

**Minutes of the Meeting of the  
Board of University and School Lands  
January 27, 2022**

The January 27, 2022 meeting of the Board of University and School Lands was called to order at 9:02 AM via Microsoft Teams by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Members Absent:**

Wayne Stenehjem Attorney General

**Department of Trust Lands Personnel present:**

Jodi Smith	Commissioner
Kate Schirado	Administrative Assistant
Christopher Dingwall	Minerals Title Specialist
Dennis Chua	Investments
Rick Owings	Administrative Staff Officer
Kristie McCusker	Paralegal
Adam Otteson	Revenue Compliance Director
Michael Shackelford	Investments Director
Lynn Spencer	Minerals Title Specialist
James Wald	Legal Council
Catelin Newell	Administrative Staff Officer
Chris Suelzle	Minerals Division Director
Matthew Reile	ITD Data Management Intern
Kayla Spangelo	Surface Range Soils Management Specialist
Mike Humann	Surface Division Director
Peggy Gudvangen	Finance Division Director
Jessica Fretty	Unclaimed Property
Susan Dollinger	Unclaimed Property
Emily Bosch	Unclaimed Property

**Guests in Attendance:**

Dave Garner	Office of the Attorney General
Reice Haase	Office of the Governor
Leslie Bakken Oliver	Office of the Governor
Amy Sisk	Bismarck Tribune
Josh Kevan	RVK
Brady Pelton	NDPC
Ron Ness	NDPC
Craig Smith	
Gary Hagen	
Shawn Stearns	
Will Houser	
Adam Willis	
Karlene Fine	

(01/27/22)

## APPROVAL OF MINUTES

A motion to approve the minutes of the December 21, 2021 regular meeting was made by Treasurer Beadle and seconded by Secretary Jaeger and the motion carried unanimously on a voice vote.

## REPORTS

<b>Right of Way R-10008</b>			
<b>Granted To</b>	East Valley Industrial Park LLC, Denver, Colorado		
<b>For the Purpose Of</b>	Easement Amendment - Railroad Right of Way		
<b>Initial Payment</b>		<b>Permanent Rods</b>	0.00
<b>Date Issued</b>	12/14/2021	<b>Permanent Acres</b>	0.00
<b>Tracts/Trusts</b>			
	<b>Legal Description</b>		<b>Trust</b>
	Williams-154-100-16-NE4, NW4		A
<b>Right of Way Terms</b>			
	<b>Financial Type</b>		<b>Payment Amt</b>
	Application Fee	Set Amount	\$250.00
<b>Right of Way R-8565</b>			
<b>Granted To</b>	Bridger Pipeline LLC, Casper, Wyoming		
<b>For the Purpose Of</b>	Original Easement - Oil Transmission Pipeline		
<b>Initial Payment</b>	\$306,969.00	<b>Permanent Rods</b>	472.26
<b>Date Issued</b>	12/14/2021	<b>Permanent Acres</b>	5.90
<b>Tracts/Trusts</b>			
	<b>Legal Description</b>		<b>Trust</b>
	McKenzie-149-98-16-NW4		A
	McKenzie-150-97-36-SE4, SW4		A

<b>Right of Way Terms</b>			
<b>Financial Type</b>		<b>Payment Amt</b>	
Application Fee	Set Amount		\$200.00
Initial	Set Amount		\$306,969.00
<b>Right of Way R-8613</b>			
<b>Granted To</b>	Bridger Pipeline LLC, Casper, Wyoming		
<b>For the Purpose Of</b>	Original Easement - Oil Transmission Pipeline		
<b>Initial Payment</b>	\$253,493.50	<b>Permanent Rods</b>	389.99
<b>Date Issued</b>	12/14/2021	<b>Permanent Acres</b>	4.87
<b>Tracts/Trusts</b>			
<b>Legal Description</b>		<b>Trust</b>	
Golden Valley-144-105-16-NE4, NW4, SW4		A	
<b>Right of Way Terms</b>			
<b>Financial Type</b>		<b>Payment Amt</b>	
Application Fee	Set Amount		\$150.00
Initial	Set Amount		\$253,493.50
<b>Right of Way R-8628</b>			
<b>Granted To</b>	Grayson Mill Williston LLC, Houston, Texas		
<b>For the Purpose Of</b>	Original On-Lease Surface Damage Agreement - Horizontal Oil Well Site		
<b>Initial Payment</b>	\$44,310.00	<b>Permanent Rods</b>	95.54
<b>Date Issued</b>	12/2/2021	<b>Permanent Acres</b>	14.57
<b>Tracts/Trusts</b>			
<b>Legal Description</b>		<b>Trust</b>	
McKenzie-151-100-16-SW4		A	

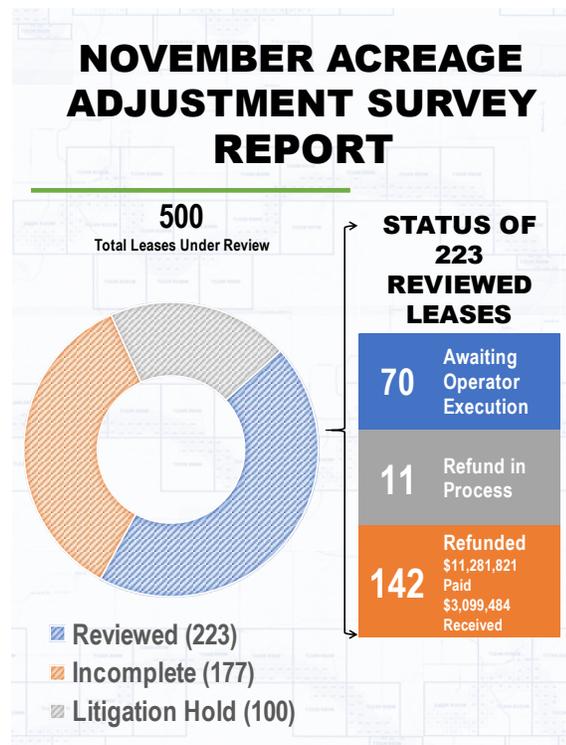
<b>Right of Way Terms</b>			
<b>Financial Type</b>		<b>Payment Amt</b>	
Application Fee	Set Amount		\$250.00
Initial	Set Amount		\$44,310.00
Annually	Set Amount		\$2,000.00
<b>Right of Way R-8870</b>			
<b>Granted To</b>	Whiting Oil And Gas Corporation, Denver, Colorado		
<b>For the Purpose Of</b>	Easement Extension/Renewal - Tower Site		
<b>Initial Payment</b>		<b>Permanent Rods</b>	0.00
<b>Date Issued</b>	12/15/2021	<b>Permanent Acres</b>	0.00
<b>Tracts/Trusts</b>			
<b>Legal Description</b>		<b>Trust</b>	
Billings-140-100-16-NW4		A	
<b>Right of Way Terms</b>			
<b>Financial Type</b>		<b>Payment Amt</b>	
Application Fee	Set Amount		\$250.00
Annually	Set Amount		\$2,000.00
<b>Right of Way R-8918</b>			
<b>Granted To</b>	Oneok Rockies Midstream LLC, Sidney, Montana		
<b>For the Purpose Of</b>	Original Easement - Gas Gathering Pipeline		
<b>Initial Payment</b>	\$100,495.00	<b>Permanent Rods</b>	215.09
<b>Date Issued</b>	12/29/2021	<b>Permanent Acres</b>	2.69
<b>Tracts/Trusts</b>			
<b>Legal Description</b>		<b>Trust</b>	
Dunn-146-93-16-NE4		A	

<b>Right of Way Terms</b>		
<b>Financial Type</b>		<b>Payment Amt</b>
Application Fee	Set Amount	\$250.00
Initial	Set Amount	\$100,495.00
<b>Right of Way R-8961</b>		
<b>Granted To</b>	Oneok Rockies Midstream LLC, Sidney, Montana	
<b>For the Purpose Of</b>	Original Easement - Gas Gathering Pipeline	
<b>Initial Payment</b>	\$21,672.50	<b>Permanent Rods</b> 44.12
<b>Date Issued</b>	12/29/2021	<b>Permanent Acres</b> 0.55
<b>Tracts/Trusts</b>		
<b>Legal Description</b>	<b>Trust</b>	
Dunn-146-93-16-NE4	A	
<b>Right of Way R-8975</b>		
<b>Granted To</b>	Glacier Peak Midstream LLC, Houston, Texas	
<b>For the Purpose Of</b>	Original Easement - Multiple Pipelines	
<b>Initial Payment</b>	\$33,524.00	<b>Permanent Rods</b> 83.81
<b>Date Issued</b>	12/2/2021	<b>Permanent Acres</b> 1.05
<b>Tracts/Trusts</b>		
<b>Legal Description</b>	<b>Trust</b>	
McKenzie-151-100-16-SW4	A	
<b>Right of Way Terms</b>		
<b>Financial Type</b>		<b>Payment Amt</b>
Application Fee	Set Amount	\$250.00
Initial	Set Amount	\$33,524.00

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**Total Initial Payment Amount** \$760,464.00

## Acreage Adjustment Report



**NDDTL River Tracts map and outstanding requests for acreage adjustment stipulation and lease correction were presented to the Board and are available upon request.**

## December Unclaimed Property Report

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of December 2021, the Division received 84 holder reports with a property value of \$494,289 and paid 292 claims with a total value of \$827,934.

The Financial Report (Unaudited) for period ending October 31, 2021 was presented to the Board for review and is available at the Department upon request.

## Investment Updates

### Portfolio Rebalancing Updates

Since the last Board meeting, all agreements that were being reviewed have now been executed. We are currently waiting for the documents from the new evergreen funds of Apollo and Angelo Gordon that were approved during the last Board meeting.

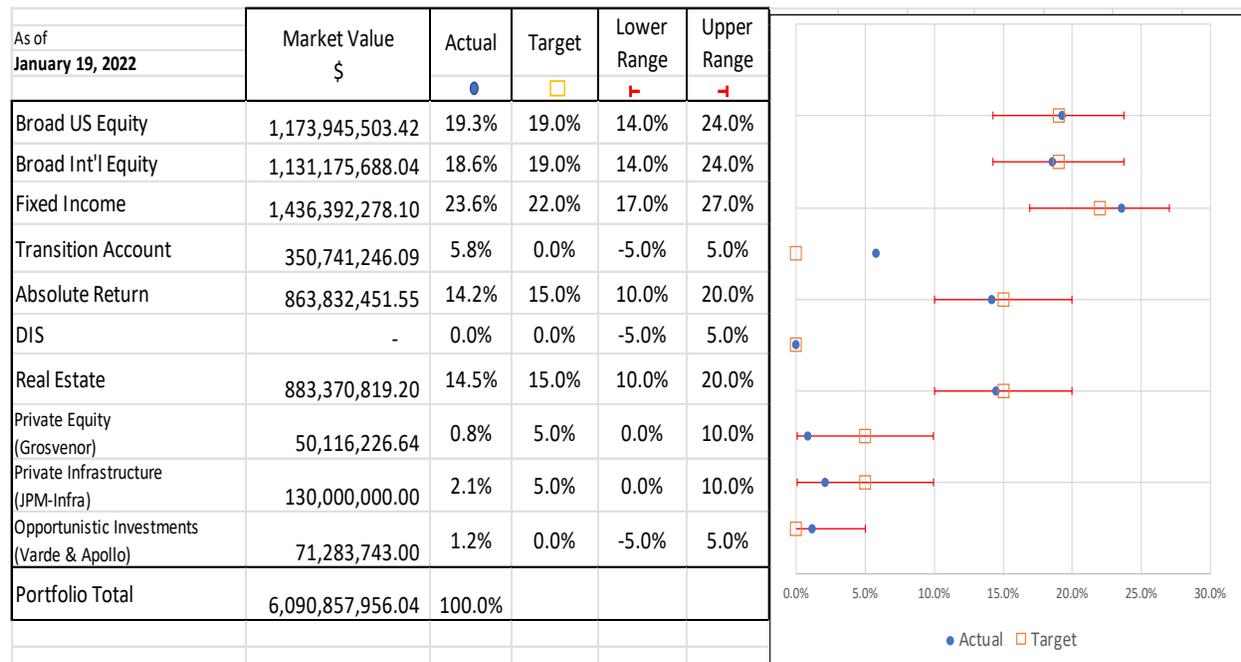
All capital calls reported during the last Board meeting has now been funded. This has brought the Transition Account down to \$350.7M or 5.8%.

Unfunded commitments are at \$735.65M. These are:

1. Apollo Accord Fund, \$96.75M
2. Varde Dislocation Fund, \$42.5M
3. GCM Private Equity, \$110M
4. ARES Pathfinder Fund, \$64.5M
5. Angelo Gordon DL IV, \$25M
6. Owl Rock Diversified Lending, \$56.5M
7. GCM Secondary Opportunities Fund, \$121M
8. Harrison Street Core Property Fund LP, \$69.4M
9. FSI GDIF (Infrastructure), \$150M

### Asset Allocation

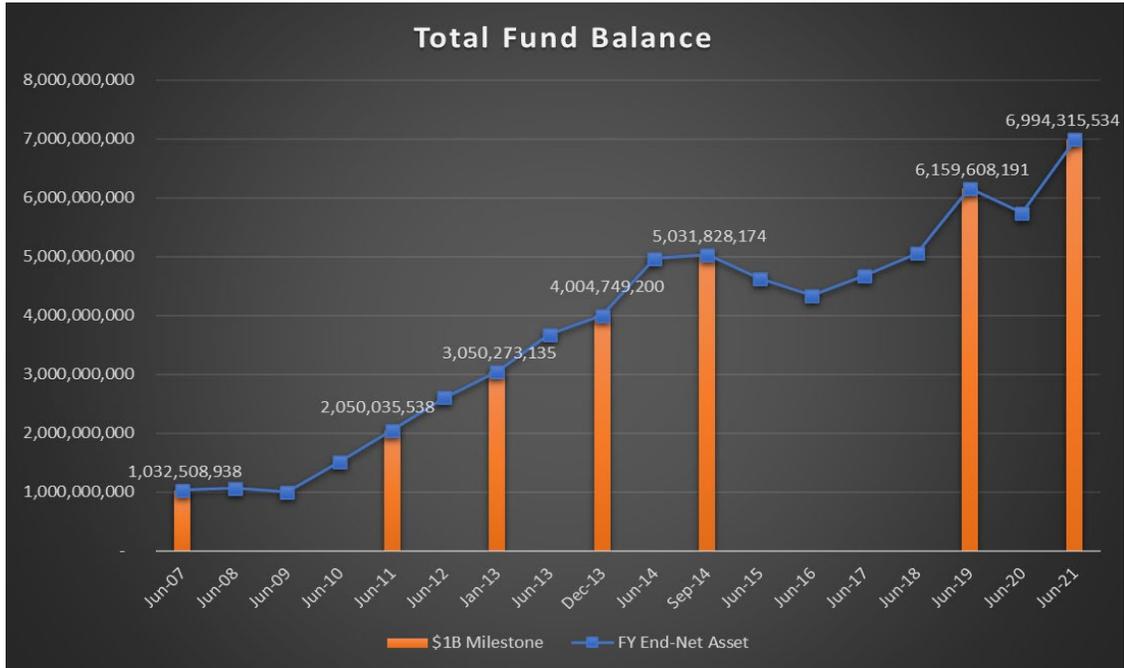
The table below shows the status of the permanent trusts' asset allocation as of January 19, 2022. The figures provided are unaudited.



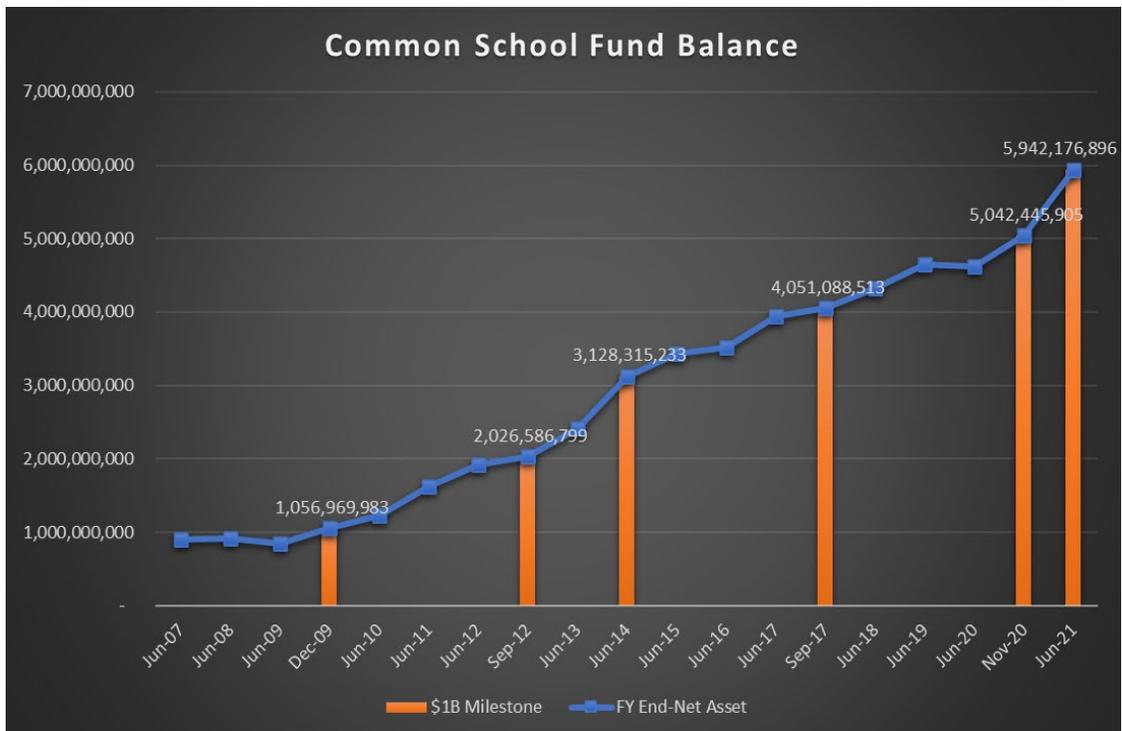
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**Graphs of when the Funds First Hit \$1B and each \$1B increase thereafter:**

**A. Total Fund Balance represents all the Permanent Trusts and the SIIF Funds:**



**B. Common Schools Trust Fund Only:**





## **Carbon Capture Pilot Project - Research agreement to assess soil organic carbon (SOC) storage on Trust Lands for potential certification under new carbon credit standard**

North Dakota Department of Trust Lands' (Department) staff have been actively involved in working groups established by Rice University's Baker Institute of Public Policy in Houston, Texas, regarding the development of BCarbon, an innovative, scalable soil carbon certification standard designed to enhance economic resilience for agricultural and industrial stakeholders. The standard allows grassland owners to monetize the removal of carbon dioxide from the atmosphere by storing it in soil as organic carbon. This standard differs from existing certification standards by targeting grassland soils instead of cropland soils. Increasing soil carbon on grasslands has been shown to improve ecosystem drought resilience and reduce flood severity by increasing soil water holding capacity in vulnerable watersheds.

BCarbon, the eponymous nonprofit entity administering the standard, and an energy sector partner will be announcing a three-year agreement to study nature-based carbon sequestration potential in association with the Department, the New Mexico State Land Office (in Santa Fe, New Mexico), the National Indian Carbon Coalition (in St Paul, Minnesota), the Dixon Water Foundation (in Decatur, Texas), and several high-profile private ranches in Texas (e.g., King Ranch).

Department staff are drafting a proposed research agreement between Department and BCarbon. The energy sector partner is paying all administrative, research, and reporting costs associated with the project. Department staff will review project activities and findings and will coordinate with BCarbon contractors to ensure adequate communication with surface lessees. Soil samples will be taken and analyzed by BCarbon contractors each year of the three-year project term. This project will assist Department in determining the potential rate of soil organic carbon (SOC) accrual on four distinct Department surface acre parcels and assess the feasibility of certifying soil carbon credits for sale under the BCarbon standard. These sites were selected as representative of different soil conditions and grassland management methods present on trust lands. The four research sites are:

- Williams County - T156 R95 SEC16
- McLean County - T146 R83 SEC36
- Burleigh County - T140 R79 SEC36
- Emmons County - T136 R77 SEC17

The certification and sale of soil carbon credits from trust lands is a potential revenue stream. This market-based mechanism may also assist the State in meeting carbon neutrality by 2030. However, this requires more information on soil organic carbon amounts in North Dakota soils and the cost to accurately verify those amounts. This research partnership will allow Department to pursue these efforts with little to no financial or administrative cost.

## **North Dakota Trust Lands Completion Act**

On November 26, 2019, the Board of University and School Lands (Board) approved the Commissioner to identify potential tracts for coal acreage exchange with the Federal Government.

The Department of Trust Lands (Department) worked to draft a federal bill that would allow the Board to relinquish land and minerals and select, in lieu thereof, equal value Federal land and minerals within North Dakota.

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in 2021, the 67<sup>th</sup> Legislative Assembly unanimously passed Senate Concurrent Resolution 4013, a concurrent resolution urging Congress to pass the North Dakota Trust Lands Completion Act.

On November 4, 2021, the North Dakota Trust Lands Completion Act (S.3200) “[t]o authorize the relinquishment and in lieu selection of land and minerals in the State of North Dakota, to restore land and minerals to Indian Tribes within the State of North Dakota, to conserve the Little Missouri National Grasslands, and for other purposes” was introduced in the U.S Senate and U.S. House of Representatives and referred to the U.S. Senate Energy and Natural Resources Committee and the House Natural Resources Committee.

In 1889, Congress passed the Enabling Act “to provide for the division of Dakota [Territory] into two states, and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and state governments, and to be admitted into the union on an equal footing with the original states, and to make donations of public lands to such states.” Act of February 22, 1889, Ch. 180, 25 Statutes at Large 676.

Section 10 of the Enabling Act granted sections 16 and 36 in every township to the new states “for the support of common schools.” In cases where portions of sections 16 and 36 had been sold prior to statehood, indemnity or “in lieu” selections were allowed. In North Dakota, this grant of land totaled more than 2.5 million acres.

Under sections 12, 14, 16 and 17 of the Enabling Act (and other acts referred to therein), Congress provided further land grants to the State of North Dakota for the support of colleges, universities, the state capitol, and other public institutions. These additional grants totaled approximately 668,000 acres; thus, the total of Enabling Act land grants was nearly 3.2 million acres.

Prior to the enactment of the North Dakota Enabling Act, the United States, through treaties and Executive orders, including the Treaty between the United States of America and the Sisseton and Wahpeton Bands of Dakota or Sioux Indians, made and concluded at Fort Laramie April 29, 1868, and the Executive order of April 12, 1870, established several reservations of land for multiple Indian Tribes located within the State of North Dakota. Title to various mineral interests underlying the reservations were granted to the State of North Dakota at statehood; it is estimated that the state currently owns 31,583 surface acres and 192,610 gross (129,566 net) mineral acres within the boundaries of the reservations.

Established in 1960, the Little Missouri National Grasslands occupy more than 1,033,271 acres of land in western North Dakota and encompass approximately 108,840 surface acres and 149,073 mineral acres of State Land grant parcels fragmented within its boundaries.

S.3200 will authorize the State of North Dakota to relinquish land grant parcels located within the reservations and the Little Missouri National Grasslands and to select, in lieu thereof, other Federal land or minerals of substantially equivalent value. Further, S.3200 will accomplish the following:

- Provide to the Indian Tribes greater control of land and minerals within the reservations;
- Land or minerals relinquished within a reservation would be held in trust by the Secretary of the Interior on behalf of the Tribe within each reservation; and
- Provide for greater conservation and preservation of the Little Missouri National Grasslands.

Congress, through the enactment of this bill, would authorize the State of North Dakota to:

- Relinquish the land and minerals located within the reservations and the Little Missouri National Grasslands; and
- Select, in lieu of the relinquished land, other Federal lands and minerals in the State of North Dakota of substantially equivalent value.

The land conveyed under S.3200 would be subject to all applicable Federal, State, and Tribal law. The legislation requires consultation with North Dakota's Tribes and all transactions are subject to valid existing rights and are intended to only impact state trust lands and minerals and unappropriated federal land and minerals. It is not the intent for these transactions to impact any treaty lands or any possible unceded territory lands.

S.3200 will essentially allow for the Board to address land management issues as they relate to difficult-to-manage tracts, reduce the number of tracts that are difficult for the public to access, maximize the opportunity for trust land minerals to be mined, and potentially consolidate tracts to allow for more efficient management of the surface. The land within the boundaries of the reservations and the Little Missouri National Grasslands may have been granted to North Dakota through the Enabling Act, acquired from the Board's farm loan pool pursuant to N.D.C.C. § 15-03-04.1 through foreclosure or deed in lieu of foreclosure, or is property defined as "nongrant" and "other than original grant lands" in N.D.C.C. § 15-07-01.

After receiving feedback from interested parties, the Department has agreed to consider the proposal of amended language to S.3200 that would:

- Expressly exclude from selection by the state any federal lands acquired under the authority of the Bankhead–Jones Farm Tenant Act of 1937 (P.L. 75-210) July 22, 1937;
- Require consultation with applicable stakeholders; and
- Ensure preservation of state statutory section line rights through protection or any and all valid existing rights.

Recently, the Department partnered with Mineral Tracker and North American Coal to perform an analysis to identify mineral interests owned or managed by the Board that may be impacted by proximity to Federal minerals.

In order for Mineral Tracker to perform the analysis, three categories of Board-owned or managed minerals were identified. In total, it is the result of the Mineral Tracker study that **115,725 net mineral acres (NMA)** owned by the Board may be impacted by proximity to Federal acreage. The estimated value of the minerals identified, according to the last iteration of our Mineral Estate Valuation Report, is **\$263,390,732**.

Please find a brief description of the analysis below:

**1. Producing minerals pooled together with Federal minerals**

**Description:** any State-owned minerals pooled into a drill spacing unit that also includes Federal minerals. The minerals are under production, but Federal permitting requirements may impact the operators' ability to drill future wells.

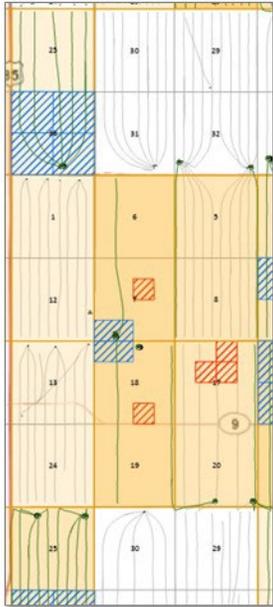
**State NMA:** 85,079

**Value of future development:** \$252,621,818

**Example:** In the map below, State acreage is shown in blue and Federal acreage in red. In both section 18 & 19 and 6 & 7, we would expect several more wells to be drilled based

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on the known geology of the area. However, the location of the Federal minerals may hinder the operator from further drilling.



**2. Undeveloped minerals in known areas of Bakken/Three Forks development**

**Description:** any State-owned minerals that are undeveloped, but are likely to have Bakken/Three Forks potential based on known geology, but where development may be hindered by Federal minerals.

**State NMA:** 9,658

**Value of future development:** \$8,323,165

**Example:** In the map below, State acreage is shown in blue and Federal acreage in red. Sections 15 & 22 are surrounded on all sides by producing Bakken drill spacing units. Sections 15 & 22 are in a productive region of the Bakken, but the Federal acreage in section 22 may hinder development of the States acreage in both 15 and 22.



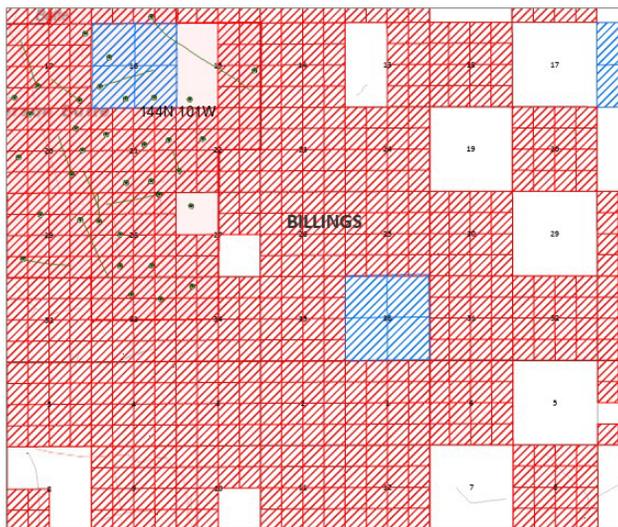
### 3. Undeveloped minerals in oil and gas producing regions

**Description:** any State owned minerals that are undeveloped but are located in areas of legacy oil and gas production outside of the Bakken/Three Forks. The likelihood of productivity is more speculative in this category than in the second category.

**State NMA:** 20,988

**Value of future development:** \$2,445,749

**Example:** In the map below, State acreage is shown in blue and Federal acreage in red. Section 36 is near a legacy oilfield that has current production, but is surrounded on all sides by Federal minerals.



Per information provided by North American Coal, based on previous receipts in the Coal Trust, it is estimated the range of royalty income to be between \$2M-\$7M per section, depending on the tonnage and percent ownership.

**S.3200 was also distributed to the Board and is available at the Department upon request.**

## INVESTMENTS

### Real Estate Investment Trust Index

In November 2013, the Board of University and School Lands' (Board) approved the implementation of a new strategic asset allocation (SAA) for the Permanent Trust Funds (PTFs), including the addition of Real Estate strategies.

The SAA allows for the investment in "Real Estate Partnerships, including investments in private vehicles through limited partnerships or limited liability companies that have an ownership interest in direct real estate properties, whether income-producing or non-income producing."

The investment in private real estate should offer better long-term returns and lower volatility, but it comes with the drawback of cash drag when trying to invest new capital in the sector or during

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normal quarterly rebalancing. To solve for this issue Staff and RVK looked to Real Estate Investment Trusts (REITs). Specifically, REIT Index funds, which hold publicly traded REITs and are therefore highly liquid. As with the Emerging Market Index and International Small Cap Index, the Board recently approved, the REIT index would be a small add-on to the real estate asset class, used for rebalancing purposes.

Staff and RVK reviewed bids from three large index managers. State Street Global Advisers (SSGA) bid lowest at 6 basis points management fee. SSGA has a strong track record managing index funds with low tracking error to the actual indices. SSGA is a multinational asset manager with \$3.90 Trillion in assets under management and over 40 years of history.

Staff and RVK recommend the selection of SSGA, specifically utilizing their US REIT Index strategy. This index fund will give the PTFs a rebalancing tool for when the PTFs are waiting for one or more private real estate funds to open or when we need to reduce holdings due to faster growth in the asset class versus other assets.

**Motion: The Board approve a \$25 Million investment with State Street in a US REIT Index mandate subject to final review and approval of all legal documents by the Office of the Attorney General.**

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

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

**Investment Policy Statement – First Reading**

The Board of University and School Land’s (Board) Investment Policy Statement (IPS) is to be formally reviewed at least every four years or when a written investment policy must be established for new funds.

In June 2020, the Board entered into an asset management agreement with the Theodore Roosevelt Presidential Library Foundation to manage the investment assets of the Theodore Roosevelt Presidential Library and Museum Endowment (Endowment), in accordance with NDCD ch. 54-07-12.

Department Staff recommends the Board adopt amended IPS (Attachment 1) to include a policy for the Endowment.

In addition, Staff recommends changing the definition of real estate assets under “Permitted Investments,” relating to item 3.A. on this month’s Board agenda, if approved.

The two substantive changes to the IPS are as follows:

1. Reflect the addition of the investment policy for the Endowment as reflected on page 29 (Attachment 1). Also, adding the Endowment where appropriate throughout the IPS.
2. Update the real estate asset class definition under "Permitted Investments" on page 20 as follows: "As well as, Real Estate Investment Trusts (REIT's) and other real estate securities and related index strategies for rebalancing tools."

**Redlined Investment Policy Statement was also presented to the Board and is available at the Department upon request.**

#### EXECUTIVE SESSION

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

- **Newfield Exploration Company et al Civ. No. 27-2018-CV-00143**

<b>Action Record</b>	<b>Motion</b>	<b>Second</b>	<b>Aye</b>	<b>Nay</b>	<b>Absent</b>
Secretary Jaeger	<b>X</b>		<b>X</b>		
Superintendent Baesler			<b>X</b>		
Treasurer Beadle		<b>X</b>	<b>X</b>		
Attorney General Stenehjem					<b>X</b>
Governor Burgum			<b>X</b>		

**The Board entered into executive session at 9:50 AM.**

#### EXECUTIVE SESSION

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Members Absent:**

Wayne Stenehjem	Attorney General
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**Department of Trust Lands Personnel present:**

Jodi Smith	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Kristie McCusker	Paralegal
Adam Otteson	Revenue Compliance Director
Rick Owings	Administrative Staff Officer

**Guests in Attendance:**

Dave Garner	Office of the Attorney General
Reice Haase	Office of the Governor
Leslie Bakken Oliver	Office of the Governor

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The executive session adjourned at 10:15 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session meeting, the Board was provided information and no formal action was taken.

**A D J O U R N**

There being no further business, the meeting was adjourned at 10:18 AM.

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Doug Burgum, Chairman  
Board of University and School Lands

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Jodi Smith, Secretary  
Board of University and School Lands



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

The February 17, 2022 special meeting of the Board of University and School Lands was called to order at 1:03 PM via Microsoft Teams by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction (via Teams)

**Department of Trust Lands Personnel present:**

Jodi Smith	Commissioner
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Susan Dollinger	Unclaimed Property
Joseph Stegmiller	Surface Range Soils Management Specialist
Scott Giere	Revenue Compliance
Rob Dixon	IT
Jacob Lardy	Land Management Specialist

**Guests in Attendance:**

Reice Haase	Office of the Governor
Leslie Bakken Oliver	Office of the Governor
Tammy Miller	Office of the Governor
Amy Sisk	Bismarck Tribune
Mike McCleary	Bismarck Tribune
Hank Jones	
Ryan Skor	Treasurer's Office
Andrew Jirik	
Heide Delorme	
Geoff Simon	Western Dakota Energy Association
Karlene Fine	North Dakota Industrial Commission

**Land Commissioner Applicant Position Search**

Presentation of screening committee report and recommendations by Tammy Miller, Screening Committee Chair.

Board discussion of committee report and recommendations.

Commissioner applicant Interview of recommended candidate/applicant, Joseph Heringer.

Board discussion of the interview and next steps were identified.

**Committee presentation materials were presented to the Board and are available upon request.**

**Motion: The Board approves the recommendation of the screening committee to make an offer to Joseph Heringer for the position of Land Commissioner with a salary of \$150,000.00, with a start date of March 14, 2022.**

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

**A D J O U R N**

There being no further business, the meeting was adjourned at 2:28 PM.

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Doug Burgum, Chairman  
Board of University and School Lands

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Jodi Smith, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands  
February 24, 2022**

The February 24, 2022 special meeting of the Board of University and School Lands was called to order at 9:05 AM via Microsoft Teams by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel present:**

Jodi Smith	Commissioner
Kate Schirado	Administrative Assistant
Dennis Chua	Investments
Rick Owings	Administrative Staff Officer
Kristie McCusker	Paralegal
Adam Otteson	Revenue Compliance Director
Michael Shackelford	Investments Director
Lynn Spencer	Minerals Title Specialist
James Wald	Legal Council
Catelin Newell	Administrative Staff Officer
Chris Suelzle	Minerals Division Director
Kayla Spangelo	Surface Range Soils Management Specialist
Peggy Gudvangen	Finance Division Director
Jessica Fretty	Unclaimed Property
Susan Dollinger	Unclaimed Property
Emily Bosch	Unclaimed Property
Scott Giere	Revenue Compliance
Matthew Reile	IT
Rob Dixon	IT
Michael Humann	Surface Division Director

**Guests in Attendance:**

Reice Haase	Office of the Governor
Leslie Bakken Oliver	Office of the Governor
Tammy Miller	Office of the Governor
Joe Heringer	In-coming Land Commissioner
Dave Garner	Office of the Attorney General
Mike Nowatzki	Office of the Governor
Oscar Sheehan	
Adam Willis	
C. Rajala	
Gary Hagen	

**OTHER BUSINESS**

**Resolution for Attorney General Wayne Stenehjem**

**A Memorial Resolution extending the sympathy and condolences of the North Dakota Board of University and School Lands to the family of Wayne Stenehjem**

- Whereas,** Wayne Stenehjem served the State of North Dakota for more than 45 years, serving the last 21 years as the State’s longest-serving Attorney General; and
- Whereas,** Wayne was a dedicated trustee of the permanent trust funds, ensuring that both current and future beneficiaries receive maximum economic returns from the school trusts through clarity, undivided loyalty, enforceability, perpetuity and accountability.
- Whereas,** Wayne was passionate about fulfilling his duty to uphold the law and to proudly carried on the pioneering commitment of our State’s early leaders to the constitutionally protected public education financing that originated with millions of acres of land granted by the federal government;
- Whereas,** Wayne had a consistent and vigorous drive for doing the right thing, even when it was the most difficult option;
- Whereas,** Wayne listened and ensured the Department of Trust Lands’ staff felt heard and empowered; and
- Whereas,** the North Dakota Board of University and School Lands and the Department of Trust Lands will miss Wayne’s tremendous insight and intellect, his sage legal advice and institutional knowledge, and his entertaining stories about his travel adventures with his wife, Beth, and son, Andrew, and his infectious laughter.

**Now, therefore, the North Dakota Board of University and School Lands honors Wayne Stenehjem for his more than 45 years of outstanding service to the State of North Dakota and offers its sympathy and deepest condolences to Beth, Andrew, and the entire Stenehjem family.**

Adopted this 24th day of February 2022.

**The North Dakota Board of University and School Lands**

Doug Burgum, Governor and Chairman  
 Alvin A. Jaeger, Secretary of State  
 Drew H. Wrigley, Attorney General  
 Kirsten Baesler, Superintendent of Public Instruction  
 Thomas Beadle, State Treasurer

**Motion: The Board approve the Resolution for Attorney General Wayne Stenehjem.**

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

## APPROVAL OF MINUTES

A motion to approve the minutes of the January 27, 2022 regular meeting was made by Secretary Jaeger and seconded by Treasurer Beadle; Attorney General, Drew Wrigley abstained from the vote and the motion carried unanimously on a voice vote. A motion to approve the minutes of the February 17, 2022 special meeting was made by Secretary Jaeger and seconded by Treasurer Beadle and the motion carried unanimously on a voice vote.

## REPORTS

### Report of Encumbrances

Right of Way R-10002				
<b>Granted To</b>	True Oil LLC, Casper, Wyoming	<b>Date Issued</b>	1/18/2022	
<b>For the Purpose Of</b>	On-Lease Surface Damage Agreement Amendment - Saltwater Pipeline	<b>Total Rods</b>	1.65	
		<b>Total Acres</b>	0.01	
<b>Tracts/Trusts</b>				
<b>Legal Description</b>	<b>Subdivision</b>	<b>Trust</b>		
McKenzie-148-101-36	NE4	A		
<b>Right of Way Terms</b>	<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Initial	Set Amount			\$250.00

Right of Way R-8917				
<b>Granted To</b>	Oneok Rockies Midstream LLC, Sidney, Montana	<b>Date Issued</b>	1/20/2022	
<b>For the Purpose Of</b>	Original Easement - Gas Gathering Pipeline	<b>Total Rods</b>	449.10	
		<b>Total Acres</b>	7.64	
<b>Tracts/Trusts</b>				
<b>Legal Description</b>	<b>Subdivision</b>	<b>Trust</b>		
Williams-156-100-16	NW4	A		
	SW4	A		
<b>Right of Way Terms</b>	<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee	Set Amount			\$250.00
Initial	Set Amount			\$210,125.00

Right of Way R-10021				
<b>Granted To</b>	Paragon Geophysical Services Inc, Wichita, Kansas	<b>Date Issued</b>	1/10/2022	
<b>For the Purpose Of</b>	Easement Amendment - Geophysical Operation	<b>Total Rods</b>	0.00	
		<b>Total Acres</b>	479.96	

<b>Tracts/Trusts</b>		<b>Subdivision</b>	<b>Trust</b>		
<b>Legal Description</b>					
Mercer-142-88-6		E2SW4, LOTS 6,7	A		
		SE4NW4, LOTS 3,4,5	A		
		SW4NE4, LOT 2	A		
		W2SE4	A		
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee		Set Amount			\$250.00
Initial		Set Amount			\$4,799.50

<b>Right of Way R-8967</b>			
<b>Granted To</b>	Continental Resources Inc, Oklahoma City, Oklahoma	<b>Date Issued</b>	1/20/2022
<b>For the Purpose Of</b>	Easement Amendment - Pipeline & Communication Cable	<b>Total Rods</b>	605.21
		<b>Total Acres</b>	7.73

<b>Tracts/Trusts</b>		<b>Subdivision</b>	<b>Trust</b>		
<b>Legal Description</b>					
Dunn-146-96-36		NW4	A		
		SE4	A		
		SW4	A		
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee		Set Amount			\$250.00
Initial		Set Amount			\$956.75

<b>Right of Way R-10005</b>			
<b>Granted To</b>	West Dakota Water LLC, Williston, North Dakota	<b>Date Issued</b>	1/8/2022
<b>For the Purpose Of</b>	Original Permit - Temporary Layflat Line	<b>Total Rods</b>	1,162.42
		<b>Total Acres</b>	8.53

<b>Tracts/Trusts</b>		<b>Subdivision</b>	<b>Trust</b>		
<b>Legal Description</b>					
Mountrail-155-94-28		SE4	C		
		SW4	C		
Mountrail-155-94-36		NE4	A		
		NW4	A		
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee		Set Amount			\$250.00
Initial		Set Amount			\$27,800.00

Right of Way R-10010				
<b>Granted To</b>	Avery Technical Resources DBA Avery Land Services, Sterling, Colorado		<b>Date Issued</b>	1/20/2022
<b>For the Purpose Of</b>	Original Permit - Planning & Preconstruction Survey Access		<b>Total Rods</b>	0.00
			<b>Total Acres</b>	0.00
<b>Tracts/Trusts</b>				
<b>Legal Description</b>	<b>Subdivision</b>			<b>Trust</b>
ALL	ALL			A
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>
Application Fee	Set Amount			\$250.00
One Time	Set Amount			\$500.00

Right of Way R-10012				
<b>Granted To</b>	Bartlett & West Inc, Bismarck, North Dakota		<b>Date Issued</b>	1/20/2022
<b>For the Purpose Of</b>	Original Permit - Planning & Preconstruction Survey Access		<b>Total Rods</b>	0.00
			<b>Total Acres</b>	0.00
<b>Tracts/Trusts</b>				
<b>Legal Description</b>	<b>Subdivision</b>			<b>Trust</b>
ALL	ALL			A
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>
Application Fee	Set Amount			\$250.00
One Time	Set Amount			\$500.00

Right of Way R-10013				
<b>Granted To</b>	Highlands Engineering & Surveying PLLC, Dickinson, North Dakota		<b>Date Issued</b>	1/22/2022
<b>For the Purpose Of</b>	Original Permit - Planning & Preconstruction Survey Access		<b>Total Rods</b>	0.00
			<b>Total Acres</b>	0.00
<b>Tracts/Trusts</b>				
<b>Legal Description</b>	<b>Subdivision</b>			<b>Trust</b>
ALL	ALL			A
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>
Application Fee	Set Amount			\$250.00
One Time	Set Amount			\$500.00
<b>Right of Way R-10013</b>				

<b>Granted To</b>	Highlands Engineering & Surveying PLLC, Dickinson, North Dakota	<b>Date Issued</b>	1/22/2022
<b>For the Purpose Of</b>	Original Permit - Planning & Preconstruction Survey Access	<b>Total Rods</b>	0.00
		<b>Total Acres</b>	0.00
<b>Tracts/Trusts</b>			
<b>Legal Description</b>	<b>Subdivision</b>	<b>Trust</b>	
ALL	ALL	A	
<b>Right of Way Terms</b>	<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>
Application Fee	Set Amount		\$250.00
One Time	Set Amount		\$500.00
<b>Right of Way R-10016</b>			
<b>Granted To</b>	ND Energy Services Inc, Dickinson, North Dakota	<b>Date Issued</b>	1/18/2022
<b>For the Purpose Of</b>	Original Permit - Temporary Layflat Line	<b>Total Rods</b>	784.84
		<b>Total Acres</b>	9.81
<b>Tracts/Trusts</b>			
<b>Legal Description</b>	<b>Subdivision</b>	<b>Trust</b>	
Dunn-146-94-36	NW4	A	
	SE4	A	
	SW4	A	
<b>Right of Way Terms</b>	<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>
Application Fee	Set Amount		\$250.00
Initial	Set Amount		\$12,950.00

**Total Initial Payment Amount**      \$258,381.25

**January 2022 Report of Shut-Ins Approved by Land Commissioner**

<b>Granted to:</b>	<b>Marathon Oil Company</b>
For the Purpose of:	Operations
Date Issued:	01/21/2022
Application Fee:	\$100.00
Trust:	Common Schools
Leases:	OG-06-02154, OG-06-02155



## Summary of Oil and Gas Lease Auction

On behalf of the Board of University and School Lands (Board), the Department of Trust Lands conducted an oil and gas lease auction on [www.energynet.com](http://www.energynet.com) which concluded on February 1, 2022.

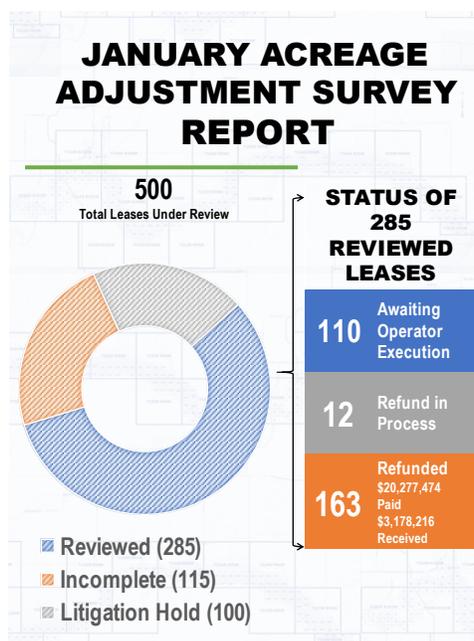
There were 57 tracts offered, and all tracts received competitive bids (if the Board does not receive a competitive bid, the lease is awarded to the nominator). The highest bid per acre was \$5,000.00 (\$10,100.00 for 2.02 net acres) in McKenzie County. 32 tracts benefit the Common Schools Trust Fund; two tracts benefit the State Hospital Fund; two tracts benefit the North Dakota School of Science Fund; and 21 tracts benefit the Strategic Investment and Improvements Fund (SIIF) (with two of these tracts also benefitting the Maintenance Fund).

County	Tracts/County	Net Mineral Acres	Total Bonus	Average Bonus/Acre
Billings	22	1288.63	\$315,654.32	\$244.95
Bottineau	5	348.41	\$8,556.61	\$24.56
Divide	16	1820.00	\$349,960.00	\$192.29
Dunn	4	480.00	\$57,120.00	\$119.00
McKenzie	5	299.20	\$173,971.33	\$581.45
Stark	5	360.00	\$10,880.00	\$30.22
<b>GRAND TOTAL</b>	<b>57</b>	<b>4596.24</b>	<b>\$ 916,142.26</b>	<b>\$199.32</b>

There was a total of 24 bidders who submitted 1416 bids on 57 tracts. The bidders were from 10 states and one Canadian province (AZ, CA, CO, MN, MT, ND, NJ, TX, WA, WY, and Alberta, Canada).

A total of \$916,142.26 of bonus was collected from the auction.

## Acresage Adjustment Report



NDDTL River Tracts map and outstanding requests for acreage adjustment stipulation and lease correction were presented to the Board and are available upon request.

(02/24/22)

## EXECUTIVE SESSION

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

- Newfield Exploration Company et al Civ. No. 27-2018-CV-00143

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

The Board entered into executive session at 9:35 AM.

## EXECUTIVE SESSION

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel present:**

Jodi Smith	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Rick Owings	Administrative Staff Officer
Kristie McCusker	Paralegal
Adam Otteson	Revenue Compliance Director

**Guests in Attendance:**

Charles Carvell	Office of the Attorney General-present for
Dave Garner	Office of the Attorney General
Jen Verleger	Office of the Attorney General
Reice Haase	Office of the Governor
Leslie Bakken Oliver	Office of the Governor

The executive session adjourned at 10:06 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session meeting, the Board was provided information and no formal action was taken.

**January Unclaimed Property Report**

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985. In January 2020, the Division enacted North Dakota Administrative Code ch. 85-03. During the 67th Legislative Assembly, the Revised Uniform Unclaimed Property Act (RUUPA) was passed under Senate Bill 2048, codified as N.D.C.C. ch. 47-30.2.

For the month of January 2022, the Division received 46 holder reports with a property value of \$254,692 and paid 439 claims with a total value of \$420,425.

The Division is implementing a Voluntary Disclosure Agreement (VDA), a program through which a holder can report on a voluntary basis is overdue unclaimed property. Many states offer VDA programs as an olive branch, providing businesses the opportunity to come into compliance with unclaimed property laws without the burden of interest and penalties. Through the VDA program, the Division will proactively identifying noncompliant holders, reach out to them in a constructive manner, educate them on their reporting obligations, and assist them in correctly reporting unclaimed property.

While an audit presence is an essential element to compel compliance with Unclaimed Property Laws, a VDA program is an important tool which allows a company to easily become compliant and provides several benefits:

1. Allows the company to perform a self-review vs. an audit
2. Avoid some or all interest and penalties that might apply to late reported property
3. Assists a company to solidify its internal policies/procedures to it can remain in compliance

**The Financial Report (Unaudited) for period ending November 30, 2021 was presented to the Board for review and is available at the Department upon request.**

## **Investment Updates**

### **Portfolio Rebalancing Updates**

Since the last Board meeting, only Owl Rock has made a capital call amounting to around \$21.5M reducing its unfunded commitment to \$35M.

Unfunded commitments are at \$714.15M. These are:

1. Apollo Accord Fund, \$96.75M
2. Varde Dislocation Fund, \$42.5M
3. GCM Private Equity, \$110M
4. ARES Pathfinder Fund, \$64.5M
5. Angelo Gordon DL IV, \$25M
6. Owl Rock Diversified Lending, \$35M
7. GCM Secondary Opportunities Fund, \$121M
8. Harrison Street Core Property Fund LP, \$69.4M
9. FSI GDIF (Infrastructure), \$150M

**Asset Allocation**

The table below shows the status of the permanent trusts' asset allocation as of February 16, 2022. The figures provided are unaudited.

As of February 16, 2022	Market Value \$	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,167,180,055.15	19.3%	19.0%	14.0%	24.0%
Broad Int'l Equity	1,118,006,086.97	18.5%	19.0%	14.0%	24.0%
Fixed Income	1,422,139,960.54	23.5%	22.0%	17.0%	27.0%
Transition Account	350,038,875.52	5.8%	0.0%	-5.0%	5.0%
Absolute Return	860,601,207.06	14.2%	15.0%	10.0%	20.0%
DIS	-	0.0%	0.0%	-5.0%	5.0%
Real Estate	881,877,794.62	14.6%	15.0%	10.0%	20.0%
Private Equity (Grosvenor)	50,013,997.60	0.8%	5.0%	0.0%	10.0%
Private Infrastructure (JPM-Infra)	130,000,000.00	2.1%	5.0%	0.0%	10.0%
Opportunistic Investments (Varde & Apollo)	71,283,743.00	1.2%	0.0%	-5.0%	5.0%
Portfolio Total	6,051,141,720.46	100.0%			

**INVESTMENTS**

**Investment Policy Statement – Second Reading**

The Board of University and School Land’s (Board) Investment Policy Statement (IPS) is to be formally reviewed at least every four years or when a written investment policy must be established for new funds. In June 2020, the Board entered into an asset management agreement with the Theodore Roosevelt Presidential Library Foundation to manage the investment assets of the Theodore Roosevelt Presidential Library and Museum Endowment (Endowment), in accordance with NDCD ch. 54-07-12.

Department Staff recommends the Board adopt amended IPS (Attachment 1) to include a policy for the Endowment.

In addition, Staff recommends changing the definition of real estate assets under “Permitted Investments,” relating to item 3.A. on this month’s Board agenda, if approved.

The two substantive changes to the IPS are as follows:

1. Reflect the addition of the investment policy for the Endowment as reflected on page 29 (Attachment 1). Also, adding the Endowment where appropriate throughout the IPS.
2. Update the real estate asset class definition under “Permitted Investments” on page 20 as follows: “As well as, Real Estate Investment Trusts (REIT’s) and other real estate securities and related index strategies for rebalancing tools.”

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

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

**Redlined Investment Policy Statement was presented to the board and is available from the department upon request.**

## S U R F A C E

### Surface Land Lease Revision

The Department of Trust Lands (Department) is recommending revisions to paragraph 17 of the Board of University and School Lands' (Board) Surface Land Lease (Attachment 1) based on the following statutes:

N.D.C.C. § 4.1-47-26 – Publicly owned land -- Noxious weed control

Each state agency shall provide for the control of noxious weeds on land within its jurisdiction. If a state agency fails to control noxious weeds on land under its jurisdiction, the county weed board, upon approval of the commissioner, may enter upon the land to control the noxious weeds. The state agency shall reimburse the county weed board for expenses incurred in controlling the noxious weeds, within thirty days after the agency receives the bill.

N.D.C.C. § 63-05-03 – Failure to cut weeds and grasses – Expenses levied as taxes against land

If the landowner or operator fails to cut the weeds and grasses along the designated highways or roads as provided in this chapter, the board of township supervisors or the board of county commissioners, as the case may be, may cause the weeds and grasses to be cut and the actual expense of cutting shall be certified to the county auditor, and all of the expenses shall be charged against the land of the landowner and shall become a part of the taxes to be levied against the land for the ensuing year and shall be collected in the same manner as other real estate taxes are collected, and placed to the credit of the respective subdivisions entitled thereto.

North Dakota Century Code allows the counties to enter land owned by the Board to control noxious weeds (see N.D.C.C § 4.1-47-26) and to cut road ditches (see N.D.C.C. § 63-05-03). Those statutes allow the county to charge the Board for such expenses.

The Department recommends the proposed revision to the lease term to clarify that the expense is the responsibility of the lessee:

**17. COMPLIANCE WITH LAWS AND REGULATIONS.** LESSEE shall comply with all rules and regulations of the Board of University and School Lands and all state and federal laws, including payment of any taxes and special assessments levied against the Land and costs associated with management of the Land or LESSEE'S interest thereon.

(02/24/22)

The Attorney General's Office provided guidance related to the proposed revision to the Board's Surface Land Lease.

**Motion: The Commissioner recommends the Board approve the changes to the Surface Land Lease as referenced above and as shown in the attached redlined Surface Land Lease.**

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

**Surface Land Lease redlined lease document was presented to the board and is available from the department upon request.**

## O T H E R   B U S I N E S S

### **Incoming Land Commissioner Transition Plan Adjustment**

To facilitate an orderly and efficient transition, the incoming Department of Trust Lands Commissioner will begin his orientation into the new position on February 28, 2022. The transition plan will include an initial meeting with acting Commissioner Jodi Smith, who will provide introductions to key agency staff and an overview of agency operations. During the transition period, Mr. Heringer will schedule and conduct one-on-one meetings with DTL division directors and additional meetings with Commissioner Smith, for briefings on division operations, budgeting, workforce/staffing and strategic plans.

Commissioner Heringer's term of appointment will be effective on March 14, 2022 and run through June 30, 2025, as defined in law. The term of acting Commissioner Smith will expire on March 13, 2022.

**Motion: The transition plan and timeline for onboarding Commissioner Heringer, set forth above, be adopted.**

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

### **Resolution For Hiring of Land Commissioner**

Historically, when a new Commissioner is appointed, the investment advisors have required a board resolution and vote acknowledging the appointment of the Commissioner and other persons responsible for managing the Board's investment program.

The following resolution is proposed for adoption:

BE IT RESOLVED that the Board of University and School Lands authorized the appointment of Joseph Heringer as Land Commissioner at a special meeting, February 17, 2022. Mr. Heringer's term of appointment begins March 14, 2022.

On and after March 14, 2022, Commissioner Heringer shall have the authority to represent the Board of University and School Lands in all activities involving the financial assets under its control, as provided for in state law and in accordance with Board policy.

Copies of the resolution will be sent to the Board's custodial bank and investment advisors, along with a letter of direction authorizing Commissioner Joseph Heringer, Investment Director Michael Shackelford and Investment Analyst Dennis Chua are authorized to represent the Board in all activities involving the financial assets under the Board's control. The Department complies with the North Dakota State's Office of Management and Budget, Fiscal and Administrative Policy 216 – Internal Control and Fraudulent/Significant Dishonest Act, state law and Board policy.

**Motion: Effective March 14, 2022, the Board adopt the resolution authorizing Joseph Heringer, Land Commissioner, Investment Director, Michael Shackelford and Investment Analyst, Dennis Chua, to represent the Board in all activities involving the financial assets under the Board's control as provided for in state law and in accordance of Board policy.**

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

## LITIGATION

### Newfield Litigation

**Case:** **Newfield Exploration Company, Newfield Production Company, and Newfield RMI LLC v. State of North Dakota, ex rel. the North Dakota Board of University and School Lands and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands, Civ. No. 27-2018-CV-00143**

Date Filed: March 7, 2018

Court: District Court/McKenzie County

Attorneys: David Garner

Opposing

Counsel: Lawrence Bender - Fredrikson & Byron, P.A. and Michelle P. Scheffler – Haynes and Boone, LLP

Judge: Robin Schmidt

Issues: Plaintiff is seeking a Declaratory Judgment that it is currently paying gas royalties properly under the Board's lease. Specifically, Plaintiff is asking the Court to order that gas royalty payments made by the Plaintiff be based on the gross amount received by the Plaintiff from an unaffiliated third-party purchaser, not upon the gross amount paid to a third party by a downstream purchaser, and that Plaintiff does not owe the Defendants any additional gas royalty payments based on previous payments.

(02/24/22)

History: A Complaint and Answer with Counterclaims have been filed. Newfield filed an Answer to Counterclaims. A Scheduling conference was held July 27, 2018. Plaintiffs' filed a Motion for Summary Judgment on August 13, 2018 and Defendants filed a Cross-Motion for Summary Judgment. Plaintiffs' Response was filed October 19, 2018 and Defendants' Reply was filed November 9, 2018. A hearing on the Motions for Summary Judgment was held on January 4, 2019 at 1:30 p.m., McKenzie County. An Order on Cross Motions for Summary Judgment was issued on February 14, 2019, granting Plaintiff's motion for summary judgment and denying Defendants' motion for summary judgment. The Judgment was entered March 1, 2019, and the Notice of Entry of Judgment was filed March 4, 2019. Defendants have filed a Notice of Appeal to the North Dakota Supreme Court (Supreme Court). The trial scheduled in McKenzie County District Court for September 10 and 11, 2019 has been cancelled. Defendants/Appellants' Brief to the Supreme Court was filed April 29, 2019. Plaintiffs/Appellees filed their Brief of Appellees and Appendix of Appellees on June 7, 2019. Defendants/Appellants filed a reply brief on June 18, 2019. Oral Argument before the Supreme Court was held on June 20, 2019. On July 11, 2019, the Supreme Court entered its Judgment reversing the Judgment of the McKenzie County District Court. On July 25, 2019 Newfield filed Appellee's Petition for Rehearing. Also on July 25, 2019, a Motion for Leave to File Amicus Curiae Brief by Western Energy Alliance in Support of Newfield was filed with the Supreme Court. On July 26, 2019, a Motion for Leave to File Amicus Curiae Brief by North Dakota Petroleum Council in Support of Newfield was filed with the Supreme Court. On August 20, 2019, the North Dakota Supreme Court requested Defendants file a Response to the Petition for Rehearing and the two Amicus Curiae Briefs no later than September 4, 2019. Defendants/Appellants filed their Response to Petition for Rehearing on September 4, 2019. A Corrected Opinion was filed by the North Dakota Supreme Court on September 9, 2019, changing the page number of a citation. On September 12, 2019, the North Dakota Supreme Court entered an order denying Newfield's Petition for Rehearing. On September 20, 2019, the opinion and mandate of the Supreme Court was filed with McKenzie County District Court. A Telephonic Status Conference was held October 8, 2019. On October 9, 2019, the District Court issued an Order Setting Briefing Schedule which ordered "the parties to file a brief regarding how they suggest the case proceed after the Supreme Court's decision." The parties filed briefs with the District Court on November 6, 2019. Notice of Appearance for Michelle P. Scheffler of Hayes and Boone, LLP on behalf of Plaintiffs was filed November 7, 2019. Telephonic Status Conference scheduled for March 17, 2020 before the District Court. On May 14, 2020, the Court scheduled a five-day Court Trial to start on October 4, 2021, McKenzie County Courthouse. On July 28, 2020, a Stipulated Scheduling Order was entered, setting dates for various deadlines. On April 1, 2021, the State served Defendants State of North Dakota, ex re. the North Dakota Board of University and School Lands, and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands' Interrogatories, Requests for Production of Documents, and Requests for Admissions to Plaintiff. On April 1, 2021, the Plaintiffs served the following on the State: Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of a Representative of the North Dakota Department of Trust Lands; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Lance Gaebe; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Taylor K. Lee; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Jodi Smith; and Plaintiffs' First Set of Interrogatories, Requests for Production, and Requests for Admission to all Defendants. On July 1, 2021, Defendants filed their Motion for Summary Judgment and Plaintiffs filed their Motion for Partial Summary Judgment. On August 2, 2021, Plaintiffs filed a Motion to Admit Garrett



S. Martin Pro Hac Vice and their Response Brief in Opposition to Motion for Summary Judgment. Also on August 2, 2021, Defendants filed their Brief in Response to Plaintiffs' Motion for Partial Summary Judgment. On August 4, 2021, the parties filed an Expedited Joint Motion for Extension of Time to Reply to Briefs in Opposition/Response to Motions for Summary Judgment and the Joint Motion to Exceed Volume Limitations. On August 5, 2021, the Court issued its Order Granting Expedited Joint Motion for Extension of Time to Reply to Briefs in Opposition/Response to motions for Summary Judgment and the Order Granting Joint Motion to Exceed Volume Limitations. The parties now have until August 30, 2021 to file their opposition/response briefs and the page limit was extended from 12 pages to 30 pages for both parties. On August 9, 2021, Plaintiffs requested a hearing on Plaintiff's Motion for Partial Summary Judgment and Defendants Motion for Summary Judgment and scheduled that hearing for September 16, 2021, at 10 a.m. Also on August 9, 2021, a Pretrial Conference was scheduled for 10 a.m. on October 1, 2021. Mediation was held September 2, 2021. The Deposition of Adam Otteson was held August 31, 2021; Jodi Smith's deposition was held September 14, 2021; the deposition of Kelly Vandamme was held September 22, 2021; and the deposition of John Kemmerer was held for September 23, 2021. On September 3, 2021, Plaintiffs filed a Motion to Compel which was later withdrawn on September 16, 2021. On September 8, 2021, Plaintiffs submitted a Motion to Admit Ryan Pitts Pro Hac Vice. The Order of Admission was signed September 9, 2021. On September 10, 2021, Plaintiffs filed a Motion to Exclude Evidence Attached to Defendants Summary Judgment Brief. They also filed an Emergency Motion for Expedited Briefing Schedule and a request for the hearing on both of these motions be held with the motions for summary judgment. Judge Schmidt sent an email to the parties on September 10, 2021 regarding the status. On September 14, 2021, the Order Extending Deadline to Submit Motions in Limine and Pretrial Statements to be due September 20, 2021 was signed. On September 15, 2021, Defendants filed a Motion to Exclude Evidence and Response to Plaintiffs' Motion to Exclude. The parties attending the oral argument on September 16, 2021 and an Order on Cross Motions for Summary Judgment was issued that date. On September 17, 2021, the parties filed a Stipulation regarding Trial Witnesses and the Order Adopting the Stipulation was signed on September 20, 2021. On September 20, 2021, the Defendants filed an Expedited Motion to Supplement Exhibits and Plaintiffs filed a Motion in Limine or to Exclude and Limit Anticipated Testimony. The parties also filed their Pretrial Statements and a Combined Exhibit list. On September 23, 2021, Plaintiffs filed their Response in Opposition to Defendants' Expedited Motion to Supplement Exhibits and the Court entered the Order Granting Expedited Motion to Supplement Exhibits filed by Defendants. On September 24, 2021, Plaintiffs filed their Response in Opposition to Defendants' Motion to Exclude Evidence, an Expedited Motion to Take Joy Barnett's Testimony by Reliable Electronic Means, and a Special Motion to Exclude and Motion in Limine. Defendants filed a Supplemented Exhibit List. On September 27, 2021, the Court entered its order Granting Plaintiffs' Expedited Motion to Take Joy Barnett's Testimony by Reliable Electronic Means. Defendants filed a Second Supplemented Exhibit List and their response to Plaintiff's Special Motion to Exclude and Motion in Limine. On September 28, 2021, Defendants filed their response to Plaintiff's Motion in Limine or to Exclude and Limit Anticipated Testimony. A pretrial conference was held on October 1, 2021. The trial was held on October 4, 5 & 6. The Court issued its Memorandum Opinion, Findings of Fact, Conclusions of Law and Order for Judgment on October 13, 2021. On October 22, 2021, Plaintiffs filed their Statement of Costs and Disbursements of Lawrence Bender, Statement of Costs and Disbursements of Michelle P. Scheffler, and proposed Judgment. On October 27, 2021, the State sent a letter to the Honorable Robin A. Schmidt advising that the State intended to submit a response to the proposed Judgment

filed by Plaintiffs. On November 5, 2021, the State filed its Objection to Plaintiff's Proposed Judgment. On November 12, 2021, Plaintiffs filed a Notice of Motion, Motion, and Brief in Support of Motion for Leave to File a Response to Defendants Objections to the Proposed Judgment. Order for Judgment was entered on November 16, 2021. The Notice of Entry of Judgment and Judgment were entered on November 17, 2021.

**Current Status:**

- **On January 18, 2022, a Notice of Appeal was filed by the Board.**
- **On January 28, 2022, an Order for Transcript was filed with the Supreme Court.**
- **On February 1, 2022, a Second Order for Transcript was filed with Supreme Court.**
- **On February 8, 2022, the Board filed an Unopposed Motion for Extension of Time to File Appellant Brief until 30 days after the final transcript has been filed of record.**
- **On February 10, 2022, the Supreme Court granted the motion for extension with Appellant's brief being due 30 days after the final transcript is filed.**
- **The Supreme Court advised that Appellant's brief is due March 16, 2022.**

**Nelson Litigation**

**Case:** **Marvin Nelson, Michael Coachman & Paul Sorum v. The Board of University and School Lands of the State of North Dakota and the State of North Dakota, – Civ. No. 27-2021-CV-00285**

**Tribunal:** **McLean County District Court**

**Judge:** **Daniel El-Dweek**

**Attorney:** **David Garner**

**Opposing Counsel:** **Plaintiffs Appearing Pro Se**

**Issues:** The Board was named as a defendant in the above reference case which was served on July 26, 2021. Plaintiffs have filed a Summons for Petition or Quiet Title, Petition for Quiet Title, and a Memorandum in Support of Petition for Quiet Title. Plaintiffs are seeking to quiet title to the property described as:

That area of the bed of Lake Sakakawea known as Lake Jesse (Jesse Lake) delineated by the US Army Corps of Engineers Shoreline Survey used in acquiring land for the creation of Lake Sakakawea in Section 30 of Township 153 North Range 98 West and in Sections 23,24,25,26 in Township 153 North Range 99 West (approximately 488.68 acres).

**History:** **On August 5, 2021, Paul Sorum emailed a Request for Setting for Petition for Quiet Title and Memorandum in Support of Quiet Title requesting the Court schedule a one-hour hearing on Petitioners' Petition for Quiet Title and Petitioners' Memorandum in Support of Petition for Quiet Title. On August 16, 2021, Defendants filed a Motion to Dismiss.**

**Current**

**Status:**

- On August 27, 2021, Petitioners filed an Opposition to Respondents Motion to Dismiss.
- On August 31, 2021, an Expedited Motion for Extension of Time to File Reply Brief and Petitioners filed their Opposition to Respondents Motion for an Extension of Time.
- On September 17, 2021, a Notice of Hearing was filed scheduling a hearing on the Motion to Dismiss for October 12, 2021.
- On September 23, 2021, Petitioners filed a Motion for Continuance and that Motion was granted on October 8, 2021 and the hearing was rescheduled to October 18, 2021.
- On October 12, 2021, Defendants filed a Motion to Appear by Telephone and that request was granted on October 15, 2021.
- On November 15, 2021, the Court filed the Certificate of Court Recorder.
- On February 3, 2022, Order on Motion to Dismiss and on Petition for Quiet Title was filed dismissing the action without prejudice due to lack of subject matter jurisdiction.

**RE:** MHA Litigation**Case:** Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior; David L. Bernhardt, in his official capacity as Secretary of the United States Department of Interior; and Daniel H. Jorjani, in his official capacity as Solicitor of the United States Department of the Interior; Case No. 20-1918 (ABJ)**Date Filed:** July 16, 2020**Court:** United States District Court for the District of Columbia**Judge:** Honorable Amy Berman Jackson**Attorney:** Matthew Sagsveen, Beveridge & Diamond**Opposing****Counsel:** Steven D. Gordon, Philip Merle Baker-Shenk, Timothy Purdon, and Timothy Billion for Plaintiffs; Reuben S. Schiffman for United States Department of Interior**Issues:** In July, 2020, the Mandan, Hidatsa, and Arikara Nation (Tribe) filed a Complaint against the United States Department of the Interior (DOI); David Bernhardt, Secretary of DOI; and Daniel Jorjani, DOI Solicitor. The Complaint asserts four causes of action. Count One asserts that Solicitor Opinion M-37056 issued May 26, 2020, by Jorjani is flawed because it is inconsistent with past DOI opinions and decisions and contrary to the historical record. Count Two asserts the Opinion is flawed because it is the result of improper political influence. Counts Three and Four seek, essentially, an accounting and seem premised on the success of either Count One or Count Two.

In the Complaint's Prayer for Relief, the Tribe requests: (a) that the Jorjani Opinion, which concluded North Dakota owns the lands beneath the Missouri Riverbed within the Fort Berthold Reservation, be set aside; (b) that the Court grant injunctive relief preventing Defendants from taking any steps to implement the Opinion; (c) that the Court compel DOI to account to the Tribe regarding the Missouri Riverbed and underlying minerals, including the production of minerals and the value of royalties owed thereon; (d) the Court declare the 1979 IBLA *Impel Energy* decision (finding the state does not own the riverbed) is *res judicata* and binding on the DOI; (e) the Court compel DOI to take the requisite administrative steps to document that the Missouri Riverbed and underlying minerals are held in trust by the United States

for the benefit of the Tribe; (f) the Court compel DOI to take requisite steps to administer and account for the Tribe's mineral rights in lands underlying the Missouri Riverbed; (g) the Court compel DOI to collect, deposit and invest or pay funds owing to the Tribe for the extraction of minerals from the lands underlying the Missouri Riverbed; (h) that the Tribe be awarded reasonable fees, costs, and expenses, including attorney's fees; and (i) that the Court grant such further relief as the Court deems just and equitable.

Along with its Complaint, the Tribe filed a motion for preliminary injunction asking that the Court to immediately order DOI to refrain from doing anything to implement the Jorjani Opinion until the Court has decided the merits of the Tribe's claims regarding that Opinion.

**History:**

Summons and Complaint filed July 16, 2020. A scheduling conference was held by telephone on July 23, 2020, with a follow up on July 29. The parties agreed the pending motion for preliminary injunction can be considered to be Plaintiff's motion for partial summary judgment on count one and resolved with defendant's cross motion for partial summary judgment as to that count. The merits of count one will be consolidated with any hearing on the motion for preliminary injunction. An Order issued by the Court on July 31, 2020 provides:

- Administrative record - due August 26, 2020;
- Defendant's consolidated opposition to motion for preliminary injunction and cross-motion for partial summary judgment - due September 1, 2020.
- Plaintiff's consolidated reply and cross-opposition to Defendant's motion - due October 1, 2020.
- Defendant's cross-reply to opposition - due October 15, 2020.
- No lease or other official record affecting ownership of the Missouri Riverbed mineral estate within the Reservation may be modified or changed before 200 days from the date of this order – February 16, 2021, unless Defendant seeks the court's permission and amendment of the order, the Plaintiff has an opportunity to be heard, and the motion is granted.

That any revenues generated from riverbed mineral development under control of DOI not be disbursed until after the Court's resolution of the cross-motions for partial summary judgment on count one. The State of North Dakota filed an Expedited Motion to Intervene on August 10, 2020. The Court issued an Order on August 11, 2020, allowing Plaintiff to respond to the State's Motion by August 17, 2020, and the State to file a reply by August 21, 2020. The Tribe filed its Opposition to the State Motion to Intervene on August 17, 2020. On August 21, 2020, the State filed its reply to the Tribe's opposition to the motion to intervene. The Notice of Lodging of Administrative Record was filed on August 26, 2020. The Court entered its Opinion and Order granting North Dakota's Motion to Intervene and setting forth requirements for filings. On September 1, 2020, the United States filed the United States Department of Interior's Opposition to Plaintiff's Motion for Preliminary Injunction and Cross-Motion for Partial Summary Judgment. On September 8, 2020, Plaintiff filed a Motion to Complete Administrative Record and a proposed Order. Also on September 8, 2020, the State filed the Intervenor-Defendant State of North Dakota's Cross-Motion for Partial Summary Judgment and Opposition to Plaintiff's Motion for Preliminary Injunction. On April 2, 2021, Plaintiff's Supplemental Submission Regarding Mootness by Mandan, Hidatsa, and Arikara Nation, State of North Dakota's Response to Mootness, and U.S. Department of Interior's Response to Order of the Court were filed. By letter dated April 1, 2021, Associate Solicitor Eric Shepard invited the State of North Dakota to submit

materials relevant to the review of M-37056 issued by former Solicitor Daniel Jorjani. On April 12 & 27, Attorney General Stenehjem requested more time to participate due to the inability to access records to complete research. On May 7, 2021, Attorney General Stenehjem advised that we were unable to provide the requested information during the time allotted but are providing a report by Stevens Historical Research Associates that has been prepared to date and reiterated request for more time. On July 30, 2021, the parties filed the Joint Status Report. An Order was filed by the Court on August 2, 2021 dismissing Court I and II of the Complaint, the preliminary injunction motion was denied as moot, and Counts III and IV remain justiciable. The parties are ordered to meet and confer and submit a joint status report by August 13, 2021 that sets forth the parties' views on whether Counts III and IV should continue to be stayed pending issuance of a new M-Opinion and if not, proposing a scheduling for resolving those claims.

**Current Status:**

- **On August 13, 2021, a Joint Status Report was filed.**
- **On August 16, 2021, a Minute Order was entered continuing the stay and that the parties shall file a joint status report within 14 days of the issuance of a new M-Opinion or the conclusion of the Solicitor's Office review without a new M-Opinion, or on November 16, 2021 if nothing has been filed by that date."**
- **On November 17, 2021, the Court entered a minute order advising the case remains stayed and provided the parties must file a joint status report by December 16, 2021 or within 14 days of either the issuance of a new M-Opinion or the conclusion of the governments review without a new M-Opinion.**
- **A Joint State Report was filed on December 16, 2021, in which the parties proposed the remaining counts in this litigation remain stayed for an additional 30 days to allow Interior to continue to work on the M-Opinion, with a status report submitted within 14 days of issuance of a new M-Opinion or the conclusion of the solicitor's office review without a new M-Opinion, or at the conclusion of this 30 day period. The parties agreed that during the duration of the 30 day stay, the status quo will be maintained concerning lease recordation n the disputed riverbed acreage and any revenues generated from mineral development.**
- **On January 24, 2022, the Court issued a Minute Order staying the case and providing that the Parties must file a joint status report by February 22, 2022 or within 14 days of either the issurance of a new M-Opinion or the conclusion of the government's review without a new M-Opinion.**
- **On February 4, 2022, the Opinion Regarding the Status of Mineral Ownership Underlying the Missouri River Within the Boundaries of the Fort Berthold Reservation (North Dakota), M-37073, was issued by the Solicitor, Robert T. Anderson.**
- **On February 14, 2022, the parties filed a Joint Motion for Extension to File Status Report extending the date the status report would be due to March 4, 2022, and that Motion was granted on February 15, 2022.**

**Wilkinson Litigation**

**Case:** **William S. Wilkinson, et. al. v. Board of University & School Lands, Brigham Oil & Gas, LLP; EOG Resources, Inc.; Case No. 53-2012-CV-00038**

**Date Filed:** **January, 2012**

**Court:** **Williams County District Court**

**Judge:** **Paul Jacobson**

**Attorney:** **Jennifer Verleger/Matthew Sagsveen/David Garner**

**Opposing Counsel:** **Josh Swanson/Rob Stock, Lawrence Bender, John Ward**

**Issues:** The Wilkinson lawsuit was filed on January 10, 2012. The Plaintiffs assert that they own minerals in a 200 acre tract west of Williston. This suit was initially filed in state court as a quiet title action. The Attorney General's Office filed an Answer and Counterclaim on February 27, 2012.

On July 1, 2014, the Plaintiffs filed an amended complaint in the case and added claims of unconstitutional takings, conversion, constructive trust and unjust enrichment, civil conspiracy and deprivation of rights under 42 U.S.C. § 1983. Plaintiffs assert in their amended complaint that the Board should be issuing leases on the west side of the Highway 85 bridge pursuant to the Phase II Investigation – the estimated location of the ordinary high watermark (OHWM) prior to inundation of Lake Sakakawea – rather than the Phase I Delineation – current location of the OHWM. Plaintiffs argue that the subject property is located under Lake Sakakawea, which did not exist at statehood, and thus the state did not acquire title to it as sovereign lands. Therefore, the State's title to the Missouri River is limited to the channel as it existed prior to inundation of Lake Sakakawea as determined by the Phase II investigation.

In January of 2016, the State Engineer sought and was granted intervention. A joint motion for summary judgment was filed by the Board and the State Engineer on March 1, 2016. On May 18, 2016, the district court granted the motion for summary judgment finding that: (1) the subject property is located along the Missouri River, which is no doubt navigable; (2) The Phase I Delineation should be used to determine the OHWM for the subject property rather than the Phase II Investigation, and therefore the property is determined to be sovereign land of the state of North Dakota; (3) to the extent Plaintiffs are aggrieved by the Phase I Delineation, they must exhaust their administrative remedies through the State Engineer before making a claim in district court; and (4) there are no grounds to support Counts II through VII. Plaintiffs filed a notice of appeal on June 1, 2016. Both EOG Resources, Inc. and Statoil Oil and Gas LP filed cross-appeals.

On September 28, 2017, the North Dakota Supreme Court reversed the district court's decision and remanded the case back to the district court. The Supreme Court held that:

1. Surface ownership could not be determined without the United States as a party to the action;
2. N.D.C.C. ch. 61-33.1 has a retroactive clause and the district court did not have an opportunity to determine if it applies and governs ownership of the minerals at issue;
3. A "takings" analysis must be conducted if the district court determines the State owns the disputed minerals; and
4. The district court erroneously made findings of disputed fact.

**History:** Due to the passage of S.B. 2134, the District Court ordered the case stayed and all deadlines be held in abeyance until the final review findings under S.B. 2134 are issued by the North Dakota Industrial Commission (NDIC). Plaintiff, after NDIC issued the review findings, requested a status conference with the Court to set a new trial date and other deadlines. The Board and State Engineer filed a Motion for Continued Stay of Proceedings on October 11, 2018. The telephonic status conference scheduled for November 2, 2018 was cancelled. A Hearing on the Motion for Continued Stay was held November 30, 2018. Defendants submitted a proposed Order and the Judge asked for Plaintiffs to submit a proposed Order, which was filed December 4, 2018. The Court issued its Order on December 12, 2018, denying the Motion for Continued Stay and requiring the parties confer on a scheduling order and submit a Rule 16 scheduling order by January 26, 2019. The State filed a Motion for Proposed Scheduling Order on January 28, 2019, and Plaintiffs filed a notice of hearing on January 31, 2019, and filed their Response to State's Motion for Proposed Scheduling Order and Plaintiffs' Request for Rule 16(F) Sanctions on February 1, 2019. State Defendants filed a Reply Brief in Support of Motion for Proposed Scheduling Order on February 8, 2019. Statoil & Gas LP filed a Response to State's Motion for Proposed Scheduling Order and Plaintiff's Proposed Scheduling Order on February 11, 2019. Plaintiffs scheduled a hearing in District Court on the Motion for Scheduling Order which was held March 5, 2019, at 2:00 p.m. The District Court didn't rule on the scheduling motions but granted Plaintiffs' request to file a motion for Summary Judgment within 30 days of the hearing. On April 15, 2019, Plaintiffs' filed with the District Court a Notice of Motion, Motion for Summary Judgment, Brief in Support of Motion for Summary Judgment, Affidavit of Joshua Swanson, Notice of Hearing (requesting a hearing be held at the earliest possible date available on the Court's calendar), and proposed Order Granting Plaintiffs' Motion for Summary Judgment. On April 17, 2019, Plaintiffs' filed a Notice of Hearing scheduling a hearing for 2:00 p.m. on July 30, 2019 before the Honorable Paul W. Jacobson, at the Williams County Courthouse, Williston. The parties entered into a Stipulation Extending Time to Respond to Plaintiffs' Motion for Summary Judgment and Plaintiffs' Time to Reply which was entered May 1, 2019. The Order Extending Time to Respond was entered May 2, 2019, extending Defendants' time to respond to June 14, 2019, and extending Plaintiffs' deadline to file reply to July 1, 2019. On June 10, 2019 Statoil & Gas LP filed its Opposition to Plaintiffs' Motion for Summary Judgment. Also, on June 10, 2019, the Stipulated Motion to Dismiss Defendant XTO Energy Inc. was filed in which Plaintiffs, Cross-claimant EOG, and Defendant XTO stipulated and requested the Court dismiss XTO from the action with prejudice and without costs and disbursements to any party, as it holds no ownership interest in, right to, claim or title to any mineral interests as alleged by Plaintiffs. The Board of University and School Lands filed its Brief in Opposition to Plaintiffs' Motion for Summary Judgment on June 14, 2019. Also filed on June 14, 2019 where the State Engineer's Response to Brief in Opposition to Plaintiffs' Motion for Summary and the Response of EOG Resources, Inc., to Plaintiffs' Motion for Summary Judgment. On June 17, 2019, the Court entered its Order Dismissing Defendant XTO Energy, Inc. from the Action. On July 1, 2019, Plaintiff's filed their Reply Brief in Support of Motion for Summary Judgment. The hearing on the Motion for Summary Judgment was held on July 30, 2019. Order Granting Plaintiffs' Motion for Summary Judgment was entered on September 6, 2019. The proposed Judgment was submitted on September 12, 2019. The Judgment and Notice of Entry of Judgment were filed with the District Court on September 16, 2019. Board of University and School Lands' Notice of Appeal to the North Dakota Supreme Court was filed on November 15, 2019. State Engineer's Notice of Appeal to the North Dakota Supreme Court was filed on November 15, 2019. Notice of Appeal to North Dakota Supreme Court

filed by Statoil Oil & Gas LP f/k/a Brigham Oil & Gas, LLP on November 27, 2019. Appellant's Initial Briefs were due December 12, 2019; however, a Joint Motion for Extension of Time to File Briefs was filed and an extension was granted on December 13, 2019, with all briefs being due to the Supreme Court as follows:

- Appellants' (including Board of University and School Lands) Initial Briefs - January 13, 2020;
- Appellees' Response Briefs – March 2, 2020; and
- Appellants' (including Board of University and School Lands) Reply Briefs – March 16, 2020.

On January 13, 2020, the Brief of Appellant, Board of University and School Lands was filed with the Supreme Court. Appellant North Dakota State Engineer's Principal Brief was also filed on January 13, 2020. Plaintiffs/Appellees Response Brief filed with the Supreme Court on March 2, 2020. Plaintiffs/Appellees Response Brief filed with the Supreme Court on March 2, 2020. Reply Brief of Defendant and Appellant, Board of University and School Lands filed on March 16, 2020. Appellant North Dakota State Engineer's Reply Brief filed March 16, 2020. The North Dakota Supreme Court issued its Opinion of the Court on August 27, 2020. On September 18, 2020 a Notice of Hearing was filed in the District Court setting a status conference for October 13, 2020, at 3:30 p.m. The Court issued an Order After Status Conference dated October 13, 2020, stating that a two day bench trial will be scheduled. A telephonic scheduling conference was scheduled for October 29, 2020, at 10:00 a.m. On October 23, 2020, the Supreme Court Judgment/Opinion was filed with the District Court. On October 30, 2020, the Court issued its Order After Scheduling Conference. The matter was set for Court Trial on April 16, 2021, for one day and July 23, 2021, also for one day. Defense council expressed concerns with a conflict with other scheduled trials. Therefore, a status conference was set for February 4, 2021 to determine if any conflicts have been obviated. The Court indicated it would consult with the scheduling clerk to determine second priority dates for one day trials in 2021. The Court set backup Court Trial dates of May 27, 2021 and May 28, 2021. Plaintiffs' Combined Discovery Requests to Defendant, the Board of University and School Lands of the State of North Dakota were served on the Board on January 26, 2021. The Board has 30 days to respond. On February 25, 2021, the Board served its Answers to Plaintiffs' Combined Discovery Requests to Defendant, the Board of University and School Lands of the State of North Dakota, and the State Engineer served its answers to interrogatories. State Engineer's Interrogatories, Request for Admissions, and Request for Production of Documents Regarding Damages (Request II) was served March 12, 2021. On March 19, 2021, Defendant Statoil Oil and Gas, LP's Answers to Plaintiffs' Combined Discovery Requests to Defendant, Statoil Oil & Gas, LP was served. On March 22, 2021, Defendant Statoil Oil and Gas, LP's First Supplemental Answers to Plaintiffs' Combined Discovery Requests to Defendant, Statoil Oil & Gas, LP was served. Plaintiff's Responses to State Engineer's Interrogatories, Requests for Admissions, and Requests for Production of Documents regarding Damages (Request II) was served April 14, 2021. On April 20, 2021, Plaintiffs filed their Motion for Attorneys' Fees and Costs against the State of North Dakota. Plaintiffs scheduled a hearing on this motion for July 22, 2021. Plaintiffs scheduled a status conference for April 27, 2021. At that hearing, it was decided that the trial for May 2021 would be scheduled for July 22 & 23, 2021, in Williston. On May 18, 2021, the Board of University and School Lands and the State Engineer filed their Response Brief Opposing Plaintiffs' Motion for Attorneys Fees and Costs. On June 8, 2021, Plaintiffs filed their Reply to State's Response Brief Opposing Plaintiffs' Motion for Attorneys' Fees and costs. On June 22, 2021, Plaintiffs filed their Pretrial Statement and Defendants, Board and State Engineer, filed their Pre-Trial Brief. Brigham Oil & Statoil brought a Motion to Dismiss on July 7, 2021. On July 8, 2021, the parties exchanged their witness and exhibit lists. Motions in Limine were



filed on July 8, 2021 by Brigham Oil and Statoil and the Board and State Engineer. The parties shared various drafts of witness and exhibit lists prior to trial. On July 12, 2021, the State filed its Motion in Limine to Exclude Evidence Regarding Statutory Interest of 6.5% or 18% on Royalties and Motion in Limine to Exclude Evidence Regarding S&P Vanguard 500 Index Fund Investor Shares (VFINX) Damages. On July 14, 2021, Statoil and Brigham filed Brigham Oil & Gas, L.P. s and Statoil Oil & Gas, L.P. s nka Equinor Energy, O.P. s (Collectively Statoil ) Unopposed Request for Leave to Allow Witness Amy Becker to Appear by Reliable Electronic Means and the request was granted the same day. On July 15, 2021, Plaintiffs Plaintiffs' Request for Witness to Participate by Telephone or Electronic Means and the requested was granted the same day. On July 19, 2021, Plaintiffs filed Supplemental Affidavit of Joshua A. Swanson in Support of Plaintiffs' Motion for Attorneys' Fees and Costs against the State of North Dakota. On July 21, 2021, Plaintiffs filed Plaintiff s Brief in Response to Defendant Brigham Oil & Gas LP s (Collectively Statoil ) Motion to Dismiss, Plaintiffs Response Brief in Opposition to Brigham Oil & Gas, L.P. s nka Equinor Energy, LP s (Collectively Statoil ) Motion in Limine, Plaintiffs Response Brief in Opposition to Board of University and School Lands and North Dakota State Engineer s Motion in Limine Regarding S&P 500 Vanguard 500 Index Fund Investor Shares (VFINX) Damages, Plaintiffs Response Brief in Opposition to Board of University and School Lands and North Dakota State Engineer s Motion in Limine Regarding Statutory Interest. The trial was held on July 22 and 23, 2021. On July 22, 2021, the parties filed a joint exhibit list. On July 28, 2021, Brigham Oil & Gas, L.P.'s and Statoil Oil & Gas L.P.'s nka Equinor Energy, L.P.'s (Collectively "Equinor") Reply Brief in Support of Motion to Dismiss was filed, as was the Stipulation/Agreement to Dismiss Plaintiffs' Claims Against Defendant EOG Resources, Inc. On July 30, 2021, the Order Dismissing Plaintiffs' Claims Against Defendant EOG Resources, Inc. was filed. On August 11, 2021 the parties stipulated and the court entered its Order Dismissing Crossclaims Between Defendant EOG Resources, Inc., and Defendant Statoil Oil & Gas LP. On October 4, 2021, an Order Granting Extension of Time for Brigham and Statoil to File Reply Filings was filed. On October 5, 2021 Plaintiffs filed their Post-Trial Reply Brief and the Board and the State Engineer filed their Post Trial Response Brief. On December 10, 2021, the Court entered the Order for Judgment, which ordered:

- Statoil's motion to dismiss (Index #594) is denied.
- Statoil's motion in limine (Index #600) is denied as moot.
- The State's motions in limine (Index #607 and #615) are denied as moot.
- Petrogulf's crossclaims against EOG (Index #84) are dismissed with prejudice for failure to prosecute.
- EOG's counterclaim against Plaintiffs and crossclaims against the Land Board, OXY USA, Inc., and Petrogulf (Index #65) are dismissed with prejudice for failure to prosecute.
- Statoil's counterclaims against the Plaintiffs are dismissed because it is a prevailing party.
- Based on the Supreme Court's ruling in *Wilkinson II* and the application of N.D.C.C. ch. 61-33.1 to the Disputed Property "the

State of North Dakota does not own title to the mineral interests in the [Disputed] Property.”

- The takings claims in Counts II and III against the State are dismissed with prejudice.
- The conversion claims in Count IV against Statoil and the State are dismissed with prejudice.
- The unjust enrichment and constructive trust claims in Count V against Statoil and the State are dismissed with prejudice.
- The civil conspiracy claims in Count VI against Statoil and the State are dismissed with prejudice.
- The 42 U.S.C. § 1983 claim in Count VII against the State is dismissed with prejudice.
- The Plaintiffs are not entitled to statutory damages under either N.D.C.C. § 47-16-39.1 or N.D.C.C. § 28-20-34, and are prohibited from claiming statutory damages until June 2022 under N.D.C.C. § 61-33.1-04(2)(b).
- The Plaintiffs are not entitled to special damages attributable to lost investment opportunities in the S&P 500 VFINX.
- The Plaintiffs request for \$1,441,086.73 in interest is denied.
- The Plaintiffs are not entitled to damages under N.D.C.C. § 32-03-23(3) for Jon Patch’s time. The request for \$180,000 in damages is denied.
- The Plaintiffs are not entitled to damages for unjust enrichment and the Plaintiffs’ request for bonus/rental payments and royalty payments through disgorgement under the State’s contracts in the amount of \$207,336.61 is denied.
- The Plaintiffs are not entitled to attorneys’ fees or costs. The Plaintiffs’ requests for attorneys’ fees and costs are denied.
- Let Judgment be entered accordingly.

**Current Status:**

- **On January 10, 2022, the Judgment was entered.**
- **On January 13, 2022, the clerk’s office sent a letter to Crowley Fleck regarding return of the surety bond.**
- **On January 25, 2022, Plaintiffs filed a Notice of Appeal with the Supreme Court.**

## M I N E R A L S

### Repayment of Unpaid Gas Royalties Update

The Board of University and School Lands (Board) manages land, minerals, and proceeds as trustee for the exclusive benefit of constitutionally identified beneficiaries, with much of the income going towards funding North Dakota schools and institutions. The Board also manages oil, gas and other hydrocarbons underlying sovereign lands for the State of North Dakota.

The Department of Trust Lands (Department) has persistently worked with operators to collect payment or establish escrow accounts for royalties from the production of minerals, in accordance

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with the Board's lease, rules, and policies. Royalty audits began in the late 1980's and a Revenue Compliance Division was created in 2011 to ensure that royalty and other collections made on behalf of the trusts and other funds are complete and accurate.

A letter regarding Formal Notification of Gas Royalty Repayment Obligations dated February 11, 2020 (February 2020 Letter), was sent to all entities required to pay royalties to the Board pursuant to the Board's lease. The February 2020 Letter advised all entities who have been deducting post production costs from royalty payments made to the Department that they have been underpaying royalties, contrary to the terms of the Board's lease. Entities were advised that penalties and interest continue to accrue on any unpaid amounts in accordance with the February 2020 Letter until payment is received. On April 8, 2020, the Board extended the date to come into compliance with gas royalty payments, as outlined in the February 2020 Letter, to September 30, 2020. At the August 27, 2020, Board meeting, the Board extended the date to come into compliance with gas royalty payments, as outlined in the February 2020 Letter, to April 30, 2020.

Since the issuance of the February 2020 Letter, the Department has been working with payors who have been deducting post production costs from royalty payments made to the Department to ensure that they are in compliance with the terms of the Board's lease.

The Department has several royalty repayment offers prepared to present to the Board in executive session pursuant to N.D.C.C. §§ 44-04-19.1 and 44-04-19.2.

#### EXECUTIVE SESSION

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

- **MHA Civ. No 1:20-cv-01918-ABJ**
- **William S. Wilkinson et al. Case No. 53-2012-CV-00038**
- **Royalty Offers**

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

**The Board entered into executive session at 10:49 AM.**

#### EXECUTIVE SESSION

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel present:**

Jodi Smith	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer

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Kristie McCusker  
Adam Otteson  
James Wald

Paralegal  
Revenue Compliance Director  
Legal Counsel

**Guests in Attendance:**

Charles Carvell                      Office of the Attorney General-present for MHA  
Dave Garner                            Office of the Attorney General  
Jen Verleger                            Office of the Attorney General  
Reice Haase                             Office of the Governor  
Leslie Bakken Oliver                Office of the Governor

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The executive session adjourned at 12:36 PM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session meeting, the Board was provided information and no formal action was taken.

Motion: **The Board continue its appeal of the Newfield case with the ND Supreme Court, with the exception of item 7 as listed in the preliminary statement of the issues, filed on January 8, 2022.**

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

**A D J O U R N**

There being no further business, the meeting was adjourned at 12:39 PM.

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Doug Burgum, Chairman  
Board of University and School Lands

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Jodi Smith, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands  
March 9, 2022**

The March 9, 2022 special meeting of the Board of University and School Lands was called to order at 4:30 PM via Microsoft Teams by Chairman Doug Burgum. Roll was called for members present.

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel present:**

Jodi Smith	Commissioner
Kate Schirado	Administrative Assistant
Dennis Chua	Investments
Rick Owings	Administrative Staff Officer
Michael Shackelford	Investments Director
James Wald	Legal Council
Catelin Newell	Administrative Staff Officer
Peggy Gudvangen	Finance Division Director
Joe Heringer	Incoming Land Commissioner

**Guests in Attendance:**

Reice Haase	Office of the Governor
Ryan Norrell	Office of the Governor
Mike Nowatzki	Office of the Governor
Adam Willis	
C. Rajala	
Joe Ebisa	Journalist from withIntelligence
Geoff Simon	
Amy Sisk	Bismarck Tribune

**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 24, 2022 regular meeting was made by Secretary Jaeger with the modification to be made on page 14, in which the title of Dennis Chua should be Investment “Analyst” and not “Advisor”. Motion seconded by Superintendent Baelser and the motion carried unanimously on a voice vote.

**I N V E S T M E N T S**

**Russian Investment Exposure**

The Permanent Trust Funds (PTFs) have within their Strategic Asset Allocation (SAA) exposure to emerging markets through both international equities and absolute return strategies. Within emerging markets Russian securities represented a small fraction, about 2-3% pre-war, depending on the index referenced. Currently, Russian securities represent less than 1% and are being removed from many emerging market indices.

The PTFs exposure to Russian securities is small as a percent of the total portfolio market value at just 0.07% or approximately \$4.2 million (please see below). All of the PTFs' investments in Russian securities are in either commingled funds or mutual funds managed by external investment managers. Commingled funds, like mutual funds, have multiple investors. Consequently, the investors in commingled funds and mutual funds have no practical ability to direct the fund manager in their investment decisions. Nevertheless, from the early days of the invasion Department Staff made clear to the managers that action should be taken to divest from Russian securities and comply with government sanctions. Additionally, Department Staff required an explanation of their strategy to divest from Russian securities and comply with government sanctions.

After Department Staff discussions with the investment managers, we have concluded the following:

1. Trading in Russian securities have seized up and there is little if any trading in these securities anywhere in the world. Based on this, it will be more difficult for these fund managers to continue to divest Russian securities.
2. All our managers are closely watching sanctions and other government actions that would affect the Russian securities they currently hold. They all are determined to remain in compliance with sanctions and other relevant regulations.
3. No new investment in Russian securities is contemplated, only the orderly and prudent divestment of Russian securities is being considered.
4. Our managers are behaving prudently and responsibly and are acting in the best interests of the PTFs.

Account	2/24/2022			3/4/2022		
	Market Value	Russia Exposure	%	Market Value	Russia Exposure	%
SSGA MSCI World ex US Index	\$ 619,042,206	\$ -	0.00%	\$ 603,092,346	\$ -	0.00%
Arrowstreet Emerging Mkt Equity	\$ 215,915,350	\$ 10,838,951	5.02%	\$ 209,533,640	\$ 2,032,476	0.97%
NTAM Emerging Mkt Equity Index	\$ 23,918,670	\$ 428,144	1.79%	\$ 23,164,379	\$ 257,125	1.11%
Acadian Int'l Small Cap Equity	\$ 175,465,973	\$ -	0.00%	\$ 174,559,382	\$ -	0.00%
SSGA MSCI ex US SmallCap Index	\$ 22,996,501	\$ 3,449	0.02%	\$ 22,634,422	\$ 1,811	0.01%
<b>Total Broad Int'l Equity</b>	<b>\$ 1,057,338,739</b>	<b>\$ 11,270,544</b>	<b>1.07%</b>	<b>\$ 1,032,984,169</b>	<b>\$ 2,291,412</b>	<b>0.22%</b>
GMO Benchmark Free	\$ 86,142,918	n/a	n/a	\$ 86,143,484	n/a	n/a
PIMCO All Asset All Authority	\$ 462,081,705	\$ 16,172,860	3.50%	\$ 467,945,686	\$ 1,403,837	0.30%
PineBridge Dynamic Asset Allocation	\$ 263,183,623	\$ 1,315,918	0.50%	\$ 257,635,907	\$ 515,272	0.20%
Millennium	\$ 30,000,000	\$ 45,000	0.15%	\$ 30,000,000	\$ 30,000	0.10%
<b>Total Absolute Return</b>	<b>\$ 841,408,246</b>	<b>\$ 17,533,778</b>	<b>2.08%</b>	<b>\$ 841,725,078</b>	<b>\$ 1,949,109</b>	<b>0.23%</b>
<b>Total Assets</b>	<b>\$ 6,048,505,088</b>	<b>\$ 28,804,322</b>	<b>0.48%</b>	<b>\$ 6,039,045,944</b>	<b>\$ 4,240,521</b>	<b>0.07%</b>

## A D J O U R N

There being no further business, the meeting was adjourned at 5:07 PM.

\_\_\_\_\_  
Doug Burgum, Chairman  
Board of University and School Lands

\_\_\_\_\_  
Jodi Smith, Secretary  
Board of University and School Lands

**Minutes of the Meeting of the  
Board of University and School Lands  
March 31, 2022**

The March 31, 2022 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
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction (via Teams)

**Department of Trust Lands Personnel present:**

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

**Guests in Attendance:**

Reice Haase	Office of the Governor
Ryan Norrell	Office of the Governor
Tammy Miller	Office of the Governor
Dave Garner	Office of the Attorney General
Jennifer Verleger	Office of the Attorney General
Kevin Balaod	WithIntelligence (Journalist)
Brady Pelton	NDPC
Madeline Easton	
Geoff Simon	Western Dakota Energy Association
C. Rajala	
Ron Ness	NDPC
Amy Sisk	Bismarck Tribune
Mike McCleary	Bismarck Tribune
Josh Kevan	RVK
Kirby Francis	RVK

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Yash Gupta	Morgan Stanley
Frank Trotta	Hamilton Lane
Nash Waterman	Morgan Stanley
John Brecker	Hamilton Lane
David Frechette	Morgan Stanley
Brent Burnett	Hamilton Lane

**APPROVAL OF MINUTES**

A motion to approve the minutes of the March 9, 2022 special meeting was made by Treasurer Beadle and the motion was seconded by Secretary Jaeger and the motion carried unanimously on a voice vote.

**REPORTS**

**Jodi A. Smith Resolution**

Resolution thanking and commending former North Dakota Commissioner of University & School Lands, Jodi A. Smith, for her years of service to the State of North Dakota and the Board of University and School Lands.

Motion: **The Board approve the Resolution recognizing former Land Commissioner, Jodi A. Smith.**

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

**NORTH DAKOTA  
BOARD OF UNIVERSITY AND SCHOOL LANDS  
RESOLUTION**

ADOPTED  
MARCH 31, 2022

**WHEREAS**, Jodi A. Smith served as North Dakota Commissioner of University & School Lands from November 2017 through March 2022; and

**WHEREAS**, Mrs. Smith faithfully served as the Board of University and School Lands’ agent on countless issues related to prudent and professional management of the Board-managed trust assets; and

**WHEREAS**, through her dedication and commitment, Mrs. Smith’s many accomplishments and efforts have greatly benefited the citizens of North Dakota, most notably North Dakota students; and

**WHEREAS**, while leading the Department of Trust Lands, Mrs. Smith encouraged innovation, growth, and accomplishment of goals, notably overseeing vital updates to the Department’s Information Technology systems and leading the Department through a global pandemic; and



**WHEREAS**, while genuinely caring for Department staff, Mrs. Smith cultivated positive relationships and facilitated the open exchange of ideas, opinions, and information;

**WHEREAS**, these many accomplishments and years of dedicated service should be recognized;

**NOW, THEREFORE, BE IT RESOLVED**, that the undersigned, as members of the Board of University and School Lands, do hereby thank and commend Jodi A. Smith for her dedication and service to the State of North Dakota, to the Board and most prominently to the “trusts”, and wish her every success in future endeavors.

\_\_\_\_\_  
Kirsten Baesler  
Superintendent of Public Instruction

\_\_\_\_\_  
Alvin A. Jaeger, Secretary of State

\_\_\_\_\_  
Thomas Beadle, State Treasurer

\_\_\_\_\_  
Drew Wrigley, Attorney General

\_\_\_\_\_  
Chairman Doug Burgum, Governor

### Commissioner’s Report

- Very busy and productive first weeks on job - March 14 start date
- Professional, dedicated, and helpful team
- Introductory all staff meeting
- Introductory meetings with all five board members, seven leadership team members, HRMS rep., investment consultant RVK, and representatives of major ND oil & gas operator
- Numerous major initiative meetings:
  - Acreage adjustment project
  - Systems update projects
  - Royalty repayments
  - Trust Lands Completion Act
- Three litigation briefings with legal team members
- Our Newfield brief filed March 16; Newfield’s due April 15; our reply brief due 14 days after Newfield’s brief filed
- New Surface Director hired – introduce to Board
- Meeting with legislator regarding pastureland management ideas
- Attended NW Landowners Expo where Surface Director Mike Humann gave a presentation on reclamation
- Attended first SIB meeting – March 25
- Department strategy review meeting with Governor’s office – March 31

### Monthly Report of Encumbrances Issued by Land Commissioner

Rights of Way Issued between February 1, 2022 - February 28, 2022

Right of Way R-10006			
<b>Granted To</b>	Oneok Rockies Midstream LLC, Sidney, Montana	<b>Date Issued</b>	2/11/2022
<b>For the Purpose Of</b>	Original Easement - Gas Gathering Pipeline	<b>Total Rods</b>	66.08
		<b>Total Acres</b>	0.83

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<b>Tracts/Trusts</b>					
<b>Legal Description</b>	<b>Subdivision</b>			<b>Trust</b>	
Dunn-146-94-36	SE4			A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee	Set Amount				\$250.00
Initial	Set Amount				\$31,388.00

<b>Right of Way R-10029</b>			
<b>Granted To</b>	Tesoro High Plains Pipeline Company LLC, Denver, Colorado	<b>Date Issued</b>	2/10/2022
<b>For the Purpose Of</b>	Original Easement - Oil Gathering Pipeline	<b>Total Rods</b>	582.66
		<b>Total Acres</b>	7.66

<b>Tracts/Trusts</b>					
<b>Legal Description</b>	<b>Subdivision</b>			<b>Trust</b>	
Dunn-146-94-36	NW4			A	
	SE4			A	
	SW4			A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee	Set Amount				\$250.00
Initial	Set Amount				\$267,701.50

<b>Right of Way R-8812</b>			
<b>Granted To</b>	Minnkota Power Cooperative Inc, Grand Forks, North Dakota	<b>Date Issued</b>	2/17/2022
<b>For the Purpose Of</b>	Original Easement - Carbon Storage	<b>Total Rods</b>	0.00
		<b>Total Acres</b>	640.00

<b>Tracts/Trusts</b>					
<b>Legal Description</b>	<b>Subdivision</b>			<b>Trust</b>	
Oliver-141-83-16	NE4			A	
	SE4			A	
Oliver-142-84-36	SE4			A	
	SW4			A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee	Set Amount				\$250.00
Initial	Set Amount				\$34,500.00
Annually	Amount will vary			Metric Ton	-

Right of Way R-8975					
<b>Granted To</b>	Glacier Peak Midstream LLC, Houston, Texas			<b>Date Issued</b>	2/2/2022
<b>For the Purpose Of</b>	Original Easement - Multiple Pipelines			<b>Total Rods</b>	66.87
				<b>Total Acres</b>	0.84
<b>Tracts/Trusts</b>					
<b>Legal Description</b>	<b>Subdivision</b>			<b>Trust</b>	
McKenzie-151-100-16	SW4			A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee	Set Amount				\$250.00
Initial	Set Amount				\$33,524.00

Right of Way R-8983					
<b>Granted To</b>	Marathon Oil Company, Houston, Texas			<b>Date Issued</b>	2/2/2022
<b>For the Purpose Of</b>	Original Easement - Saltwater Pipeline			<b>Total Rods</b>	339.69
				<b>Total Acres</b>	4.29
<b>Tracts/Trusts</b>					
<b>Legal Description</b>	<b>Subdivision</b>			<b>Trust</b>	
Dunn-146-94-36	SE4			A	
	SW4			A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee	Set Amount				\$250.00
Initial	Set Amount				\$152,865.00

Right of Way R-10001					
<b>Granted To</b>	Marathon Oil Company, Houston, Texas			<b>Date Issued</b>	2/2/2022

<b>For the Purpose Of</b> Easement Amendment - Multiple Pipelines		<b>Total Rods</b>	0.00
		<b>Total Acres</b>	0.10
<b>Tracts/Trusts</b>			
<b>Legal Description</b>	<b>Subdivision</b>		<b>Trust</b>
Dunn-146-94-36	SW4		A
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b> <b>Measurement Type</b> <b>Amount</b>
Application Fee	Set Amount		\$250.00
Initial	Set Amount		\$7,500.00

<b>Right of Way R-10011</b>			
<b>Granted To</b>	Tesoro High Plains Pipeline Company LLC, Denver, Colorado		<b>Date Issued</b> 2/10/2022
<b>For the Purpose Of</b>	Easement Amendment - Oil Gathering Pipeline		<b>Total Rods</b> 49.71
			<b>Total Acres</b> 0.06
<b>Tracts/Trusts</b>			
<b>Legal Description</b>	<b>Subdivision</b>		<b>Trust</b>
Dunn-146-94-36	SE4		A
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b> <b>Measurement Type</b> <b>Amount</b>
Application Fee	Set Amount		\$250.00
Initial	Set Amount		\$4,971.00

<b>Right of Way R-10047</b>			
<b>Granted To</b>	Oneok Rockies Midstream LLC, Sidney, Montana		<b>Date Issued</b> 2/15/2022
<b>For the Purpose Of</b>	Easement Amendment - Gas Gathering Pipeline		<b>Total Rods</b> 0.00

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				<b>Total Acres</b>	0.52
<b>Tracts/Trusts</b>					
<b>Legal Description</b>		<b>Subdivision</b>		<b>Trust</b>	
McKenzie-149-96-36		SE4		A	
		SW4		A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee		Set Amount			\$250.00

<b>Right of Way R-8815</b>					
<b>Granted To</b>	Mountrail-Williams Electric Cooperative, Williston, North Dakota	<b>Date Issued</b>	2/16/2022		
<b>For the Purpose Of</b>	Easement Amendment - Above Ground Electric Distribution Line	<b>Total Rods</b>	92.90		
			<b>Total Acres</b> 1.16		
<b>Tracts/Trusts</b>					
<b>Legal Description</b>		<b>Subdivision</b>		<b>Trust</b>	
Williams-158-95-36		SW4		A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee		Set Amount			\$250.00
Initial		Set Amount			\$1,160.00

<b>Right of Way R-8933</b>			
<b>Granted To</b>	Oneok Rockies Midstream LLC, Sidney, Montana	<b>Date Issued</b>	2/11/2022
<b>For the Purpose Of</b>	Easement Amendment - Gas Gathering Pipeline	<b>Total Rods</b>	362.86

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				<b>Total Acres</b>	4.80
<b>Tracts/Trusts</b>					
<b>Legal Description</b>		<b>Subdivision</b>		<b>Trust</b>	
Dunn-146-94-36		SE4		A	
		SW4		A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee	Set Amount				\$250.00

Right of Way R-8980					
<b>Granted To</b>		Ovintiv USA Inc, Denver, Colorado		<b>Date Issued</b>	2/15/2022
<b>For the Purpose Of</b>		Easement Amendment - Subsurface Well		<b>Total Rods</b>	0.00
				<b>Total Acres</b>	0.00
<b>Tracts/Trusts</b>					
<b>Legal Description</b>		<b>Subdivision</b>		<b>Trust</b>	
McKenzie-153-96-16		NE4		A	
		NW4		A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee	Set Amount				\$250.00

Right of Way R-10025					
<b>Granted To</b>		Northwest Water Transfer LLC, Williston, North Dakota		<b>Date Issued</b>	2/2/2022
<b>For the Purpose Of</b>		Original Permit - Temporary Layflat Line		<b>Total Rods</b>	3.03
				<b>Total Acres</b>	0.04

<b>Tracts/Trusts</b>					
<b>Legal Description</b>		<b>Subdivision</b>		<b>Trust</b>	
Mountrail-154-89-16		SW4		A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee		Set Amount			\$250.00
Initial		Set Amount			\$50.00
<b>Right of Way R-10028</b>					
<b>Granted To</b>	Select Energy Services LLC, Gainesville, Texas		<b>Date Issued</b>	2/2/2022	
<b>For the Purpose Of</b>	Original Permit - Temporary Layflat Line		<b>Total Rods</b>	635.88	
			<b>Total Acres</b>	7.95	
<b>Tracts/Trusts</b>					
<b>Legal Description</b>		<b>Subdivision</b>		<b>Trust</b>	
Dunn-147-96-36		E2SE4		A	
		NE4		A	
		NW4		A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee		Set Amount			\$250.00
Initial		Set Amount			\$10,492.00
<b>Right of Way R-10048</b>					
<b>Granted To</b>	West Dakota Water LLC, Williston, North Dakota		<b>Date Issued</b>	2/15/2022	
<b>For the Purpose Of</b>	Original Permit - Temporary Layflat Line		<b>Total Rods</b>	160.00	
			<b>Total Acres</b>	2.00	
<b>Tracts/Trusts</b>					
<b>Legal Description</b>		<b>Subdivision</b>		<b>Trust</b>	
Mountrail-154-91-24		W2NW4, SE4NW4		A	
<b>Right of Way Terms</b>		<b>Minimum Amount</b>	<b>Measurement Rate</b>	<b>Measurement Type</b>	<b>Amount</b>
Application Fee		Set Amount			\$250.00
Initial		Set Amount			\$2,640.00

**Total Initial Payment Amount** \$546,791.50

## February 2022 Report of Shut-Ins Approved by Land Commissioner

<b>Granted to:</b>	<b>Marathon Oil Company</b>
For the Purpose of:	Operations
Date Issued:	02/11/2022
Application Fee:	\$100.00
Trust:	SIIF – Strategic Investment and Improvements Fund
Leases:	OG-04-00701, OG-04-00702

## February Unclaimed Property Report

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985. In January 2020, the Division enacted North Dakota Administrative Code ch. 85-03. During the 67th Legislative Assembly (2021), the Revised Uniform Unclaimed Property Act (RUUPA) was passed under Senate Bill 2048, codified as N.D.C.C. ch. 47-30.2.

For the month of February 2022, the Division received 83 holder reports with a property value of \$211,060 and paid 1,151 claims with a total value of \$409,570.

**The Financial Report (Unaudited) for period ending December 31, 2021 was presented to the Board for review and is available at the Department upon request.**

## Investment Updates

### Portfolio Rebalancing Updates

Documents of both Apollo Defined Return Fund LP and SSGA US REIT Index CF were signed and submitted. Angelo Gordon (AGDL-BUSL) Fund documents are still being reviewed. \$25M investment for SSGA US REIT Index CF will be funded on Mar. 28.

Since the last Board meeting, GCM Secondary Opportunities Fund made a capital distribution amounting to around \$7M thereby increasing its unfunded commitment to \$128M. While Ares Pathfinder and Harrison Street Core Property Fund both made capital call, \$10M due Mar. 30 and \$39.4M due Apr. 5 respectively.

Unfunded commitments after the distribution and calls will be at \$774.9M. These are:

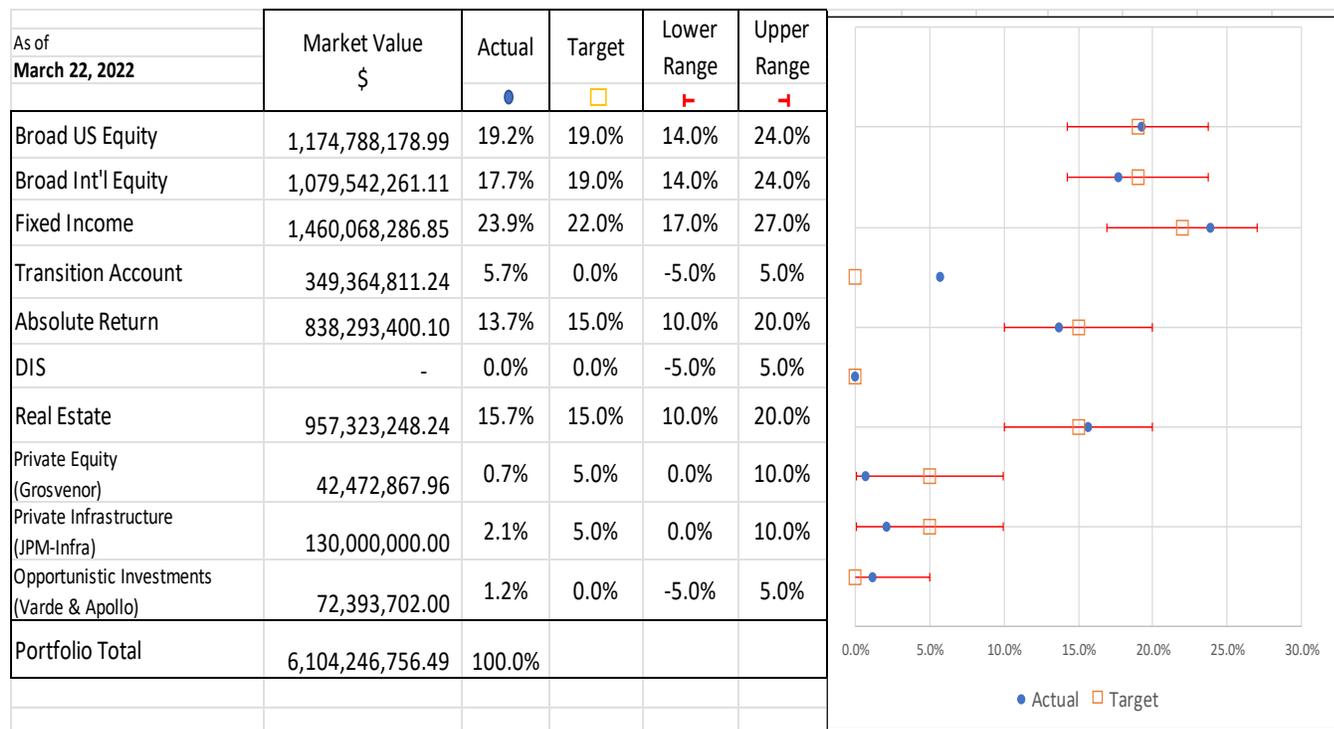
1. Apollo Defined Return Fund, \$200M
2. Varde Dislocation Fund, \$42.5M
3. GCM Private Equity, \$110M
4. ARES Pathfinder Fund, \$54.4M
5. Angelo Gordon DL IV, \$25M
6. Owl Rock Diversified Lending, \$35M



- 7. GCM Secondary Opportunities Fund, \$128M
- 8. Harrison Street Core Property Fund LP, \$30M
- 9. FSI GDIF (Infrastructure), \$150M

**Asset Allocation**

The table below shows the status of the permanent trusts’ asset allocation as of Mar. 22, 2022. The figures provided are unaudited.



**ENERGY INFRASTRUCTURE AND IMPACT**

**Quarterly Program Report**

The Energy Infrastructure and Impact Office (EIIO) is a division within the Department of Trust Lands (Department). EIIO provides financial assistance to local units of government that are impacted by oil and gas activity. The office has been a part of the Department since 1977 and was formally known as the Energy Development Impact Office created under N.D.C.C. ch. 57-62 with funding being distributed from the Energy Development Impact Fund. Over the course of the past 40 years, the EIIO has dispersed over \$626 million in funding as appropriated by the Legislative Assembly.

Prior to 2019, the Energy Development Impact Fund received a portion of the oil and gas gross production taxes collected by the State of North Dakota. During the 2019-2021 biennium, under House Bill No. 1013, the Legislative Assembly transferred \$2,000,000 from the Strategic Investment and Improvement fund to the Energy Development Impact Fund for grant distribution. For the 2021-2023 biennium, no funding was provided by the Legislative Assembly.

As of March 15, 2022, the current balance in the Energy Development Impact Fund is \$415,430.08, of which \$33,893.76 has been awarded but not yet reimbursed to the three (3) remaining grantees. In addition, remaining funds are used for administrative expenses per Senate Bill No. 2013, Section 4.

(03/31/22)

The following shows grant activity for the last six months:

Oil and Gas Impact Grant Fund	Grants with balances	Current Balance Obligated to Grants
9/7/2021	6	\$794,932.56
12/7/2021	4	\$297,596.76
3/14/2022	3	\$33,893.76

### Vacancy of EIO Director

Century Code authorizes the appointment of the Energy Infrastructure and Impact Office director:

**57-62-04. Energy infrastructure and impact office - Appointment of director.** There is hereby created an energy infrastructure and impact office, to be a division within the office of the commissioner of the board of university and school lands, the director of which must be appointed by and serve at the pleasure of the board of university and school lands. The director shall have knowledge of state and local government and shall have experience or training in the fields of taxation and accounting. The salary of the director must be set by the commissioner of university and school lands within the limits of legislative appropriations. The director may employ such other persons as may be necessary and may fix their compensation within the appropriation made for such purpose. The board of university and school lands shall fill any vacancy in the position of director in the same manner as listed above. All action by the board of university and school lands, including appointment of a director, must be by majority vote.

With EIO Director Smith's departure, the Board should consider its preference in the appointment of the next director.

Motion: **The Board appoint Land Commissioner Joseph Heringer to the position of EIO Director.**

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

## INVESTMENTS

### Private Equity

On April 8, 2020, the Board of University and School Lands' (Board) approved an asset allocation to Private Equity (PE) within the broader Strategic Asset Allocation (SAA) for the Permanent Trust Funds (PTFs). The Board has since approved investments with GCM Grosvenor (GCM) in a "Fund-of-One" structure and GCM's Secondary Opportunities Fund III. The most recent investment in PE secondaries was aimed at taking advantage of two positive traits inherent in PE secondaries: 1. The visibility into some or all the underlying PE portfolio assets; 2. The ability to shorten or avoid the J-curve, which is the period of negative cashflow versus positive cashflow (or capital calls vs distributions).

Within PE there are two types of secondary transactions: Limited Partner (LP) led deals and General Partner (GP) led deals. LP-led secondaries are PE interests sold by LPs (investors like the PTFs) who want to reduce or eliminate their PE positions. GP-led deals, or continuation funds,

are secondaries where the GP wants to effectively extend the life of an existing fund which may have one or two assets left. The GP has high conviction around the remaining asset(s) and wants to continue holding it (them) to execute on their value creation strategy. To show their conviction, the GP will typically rollover their incentive fees into the continuation fund and/or add capital alongside the new LPs. The GCM Secondary Opportunities Fund III has a mix of both LP-led and GP-led deals.

Department Staff and RVK discussed adding another secondaries manager to the PTFs' PE allocation. Staff and RVK reviewed managers within RVK's PE manager database and conducted due diligence. This due diligence process has resulted in Staff and RVK recommending Morgan Stanley's Ashbridge Transformational Secondaries Fund II. Morgan Stanley's Ashbridge platform aims to invest solely in GP-led secondaries due to the visibility of underlying assets and the high conviction of GPs in realizing higher returns. Additionally, Morgan Stanley will provide a fee break for being both an existing Morgan Stanley client and RVK client.

Morgan Stanley has \$1.6 trillion in assets under management with over \$2.4 billion committed to GP-led secondaries. The firm has 55 offices worldwide and over 1,100 investment professionals. The secondaries team has 15 investment professionals and another 100 professionals in support.

Attachment 1: RVK Recommendation Memo

Attachment 2: Morgan Stanley Presentation

**Motion: The Board approve up to a \$25 Million investment in Morgan Stanley's Ashbridge Transformational Secondaries Fund II, LP, subject to final review and approval of all legal documents by the Office of the Attorney General.**

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

**RVK Recommendation Memo and Morgan Stanley Presentation were presented to the board and are available upon request.**

#### EXECUTIVE SESSION

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

- **William S. Wilkinson, et. al. Case No. 53-2012-CV-00038**
- **Royalty Offers**

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

**The Board entered into executive session at 9:58 AM.**

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

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Kristie McCusker	Paralegal
Adam Otteson	Revenue Compliance Director
Rick Owings	Administrative Staff Officer
Chris Suelzle	Minerals Division Director

**Guests in Attendance:**

Dave Garner	Office of the Attorney General present for Royalty
Jen Verleger	Office of the Attorney General present for Wilkinson
Reice Haase	Office of the Governor
Ryan Norrell	Office of the Governor

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The executive session adjourned at 11:02 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session meeting, the Board was provided information and no formal action was taken.

**LITIGATION****Wilkinson Litigation**

**Case:** William S. Wilkinson, et. al. v. Board of University & School Lands, Brigham Oil & Gas, LLP; EOG Resources, Inc.; Case No. 53-2012-CV-00038

**Date Filed:** January, 2012

**Court:** Williams County District Court

**Judge:** Paul Jacobson

**Attorney:** Jennifer Verleger/Matthew Sagsveen/David Garner

**Opposing Counsel:** Josh Swanson/Rob Stock, Lawrence Bender, John Ward

**Issues:** The Wilkinson lawsuit was filed on January 10, 2012. The Plaintiffs assert that they own minerals in a 200 acre tract west of Williston. This suit was initially filed in state court as a quiet title action. The Attorney General's Office filed an Answer and Counterclaim on February 27, 2012.

On July 1, 2014, the Plaintiffs filed an amended complaint in the case and added claims of unconstitutional takings, conversion, constructive trust and unjust enrichment, civil conspiracy and deprivation of rights under 42 U.S.C. § 1983. Plaintiffs assert in their amended complaint that the Board should be issuing leases on the west side of the Highway 85 bridge pursuant to the Phase II Investigation – the estimated location of the ordinary high watermark (OHWM) prior to inundation

of Lake Sakakawea – rather than the Phase I Delineation – current location of the OHWM. Plaintiffs argue that the subject property is located under Lake Sakakawea, which did not exist at statehood, and thus the state did not acquire title to it as sovereign lands. Therefore, the State’s title to the Missouri River is limited to the channel as it existed prior to inundation of Lake Sakakawea as determined by the Phase II investigation.

In January of 2016, the State Engineer sought and was granted intervention. A joint motion for summary judgment was filed by the Board and the State Engineer on March 1, 2016. On May 18, 2016, the district court granted the motion for summary judgment finding that: (1) the subject property is located along the Missouri River, which is no doubt navigable; (2) The Phase I Delineation should be used to determine the OHWM for the subject property rather than the Phase II Investigation, and therefore the property is determined to be sovereign land of the state of North Dakota; (3) to the extent Plaintiffs are aggrieved by the Phase I Delineation, they must exhaust their administrative remedies through the State Engineer before making a claim in district court; and (4) there are no grounds to support Counts II through VII. Plaintiffs filed a notice of appeal on June 1, 2016. Both EOG Resources, Inc. and Statoil Oil and Gas LP filed cross-appeals.

On September 28, 2017, the North Dakota Supreme Court reversed the district court’s decision and remanded the case back to the district court. The Supreme Court held that:

1. Surface ownership could not be determined without the United States as a party to the action;
2. N.D.C.C. ch. 61-33.1 has a retroactive clause and the district court did not have an opportunity to determine if it applies and governs ownership of the minerals at issue;
3. A “takings” analysis must be conducted if the district court determines the State owns the disputed minerals; and
4. The district court erroneously made findings of disputed fact.

**History:**

Due to the passage of S.B. 2134, the District Court ordered the case stayed and all deadlines be held in abeyance until the final review findings under S.B. 2134 are issued by the North Dakota Industrial Commission (NDIC). Plaintiff, after NDIC issued the review findings, requested a status conference with the Court to set a new trial date and other deadlines. The Board and State Engineer filed a Motion for Continued Stay of Proceedings on October 11, 2018. The telephonic status conference scheduled for November 2, 2018 was cancelled. A Hearing on the Motion for Continued Stay was held November 30, 2018. Defendants submitted a proposed Order and the Judge asked for Plaintiffs to submit a proposed Order, which was filed December 4, 2018. The Court issued its Order on December 12, 2018, denying the Motion for Continued Stay and requiring the parties confer on a scheduling order and submit a Rule 16 scheduling order by January 26, 2019. The State filed a Motion for Proposed Scheduling Order on January 28, 2019, and Plaintiffs filed a notice of hearing on January 31, 2019, and filed their Response to State’s Motion for Proposed Scheduling Order and Plaintiffs’ Request for Rule 16(F) Sanctions on February 1, 2019. State Defendants filed a Reply Brief in Support of Motion for Proposed Scheduling Order on February 8, 2019. Statoil & Gas LP filed a Response to State’s Motion for Proposed Scheduling Order and Plaintiff’s Proposed Scheduling Order on February 11, 2019. Plaintiffs scheduled a hearing in District Court on the Motion for Scheduling Order which was held March 5, 2019, at 2:00 p.m. The District Court didn’t rule on the scheduling motions but granted Plaintiffs’ request to file a motion for Summary Judgment within 30 days of the

hearing. On April 15, 2019, Plaintiffs' filed with the District Court a Notice of Motion, Motion for Summary Judgment, Brief in Support of Motion for Summary Judgment, Affidavit of Joshua Swanson, Notice of Hearing (requesting a hearing be held at the earliest possible date available on the Court's calendar), and proposed Order Granting Plaintiffs' Motion for Summary Judgment. On April 17, 2019, Plaintiffs' filed a Notice of Hearing scheduling a hearing for 2:00 p.m. on July 30, 2019 before the Honorable Paul W. Jacobson, at the Williams County Courthouse, Williston. The parties entered into a Stipulation Extending Time to Respond to Plaintiffs' Motion for Summary Judgment and Plaintiffs' Time to Reply which was entered May 1, 2019. The Order Extending Time to Respond was entered May 2, 2019, extending Defendants' time to respond to June 14, 2019, and extending Plaintiffs' deadline to file reply to July 1, 2019. On June 10, 2019 Statoil & Gas LP filed its Opposition to Plaintiffs' Motion for Summary Judgment. Also, on June 10, 2019, the Stipulated Motion to Dismiss Defendant XTO Energy Inc. was filed in which Plaintiffs, Cross-claimant EOG, and Defendant XTO stipulated and requested the Court dismiss XTO from the action with prejudice and without costs and disbursements to any party, as it holds no ownership interest in, right to, claim or title to any mineral interests as alleged by Plaintiffs. The Board of University and School Lands filed its Brief in Opposition to Plaintiffs' Motion for Summary Judgment on June 14, 2019. Also filed on June 14, 2019 where the State Engineer's Response to Brief in Opposition to Plaintiffs' Motion for Summary and the Response of EOG Resources, Inc., to Plaintiffs' Motion for Summary Judgment. On June 17, 2019, the Court entered its Order Dismissing Defendant XTO Energy, Inc. from the Action. On July 1, 2019, Plaintiff's filed their Reply Brief in Support of Motion for Summary Judgment. The hearing on the Motion for Summary Judgment was held on July 30, 2019. Order Granting Plaintiffs' Motion for Summary Judgment was entered on September 6, 2019. The proposed Judgment was submitted on September 12, 2019. The Judgment and Notice of Entry of Judgment were filed with the District Court on September 16, 2019. Board of University and School Lands' Notice of Appeal to the North Dakota Supreme Court was filed on November 15, 2019. State Engineer's Notice of Appeal to the North Dakota Supreme Court was filed on November 15, 2019. Notice of Appeal to North Dakota Supreme Court filed by Statoil Oil & Gas LP f/k/a Brigham Oil & Gas, LLP on November 27, 2019. Appellant's Initial Briefs were due December 12, 2019; however, a Joint Motion for Extension of Time to File Briefs was filed and an extension was granted on December 13, 2019, with all briefs being due to the Supreme Court as follows:

- Appellants' (including Board of University and School Lands) Initial Briefs - January 13, 2020;
- Appellees' Response Briefs – March 2, 2020; and
- Appellants' (including Board of University and School Lands) Reply Briefs – March 16, 2020.

On January 13, 2020, the Brief of Appellant, Board of University and School Lands was filed with the Supreme Court. Appellant North Dakota State Engineer's Principal Brief was also filed on January 13, 2020. Plaintiffs/Appellees Response Brief filed with the Supreme Court on March 2, 2020. Plaintiffs/Appellees Response Brief filed with the Supreme Court on March 2, 2020. Reply Brief of Defendant and Appellant, Board of University and School Lands filed on March 16, 2020. Appellant North Dakota State Engineer's Reply Brief filed March 16, 2020. The North Dakota Supreme Court issued its Opinion of the Court on August 27, 2020. On September 18, 2020 a Notice of Hearing was filed in the District Court setting a status conference for October 13, 2020, at 3:30 p.m. The Court issued an Order After Status Conference dated October 13, 2020, stating that a two day bench trial will be scheduled. A telephonic scheduling conference was scheduled for October 29, 2020, at 10:00 a.m. On October 23, 2020, the Supreme Court Judgment/Opinion was filed with the District Court. On October 30, 2020, the Court issued its Order

After Scheduling Conference. The matter was set for Court Trial on April 16, 2021, for one day and July 23, 2021, also for one day. Defense council expressed concerns with a conflict with other scheduled trials. Therefore, a status conference was set for February 4, 2021 to determine if any conflicts have been obviated. The Court indicated it would consult with the scheduling clerk to determine second priority dates for one day trials in 2021. The Court set backup Court Trial dates of May 27, 2021 and May 28, 2021. Plaintiffs' Combined Discovery Requests to Defendant, the Board of University and School Lands of the State of North Dakota were served on the Board on January 26, 2021. The Board has 30 days to respond. On February 25, 2021, the Board served its Answers to Plaintiffs' Combined Discovery Requests to Defendant, the Board of University and School Lands of the State of North Dakota, and the State Engineer served its answers to interrogatories. State Engineer's Interrogatories, Request for Admissions, and Request for Production of Documents Regarding Damages (Request II) was served March 12, 2021. On March 19, 2021, Defendant Statoil Oil and Gas, LP's Answers to Plaintiffs' Combined Discovery Requests to Defendant, Statoil Oil & Gas, LP was served. On March 22, 2021, Defendant Statoil Oil and Gas, LP's First Supplemental Answers to Plaintiffs' Combined Discovery Requests to Defendant, Statoil Oil & Gas, LP was served. Plaintiff's Responses to State Engineer's Interrogatories, Requests for Admissions, and Requests for Production of Documents regarding Damages (Request II) was served April 14, 2021. On April 20, 2021, Plaintiffs filed their Motion for Attorneys' Fees and Costs against the State of North Dakota. Plaintiffs scheduled a hearing on this motion for July 22, 2021. Plaintiffs scheduled a status conference for April 27, 2021. At that hearing, it was decided that the trial for May 2021 would be scheduled for July 22 & 23, 2021, in Williston. On May 18, 2021, the Board of University and School Lands and the State Engineer filed their Response Brief Opposing Plaintiffs' Motion for Attorneys Fees and Costs. On June 8, 2021, Plaintiffs filed their Reply to State's Response Brief Opposing Plaintiffs' Motion for Attorneys' Fees and costs. On June 22, 2021, Plaintiffs filed their Pretrial Statement and Defendants, Board and State Engineer, filed their Pre-Trial Brief. Brigham Oil & Statoil brought a Motion to Dismiss on July 7, 2021. On July 8, 2021, the parties exchanged their witness and exhibit lists. Motions in Limine were filed on July 8, 2021 by Brigham Oil and Statoil and the Board and State Engineer. The parties shared various drafts of witness and exhibit lists prior to trial. On July 12, 2021, the State filed its Motion in Limine to Exclude Evidence Regarding Statutory Interest of 6.5% or 18% on Royalties and Motion in Limine to Exclude Evidence Regarding S&P Vanguard 500 Index Fund Investor Shares (VFINX) Damages. On July 14, 2021, Statoil and Brigham filed Brigham Oil & Gas, L.P. s and Statoil Oil & Gas, L.P. s nka Equinor Energy, O.P. s (Collectively Statoil ) Unopposed Request for Leave to Allow Witness Amy Becker to Appear by Reliable Electronic Means and the request was granted the same day. On July 15, 2021, Plaintiffs Plaintiffs' Request for Witness to Participate by Telephone or Electronic Means and the requested was granted the same day. On July 19, 2021, Plaintiffs filed Supplemental Affidavit of Joshua A. Swanson in Support of Plaintiffs' Motion for Attorneys' Fees and Costs against the State of North Dakota. On July 21, 2021, Plaintiffs filed Plaintiff s Brief in Response to Defendant Brigham Oil & Gas LP s (Collectively Statoil ) Motion to Dismiss, Plaintiffs Response Brief in Opposition to Brigham Oil & Gas, L.P. s nka Equinor Energy, LP s (Collectively Statoil ) Motion in Limine, Plaintiffs Response Brief in Opposition to Board of University and School Lands and North Dakota State Engineer s Motion in Limine Regarding S&P 500 Vanguard 500 Index Fund Investor Shares (VFINX) Damages, Plaintiffs Response Brief in Opposition

to Board of University and School Lands and North Dakota State Engineer's Motion in Limine Regarding Statutory Interest. The trial was held on July 22 and 23, 2021. On July 22, 2021, the parties filed a joint exhibit list. On July 28, 2021, Brigham Oil & Gas, L.P.'s and Statoil Oil & Gas L.P.'s nka Equinor Energy, L.P.'s (Collectively "Equinor") Reply Brief in Support of Motion to Dismiss was filed, as was the Stipulation/Agreement to Dismiss Plaintiffs' Claims Against Defendant EOG Resources, Inc. On July 30, 2021, the Order Dismissing Plaintiffs' Claims Against Defendant EOG Resources, Inc. was filed. On August 11, 2021 the parties stipulated and the court entered its Order Dismissing Crossclaims Between Defendant EOG Resources, Inc., and Defendant Statoil Oil & Gas LP. On October 4, 2021, an Order Granting Extension of Time for Brigham and Statoil to File Reply Filings was filed. On October 5, 2021 Plaintiffs filed their Post-Trial Reply Brief and the Board and the State Engineer filed their Post Trial Response Brief. On December 10, 2021, the Court entered the Order for Judgment, which ordered:

- Statoil's motion to dismiss (Index #594) is denied.
- Statoil's motion in limine (Index #600) is denied as moot.
- The State's motions in limine (Index #607 and #615) are denied as moot.
- Petrogulf's crossclaims against EOG (Index #84) are dismissed with prejudice for failure to prosecute.
- EOG's counterclaim against Plaintiffs and crossclaims against the Land Board, OXY USA, Inc., and Petrogulf (Index #65) are dismissed with prejudice for failure to prosecute.
- Statoil's counterclaims against the Plaintiffs are dismissed because it is a prevailing party.
- Based on the Supreme Court's ruling in *Wilkinson II* and the application of N.D.C.C. ch. 61-33.1 to the Disputed Property "the State of North Dakota does not own title to the mineral interests in the [Disputed] Property."
- The takings claims in Counts II and III against the State are dismissed with prejudice.
- The conversion claims in Count IV against Statoil and the State are dismissed with prejudice.
- The unjust enrichment and constructive trust claims in Count V against Statoil and the State are dismissed with prejudice.
- The civil conspiracy claims in Count VI against Statoil and the State are dismissed with prejudice.
- The 42 U.S.C. § 1983 claim in Count VII against the State is dismissed with prejudice.
- The Plaintiffs are not entitled to statutory damages under either N.D.C.C. § 47-16-39.1 or N.D.C.C. § 28-20-34, and are prohibited from claiming statutory damages until June 2022 under N.D.C.C. § 61-33.1-04(2)(b).
- The Plaintiffs are not entitled to special damages attributable to lost investment opportunities in the S&P 500 VFINX.
- The Plaintiffs request for \$1,441,086.73 in interest is denied.
- The Plaintiffs are not entitled to damages under N.D.C.C. § 32-03-23(3) for Jon Patch's time. The request for \$180,000 in damages is denied.



- The Plaintiffs are not entitled to damages for unjust enrichment and the Plaintiffs' request for bonus/rental payments and royalty payments through disgorgement under the State's contracts in the amount of \$207,336.61 is denied.
- The Plaintiffs are not entitled to attorneys' fees or costs. The Plaintiffs' requests for attorneys' fees and costs are denied.
- Let Judgment be entered accordingly.

On January 10, 2022, the Judgment was entered. On January 10, 2022, the Judgment was entered. On January 13, 2022, the clerk's office sent a letter to Crowley Fleck regarding return of the surety bond. On January 25, 2022, Plaintiffs filed a Notice of Appeal with the Supreme Court.

**Current  
Status:**

- **On March 14, 2022, Wilkinsons filed the Brief of Appellants. The Board's brief is due April 13, 2022.**

## M I N E R A L S

### Repayment of Unpaid Gas Royalties Update

The Board of University and School Lands (Board) manages land, minerals, and proceeds as trustee for the exclusive benefit of constitutionally identified beneficiaries, with much of the income going towards funding North Dakota schools and institutions. The Board also manages oil, gas and other hydrocarbons underlying sovereign lands for the State of North Dakota.

The Department of Trust Lands (Department) has persistently worked with operators to collect payment or establish escrow accounts for royalties from the production of minerals, in accordance with the Board's lease, rules, and policies. Royalty audits began in the late 1980's and a Revenue Compliance Division was created in 2011 to ensure that royalty and other collections made on behalf of the trusts and other funds are complete and accurate.

A letter regarding Formal Notification of Gas Royalty Repayment Obligations dated February 11, 2020 (February 2020 Letter), was sent to all entities required to pay royalties to the Board pursuant to the Board's lease. The February 2020 Letter advised all entities who have been deducting post production costs from royalty payments made to the Department that they have been underpaying royalties, contrary to the terms of the Board's lease. Entities were advised that penalties and interest continue to accrue on any unpaid amounts in accordance with the February 2020 Letter until payment is received. On April 8, 2020, the Board extended the date to come into compliance with gas royalty payments, as outlined in the February 2020 Letter, to September 30, 2020. At the August 27, 2020, Board meeting, the Board extended the date to come into compliance with gas royalty payments, as outlined in the February 2020 Letter, to April 30, 2020.

Since the issuance of the February 2020 Letter, the Department has been working with payors who have been deducting post production costs from royalty payments made to the Department to ensure that they are in compliance with the terms of the Board's lease.

The Department will present offers as received to the Board in executive session pursuant to N.D.C.C. §§ 44-04-19.1 and 44-04-19.2.

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

### Private Infrastructure

In April 2020, the Board of University and School Lands' (Board) approved an asset allocation to Private Infrastructure within the broader Strategic Asset Allocation (SAA) for the Permanent Trust Funds (PTFs). The Board has since approved investments with two core infrastructure managers, J.P. Morgan and First Sentier Investors.

Department Staff began the manager search by reviewing the managers previously compiled by RVK within their private infrastructure manager database. Staff and RVK discussed the managers and concluded that it is time to make an investment in a non-core manager. Non-core managers look for value creation opportunities, whether by operational improvement, platform growth, or value-add capital infusion.

Many non-core infrastructure managers take a private equity approach to investing with higher return targets and reasonably higher risk versus core infrastructure. Nevertheless, they rely on core infrastructure investing concepts, such as, attractive purchase price, high barriers to entry, pricing power, limited commodity risk, contracted cashflows, and low risk of technological disruption.

This due diligence process has resulted in Staff and RVK recommending Hamilton Lane's Infrastructure Opportunities Fund to the Board. Hamilton Lane has over 30 years of private markets investment experience. They have a globally diversified portfolio with low exposure to revenue sources that mirror the PTFs' revenues. Hamilton Lane has over \$850 Billion in assets under management, including \$43 Billion in infrastructure, managed by 520 employees located out of 19 offices worldwide. Additionally, Hamilton Lane will provide a significant fee break to the PTFs for being a client of RVK.

Attachment 1: RVK Infrastructure Recommendation Memo

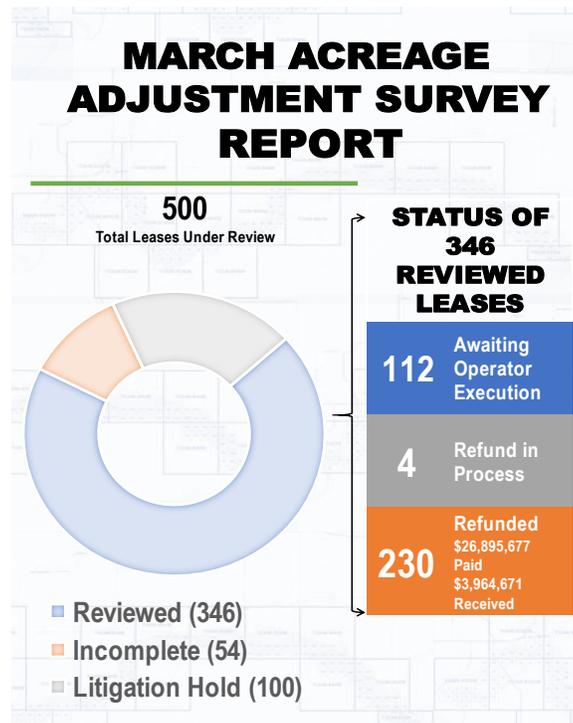
Attachment 2: Hamilton Lane Presentation

**Motion: The Board approve up to a \$25 Million initial investment in the Hamilton Lane Infrastructure Opportunities Fund, subject to final review and approval of all legal documents by the Office of the Attorney General.**

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

**RVK Infrastructure Recommendation Memo and Hamilton Lane Presentation were presented to the board and are available upon request.**

## MINERALS



**NDDTL River Tracts map and outstanding requests for acreage adjustment stipulation and lease correction were presented to the Board and are available upon request.**

## A D J O U R N

There being no further business, the meeting was adjourned at 12:22 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  
April 28, 2022**

The April 28, 2022 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
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction (via Teams)

**Department of Trust Lands Personnel present:**

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

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
Dave Garner	Office of the Attorney General
Charles Carvel	Office of the Attorney General
Kevin Balaod	WithIntelligence (Journalist)
Brady Pelton	NDPC
Geoff Simon	Western Dakota Energy Association
Gary Hagen	
Scott Anderson	
Bryan Triebold	
Janilyn Murtha	
Don Larson	

**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 31, 2022 meeting was made by Treasurer Beadle and the motion was seconded by Secretary Jaeger and the motion carried unanimously on a voice vote.

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

### Commissioner's Report

- Discussions with state auditor's office regarding their office space needs
- Cash management collaboration meeting with OMB & RIO
- Cash management presentation to Government Finance Committee by Investment Director, Michael Shackelford (April 27<sup>th</sup>)
- Surface division meeting with Governor's office to discuss potential Pastureland Improvements Pilot Program
- Meeting with North Dakota Petroleum Council leadership (including Minerals Division Director, Chris Suelzle)
- Meeting with Justin Kringstad, ND Pipeline Authority to discuss oil industry (including Minerals Division Director, Chris Suelzle)
- Attended monthly NDFG natural resources breakfast meeting
- Meetings regarding integration of new accounting and surface systems and development of new minerals system
- Meeting with legislator regarding private mineral owners royalty deduction issues
- Meeting with Apex Clean Energy regarding Discovery Wind Project (McLean County)
- Meetings with oil & gas companies regarding acreage adjustment project and royalty deduction settlements
- Attended SIB on-boarding session and April 22<sup>nd</sup> board meeting
- Attended Spring virtual meeting of National Association of State Trust Lands (April 13<sup>th</sup>)

### Michael Humann Resolution

A resolution thanking and commending Michael Humann, for his years of service to the State of North Dakota and the Board of University and School Lands.

Recommendation: **The Board approve the Resolution recognizing Michael Humann for his 34 plus years of service to the state of North Dakota.**

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

**NORTH DAKOTA  
BOARD OF UNIVERSITY AND SCHOOL LANDS  
RESOLUTION**



ADOPTED  
APRIL 28, 2022

**WHEREAS**, Michael Humann began his employment with the Department of Trust Lands in the fall of 1987; and

**WHEREAS**, Michael has faithfully served as the Board of University and School Lands' agent on countless issues related to prudent and professional management of currently more than 700,000 surface acres; and

**WHEREAS**, through hard work and diligence, Michael's many accomplishments and efforts have greatly benefited the citizens, most notably North Dakota students; and

**WHEREAS**, Michael is recognized statewide amongst his natural resource peers, and beyond, for his expertise in both the preservation of our surface acres and the fiduciary responsibility we hold for our trusts; and

**WHEREAS**, Michael has earned the admiration and respect of his staff and colleagues for his dedication, leadership, professionalism, sense of humor and hard work; and

**WHEREAS**, these many accomplishments and years of dedicated service should be recognized;

**NOW, THEREFORE, BE IT RESOLVED**, that the undersigned as members of the Board of University and School Lands, do hereby thank and commend Michael Humann for his dedication and service to the State of North Dakota, to the Board and most prominently to the "trusts", and wish him every success in future endeavors.

\_\_\_\_\_  
Kirsten Baesler  
Superintendent of Public Instruction

\_\_\_\_\_  
Alvin A. Jaeger, Secretary of State

\_\_\_\_\_  
Thomas Beadle, State Treasurer

\_\_\_\_\_  
Drew Wrigley, Attorney General

\_\_\_\_\_  
Chairman Doug Burgum, Governor

(04/28/22)

## DIVISION REPORTS

### SURFACE

SURFACE DIVISION



For the month of March 2022, the Division granted 16 encumbrances for a total of \$259,822.59 in income for the trusts.

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 released from fall auctions or associated with dropped leases.

DEPARTMENT OF TRUST LANDS SPRING SURFACE AUCTION SUMMARY	2020 (online)	2021	2022
Number of counties	24	19	19
Total tracts offered	144	66	73
Number of tracts bid	108 (75%)	56 (85%)	58 (79%)
Number of bid tracts bid-up	27 (25%)	15 (27%)	17 (23%)
Total amount of minimum advertised bids	\$283,859.00	\$98,815	\$115,482
Total amount received	\$255,173.00	\$121,605	\$167,970

### MINERALS

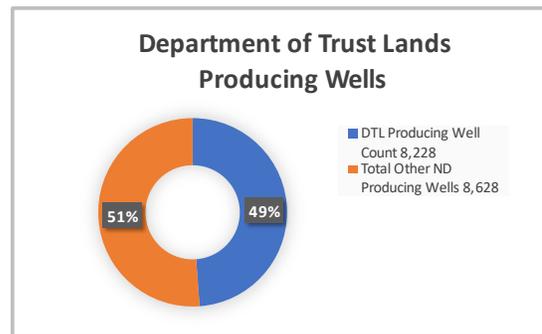
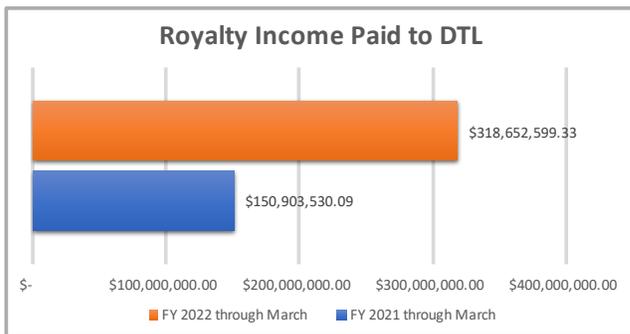
MINERALS DIVISION



For the month of March 2022, the Division approved nine Oil & Gas Lease Extensions, two Coal Lease Extensions and received zero Shut In Requests.

Mineral Tracker reports total DTL producing wells at 8,288, or 49% of the 16,856 total active North Dakota wells.

As of March 2022, for fiscal year 2022 the Department has received \$318,652,599.33 in royalties.

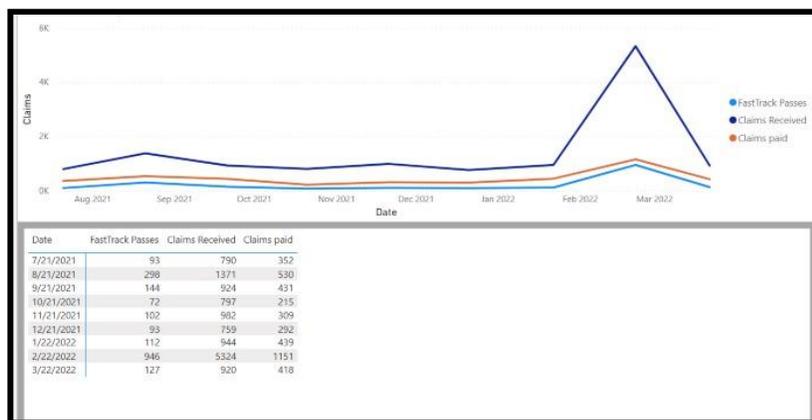


## UNCLAIMED PROPERTY

### UNCLAIMED PROPERTY DIVISION



For the month of March 2022, the Division received 80 holder reports with a property value of \$741,796.49 and paid 418 claims for a total of \$536,873.53.



## FINANCIALS

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

## INVESTMENTS

### Portfolio Rebalancing Updates

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

Since the last Board meeting, FSI GDIF had called an initial capital call of \$45M scheduled for April 20. The new separately managed Angelo Gordon Direct Lending (AGDL-BUSL) Fund has called back distributions made to both AGDL III & AGDL IV amounting to around \$24.4M scheduled for 5/2. After these calls are funded, this will bring the transition account balance down to only around \$3.9M after which we will proceed to close the account.

Unfunded commitments after the distribution and calls will be at \$579.9M. These are:

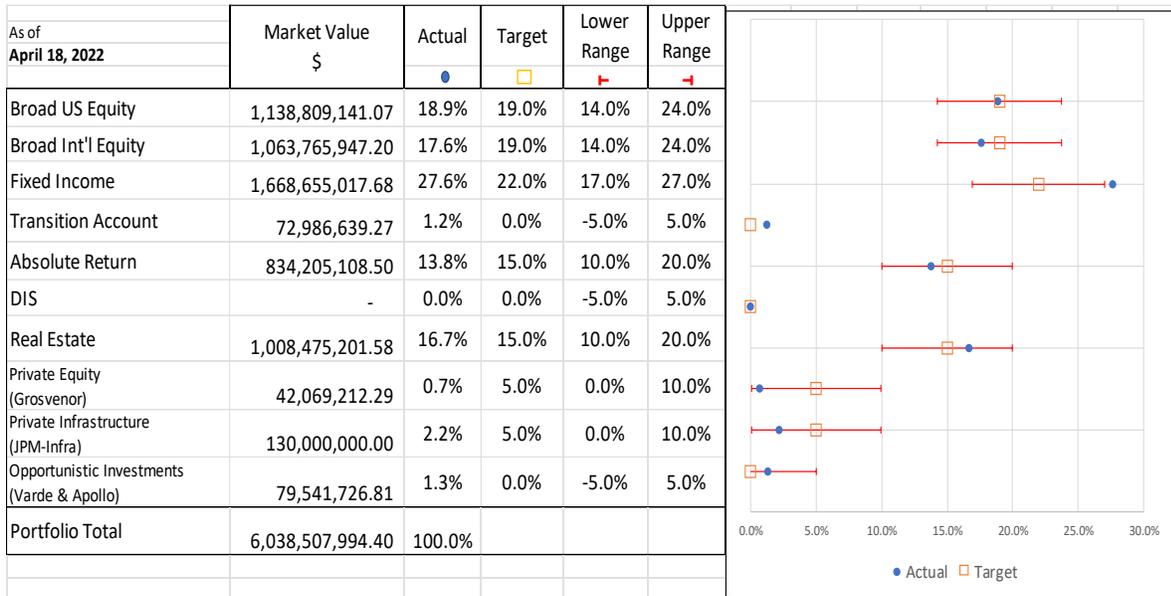
1. Varde Dislocation Fund, \$42.5M
2. GCM Private Equity, \$110M
3. ARES Pathfinder Fund, \$54.4M



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

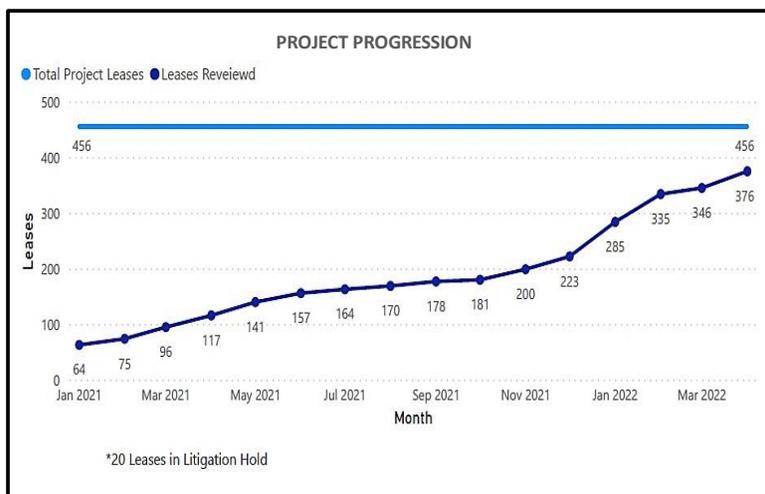
**Asset Allocation**

The table below shows the status of the permanent trusts' asset allocation as of April 18, 2022. The figures provided are unaudited.



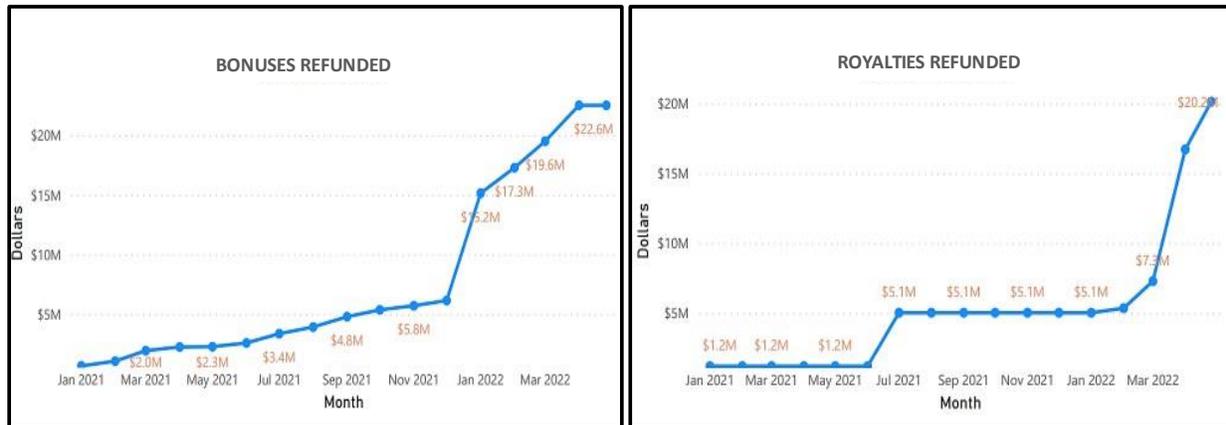
**SPECIAL PROJECTS**

## ACREAGE ADJUSTMENT SURVEY REPORT



## ACREAGE ADJUSTMENT SURVEY REPORT

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



## LITIGATION

**MHA Litigation**

**Case:** **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior; David L. Bernhardt, in his official capacity as Secretary of the United States Department of Interior; and Daniel H. Jorjani, in his official capacity as Solicitor of the United States Department of the Interior; Case No. 20-1918 (ABJ)**

**Date Filed:** July 16, 2020

**Court:** United States District Court for the District of Columbia

**Judge:** Honorable Amy Berman Jackson

**Attorney:** Matthew Sagsveen, Beveridge & Diamond

**Opposing**

**Counsel:** Steven D. Gordon, Philip Merle Baker-Shenk, Timothy Purdon, and Timothy Billion for Plaintiffs; Reuben S. Schifman for United States Department of Interior

**Issues:** In July, 2020, the Mandan, Hidatsa, and Arikara Nation (Tribe) filed a Complaint against the United States Department of the Interior (DOI); David Bernhardt, Secretary of DOI; and Daniel Jorjani, DOI Solicitor. The Complaint asserts four causes of action. Count One asserts that Solicitor Opinion M-37056 issued May 26, 2020, by Jorjani is flawed because it is inconsistent with past DOI opinions and decisions and contrary to the historical record. Count Two asserts the Opinion is flawed because it is the result of improper political influence. Counts Three and Four seek, essentially, an accounting and seem premised on the success of either Count One or Count Two.

In the Complaint's Prayer for Relief, the Tribe requests: (a) that the Jorjani Opinion, which concluded North Dakota owns the lands beneath the Missouri Riverbed within the Fort Berthold Reservation, be set aside; (b) that the Court grant injunctive relief preventing Defendants from taking any steps to implement the Opinion; (c)

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that the Court compel DOI to account to the Tribe regarding the Missouri Riverbed and underlying minerals, including the production of minerals and the value of royalties owed thereon; (d) the Court declare the 1979 IBLA *Impel Energy* decision (finding the state does not own the riverbed) is *res judicata* and binding on the DOI; (e) the Court compel DOI to take the requisite administrative steps to document that the Missouri Riverbed and underlying minerals are held in trust by the United States for the benefit of the Tribe; (f) the Court compel DOI to take requisite steps to administer and account for the Tribe's mineral rights in lands underlying the Missouri Riverbed; (g) the Court compel DOI to collect, deposit and invest or pay funds owing to the Tribe for the extraction of minerals from the lands underlying the Missouri Riverbed; (h) that the Tribe be awarded reasonable fees, costs, and expenses, including attorney's fees; and (i) that the Court grant such further relief as the Court deems just and equitable.

Along with its Complaint, the Tribe filed a motion for preliminary injunction asking that the Court to immediately order DOI to refrain from doing anything to implement the Jorjani Opinion until the Court has decided the merits of the Tribe's claims regarding that Opinion.

**History:** Summons and Complaint filed July 16, 2020. A scheduling conference was held by telephone on July 23, 2020, with a follow up on July 29. The parties agreed the pending motion for preliminary injunction can be considered to be Plaintiff's motion for partial summary judgment on count one and resolved with defendant's cross motion for partial summary judgment as to that count. The merits of count one will be consolidated with any hearing on the motion for preliminary injunction. An Order issued by the Court on July 31, 2020 provides:

- Administrative record - due August 26, 2020;
- Defendant's consolidated opposition to motion for preliminary injunction and cross-motion for partial summary judgment - due September 1, 2020.
- Plaintiff's consolidated reply and cross-opposition to Defendant's motion - due October 1, 2020.
- Defendant's cross-reply to opposition - due October 15, 2020.
- No lease or other official record affecting ownership of the Missouri Riverbed mineral estate within the Reservation may be modified or changed before 200 days from the date of this order – February 16, 2021, unless Defendant seeks the court's permission and amendment of the order, the Plaintiff has an opportunity to be heard, and the motion is granted.

That any revenues generated from riverbed mineral development under control of DOI not be disbursed until after the Court's resolution of the cross-motions for partial summary judgment on count one. The State of North Dakota filed an Expedited Motion to Intervene on August 10, 2020. The Court issued an Order on August 11, 2020, allowing Plaintiff to respond to the State's Motion by August 17, 2020, and the State to file a reply by August 21, 2020. The Tribe filed its Opposition to the State Motion to Intervene on August 17, 2020. On August 21, 2020, the State filed its reply to the Tribe's opposition to the motion to intervene. The Notice of Lodging of Administrative Record was filed on August 26, 2020. The Court entered its Opinion and Order granting North Dakota's Motion to Intervene and setting forth requirements for filings. On September 1, 2020, the United States filed the United States Department of Interior's Opposition to Plaintiff's Motion for Preliminary Injunction and Cross-Motion for Partial Summary Judgment. On September 8, 2020, Plaintiff filed a Motion to Complete Administrative Record and a proposed Order. Also on September 8, 2020, the State filed the Intervenor-Defendant State

of North Dakota's Cross-Motion for Partial Summary Judgment and Opposition to Plaintiff's Motion for Preliminary Injunction. On April 2, 2021, Plaintiff's Supplemental Submission Regarding Mootness by Mandan, Hidatsa, and Arikara Nation, State of North Dakota's Response to Mootness, and U.S. Department of Interior's Response to Order of the Court were filed. By letter dated April 1, 2021, Associate Solicitor Eric Shepard invited the State of North Dakota to submit materials relevant to the review of M-37056 issued by former Solicitor Daniel Jorjani. On April 12 & 27, Attorney General Stenehjem requested more time to participate due to the inability to access records to complete research. On May 7, 2021, Attorney General Stenehjem advised that we were unable to provide the requested information during the time allotted but are providing a report by Stevens Historical Research Associates that has been prepared to date and reiterated request for more time. On July 30, 2021, the parties filed the Joint Status Report. An Order was filed by the Court on August 2, 2021 dismissing Court I and II of the Complaint, the preliminary injunction motion was denied as moot, and Counts III and IV remain justiciable. The parties are ordered to meet and confer and submit a joint status report by August 13, 2021 that sets forth the parties' views on whether Counts III and IV should continue to be stayed pending issuance of a new M-Opinion and if not, proposing a scheduling for resolving those claims. On August 13, 2021, a Joint Status Report was filed. On August 16, 2021, a Minute Order was entered continuing the stay and that the parties shall file a joint status report within 14 days of the issuance of a new M-Opinion or the conclusion of the Solicitor's Office review without a new M-Opinion, or on November 16, 2021 if nothing has been filed by that date." On November 17, 2021, the Court entered a minute order advising the case remains stayed and provided the parties must file a joint status report by December 16, 2021 or within 14 days of either the issuance of a new M-Opinion or the conclusion of the governments review without a new M-Opinion. A Joint State Report was filed on December 16, 2021, in which the parties proposed the remaining counts in this litigation remain stayed for an additional 30 days to allow Interior to continue to work on the M-Opinion, with a status report submitted within 14 days of issuance of a new M-Opinion or the conclusion of the solicitor's office review without a new M-Opinion, or at the conclusion of this 30 day period. The parties agreed that during the duration of the 30 day stay, the status quo will be maintained concerning lease recordation n the disputed riverbed acreage and any revenues generated from mineral development. On January 24, 2022, the Court issued a Minute Order staying the case and providing that the Parties must file a joint status report by February 22, 2022 or within 14 days of either the issuance of a new M-Opinion or the conclusion of the government's review without a new M-Opinion. On February 4, 2022, the Opinion Regarding the Status of Mineral Ownership Underlying the Missouri River Within the Boundaries of the Fort Berthold Reservation (North Dakota), M-37073, was issued by the Solicitor, Robert T. Anderson. On February 14, 2022, the parties filed a Joint Motion for Extension to File Status Report extending the date the status report would be due to March 4, 2022, and that Motion was granted on February 15, 2022.

**Current Status:**

- **On March 4, 2022, a joint status report was filed which proposed a follow up joint status report within 30 days of the DOI recording title in trust for the Tribe in the BIA Office of Land Title and Records (that recording no sooner than April 4, 2022).**
- **On April 4, 2022, the DOI filed a Notice of Recordation of Trust Title. The parties will file a joint status report within 30 days of completion of recordation of trust title.**

- On April 5, 2022, the Court issued a Minute Order requiring the parties submit a status report by April 19, 2022, addressing whether Count IV should be dismissed as moot in light of recordation of title, and both parties must address Count III.
- On April 19, 2022, the Court issued a Minute Order stating that pursuant to the parties' consent in the most recently filed status report, the portion of Count IV that asks for an order "to take the actions necessary to document that the MHA Nation is a beneficial owner of the Missouri Riverbed and the underlying mineral estate within the Reservation" is dismissed as moot. The parties must file a joint status report as to the remaining accounts by July 20, 2022.

### Newfield Litigation

**Case:** **Newfield Exploration Company, Newfield Production Company, and Newfield RMI LLC v. State of North Dakota, ex rel. the North Dakota Board of University and School Lands and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands, Civ. No. 27-2018-CV-00143**

Date Filed: March 7, 2018

Court: District Court/McKenzie County

Attorneys: David Garner

Opposing

Counsel: Lawrence Bender - Fredrikson & Byron, P.A. and Michelle P. Scheffler – Haynes and Boone, LLP

Judge: Robin Schmidt

Issues: Plaintiff is seeking a Declaratory Judgment that it is currently paying gas royalties properly under the Board's lease. Specifically, Plaintiff is asking the Court to order that gas royalty payments made by the Plaintiff be based on the gross amount received by the Plaintiff from an unaffiliated third-party purchaser, not upon the gross amount paid to a third party by a downstream purchaser, and that Plaintiff does not owe the Defendants any additional gas royalty payments based on previous payments.

History: A Complaint and Answer with Counterclaims have been filed. Newfield filed an Answer to Counterclaims. A Scheduling conference was held July 27, 2018. Plaintiffs' filed a Motion for Summary Judgment on August 13, 2018 and Defendants filed a Cross-Motion for Summary Judgment. Plaintiffs' Response was filed October 19, 2018 and Defendants' Reply was filed November 9, 2018. A hearing on the Motions for Summary Judgment was held on January 4, 2019 at 1:30 p.m., McKenzie County. An Order on Cross Motions for Summary Judgment was issued on February 14, 2019, granting Plaintiff's motion for summary judgment and denying Defendants' motion for summary judgment. The Judgment was entered March 1, 2019, and the Notice of Entry of Judgment was filed March 4, 2019. Defendants have filed a Notice of Appeal to the North Dakota Supreme Court (Supreme Court). The trial scheduled in McKenzie County District Court for September 10 and 11, 2019 has been cancelled. Defendants/Appellants' Brief to the Supreme Court was filed April 29, 2019. Plaintiffs/Appellees filed their Brief of Appellees and Appendix of Appellees on June 7, 2019. Defendants/Appellants filed a reply brief on June 18, 2019. Oral Argument before the Supreme Court was held on June 20, 2019. On July 11, 2019, the Supreme Court entered its Judgment reversing the Judgment of the McKenzie County District Court. On July 25, 2019

Newfield filed Appellee's Petition for Rehearing. Also on July 25, 2019, a Motion for Leave to File Amicus Curiae Brief by Western Energy Alliance in Support of Newfield was filed with the Supreme Court. On July 26, 2019, a Motion for Leave to File Amicus Curiae Brief by North Dakota Petroleum Council in Support of Newfield was filed with the Supreme Court. On August 20, 2019, the North Dakota Supreme Court requested Defendants file a Response to the Petition for Rehearing and the two Amicus Curiae Briefs no later than September 4, 2019. Defendants/Appellants filed their Response to Petition for Rehearing on September 4, 2019. A Corrected Opinion was filed by the North Dakota Supreme Court on September 9, 2019, changing the page number of a citation. On September 12, 2019, the North Dakota Supreme Court entered an order denying Newfield's Petition for Rehearing. On September 20, 2019, the opinion and mandate of the Supreme Court was filed with McKenzie County District Court. A Telephonic Status Conference was held October 8, 2019. On October 9, 2019, the District Court issued an Order Setting Briefing Schedule which ordered "the parties to file a brief regarding how they suggest the case proceed after the Supreme Court's decision." The parties filed briefs with the District Court on November 6, 2019. Notice of Appearance for Michelle P. Scheffler of Hayes and Boone, LLP on behalf of Plaintiffs was filed November 7, 2019. Telephonic Status Conference scheduled for March 17, 2020 before the District Court. On May 14, 2020, the Court scheduled a five-day Court Trial to start on October 4, 2021, McKenzie County Courthouse. On July 28, 2020, a Stipulated Scheduling Order was entered, setting dates for various deadlines. On April 1, 2021, the State served Defendants State of North Dakota, ex re. the North Dakota Board of University and School Lands, and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands' Interrogatories, Requests for Production of Documents, and Requests for Admissions to Plaintiff. On April 1, 2021, the Plaintiffs served the following on the State: Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of a Representative of the North Dakota Department of Trust Lands; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Lance Gaebe; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Taylor K. Lee; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Jodi Smith; and Plaintiffs' First Set of Interrogatories, Requests for Production, and Requests for Admission to all Defendants. On July 1, 2021, Defendants filed their Motion for Summary Judgment and Plaintiffs filed their Motion for Partial Summary Judgment. On August 2, 2021, Plaintiffs filed a Motion to Admit Garrett S. Martin Pro Hac Vice and their Response Brief in Opposition to Motion for Summary Judgment. Also on August 2, 2021, Defendants filed their Brief in Response to Plaintiffs' Motion for Partial Summary Judgment. On August 4, 2021, the parties filed an Expedited Joint Motion for Extension of Time to Reply to Briefs in Opposition/Response to Motions for Summary Judgment and the Joint Motion to Exceed Volume Limitations. On August 5, 2021, the Court issued its Order Granting Expedited Joint Motion for Extension of Time to Reply to Briefs in Opposition/Response to motions for Summary Judgment and the Order Granting Joint Motion to Exceed Volume Limitations. The parties now have until August 30, 2021 to file their opposition/response briefs and the page limit was extended from 12 pages to 30 pages for both parties. On August 9, 2021, Plaintiffs requested a hearing on Plaintiff's Motion for Partial Summary Judgment and Defendants Motion for Summary Judgment and scheduled that hearing for September 16, 2021, at 10 a.m. Also on August 9, 2021, a Pretrial Conference was scheduled for 10 a.m. on October 1, 2021. Mediation was held September 2, 2021. The Deposition of Adam Otteson was held August 31, 2021; Jodi Smith's deposition was held September 14, 2021; the deposition of Kelly Vandamme was held September 22, 2021; and the deposition of John Kemmerer was held for September 23, 2021. On September 3, 2021, Plaintiffs filed a Motion to Compel which was later withdrawn on September

16, 2021. On September 8, 2021, Plaintiffs submitted a Motion to Admit Ryan Pitts Pro Hac Vice. The Order of Admission was signed September 9, 2021. On September 10, 2021, Plaintiffs filed a Motion to Exclude Evidence Attached to Defendants Summary Judgment Brief. They also filed an Emergency Motion for Expedited Briefing Schedule and a request for the hearing on both of these motions be held with the motions for summary judgment. Judge Schmidt sent an email to the parties on September 10, 2021 regarding the status. On September 14, 2021, the Order Extending Deadline to Submit Motions in Limine and Pretrial Statements to be due September 20, 2021 was signed. On September 15, 2021, Defendants filed a Motion to Exclude Evidence and Response to Plaintiffs' Motion to Exclude. The parties attending the oral argument on September 16, 2021 and an Order on Cross Motions for Summary Judgment was issued that date. On September 17, 2021, the parties filed a Stipulation regarding Trial Witnesses and the Order Adopting the Stipulation was signed on September 20, 2021. On September 20, 2021, the Defendants filed an Expedited Motion to Supplement Exhibits and Plaintiffs filed a Motion in Limine or to Exclude and Limit Anticipated Testimony. The parties also filed their Pretrial Statements and a Combined Exhibit list. On September 23, 2021, Plaintiffs filed their Response in Opposition to Defendants' Expedited Motion to Supplement Exhibits and the Court entered the Order Granting Expedited Motion to Supplement Exhibits filed by Defendants. On September 24, 2021, Plaintiffs filed their Response in Opposition to Defendants' Motion to Exclude Evidence, an Expedited Motion to Take Joy Barnett's Testimony by Reliable Electronic Means, and a Special Motion to Exclude and Motion in Limine. Defendants filed a Supplemented Exhibit List. On September 27, 2021, the Court entered its order Granting Plaintiffs' Expedited Motion to Take Joy Barnett's Testimony by Reliable Electronic Means. Defendants filed a Second Supplemented Exhibit List and their response to Plaintiff's Special Motion to Exclude and Motion in Limine. On September 28, 2021, Defendants filed their response to Plaintiff's Motion in Limine or to Exclude and Limit Anticipated Testimony. A pretrial conference was held on October 1, 2021. The trial was held on October 4, 5 & 6. The Court issued its Memorandum Opinion, Findings of Fact, Conclusions of Law and Order for Judgment on October 13, 2021. On October 22, 2021, Plaintiffs filed their Statement of Costs and Disbursements of Lawrence Bender, Statement of Costs and Disbursements of Michelle P. Scheffler, and proposed Judgment. On October 27, 2021, the State sent a letter to the Honorable Robin A. Schmidt advising that the State intended to submit a response to the proposed Judgment filed by Plaintiffs. On November 5, 2021, the State filed its Objection to Plaintiff's Proposed Judgment. On November 12, 2021, Plaintiffs filed a Notice of Motion, Motion, and Brief in Support of Motion for Leave to File a Response to Defendants Objections to the Proposed Judgment. Order for Judgment was entered on November 16, 2021. The Notice of Entry of Judgment and Judgment were entered on November 17, 2021. On January 18, 2022, a Notice of Appeal was filed by the Board. On January 28, 2022, an Order for Transcript was filed with the Supreme Court. On February 1, 2022, a Second Order for Transcript was filed with Supreme Court. On February 8, 2022, the Board filed an Unopposed Motion for Extension of Time to File Appellant Brief until 30 days after the final transcript has been filed of record. On February 10, 2022, the Supreme Court granted the motion for extension with Appellant's brief being due 30 days after the final transcript is filed. The Supreme Court advised that Appellant's brief is due March 16, 2022.

**Current  
Status:**

- **Appellant's (State's) Brief filed March 16, 2022. Appellee's Brief is due on or before April 15, 2022.**

(04/28/22)

- **On April 4, 2022, Newfield filed a Motion for Extension of Time to File Appellee Brief and that Motion was granted on April 5, 2022, granting Newfield until May 16, 2022 to file its brief. The State's Reply Brief will be due 14 days after Appellee's Brief is filed**

### **Wilkinson Litigation**

**Case:** **William S. Wilkinson, et. al. v. Board of University & School Lands, Brigham Oil & Gas, LLP; EOG Resources, Inc.; Case No. 53-2012-CV-00038**

**Date Filed:** January, 2012

**Court:** Williams County District Court

**Judge:** Paul Jacobson

**Attorney:** Jennifer Verleger/Matthew Sagsveen/David Garner

**Opposing**

**Counsel:** Josh Swanson/Rob Stock, Lawrence Bender, John Ward

**Issues:** The Wilkinson lawsuit was filed on January 10, 2012. The Plaintiffs assert that they own minerals in a 200 acre tract west of Williston. This suit was initially filed in state court as a quiet title action. The Attorney General's Office filed an Answer and Counterclaim on February 27, 2012.

On July 1, 2014, the Plaintiffs filed an amended complaint in the case and added claims of unconstitutional takings, conversion, constructive trust and unjust enrichment, civil conspiracy and deprivation of rights under 42 U.S.C. § 1983. Plaintiffs assert in their amended complaint that the Board should be issuing leases on the west side of the Highway 85 bridge pursuant to the Phase II Investigation – the estimated location of the ordinary high watermark (OHWM) prior to inundation of Lake Sakakawea – rather than the Phase I Delineation – current location of the OHWM. Plaintiffs argue that the subject property is located under Lake Sakakawea, which did not exist at statehood, and thus the state did not acquire title to it as sovereign lands. Therefore, the State's title to the Missouri River is limited to the channel as it existed prior to inundation of Lake Sakakawea as determined by the Phase II investigation.

In January of 2016, the State Engineer sought and was granted intervention. A joint motion for summary judgment was filed by the Board and the State Engineer on March 1, 2016. On May 18, 2016, the district court granted the motion for summary judgment finding that: (1) the subject property is located along the Missouri River, which is no doubt navigable; (2) The Phase I Delineation should be used to determine the OHWM for the subject property rather than the Phase II Investigation, and therefore the property is determined to be sovereign land of the state of North Dakota; (3) to the extent Plaintiffs are aggrieved by the Phase I Delineation, they must exhaust their administrative remedies through the State Engineer before making a claim in district court; and (4) there are no grounds to support Counts II through VII. Plaintiffs filed a notice of appeal on June 1, 2016. Both EOG Resources, Inc. and Statoil Oil and Gas LP filed cross-appeals.

On September 28, 2017, the North Dakota Supreme Court reversed the district court's decision and remanded the case back to the district court. The Supreme Court held that:

1. Surface ownership could not be determined without the United States as a party to the action;



2. N.D.C.C. ch. 61-33.1 has a retroactive clause and the district court did not have an opportunity to determine if it applies and governs ownership of the minerals at issue;
3. A “takings” analysis must be conducted if the district court determines the State owns the disputed minerals; and
4. The district court erroneously made findings of disputed fact.

**History:**

Due to the passage of S.B. 2134, the District Court ordered the case stayed and all deadlines be held in abeyance until the final review findings under S.B. 2134 are issued by the North Dakota Industrial Commission (NDIC). Plaintiff, after NDIC issued the review findings, requested a status conference with the Court to set a new trial date and other deadlines. The Board and State Engineer filed a Motion for Continued Stay of Proceedings on October 11, 2018. The telephonic status conference scheduled for November 2, 2018 was cancelled. A Hearing on the Motion for Continued Stay was held November 30, 2018. Defendants submitted a proposed Order and the Judge asked for Plaintiffs to submit a proposed Order, which was filed December 4, 2018. The Court issued its Order on December 12, 2018, denying the Motion for Continued Stay and requiring the parties confer on a scheduling order and submit a Rule 16 scheduling order by January 26, 2019. The State filed a Motion for Proposed Scheduling Order on January 28, 2019, and Plaintiffs filed a notice of hearing on January 31, 2019, and filed their Response to State’s Motion for Proposed Scheduling Order and Plaintiffs’ Request for Rule 16(F) Sanctions on February 1, 2019. State Defendants filed a Reply Brief in Support of Motion for Proposed Scheduling Order on February 8, 2019. Statoil & Gas LP filed a Response to State’s Motion for Proposed Scheduling Order and Plaintiff’s Proposed Scheduling Order on February 11, 2019. Plaintiffs scheduled a hearing in District Court on the Motion for Scheduling Order which was held March 5, 2019, at 2:00 p.m. The District Court didn’t rule on the scheduling motions but granted Plaintiffs’ request to file a motion for Summary Judgment within 30 days of the hearing. On April 15, 2019, Plaintiffs’ filed with the District Court a Notice of Motion, Motion for Summary Judgment, Brief in Support of Motion for Summary Judgment, Affidavit of Joshua Swanson, Notice of Hearing (requesting a hearing be held at the earliest possible date available on the Court’s calendar), and proposed Order Granting Plaintiffs’ Motion for Summary Judgment. On April 17, 2019, Plaintiffs’ filed a Notice of Hearing scheduling a hearing for 2:00 p.m. on July 30, 2019 before the Honorable Paul W. Jacobson, at the Williams County Courthouse, Williston. The parties entered into a Stipulation Extending Time to Respond to Plaintiffs’ Motion for Summary Judgment and Plaintiffs’ Time to Reply which was entered May 1, 2019. The Order Extending Time to Respond was entered May 2, 2019, extending Defendants’ time to respond to June 14, 2019, and extending Plaintiffs’ deadline to file reply to July 1, 2019. On June 10, 2019 Statoil & Gas LP filed its Opposition to Plaintiffs’ Motion for Summary Judgment. Also, on June 10, 2019, the Stipulated Motion to Dismiss Defendant XTO Energy Inc. was filed in which Plaintiffs, Cross-claimant EOG, and Defendant XTO stipulated and requested the Court dismiss XTO from the action with prejudice and without costs and disbursements to any party, as it holds no ownership interest in, right to, claim or title to any mineral interests as alleged by Plaintiffs. The Board of University and School Lands filed its Brief in Opposition to Plaintiffs’ Motion for Summary Judgment on June 14, 2019. Also filed on June 14, 2019 where the State Engineer’s Response to Brief in Opposition to Plaintiffs’ Motion for Summary and the Response of EOG Resources, Inc., to Plaintiffs’ Motion for Summary Judgment. On June 17, 2019, the Court entered its Order Dismissing Defendant XTO Energy, Inc. from the Action. On July 1, 2019, Plaintiff’s filed their Reply Brief in Support of Motion for Summary Judgment. The hearing on the Motion for Summary Judgment was held on July 30, 2019. Order Granting Plaintiffs’ Motion for Summary Judgment was

entered on September 6, 2019. The proposed Judgment was submitted on September 12, 2019. The Judgment and Notice of Entry of Judgment were filed with the District Court on September 16, 2019. Board of University and School Lands' Notice of Appeal to the North Dakota Supreme Court was filed on November 15, 2019. State Engineer's Notice of Appeal to the North Dakota Supreme Court was filed on November 15, 2019. Notice of Appeal to North Dakota Supreme Court filed by Statoil Oil & Gas LP f/k/a Brigham Oil & Gas, LLP on November 27, 2019. Appellant's Initial Briefs were due December 12, 2019; however, a Joint Motion for Extension of Time to File Briefs was filed and an extension was granted on December 13, 2019, with all briefs being due to the Supreme Court as follows:

- Appellants' (including Board of University and School Lands) Initial Briefs - January 13, 2020;
- Appellees' Response Briefs – March 2, 2020; and
- Appellants' (including Board of University and School Lands) Reply Briefs – March 16, 2020.

On January 13, 2020, the Brief of Appellant, Board of University and School Lands was filed with the Supreme Court. Appellant North Dakota State Engineer's Principal Brief was also filed on January 13, 2020. Plaintiffs/Appellees Response Brief filed with the Supreme Court on March 2, 2020. Plaintiffs/Appellees Response Brief filed with the Supreme Court on March 2, 2020. Reply Brief of Defendant and Appellant, Board of University and School Lands filed on March 16, 2020. Appellant North Dakota State Engineer's Reply Brief filed March 16, 2020. The North Dakota Supreme Court issued its Opinion of the Court on August 27, 2020. On September 18, 2020 a Notice of Hearing was filed in the District Court setting a status conference for October 13, 2020, at 3:30 p.m. The Court issued an Order After Status Conference dated October 13, 2020, stating that a two day bench trial will be scheduled. A telephonic scheduling conference was scheduled for October 29, 2020, at 10:00 a.m. On October 23, 2020, the Supreme Court Judgment/Opinion was filed with the District Court. On October 30, 2020, the Court issued its Order After Scheduling Conference. The matter was set for Court Trial on April 16, 2021, for one day and July 23, 2021, also for one day. Defense council expressed concerns with a conflict with other scheduled trials. Therefore, a status conference was set for February 4, 2021 to determine if any conflicts have been obviated. The Court indicated it would consult with the scheduling clerk to determine second priority dates for one day trials in 2021. The Court set backup Court Trial dates of May 27, 2021 and May 28, 2021. Plaintiffs' Combined Discovery Requests to Defendant, the Board of University and School Lands of the State of North Dakota were served on the Board on January 26, 2021. The Board has 30 days to respond. On February 25, 2021, the Board served its Answers to Plaintiffs' Combined Discovery Requests to Defendant, the Board of University and School Lands of the State of North Dakota, and the State Engineer served its answers to interrogatories. State Engineer's Interrogatories, Request for Admissions, and Request for Production of Documents Regarding Damages (Request II) was served March 12, 2021. On March 19, 2021, Defendant Statoil Oil and Gas, LP's Answers to Plaintiffs' Combined Discovery Requests to Defendant, Statoil Oil & Gas, LP was served. On March 22, 2021, Defendant Statoil Oil and Gas, LP's First Supplemental Answers to Plaintiffs' Combined Discovery Requests to Defendant, Statoil Oil & Gas, LP was served. Plaintiff's Responses to State Engineer's Interrogatories, Requests for Admissions, and Requests for Production of Documents regarding Damages (Request II) was served April 14, 2021. On April 20, 2021, Plaintiffs filed their Motion for Attorneys' Fees and Costs against the State of North Dakota. Plaintiffs scheduled a hearing on this motion for July 22, 2021. Plaintiffs scheduled a status conference for April 27, 2021. At that hearing, it was decided that the trial for May 2021 would be scheduled for July 22 & 23, 2021, in Williston. On May 18, 2021, the Board of University and School Lands and the State Engineer filed their

(04/28/22)

Response Brief Opposing Plaintiffs' Motion for Attorneys Fees and Costs. On June 8, 2021, Plaintiffs filed their Reply to State's Response Brief Opposing Plaintiffs' Motion for Attorneys' Fees and costs. On June 22, 2021, Plaintiffs filed their Pretrial Statement and Defendants, Board and State Engineer, filed their Pre-Trial Brief. Brigham Oil & Statoil brought a Motion to Dismiss on July 7, 2021. On July 8, 2021, the parties exchanged their witness and exhibit lists. Motions in Limine were filed on July 8, 2021 by Brigham Oil and Statoil and the Board and State Engineer. The parties shared various drafts of witness and exhibit lists prior to trial. On July 12, 2021, the State filed its Motion in Limine to Exclude Evidence Regarding Statutory Interest of 6.5% or 18% on Royalties and Motion in Limine to Exclude Evidence Regarding S&P Vanguard 500 Index Fund Investor Shares (VFINX) Damages. On July 14, 2021, Statoil and Brigham filed Brigham Oil & Gas, L.P. s and Statoil Oil & Gas, L.P. s nka Equinor Energy, O.P. s (Collectively Statoil ) Unopposed Request for Leave to Allow Witness Amy Becker to Appear by Reliable Electronic Means and the request was granted the same day. On July 15, 2021, Plaintiffs Plaintiffs' Request for Witness to Participate by Telephone or Electronic Means and the requested was granted the same day. On July 19, 2021, Plaintiffs filed Supplemental Affidavit of Joshua A. Swanson in Support of Plaintiffs' Motion for Attorneys' Fees and Costs against the State of North Dakota. On July 21, 2021, Plaintiffs filed Plaintiff s Brief in Response to Defendant Brigham Oil & Gas LP s (Collectively Statoil ) Motion to Dismiss, Plaintiffs Response Brief in Opposition to Brigham Oil & Gas, L.P. s nka Equinor Energy, LP s (Collectively Statoil ) Motion in Limine, Plaintiffs Response Brief in Opposition to Board of University and School Lands and North Dakota State Engineer s Motion in Limine Regarding S&P 500 Vanguard 500 Index Fund Investor Shares (VFINX) Damages, Plaintiffs Response Brief in Opposition to Board of University and School Lands and North Dakota State Engineer s Motion in Limine Regarding Statutory Interest. The trial was held on July 22 and 23, 2021. On July 22, 2021, the parties filed a joint exhibit list. On July 28, 2021, Brigham Oil & Gas, L.P.'s and Statoil Oil & Gas L.P.'s nka Equinor Energy, L.P.'s (Collectively "Equinor") Reply Brief in Support of Motion to Dismiss was filed, as was the Stipulation/Agreement to Dismiss Plaintiffs' Claims Against Defendant EOG Resources, Inc. On July 30, 2021, the Order Dismissing Plaintiffs' Claims Against Defendant EOG Resources, Inc. was filed. On August 11, 2021 the parties stipulated and the court entered its Order Dismissing Crossclaims Between Defendant EOG Resources, Inc., and Defendant Statoil Oil & Gas LP. On October 4, 2021, an Order Granting Extension of Time for Brigham and Statoil to File Reply Filings was filed. On October 5, 2021 Plaintiffs filed their Post-Trial Reply Brief and the Board and the State Engineer filed their Post Trial Response Brief. On December 10, 2021, the Court entered the Order for Judgment, which ordered:

- Statoil's motion to dismiss (Index #594) is denied.
- Statoil's motion in limine (Index #600) is denied as moot.
- The State's motions in limine (Index #607 and #615) are denied as moot.
- Petrogulf's crossclaims against EOG (Index #84) are dismissed with prejudice for failure to prosecute.
- EOG's counterclaim against Plaintiffs and crossclaims against the Land Board, OXY USA, Inc., and Petrogulf (Index #65) are dismissed with prejudice for failure to prosecute.
- Statoil's counterclaims against the Plaintiffs are dismissed because it is a prevailing party.
- Based on the Supreme Court's ruling in *Wilkinson II* and the application of N.D.C.C. ch. 61-33.1 to the Disputed Property "the State of North Dakota does not own title to the mineral interests in the [Disputed] Property."
- The takings claims in Counts II and III against the State are dismissed with prejudice.

- The conversion claims in Count IV against Statoil and the State are dismissed with prejudice.
- The unjust enrichment and constructive trust claims in Count V against Statoil and the State are dismissed with prejudice.
- The civil conspiracy claims in Count VI against Statoil and the State are dismissed with prejudice.
- The 42 U.S.C. § 1983 claim in Count VII against the State is dismissed with prejudice.
- The Plaintiffs are not entitled to statutory damages under either N.D.C.C. § 47-16-39.1 or N.D.C.C. § 28-20-34, and are prohibited from claiming statutory damages until June 2022 under N.D.C.C. § 61-33.1-04(2)(b).
- The Plaintiffs are not entitled to special damages attributable to lost investment opportunities in the S&P 500 VFINX.
- The Plaintiffs request for \$1,441,086.73 in interest is denied.
- The Plaintiffs are not entitled to damages under N.D.C.C. § 32-03-23(3) for Jon Patch's time. The request for \$180,000 in damages is denied.
- The Plaintiffs are not entitled to damages for unjust enrichment and the Plaintiffs' request for bonus/rental payments and royalty payments through disgorgement under the State's contracts in the amount of \$207,336.61 is denied.
- The Plaintiffs are not entitled to attorneys' fees or costs. The Plaintiffs' requests for attorneys' fees and costs are denied.
- Let Judgment be entered accordingly.

On January 10, 2022, the Judgment was entered. On January 10, 2022, the Judgment was entered. On January 13, 2022, the clerk's office sent a letter to Crowley Fleck regarding return of the surety bond. On January 25, 2022, Plaintiffs filed a Notice of Appeal with the Supreme Court.

**Current Status:**

- **On March 14, 2022, Wilkinsons filed the Brief of Appellants. The State's brief is due April 13, 2022.**
- **State granted an extension to file the Brief of Appellees to April 25, 2022.**
- **On April 20, 2022, the Supreme Court scheduled Oral Argument for May 18, 2022 at 10:45 a.m.**

EXECUTIVE SESSION

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

- **Royalty Offers (Nothing to cover)**
- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior; Case No. 20-1918 (ABJ)**

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

**The Board entered into executive session at 10:07 AM.**

**EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction (via Teams)

**Department of Trust Lands Personnel present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Kristie McCusker	Paralegal
Chris Suelzle	Minerals Division Director

**Guests in Attendance:**

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

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The executive session adjourned at 11:03 AM and the Board returned to the open session and Teams meeting to rejoin the public. During executive session the Board was provided information, provided its attorneys with guidance regarding the MHA litigation, and no formal action was taken.

**A D J O U R N**

There being no further business, the meeting was adjourned at 11:04 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  
May 23, 2022**

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

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction (via Teams)

**Department of Trust Lands Personnel present:**

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

**Guests in Attendance:**

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

**A P P R O V A L   O F   M I N U T E S**

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

**EXECUTIVE SESSION**

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

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

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

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

**EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction (via Teams)

**Department of Trust Lands Personnel present:**

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

**Guests in Attendance:**

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

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

## LITIGATION

### Litigation Update

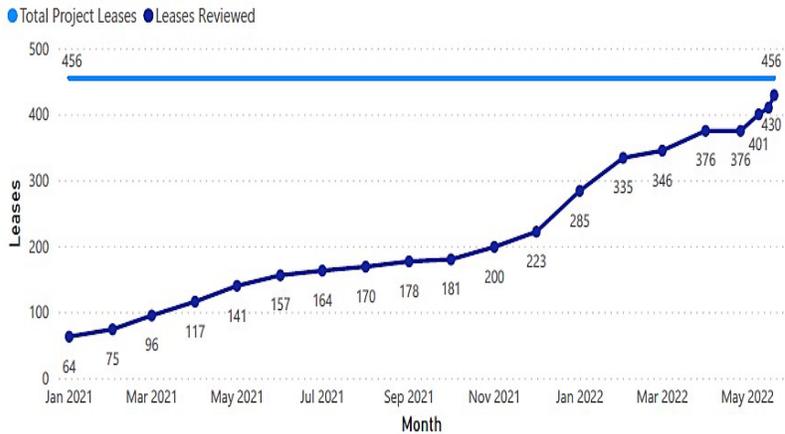
- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court oral arguments - May 18<sup>th</sup>, 10:45am
- Newfield (royalty deductions) – final briefs due mid-June; ND Supreme Court oral arguments scheduled thereafter
- Whiting Bankruptcy (unclaimed property claim) – DTL objection response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

## SPECIAL PROJECTS

# ACREAGE ADJUSTMENT SURVEY REPORT



PROJECT PROGRESSION



\*15 Leases in Litigation Hold

PROGRESS TO ESTIMATED \$100M PROJECT VALUE

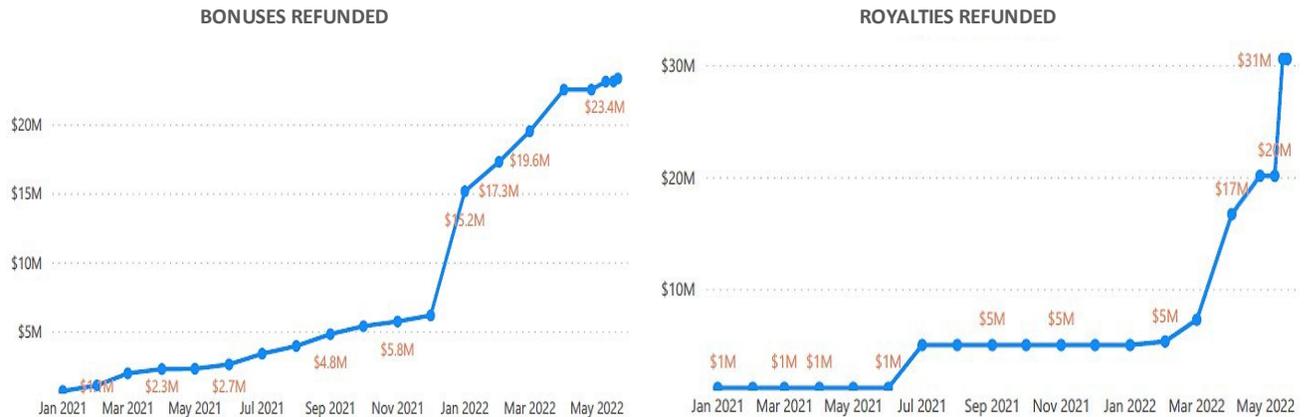


REFUNDED TO OPERATOR





## ACREAGE ADJUSTMENT SURVEY REPORT



### North American Coal Company Coal Lease Application

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

T147N R82W Section 36: N2

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

T146N R82W Section 2: Lots 1, 2, S2NE4

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

(see attached map)

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

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

(05/23/22)

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

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

**OPERATIONS**

**Commissioner’s Report**

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

**DIVISION REPORTS**

## SURFACE

### SURFACE DIVISION



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

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



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

## MINERALS

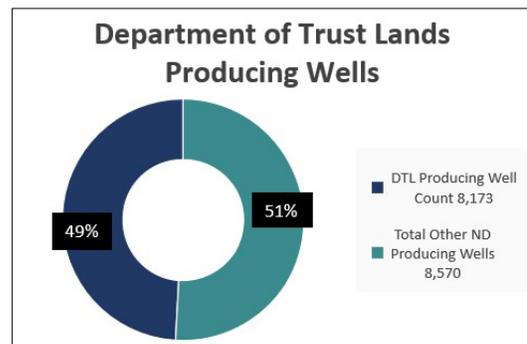
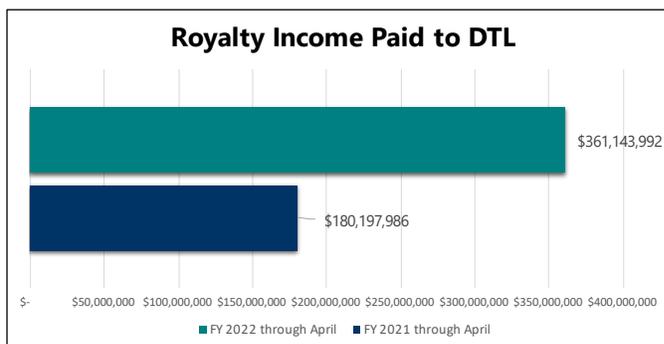
### MINERALS DIVISION



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

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

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



# MINERALS DIVISION



## May Oil & Gas Lease Auction Summary

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

# MINERALS DIVISION



## May Oil & Gas Lease Auction Summary

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

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

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

### Average Bonus/Acre (Total Bonus/Total Acres)

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

## UNCLAIMED PROPERTY

### UNCLAIMED PROPERTY DIVISION



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

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

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

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

\* Please note: This total includes only cash properties.

## FINANCIALS

### Financial Statements Position Report (Unaudited) for period ended February 28, 2022

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

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

## INVESTMENTS

### Investment Updates

#### Portfolio Rebalancing Updates

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

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

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

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

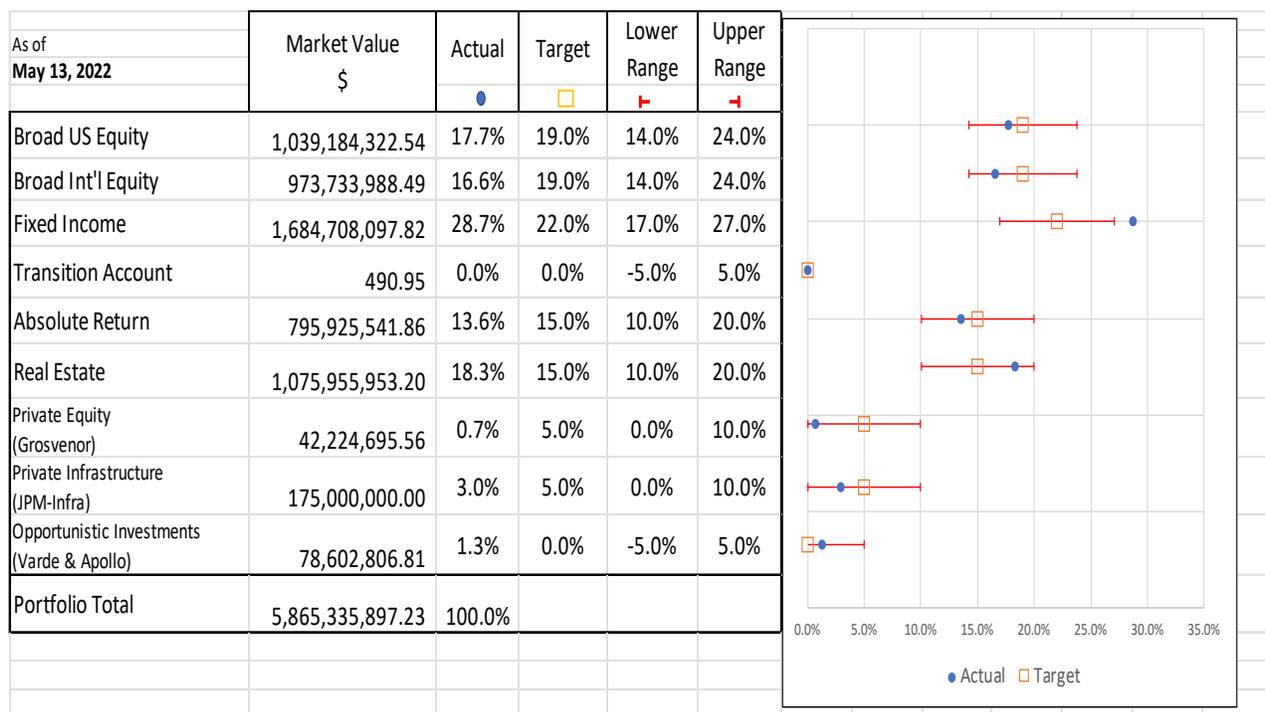
(05/23/22)

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

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

**Asset Allocation**

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



**Commercial Real Estate – Jamestown Redemption**

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

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

There are two areas of primary concern:

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

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

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

Attachment 1: RVK Recommendation Memo

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

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

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

## A D J O U R N

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

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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 30, 2022**

The June 30, 2022 meeting of the Board of University and School Lands was called to order at 9:04 AM by Chairman Doug Burgum. Roll call was taken for the Board Members.

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel present:**

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

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
Reice Haase	Industrial Commission
Charles Carvell	Office of the Attorney General
Kevin Balaod	WithIntelligence (Journalist)
Geoff Simon	Western Dakota Energy Association
Josh Kevan	RVK
Eva Saad	
LG	
C. Rajala	
David Straley	

**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 May 23, 2022 meeting was made by Treasurer Beadle and the motion was seconded by Superintendent Baesler and the motion carried unanimously on a voice vote.



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

### Commissioner's Report

- Executive onboarding meetings with all OMB division directors
- Entered MOU with Kelmar Associates to begin cryptocurrency unclaimed property compliance reviews
- Moving forward with building retaining wall project under continuing authority; needed for building/foundation integrity to prevent future structural damage; estimated cost \$45 - \$50,000 which is much higher than initial estimate due to significant inflation, labor & supply chain cost increases (see attached slides)
- All staff annual reviews completed
- Numerous outreach calls/meetings with oil & gas operators re: acreage adjustment project
- Attended monthly Natural Resources Breakfast meeting (June 1)
- In-person meeting with reps from investment manager PIMCO (June 13)
- Mineral Tracker meeting re: contract renewal, product features, and annual mineral rights appraisal (June 16)
- Meeting with Billings County reps re: ND Trust Lands Completion Act (June 24)
- Field Inspector Training Day (June 28)
- New department hybrid work policy starting July 1<sup>st</sup>

### Presentations

- Legislative Management's Information Technology Committee – Update re: systems upgrade projects (May 26)
- National Association of Royalty Owners - DTL overview and current issues (June 15)
- North Dakota Petroleum Council Board – DTL overview and current issues (June 22)
- Water Topics Overview Legislative Committee - Pasture water improvement programs (June 23)

### Conferences Attended

- Unclaimed Property Division Director, Susan Dollinger, attended National Association of State Treasurer's Treasury Management Symposium – Unclaimed Property Track (June 6-9 San Antonio)

## Department of Trust Lands

### Building History

The Department of Trust Lands purchased the building located at 1707 N. 9<sup>th</sup> St. in 1996 for approximately \$1,116,440.

After remodeling, the building's grand opening was held on September 25<sup>th</sup>, 1997.



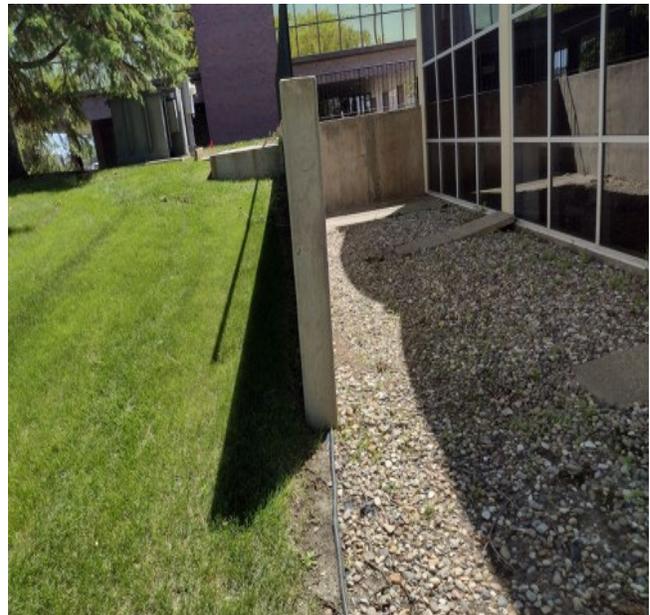
## Department of Trust Lands

The removal and replacement of the retaining wall is necessary for building/foundation integrity to prevent future structural damage; the estimated cost of \$45 - \$50,000 is much higher than the initial estimate due to significant inflation, labor & supply chain cost increases

The original quote of \$16,000 brought to the Board in April of 2021 did not include the removal of the existing retaining wall, only the replacement.

The Department's authority for repairs is provided in N.D.C.C. § 15-03-16:

15-03-16. Continuing appropriation for investments There is appropriated annually the amounts necessary to pay costs related to investments controlled by the board of university and school lands, including management, trustee, consulting, custodial, and performance measurement fees; expenses associated with money manager searches and onsite audits and reviews of investment managers; **expenses associated with building repairs, maintenance, and renovations** and payments in lieu of taxes for the building and grounds. Each payment must be made from the trust fund for which the cost was incurred





Department retaining wall on June 23, 2022. Photo credit: Rick Owings

## DIVISION REPORTS

### SURFACE

## SURFACE DIVISION

For the month of May 2022, the Division granted 20 encumbrances for a total of \$10,521.00 in income for the trusts.



Photo Credit: Jacob Lardy  
 Department of Trust Lands Billings County 142-100-16

**No Net Loss Land Sale Update**

**Trust Land** (Attachment 1 - aerial map)

Grant County

Township 136 North, Range 86 West

Section 28: NW $\frac{1}{4}$

Section 32: N $\frac{1}{2}$ N $\frac{1}{2}$

Section 36 SE $\frac{1}{4}$

**Provided accessible and leasable land** (Attachment 2 - aerial map)

Hettinger County

Township 136 North, Range 94 West

Section 20: S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$

The Board of University and School Lands (Board) received an application from M. Family L.L.C. for the purchase of approximately 480 acres of trust land in Grant County (see trust land legal description above) as part of a no net loss land sale in accordance with Chapter 85-04-07 and Chapter 85-04-08 of the North Dakota Administrative Code. To meet the requirements of a no net loss land sale, the applicants/purchasers are required to provide land (see provided accessible and leasable land legal description above) as payment.

The properties were evaluated and appraised as part of a no net loss property sale and the Board of Universities and School Lands approved the no-net loss land sale and the minimum bids on November 29, 2021 (Attachment 3 – Approved Memo).

The provided land (see provided accessible and leasable land legal description above) that will be conveyed to the Board of University and School Lands as payment has better dedicated access, has the potential to generate more annual rental income, and was appraised substantially higher than the Trust Land.

The no-net loss sale was conducted at the Grant County Courthouse, Carson ND, on June 2<sup>nd</sup>, 2022 in accordance with Chapter 85-04-07 and Chapter 85-04-08 of the North Dakota Administrative Code. The results of the no-net loss sale are as follows:

<b>DESCRIPTION</b>	<b>Successful Bid</b>	<b>Successful Bidder</b>
T136N R86W Section 28 NW $\frac{1}{4}$	\$99,000	M. Family L.L.C.
T136N R86W Section 32 N $\frac{1}{2}$ N $\frac{1}{2}$	\$93,000	M. Family L.L.C.
T136N R86W Section 36 SE $\frac{1}{4}$	\$101,000	M. Family L.L.C.

A closing meeting will be held with M. Family L.L.C to finalize the no-net loss sale in the near future.

**No net loss land sale maps and attachments were presented to the Board for review and are available at the Department upon request.**

**MINERALS**

**MINERALS DIVISION**

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

For the month of May 2022, the Division approved zero oil & gas lease extensions, zero coal lease extensions, and approved 1 shut-in request.

The total DTL producing wells for the Department is unchanged from last month’s report at 49% of producing wells in North Dakota.

As of May 2022, for fiscal year 2022 the Department has received \$408,783,527 in royalties as compared to \$206,836,576 last fiscal year at this time.



**UNCLAIMED PROPERTY**

**UNCLAIMED PROPERTY DIVISION**

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

For the month of May 2022, the Division received 106 holder reports with a property value of \$126,623 and paid 601 claims for a total of \$921,979.

As of May, the Department had \$15,778,849 worth of unclaimed properties reported for the fiscal year.

- The total amount of property paid (from the [Unclaimed Property website](#) as of 5/31) was \$92,074,287
- The total value of cash properties available for claim was \$117,161,938\*
- Total number of properties available to claim was 457,406

Date	FastTrack Passes	Claims Receivec	Claims Paid
July 2021	93	790	352
August 2021	298	1371	530
September 2021	144	924	431
October 2021	72	797	215
November 2021	102	982	309
December 2021	93	759	292
January 2022	112	944	439
February 2022	946	5324	1151
March 2022	127	920	418
April 2022	99	833	331
May 2022	95	748	601

\* Please note: This total includes only cash properties.

## FINANCIALS

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

## INVESTMENTS

### Portfolio Rebalancing Updates

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

Rebalancing was done to the Portfolio with excess cash of \$75M and \$120M were allocated to the SSGA Russell 1000 Index CF and SSGA MSCI World exUS Index CF respectively. These investments were made to align the Broad US and Int'l Equities allocation to Policy targets.

Since the last Board meeting, Owl Rock has made both a distribution and capital call with a net distributed amount of \$35M thereby increasing its unfunded commitment back to \$70M. Millennium USA LP also made a \$30M capital call which is scheduled on for June 30<sup>th</sup>.

Unfunded commitments after the distribution and calls will be at \$588.4M. These are:

1. Varde Dislocation Fund, \$20.5M
2. GCM Private Equity, \$105.5M
3. ARES Pathfinder Fund, \$54.4M
4. Angelo Gordon DL IV, \$25M
5. Owl Rock Diversified Lending, \$70M
6. GCM Secondary Opportunities Fund, \$128M
7. Harrison Street Core Property Fund LP, \$30M
8. FSI GDIF (Infrastructure), \$105M
9. AGDL-BUSL Fund, \$50M

The transition account is now closed.

### Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of June 17, 2022. The figures provided are unaudited.

As of June 17, 2022	Market Value \$	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,028,221,211.41	17.9%	19.0%	14.0%	24.0%
Broad Int'l Equity	1,043,215,910.52	18.2%	19.0%	14.0%	24.0%
Fixed Income	1,521,662,352.87	26.5%	22.0%	17.0%	27.0%
Transition Account	0.01	0.0%	0.0%	-5.0%	5.0%
Absolute Return	768,099,713.34	13.4%	15.0%	10.0%	20.0%
Real Estate	1,073,392,656.13	18.7%	15.0%	10.0%	20.0%
Private Equity (Grosvenor)	48,726,305.00	0.8%	5.0%	0.0%	10.0%
Private Infrastructure (JPM-Infra)	175,576,083.00	3.1%	5.0%	0.0%	10.0%
Opportunistic Investments (Varde & Apollo)	88,602,806.00	1.5%	0.0%	-5.0%	5.0%
<b>Portfolio Total</b>	<b>5,747,497,038.28</b>	<b>100.0%</b>			

### Investment Performance Reports – 1st Quarter 2022

Josh Kevan from RVK will review the performance of the Board of University and School Land's (Board) investment program for the period ending March 31, 2022, and discuss current market conditions.

The first report to be reviewed was prepared by RVK to enable the Board to monitor and evaluate the collective performance of the permanent trusts' investments and the performance of individual managers within the program. In order to provide an overview of the program and highlight critical information, an executive summary has been incorporated into the Board report.

The second report shows the performance of the Ultra-Short portfolio in which the Strategic Investment and Improvements Fund, the Coal Development Trust Fund and the Capitol Building Fund are invested.

**RVK Permanent Trust Fund Performance Analysis and RVK Ultra-short Performance Report were presented to the Board for review and are available at the Department upon request.**

### Strategic Asset Allocation Study and Recommended Changes

The Board's Investment Policy Statement (IPS) requires a formal asset allocation review at least once every four years; the last study was completed in March 2020. At the request of the Department Investment Staff (Staff), RVK recently conducted a formal asset allocation study for the Permanent Trust Funds (PTFs).

As part of the study RVK used their 2022 capital market assumptions, which updated their long-term expectations for investment returns and risk for all major asset classes. RVK then ran these assumptions through their optimization model and Monte Carlo simulations. The result would reduce public equities and public credit. Conversely, the model favors an increase in private equities and private credit. Likewise, there is a reallocation away from global tactical strategies in favor of hedge funds within the absolute return strategies. (Please see attached).

- Public equities have had a strong runup over the past decade, even despite the recent market correction. Most market observers and RVK believe future return expectations for public equities should be muted. RVK’s model prefers private equity to public equity. While private equity has a higher risk profile than public equity, it also has a higher return profile. Most market participants, and RVK, see private equity as an enhancement to a long-term portfolio.
- Public credit continues to struggle with low yields, even with the current increase in interest rates. After over 30 years of structural decline in rates, bonds will either hover around low yields or begin a structural increase in rates, and neither would be optimal for bond returns for the foreseeable future. For this reason, RVK’s model favors private credit as a replacement for a public credit. While private credit has a slightly higher risk profile than public bonds, it also has a much higher return expectation. In addition to higher yields, private credit benefits from floating rate terms on most loans, which perform better in rising rate environments.
- Global Tactical Asset Allocation (GTAA) strategies generally perform better than public equities in volatile and dislocated markets. However, multi-strategy hedge funds have been even stronger performers and RVK’s model favors these hedge funds over GTAA strategies.

Below is a comparison of the current SAA to the proposed SAA:

Asset Class	Current Strategic Asset Allocation	Proposed Strategic Asset Allocation
<b>Broad US Equity</b>	19%	15%
<b>Broad International Equity</b>	19%	15%
<b>Fixed Income</b>	22%	-
<b>* Public Credit</b>	-	5%
<b>* Private Credit</b>	-	20%
<b>Absolute Return</b>	15%	-
<b>* Global Tactical Asset Allocation</b>	-	5%
<b>* Multi-Strategy Hedge Fund</b>	-	10%
<b>Real Estate</b>	15%	15%
<b>Private Equity</b>	5%	8%
<b>Private Infrastructure</b>	5%	7%
<b>Opportunistic Investments</b>	0-5%	0-5%

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

**Motion: The Board approve the changes to the PTFs’ Strategic Assets Allocation (SAA) to the Proposed Portfolio as indicated on page 11 of the attached RVK Asset Allocation Overview. To authorize the Staff to begin investment manager searches to meet the new SAA for future Board approval.**

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



## Oil Hedging Discussion

In April 2022 the Board of University and School Lands (Board) requested Department Investment Staff (Staff) research the cost and benefits of hedging the Board's oil and gas revenues against significant declines in price. Staff partnered with the Board's investment consultant RVK to research potential oil and gas hedging partners and strategies best suited to the Board's assets.

The process began by reviewing the Board's revenues. After a thorough review, Staff and RVK decided to focus on oil revenues from royalties as they are the largest source of cashflow, most directly correlated to market prices, and not subject to legislative appropriations. Staff and RVK identified two investment managers who were willing to work on this project, provided meaningful market insight, and proposed the most appropriate strategies.

Three oil hedging strategies:

1. Protective Puts – Purchasing “out of the money” put options that pay off if the price of oil falls below the strike price.
2. Collars and Spreads – Purchasing protective puts and offsetting all or some of the put cost by selling call options, which is also selling away upside (collar), or selling lower strike puts, which is also selling away the protection on more extreme downside (put spread).
3. Swap Agreements – Entering into a long-term, direct agreement with a counterparty to exchange sequences of cash flows for a set period, which could mimic a protective put.

Major considerations for each strategy:

1. Protective Puts – The premium on the protective put can be expensive over time. Not effective against ordinary declines in price.
2. Collar and Spreads – The cost is lower than a protective put, but can still add up. On a collar, trading away the upside may become untenable if prices remain persistently high.
3. Swap Agreements – The swap costs will be even higher than the protective put costs. Also, the Board must accept counter-party risk, meaning the risk that the counterparty will not be able to make payment.

Staff and RVK seek the Board's guidance on whether to proceed by defining the:

- Objective
- Budget
- Risk Tolerance
- Governance
- Resources
- Manager Search

**RVK Oil Hedging Presentation was presented to the Board for review and is available at the Department upon request.**

## Transferring Land Board Assets to State Investment Board

The North Dakota State Investment Board (SIB) has undertaken a review of its governance structure and as part of its review SIB is considering recommendations to the legislature on the composition of the SIB membership. The current SIB membership includes the Commissioner of University and School Lands (Commissioner). SIB has determined that the Commissioner's

(06/30/22)

continued membership on the SIB should be tied to whether the assets of the Board of University and School Lands (Board) resides with SIB through the Retirement and Investment Office (RIO). As such, SIB has requested the Board's guidance on whether it prefers to move its assets to RIO or not.

There are many issues to be considered and discussed by the Board related to this decision. Below are several key issues for the Board's consideration:

- Administrative Expense – SIB charges client funds approximately 0.015% on RIO's Assets Under Management (AUM).
  - In accordance with N.D.C.C. § 21-10-06.2, SIB is permitted to charge its client accounts most of its administrative costs for managing the accounts. Based on SIB's recent financial statements that would amount to approximately 0.015% of the Board's assets or an amount in excess of \$1,000,000 (the majority would come from the Common Schools Trust Fund at around \$850,000 per year). Only a small portion of this administrative expense would have offsetting savings with the transfer of two investment professionals from the Department of Trust Lands (Department) to RIO.
- Internal Management – SIB through RIO has a strategic plan to bring in-house for internal management as much as 50% of its AUM, with the purpose of saving \$40-50 million in investment management fees. The majority of the insourced assets would be publicly traded securities, such as large and mid-cap equities and core bonds. While the potential fee savings is significant for SIB's existing clients, what would be the explicit costs and opportunity costs of such an undertaking to the Permanent Trust Funds (PTFs)?
  - Management Fees – The Board will pay approximately \$1.9 Million in investment management fees this year on its publicly traded assets. Approximately: \$80,000 on US large cap equities, \$30,000 on US mid cap equities, \$130,000 on international large cap equities, \$980,000 on core bonds, \$430,000 on core plus bonds, and \$220,000 on low duration bonds. If managed inhouse by RIO, the Board might save \$900,000 nominally at the current SIB admin fee of 0.015%. However, the likely savings does not include trading costs, securities lending income, nor does it include alpha or tracking error.
  - Trading Costs – Much of the PTFs' large cap and mid cap equities are managed by State Street Global Advisors (SSGA). SSGA manages more than \$4 Trillion in assets globally, most of which are equity index funds. On behalf of the Board, SSGA manages the PTFs' US large cap index fund, the international index fund, and US mid cap index fund. These index funds are managed by SSGA with very low trading costs. One reason SSGA can do it for very low trading costs is their enormous economies of scale. Would RIO have the same low trading costs?
  - Securities Lending Income – Securities lending is the loaning of securities to short sellers in exchange for interest income. SSGA is very active in the securities lending market and generates \$1-2 Million in securities lending income per year for the PTFs. Part of SSGA's success in this area is again due to their large size. What success would RIO's have in this area?
  - Tracking Error – Tracking error is the difference between the manager's returns and the index returns. SSGA has very low tracking error on its index funds (about -4 basis points per index fund in the last three years). Their low tracking error is again owing to their large scale, which gives them the ability to trade at low costs, use derivatives effectively, and invest in technology to reduce market frictions. Will RIO replicate this low tracking error?
  - Alpha Generation – Alpha is the excess return over the benchmark return delivered by active management. For core bonds, our current managers have demonstrated over long periods they can deliver alpha over their benchmarks. Payden & Rygel (06/30/22)

has generated an average of 66 basis points of net alpha annually for the past seven years. JP Morgan has generated an average of 18 basis points of net alpha annually for the past seven years, and under stricter credit and durations limits for most of that time. Will RIO generate similar net alpha in core bonds?

- Asset Allocation – The Strategic Asset Allocation (SAA) of the PTFs is different than the Pension Trusts or Legacy Fund. The Pension Trusts are underfunded, and distributions exceed contributions. The Legacy Fund has positive cashflows, no regular defined beneficiary payments, and an in-state investment requirement. The PTFs have regular scheduled payments to beneficiaries and positive cashflows. This gives the PTFs the ability to invest in illiquid private markets for greater return with moderate risk. The SAA of the PTFs has evolved over the past three years to include more private credit and private real estate, and the addition of private equity and private infrastructure. These assets cannot be easily or cheaply managed in-house. Is the Board willing to forgo private market returns in favor of public markets that RIO can manage in-house to save on management fees?
- Administrative Fee Increase – If the legislature provides RIO the staffing to complete their strategic plan, RIO will have a total of 24 investment professionals (an additional 20 new staff members) and an additional 13 operations staff members to manage the 50% AUM inhouse. Will this increase the administrative fee RIO currently charges to client accounts? What will the charge be to the PTFs if the SAA remains significantly in private assets and large cap equities remain with SSGA?
- Investment Center of Excellence – As noted above, if RIO completes its strategic plan, RIO will have 24 investment professionals working on state investment portfolios. The congregation of investment professionals would significantly increase investment expertise in-state. In that circumstance, moving the Board’s assets to RIO would allow the Board’s assets to benefit from a more robust investment environment. The Board’s assets would be subject to more diverse investment opinions and viewpoints. In addition, RIO plans to increase its spending on investment technology to improve its risk monitoring and stress testing of its AUM, this would also benefit the Board’s assets.
- Economies of Scale – RIO’s plan to manage 50% of its AUM inhouse would still leave 50% managed externally. To the extent that asset classes overlap between the Pension Trusts, Legacy Fund, and the PTFs, in the long run there would be some fee savings in terms of breakpoints for certain managers/funds. (Breakpoints are the higher and higher capital commitment levels at which investment managers give lower and lower fees.) Similarly, with a larger pool of AUM comes an increased ability to seed new funds, as the Board did with Apollo and Schrodgers, which leads to the significant fee reductions that come with seeding new funds.
- Governance of the Assets – Should the Board decide to move its assets to SIB, the following governance issues would need to be resolved:
  - Investment Authority – The Board would need to decide if ordinary investment authority and decision making would reside with itself or SIB. Currently, most major investment decisions are made by the Board, including hiring/firing managers, asset allocation, and investment policies. Would the Board cede some or all these decisions to SIB?
  - Investment Committee – Related to above, SIB is considering setting up an Investment Committee, which will be vested with some of the decision-making authority that currently resides with SIB. The Board will have to decide if this governance structure is acceptable and whether the resulting investment decisions are in the best interest of the PTFs and other funds under its control.

- Investment Consultant – Should the Board decide to transfer its assets to SIB, the Board may want to consider retaining a separate investment consultant from Callan. The Board’s contract with RVK has over a year remaining through August 2023, with an optional two-year extension. Whether the Board chooses to extend the RVK contract or select a new consultant, a consultant other than Callan would ensure that the assets of the Board are considered separately from the Pension Trusts and the Legacy Fund.

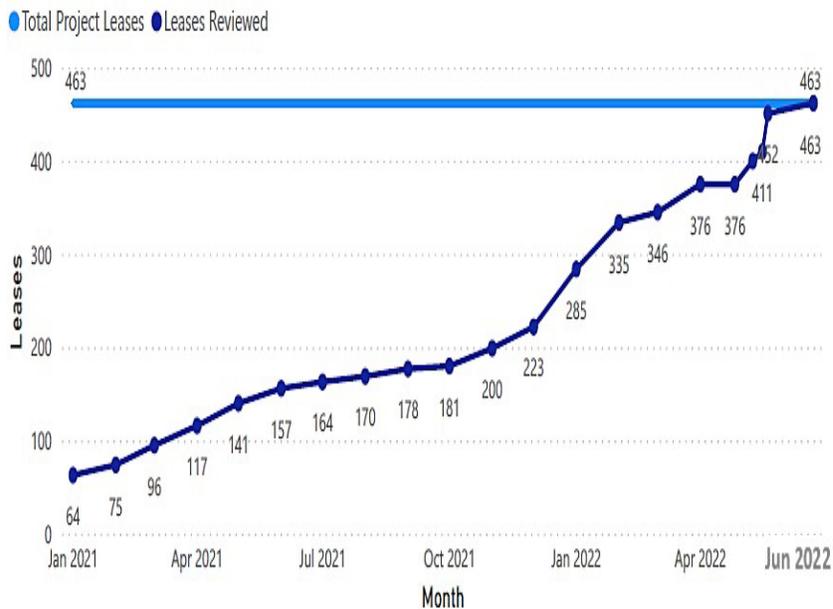
**Prior Land Commissioner’s January 2021 testimony on HB 1202 was presented to the Board for review and is available at the Department upon request.**

## SPECIAL PROJECTS

# ACREAGE ADJUSTMENT SURVEY REPORT

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

### PROJECT PROGRESSION

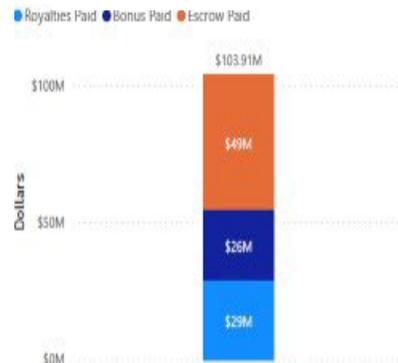


\*5 Leases in Litigation Hold

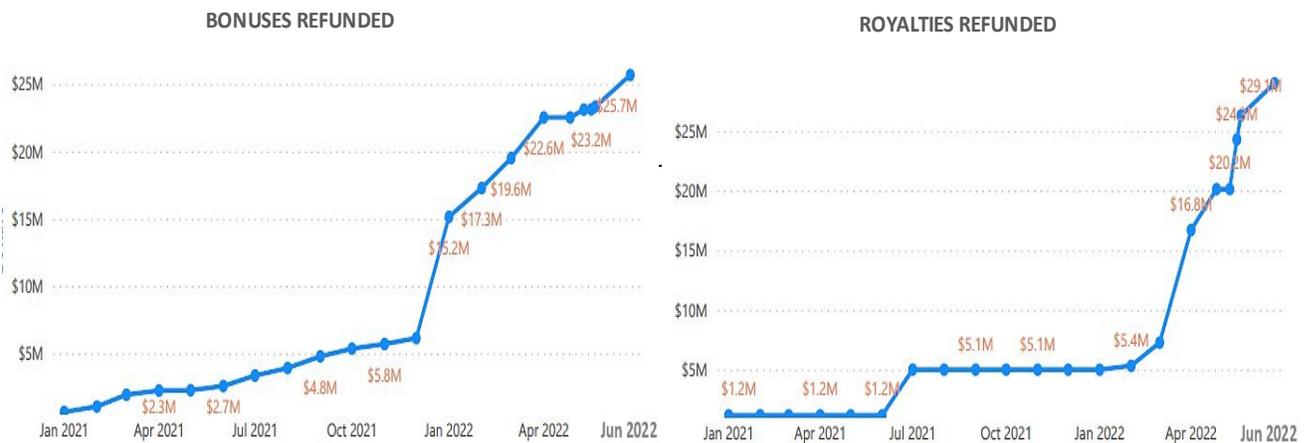
### PROGRESS TO ESTIMATED \$100M BUDGET PROJECT VALUE



### TOTAL REFUNDED/RELEASED TO OPERATOR



## ACREAGE ADJUSTMENT SURVEY REPORT



## LITIGATION

## Litigation Update

- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31<sup>st</sup> granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings. Plaintiffs appealed to 8<sup>th</sup> Circuit.
- Newfield (royalty deductions) – ND Supreme Court oral arguments June 30<sup>th</sup>
- Continental Interpleader (OHWM fed/state dispute) – “Acquired Federal Lands” issue briefing recently completed; awaiting ND Federal District Court decision
- Whitetail Wave (OHWM title dispute / takings claim) – Briefing complete; awaiting scheduling of ND Supreme Court oral arguments
- Wilkinson (OHWM title dispute / takings claim) – waiting for ND Supreme Court opinion; oral arguments - May 18<sup>th</sup>

**EXECUTIVE SESSION**

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

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

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

**The Board entered into executive session at 11:33 AM.**

**EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel present:**

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

**Guests in Attendance:**

Charles Carvell	Office of the Attorney
Ryan Norrell	Office of the Governor

The executive session adjourned at 11:55 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 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 11:55 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 25, 2022**

The July 25, 2022 meeting of the Board of University and School Lands was called to order at 9:04 AM by Chairman Doug Burgum. Roll call was taken for the Board Members.

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer

**Members Absent:**

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

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Dennis Chua	Investments
Rick Owings	Administrative Staff Officer
Michael Shackelford	Investments Director
James Wald	Legal Council
Catelin Newell	Administrative Staff Officer
Chris Suelzle	Minerals Division Director
Jessica Fretty	Unclaimed Property
Joseph Stegmiller	Surface Division Director
Scott Giere	Revenue Compliance
Matthew Reile	Technical Support Specialist
Christopher Dingwall	Minerals Title Specialist
Lynn Spencer	Minerals Title Specialist
Adam Otteson	Revenue Compliance Division Director
Kayla Spangelo	Surface Range Soils Management Specialist
Derek Lowstuter	Land Management Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
Reice Haase	Industrial Commission
Dave Garner	Office of the Attorney General
Geoff Simon	Western Dakota Energy Association
Josh Kevan	RVK
Brady Pelton	NDPC
Karlene Fine	NDIC
Ron Ness	NDPC
Jesse Cauble	Parametric
Clint Talmo	Parametric
Michael Zaslarsky	Parametric
C. Rajala	
Gary Hagen	

**APPROVAL OF MINUTES**

A motion to approve the minutes of the June 30, 2022, meeting was made by Treasurer Beadle and the motion was seconded by Secretary Jaeger and the motion carried unanimously on a voice vote.

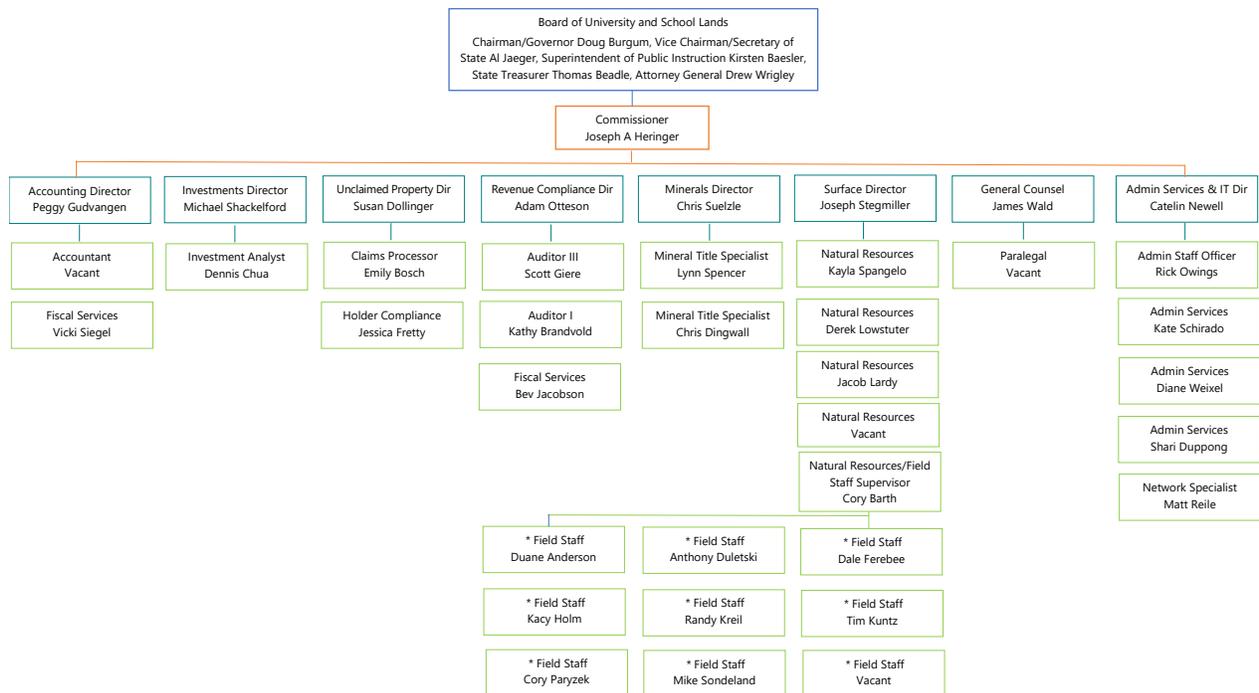
(07/25/22)

## OPERATIONS

### Commissioner's Report

- Updated agency organizational chart
- James Wald promoted to DTL General Counsel; moved direct supervision of department paralegal from Commissioner to General Counsel
- Extended Mineral Tracker contract and informed Mineral Tracker that the Board will likely want an updated minerals appraisal completed for the November meeting
- Attended National Association of Trust Lands Annual Conference in Utah; great educational, networking, and collaboration opportunities; 2023 conference will be in New Mexico
- New Minerals system design testing kicked off July 18th – several week process
- Attended July 22nd State Investment Board Meeting as a voting member
- HR Update
- Land Management Specialist – conducting interviews
- Paralegal – reviewing applications
- Accountant – open/receiving applications
- Investment Manager, Michael Shackelford, has accepted an offer to serve as the next Chief Investment Officer for the Public Employees Retirement Association of New Mexico. His last day in the office will be July 29th. We thank Michael for his three years of excellent service to DTL. Have met with investment team on transition and will develop a hiring plan.

### Department of Trust Lands Updated Organizational Chart



\* Field Staff are Temporary Staff and not included in the Department FTE count

## DIVISION REPORTS



## SURFACE

### SURFACE DIVISION



For the month of June 2022, the Division granted 22 encumbrances for a total of \$220,192 in initial income for the trusts.



**Photo Credit: Jacob Lardy**  
 Department of Trust Lands Wells County 142-100-16

## MINERALS

### MINERALS DIVISION

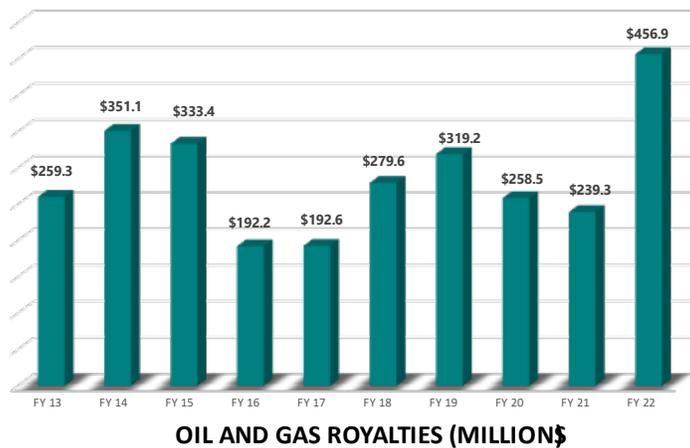


For the month of June 2022, the Division did not receive extension requests or shut-in requests.

The total DTL producing wells for the Department is unchanged from last month's report at 49% of producing wells in North Dakota.

As of June 2022, for fiscal year 2022 the Department has received \$464,082,736 in royalties; a record for the Department.

FISCAL 2021-2022 ALL TIME RECORD



## UNCLAIMED PROPERTY

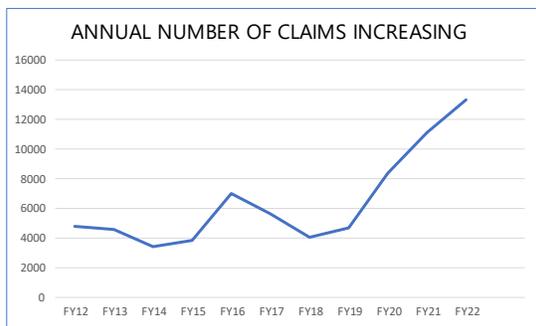
### UNCLAIMED PROPERTY DIVISION OWNER OUTREACH



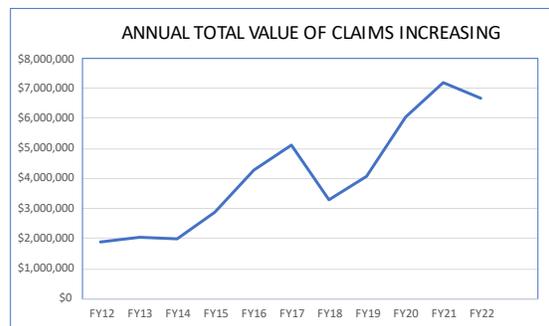
NORTH  
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For the Fiscal Year 2022, the Unclaimed Property Division (Division) returned \$6,678,321 on 13,384 claims to rightful owners/heirs.

The Division's most successful outreach activity to date is direct mailing to each owner. LexisNexis identity verification and authentication software is integrated with the Division's Unclaimed Property Software KAPS to acquire updated addresses.



CLAIMS PAID PER YEAR



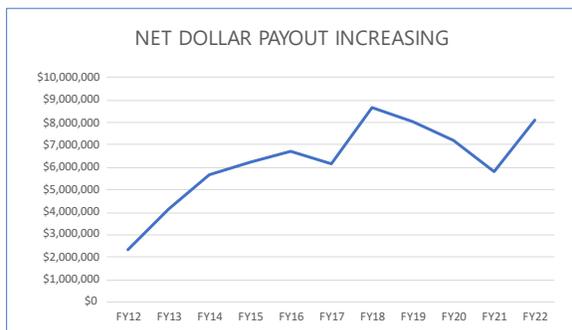
VALUE OF CLAIMS PAID PER YEAR

### UNCLAIMED PROPERTY DIVISION 10-YEAR HISTORY NET IN/OUT

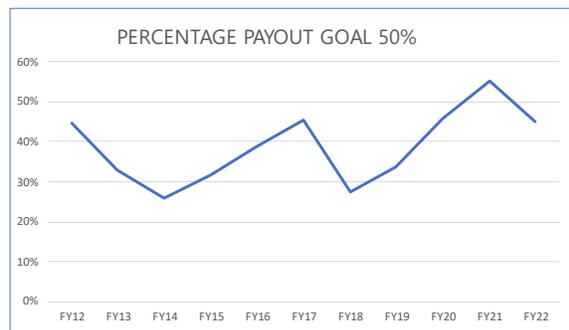


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The North Dakota Unclaimed Property Division returns on average approximately 43% of reported properties per fiscal year, which is in line with other similar states. We are strategizing new outreach activities with a goal of achieving a 50% return rate. (e.g., social media, events booth space, collaboration with other state agencies)



FUNDS RECEIVED MINUS FUNDS PAID



ANNUAL PERCENTAGE PAYOUT OF FUNDS RECEIVED

## FINANCIALS

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

## INVESTMENTS

### Investment Updates

#### Portfolio Rebalancing Updates

Hamilton Lane Infrastructure Opportunities Fund documents were executed on 6/30. Staff is finalizing the Fund documents for Morgan Stanley Ashbridge Fund II.

On 7/7, UBS Trumbull Property Fund distributed another \$5.1M as our pro-rata share of its redemption proceeds for the quarter. This brings a total of approximately \$35.5M of the principal received so far after the Board approved the full redemption in the 10/28/21 Board meeting. We currently have around \$172M left in the Fund.

Since the last Board meeting, we are now fully invested in Harrison Street Core Property Fund as the remaining \$30M was called on 7/5. Owl Rock has made a \$10M capital call also on 7/7. On 7/28, another \$10M will be called by Angelo Gordon DL IV.

Unfunded commitments after the distribution and calls will be at \$563.4M. These are:

1. Varde Dislocation Fund, \$20.5M (Opportunistic Investments)
2. GCM Private Equity, \$105.5M (Private Equity)
3. ARES Pathfinder Fund, \$54.4M (Private Credit)
4. Angelo Gordon DL IV, \$15M (Private Credit)
5. Owl Rock Diversified Lending, \$60M (Private Credit)
6. GCM Secondary Opportunities Fund, \$128M (Private Equity)
7. FSI GDIF (Infrastructure), \$105M (Private Infrastructure)
8. AGDL-BUSL Fund, \$50M (Private Credit)
9. Hamilton Lane Infrastructure Opportunities Fund, \$25M (Private Infrastructure)

### Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of July 15, 2022. The figures provided are unaudited.

As of July 15, 2022	Market Value \$	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,076,444,268.01	18.6%	19.0%	14.0%	24.0%
Broad Int'l Equity	1,023,168,488.00	17.7%	19.0%	14.0%	24.0%
Fixed Income	1,506,768,656.52	26.1%	22.0%	17.0%	27.0%
Absolute Return	761,505,522.29	13.2%	15.0%	10.0%	20.0%
Real Estate	1,099,039,915.90	19.0%	15.0%	10.0%	20.0%
Private Equity (Grosvenor)	50,043,630.00	0.9%	5.0%	0.0%	10.0%
Private Infrastructure (JPM-Infra)	175,219,447.00	3.0%	5.0%	0.0%	10.0%
Opportunistic Investments (Varde & Apollo)	88,602,806.00	1.5%	0.0%	-5.0%	5.0%
Portfolio Total	5,780,792,733.72	100.0%			

**Oil Hedging Discussion Continued**

At the June 2022 board meeting of the Board of University and School Lands (Board) the Department investment staff (Staff) and the Board’s investment consultant RVK presented research on the cost and benefits of hedging the Board’s oil revenues against significant declines in price.

Today Staff and RVK have asked an investment manager, Parametric, to provide the Board a more detailed educational presentation on the intricacies of oil hedging, as well as answer the Board’s related questions.

**RVK and Parametric Oil Hedging Presentations were presented to the Board and are available at the Department upon request.**

**Investment Policy Statement – First Reading**

The Board of University and School Land’s (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 30, 2022, Board meeting.

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

1. Update the new SAA strategies and percentages on page 17.
2. Update the new policy index (benchmark) strategies and percentages on page 20.
3. Add language regarding private debt and multi-strategy hedge funds on page 21.

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

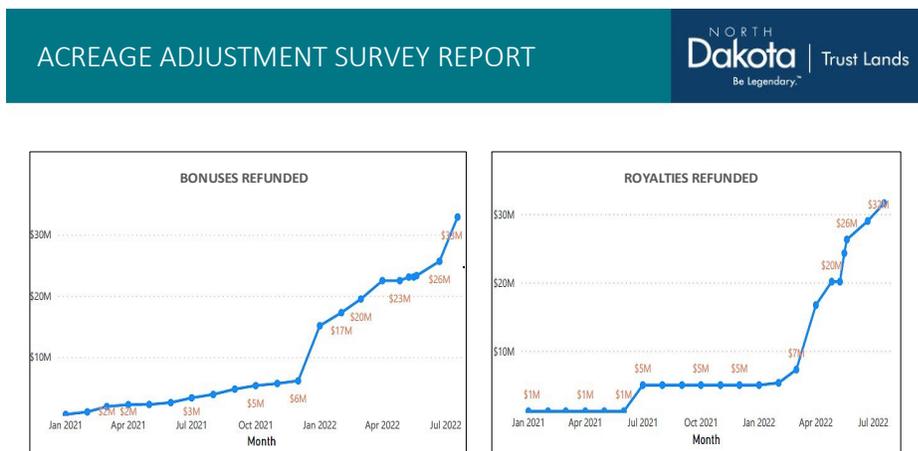
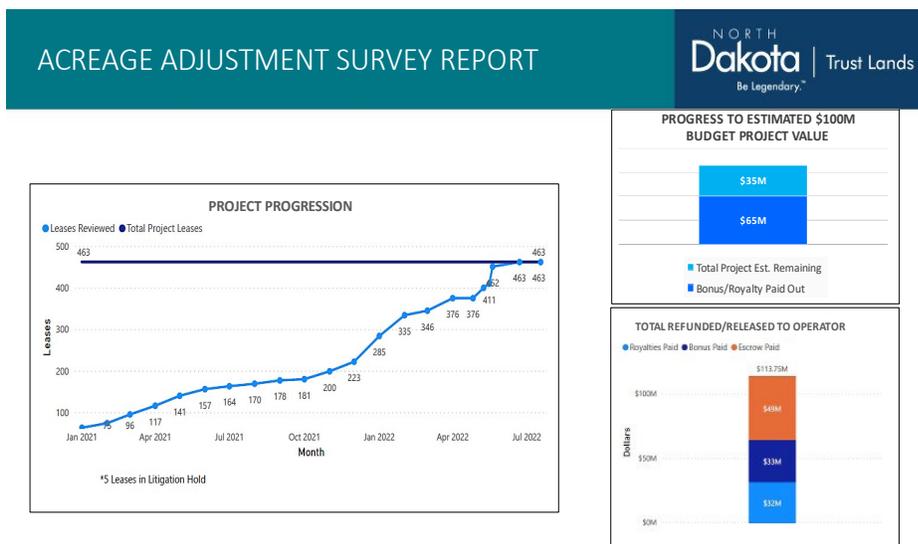
**S U R F A C E**

**Surface Division Overview Presentation**

An overview of the Surface Division was presented by Joseph Stegmiller, North Dakota Department of Trust Lands Surface Management Division Director and that presentation is available at the Department upon request.

## SPECIAL PROJECTS

### Acreage Adjustment Report



### Coal Lease Applications

#### North American Coal Lease Application

The Board received Coal Lease applications from North American Coal Company (Falkirk Mine) for the following tracts in McLean County (map attached):

##### T147N R82W Section 36: N2

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

##### T146N R82W Section 2: Lots 1, 2, S2NE4

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

(07/25/22)

During its May 2022 meeting, the Board determined, according to Chapter 85-06-02 of the North Dakota Administrative Code, that it is willing to lease the tracts for coal. The Department posted notice on its website and did not receive any public comment. The Department has negotiated with North American Coal the terms of the lease which are as follows:

- Lease Bonus: \$100/acre
- Total Bonus: \$40,010
- Royalty: \$0.16/ton with 3% annual escalator
- Term: 15-year initial term; 15-year renewal upon payment of additional \$100/acre bonus
- Delay Rental: \$5/acre per year
- Total Delay Rental: \$2000.50 per year

**Motion: Acceptance of the proposed lease terms.**

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

**Coal lease map was presented to the Board and is available at the Department upon request.**

**BNI Coal Lease Application**

The Board has received a coal lease application from BNI Coal for the following tracts in Oliver County:

**T142N R84W Section 36: NE1/4 and NW1/4**

- 320 gross acres - 50% coal interest owned by Board
- The Board does not have surface ownership of this tract. It is owned 100% by Minnkota Power and is currently under lease.

This tract was previously leased in the 1980s, however there was approximately a 10-acre tract of coal that was left in-situ, and the lease was allowed to expire. That coal was left in place as a base for an emergency stockpile that BNI built up during the 1980s and 1990s. BNI has started removal of this emergency stockpile and anticipates reaching the in-situ coal where the stockpile was built in the 2nd or 3rd quarter of 2023. BNI calculates that there is approximately 85,000 tons of in-situ coal remaining to be mined.

According to Chapter 85-06-02 of the Administrative Code, the Board must now determine that it is willing to lease these coal tracts. If so, the Department will proceed with next steps in the coal leasing process including posting notice and supporting documentation on the Department's website and receiving public comment. Following that, the Department will negotiate and finalize the terms and conditions of the lease and present to the Board for final approval.

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

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

**Coal lease map was presented 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 State’s motion to intervene; awaiting D.C. Federal Court of Appeals briefing schedule
- Newfield (royalty deductions) – waiting for ND Supreme Court opinion; oral arguments - June 30
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31st granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8th Circuit; currently briefing
- Continental Interpleader (OHWM fed/state dispute) – “Acquired Federal Lands” issue briefing recently completed; awaiting ND Federal District Court decision
- Whitetail Wave (OHWM title dispute / takings claim) – Briefing complete; awaiting scheduling of ND Supreme Court oral arguments
- Wilkinson (OHWM title dispute / takings claim) – waiting for ND Supreme Court opinion; oral arguments - May 18

## 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 to review confidential information and discuss negotiation strategy regarding:**

- **Royalty Offers**

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

The Board entered into executive session at 11:55 AM.

**EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer

**Members Absent:**

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

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

**Guests in Attendance:**

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

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The executive session adjourned at 11:55 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed the royalty offers 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 11:57 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  
August 25, 2022**

The August 25, 2022 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
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer (via Teams)
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
Rick Owings	Administrative Staff Officer
Dennis Chua	Investments
James Wald	Legal Council
Elvedina Papalichev	Paralegal
Chris Suelzle	Minerals Division Director
Jessica Fretty	Unclaimed Property
Joseph Stegmiller	Surface Division Director
Scott Giere	Revenue Compliance
Matthew Reile	Technical Support Specialist
Christopher Dingwall	Minerals Title Specialist
Lynn Spencer	Minerals Title Specialist
Adam Otteson	Revenue Compliance Division Director
Kayla Spangelo	Surface Range Soils Management Specialist
Emily Bosch	Unclaimed Property
Peggy Gudvangen	Finance Division Director
Vicki Siegel	Finance
Susan Dollinger	Unclaimed Property

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Dave Garner	Office of the Attorney General
Reice Haase	ND Industrial Commission
Karlene Fine	ND Industrial Commission
Geoff Simon	Western Dakota Energy Association
Brady Pelton	NDPC
Kevin Balaod	WithIntelligence (Journalist)
Jackie	Bismarck Tribune

**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 25, 2022, meeting was made by Secretary Jaeger and the motion was seconded by Attorney General Wrigley and the motion carried unanimously on a voice vote.

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

(08/25/22)

## Commissioner's Report

- Appointed Red Tape Reduction Officer to participate in Governor Burgum's Red Tape Reduction Working Group
- Update meetings with several investment managers
- Minerals system design testing continues with good progress being made
- Successful minerals auction completed
- Attended BNI Coal New Dragline Commissioning – Center, ND (Aug. 8th)
- New coal leasing processes continue
- Royalty deduction discussions continue with oil & gas operators
- Attend August 26th State Investment Board Meeting as a voting member

## HR Update

- Land Management Specialist – filled
- Paralegal – filled
- Accountant – open/receiving applications
- Investment Director – Rebranding to CIO

## DIVISION REPORTS

### SURFACE

## SURFACE DIVISION

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

For the month of July 2022, the Division granted 8 encumbrances for a total of \$176,364 in income for the trusts.

Photo Note: Surface and Mineral acres working together for the Trusts - 18 well bores, 16 active, on 28 Trust Land surface acres.



**Photo Credit Kayla Spangelo  
McKenzie 153-94-16**

MINERALS

MINERALS DIVISION

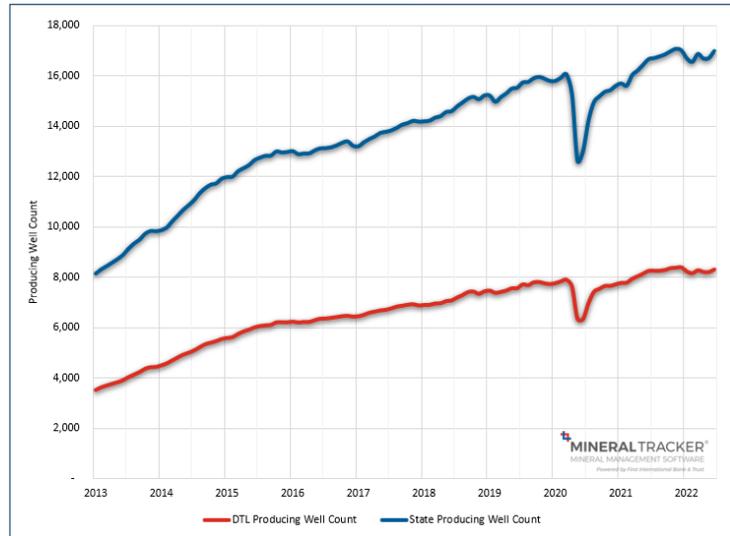


For the month of July 2022, the Division did not receive extension requests or shut-in requests.

Based on well data currently available to Mineral Tracker, the Department manages an interest in 8,291 (49%) of the 16,969 producing wells in North Dakota.

This graph is a snapshot capturing data, from June of each year, of DTL interest in producing wells in North Dakota.

As of July, for fiscal year 2023 the Department has received \$55,063,209 in royalties as compared to \$36,189,986 last fiscal year at this time.



MINERALS DIVISION



Q3 Online Oil & Gas Lease Auction Summary

County	# Tracts	Net Min Acres	Total Bonus	Average Bonus/Acre
Billings	11	1280.05	\$93,216.70	\$72.82
Burke	28	2160.13	\$485,362.81	\$224.69
Divide	41	3163.19	\$76,256.39	\$24.11
Dunn	4	400.00	\$282,400.00	\$706.00
McKenzie	9	479.56	\$119,042.82	\$248.23
McLean	150	11540.95	16980.95	\$1.47
Mountrail	98	6670.88	\$201,127.24	\$30.15
Stark	8	640.35	\$50,701.10	\$79.18
Ward	100	7176.91	\$7,264.86	\$1.01
Williams	10	635.28	\$338,051.28	\$532.13
<b>TOTAL</b>	<b>459</b>	<b>34,147.30</b>	<b>\$1,670,404.15</b>	<b>\$48.92*</b>

\*Excluding tracts in the fringe counties of McLean and Ward, the Average Bonus/Acre is \$106.69.

# MINERALS DIVISION



## Q3 Online Oil & Gas Lease Auction Summary

- Total number of parcels offered (day of sale): 459
- Total number of acres offered (day of sale): 34,147.30
- Total number of parcels receiving bids: 202
- Total number of acres receiving bids: 14,978.07
- Total registered bidders: 43
- Total bidders that placed a bid: 27
- Average unique bidders on parcel with a bid: 2.16
- Total bids: 969
- High bid per parcel: \$108,160.00
- High bid per acre: \$902.00

Trust/Fund	Trust/Fund Name	# Tracts	Total Bonus
A	Common Schools	206	\$848,268.41
B	School for the Blind	4	\$6,444.76
E	Ellendale	1	\$44,080.00
I	ND Industrial School	2	\$240.00
L	SIIF	236	\$758,610.98
M	School of Mines	2	\$160.00
N	NDSU	6	\$12,520.00
Y	Mayville	2	\$80.00
<b>TOTAL</b>		459	\$1,670,404.15

### Average Bonus/Acre (Total Bonus/Total Acres)

August 2020	November 2020	February 2021	May 2021	August 2021	November 2021	February 2022	May 2022	August 2022
\$44.64	\$66.12	\$56.68	\$50.33	\$335.12	\$215.87	\$199.32	\$67.01	\$48.92

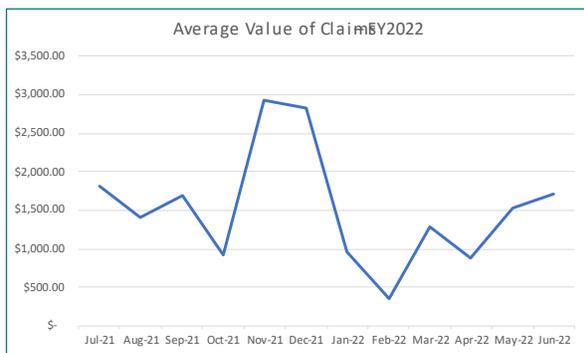
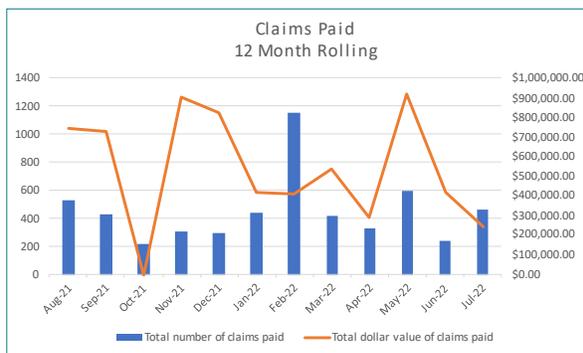
## UNCLAIMED PROPERTY

### UNCLAIMED PROPERTY DIVISION CLAIMS



For the month of July 2022, the Division paid 459 claims with \$239,999.42 being returned to rightful owners/heirs.

Fun Fact: For FY2022 the average dollar amount of claims paid was \$1,325.65



# UNCLAIMED PROPERTY DIVISION HOLDERS



For the month of July 2022, the Division received 130 holder reports with a dollar value of \$67,539.45.

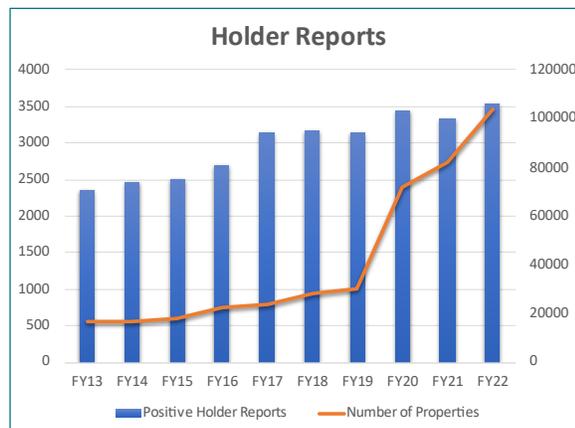
Fun Fact: The majority of property returned to owners happens within the first two years of it being in the Division's custody. After that, the percentage of property returned dramatically declines.



# UNCLAIMED PROPERTY DIVISION HOLDERS



- The number of holder reports as well as the number of individual properties has continued to increase over the past 10 years.
- During FY 2013 the number of holder reports received was 2,257 compared to 3,537 during FY 2022.
- A more dramatic increase is with the number of individual properties received. This increase is directly related to holders providing detailed information on smaller properties rather than aggregating properties valued less than \$50.



## FINANCIALS

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

(08/25/22)

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

### Investment Updates

#### Portfolio Rebalancing Updates

Morgan Stanley Ashbridge TS Fund II documents were executed.

On 7/29 Apollo Accord Fund IV, under opportunistic investments, has made its final distribution amounting to around \$1.9M as it winds down the Fund. As of 3/31, it had an annualized return of 17.24% since inception on 10/1/2020.

Since the last Board meeting, Hamilton Lane Infrastructure Opportunities Fund made a capital call of \$10.8M. First Sentier Investors (FSI)-GDIF called all our remaining capital commitment of \$105M funded on 8/19. Morgan Stanley Ashbridge TS Fund II gave notice of a capital call of \$10.25M on 8/26.

Unfunded commitments after the distribution and calls mentioned above will be at \$702.35M. These are:

1. Private Credit, \$179.4M
  - i. ARES Pathfinder Fund, \$54.4M
  - ii. Owl Rock Diversified Lending, \$60M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$15M
  - iv. AGDL-BUSL Fund, \$50M
2. Private Equity, \$248.25M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$105.5M
  - ii. GCM Secondary Opportunities Fund, \$128M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$14.75M
3. Private Infrastructure, \$14.2M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$14.2M
4. Opportunistic Investments, 20.5M
  - i. Varde Dislocation Fund, \$20.5M
5. Absolute Return, \$240M
  - i. Millennium USA LP (Hedge Fund), \$240M

#### Asset Allocation

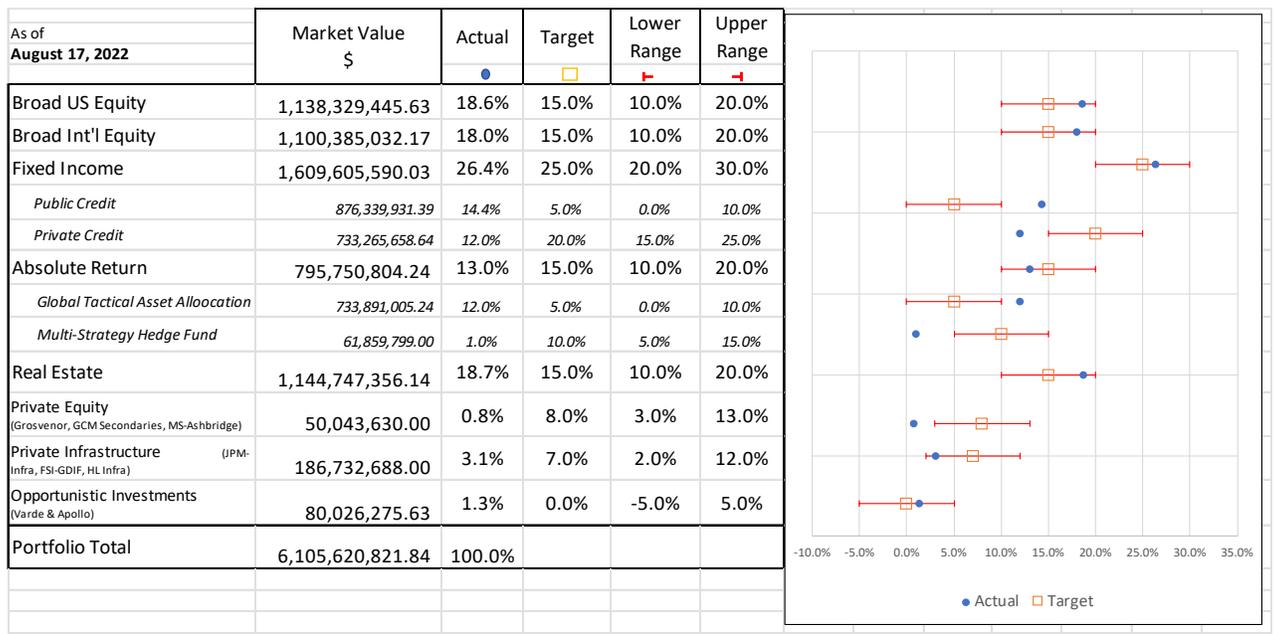
The table below shows the status of the permanent trusts' asset allocation as of August 17, 2022. The figures provided are unaudited.

As of August 17, 2022	Market Value \$	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,138,329,445.63	18.6%	19.0%	14.0%	24.0%
Broad Int'l Equity	1,100,385,032.17	18.0%	19.0%	14.0%	24.0%
Fixed Income	1,609,605,590.03	26.4%	22.0%	17.0%	27.0%
Absolute Return	795,750,804.24	13.0%	15.0%	10.0%	20.0%
Real Estate	1,144,747,356.14	18.7%	15.0%	10.0%	20.0%
Private Equity (Grosvenor, GCM Secondaries, MS Ashbridge)	50,043,630.00	0.8%	5.0%	0.0%	10.0%
Private Infrastructure (PIM-Infra, FSI-GDIF, HL Infra)	186,732,688.00	3.1%	5.0%	0.0%	10.0%
Opportunistic Investments (Varde & Apollo)	80,026,275.63	1.3%	0.0%	-5.0%	5.0%
Portfolio Total	6,105,620,821.84	100.0%			

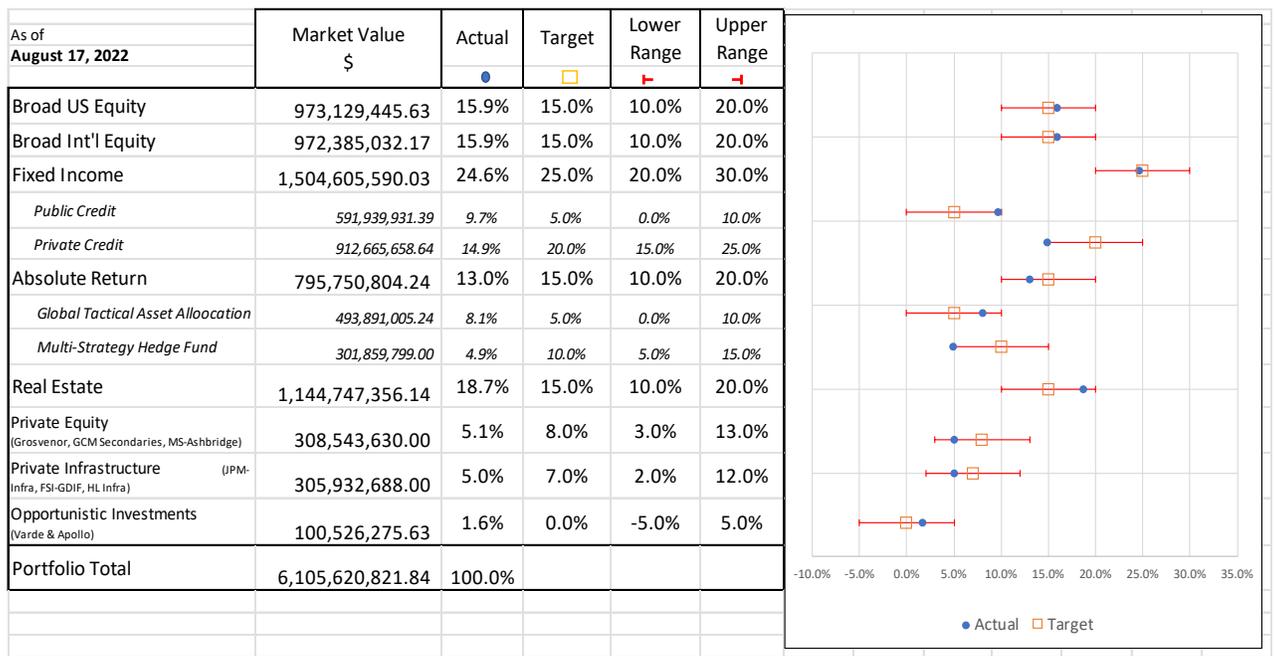
**Hypothetical Funding of All Unfunded Commitments Using New Asset Allocation:**

(08/25/22)

**A. Asset Allocation Before Funding (as of 8/17/2022):**



**B. Asset Allocation After Funding (as of 8/17/2022):**



**Assumptions:**

- i. **No new cash came in that was used to fund the calls.**
- ii. **No redemption proceeds or distributions were received.**
- iii. **All capital calls came in at the same time.**

**Investment Policy Statement – Second Reading**

The Board of University and School Land’s (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 30, 2022, Board meeting.

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

1. Update the new SAA strategies and percentages on page 17.
2. Update the new policy index (benchmark) strategies and percentages on page 20.
3. Add language regarding private debt and multi-strategy hedge funds on page 21.

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

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

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

**UNCLAIMED PROPERTY**

**Unclaimed Property Division Overview Presentation**

An overview of the Unclaimed Property Division was presented by Susan Dollinger, North Dakota Department of Trust Lands Unclaimed Property Division Director and that presentation is available at the Department upon request.

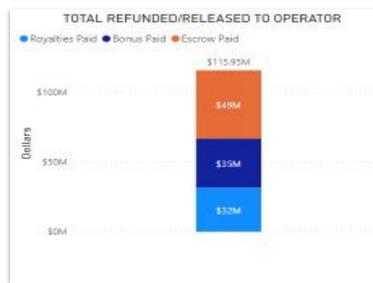
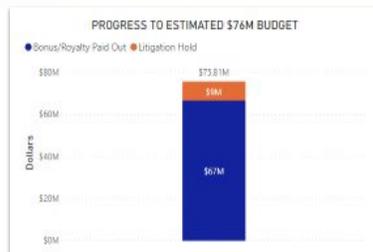
**SPECIAL PROJECTS**

**Acreage Adjustment Report**



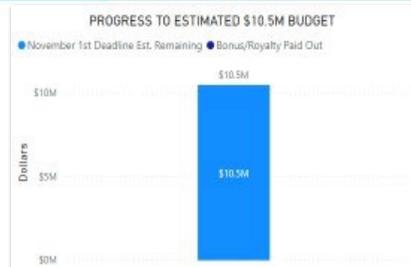
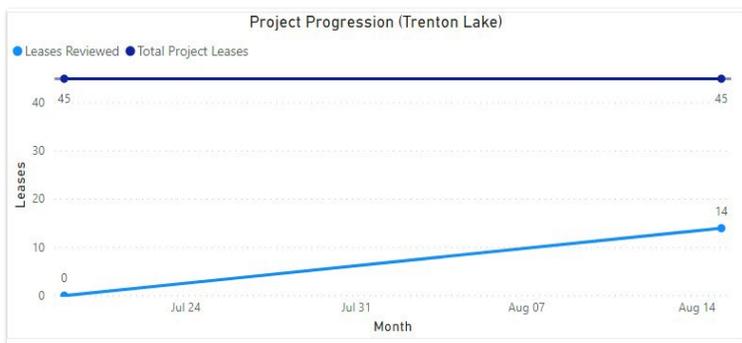
# ACREAGE ADJUSTMENT PART I

June 25<sup>th</sup>, 2022, DEADLINE



# ACREAGE ADJUSTMENT PART II

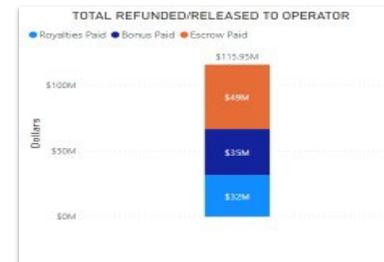
November 1<sup>st</sup>, 2023, DEADLINE



# ACREAGE ADJUSTMENT SURVEY REPORT

PROJECT TOTAL

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### Strategic Investment and Improvements Fund - Assigned Fund Balance

On August 26, 2021, the Board approved the existing Assigned Fund Balance of \$218,780,117. Since then, the Department has been completing the necessary acreage adjustments pursuant to N.D.C.C. ch. 61-33.1. Based upon the review of the current adjustments, 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 \$150,431,077 less than the prior year. This reduction consists of \$61.8 million in acreage adjustment refund payments made and \$88.6 million in acreage adjustment project cost estimate savings.

	<b>6/30/2022 Recommended Assigned Fund Balance</b>
Reservation River Bonus	\$ 42,019,220
Reservation River Royalties	1,595,472
Litigation Hold Bonus	709,745
Litigation Hold Royalties	8,303,249
June 25 Survey (East of Trenton Lake) Bonus	5,213,557
Trenton Lake Area Bonus	8,808,887
Trenton Lake Area Royalties	1,698,910
<b>Recommended Assigned Fund Balance</b>	<b>\$ 68,349,040</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 \$68,349,040 as of June 30, 2022.**

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

**Strategic Investment and Improvements Fund ND OMB allocation of state share of oil and gas taxes attachment was presented to the Board and is available at the Department upon request.**

### **BNI Coal Lease Application**

The Board received coal lease applications from BNI Coal for the following tracts in Oliver County:

T142N, R84W Section 36 NE1/4 and NW1/4

- 320 gross acres - 50% coal interest owned by Board
- The Board does not have surface ownership of this tract. It is owned 100% by Minnkota Power and is currently under lease.

During its July 2022 meeting, the Board determined, according to Chapter 85-06-02 of the North Dakota Administrative Code, that it is willing to lease the tracts for coal. The Department posted notice on its website and did not receive any public comment. The Department has negotiated with BNI Coal the terms of the lease which are as follows:

Lease Bonus: \$100/acre

Total Bonus: \$16,000

Royalty: \$0.20/ton

Term: 5-year initial term; 5-year renewal upon payment of additional \$100/acre bonus

Delay Rental: \$5/acre per year for the duration of the lease, or until coal removal from the tract is completed

Total Delay Rental: \$800/year

**Motion: The Board accepts the proposed lease terms.**

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

(08/25/22)

**BNI Coal lease map was presented 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 State’s motion to intervene; our brief due September 17<sup>th</sup>; opposing brief due Oct. 14; our reply due Oct. 28<sup>th</sup>
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31<sup>st</sup> granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; our brief filed August 12<sup>th</sup>
- Leland/Whiting (OHWM river island ownership) – Watford City trial set for September 12-16, 2022.
- Newfield (royalty deductions) – waiting for ND Supreme Court opinion; oral arguments - June 30, 2022,
- Continental Interpleader (OHWM fed/state dispute) – “Acquired Federal Lands” issue briefing recently completed, awaiting ND Federal District Court decision
- Wilkinson (OHWM title dispute / takings claim) – waiting for ND Supreme Court opinion; oral arguments - May 18, 2022. 9-6-2022- Opinion not yet issued.
- Whitetail Wave (OHWM title dispute / takings claim) – Briefing complete, ND Supreme Court oral arguments September 7<sup>th</sup>, 2022 at 10:45 am.

## A D J O U R N

There being no further business, the meeting was adjourned at 11:08 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  
September 26, 2022**

The September 26, 2022, meeting of the Board of University and School Lands was called to order at 11:03 AM by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Dennis Chua	Investments
James Wald	Legal Council
Elvedina Papalichev	Paralegal
Chris Suelzle	Minerals Division Director
Adam Otteson	Revenue Compliance Division Director
Susan Dollinger	Unclaimed Property
Joseph Stegmiller	Surface Division Director
Scott Giere	Revenue Compliance
Matthew Reile	Technical Support Specialist
Christopher Dingwall	Minerals Title Specialist
Lynn Spencer	Minerals Title Specialist
Kayla Spangelo	Surface Range Soils Management Specialist
Garret Hecker	Surface Range Soils Management Specialist
Ryan Kobilansky	Surface Leasing Coordinator
Peggy Gudvangen	Finance Division Director

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Dave Garner	Office of the Attorney General
Josh Kevan	RVK
C. Rajala	Nonprofit News
Gary Hagen	
Jennifer Sandberg	RVK

**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 August 25, 2022, meeting was made by Secretary Jaeger 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's Report

- Leadership team meetings regarding Governor's Red Tape Reduction Initiative and legislative proposals
- Budget meeting with OMB & governor's staff
- Bi-weekly meetings with investment consultant RVK
- Various meeting with investment managers
- Annual financial audit underway (Eide Bailly)
- Responding to media inquiries regarding Newfield decision
- Meeting with legislator regarding upcoming legislative session
- Attended Leland/Whiting Trial – September 13<sup>th</sup>, Watford City
- Presented at North Dakota Petroleum Council Annual Meeting – September 22<sup>nd</sup>, Watford City
- Minerals system design testing continues with good progress being made
- Attend September 23<sup>rd</sup> State Investment Board Meeting as a voting member

### HR Update

- Chief Investment Officer – position posted August 30<sup>th</sup>; positive indications with good number of applicants
- Land Management Specialist #2 – filled; Surface Division now fully staffed
- Accountant – posting closed; reviewing applicants

### Land Management System Development

The Department of Trust Lands' original RFP to upgrade the Land Management System was released in 2019. Upon go-live of the surface division portion in November 2021, the minerals division began their discovery and design phase and is currently in the design testing phase, with go-live of the new minerals system expected towards year-end.

The Department's systems upgrade team has identified certain change orders required to achieve critical system features and the desired level of enhancements. This includes additional data migration, integration with external data points, and refinements to reconciling oil and gas lease operator royalty reports.

The Board's **Continuing Appropriation Authority Policy** (attached) provides for expenditures under statutorily granted continuing appropriating authority for:

**“expenses determined by the Board as necessary to manage, preserve, and enhance the value of trust land and mineral assets.”**

**Specifically including:**

**“6. Software acquisition, development, maintenance costs, service fees, and license fees necessary to effectively manage, protect, and secure the assets managed by the Board.”**

**Motion: The Board authorizes the Commissioner to utilize continuing authority not to exceed \$300,000 for additional configuration of the Land Management System.**

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

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

### **Board of University and School Lands Meeting Dates For 2023**

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 members should anticipate the meetings will last three hours each month in anticipation of executive session needs.

The Board may chose 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 26, 2023 9:00 AM – 12:00 AM
- February 23, 2023 9:00 AM – 12:00 PM
- March 30, 2023 9:00 AM – 12:00 PM
- April 27, 2023 9:00 AM – 12:00 PM
- May 25, 2023 9:00 AM – 12:00 PM
- June 29, 2023 9:00 AM – 12:00 PM
- July 27, 2023 9:00 AM – 12:00 PM
- August 31, 2023 9:00 AM – 12:00 PM
- September 28, 2023 9:00 AM – 12:00 PM
- October 26, 2023 9:00 AM – 12:00 PM
- November 30, 2023 9:00 AM – 12:00 PM Thursday after Thanksgiving
- December 20, 2023 9:00 AM – 12:00 PM Wednesday before Christmas

## **DIVISION REPORTS**

## SURFACE

### SURFACE DIVISION



For the month of August 2022, the Division granted 24 encumbrances for a total of \$994,639 in income for the trusts.

In September, land management specialist Jacob Lardy joined the ND Game & Fish North Dakota Outdoors Podcast to discuss hunting on Trust Lands, more commonly known to many North Dakota hunters as “state school lands” or the “blue squares on the map”.

They also spoke about the Department’s history and mission, regulations and restrictions and the upcoming grouse opener.

Listen to: [Hunting the Blue Squares](#)



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

### SURFACE DIVISION



For the month of July 2022, the Division granted 8 encumbrances for a total of \$176,364 in income for the trusts.

Photo Note: Surface and Mineral acres working together for the Trusts - 18 well bores, 16 active, on 28 Trust Land surface acres.



Photo Credit Kayla Spangelo  
McKenzie 153-94-16



## MINERALS

MINERALS DIVISION

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For the month of August 2022, the Division granted one well shut-in request.

Based on well data currently available to Mineral Tracker, the Department manages an interest in 8,404 (49.25%) of the 17,063 producing wells in North Dakota.

As of August 2022, for fiscal year 2023 the Department has received \$106,759,439 in royalties as compared to \$69,172,392 last fiscal year at this time.



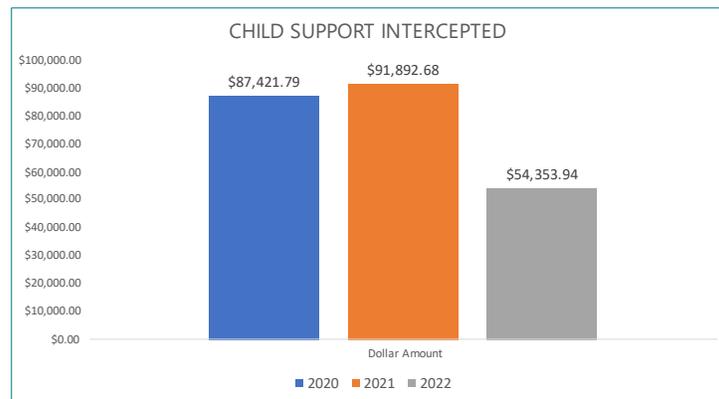
## UNCLAIMED PROPERTY

UNCLAIMED PROPERTY DIVISION

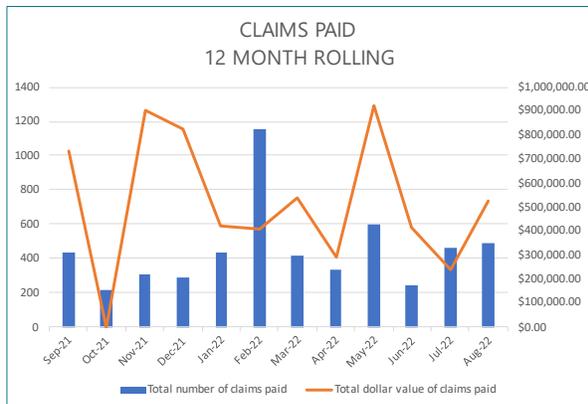
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For the month of August 2022, the Division paid 491 claims with \$527,679.76 returned to rightful owners/heirs. It received 133 holder reports with a dollar value of \$175,970.52.

For many years the Child Support High Intensity Enforcement Unit has “intercepted” unclaimed funds to help ensure children receive court ordered financial support.



## UNCLAIMED PROPERTY DIVISION



## INVESTMENTS

### Investment Updates

#### Portfolio Rebalancing Updates

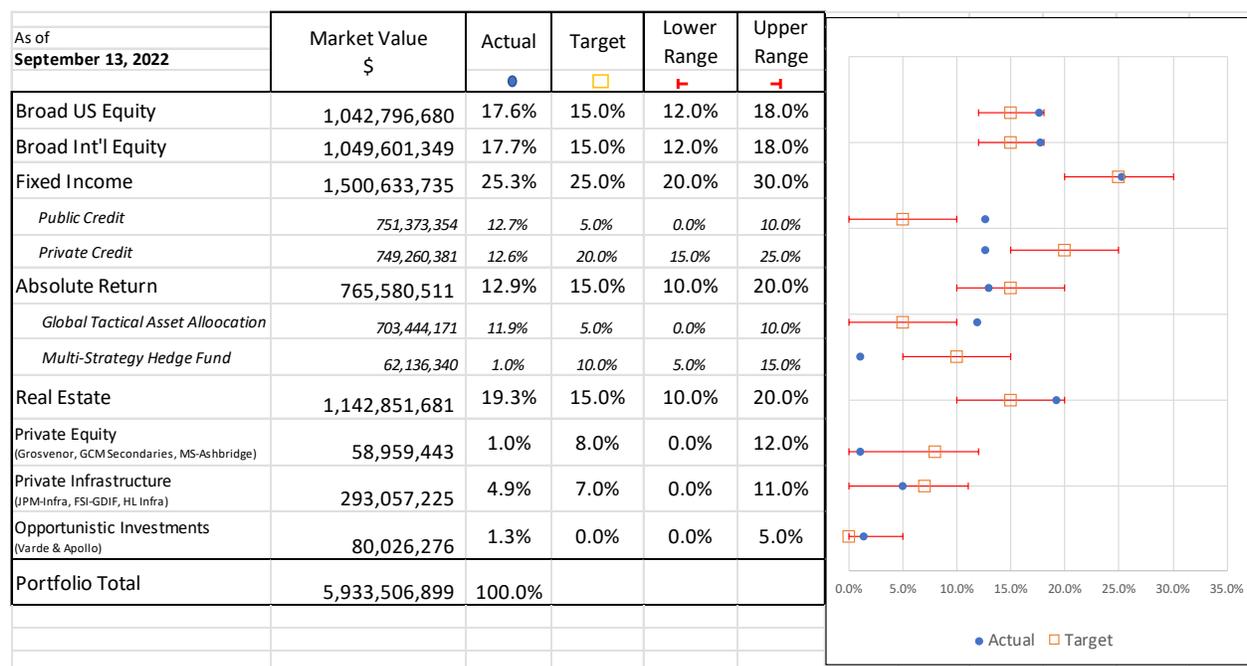
Since the last Board meeting, only Morgan Stanley Ashbridge TS Fund II made a capital call amounting to \$2M that was funded on 9/12. During their presentation today, RVK will be providing an update on our asset allocation pacing study and new manager searches.

Unfunded commitments after the distributions and calls will be at \$700.65M. These are:

1. Private Credit, \$179.4M
  - i. ARES Pathfinder Fund, \$54.4M
  - ii. Owl Rock Diversified Lending, \$60M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$15M
  - iv. AGDL-BUSL Fund, \$50M
2. Private Equity, \$246.25M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$105.5M
  - ii. GCM Secondary Opportunities Fund, \$128M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$12.75M
3. Private Infrastructure, \$14.5M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$14.5M
4. Opportunistic Investments, 20.5M
  - i. Varde Dislocation Fund, \$20.5M
5. Absolute Return, \$240M
  - i. Millennium USA LP (Hedge Fund), \$240M

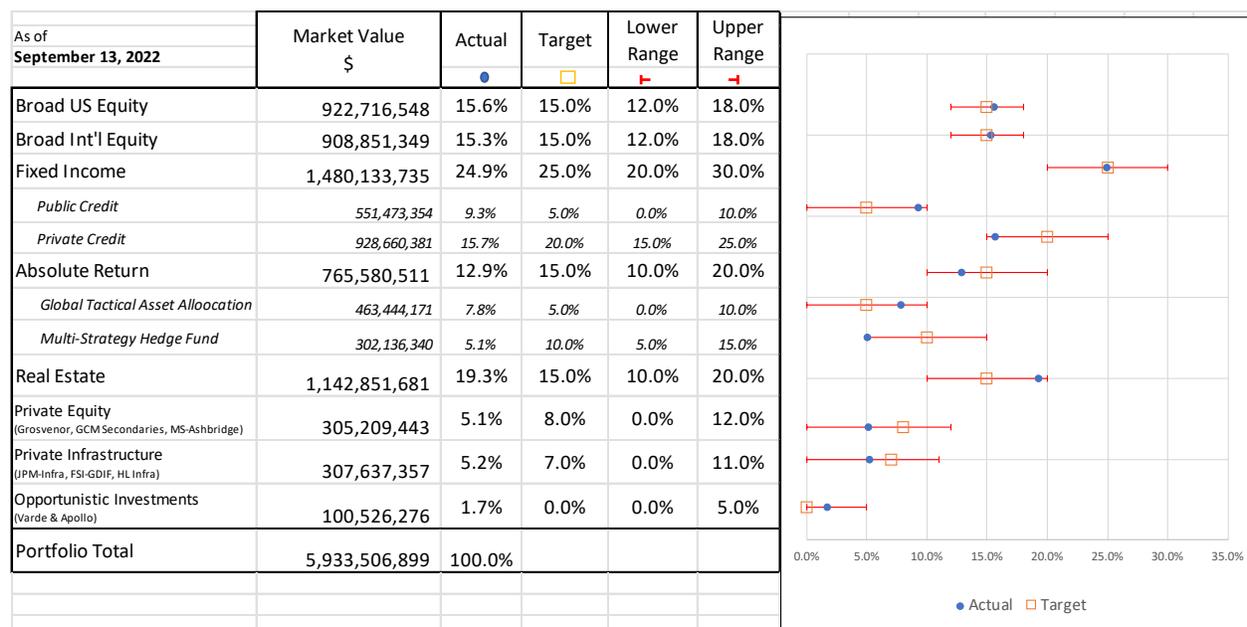
## Asset Allocation

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



## Hypothetical Funding of All Unfunded Commitments:

### Asset Allocation After Funding (as of 9/13/2022):



### Assumptions:

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

(09/26/22)

**Investment Performance Update – 2nd Quarter 2022**

RVK will review the performance of the Board of University and School Land’s (Board) investment program for the period ending June 30, 2022, and discuss current market conditions.

The first report to be reviewed is prepared by RVK to enable the Board to monitor and evaluate the collective performance of the permanent trusts’ investments and the performance of individual managers within the program.

Second, RVK will touch on the performance of the Ultra-Short portfolio in which the Strategic Investment and Improvements Fund, the Coal Development Trust Fund, and the Capitol Building Fund are invested.

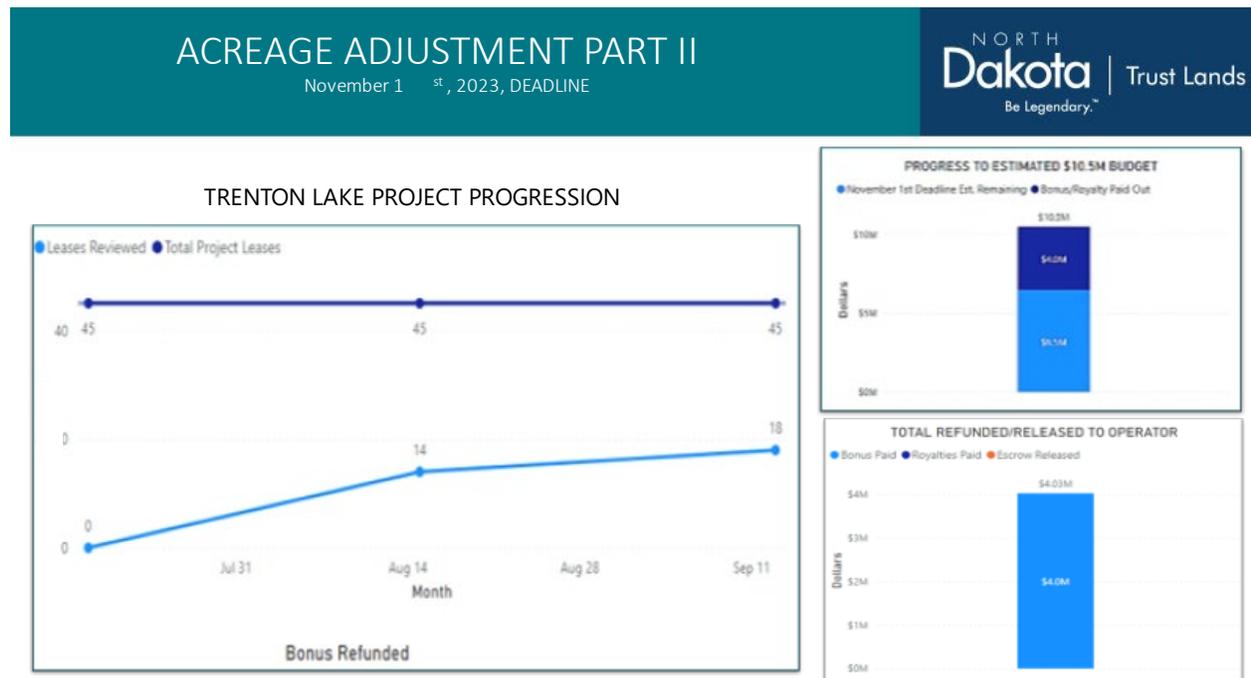
Third, RVK will provide a review of the portfolio real estate investments.

Lastly, RVK will provide an update on portfolio asset allocation.

**RVK Permanent Trust Fund Performance Report; RVK Ultra-Short Performance Report; RVK Real Estate Investments Report; RVK Asset Allocation Update were presented to the Board for and are available at the Department upon request.**

**SPECIAL PROJECTS**

**Acreage Adjustment Report**

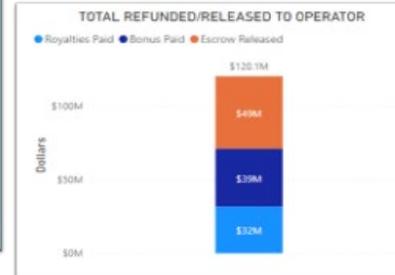
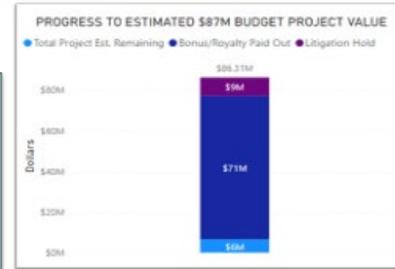


# ACREAGE ADJUSTMENT SURVEY REPORT

PROJECT TOTAL

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TOTAL PROJECT PROGRESSION



## Coal Leasing Summary

How many active coal leases do we have on Trust Lands?

- 58
- Total acres leased: 6,120

Which entities own these active leases?

# of Leases

- BNI Coal 4
- Falkirk Mining Co. 20
- Coteau Properties Co. 10
- Coyote Creek Mining Co. 15
- Otter Creek Mining Co. 8
- Westmoreland Beulah Mining Co. 1

Total: 58

What is the average revenue per lease?

- Bonus: \$100/acre
- 80 or 160 acres per lease

What is the average lease term?

- 15 years, although some are 10 years
- Most have a company option to extend the lease by the same term as the original, provided that the company pays the same acreage bonus as the original term.

What is the average royalty rate?

- \$0.15/ton (with a 3% escalator per year) to \$0.20/ton while coal is being mined
- Royalty rates have largely stayed static since 2015 when several leases seem to have been adjusted down from a rate of \$0.25/ton

What is an annual rental?

- An annual rental is a payment made each year by the company to keep the lease active.
- The typical annual rental is \$5/acre.
- For a 160-acre lease that equates to \$800/year.

Rentals paid for 2021:

- 64 leases brought in rental payments of \$32,438.29.
- So far in 2022 we have received \$27,532.41 in rentals.

Royalties paid to the Trusts as a result of coal mining:

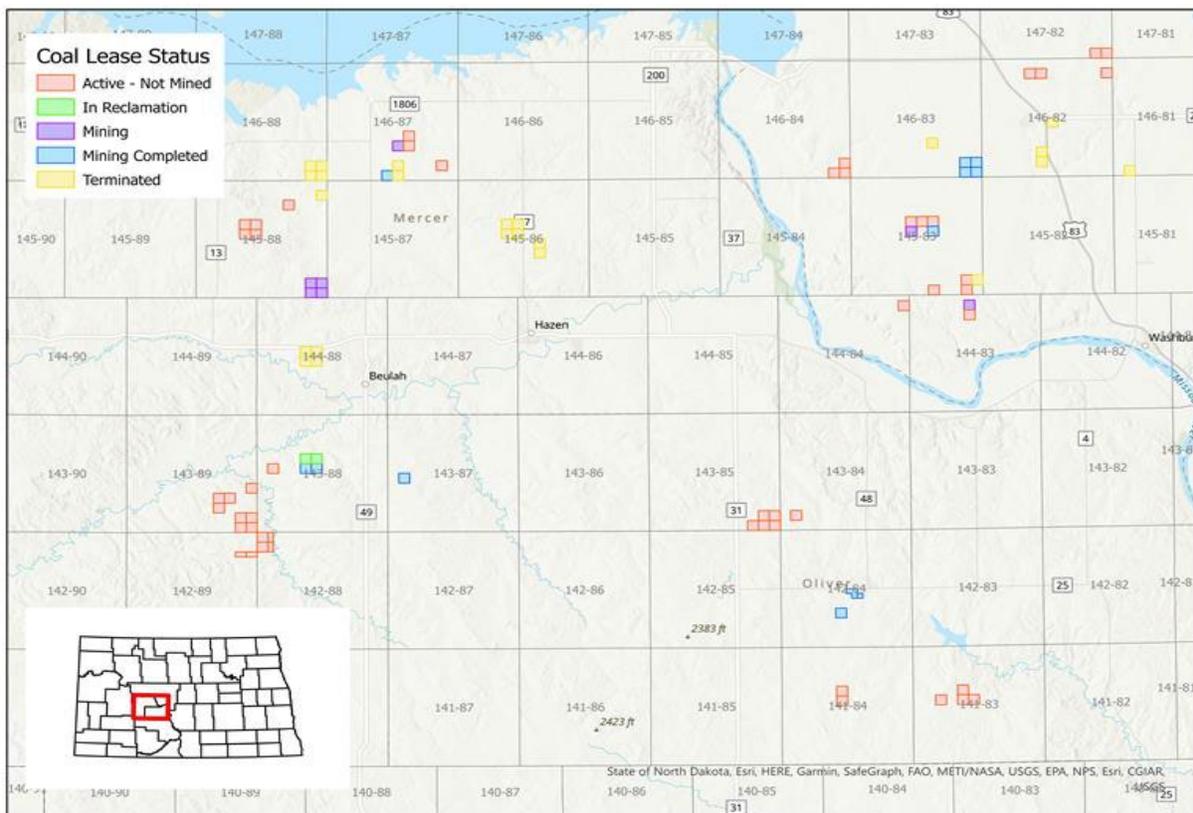
- 2021: \$454,652.63
- 2022 (YTD): \$296,942.49

What Trusts Benefit from coal payments?

- Primarily Trusts A & L
- Trust B has been receiving nominal amounts of \$500-\$3,000/month.
- Trust A is the Common School Trust Fund.
- Trust L is the Bank of ND Trust.
- Trust B is the School for the Blind.

What is the recent coal leasing activity?

- In 2020 and 2021 there were no requests for new coal leases.
- In 2022, we have received 2 requests for 5 tracts resulting in new leases being issued.
- A total of 560 net mineral acres have been leased in 2022.
  - North American Coal Co. – 400 acres
  - BNI Coal – 160 acres
- There is a \$650 application fee per tract to cover the costs of these applications.



## LITIGATION

### Litigation Update

- Newfield (royalty deductions) – ND Supreme Court opinion released September 1st; reversed trial court and remanded for determination of damages

#### Key Holdings

- Land Board’s post-1979 oil & gas lease does not allow operators to deduct post-production costs or expenses from royalties (“gross proceeds of sale”)
  - Newfield’s calculation of gas royalties was “contrary to the lease”
  - As well operator, Newfield has a statutory obligation to pay royalties according to the lease
- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of State’s motion to intervene; our brief submitted; opposing brief due Oct. 14; our reply due Oct. 28<sup>th</sup>
  - EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31<sup>st</sup> 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 or oral arguments
  - Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022.
  - Continental Interpleader (OHWM fed/state dispute) – briefing complete for “Acquired Federal Lands” issue; awaiting ND Federal District Court decision
  - Wilkinson (OHWM title dispute / takings claim) – awaiting ND Supreme Court opinion; oral arguments held May 18, 2022
  - Whitetail Wave (OHWM title dispute / takings claim) – awaiting ND Supreme Court opinion; oral arguments held September 7, 2022

### 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 to review confidential records and discuss negotiating strategy regarding:**

- **Royalty Offers**

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

The Board entered into executive session at 1:00 PM.

**EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel present:**

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

**Guests in Attendance:**

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

The executive session adjourned at 1:55 PM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed royalty offers 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 1:55 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  
October 27, 2022**

The October 27, 2022 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
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General

**Members Absent:**

Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Rick Owings	Administrative Staff Officer
Emily Bosch	Unclaimed Property
Christopher Dingwall	Minerals Title Specialist
James Wald	Legal Council
Elvedina Papalichev	Paralegal
Dennis Chua	Investments
Chris Suelzle	Minerals Division Director
Adam Otteson	Revenue Compliance Division Director
Joseph Stegmiller	Surface Division Director
Matthew Reile	Technical Support Specialist
Peggy Gudvangen	Finance Division Director
Susan Dollinger	Unclaimed Property
Scott Giere	Revenue Compliance
Lynn Spencer	Minerals Title Specialist
Kayla Spangelo	Surface Range Soils Management Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Dave Garner	Office of the Attorney General
Josh Keven	RVK
Jackie	Bismarck Tribune
C. Rajala	Nonprofit News
Reice Haase	ND Industrial Commission
Brady Pelton	NDPC

## 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 September 26, 2022, meeting was made by Attorney General Wrigley and the motion was seconded by Secretary Jaeger and the motion carried unanimously on a voice vote.

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

(10/27/22)

## Commissioner's Report

- Surface team has been very busy conducting annual Fall surface auctions; thank you and great work team!
- Annual financial audit complete; Eide Bailly will present at November meeting
- Meeting with Indian Affairs Commissioner regarding Trust Lands Completion Act
- Mineral Tracker is working on annual minerals valuation project for November presentation
- Investment process continues while we search for new CIO
  - Regular meetings with investment consultant RVK
  - Strategizing asset allocation
  - Pacing studies
  - Hedge fund search
- Minerals system design testing continues with good progress being made
- Chaired SIB Securities Litigation Committee Meeting – September 27<sup>th</sup>
- Presented investments performance report to Legislative Management's Budget Section – September 28<sup>th</sup>
- Participated in Hess "Follow the Barrel Tour" – September 29<sup>th</sup>
- Attended SIB Investment Committee Inaugural Meeting as voting member – October 7<sup>th</sup>

### HR Update

- Chief Investment Officer – first round of interviews completed
- Accounting Position – filled and starting November 1st

## DIVISION REPORTS

### SURFACE

#### SURFACE DIVISION

NORTH  
**Dakota** | Trust Lands  
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For the month of September 2022, the Surface Division granted 14 Rights of Way generating \$131,821 in income for the Trusts.

Department staff traveled throughout North Dakota the first three weeks of October conducting annual Fall surface lease auctions. These are done on a five-year rolling basis as leases expire. A summary of auction results will be presented at the November meeting.



Photo Credit: Jacob Lardy  
Burleigh County 143-79-16

## MINERALS

MINERALS DIVISION

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

For the month of September 2022, the Minerals Division received no oil & gas lease extension, coal lease extension, or shut-in requests.

The Division is preparing for the Department's upcoming online Oil & Gas Lease Auction to be held October 25 - November 1, 2022. The auction will be hosted by EnergyNet.

315 mineral tracts, comprising a total of 22,883.72 net mineral acres, have been nominated.

### Mineral Tracts nominated for Oil & Gas Lease Auction October 25 - November 1, 2022

County	Tracts	Net Min Acres
Billings	6	320
Burke	10	800
Divide	9	678.42
Golden Valley	1	80
McKenzie	6	415.98
Mountrail	89	7,813.67
Ward	194	12,775.65
TOTAL	315	22,883.72

MINERALS DIVISION

NORTH  
**Dakota** | Trust Lands  
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### DTL Well Snapshots

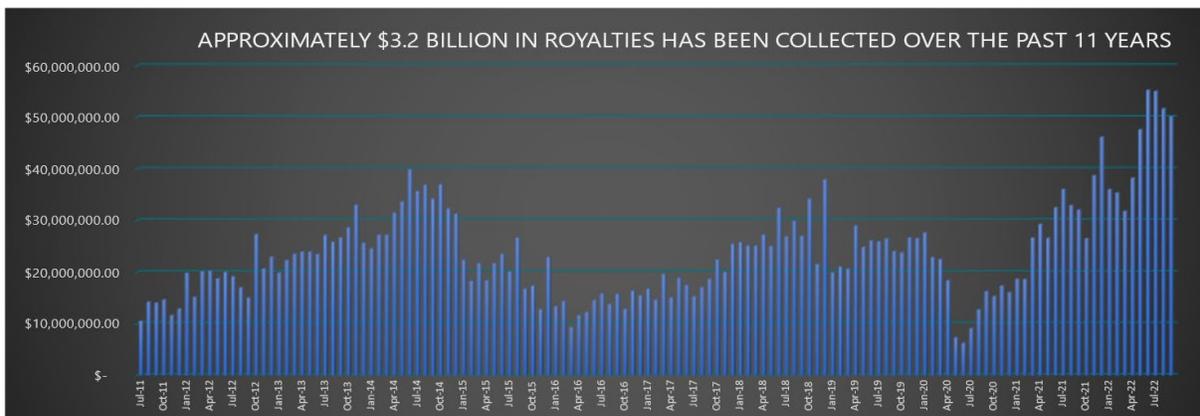
Based on NDIC 08/2022 well data obtained by Mineral Tracker on 10/10/2022

	ND Total	DTL Total	Percentage
<b>Producing Wells in which State -DTL has an interest</b>	17,321	8,505	49.10%
<b>Oil production (in barrels) in which State -DTL has an interest (Gross)</b>	31,047,417	15,573,344	50.16%
<b>State-DTL's interest in oil production (Net) (in barrels)</b>	31,047,417	441,136	1.42%
<b>Wells located on State-DTL Surface</b>	20,039	638	3.18%

MINERALS DIVISION

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

As of September 2022, for fiscal year 2022-23 the Department has received **\$156,898,705** in royalties as compared to **\$101,269,253** last fiscal year at this time.

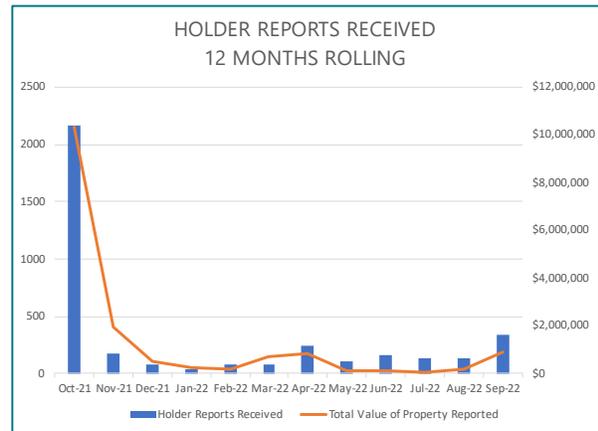
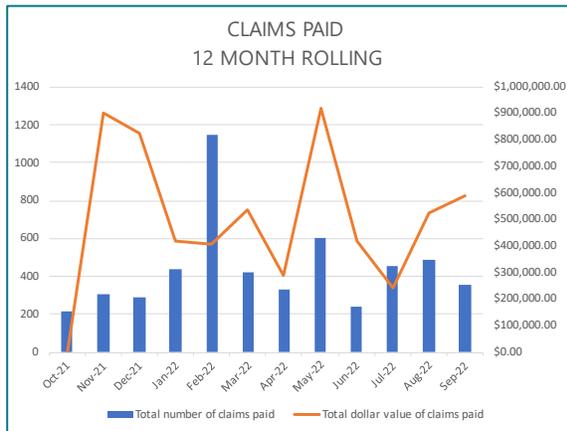


## UNCLAIMED PROPERTY

### UNCLAIMED PROPERTY DIVISION

Be Legendary.™

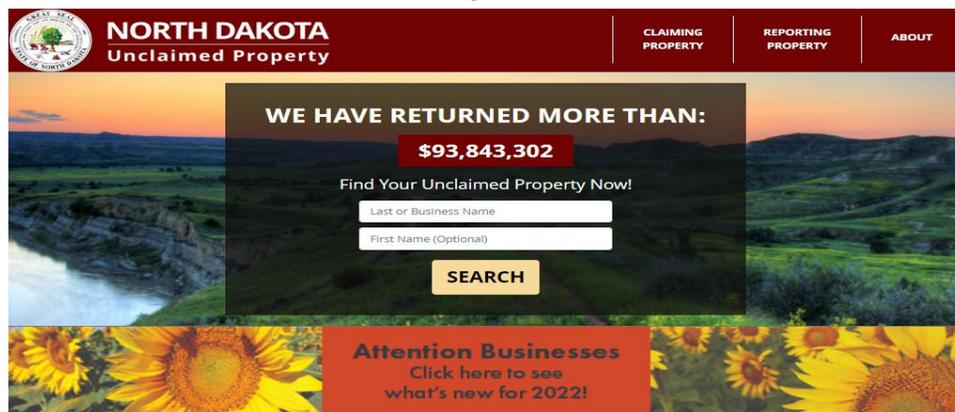
For the month of September 2022, the Division paid 357 claims with \$588,577.36 returned to rightful owners/heirs. It received 342 holder reports with a dollar value of \$930,013.19.



### UNCLAIMED PROPERTY DIVISION

Be Legendary.™

The Division is approaching a milestone of \$100 million in properties returned to rightful owners.  
**(Since inception in 1975)**



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

### Investment Updates

#### Portfolio Rebalancing Updates

There was no significant impact to any properties owned by our Private Real Estate Investment Funds due to Hurricane Ian. Only minor roof repairs due to leaks and slight roof damage in some cases. Daily operations were not hampered.

Ares Pathfinder Fund made a simultaneous distribution and capital call which resulted in a net call of around \$15.4M that is due on Oct. 25. We checked with Fund managers for anticipated capital calls and most are in unison that it depends on projected transaction closings. Owl Rock Diversified

Lending is projecting a capital call of \$5 – 10M towards the end of the year. Millennium is intending to call an additional \$90 million by the end of the year. Meanwhile, GCM Private Equity has already committed around \$91M to various investments of which \$22M were called. GCM Secondary Opportunities Fund has \$296M pending deals with \$250M pending capital drawn for deals. As can be seen, capital calls for both GCM Funds are very much reliant on underlying investments calling capital or the closing of deals being worked on.

We received a \$3.9M redemption proceed from UBS Trumbull Property Fund, which brings the total redeemed from Trumbull to \$39.5M since we entered its redemption queue. We still have around \$174M remaining in the Fund. We are still waiting on a Q3 redemption amount notice from Jamestown Premier Fund where we currently have around \$66.2M. We will be transferring \$80M excess cash from revenues to fund investments.

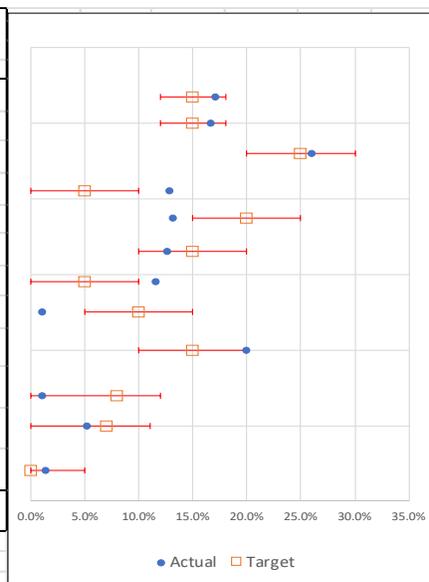
Unfunded commitments after the distributions and calls will be at \$685.25M. These are:

1. Private Credit, \$164M
  - i. ARES Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$60M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$15M
  - iv. AGDL-BUSL Fund, \$50M
2. Private Equity, \$246.25M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$105.5M
  - ii. GCM Secondary Opportunities Fund, \$128M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$12.75M
3. Private Infrastructure, \$14.5M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$14.5M
4. Opportunistic Investments, 20.5M
  - i. Varde Dislocation Fund, \$20.5M
5. Absolute Return, \$240M
  - i. Millennium USA LP (Hedge Fund), \$240M

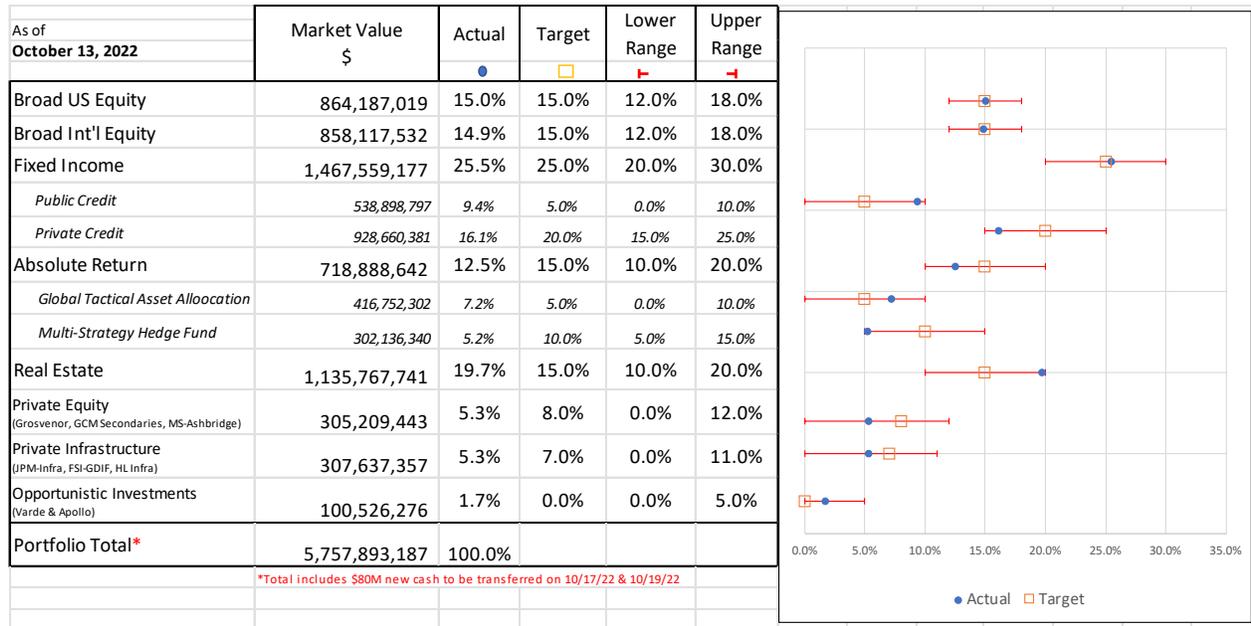
## Asset Allocation

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

As of October 13, 2022	Market Value \$	Actual ●	Target □	Lower Range —	Upper Range —
Broad US Equity	972,187,019	17.1%	15.0%	12.0%	18.0%
Broad Int'l Equity	943,617,532	16.6%	15.0%	12.0%	18.0%
Fixed Income	1,475,389,309	26.0%	25.0%	20.0%	30.0%
Public Credit	726,128,929	12.8%	5.0%	0.0%	10.0%
Private Credit	749,260,381	13.2%	20.0%	15.0%	25.0%
Absolute Return	718,888,642	12.7%	15.0%	10.0%	20.0%
Global Tactical Asset Allocation	656,752,302	11.6%	5.0%	0.0%	10.0%
Multi-Strategy Hedge Fund	62,136,340	1.1%	10.0%	5.0%	15.0%
Real Estate	1,135,767,741	20.0%	15.0%	10.0%	20.0%
Private Equity (Grosvenor, GCM Secondaries, MS-Ashbridge)	58,959,443	1.0%	8.0%	0.0%	12.0%
Private Infrastructure (UPM-Infra, FSI-GDIF, HL Infra)	293,057,225	5.2%	7.0%	0.0%	11.0%
Opportunistic Investments (Varde & Apollo)	80,026,276	1.4%	0.0%	0.0%	5.0%
Portfolio Total	5,677,893,187	100.0%			



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



**Assumptions:**

- i. **\$80M new cash will be transferred on 10/17/22 & 10/19/22 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 September 30, 2022

	MOM\$		MOM%	YOY\$		YOY%
	9/30/2022	8/31/2022	Change	9/30/2022	Change	
	2	2		1		
	Value	Value		Value		
Cash	526,082,949	403,227,509	30.47%	355,122,331	48.14%	
Investments[1]	6,303,822,442	6,586,157,072	-4.29%	6,388,861,858	-1.33%	
Tax Receivables[2]	13,378,324	111,720,730	-88.03%	15,423,709	-13.26%	
Loans[3]	40,789,675	40,115,716	1.68%	44,105,488	-7.52%	
Receivables[4]	8,706,554	6,089,238	42.98%	6,978,185	24.77%	
<b>Sub-Total Net Assets</b>	<b>\$6,892,779,944</b>	<b>\$7,147,310,265</b>	<b>-3.56%</b>	<b>\$6,810,491,571</b>	<b>1.21%</b>	
Mineral Rights[5]	2,391,439,503	2,391,439,503	0.00%	2,391,439,503	0.00%	
Surface Rights[6]	511,088,869	511,088,869	0.00%	523,938,730	-2.45%	
Building Value[7]	1,015,196		N/A		N/A	
<b>Total Net Assets</b>	<b>\$9,796,323,512</b>	<b>\$10,049,838,637</b>	<b>-2.52%</b>	<b>\$9,725,869,804</b>	<b>0.72%</b>	

(10/27/22)

[1] Approximately 60% of the portfolio is publicly traded for which values are current to the as of date. The remaining 40% is private assets, the values of which are updated as the managers provide them, typically 30-60 days after the end of each quarter.

[2] Estimated value of production, extraction, and severance tax payments not yet received by the Department because they are not distributed until two months after production date.

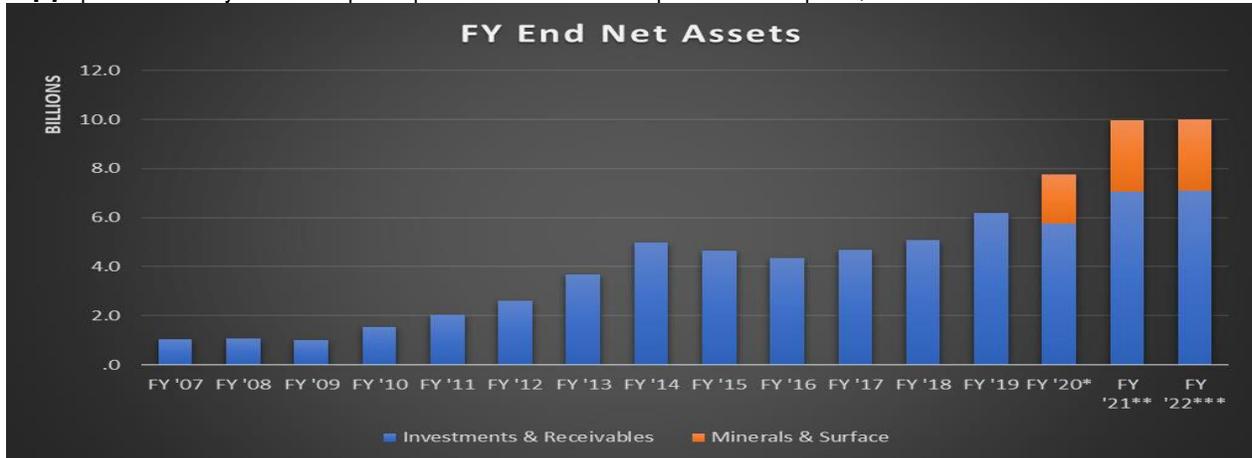
[3] Various loan programs funded with trust assets.

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

[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2020.

[6] Valued annually via the Department's fair market value policy/formulas. The last valuation is as of March 2022.

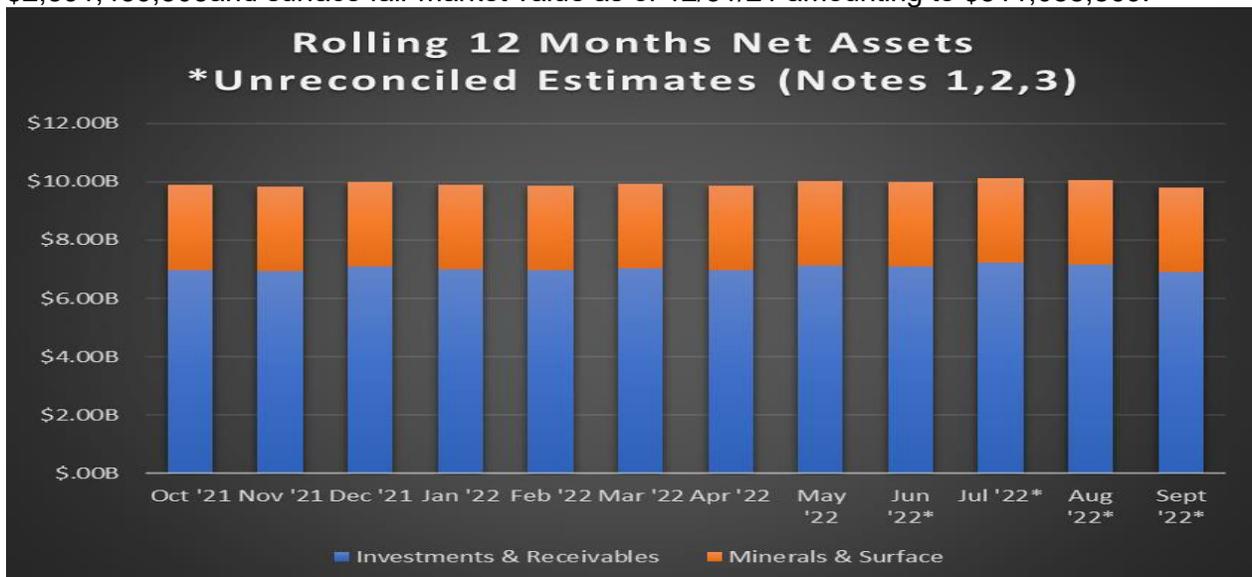
[7] Updated annually via broker price opinion. The last was completed as of Sept. 15, 2022.



\*FY End 2020 - included initial Mineral valuations as of 12/31/19 amounting to \$1,449,002,408 and surface fair market value as of 12/31/19 amounting to \$538,179,773.

\*\*FY End 2021 - included new Mineral valuations as of 12/31/20 amounting to \$2,391,439,503 and surface fair market value as of 12/31/20 amounting to \$523,938,730.

\*\*\*FY End 2022 - included most recent Mineral valuations as of 12/31/20 amounting to \$2,391,439,503 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



Notes: 1. Oct. 2021 to Nov. 2021 - included most recent Mineral valuations amounting to \$2,391,439,503 and surface fair market value of \$523,938,730.

2. Dec. 2021 to Jul. 2022 - included Mineral valuations amounting to \$2,391,439,503, surface fair market value of \$511,088,869.

3. Sept. 2022 - included \$1,015,149 building value appraised as of 9/15/22.

Private Equity Pacing Analysis

Private Equity Pacing Analysis Report document was presented to the Board and is available at the Department upon request.

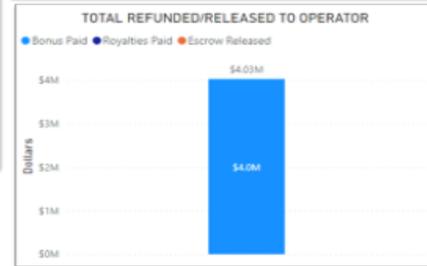
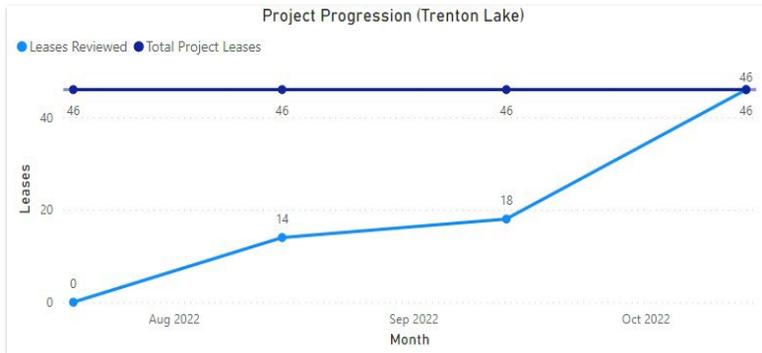
SPECIAL PROJECTS

Acreage Adjustment Report

## ACREAGE ADJUSTMENT PART II

November 1<sup>st</sup>, 2023, DEADLINE

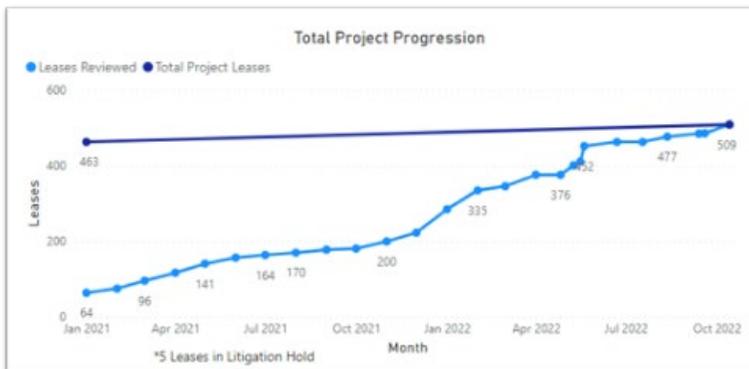
TRENTON LAKE PROJECT PROGRESSION



## ACREAGE ADJUSTMENT SURVEY REPORT

PROJECT TOTAL

TOTAL PROJECT PROGRESSION





## 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
- Currently, working with delegation for re-introduction and action in the next Congress
- 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 Tribe has publicly expressed support for the bill

## LITIGATION

### Litigation Update

- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor; district court status conference October 28<sup>th</sup>

- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing to be completed near year-end
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31<sup>st</sup> 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 so briefing can begin
- Continental Interpleader (OHWM fed/state dispute) – briefing complete for “Acquired Federal Lands” issue; awaiting ND Federal District Court decision
- Wilkinson (OHWM title dispute / takings claim) – awaiting ND Supreme Court opinion; oral arguments held May 18, 2022
- 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 consultations regarding:**

- **Royalty Offers**
- **Newfield Royalties Case**

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

**The Board entered into executive session at 10:29 AM.**

**EXECUTIVE SESSION**

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General

**Department of Trust Lands Personnel present:**

Joseph Heringer  
Catelin Newell  
Adam Otteson  
James Wald  
Elvedina Papalichev

Commissioner  
Administrative Staff Officer  
Revenue Compliance Division Director  
Legal Council  
Paralegal

**Guests in Attendance:**

Ryan Norrell  
John Reiten  
Dave Garner

Office of the Governor  
Office of the Governor  
Office of the Attorney General

---

The executive session adjourned at 11:15 AM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session, the Board discussed royalty offers 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 11:19 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 17, 2022**

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

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Rick Owings	Administrative Staff Officer
Emily Bosch	Unclaimed Property
Christopher Dingwall	Minerals Title Specialist
James Wald	Legal Council
Elvedina Papalichev	Paralegal
Dennis Chua	Investments
Chris Suelzle	Minerals Division Director
Joseph Stegmiller	Surface Division Director
Matthew Reile	Technical Support Specialist
Peggy Gudvangen	Finance Division Director
Maria Garcia	Finance
Vicki Siegel	Finance
Susan Dollinger	Unclaimed Property
Jacob Lardy	Surface
Lynn Spencer	Minerals Title Specialist
Kayla Spangelo	Surface Range Soils Management Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Mike Nowatzki	Office of the Governor
Joel Brown	MineralTracker
Catherine Grimsrud	MineralTracker
Jared Mack	Eide Bailly
Brady Pelton	NDPC
Geoff Simon	Western Dakota Energy Association
James MacPherson	

**A P P R O V A L   O F   M I N U T E S**

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

**S P E C I A L   R E P O R T S**

## Annual Minerals Valuation Report



November 8, 2022

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

RE: MINERAL ESTATE VALUATION | Update Summary

Greetings Mr. Heringer:

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

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

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

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

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

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

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

Respectfully Submitted,

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

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

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

## Financial Audit Report



October 21, 2022

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

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

(11/17/22)

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

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

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

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

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

### **Planned Scope and Timing of the Audit**

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

### **Compliance with All Ethics Requirements Regarding Independence**

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

### **Significant Risks Identified**

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

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

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

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

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

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

### *Significant Accounting Estimates*

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

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

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

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

### *Financial Statement Disclosures*

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



### Significant Difficulties Encountered during the Audit

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

### Uncorrected and Corrected Misstatements

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

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

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

### Disagreements with Management

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

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

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

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

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

### **Representations Requested from Management**

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

### **Management's Consultations with Other Accountants**

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

### **Other Significant Matters, Findings, or Issues**

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

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

Bismarck, North Dakota

**Full Financial Audit Report available from the Department upon request.**

### **Commissioner's Report**

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

### **HR Update**

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

**Common Schools Trust Fund 2023-2025 Distributions**

**COMMON SCHOOLS TRUST FUND  
2023 -2025 DISTRIBUTIONS**



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

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

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

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

**DIVISION REPORTS**

**SURFACE**

**SURFACE DIVISION**



Encumbrances issued by Commissioner during October 2022:

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



Photo Credit: Kayla Spangelo  
Billings County 140-100-16

# FALL SURFACE AUCTIONS SUMMARY

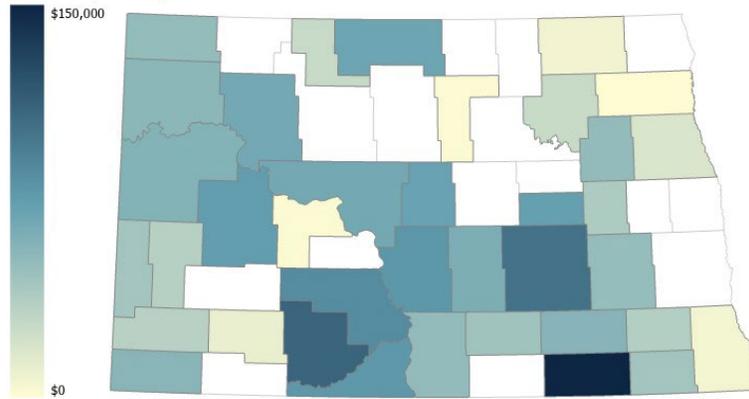


Fall surface lease auctions were held in 37 North Dakota counties between October 4<sup>th</sup> and October 20<sup>th</sup>, 2022.

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

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

Revenue by County



# FALL SURFACE AUCTIONS SUMMARY



2022 Fall Surface Lease Auction Summary by Trust

Trust/Fund	Trust/Fund Name	# Tracts	Total Rent
A	Common Schools	808	\$1,621,127
B	School for the Blind	3	\$3,572
C	ND Industrial School	13	\$17,495
D	School for the Deaf	11	\$13,725
E	Ellendale	9	\$29,255
F	Farm Loan Pool	5	\$40,510
H	State Hospital	8	\$14,211
I	ND Industrial School	7	\$23,980
M	School of Mines	9	\$28,627
N	North Dakota State Univ.	25	\$75,251
S	Veteran's Home	4	\$8,331
U	Univ. of North Dakota	15	\$43,244
W	ND School of Science	8	\$24,256
Y	Mayville State Univ.	1	\$3,584
Z	Valley City State/Mayville Univ.	13	\$34,832
<b>TOTAL</b>		<b>939<sup>1</sup></b>	<b>\$1,982,000</b>

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

## FALL SURFACE AUCTIONS SUMMARY



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

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

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

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

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

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

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

## MINERALS

MINERALS DIVISION



Q4 Online Oil & Gas Lease Auction

Summary

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



Auction data and map provided by EnergyNet.

MINERALS DIVISION



Q4 Summary, continued

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

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

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

Average Bonus/Acre (Total Bonus/Total Acres)

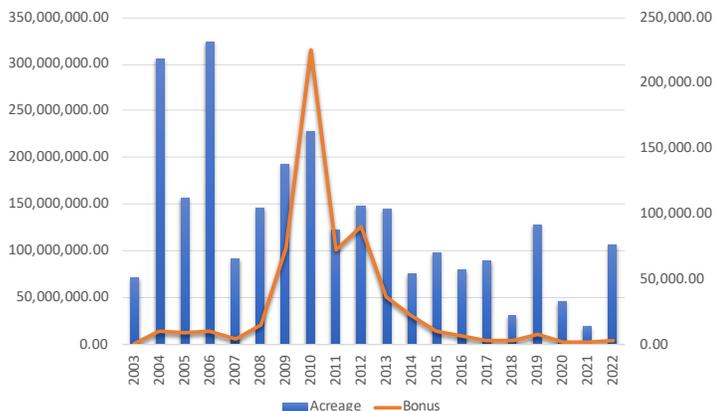
Aug 2020	Nov 2020	Feb 2021	May 2021	Aug 2021	Nov 2021	Feb 2022	May 2022	Aug 2022	Nov 2022
\$44.64	\$66.12	\$56.68	\$50.33	\$335.12	\$215.87	\$199.32	\$67.01	\$48.92	\$19.75

# MINERALS DIVISION



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

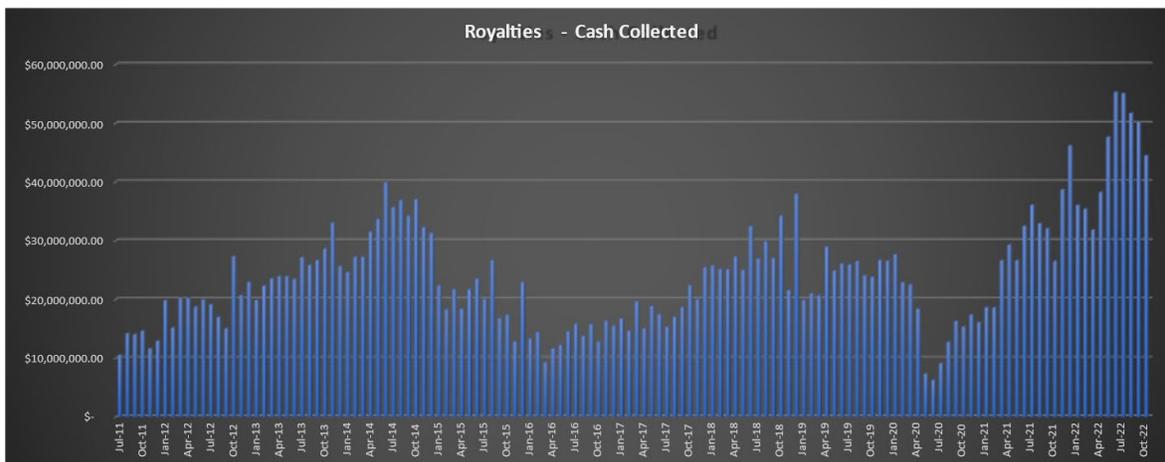
**Acreage Leased & Bonus Received by Year**  
(Past 20 Years)



# MINERALS DIVISION



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

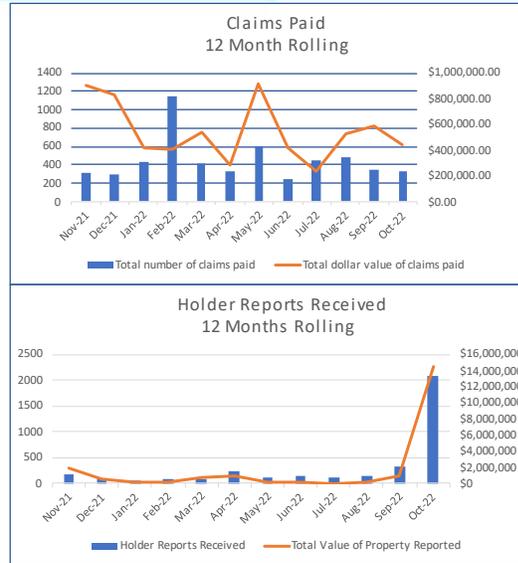


## UNCLAIMED PROPERTY



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

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



## FINANCIALS

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

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

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

### Executive Estimate of Board Assets



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

	10/31/2022 Value	MOM\$ 9/30/2022 Value	MOM% Change	YOY\$ 10/31/2021 Value	YOY% Change
Cash	494,473,849	526,082,949	-6.01%	356,546,433	38.68%
Investments <sup>[1]</sup>	6,503,890,327	6,303,822,442	3.17%	6,539,210,676	-0.54%
Tax Receivables <sup>[2]</sup>	-	13,513,006	-100.00%	16,673,092	-100.00%
Loans <sup>[3]</sup>	40,260,056	40,789,675	-1.30%	43,989,890	-8.48%
Receivables <sup>[4]</sup>	5,949,437	8,706,554	-31.67%	7,926,454	-24.94%
<b>Sub-Total Net Assets</b>	<b>\$7,044,573,669</b>	<b>\$6,892,914,626</b>	<b>2.20%</b>	<b>\$6,964,346,545</b>	<b>1.15%</b>
Mineral Rights <sup>[5]</sup>	2,391,439,503	2,391,439,503	0.00%	2,391,439,503	0.00%
Surface Rights <sup>[6]</sup>	511,088,869	511,088,869	0.00%	523,938,730	-2.45%
Building Value <sup>[7]</sup>	1,015,196	1,015,196	N/A		N/A
<b>Total Net Assets</b>	<b>\$9,948,117,237</b>	<b>\$9,796,458,194</b>	<b>1.55%</b>	<b>\$9,879,724,778</b>	<b>0.69%</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.

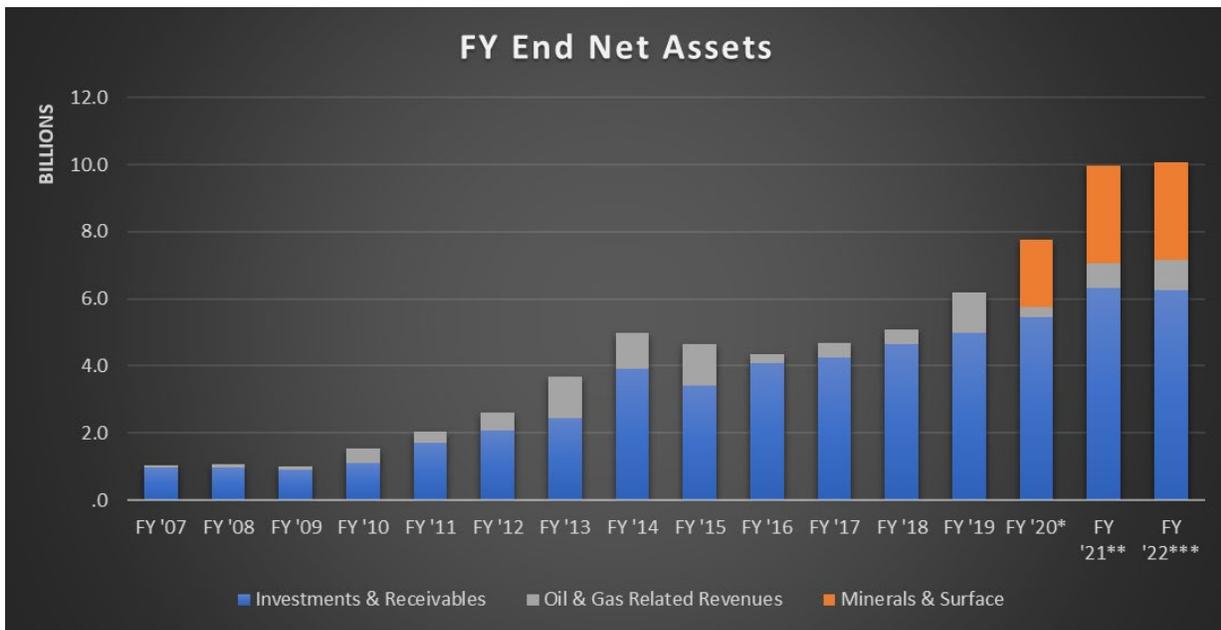
[3] Various loan programs funded with trust assets.

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

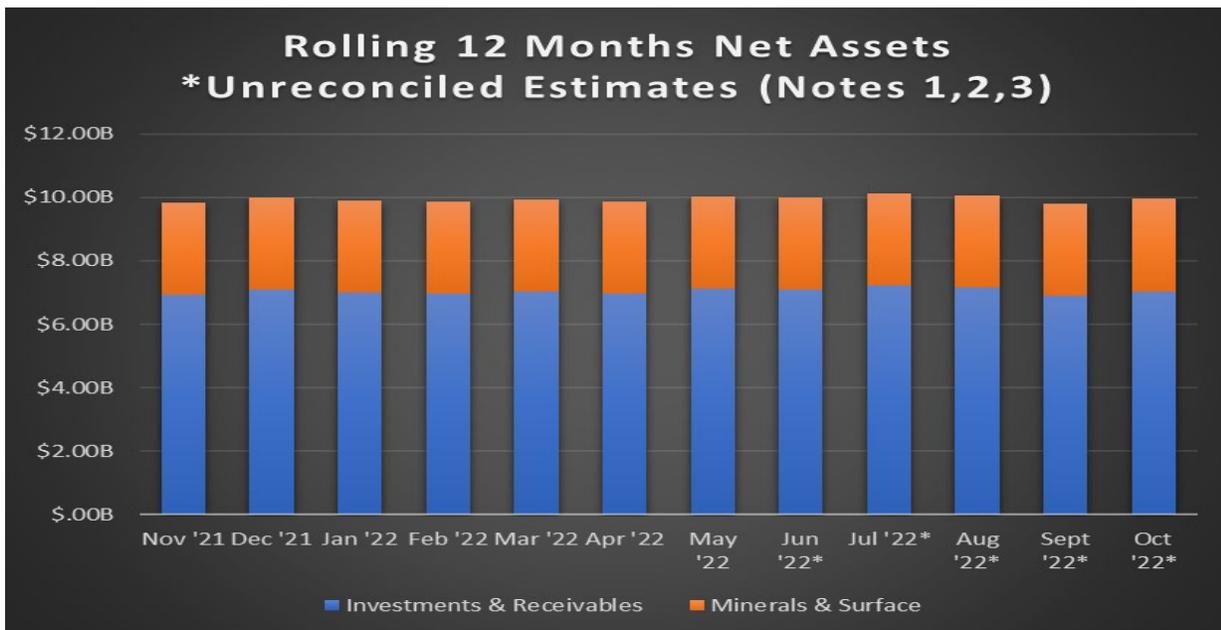
[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2020.

[6] Valued annually via the Department's fair market value policy/formulas. The last valuation is as of March 2022.

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



- \* FY End 2020 - included initial Mineral valuations as of 12/31/19 amounting to \$1,449,002,408 and surface fair market value as of 12/31/19 amounting to \$538,179,773.
- \*\* FY End 2021 - included new Mineral valuations as of 12/31/20 amounting to \$2,391,439,503 and surface fair market value as of 12/31/20 amounting to \$523,938,730.
- \*\*\* FY End 2022 - included most recent Mineral valuations as of 12/31/20 amounting to \$2,391,439,503 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



Notes:

- 1. Oct. 2021 to Nov. 2021 - included most recent Mineral valuations amounting to \$2,391,439,503 and surface fair market value of \$523,938,730.
- 2. Dec. 2021 to Jul. 2022 - included Mineral valuations amounting to \$2,391,439,503, surface fair market value of \$511,088,869.
- 3. Sept. 2022 - included \$1,015,149 building value appraised as of 9/15/22.

## INVESTMENTS

### Investment Updates

## Portfolio Rebalancing Updates

Since the last Board meeting, there were no new capital calls made. We are still anticipating capital calls will be made by Owl Rock Diversified Lending projected to be in the \$5 – 10M range towards the end of the year. Millennium is still penciled in to call \$90 million by the end of the year. Meanwhile, the capital calls for the rest of the commitments are dependent on transaction closings by underlying investments such as GCM Private Equity which has already committed around \$91M to various investments of which \$22M were called. GCM Secondary Opportunities Fund has \$296M pending deals with \$250M pending capital drawn for deals. As can be seen, capital calls for both GCM Funds are very much reliant on underlying investments calling capital or the closing of deals being worked on.

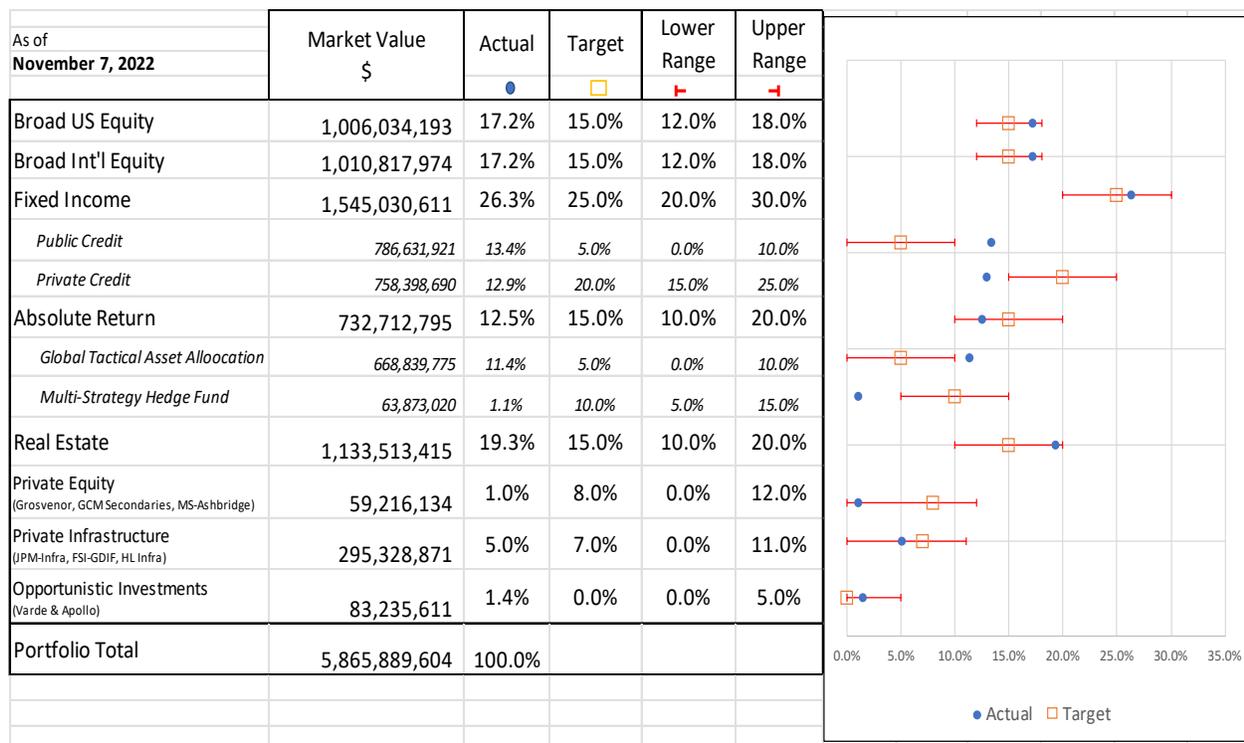
The \$80M excess cash from revenues were transferred to fund investments. More recently, \$280M in excess cash of SIIF was also transferred to the SIIF Ultra-Short investment portfolio on 11/7/2022. This brings the Ultra-Short portfolio total to around \$900M.

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

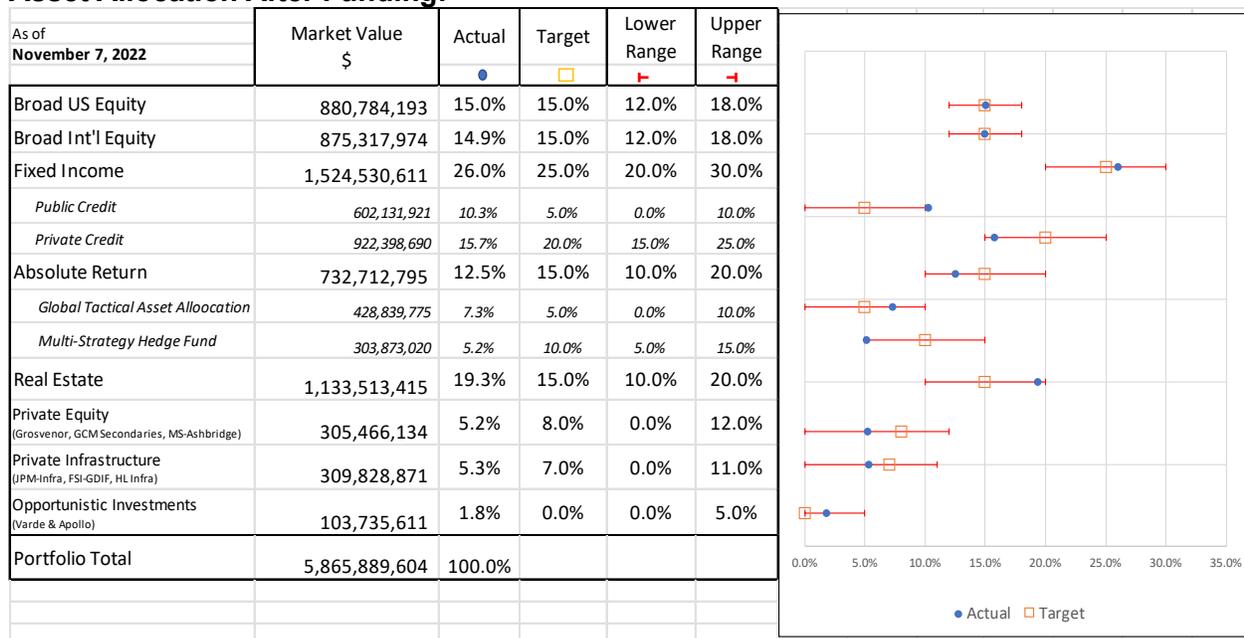
1. Private Credit, \$164M
  - i. ARES Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$60M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$15M
  - iv. AGDL-BUSL Fund, \$50M
2. Private Equity, \$246.25M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$105.5M
  - ii. GCM Secondary Opportunities Fund, \$128M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$12.75M
3. Private Infrastructure, \$14.5M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$14.5M
4. Opportunistic Investments, 20.5M
  - i. Varde Dislocation Fund, \$20.5M
5. Absolute Return, \$240M
  - i. Millennium USA LP (Hedge Fund), \$240M

## Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of November 7, 2022. The figures provided are unaudited.



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



**Assumptions:**

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

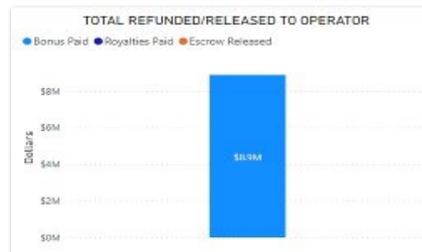
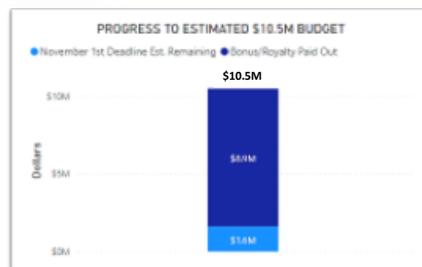
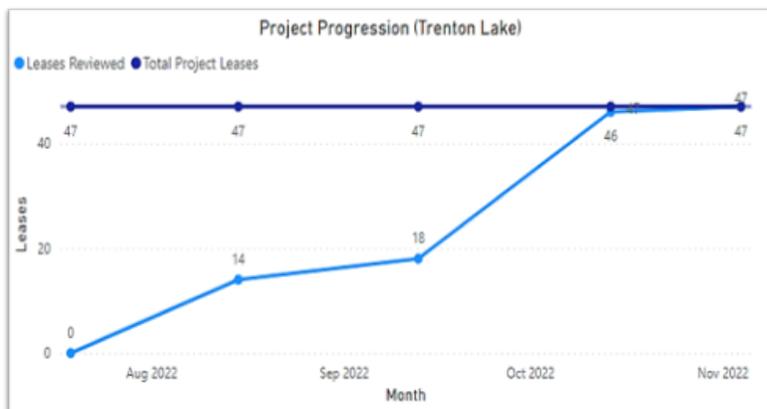
# SPECIAL PROJECTS

## Acreage Adjustment Report

### ACREAGE ADJUSTMENT PART II

November 1<sup>st</sup>, 2023, DEADLINE

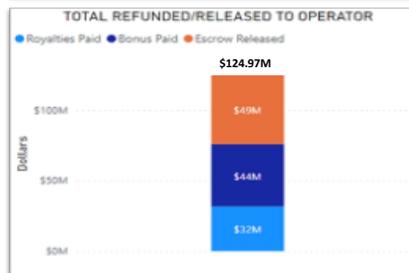
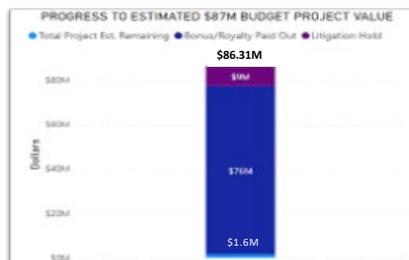
### TRENTON LAKE PROJECT PROGRESSION



### ACREAGE ADJUSTMENT SURVEY REPORT

PROJECT TOTAL

### TOTAL PROJECT PROGRESSION



## 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)
- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor; at October 28<sup>th</sup> status conference, district court set November 28<sup>th</sup> briefing deadline
- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing to be completed in January
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- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; awaiting completion of transcripts so briefing can begin
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- 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

## A D J O U R N

There being no further business, the meeting was adjourned at 11:42 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 19, 2022**

The December 19, 2022, meeting of the Board of University and School Lands was called to order at 9:07 AM by Chairman Doug Burgum.

**Members Present:**

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Drew Wrigley	Attorney General
Thomas Beadle	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Kate Schirado	Administrative Assistant
Catelin Newell	Administrative Staff Officer
Rick Owings	Administrative Staff Officer
Kisha Mitchell	Unclaimed Property
James Wald	Legal Council
Elvedina Papalichev	Paralegal
Dennis Chua	Investments
Chris Suelzle	Minerals Division Director
Joseph Stegmiller	Surface Division Director
Matthew Reile	Technical Support Specialist
Peggy Gudvangen	Finance Division Director
Susan Dollinger	Unclaimed Property
Lynn Spencer	Minerals Title Specialist
Kayla Spangelo	Surface Range Soils Management Specialist

**Guests in Attendance:**

Ryan Norrell	Office of the Governor
John Reiten	Office of the Governor
Geoff Simon	Western Dakota Energy Association
Reice Haase	ND Industrial Commission
Joe Ebisa	WithIntelligence
Josh Kevan	RVK
Jennifer Sandberg	RVK
Phil Rooney	Balyasny
Scott Schroeder	Balyasny
Katie King	Balyasny
Renaud Verlaque	Two Sigma
Bradley Burke	
C. Rajala	
Thomas Prunty	
Gary Hagen	

**APPROVAL OF MINUTES**

A motion to approve the minutes of the November 17, 2022, meeting was made by Treasurer Beadle and the motion was seconded by Secretary Jaeger and the motion carried unanimously on a voice vote.

(12/19/22)

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

### Investment Update

#### Portfolio Rebalancing Update

Millennium has called capital due on 12/30/2022 amounting to \$90M. No notices have been received yet for other capital calls to be funded by year- end. It is worth noting that capital calls for much of the commitments are dependent on transaction closings by the Fund or its underlying investments. A prime example is GCM Private Equity which has already committed \$91M to various investments, however, so far only \$22M has been called. The GCM Secondary Opportunities Fund has \$296M in pending deals with \$250M pending capital drawn for deals. Due to the rising interest rate environment, transactions have been harder to close which can be attributed to large valuation/pricing differences between buyer and seller.

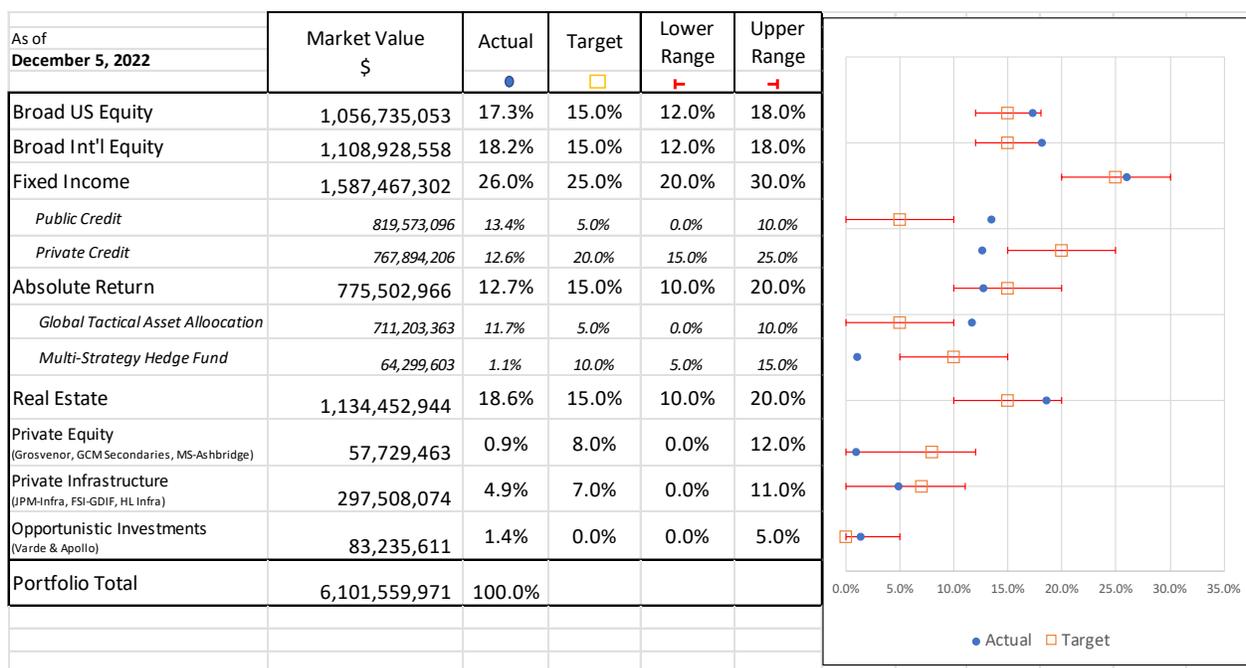
Unfunded commitments after the distributions and calls will be at \$595.25M. These are:

1. Private Credit - \$164M
  - i. ARES Pathfinder Fund, \$39M
  - ii. Owl Rock Diversified Lending, \$60M
  - iii. Angelo Gordon Direct Lending (AGDL) IV, \$15M
  - iv. AGDL-BUSL Fund, \$50M
  
2. Private Equity - \$246.25M
  - i. Grosvenor Capital Management (GCM) Private Equity, \$105.5M
  - ii. GCM Secondary Opportunities Fund, \$128M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$12.75M
  
3. Private Infrastructure - \$14.5M
  - i. Hamilton Lane Infrastructure Opportunities Fund, \$14.5M
  
4. Opportunistic Investments - 20.5M
  - i. Varde Dislocation Fund, \$20.5M
  
5. Absolute Return - \$150M  
 Millennium USA LP (Hedge Fund), \$150M

#### Asset Allocation

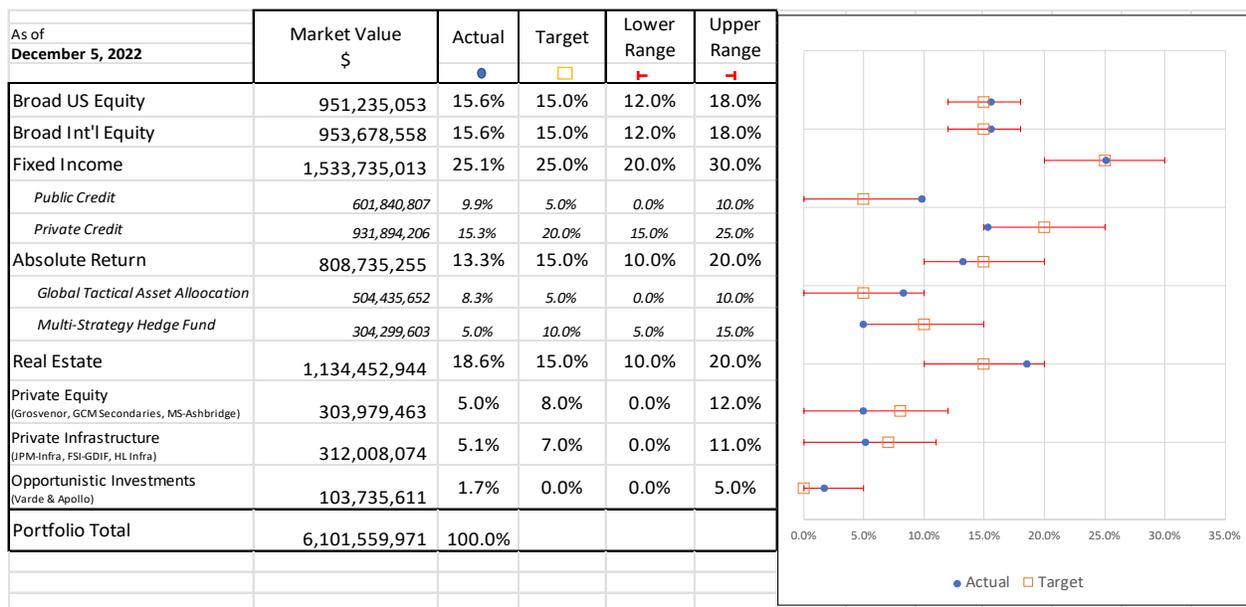
The table below shows the status of the permanent trusts' asset allocation as of December 5, 2022. The figures provided are unaudited.





**Hypothetical Funding of All Unfunded Commitments:**

**Asset Allocation After Funding:**



**Assumptions:**

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

**RVK 3rd Quarter Performance Report and RVK October 2022 Ultra Short Performance Report, were presented to the Board and are available from the Department upon request.**

## Multi-Strategy Hedge Fund Manager

During its June 30, 2022, meeting the Board of University and School Lands (Board) approved the implementation of a new strategic asset allocation (SAA) for the Permanent Trust Funds (PTFs), which created a Multi-Strategy Hedge Fund subcategory within the Absolute Return strategies. Along with this was setting a target of 10% to this subcategory.

As a result, Staff and RVK commenced a search for new managers that would bring exposure to the target level, and at the same time, be a complement to the existing fund that is currently in the subcategory.

Staff and RVK recommend adding two new active managers, which should decrease portfolio risk while increasing returns. Staff and RVK began the manager search by compiling a list of the top performing managers within RVK's database. Staff and RVK reviewed the return performance and risk history of each manager, along with fees, investment staff, operations, and processes.

After conducting thorough due diligence and interviewing the top managers, it was determined that Staff and RVK would recommend the Board approve new mandates with Balyasny Asset Management and Two Sigma Investment Management.

Balyasny Asset Management (BAM) manages multi-strategy hedge funds with over \$16.4 billion in assets under management and has over 900 investment professionals around the globe managing assets in long/short equities, macro, commodities, equity arbitrage, credit, and growth equity. BAM has an outstanding performance record and manages assets with strong finance, data execution, technology, and operational capabilities. And like our current hedge fund, Millennium, BAM is also focused on risk management. Risk guidelines reflect the mandate and skill within each strategy and are consistently executed. Expected returns on risk, stress, and working capital are measured through risk lenses.

Two Sigma Investment Management (Two Sigma) considers itself a technology company that utilizes this strength in the domain of finance. Two Sigma aims to consistently generate alpha in liquid global markets across a range of conditions using a disciplined, scientific approach. Two Sigma has \$63 billion in assets under management, \$45 billion of which is in its absolute return strategy. Two Sigma has over 1,900 employees worldwide, 1,000+ of which are in research and development, including 200+ PhDs working collaboratively on an integrated platform with computing power that would rank in the world's top 250 supercomputer sites, all aimed at creating alpha. As of Dec. 31, 2021, Two Sigma has created positive alpha every year since its inception.

Staff and RVK both agree that BAM and Two Sigma's strategies will supplement and complement that of Millennium, the existing hedge fund in the portfolio. With the slow take up of committed capital by Millennium, an investment in BAM will supplement expected returns as BAM has a similar strategy to Millennium and will call capital faster than Millennium. Two Sigma, however, will serve as a complement to both Millennium and BAM as it has a very different strategy in achieving risk adjusted return. Therefore, Staff and RVK recommend making investment commitments of \$300M to the Balyasny Atlas Enhanced Fund and \$150M to the Two Sigma Absolute Return Enhanced Fund. Once the full capital commitments to all three hedge funds are called, this will bring the allocation of the Multi-Strategy Hedge Fund subcategory to its target of 10%.

**Motion: The Board approved investments of \$300M in Balyasny Asset Management's Atlas Enhanced Fund and \$150M in Two Sigma Absolute Return Enhanced Fund, subject to final review and approval of all legal documents by the Office of the Attorney General.**

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

**RVK Hedge Funds Recommendation, Balyasny Asset Management Multi-Strategy Presentation, and Two Sigma Absolute Return Presentation, were presented to the Board and are available from the Department upon request.**

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

### Commissioner's Report

- One more significant gas royalties settlement achieved; continuing negotiations with six remaining
- Nearing end of new minerals system design testing; phased go-live planned in January
- Planning for legislative session; meeting with legislators and providing information as requested
- Presented to North Dakota Petroleum Council year-end board meeting (November 29th)
- Attended Governor Burgum's budget presentation to legislature (December 7<sup>th</sup>)
- Attended December 9<sup>th</sup> SIB Investment Committee meeting as voting member
- Attended December 16<sup>th</sup> State Investment Board meeting as voting member

### HR Update

- Chief Investment Officer – offer accepted, pending background check
- Otherwise fully staffed

## D I V I S I O N   R E P O R T S

### S U R F A C E

## SURFACE DIVISION

Encumbrances issued by Commissioner during November 2022:

14 Right of Way Agreements generating \$126,947 in income for the Trusts.



Photo Credit: Jacob Lardy  
McKenzie County 147-101-16

## MINERALS

## MINERALS DIVISION

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

90 mineral tracts, comprising a total of 8,611.87 net mineral acres, have been nominated to date.

The **nomination deadline** has been extended to **January 20, 2023**.

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

County	Tracts	Net Acres
Billings	6	800
Burke	11	1045.22
Divide	27	2,640.14
Golden Valley	4	289.17
McKenzie	5	720
Stark	18	1,442.84
Ward	19	1,674.50
<b>Totals</b>	<b>90</b> tracts	<b>8,611.87</b> net acres

# MINERALS DIVISION



## NDDTL-managed Interests in Wells & Production

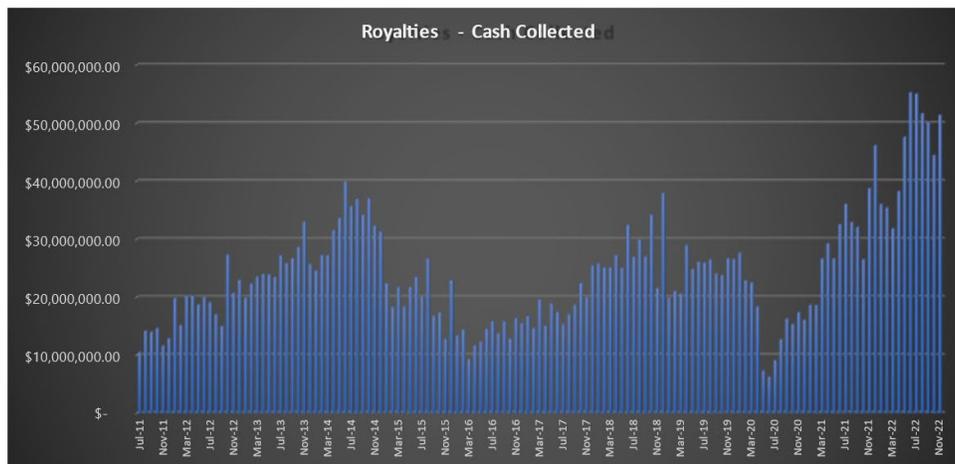
Summary of NDIC well and production data from 1/2021 through 09/2022 as provided by MineralTracker on 11/19/2022

Production Month	State Total Producing Well Count	DTL Producing Well Count	% of State Total	State Total Oil Production	DTL Gross Oil Production	% of State Total	DTL Net Oil Production	% of State Total	State Total Gas Production	DTL Net Gas Production	% of State Total
1/1/2021	15,688	7,762	49.48%	35,193,988	16,734,855	47.55%	468,380	1.33%	88,323,040	1,123,471	1.27%
2/1/2021	15,600	7,773	49.83%	30,021,984	14,574,224	48.55%	404,534	1.35%	75,753,835	989,314	1.31%
3/1/2021	16,019	7,924	49.47%	34,018,211	16,664,675	48.99%	462,244	1.36%	88,869,457	1,197,104	1.35%
4/1/2021	16,198	8,024	49.54%	33,327,638	16,411,570	49.24%	482,547	1.45%	88,594,617	1,264,888	1.43%
5/1/2021	16,426	8,128	49.48%	34,688,116	17,603,893	50.75%	547,633	1.58%	92,646,964	1,400,369	1.51%
6/1/2021	16,646	8,240	49.50%	33,747,575	16,861,175	49.96%	530,298	1.57%	89,817,187	1,346,876	1.50%
7/1/2021	16,690	8,240	49.37%	33,156,322	16,337,528	49.27%	495,438	1.49%	89,390,537	1,262,362	1.41%
8/1/2021	16,756	8,248	49.22%	34,046,077	16,817,110	49.40%	488,992	1.44%	91,909,291	1,284,148	1.40%
9/1/2021	16,836	8,281	49.19%	33,087,875	16,395,776	49.55%	474,772	1.43%	90,643,730	1,282,516	1.41%
10/1/2021	16,958	8,362	49.31%	34,123,358	17,009,956	49.85%	484,892	1.42%	92,925,368	1,321,258	1.42%
11/1/2021	17,056	8,388	49.18%	34,542,381	17,167,755	49.70%	495,434	1.43%	92,483,741	1,336,967	1.45%
12/1/2021	16,998	8,408	49.46%	35,174,974	17,442,025	49.59%	502,137	1.43%	93,965,319	1,350,973	1.44%
1/1/2022	16,675	8,245	49.45%	33,454,475	16,636,138	49.73%	483,786	1.45%	88,067,069	1,283,554	1.46%
2/1/2022	16,545	8,189	49.50%	30,279,102	15,336,010	50.65%	422,539	1.40%	80,574,017	1,155,212	1.43%
3/1/2022	16,881	8,330	49.35%	34,570,481	17,429,614	50.42%	478,482	1.38%	93,402,598	1,328,609	1.42%
4/1/2022	16,706	8,276	49.54%	26,890,920	13,820,248	51.39%	396,676	1.48%	73,605,413	1,073,061	1.46%
5/1/2022	16,725	8,277	49.49%	31,928,557	16,422,478	51.44%	472,616	1.48%	85,700,517	1,237,931	1.44%
6/1/2022	17,032	8,404	49.34%	32,053,704	16,434,353	51.27%	470,231	1.47%	91,018,491	1,330,675	1.46%
7/1/2022	17,110	8,432	49.28%	31,817,942	16,131,107	50.70%	450,139	1.41%	94,799,549	1,377,358	1.45%
8/1/2022	17,325	8,516	49.15%	31,564,744	15,954,373	50.54%	445,493	1.41%	93,819,443	1,367,305	1.46%
9/1/2022	17,428	8,603	49.36%	31,324,387	16,337,297	52.16%	438,561	1.40%	92,718,278	1,347,400	1.45%

# MINERALS DIVISION



As of November 2022, for fiscal year 2022-23 the Department has received **\$252,738,267** in royalties as compared to **\$166,288,859** last fiscal year at this time.

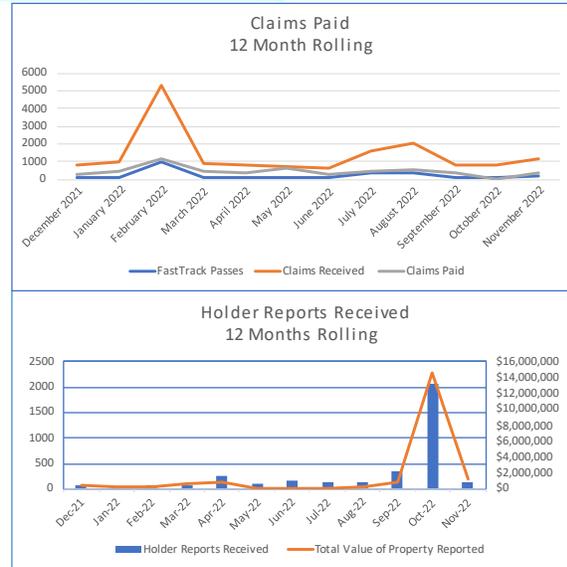


## UNCLAIMED PROPERTY

### UNCLAIMED PROPERTY DIVISION

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

For the month of November 2022, the Division paid 356 claims with \$456,259 returned to rightful owners/heirs and received 139 holder reports with a dollar value of \$1,263,316.



## FINANCIALS

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

## Executive Estimate of Board Assets

EXECUTIVE ESTIMATE OF ASSETS					
NORTH DAKOTA DEPARTMENT OF TRUST					
LANDS					
As of November 30,					
2022					
	11/30/2022	MOM\$	MOM%	YOY\$	YOY%
	Value	10/31/2022	Change	11/30/2021	Change
	Value	Value		Value	
Cash	256,082,684	494,473,849	-48.21%	384,211,315	-33.35%
Investments <sup>[1]</sup>	7,017,683,190	6,503,890,327	7.90%	6,470,210,462	8.46%
Tax Receivables <sup>[2]</sup>	-	12,403,751	-100.00%	18,119,488	-100.00%
Loans <sup>[3]</sup>	40,260,056	40,260,056	0.00%	43,864,600	-8.22%
Receivables <sup>[4]</sup>	6,720,920	5,949,437	12.97%	4,896,963	37.25%
<b>Sub-Total Net Assets</b>	<b>\$7,320,746,851</b>	<b>\$7,056,977,419</b>	<b>3.74%</b>	<b>\$6,921,302,828</b>	<b>5.77%</b>
Mineral Rights <sup>[5]</sup>	2,813,480,347	2,813,480,347	0.00%	2,391,439,503	17.65%
Surface Rights <sup>[6]</sup>	511,088,869	511,088,869	0.00%	523,938,730	-2.45%
Building Value <sup>[7]</sup>	1,015,196	1,015,196	N/A		N/A
<b>Total Net Assets</b>	<b>\$10,646,331,263</b>	<b>\$10,382,561,831</b>	<b>2.54%</b>	<b>\$9,836,681,061</b>	<b>8.23%</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.

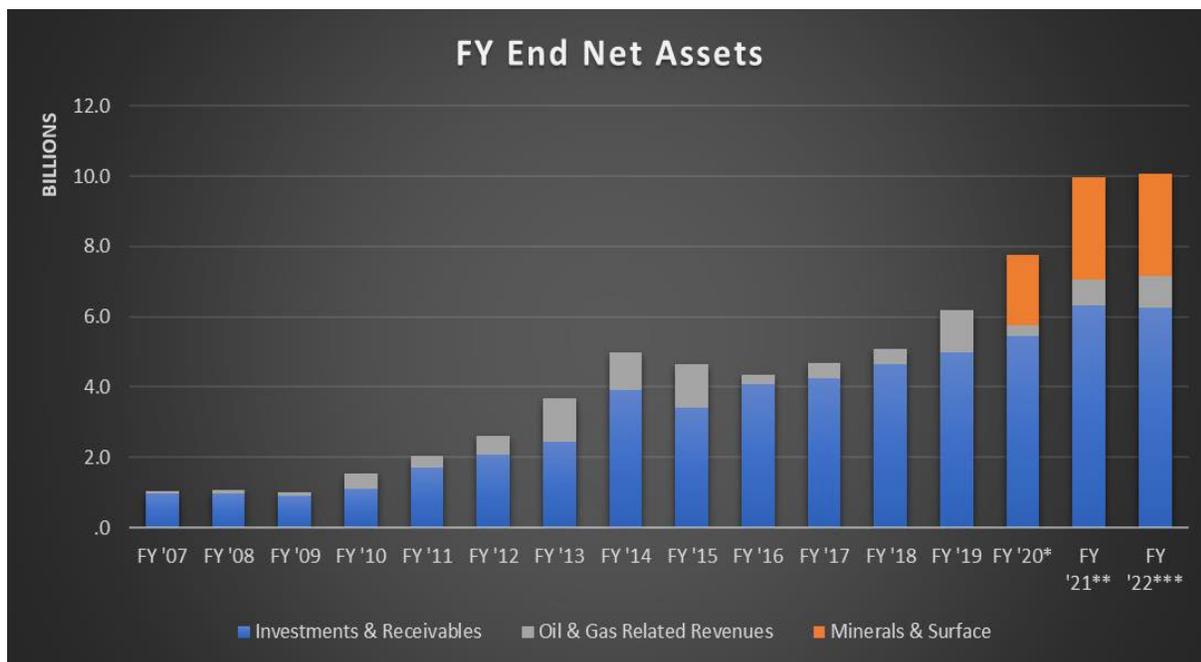
[3] Various loan programs funded with trust assets.

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

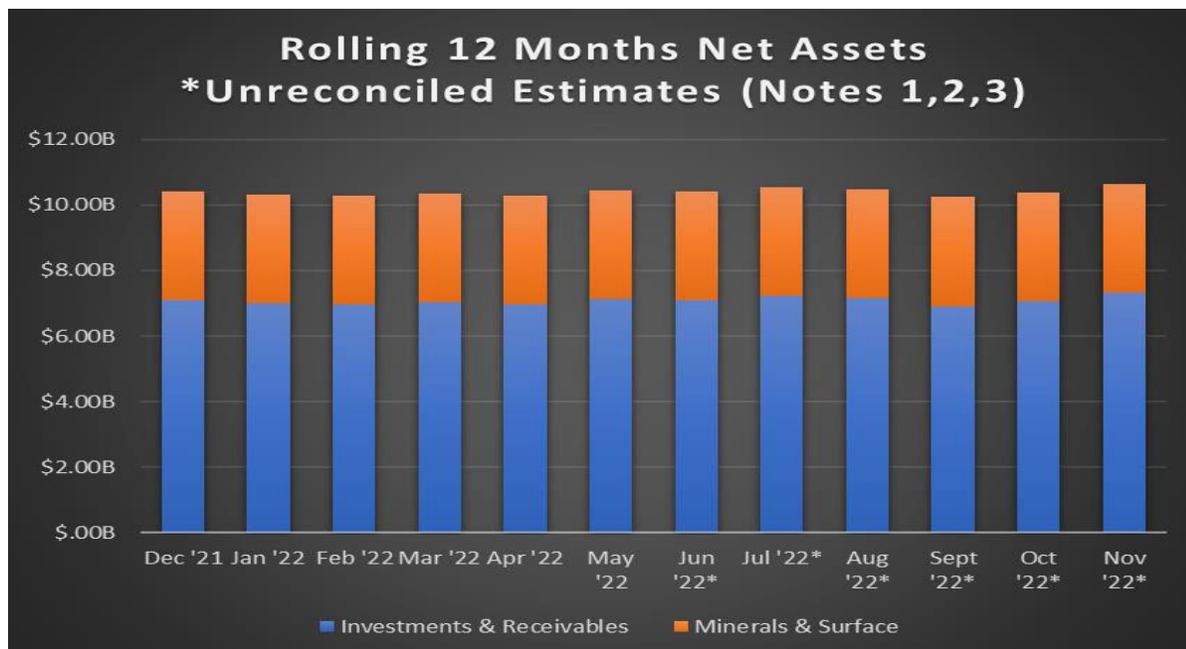
[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2021.

[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.



- \* FY End 2020 - included initial Mineral valuations as of 12/31/19 amounting to \$1,449,002,408 and surface fair market value as of 12/31/19 amounting to \$538,179,773.
- \*\* FY End 2021 - included new Mineral valuations as of 12/31/20 amounting to \$2,391,439,503. and surface fair market value as of 12/31/20 amounting to \$523,938,730.
- \*\*\* FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



Notes:

- 1. Oct. 2021 to Nov. 2021 - included most recent Mineral valuations amounting to \$2,391,439,503 and surface fair market value of \$523,938,730.
- 2. Dec. 2021 to Jul. 2022 - included Mineral valuations amounting to \$2,813,480,347, 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

## Acreage Adjustment Report

### ACREAGE ADJUSTMENT PART II

November 1<sup>st</sup>, 2023, DEADLINE  
PROJECT COMPLETE - FINAL REPORT

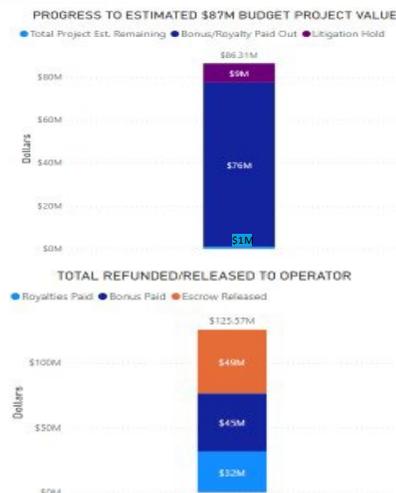
### TRENTON LAKE PROJECT PROGRESSION



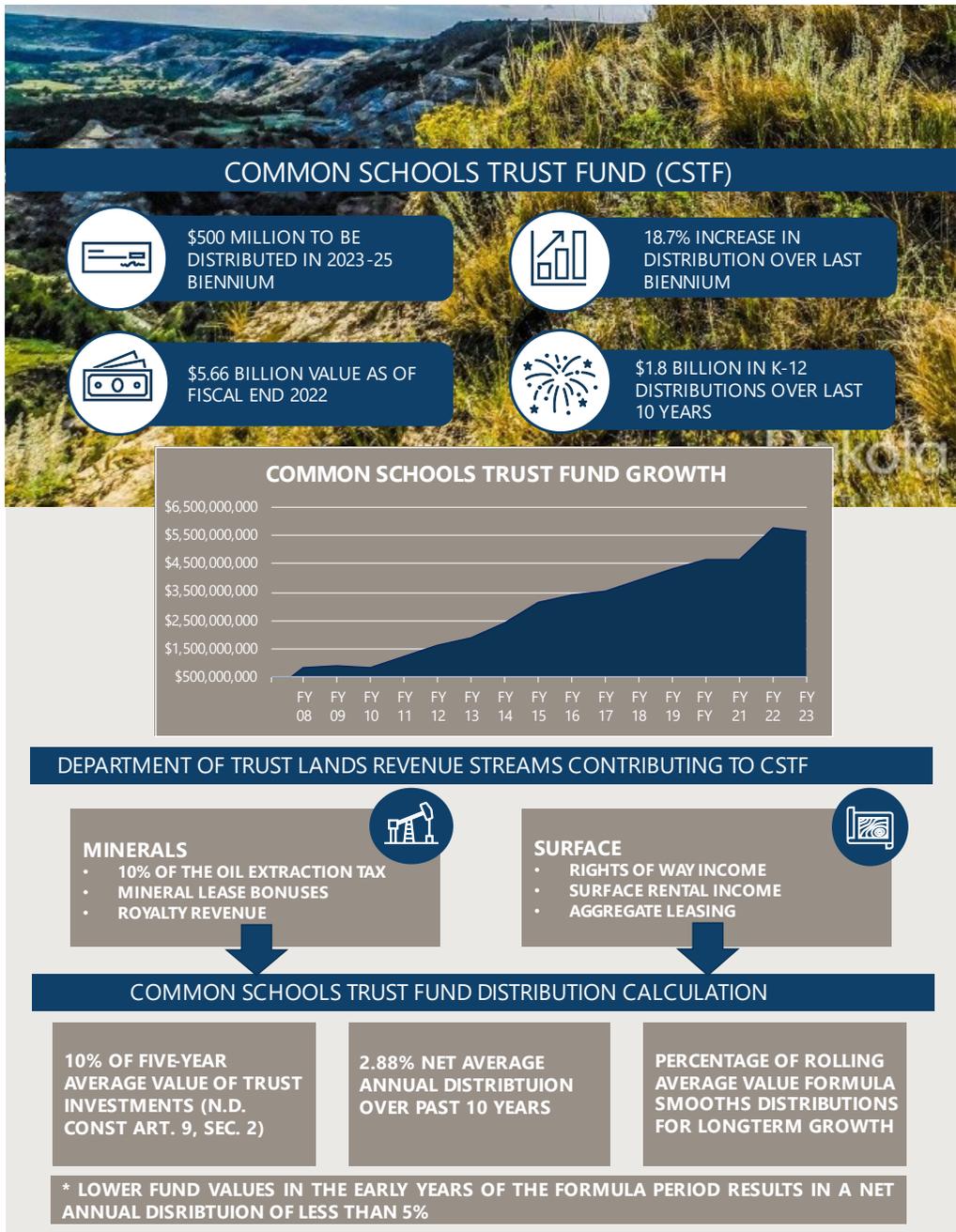
### ACREAGE ADJUSTMENT SURVEY REPORT

PROJECT TOTAL  
PROJECT COMPLETE - FINAL REPORT

### TOTAL PROJECT PROGRESSION



### Common Schools Trust Fund Flow Chart



## LITIGATION

### Litigation Update

- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor; at October 28th status conference, district court set November 28th briefing deadline
- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing to be completed in January
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31st granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity,

takings; Plaintiffs appealed to 8th Circuit; briefing complete, awaiting scheduling of oral arguments

- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; awaiting completion of transcripts so briefing can begin
- Continental Interpleader (OHWM fed/state dispute) – briefing complete for “Acquired Federal Lands” issue; awaiting ND Federal District Court decision
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29th dismissing the appeal and sending back to trial court for further quiet title actions on the at issue parcels

## Secretary of State Alvin A. Jaeger Resolution

**NORTH DAKOTA  
BOARD OF UNIVERSITY AND SCHOOL LANDS  
RESOLUTION**



ADOPTED  
December 19, 2022

**WHEREAS**, Secretary of State Alvin A. Jaeger began serving on the Board of University and School Lands (Board) in January 1993; and

**WHEREAS**, Secretary Jaeger has faithfully upheld his fiduciary duties overseeing the growth of Board-managed trust assets from \$329 million in 1993 to over \$7 billion today (\$10.6 billion when including the value of surface and mineral rights); and

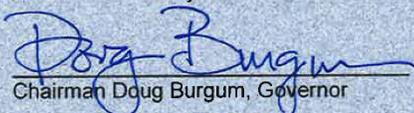
**WHEREAS**, Secretary Jaeger's hard work, insights, and diligence have greatly contributed to the Board's many accomplishments during his tenure, benefitting the citizens of North Dakota, and most notably, North Dakota's school children; and

**WHEREAS**, Secretary Jaeger is recognized for his encouragement of looking to the future and his deep knowledge of Board administration, principles of fiduciary law, and the unique needs of the Department of Trust Lands; and

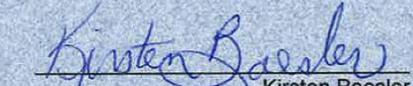
**WHEREAS**, Secretary Jaeger has been a staunch proponent of Board independence and the permanency of trust funds as a long-term source of revenue for North Dakota; and

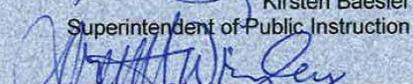
**WHEREAS**, these 30 years of dedicated service and many accomplishments should be recognized and celebrated.

**NOW, THEREFORE, BE IT RESOLVED**, that the undersigned, as members of the Board of University and School Lands, do hereby thank and commend Secretary Jaeger for his dedication and service to the State of North Dakota, to the Board, and most importantly, to trust beneficiaries, and wish him every success in future endeavors.

  
Chairman Doug Burgum, Governor

  
Thomas Beadle, State Treasurer

  
Kirsten Baesler  
Superintendent of Public Instruction

  
Drew Wrigley, Attorney General

**A D J O U R N**

There being no further business, the meeting was adjourned at 10:58 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