

**Minutes of the Meeting of the
Board of University and School Lands
March 27, 2025**

The March 27, 2025, meeting of the Board of University and School Lands was called to order at 9:02 AM by Chairman Governor Armstrong, roll call was taken and the Pledge of Allegiance was recited.

Members Present:

Michael Howe	Secretary of State
Thomas Beadle	Treasurer
Kelly Armstrong	Governor
Drew Wrigley	Attorney General

Members Absent:

Kirsten Baesler	Superintendent of Public Instruction
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Department of Trust Lands Personnel Present:

Joseph Heringer	Commissioner
Catelin Newell	Director of Admin Svcs & IT
Kate Schirado	Executive Assistant
Frank Mihail	Chief Investment Officer
James Wald	Legal Council
Elvedina Papalichev	Paralegal
Adam Otteson	Revenue Compliance Division Director
Susan Sommerfeld	Unclaimed Property Director
Peggy Gudvangen	Finance Director
Shaun Campbell	Investments Officer
Scott Giere	Revenue Compliance
Maria Iversen	Finance
Emily Bosch	Unclaimed Property
Amanda Parent	Minerals Management Officer
Vicki Siegel	Finance
Ryan Kobilansky	Surface Range Soils Management Specialist
Lynn Spencer	Minerals Title Specialist
Jennifer Bennett	Unclaimed Property

Guests in Attendance:

Jacy Schafer	Office of the Governor
Chris Joseph	Office of the Governor
Reed Johnson	Office of the Governor
Jennifer Sandberg	RVK
Jacob Orledge	Dakota Monitor

Andy Knapp	TPG Angelo Gordon
TJ Durkin	TPG Angelo Gordon
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 27, 2025 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

Special Mention Events

- UND Law Review Energy Law Symposium – attended March 6, 2025 at BSC Energy Center
- State Investment Board Investment Committee - attended March 14, 2025 meeting as a voting member
- Lignite Research Council – attended March 17, 2025 special grant round meeting as a voting member

Human Resources

- Revenue Compliance Payment Processor – open due to retirement; posted with goal to fill by May 1, 2025
- Commissioner Annual Performance Review – will work with committee to start process and bring to May 29, 2025 meeting

Legislative Session

DTL Sponsored Bills

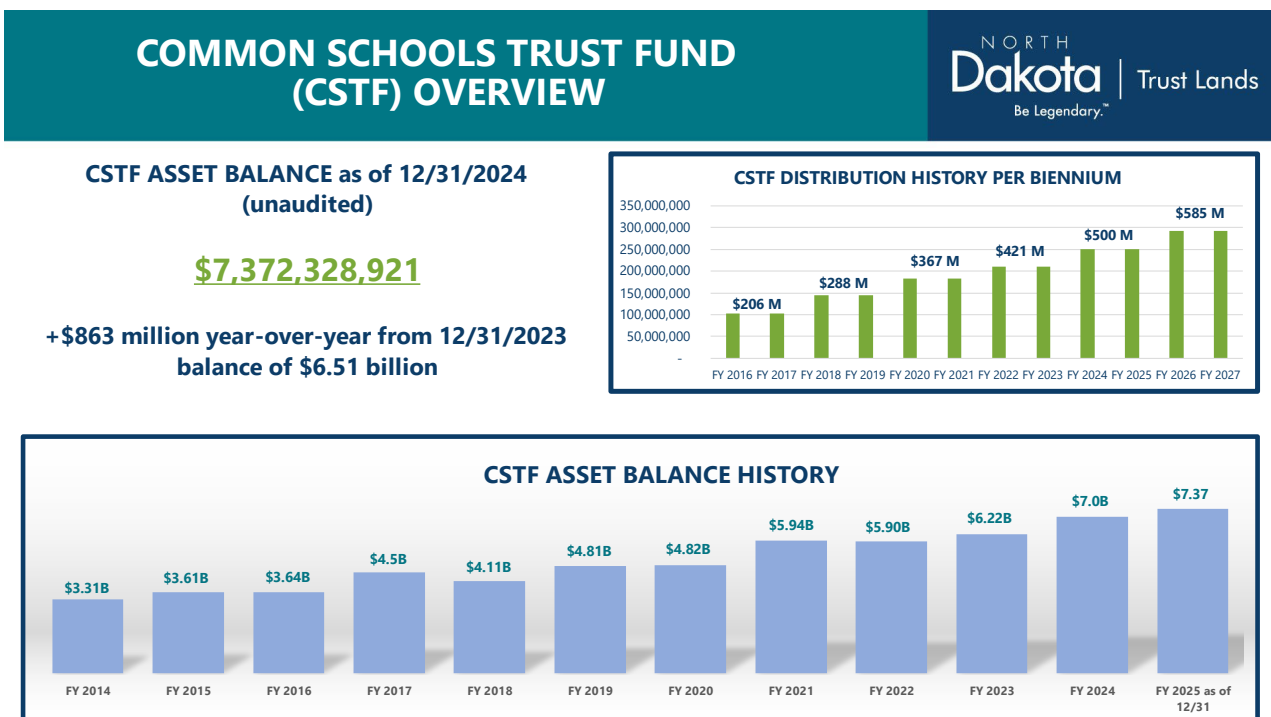
- Unclaimed Property (HB 1149) – passed House unanimously on January 28, 2025; passed Senate unanimously on March 21, 2025; on to Governor Armstrong for signature!

Other Board Related Bills

- DTL Budget (SB 2013) – passed Senate unanimously on January 31, 2025, in basic form; have had two House hearings where we requested compensation study equity pay funding along with 2 new FTE's (unclaimed property auditor & diversified revenues officer)
- HCR 3035 – resolution that amends ND Constitution to require \$3 billion over ten years be distributed from the Common Schools Trust Fund for school construction projects; testified in opposition before both House Education and full House Appropriations Committees; failed in House 77-15 on March 24, 2025
- Coal Leases / Rare Earth Minerals (HB 1459) – proposed statutory structure governing extraction of rare earth minerals imbedded in mined coal; passed House 85-2 on February 11, 2025; Senate hearing scheduled for March 28, 2025

- Non-Development Lease Cancellations (SB 2302) – giving Board authority to cancel leases when lessee is intentionally not pursuing or blocking development of the natural resource; passed Senate 45-2 on February 12, 2025; passed House 83-9 on March 24, 2025
- Unclaimed Property – appears conflicting budget bills regarding moving the unclaimed property is resolved, with the Senate taking the move out of the Treasurer's budget bill

Financial Dashboard



COMMON SCHOOLS TRUST FUND 2023 -25 (CSTF) DISTRIBUTIONS

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Monthly Distribution to the State Tuition Fund for the 2023-25 Biennium \$27,770,000
Multiplied by 9 months per year = \$250,000,000
Divided by 115,740 students = \$2,160/student per year

North Dakota Cost to Educate Per Student \$13,778/year
75.7% State Funding Share = \$10,430
\$2,160 CSTF per Student Annual Distribution **=21% of state funding share**

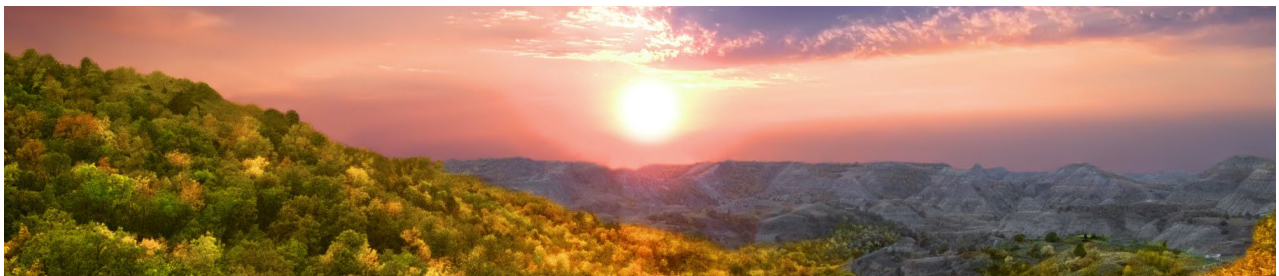


COMMON SCHOOLS TRUST FUND 2025 -27 (CSTF) DISTRIBUTIONS

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Monthly Distribution to the State Tuition Fund for the 2025-27 Biennium \$32,500,000
Multiplied by 9 months per year = \$292,500,000
Divided by 116,598 students = \$2,508/student per year

North Dakota Cost to Educate Per Student \$13,778/year
75.7% State Funding Share = \$10,430
\$2,508 CSTF per Student Annual Distribution **=24% of state funding share**



COMMON SCHOOLS TRUST FUND 2023 -25 (CSTF) DISTRIBUTIONS

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Current Biennium Distributions to the State Tuition Fund through 02/28/2025

**\$416.69 million of
\$500 million total**

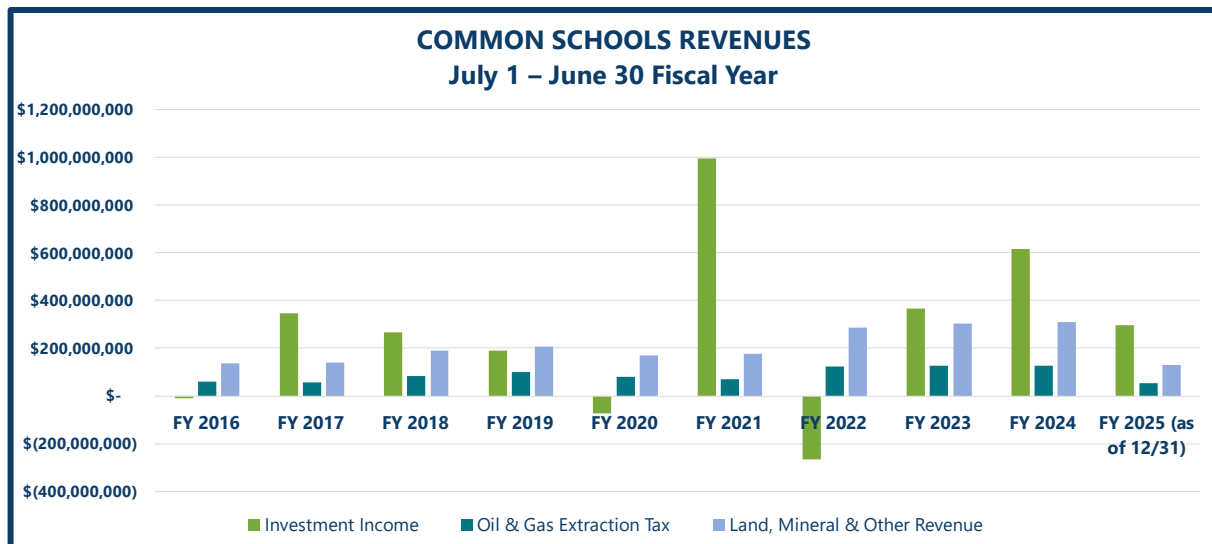
CSTF Distributions Since FY 2014

\$2 BILLION OF PROPERTY TAX RELIEF!



COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

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STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

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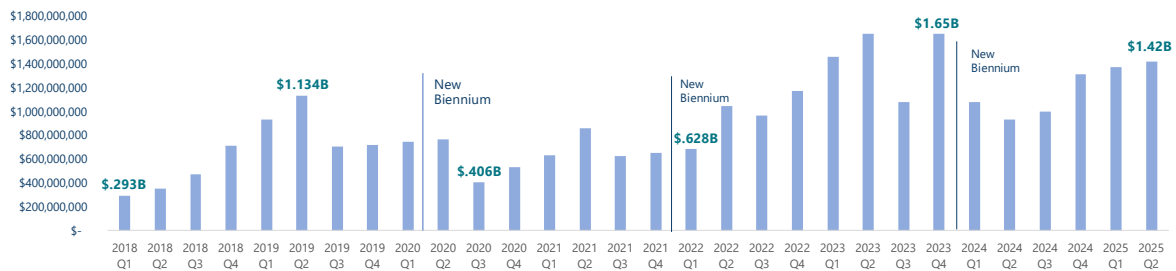
SIIF BALANCE as of 11/30/2024 (unaudited)

- Total Balance - \$1,371,730,540
- Uncommitted Balance - \$1,090,686,566

SIIF BALANCE as of 12/31/2024 (unaudited)

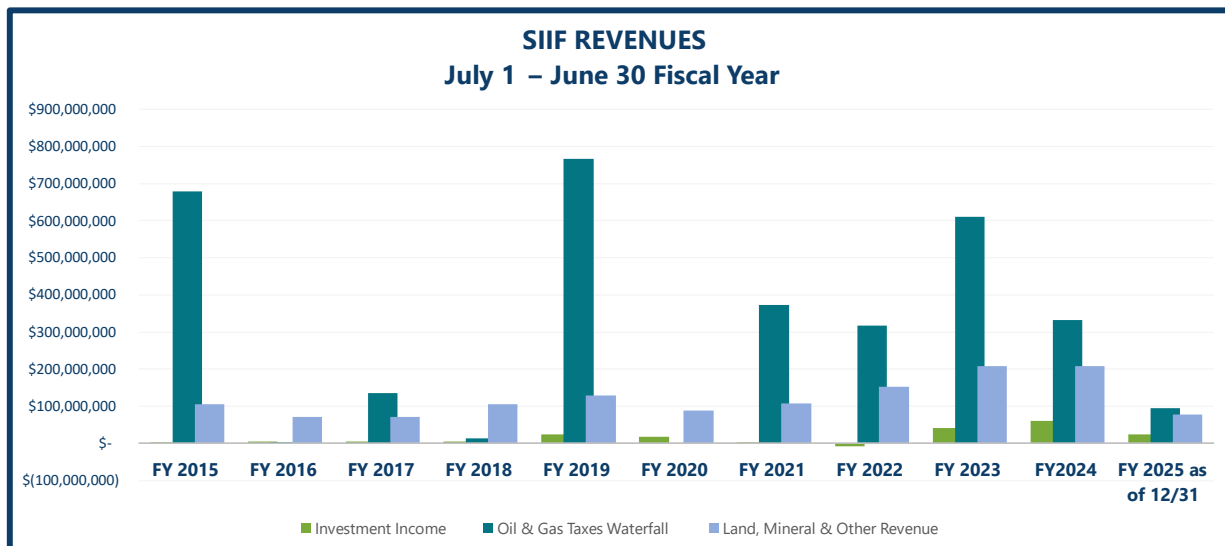
- Total Balance - \$1,418,091,155
- Uncommitted Balance - **\$1,134,047,181**

SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



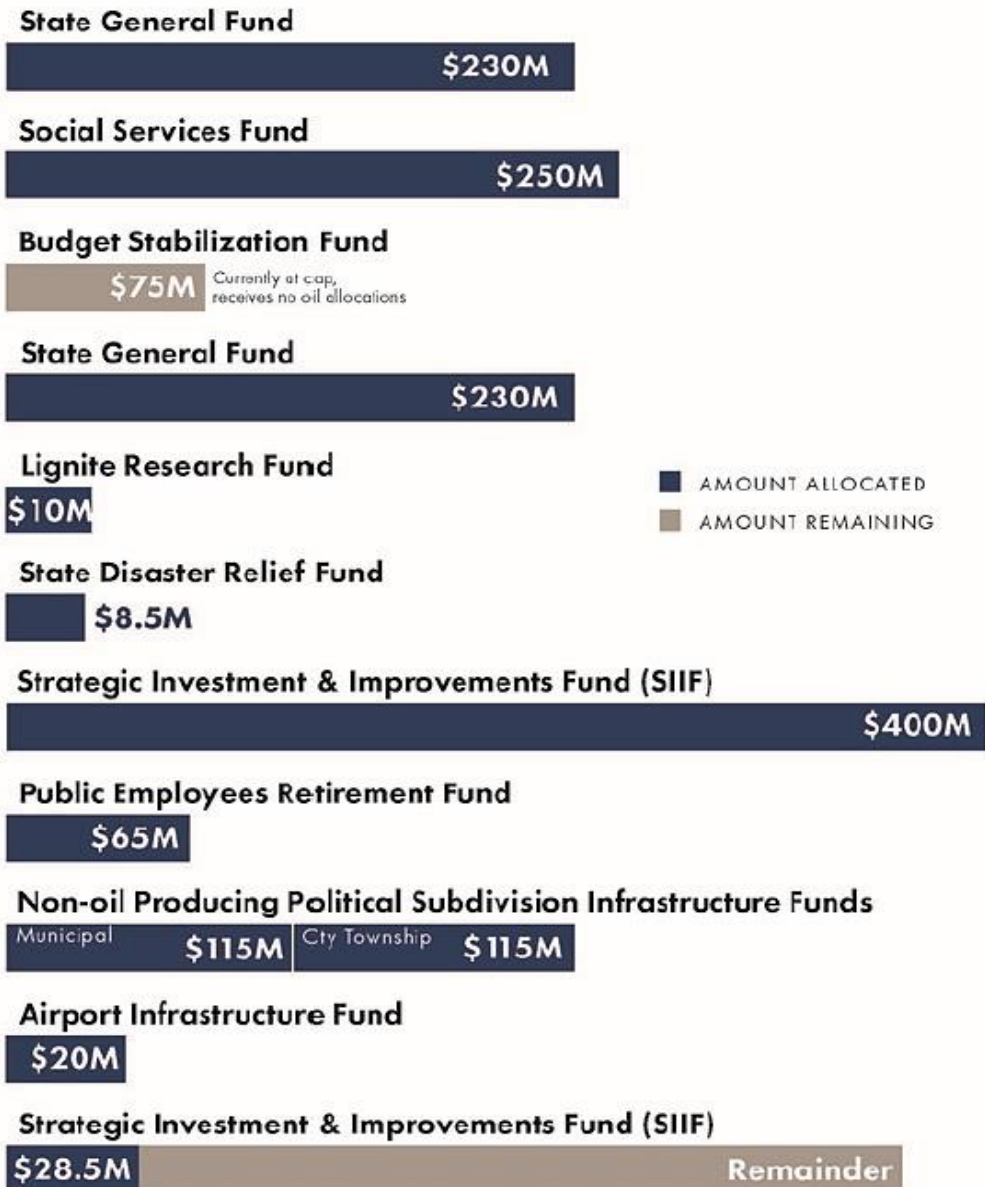
STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

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ALLOCATION OF STATE SHARE OF OIL & GAS TAXES Based on Allocations through February 28, 2025

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ESTIMATED TOTAL NET ASSETS as of 12/31/2024

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Mineral Tracker Valuation
as of October 31, 2024, on
2.6 million Mineral Acres
\$2,461,271,622



Surface Fair Market Value
as of April 18, 2024, on
706,000 Surface Acres
\$671,978,325



Estimated Total Net Assets*
as of December 31, 2024



\$11,050,994,159



* Total excluding SIIF

DIVISION REPORTS

SURFACE

SURFACE DIVISION ENCUMBRANCES ISSUED

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Encumbrances issued by the Commissioner:
32 Right of Way Agreements in February
generated a total of \$92,146 in income for
the Trusts.

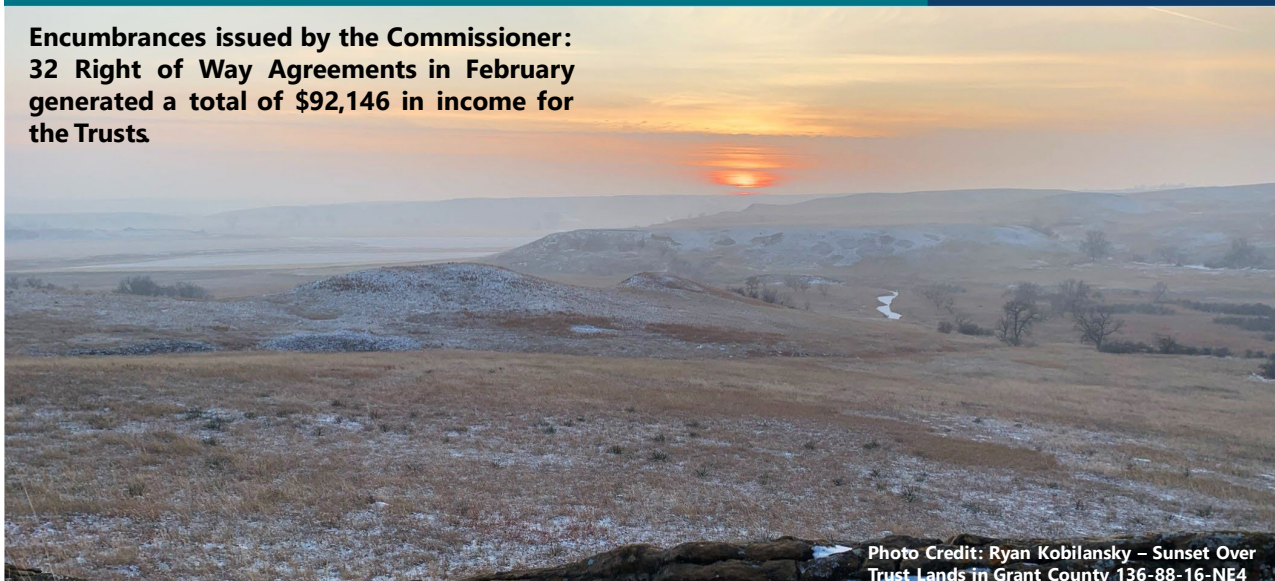
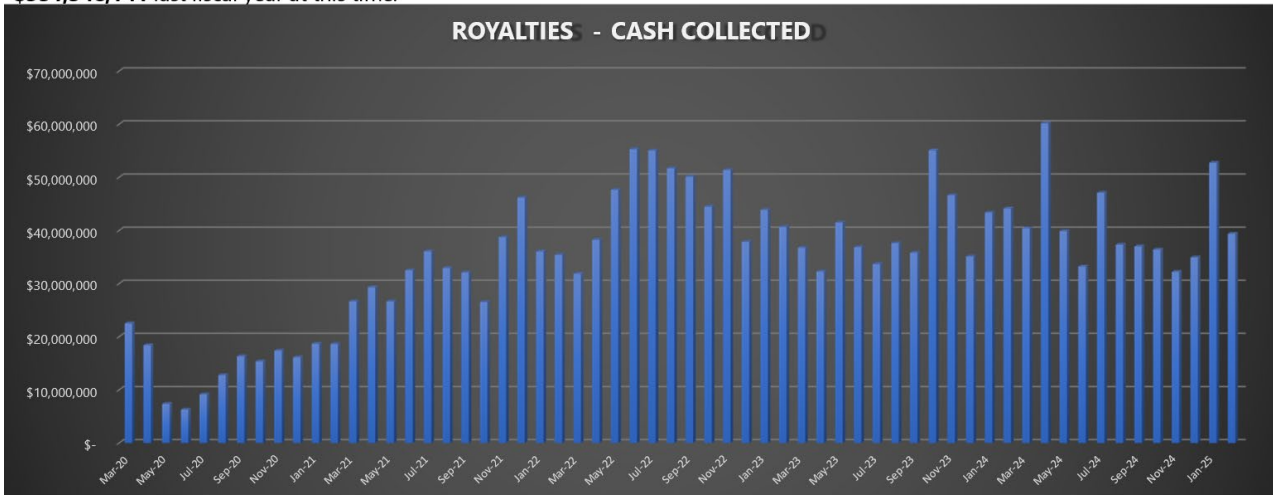


Photo Credit: Ryan Kobilansky – Sunset Over
Trust Lands in Grant County 136-88-16-NE4

MINERALS

MINERALS DIVISION
FISCAL YTD O/G ROYALTIESNORTH
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As of February 28, 2025*, for fiscal year 2024-25 the Department has received **\$316,908,729** in royalties as compared to **\$331,348,141** last fiscal year at this time.

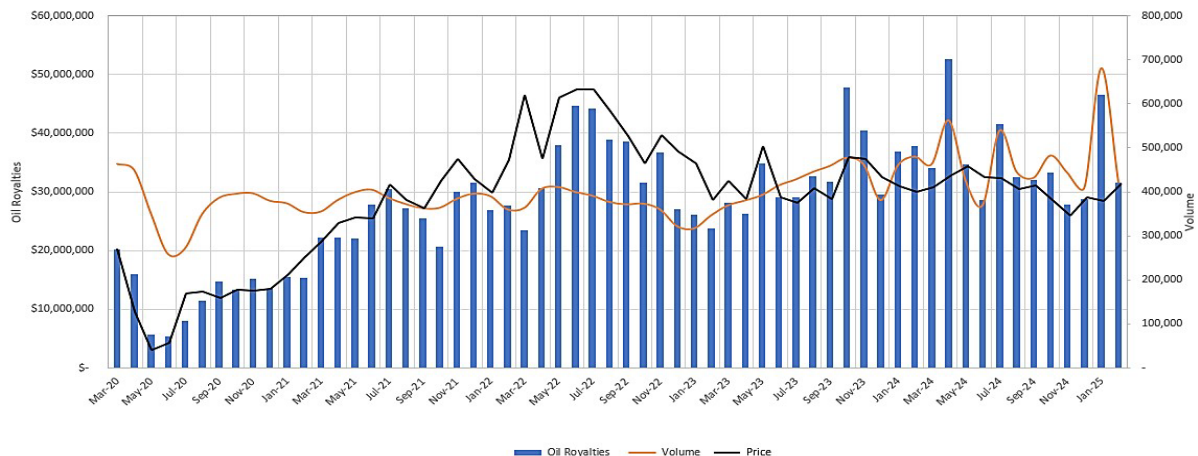


*February royalty revenue is from December gas production and January oil production.

PRICE MAIN DRIVER OF O/G ROYALTIES

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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 472,875 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.



UNCLAIMED PROPERTY

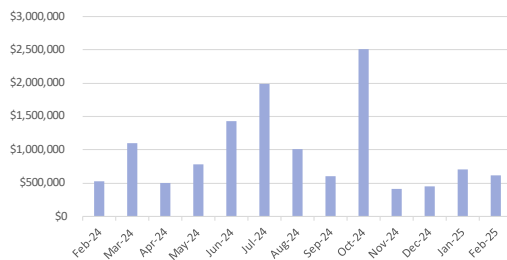
UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

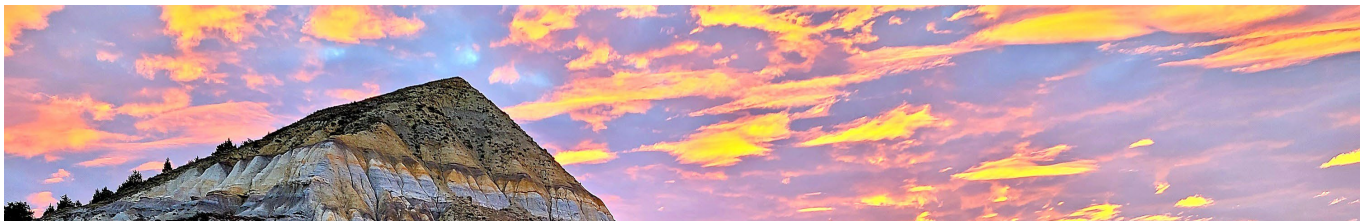
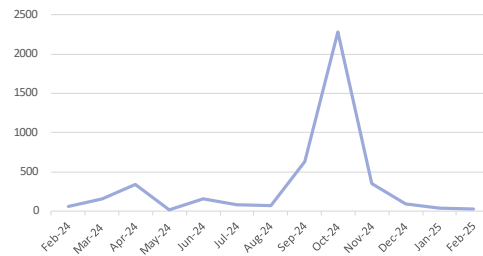
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For the month of February 2025, the Division paid 865 claims with \$613,716 returned to rightful owners. The Division also received 28 holder reports with a dollar value of \$165,177.

TOTAL VALUE OF CLAIMS PAID



TOTAL VALUE OF PROPERTY REPORTED



INVESTMENTS

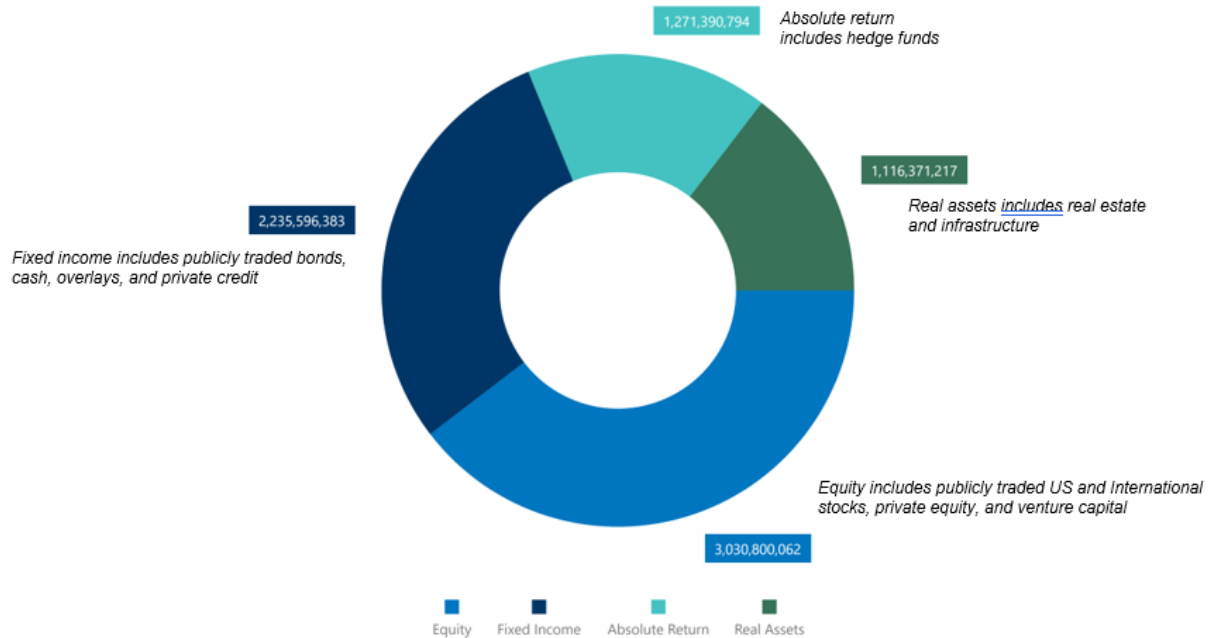
Investment Update

BOARD OF UNIVERSITY AND SCHOOL LANDS
MARCH 27, 2025

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Report as of 02/28/2025

Asset Allocation



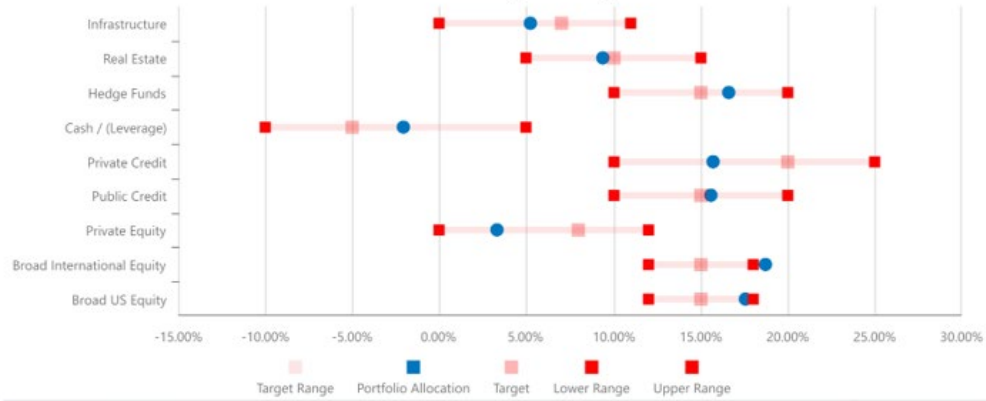
Asset	Total Value	% Of All Value
All	7,654,158,457	100%
Equity	3,030,800,062	40%
Fixed Income	2,235,596,383	29%
Absolute Return	1,271,390,794	17%
Real Assets	1,116,371,217	15%

BOARD OF UNIVERSITY AND SCHOOL LANDS
MARCH 27, 2025

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Report as of 02/28/2025

Actual vs. Target Weight



Asset ↕	Total Value ↕	% Of All Value ↕	Target Weight ↕	Over/Under % ↕	Over/Under \$ ↕
All (MTD) ▼	7,654,158,457	100%	100%	0%	--
Equity ▼	3,030,800,062	39.6%	38%	1.6%	122,219,849
Private Equity ▶	253,401,348	3.31%	8%	-4.69%	-358,931,329
Broad International Equity ▶	1,431,264,247	18.7%	15%	3.7%	283,140,478
Broad US Equity ▶	1,346,134,468	17.59%	15%	2.59%	198,010,699
Fixed Income ▼	2,235,596,383	29.21%	30%	-0.79%	-60,651,154
Cash / (Leverage) ▶	-159,123,241	-2.08%	-5%	2.92%	223,584,682
Private Credit ▶	1,201,421,980	15.7%	20%	-4.3%	-329,409,711
Public Credit ▶	1,193,297,643	15.59%	15%	0.59%	45,173,875
Absolute Return ▼	1,271,390,794	16.61%	15%	1.61%	123,267,026
Hedge Funds ▶	1,271,390,794	16.61%	15%	1.61%	123,267,026
Real Assets ▼	1,116,371,217	14.59%	17%	-2.41%	-184,835,720
Infrastructure ▶	398,563,201	5.21%	7%	-1.79%	-137,227,891
Real Estate ▶	717,808,017	9.38%	10%	-0.62%	-47,607,829

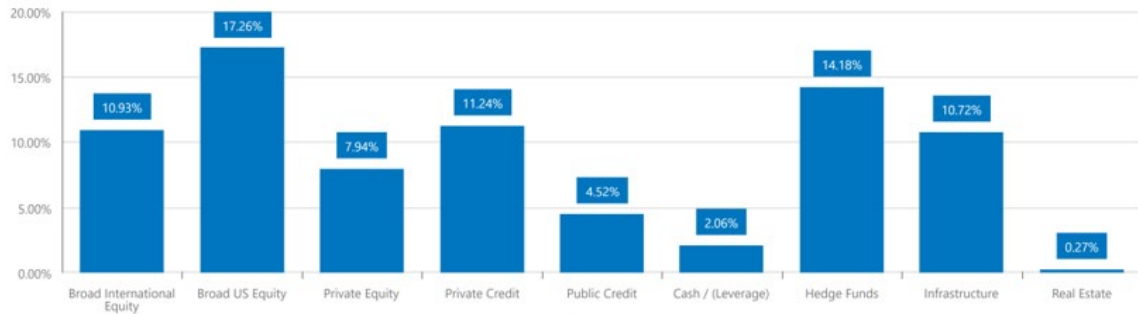
BOARD OF UNIVERSITY AND SCHOOL LANDS
MARCH 27, 2025

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Report as of 02/28/2025

Flash Performance Report

Unaudited preliminary estimates



1Y : Net Of Fee Txs : Cumulative Return

	MTD	QTD	YTD	FYTD	1Y
Net of Fees Txs					
Asset ↕	Cumulative Return ↕	Cumulative Return ↕	Cumulative Return ↕	Cumulative Return ↕	Cumulative Return ↕
Total Portfolio ▼	0.13%	2.35%	2.35%	6.49%	10.42%
Equity ▼	-0.68%	3.67%	3.67%	8.56%	13.96%
Broad International Equity ▶	1.53%	7.34%	7.34%	6.66%	10.93%
Broad US Equity ▶	-2.96%	0.84%	0.84%	10.33%	17.26%
Private Equity ▶	0%	0%	0%	5.54%	7.94%
Fixed Income ▼	1.27%	1.65%	1.65%	4.54%	7.8%
Private Credit ▶	0.32%	0.66%	0.66%	6.26%	11.24%
Public Credit ▶	2.01%	2.53%	2.53%	2.79%	4.52%
Cash / (Leverage) ▶	-0.37%	0.74%	0.74%	2.06%	2.06%
Absolute Return ▼	0.24%	2.31%	2.31%	9.08%	14.18%
Hedge Funds ▶	0.24%	2.31%	2.31%	9.08%	14.18%
Real Assets ▼	0.02%	0.02%	0.02%	2.54%	3.57%
Infrastructure ▶	0.05%	0.05%	0.05%	5.28%	10.72%
Real Estate ▶	0%	0%	0%	1.15%	0.27%

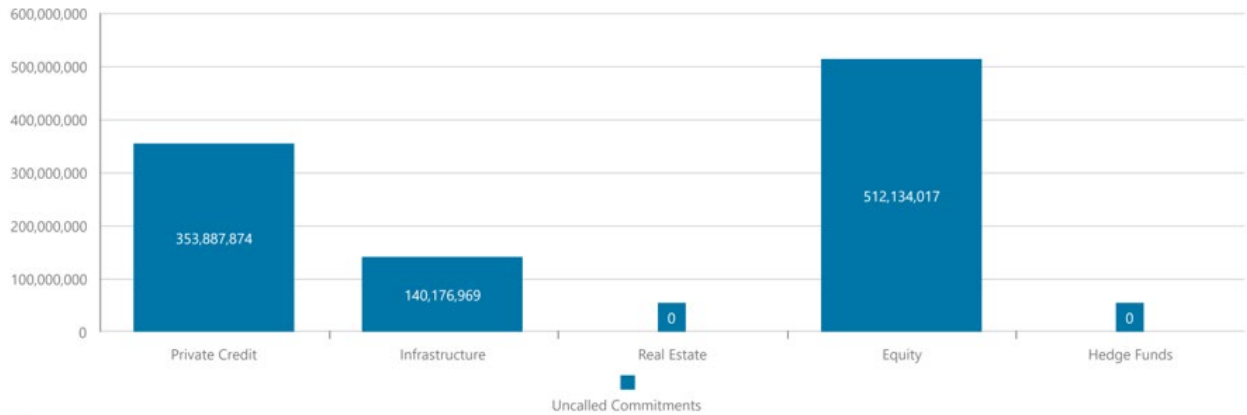
(03/27/25)

BOARD OF UNIVERSITY AND SCHOOL LANDS
MARCH 27, 2025

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Report as of 02/28/2025

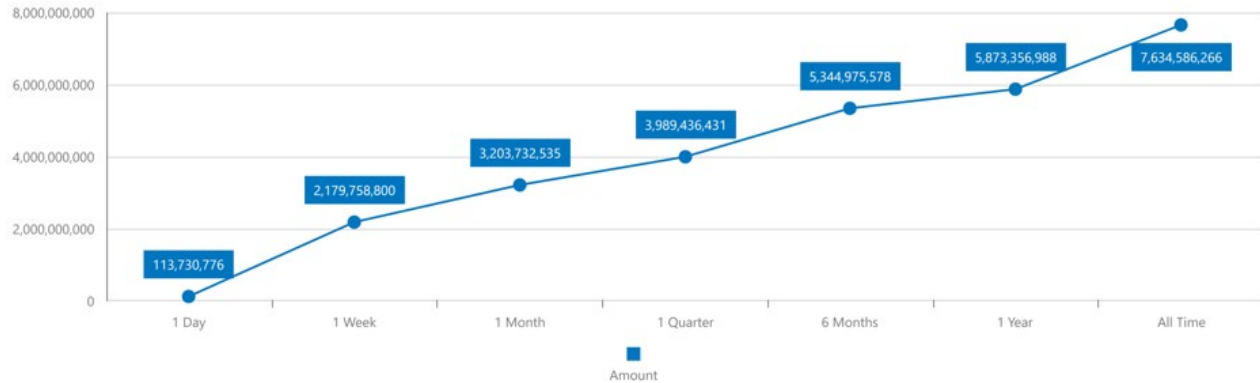
Uncalled Commitments



Asset ↕	Commitment (\$M) ↕	Funded Commitment (\$M) ↕	Uncalled Commitments (\$M) ↕
All (MTD) ▾	3,991	2,984	1,006
Ares ▸	300	100	200
GCM Grosvenor ▸	580	180	400
Hamilton Lane ▸	50	30	20
Khosla Ventures ▸	35	16	19
Monarch ▸	120	85	35
Blue Owl ▸	125	84	41
a16z ▸	35	5	30
Industry Ventures ▸	50	4	46
Pantheon ▸	100	5	95
Blackstone ▸	120	--	120

Report as of 02/28/2025

Liquidity Waterfall



Entity	1 Day (\$M)	1 Week (\$M)	1 Month (\$M)	1 Quarter (\$M)	6 Months (\$M)	1 Year (\$1M)	All Time (\$M)
All	114	2,180	3,204	3,989	5,345	5,873	7,635
Equity	--	1,152	2,176	2,777	2,777	2,777	3,031
Fixed Income	114	1,028	1,028	1,028	1,316	1,448	2,232
Absolute Return	--	--	--	184	457	666	1,263
Real Assets	--	--	--	--	795	981	1,109

Measures how long it would take to liquidate the entire portfolio

Private Credit – Asset-Based Credit

The current private credit allocation sits at 15.7%, which represents a \$329M underweight to the 20% long term strategic asset allocation target. The goal of this proposal is to increase the private credit commitment, consistent with allocation targets and pacing plans.

Staff recommends allocating to asset-based credit within the private credit portfolio. Asset-based credit seeks to generate cash flows from a diversified pool of assets such as real estate loans, consumer loans, small business loans, equipment leases and bank risk sharing. Loans are generally floating rate exposures and short duration (1-5 years) terms.

The market is currently pricing in 3 interest rate cuts (0.75%) to the federal funds rate by the end of 2025. But consensus expectations are that rates will remain higher for longer relative to the last decade. This makes the macroeconomic outlook attractive for investors seeking current yield. Credit card and auto loan delinquencies are inching higher, and Atlanta Fed's GDPNow is projecting the first negative GDP quarter since Q1 2022. Risk mitigation remains a primary focus and is achieved through strategy diversification and a track record of prudent underwriting.

Staff and RVK recommend a commitment to TPG Angelo Gordon Asset Based Credit Evergreen Fund (ABEF). TPG is a publicly traded (NASDAQ: TPG) global alternative investment manager with over 1800 employees and \$246B in assets under management. The 45-person Structured Credit &

Specialty Finance team has been investing together since 2008 and has deployed over \$6B into asset backed credit since 2010 with a low loss rate.

TPG Angelo Gordon ABEF is structured as an open-end vehicle that reinvests in perpetuity with annual redemption windows. Sector allocation targets include 20-40% real assets, 20-40% consumer lending and 10-30% specialty finance. Geographic targets include 85%+ North America and 0-15% Western Europe. ABEF is targeting an initial fundraise of \$1-2 billion and seeks to deliver 12-15% net returns with an 8% annual income distribution beginning after the first anniversary.

MOTION: The Board approve \$100M commitment to TPG Angelo Gordon Asset Based Credit Evergreen Fund, 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 Armstrong			X		

RVK and TPG Angelo Gordon attended in person. RVK presented their fund report and recommendation, while TPG Angelo Gordon presented on their company and fund strategy. Copies of both presentations are available at the Department upon request.

RVK then presented their Quarterly Performance Report, which is available at the Department upon request.

LITIGATION

Litigation Update

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior Case Summary:** Missouri riverbed ownership – Quiet title action brought by the federal government is proceeding, with discovery now completed; the U.S. and MHA filed separate summary judgment motions; our opposition brief was filed by the March 18, 2025 deadline; next deadline is for U.S. reply brief by April 18th; on February 28, 2025, the Department of Interior Acting Solicitor suspended the Biden administration's M-Opinion that was contrary to the state's position, so this is a favorable development

Commencement: July 2020

ND Assigned Attorneys: James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.)

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. Schiffman (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

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

Case Summary: OHWM river island ownership; trial was held September 12-16, 2022; Judge Schmidt issued a Phase I Memorandum Decision on April 30, 2024, finding 1) the at issue Yellowstone River segment was navigable at statehood; 2) the at issue west bank of the river is owned by the state; 3) the at issue north island is not owned by the state; 4) the at issue south island is owned by the state; and 5) the state's claim is not barred by laches. The remaining issues of conveyances, mineral acreage calculations, etc. are now being determined in Phase II proceedings. On December 19, 2024, the Court granted opposing parties' summary judgment motion on certain issues. A trial to determine the remaining issues was held January 29, 2025, in Watford City. We now await the judge's decision.

Commencement: January 2016

ND Assigned Attorneys: Zachary Pelham (Pearce Durick, Bismarck)
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 & Sundeen, 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

- **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 a cross appeal; 8th Circuit oral arguments on the appeals were held October 22, 2024, and we now await the Court’s decision.

Commencement: December 2016

ND Assigned Attorneys: Philip Axt, ND Solicitor General

Counsel for Continental: 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 net loss of approximately 2,500 mineral acres

EXECUTIVE SESSION

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

- **Riverbed Boundaries Dispute – Missouri and Yellowstone Rivers**
- **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 Armstrong			X		

The Board entered into executive session at 10:15 AM.

EXECUTIVE SESSION

Members Present:

Kelly Armstrong	Governor
Thomas Beadle	Treasurer
Michael Howe	Secretary of State
Drew Wrigley	Attorney General

Members Absent:

Kirsten Baelser	Superintendent of Public Instruction
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Department of Trust Lands Personnel present:

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Kate Schirado	Executive Assistant
James Wald	Legal Council
Elvedina Papalichev	Paralegal

Guests in Attendance:

Jacy Schafer	Office of the Governor
Chris Joseph	Office of the Governor
Phillip Axt	Office of the Attorney General

The executive session adjourned at 10:27 AM and the Board returned to the open session meeting to rejoin the public. During executive session the Board discussed Royalty Deduction Settlements and Riverbed Boundaries Dispute – Missouri and Yellowstone Rivers, with its attorneys. No formal action was taken when the open meeting reconvened.

ADJOURN

There being no further business, the meeting was adjourned at 10:27 AM.

Governor Armstrong, Chairman
Board of University and School Lands

Joseph Heringer, Secretary
Board of University and School Lands