pre-emption of state laws
- Created through the National Association of State Treasurers (NAST) in conjunction with the National Association of Unclaimed Property Administrators (NAUPA) in collaboration with the US Department of Labor (DOL)
- These funds are currently not being reported by retirement plan administrators due to legal uncertainty and lack of a comprehensive system
- Reduces risk of further “federalization” of unclaimed property (states are already doing it)
- Designed NOT to place additional demands on state programs
- Contract fully executed on 8/10/2023

## FINANCIALS

### Financial Statements Position Report (Unaudited) for period ended May 31, 2023

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.

(09/01/23)

**The Financial Report (Unaudited) for period ending May 31, 2023, 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 July 31, 2023

	7/31/2023 Value	6/30/2023 Value	MOM\$ Change	YOY\$ Value	YOY% Change
Cash	864,002,526	769,244,735		433,035,689	
Investments <sup>[1]</sup>	7,483,235,889	7,387,811,095		6,493,576,462	
Tax Receivables <sup>[2]</sup>	-	-		240,168,506	
Loans <sup>[3]</sup>	37,876,494	38,015,765		40,555,377	
Receivables <sup>[4]</sup>	7,755,851	10,805,125		13,418,297	
<b>Sub-Total Net Assets</b>	<b>\$8,392,870,761</b>	<b>8,205,876,719</b>	<b>2.28%</b>	<b>\$7,220,754,331</b>	<b>16.23%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	518,077,274		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		-	
<b>Total Net Assets</b>	<b>\$11,725,443,578</b>	<b>\$11,538,449,536</b>	<b>1.62%</b>	<b>\$10,545,323,547</b>	<b>11.19%</b>

[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.

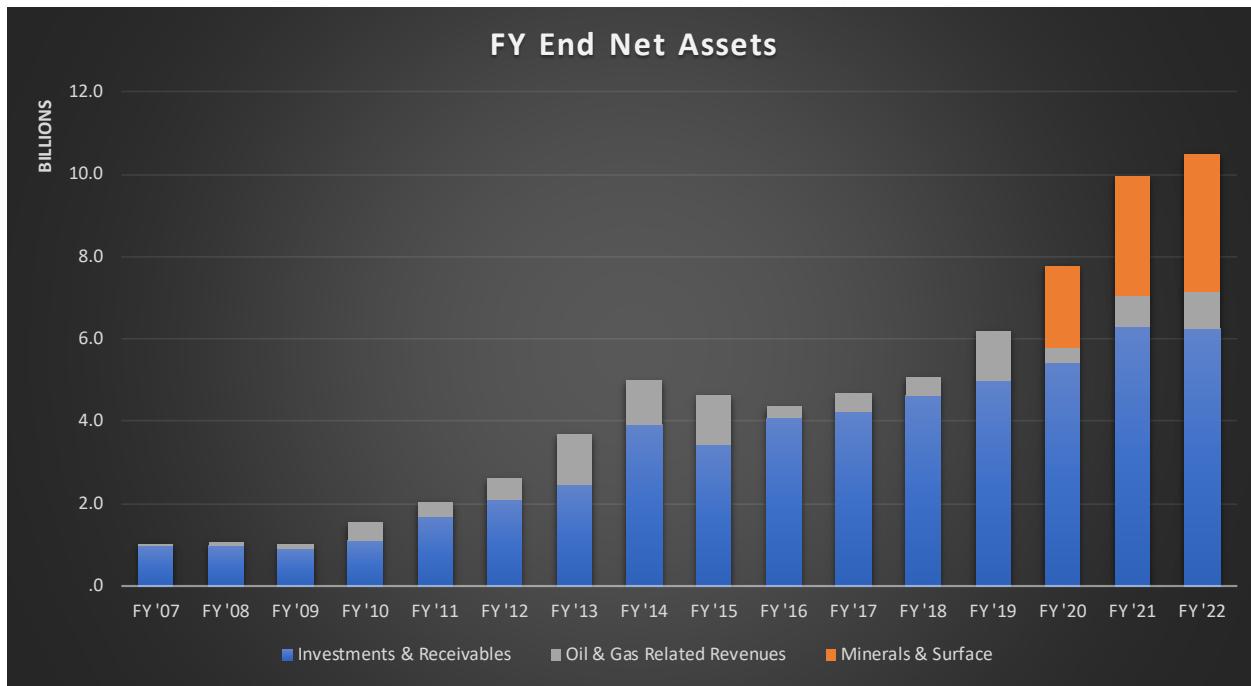
[3] Various loan programs funded with trust assets.

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

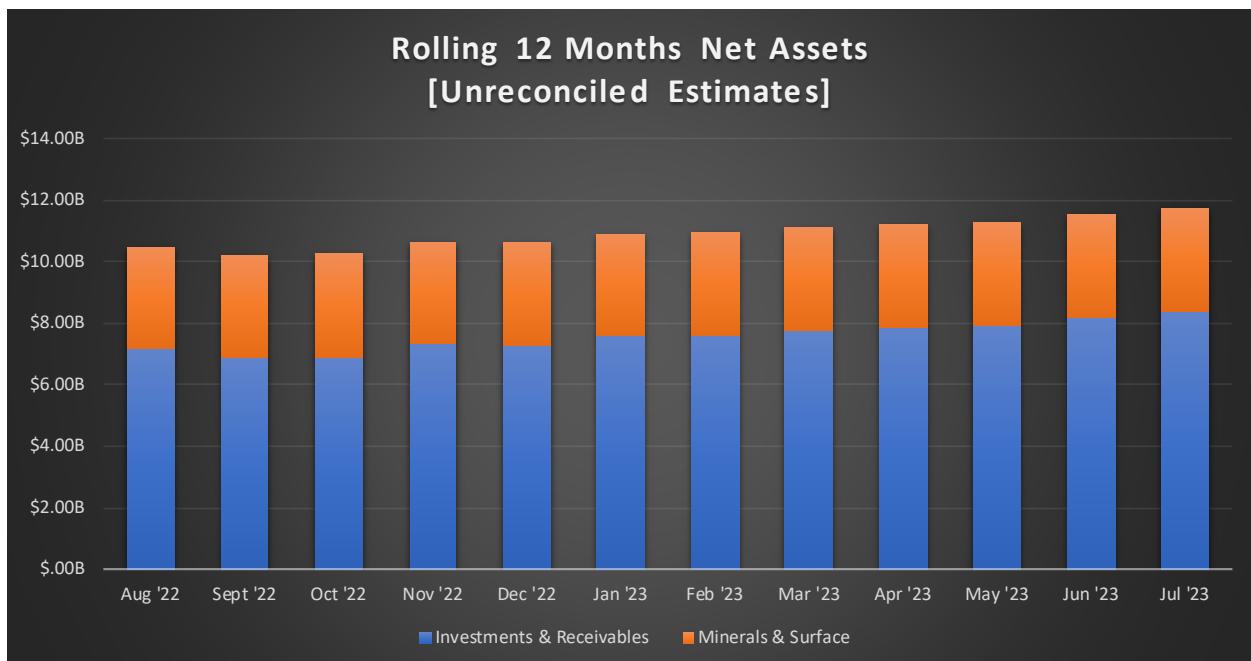
[5] Valued annually via contract with Mineral Tracker. Valuation as of December 31, 2021.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated annually via broker price opinion. Valuation as of Sept. 15, 2022.



- [1] 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.
- [2] 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.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



- [1] Dec 2021 includes mineral rights value of \$2,813,480,347
- [2] Sep 2022 includes appraised building value of \$1,015,196
- [3] Mar 2023 includes surface rights value of \$518,077,274

## INVESTMENTS

## Investment Updates

## Q3-Q4 Pipeline

Private Credit: distressed credit manager recommendation

Absolute Return: multi-strategy hedge fund recommendation

## Portfolio Rebalancing Updates

Capital Calls Funded and Pending:

07/06 Owl Rock Diversified Lending \$7.5M

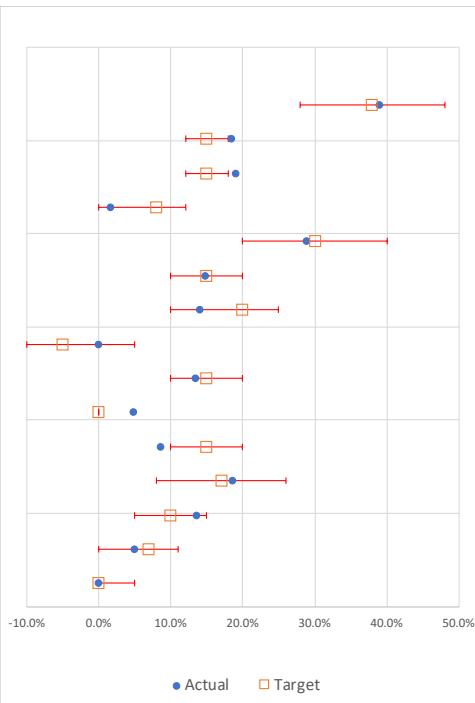
07/25 Hamilton Lane Infrastructure Opportunities Fund \$1.5M

**Total Unfunded Commitments Remaining \$467.8M (as of July 31, 2023):**

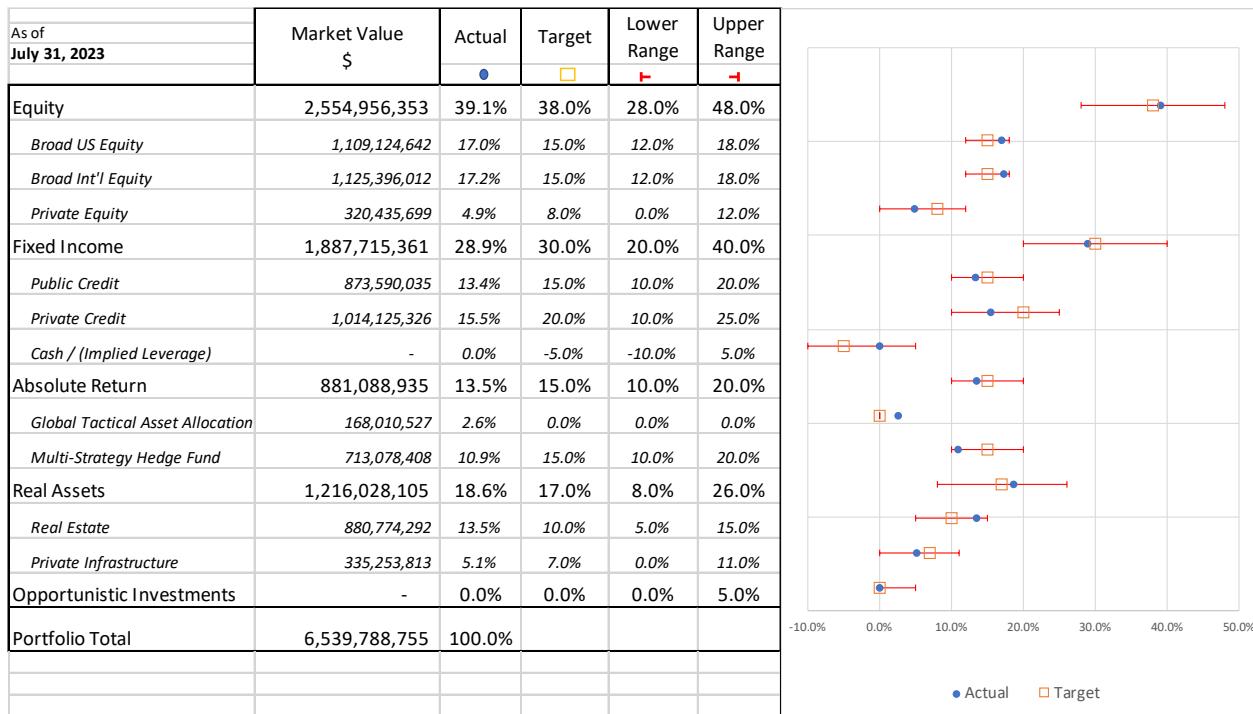
1. Private Credit, \$97.5M
  - i. Ares Pathfinder Fund, \$32M
  - ii. Owl Rock Diversified Lending, \$45M
  - iii. Varde Dislocation Fund, \$20.5M
2. Private Equity, \$212M
  - i. GCM Grosvenor Private Equity, \$94M
  - ii. GCM Grosvenor Secondary Opportunities Fund III, \$106.5M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
3. Private Infrastructure, \$8.3M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$8.3M
4. Absolute Return, \$150M
  - i. Millennium USA LP (Hedge Fund), \$150M

## Current Asset Allocation (unaudited)

As of July 31, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
Equity	2,554,956,353	39.1%	38.0%	28.0%	48.0%
Broad US Equity	1,203,124,642	18.4%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,243,396,012	19.0%	15.0%	12.0%	18.0%
Private Equity	108,435,699	1.7%	8.0%	0.0%	12.0%
Fixed Income	1,887,715,361	28.9%	30.0%	20.0%	40.0%
Public Credit	971,090,035	14.8%	15.0%	10.0%	20.0%
Private Credit	916,625,326	14.0%	20.0%	10.0%	25.0%
Cash / (Implied Leverage)	-	0.0%	-5.0%	-10.0%	5.0%
Absolute Return	881,088,935	13.5%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	318,010,527	4.9%	0.0%	0.0%	0.0%
Multi-Strategy Hedge Fund	563,078,408	8.6%	15.0%	10.0%	20.0%
Real Assets	1,216,028,105	18.6%	17.0%	8.0%	26.0%
Real Estate	889,074,292	13.6%	10.0%	5.0%	15.0%
Private Infrastructure	326,953,813	5.0%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,539,788,755	100.0%			



## Hypothetical Asset Allocation (after funding all commitments)



*Assumptions: No other new cash is expected to fund calls. No redemption proceeds or distributions were received. All capital calls came in at the same time.*

### Real Estate – Portfolio Restructuring

The current real estate allocation sits at 13.6%, which represents a \$235 million overweight to the 10% long term Strategic Asset Allocation (SAA) target. The goal of this proposal is twofold: (1) diversify the portfolio and (2) speed up liquidity without sacrificing value in the secondary markets.

Staff recommends building a core-satellite portfolio targeting a core NCREIF Open End Diversified Core Equity (ODCE) Index manager and 2-3 satellite managers to drive excess returns through a geographic or industry focus. To accomplish this, staff recommends the following changes:

- **Hire IDR Investment Management (~\$413M).** Staff and RVK recommend hiring IDR Investment Management to manage the core real estate portfolio. IDR created an investable ODCE Index in 2018 with initial funding from a group of large US pension plans. The firm manages \$5B in assets across 75 institutional client accounts. Advantages of moving into the investable ODCE Index include reduced fees and increased liquidity. IDR achieves favorable fee breakpoints because of its size. This creates enough fee savings where IDR earns a management fee and the Board benefits from fee savings. IDR receives favorable pro rata liquidity based on size which can benefit the Board's goal of speeding up liquidity. The index is invested across 21 manager names, which reduces single name risk in the portfolio.
- **Transfer Morgan Stanley PRIME to IDR (~\$273M).** A component of the ODCE Index that can be transitioned into the investable ODCE Index and diversified across 21 manager names.
- **Transfer UBS Trumbull to IDR (~\$140M).** A component of the ODCE Index that can be transitioned into the investable ODCE Index and diversified across 21 manager names.

- **Full Redemption JPM Morgan Income & Growth (~\$164M).** As a diversified strategy not included in the ODCE Index, this strategy is misplaced in a core-satellite approach as it does not fit within the core or the satellite buckets.

- **Full Redemption State Street US REIT Index (~\$21M).** This account acts as a liquid placeholder and transition account for hiring/firing active managers. IDR serves as a replacement for this need.

**Motion: The Board approve (1) full redemption of JP Morgan Income & Growth (2) full redemption of State Street US REIT Index (3) in-kind transfer of Morgan Stanley PRIME to IDR and (4) in-kind transfer of UBS Trumbull to IDR, subject to standard legal review/documentation.**

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

**RVK Executive Summary and IDR Presentation were presented to the Board and are available at the Department upon request.**

#### **Broad US Equity – Extended Equities (130-30)**

The US Equity portfolio is currently at \$1.2 billion with a 15% long term target and is comprised of three building blocks – large cap, mid cap and small cap. The goal of this proposal is to drive excess returns in the US Equity portfolio.

Staff recommends introducing long-short active management in the US Equity portfolio. By relaxing the short constraint, extended equity strategies give our investment managers the tools to profit when the market moves in either direction. Staff and RVK began a manager search by reaching out to 8 well-known extended equity managers. After interviewing and conducting due diligence on potential extended equity managers, Staff and RVK recommend the following:

- **Hire Arrowstreet US Equity Small Cap 130-30-20 (Russell 2000) (10% of US Equity ~\$120M).** Arrowstreet was founded in 1999 and is headquartered in Boston. They have over \$130 billion in assets under management across 296 client relationships and a team of over 100 investment professionals. Staff and RVK know Arrowstreet's firm and investment process well as they are a current manager in good standing. US small cap is a sub asset class with less efficient markets, creating the opportunity to deliver excess returns and Arrowstreet has a 5-year track record of delivering over 6% net excess returns in this strategy.

- **Hire Jacobs Levy 130-30 Large Cap (Russell 1000) (40% of US Equity ~\$480M).** Jacobs Levy was founded in 1986 and is headquartered in New Jersey. They have over \$18 billion in assets under management across 46 institutional relationships and a 61-person team. Jacobs Levy has a 16-year track record in 130-30 strategies, one of the longest in the space. The US large cap strategy has a 14-year track record of delivering over 4% net excess returns.

- **Full Redemption Northern Trust Small Cap Core (~\$185M).** Small cap long-only active management will no longer be needed. Proceeds will be used to fund the small cap extended equity strategy.

- **Full Redemption State Street Russell Mid Cap Index (~\$111M).**

A passive tilt toward mid cap will no longer be needed. Proceeds will be used to rebalance into the Russell 1000 index, which is comprised of both large cap and mid cap names.

**Motion: The Board approve (1) full redemption of Northern Trust Small Cap Core (2) full redemption of State Street Russell Mid Cap Index (3) investment with Arrowstreet US Equity Small Cap 130-30-20 and (4) investment with Jacobs Levy 130-30 Large Cap, subject to standard legal review/documentation.**

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

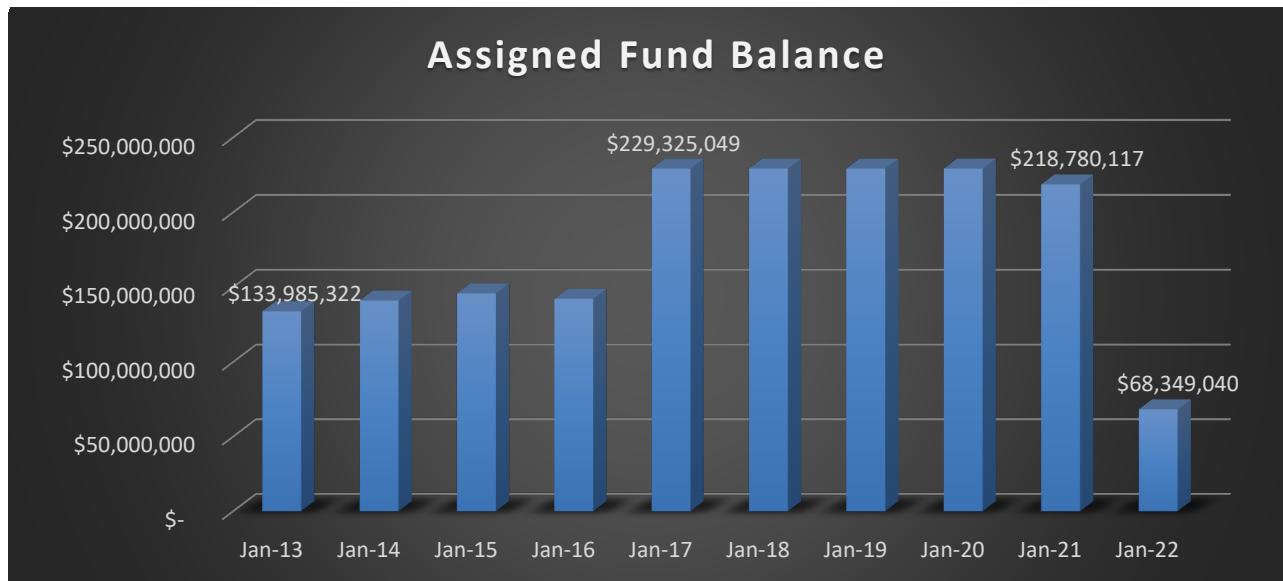
**RVK US Equity Structure and Manager Recommendations, Arrowstreet Presentation, and Jacobs Levy Presentation were presented to the Board and are available at the Department upon request.**

## S P E C I A L   P R O J E C T S

### **Strategic Investment and Improvements Fund (SIIF) - Assigned Fund Balance**

On August 25, 2022, the Board approved the existing Assigned Fund Balance of \$68,349,040. Since then, the Department of Trust Lands (Department) has completed acreage adjustments pursuant to N.D.C.C. ch. 61-33.1. Based upon the completion of these lease corrections, the Department has determined the Board can reduce the amount preserved in the Assigned Fund Balance. The recommended reduction is based upon the lease corrections and royalty adjustments that have been executed. The table below details the recommended Assigned Fund Balance which is \$17,597,108 less than the prior year.

<b>6/30/2023 Recommended Assigned Fund Balance</b>	
Fort Berthold Reservation Riverbed Bonus	\$ 42,019,220
Fort Berthold Reservation Riverbed Royalties	1,825,469
Wenck Line Litigation Hold Bonus	6,908,243
<b>Recommended Assigned Fund Balance</b>	<b>\$ 50,751,932</b>



**Motion:** For purposes of its financial reporting, the Board affirms the “Assigned Fund Balance” of the Strategic Investment and Improvements Fund be set at \$50,751,932 as of June 30, 2023.

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

## L I T I G A T I O N

### Litigation Update

- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022, granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; on August 30, 2023, the 8<sup>th</sup> Circuit issued its opinion in our favor affirming the trial court’s dismissal on all counts; Plaintiffs have 14 days to request reconsideration by the 8<sup>th</sup> Circuit and 90 days to appeal to the U.S. Supreme Court
- Continental Oil Royalty Deductions – Now that the Newfield gas royalty deductions case has been resolved, this case comes off stay and the parties are required to file a status report with the Court by November 1, 2023.
- MHA (Missouri riverbed ownership) – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We filed a motion requesting a change of venue to North Dakota that the Court is now considering.
- Continental Interpleader (OHWM fed/state dispute) – ND Federal District Court issued opinion March 21, 2023, granting Board’s motion for partial summary judgment on (09/01/23)

"Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; federal government appealed and we filed cross appeal; briefing scheduled to be completed in October

- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; currently in post-trial briefing stage
- Whitetail Wave (OHWM title dispute / takings claim) – On August 22, 2023, Whitetail Wave appealed the trial court's rulings for the state (takings, Wenck Line, quiet title) and the award of attorney fees to co-defendant XTO Energy. Briefings and oral arguments before the North Dakota Supreme Court to follow.

#### 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 consolations regarding:**

- **Continental Resources, Inc. v. North Dakota Board of University and School Lands and the United States of America – Case No. 1:17-cv-014**
- **Oil Royalty Settlements**

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

**The Board entered into executive session at 11:34 AM.**

#### EXECUTIVE SESSION

##### **Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Kirsten Baesler	Superintendent of Public Instruction
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer

##### **Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Chris Suelzle	Minerals Director
Jessica Sanchez	Minerals Management Officer
Adam Otteson	Revenue Compliance Director
Elvedina Papalichev	Paralegal

##### **Guests in Attendance:**

Ryan Norrell	Office of the Governor
(09/01/23)	

John Reiten  
Dave Garner  
Jennifer Verleger  
Charles Carvell

Office of the Governor  
Office of the Attorney General  
Office of the Attorney General  
Office of the Attorney General (Continental Case Discussion)

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The executive session adjourned at 12:30 PM and the Board returned to the open session via Teams meeting to rejoin the public. During executive session, the Board discussed the Continental Resources case and oil royalty settlements with its attorneys. No formal action was taken when the open meeting reconvened.

#### **A D J O U R N**

There being no further business, the meeting was adjourned at 12:31 PM.

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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

**Minutes of the Meeting of the  
Board of University and School Lands  
September 29, 2023**

The September 29, 2023, meeting of the Board of University and School Lands was called to order at 9:08 AM by Chairman Doug Burgum and roll call was taken.

**Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Kate Schirado	Executive Assistant
Frank Mihail	Chief Investment Officer
Teresa Hettinger	Investments Officer
Maria Garcia	Finance
Susan Dollinger	Unclaimed Property Director
Elvedina Papalichev	Paralegal
Peggy Gudvangen	Finance Director
Adam Otteson	Revenue Compliance Division Director
Joseph Stegmiller	Surface Director
Lynn Spencer	Minerals Title Specialist
Jessica Sanchez	Minerals Management Officer
Chris Suelzle	Minerals Division Director
Amanda Parent Dufour	Minerals Management Officer
James Wald	Legal Council
Scott Giere	Revenue Compliance
Matthew Reile	IT
Pam Reile	Revenue Compliance
Jessica Fretty	Unclaimed Property

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Joel Brown	Mineral Tracker
Jennifer Sandberg	RVK
Josh Kevan	RVK
Geoff Simon	Western Dakota Energy Association
Kevin Balaod	WithIntelligence
Stacey Maman	Monarch Alternative Capital
Chris Santana	Monarch Alternative Capital
Chris Halvorson	Sovereign Wealth Fund Collaboration State of Idaho
C. Rajala	
Dan Larson	

## APPROVAL OF MINUTES

A motion to approve the minutes of the September 1, 2023 meeting was made by Treasurer Beadle and the motion was seconded by Attorney General Wrigley and the motion carried unanimously on a voice vote.

## OPERATIONS

### Commissioner's Report

- One more oil royalties deductions settlement achieved with major North Dakota operator; this is the second since Newfield gas case finalized
- Commissioner Performance & Compensation Committee – Governor Burgum has appointed Treasurer Beadle as Chair so the Committee can now begin its work.
- Our team has been very involved over the past several months helping to provide coordinated statewide agency responses to numerous new proposed federal rules (oil & gas, environmental, land management plans, etc.)
- Eide Bailly was on-site Sept. 11 – 22, 2023, conducting our annual financial audit
- September 8 – attended State Investment Board - Investment Committee meeting as a voting member
- September 11 – Chaired State Investment Board - Securities Litigation Committee meeting
- September 12-14 – CIO Frank Mihail and I attended Western Sovereign Funds collaboration meetings in Santa Fe, New Mexico (Alaska, Montana, Idaho, New Mexico, Wyoming)
- September 21 – Gave annual investments performance / fees presentation to Legislative Management's Budget Section at State Capitol
- September 22 - attended full State Investment Board meeting as a voting member
- September 28 – CIO Frank Mihail and I attended the second meeting of the investments working group for the legislative ESG study

### HR Update

- All positions filled with new Investment Officer starting October 1, 2023

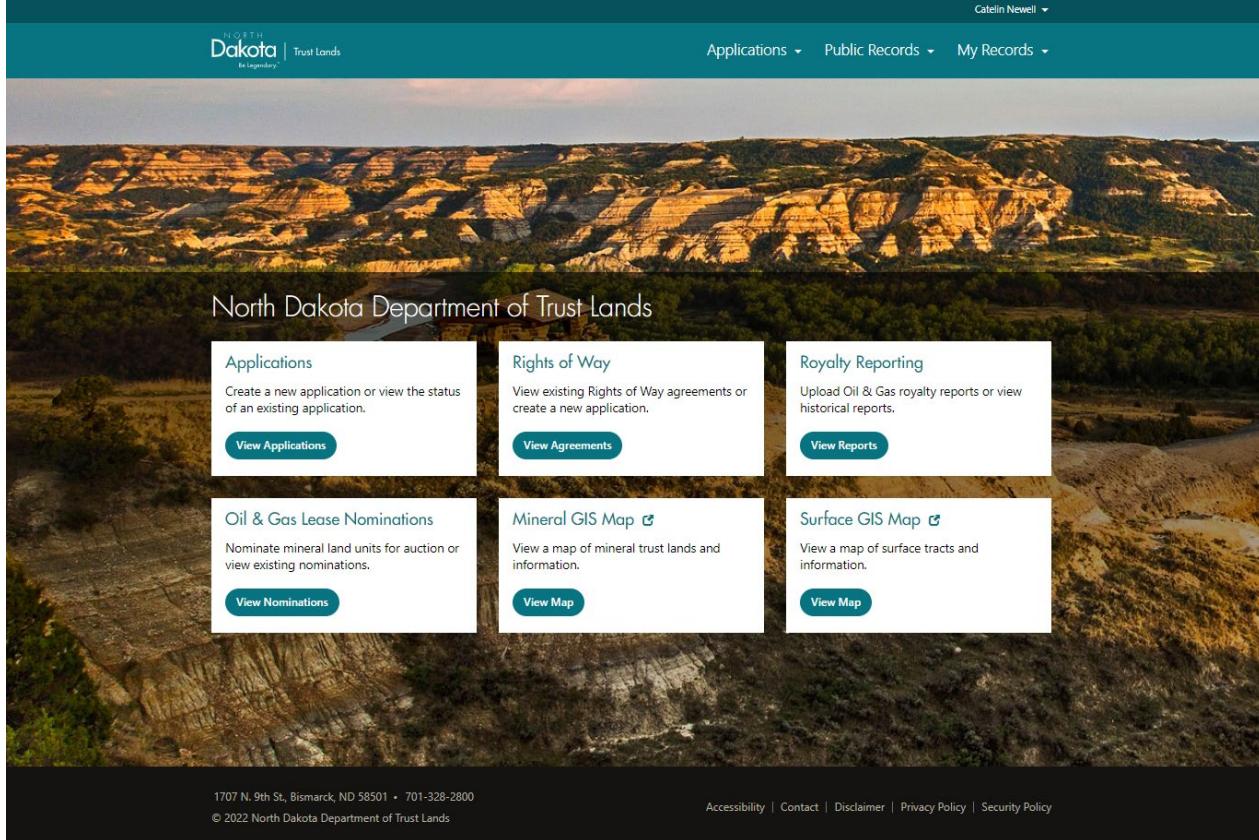
## MINERALS PROJECTS

**Mineral Tracker Annual Valuation Presentation was presented to the Board and is available at the Department upon request.**

Through the collaborative efforts of Department staff, internal and external IT staff, and royalty reporting operators, the Revenue Compliance Division has hit a pilot project milestone with all operators now processing their monthly royalty reports through the Department's customer portal.

The Department is continuing to customize and further develop the customer portal to include all application types as well as the availability of public records, thanks in part to legislatively granted funding for IT projects this biennium.

Looking to the future of how stakeholders do business with the state, the Department's portal login utilizes the North Dakota login managed by the North Dakota Information Technology Department. North Dakota login allows customers to utilize one username and password to log into our customer portal and other State of North Dakota websites.



North Dakota Department of Trust Lands Portal Home Page

## OTHER PROJECTS

### Administrative Rules Hearing and Public Comment

- On July 27, 2023, the Board authorized the Commissioner to proceed with review of the proposed Administrative Rules, including formal review by the Office of Attorney General, preparation for public hearings, collection of comments, and submittal to Legislative Council.
- Public Hearing held at State Capitol on August 29, 2023.

- Received one verbal comment at the hearing requesting that sales of Trust Lands that are leased for surface use be sold only after the existing 5-year lease has expired.
- One Written Comment
  - Generally in support of all proposed revisions.
  - Felt 30 days insufficient amount of time to cure lease default.
  - Cautioned against elimination of newspaper publication of intent to cancel oil & gas lease after notice via certified mail returned undeliverable.
  - Supported changes regarding shut-in of oil and gas wells, but questioned whether new language is necessary because the lease already covers gas shut-ins.
  - Expressed concern about online minerals auction vendor service fee.
- Next Steps
  - Review by the Office of Attorney General.
  - 2<sup>nd</sup> Reading and Board Final Approval at October Board Meeting.
  - Submittal to Legislative Council by November 1<sup>st</sup>.

**Recommendation:** No revisions to the rules as a result of public comment are recommended at this time.

**A summary of comments on the Administrative Rules were presented to the Board and are available at the Department upon request.**

## INVESTMENTS

### Investment Updates

#### Q4 Pipeline

Absolute Return: multi-strategy hedge fund recommendation  
Public Equity: international equity recommendation

#### Portfolio Rebalancing Updates

##### Capital Calls Funded and Pending:

9/21 GCM Grosvenor Private Equity \$4.2M  
 9/22 GCM Grosvenor Secondary Opportunities Fund III \$8.5M  
 9/28 Hamilton Lane Infrastructure Opportunities Fund \$2.2M

#### Total Unfunded Commitments Remaining \$447.8M (as of August 31, 2023):

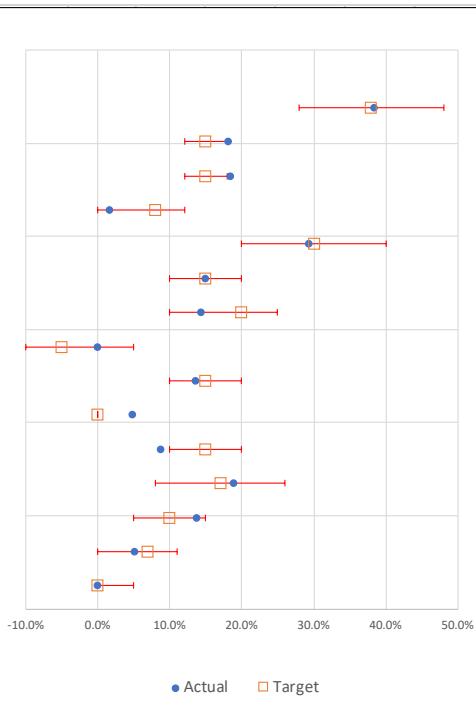
1. Private Credit, \$77M
  - i. Ares Pathfinder Fund, \$32M
  - ii. Owl Rock Diversified Lending, \$45M
2. Private Equity, \$212M
  - i. GCM Grosvenor Private Equity, \$94M
  - ii. GCM Grosvenor Secondary Opportunities Fund III, \$106.5M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$11.5M
3. Private Infrastructure, \$8.3M

i. Hamilton Lane Infrastructure Opportunities Fund, \$8.3M

4. Absolute Return, \$150M  
*Millennium USA LP (Hedge Fund), \$150M*

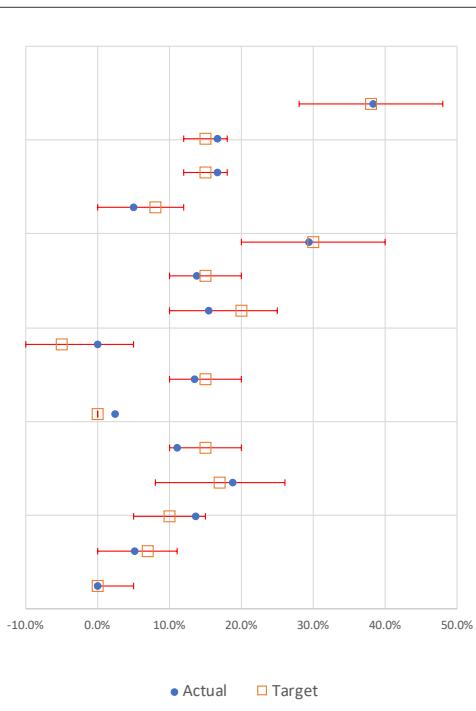
**Current Asset Allocation (unaudited)**

As of August 31, 2023	Market Value \$	Actual	Target	Lower	Upper
				Range	Range
Equity	2,480,361,847	38.3%	38.0%	28.0%	48.0%
Broad US Equity	1,174,160,293	18.2%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,196,064,599	18.5%	15.0%	12.0%	18.0%
Private Equity	110,136,955	1.7%	8.0%	0.0%	12.0%
Fixed Income	1,895,558,383	29.3%	30.0%	20.0%	40.0%
Public Credit	968,613,451	15.0%	15.0%	10.0%	20.0%
Private Credit	926,944,932	14.3%	20.0%	10.0%	25.0%
Cash / (Implied Leverage)	-	0.0%	-5.0%	-10.0%	5.0%
Absolute Return	874,994,648	13.5%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	309,828,276	4.8%	0.0%	0.0%	0.0%
Multi-Strategy Hedge Fund	565,166,372	8.7%	15.0%	10.0%	20.0%
Real Assets	1,217,029,643	18.8%	17.0%	8.0%	26.0%
Real Estate	889,985,086	13.8%	10.0%	5.0%	15.0%
Private Infrastructure	327,044,557	5.1%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,467,944,521	100.0%			



**Hypothetical Asset Allocation (after funding all commitments)**

As of August 31, 2023	Market Value \$	Actual	Target	Lower	Upper
				Range	Range
Equity	2,480,361,847	38.3%	38.0%	28.0%	48.0%
Broad US Equity	1,080,160,293	16.7%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,078,064,599	16.7%	15.0%	12.0%	18.0%
Private Equity	322,136,955	5.0%	8.0%	0.0%	12.0%
Fixed Income	1,895,558,383	29.3%	30.0%	20.0%	40.0%
Public Credit	891,613,451	13.8%	15.0%	10.0%	20.0%
Private Credit	1,003,944,932	15.5%	20.0%	10.0%	25.0%
Cash / (Implied Leverage)	-	0.0%	-5.0%	-10.0%	5.0%
Absolute Return	874,994,648	13.5%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	159,828,276	2.5%	0.0%	0.0%	0.0%
Multi-Strategy Hedge Fund	715,166,372	11.1%	15.0%	10.0%	20.0%
Real Assets	1,217,029,643	18.8%	17.0%	8.0%	26.0%
Real Estate	881,685,086	13.6%	10.0%	5.0%	15.0%
Private Infrastructure	335,344,557	5.2%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,467,944,521	100.0%			



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

## BFY 2023 Performance Report

**RVK BFY 2023 Performance Report was presented to the Board and is available at the Department upon request.**

### Private Credit – Distressed Credit

The current private credit allocation sits at 14.3%, which represents a \$360M underweight to the 20% long term Strategic Asset Allocation target. The goal of this proposal is to increase the private credit commitment and take advantage of the opportunistic macroeconomic shift.

Staff recommends allocating to distressed credit within the private credit portfolio. Distressed credit is an opportunistic credit strategy that looks for discounted entry points on assets that are expected to recover. Distressed investment managers must have specialized skills in managing complex legal processes to lead good businesses with bad balance sheets through a bankruptcy/restructuring process.

The current macroeconomic environment sets the backdrop for what is expected to be one of the best distressed investing environments in the last 15 years. With interest rates rising at the fastest pace in 40 years, a debt maturity wall is forming as many businesses are forced to refinance at higher rates. Higher interest expenses combined with rising material and labor costs are expected to squeeze profit margins and lead to defaults. This creates opportunities for investors who understand the bankruptcy/restructuring process.

Staff and RVK recommend a commitment to Monarch Capital Partners (MCP VI). Monarch was founded in 2002 by former Lazard distressed debt team members Michael Weinstock, Andrew Herenstein and Chris Santana. Monarch has grown to a 97-person team, deployed \$58B and currently manages \$11B in commitments. The MCP VI strategy is distress for control with a focus on corporate credit in developed markets (North America and Europe).

MCP VI is targeting a \$3.5B fundraise with a 4-year investment period and 7-year fund life. The fund is currently 25% deployed, therefore a \$30M capital call is expected shortly after close.

**Motion: The Board approve \$120M commitment to Monarch Capital Partners VI, subject to standard legal review/documentation.**

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

**RVK Executive Summary and Monarch Presentation were presented to the Board and are available at the Department upon request.**

## DIVISION REPORTS

## SURFACE

## SURFACE DIVISION

NORTH  
Dakota | Trust Lands  
Be Legendary.™

Encumbrances issued by Commissioner during August 2023:  
29 Right of Way Agreements generating \$290,728 in income for the Trusts.

Southwest North Dakota Fossil Dig Site Field Day (September 2023)  
Bowman County, Fossilized Turtle Shells  
Photos Credit: Kayla Spangelo

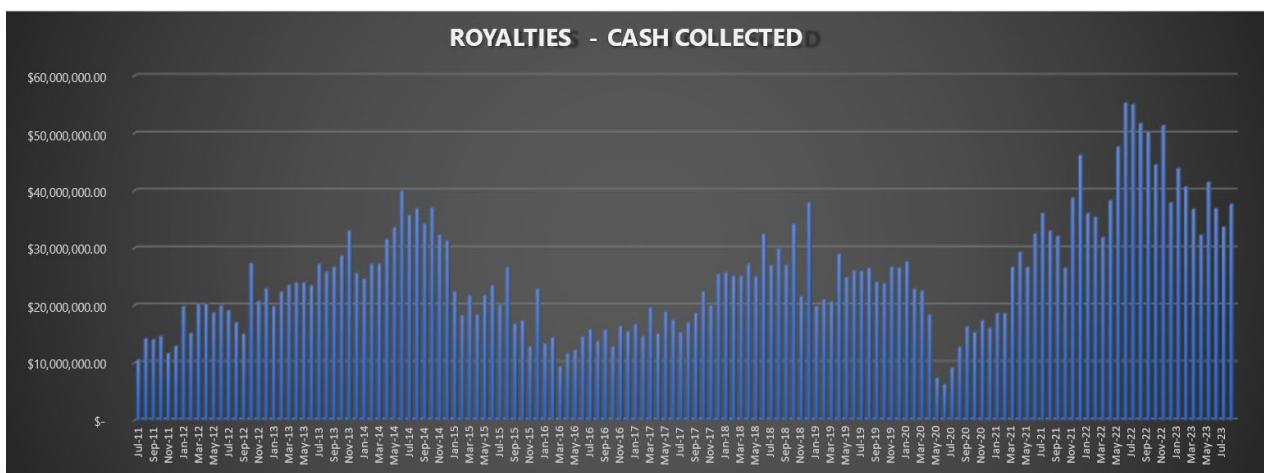


## MINERALS

MINERALS DIVISION  
FISCAL YTD O/G ROYALTIES

NORTH  
Dakota | Trust Lands  
Be Legendary.™

As of August 2023, for fiscal year 2023-24 the Department has received **\$71,270,581** in royalties as compared to **\$106,744,027** last fiscal year at this time. Rebounding slightly with the recent increase in the price of oil, the Department collected nearly \$6 million more in royalties in August over July of this year.



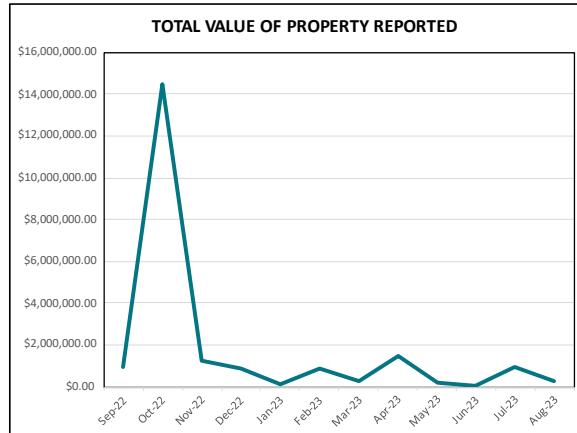
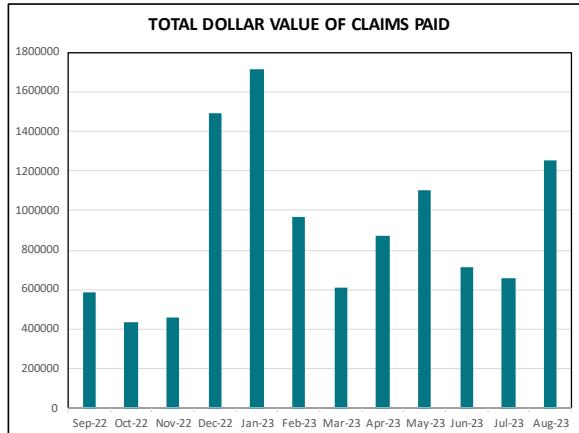
## UNCLAIMED PROPERTY

## UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

NORTH  
Dakota | Trust Lands  
Be Legendary.™

For the month of August 2023, the Division paid 508 claims with \$1,250,432.95 returned to rightful owners/heirs. It also received 160 holder reports with a dollar value of \$264,817.



## UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

NORTH  
Dakota | Trust Lands  
Be Legendary.™



## Executive Estimate of Board Assets

**EXECUTIVE ESTIMATE OF ASSETS**  
**NORTH DAKOTA DEPARTMENT OF TRUST LANDS**  
**As of August 31, 2023**

	8/31/2023 Value	MOM\$ 7/31/2023 Value	MOM% Change	YOY\$ 8/31/2022 Value	YOY% Change
Cash	446,460,070	864,002,526		403,227,509	
Investments <sup>[1]</sup>	7,407,662,187	7,483,235,889		6,586,157,072	
Tax Receivables <sup>[2]</sup>	-	-		111,720,730	
Loans <sup>[3]</sup>	37,852,402	37,876,494		40,115,716	
Receivables <sup>[4]</sup>	9,396,582	7,755,851		6,089,238	
<b>Sub-Total Net Assets</b>	<b>\$7,901,371,241</b>	<b>8,392,870,761</b>	<b>-5.86%</b>	<b>\$7,147,310,265</b>	<b>10.55%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347		2,813,480,347	
Surface Rights <sup>[6]</sup>	518,077,274	518,077,274		511,088,869	
Building Value <sup>[7]</sup>	1,015,196	1,015,196		-	
<b>Total Net Assets</b>	<b>\$11,233,944,058</b>	<b>\$11,725,443,578</b>	<b>-4.19%</b>	<b>\$10,471,879,481</b>	<b>7.28%</b>

[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.

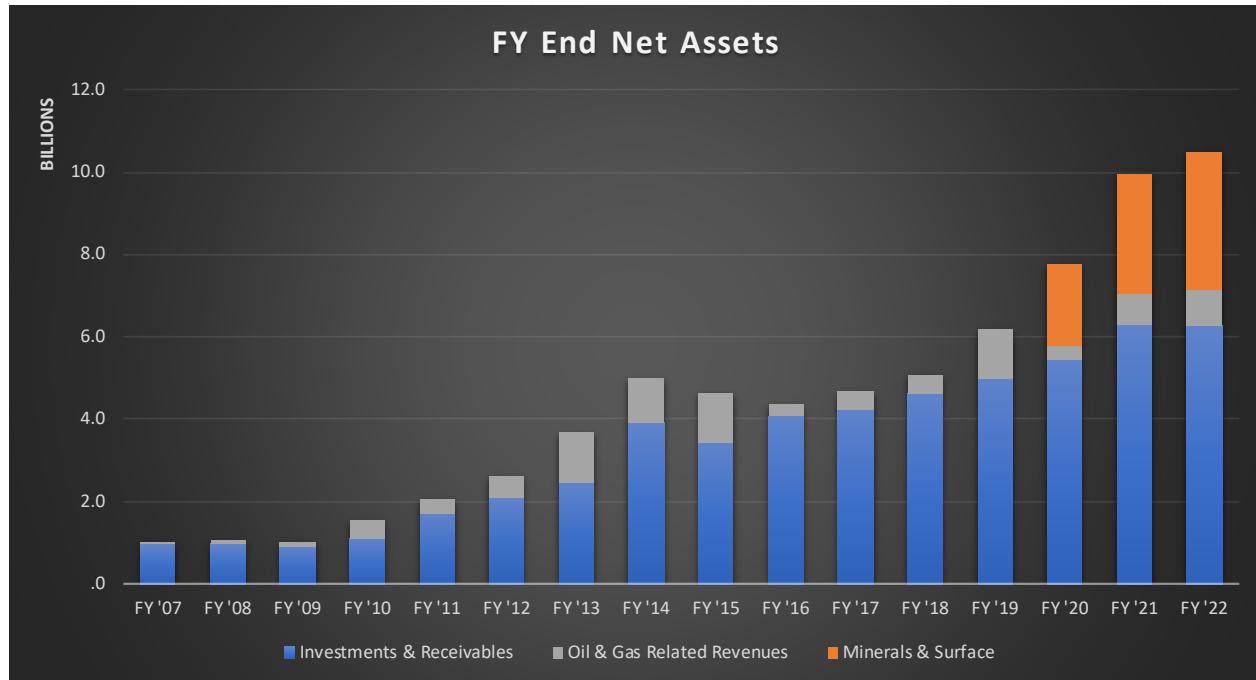
[3] Various loan programs funded with trust assets.

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

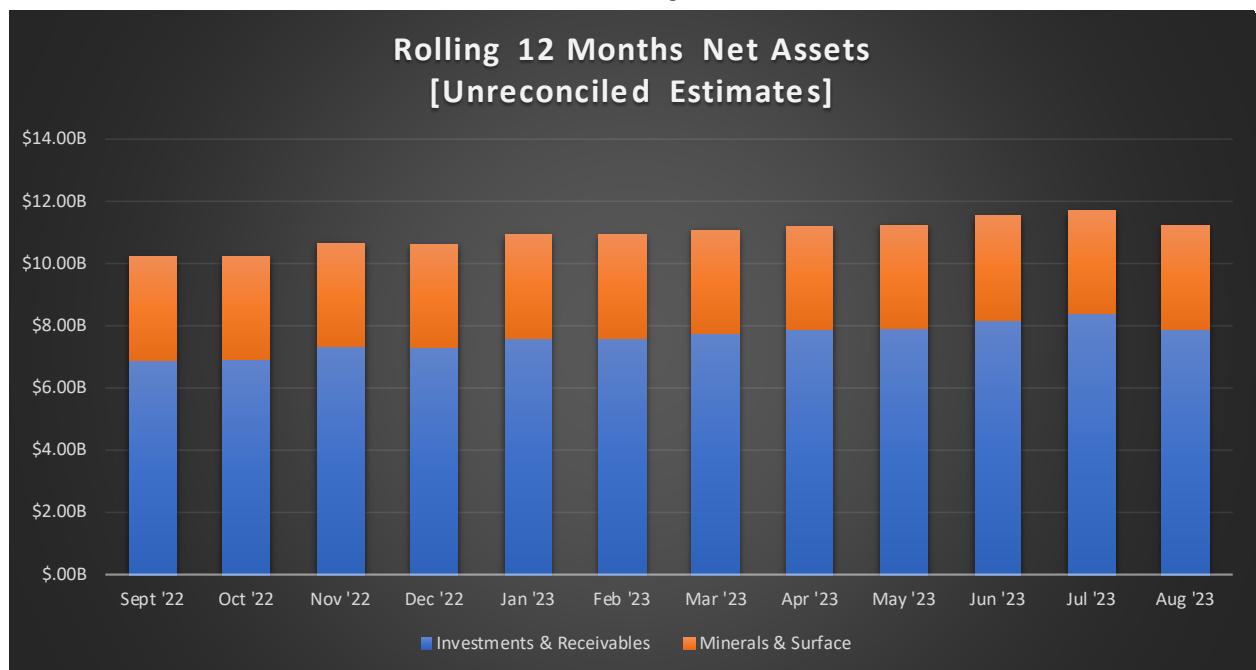
[5] Valued annually via contract with Mineral Tracker. Valuation as of December 31, 2021.

[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.

[7] Updated every other year via broker price opinion. Listed valuation is as of Sept. 15, 2022.



- [1] 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.
- [2] 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.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



- [1] Dec 2021 includes mineral rights value of \$2,813,480,347
- [2] Sep 2022 includes appraised building value of \$1,015,196
- [3] Mar 2023 includes surface rights value of \$518,077,274

## L I T I G A T I O N

### Litigation Update

- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022, granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; on August 30, 2023, the 8<sup>th</sup> Circuit three judge panel issued its opinion in our favor affirming the trial court's dismissal on all counts; on September 12, 2023, Plaintiffs requested a rehearing in front of the full 8<sup>th</sup> Circuit Court; awaiting court response
- Continental Oil Royalty Deductions – Now that the Newfield gas royalty deductions case has been resolved, this case comes off stay and the parties are required to file a status report with the Court by November 1, 2023.
- MHA (Missouri riverbed ownership) – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We filed a motion requesting a change of venue to North Dakota that the Court is now considering.
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### 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 consolations regarding:**

- **Oil Royalty Settlements**

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

**The Board entered into executive session at 11:36 AM.**

(09/29/23)

**EXECUTIVE SESSION****Members Present:**

Doug Burgum	Governor
Michael Howe	Secretary of State
Kirsten Baesler	Superintendent of Public Instruction
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer

**Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Chris Suelzle	Minerals Director
Lynn Spencer	Minerals Title Specialist
Jessica Sanchez	Minerals Management Officer
Amanda Parent Dufour	Minerals Management Officer
Adam Otteson	Revenue Compliance Director
Elvedina Papalichev	Paralegal
James Wald	Legal Council

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor

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The executive session adjourned at 11:52 AM and the Board returned to the open session meeting to rejoin the public. During executive session, the Board reviewed confidential records and discussed negotiating strategy regarding oil royalty settlements. No formal action was taken when the open meeting reconvened.

**A D J O U R N**

There being no further business, the meeting was adjourned at 11:52 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