

**Minutes of the Meeting of the
Board of University and School Lands
May 6, 2025**

The May 6, 2025, meeting of the Board of University and School Lands was called to order at 9:01 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
Rick Owings	Administrative Staff Officer
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
Emily Bosch	Unclaimed Property
Amanda Parent	Minerals Management Officer
Ryan Kobilansky	Surface Range Soils Management Specialist
Chris Suelzle	Minerals Division Director
Jacob Lardy	Land Management Specialist
Akshay Patel	Investment Officer
Pam Reile	Revenue Compliance
Kris Snow	Revenue Compliance
Joseph Stegmiller	Surface Division Director
Garret Hecker	Surface Range Soils Management Specialist

Guests in Attendance:

Jacy Schafer	Office of the Governor
Chris Joseph	Office of the Governor
Reed Johnson	Office of the Governor
Philip Axt	Office of the Attorney General
Dave Garner	Office of the Attorney General
Matt Sagsveen	Office of the Attorney General
Zak Heier	Office of the Attorney General
Jennifer Sandberg	RVK
Kirby Francis	RVK

(05/06/25)

Amy Dalrymple	Dakota Monitor
Joey Harris	Bismarck Tribune
Darrin Robbins	Robbins Geller
Elise Grace	Robbins Geller
Michael Blatchley	BLB&G
Hannah Ross	BLB&G
Colin Holmes	FRT
Craig D'Alessio	FRT
Arash Rebek	Khosla
Kevin Balaod	WithIntelligence (Journalist)
Al Jaeger	
C. Rajala	

APPROVAL OF MINUTES

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.

OPERATIONS

Commissioner's Report

Special Mention Events

- National Association of State Trust Lands Virtual Spring Meeting – attended April 8, 2025, for association business and collaboration regarding current issues; annual conference in Denver July 21-23, 2025
- State Investment Board Investment Committee - attended April 17, 2025, meeting as Vice Chair
- State Investment Board - attended April 25, 2025, full State Investment Board meetings as a voting member

Human Resources

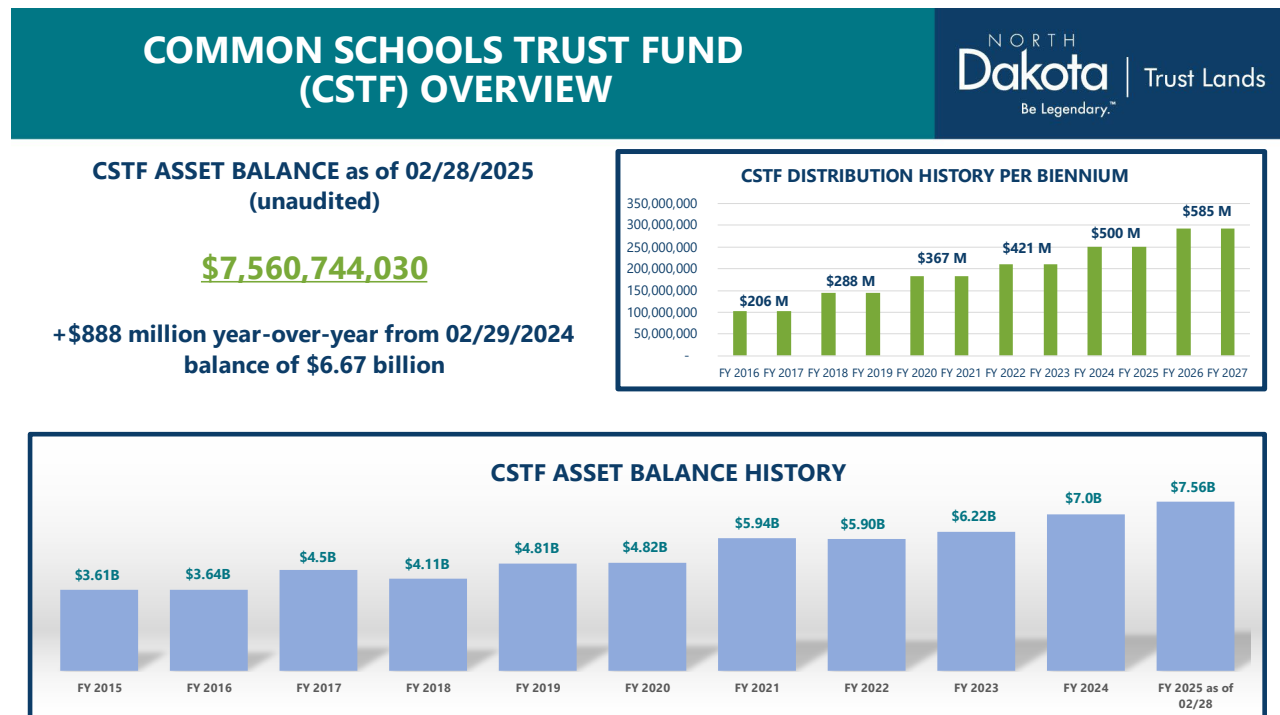
- Revenue Compliance Position – open due to retirement; filled with May 5, 2025, start date
- Temporary Unclaimed Property Claims Processor – temporary position needed to help clear claims backlog; posted with hopeful June 1, 2025, start date
- Commissioner Annual Performance Review – committee will bring report and salary recommendation to May 29, 2025, meeting
- Commissioner Term of Office – statute requires the new four-year term of the Commissioner to start July 1st following the general election of the governor so this will be on the May 29, 2025,

meeting agenda

Legislative Session

- DTL Budget (SB 2013) – House amendments: 1) Unclaimed Property Compliance Officer 2) \$550,000 employee retention funding (\$843,431 recommended by CBIZ Compensation Study); 3) collaboration with Dept. of Commerce on revenue diversification efforts; Senate conferees accepted House changes and full Senate approved on April 22, 2025, by a vote of 45-2
- Coal Leases / Rare Earth Minerals (HB 1459) – proposed statutory structure governing extraction of rare earth minerals imbedded in mined coal; conference committee approved addition amendments which will be going to both floors

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 04/30/2025

**\$472.23 million of
\$500 million total**

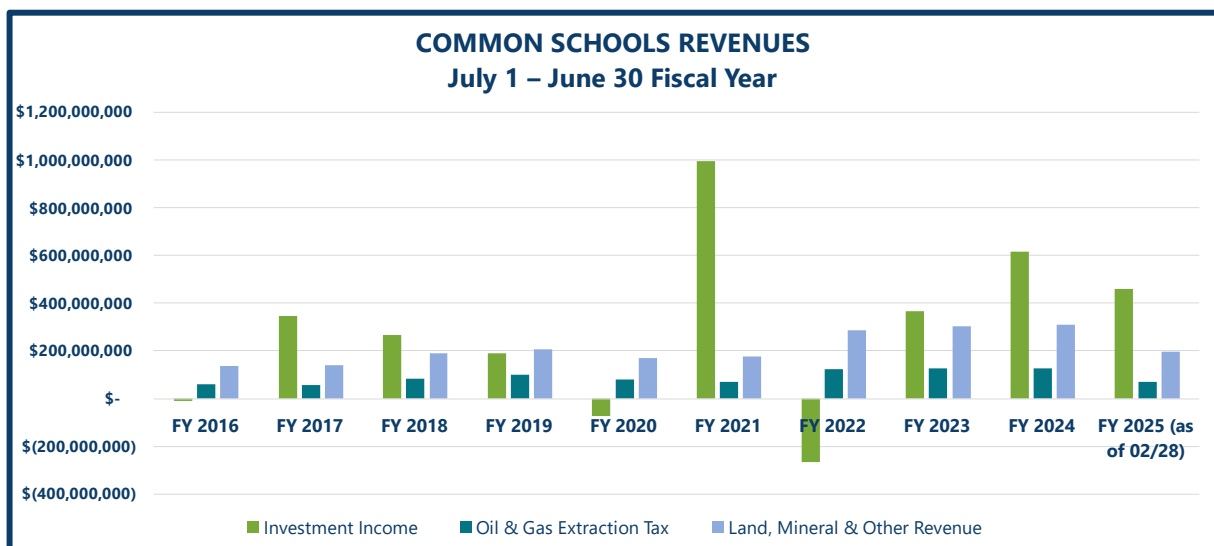
CSTF Distributions Since FY 2014

\$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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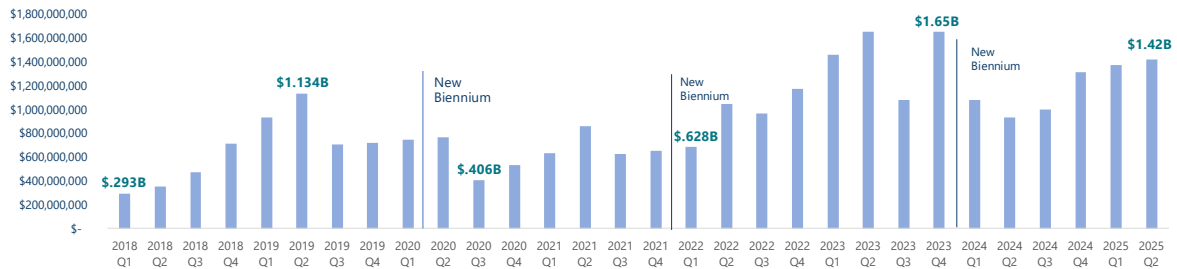
SIIF BALANCE as of 01/31/2025 (unaudited)

- Total Balance - \$1,513,329,147
- Uncommitted Balance – \$1,209,387,242

SIIF BALANCE as of 02/28/2025 (unaudited)

- Total Balance - \$1,605,093,583
- Uncommitted Balance – **\$1,302,151,676**

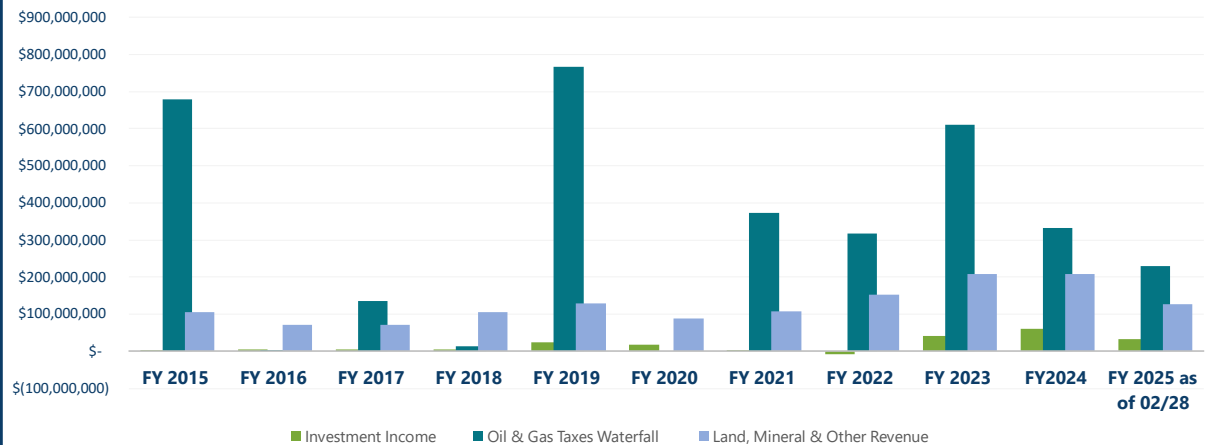
SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

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SIIF REVENUES July 1 – June 30 Fiscal Year



ALLOCATION OF STATE SHARE OF OIL & GAS TAXES Based on Allocations through March 31, 2025



State General Fund

\$230M

Social Services Fund

\$250M

Budget Stabilization Fund

\$75M

Currently at cap,
receives no oil allocations

State General Fund

\$230M

Lignite Research Fund

\$10M

■ AMOUNT ALLOCATED

■ AMOUNT REMAINING

State Disaster Relief Fund

\$8.5M

Strategic Investment & Improvements Fund (SIIF)

\$400M

Public Employees Retirement Fund

\$65M

Non-oil Producing Political Subdivision Infrastructure Funds

Municipal

\$115M

Cty Township

\$115M

Airport Infrastructure Fund

\$20M

Strategic Investment & Improvements Fund (SIIF)

\$102.2M

Remainder

ESTIMATED TOTAL NET ASSETS as of 02/28/2025

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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 2025, on
706,000 Surface Acres
\$736,474,769**



**Estimated Total Net Assets*
as of February 28, 2025**



\$11,302,687,564



* Total excluding SIIF

DIVISION REPORTS

SURFACE

SURFACE DIVISION ENCUMBRANCES ISSUED

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Encumbrances issued by the Commissioner: 22 Right of Way Agreements in February generated a total of \$292,484 in income for the Trusts

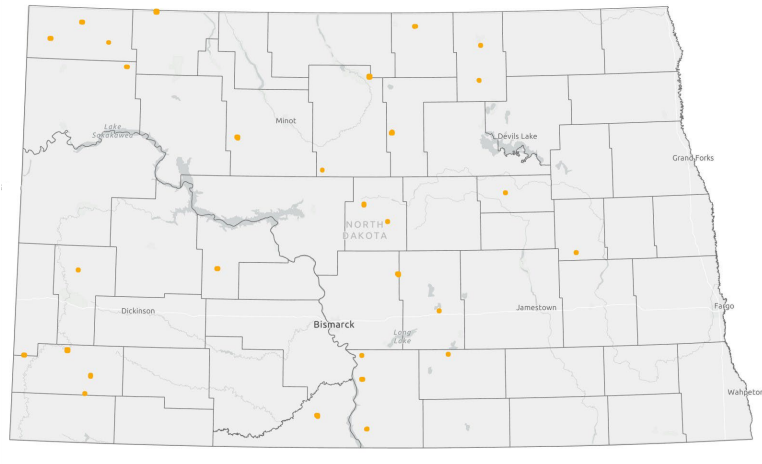


SURFACE DIVISION 2025 SPRING AUCTION SUMMARY

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The Division conducted spring surface lease auctions in March. Spring Auctions are "clean-up" auctions for unleased or dropped tracts.

AUCTION SUMMARY	
Counties	20
Total Tracts	53
Total Acres	7,835
Registered Bidders	31
Tracts Receiving Competition	25%
Highest Bid/Acre (Pasture)	\$44
Total Revenue	\$119,382

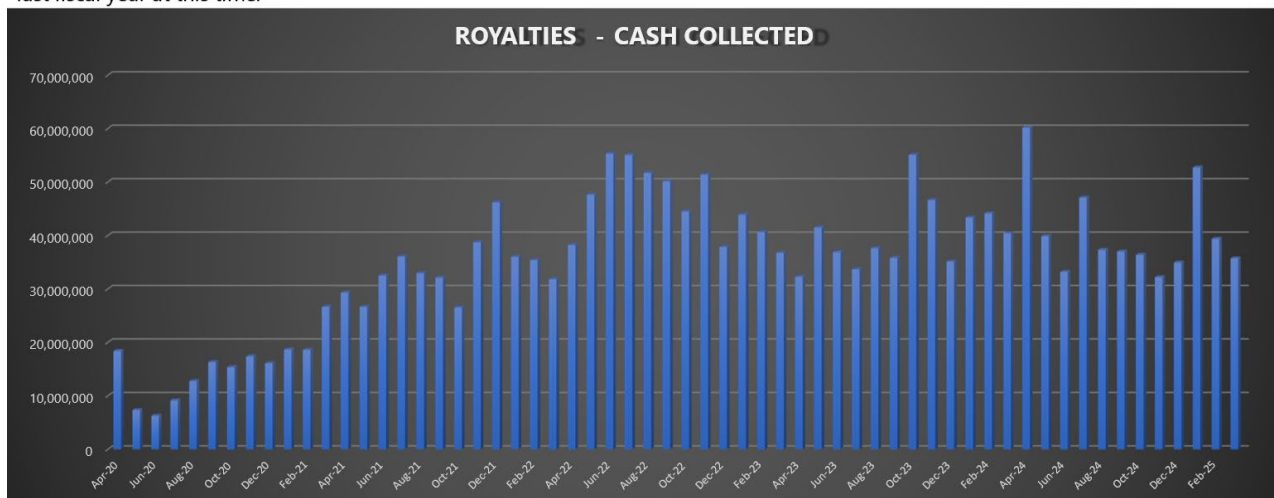


MINERALS

MINERALS DIVISION FISCAL YTD O/G ROYALTIES

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As of March 31, 2025*, for fiscal year 2024-25 the Department has received **\$352,626,989** in royalties as compared to **\$371,758,706** last fiscal year at this time.

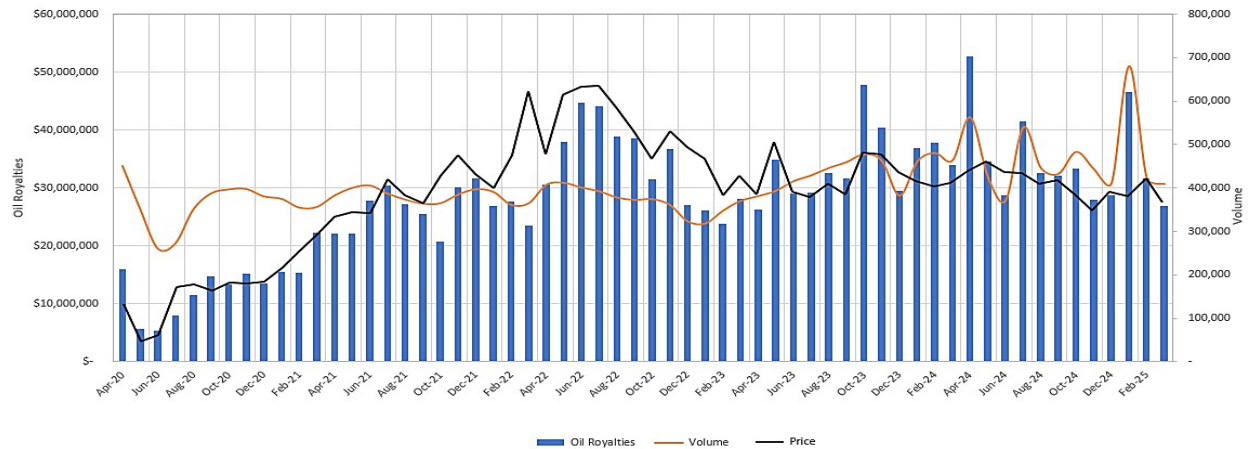


*March royalty revenue is from January gas production and February oil production.

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 468,326 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.



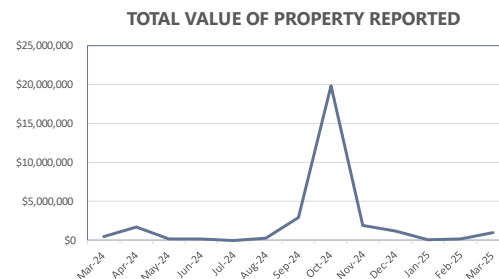
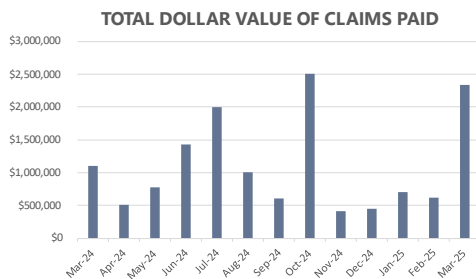
UNCLAIMED PROPERTY

UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

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For the month of February 2025, the Division paid 786 claims with \$2,336,190 returned to rightful owners. The Division also received 81 holder reports with a dollar value of \$970,295.



INVESTMENTS

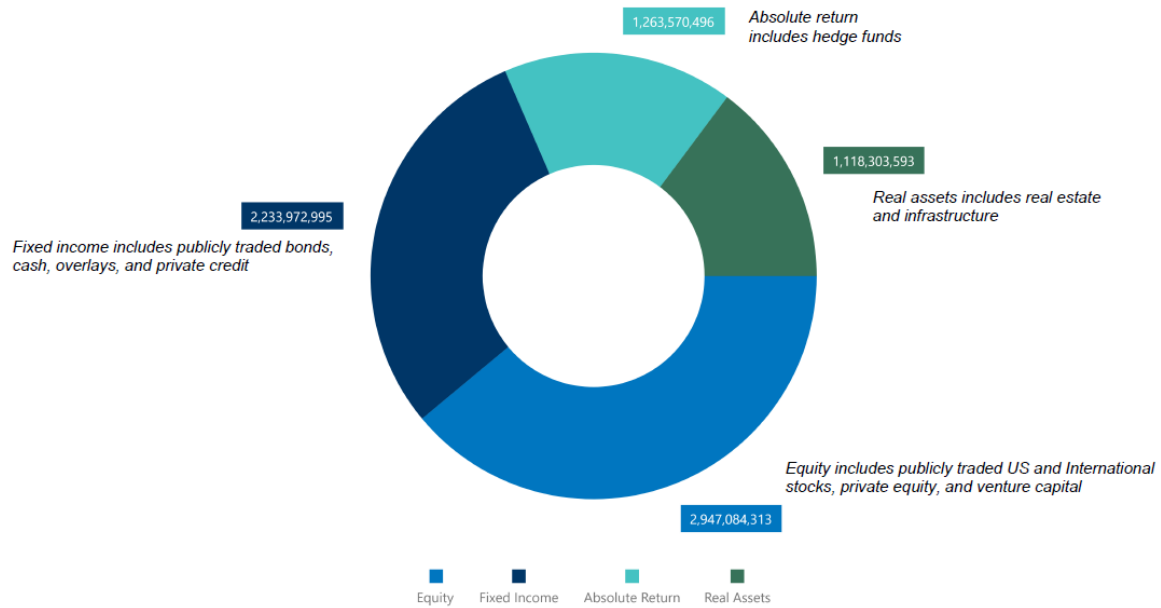
Investment Update

BOARD OF UNIVERSITY AND SCHOOL LANDS
MAY 6, 2025

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Report as of 03/31/2025

Asset Allocation



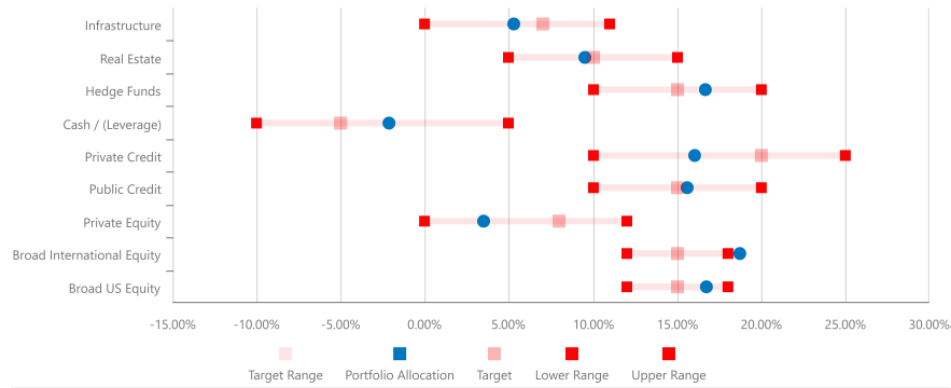
Asset	Total Value	% Of All Value
All	7,562,931,397	100%
Equity	2,947,084,313	39%
Fixed Income	2,233,972,995	30%
Absolute Return	1,263,570,496	17%
Real Assets	1,118,303,593	15%

BOARD OF UNIVERSITY AND SCHOOL LANDS MAY 6, 2025

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Report as of 03/31/2025

Actual vs. Target Weight



Asset	Total Value	% Of All Value	Target Weight	Over/Under %	Over/Under \$
All (MTD)	7,562,931,397	100%	100%	0%	--
Equity	2,947,084,313	38.97%	38%	0.97%	73,170,382
Private Equity	264,050,557	3.49%	8%	-4.51%	-340,983,955
Broad International Equity	1,418,007,666	18.75%	15%	3.75%	283,567,956
Broad US Equity	1,265,026,090	16.73%	15%	1.73%	130,586,380
Fixed Income	2,233,972,995	29.54%	30%	-0.46%	-34,906,424
Cash / (Leverage)	-159,766,122	-2.11%	-5%	2.89%	218,380,448
Private Credit	1,212,976,573	16.04%	20%	-3.96%	-299,609,706
Public Credit	1,180,762,543	15.61%	15%	0.61%	46,322,834
Absolute Return	1,263,570,496	16.71%	15%	1.71%	129,130,786
Hedge Funds	1,263,570,496	16.71%	15%	1.71%	129,130,786
Real Assets	1,118,303,593	14.79%	17%	-2.21%	-167,394,744
Infrastructure	401,050,251	5.3%	7%	-1.7%	-128,354,947
Real Estate	717,253,342	9.48%	10%	-0.52%	-39,039,797

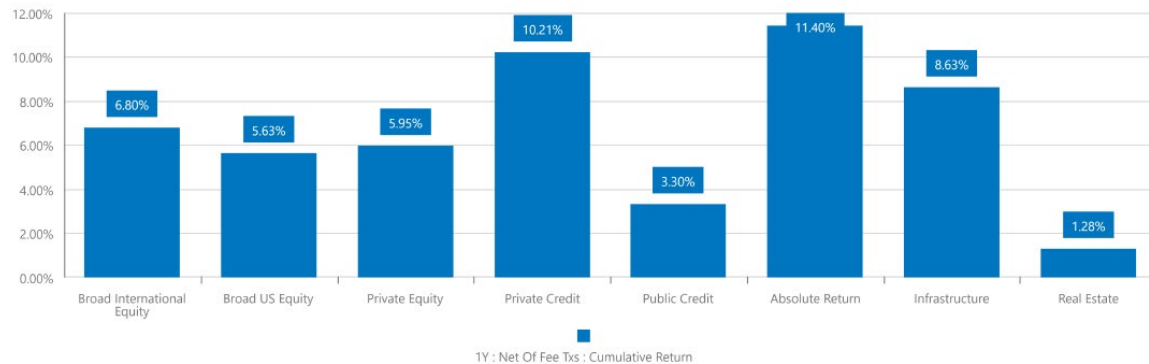
BOARD OF UNIVERSITY AND SCHOOL LANDS
MAY 6, 2025



Report as of 03/31/2025

Flash Performance Report

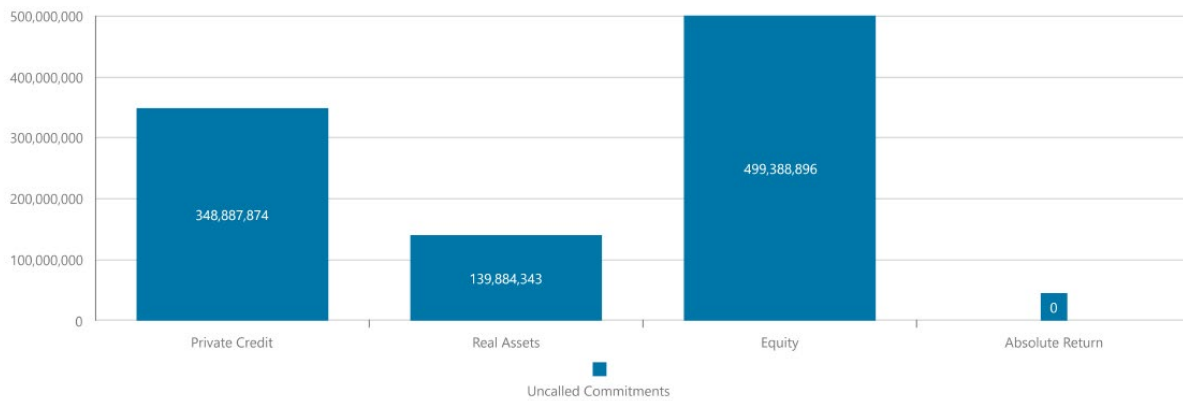
Unaudited preliminary estimates



Asset	MTD	QTD	YTD	FYTD	1Y
	Net of Fees Txs				
Cumulative Return	Cumulative Return	Cumulative Return	Cumulative Return	Cumulative Return	Cumulative Return
Total Portfolio	-1.24%	1.08%	1.08%	5.22%	6.91%
Equity	-3.11%	0.45%	0.45%	5.11%	6.63%
Broad International Equity	-0.93%	6.34%	6.34%	5.67%	6.8%
Broad US Equity	-6.02%	-5.24%	-5.24%	3.68%	5.63%
Private Equity	0%	0%	0%	4.62%	5.95%
Fixed Income	0.15%	1.81%	1.81%	4.97%	6.87%
Private Credit	0.13%	0.82%	0.82%	7.23%	10.21%
Public Credit	0.18%	2.99%	2.99%	2.38%	3.3%
Absolute Return	-0.63%	1.68%	1.68%	8.41%	11.4%
Real Assets	0.33%	0.34%	0.34%	2.88%	3.69%
Infrastructure	0.55%	0.6%	0.6%	5.86%	8.63%
Real Estate	0.2%	0.2%	0.2%	1.35%	1.28%

Report as of 03/31/2025

Uncalled Commitments



Asset ↕	Commitment (\$M) ↕	Funded Commitment (\$M) ↕	Uncalled Commitments (\$M) ↕
All (MTD) ▾	3,991	3,003	988
Ares ▸	300	100	200
GCM Grosvenor ▸	580	188	392
Hamilton Lane ▸	50	30	20
Khosla Ventures ▸	35	16	19
Monarch ▸	120	85	35
Blue Owl ▸	125	92	33
a16z ▸	35	7	28
Industry Ventures ▸	50	4	46
Pantheon ▸	100	5	95
Blackstone ▸	120	--	120

BOARD OF UNIVERSITY AND SCHOOL LANDS MAY 6, 2025

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Report as of 03/31/2025

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	102	2,132	3,137	3,886	5,239	5,773	7,545
Equity	--	1,115	2,120	2,683	2,683	2,683	2,947
Fixed Income	102	1,016	1,016	1,016	1,304	1,442	2,232
Absolute Return	--	--	--	187	457	664	1,255
Real Assets	--	--	--	--	795	984	1,111

Measures how long it would take to liquidate the entire portfolio

Securities Litigation Monitoring Presentations

Robbins Geller Rudman & Dowd LLP
Bernstein Litowitz Berger & Grossmann LLP
Financial Recovery Technologies

All company representatives joined virtually and presented information on their respective companies and that information is available at the Department upon request.

Khosla Venture Cap Recommendation

Private Equity – Venture Capital

The current private equity allocation sits at 3.5%, which represents a \$340M underweight to the 8% long term strategic asset allocation target. The goal of this proposal is to increase the private equity commitment, consistent with allocation targets and pacing plans. Based on the most recent private equity pacing plan, the goal is to commit \$140M per year to private equity, with approximately one-third to venture capital.

(05/06/25)

Staff recommends continuing the relationships with existing, best-in-class venture capital managers who maintain an advantage in artificial intelligence. AI continues to dominate the conversation in Silicon Valley, permeating every sector including healthcare, finance, law, gaming, manufacturing, agriculture, software and business services.

Staff and RVK recommend a commitment to Khosla Ventures (KV). KV was founded in 2004 by Vinod Khosla. The firm has grown to over \$16B in assets and 400 portfolio companies. KV targets a diversified portfolio with a focus on early stage investing in AI, deep tech, health, consumer, fintech and enterprise strategy. The team is known for holding advanced technical degrees, which allows them to source opportunities in deep tech sectors such as robotics, epigenetics and fusion.

KV is targeting a fundraise of \$3.5B allocated across three different funds:

Seed Fund G, targeting seed-stage ventures

KV IX (main fund), targeting early-stage ventures (Series A-B)

Opportunity Fund 3, targeting mid- to late-stage ventures (Series C-D)

MOTION: The Board approves \$50M commitment to Khosla Ventures, 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 Khosla Ventures representatives joined and presented virtually. RVK presented their fund report and executive summary recommendation, while Khosla Ventures presented on their company and fund strategy. Copies of both presentations are 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; the U.S. filed its reply brief on April 18th; we now await the Court to either schedule a hearing on the motion or decide on the briefs; additionally, 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.

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. Post-trial briefing concluded April 4, 2025, and 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”; the federal government appealed; 8th Circuit oral argument was held October 22, 2024; the 8th Circuit issued its decision on May 2, 2025, affirming the District Court’s ruling; the federal government has 45 days to request an en banc rehearing, or 60 days to appeal to the U.S. Supreme Court

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: U.S. District Judge Daniel L. Hovland

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:

- 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 Armstrong			X		

The Board entered into executive session at 10:55 AM.

EXECUTIVE SESSION

Members Present:

Kelly Armstrong	Governor
Thomas Beadle	Treasurer
Michael Howe	Secretary of State
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	Administrative Staff Officer
Kate Schirado	Executive Assistant
Adam Otteson	Revenue Compliance Division Director
James Wald	Legal Council
Elvedina Papalichev	Paralegal
Frank Mihail	Investments Division Director
Chris Suelzle	Minerals Division Director

Guests in Attendance:

Jacy Schafer	Office of the Governor
Chris Joseph	Office of the Governor
Phillip Axt	Office of the Attorney General
Dave Garner	Office of the Attorney General
Matt Sagsveen	Office of the Attorney General
Zak Heier	Office of the Attorney General

The executive session adjourned at 11:14 AM and the Board returned to the open session meeting to rejoin the public. During executive session the Board discussed Royalty Deduction 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 11:14 AM.

Governor Armstrong, Chairman
Board of University and School Lands

Joseph Heringer, Secretary
Board of University and School Lands