

Governor's Conference Room and Via Microsoft Teams

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[+1 701-328-0950](tel:+17013280950),,265803890# United States, Fargo

Phone Conference ID: **265 803 890#**

Catelin Newell and Kate Schirado, Department of Trust Lands Meeting Organizers

➤ = **Board Action Requested**

1. **Approval of Meeting Minutes – Joseph Heringer, Commissioner**

Consideration of Approval of Land Board Meeting Minutes by voice vote.

- A. [February 23, 2023](#) – minutes available via link

2. **Operations – Joseph Heringer, Commissioner**

A. Commissioner's Report – pg. 2

B. Legislative Bill Tracking – pg. 3

3. **Division Reports – Joseph Heringer, Commissioner**

A. Surface – pg. 5

B. Minerals – pg. 6

C. Unclaimed Property – pg. 12

D. Financials – pg. 14

E. Investment Update – pg. 25

F. Executive Summary of Assets – pg. 28

4. **Special Projects**

A. North Dakota Trust Lands Completion Act – pg. 30 – **Joseph Heringer, Commissioner**

5. **Litigation – pg. 31 - Joseph Heringer, Commissioner**

- **Executive session under the authority of NDCC §§ 44-04-19.1 and 44-04-19.2 for attorney consultation with the Board's attorneys to discuss: - pg. 32**

○ **Unclaimed Property Audit Settlement**

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

Next Meeting Date – April 27, 2023

RE: Commissioner's Report
(No Action Requested)

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

HR Update

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

RE: Legislative Update
(No Action Requested)

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

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

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

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

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

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

SURFACE DIVISION

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

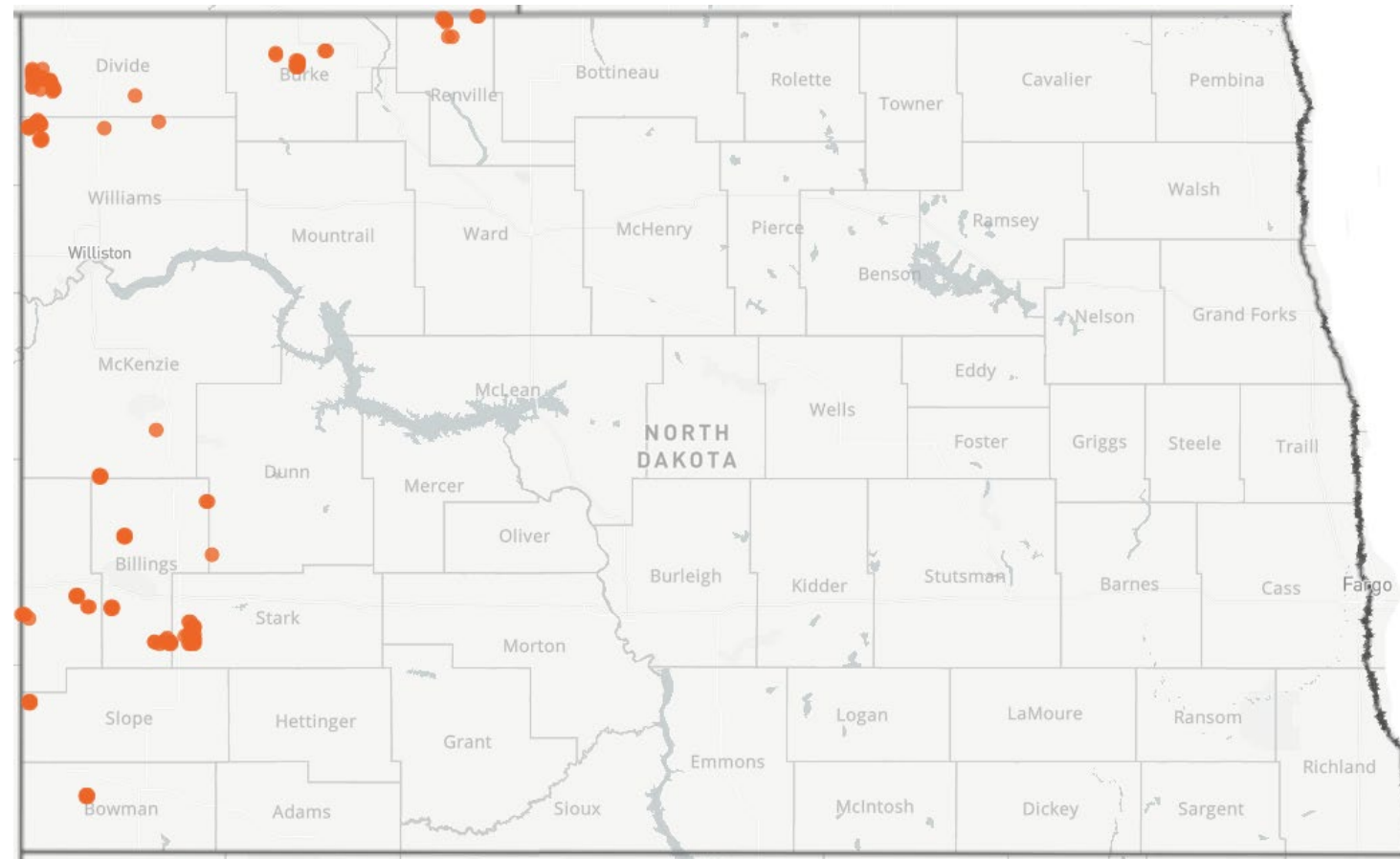
Photo Credit: Jacob Lardy
Morton County 138-87-36



OIL & GAS LEASE AUCTION RESULTS

2023 Q1 March Online Oil & Gas Lease Auction Summary

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



OIL & GAS LEASE AUCTION RESULTS

2023 Q1 Auction Summary, *continued*

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

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

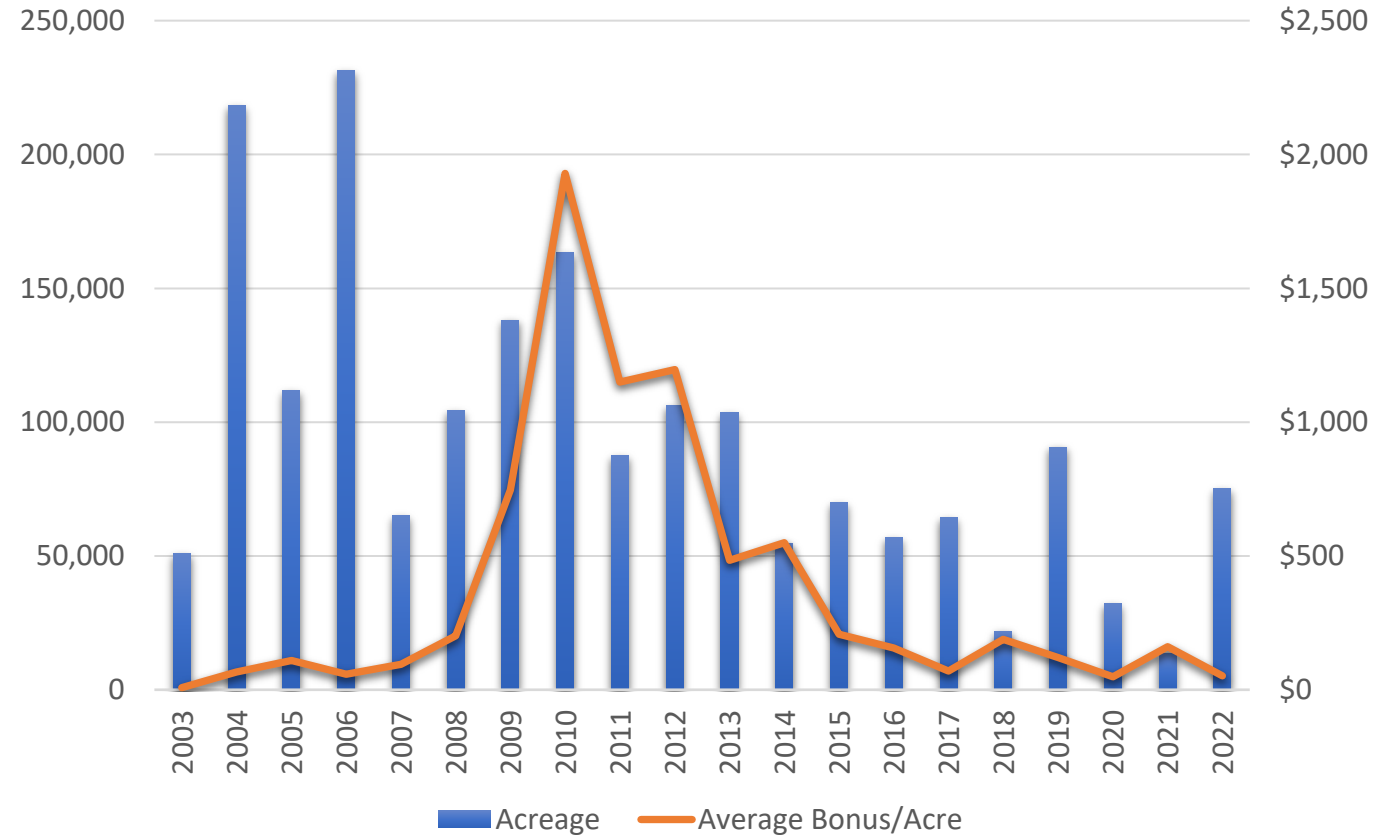
Average Bonus/Acre (Total Bonus/Total Acres)

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

HISTORICAL AUCTION RESULTS

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

Acreage Leased & Average Bonus/Acre Received by Year
(Past 20 Years)

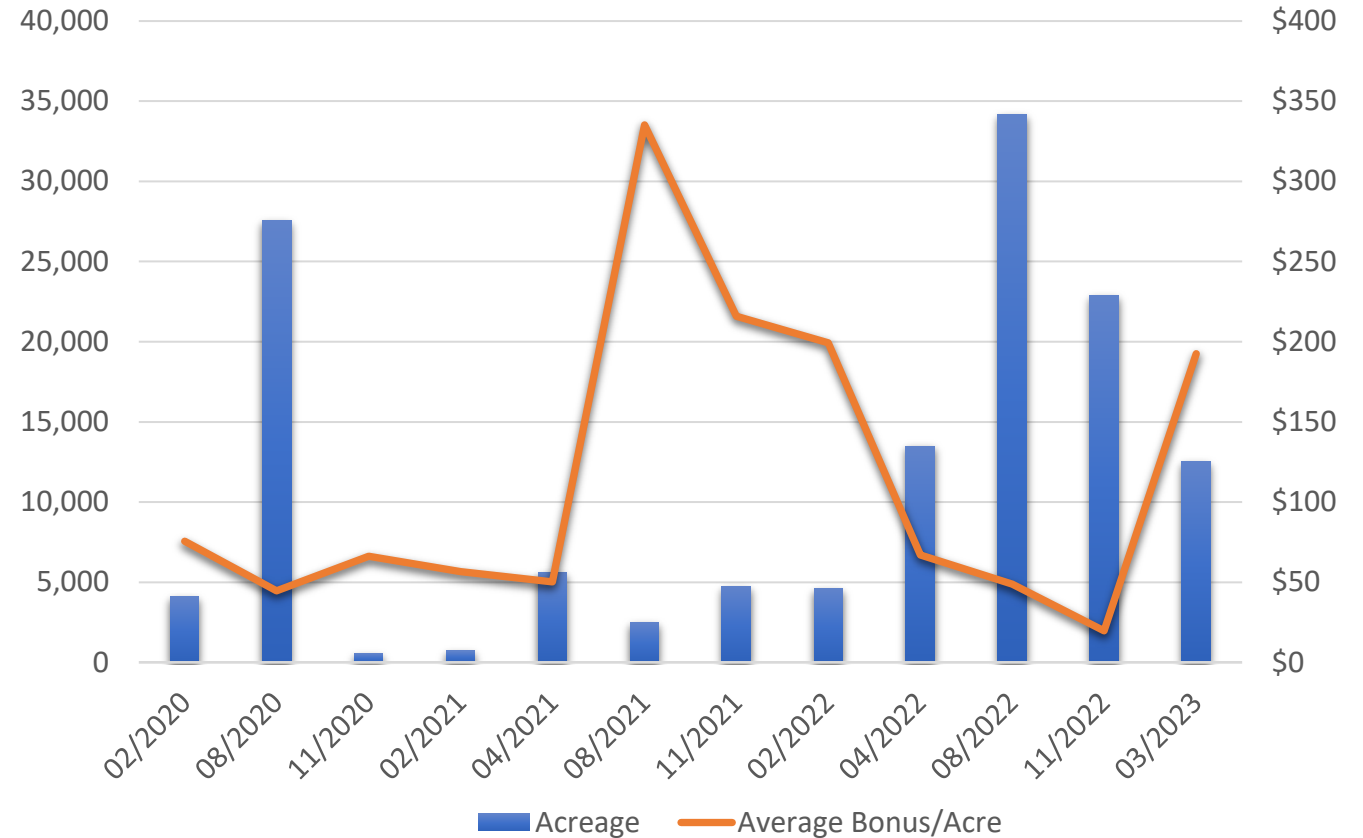


HISTORICAL AUCTION RESULTS

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

Acres Leased & Average Bonus/Acre Received by Auction

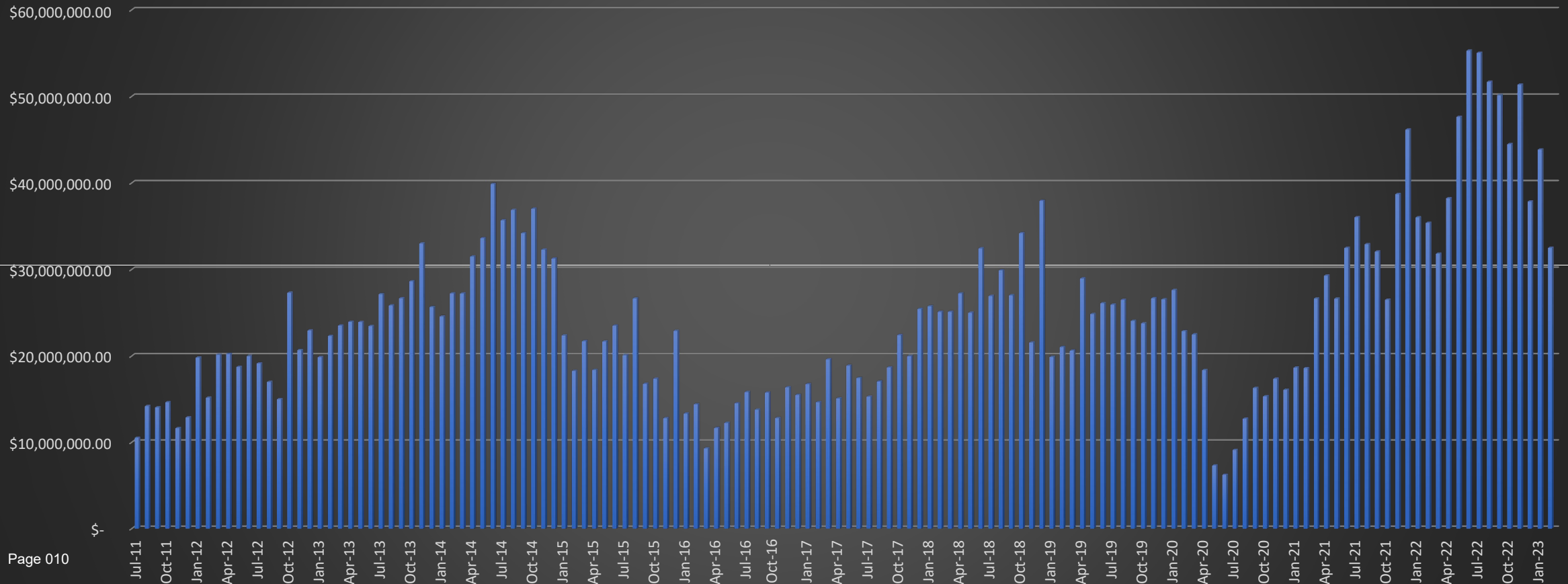
(2020 to March 2023)



RECORD FISCAL YTD O/G ROYALTIES

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

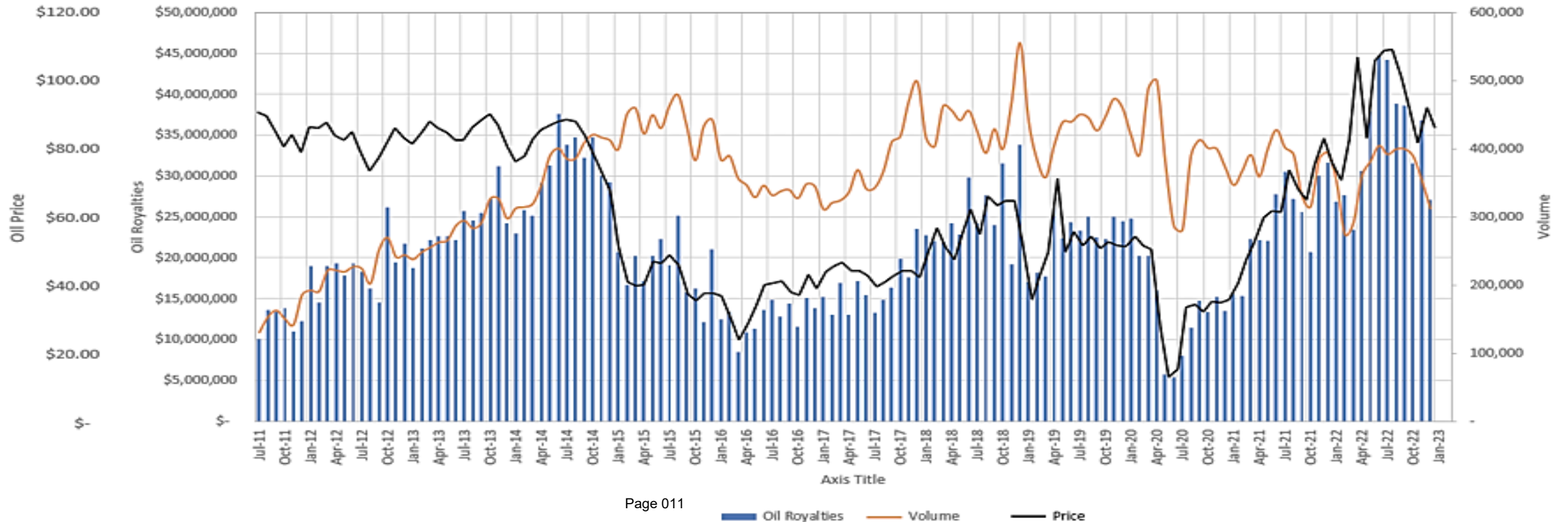
ROYALTIES - CASH COLLECTED



PRICE MAIN DRIVER OF O/G ROYALTIES

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

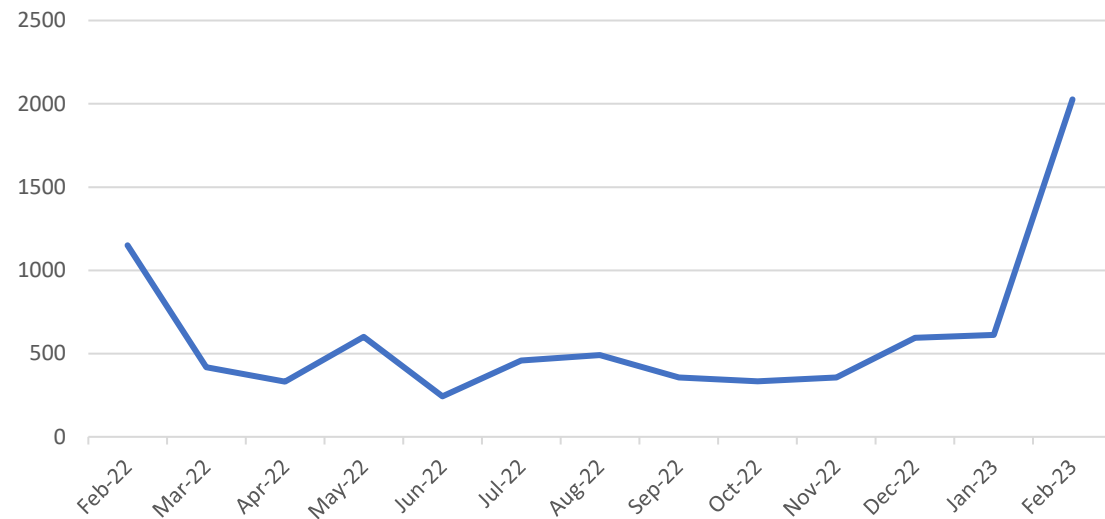
The large swings in volume are due in part to royalties being received a day or two into the next reporting month.



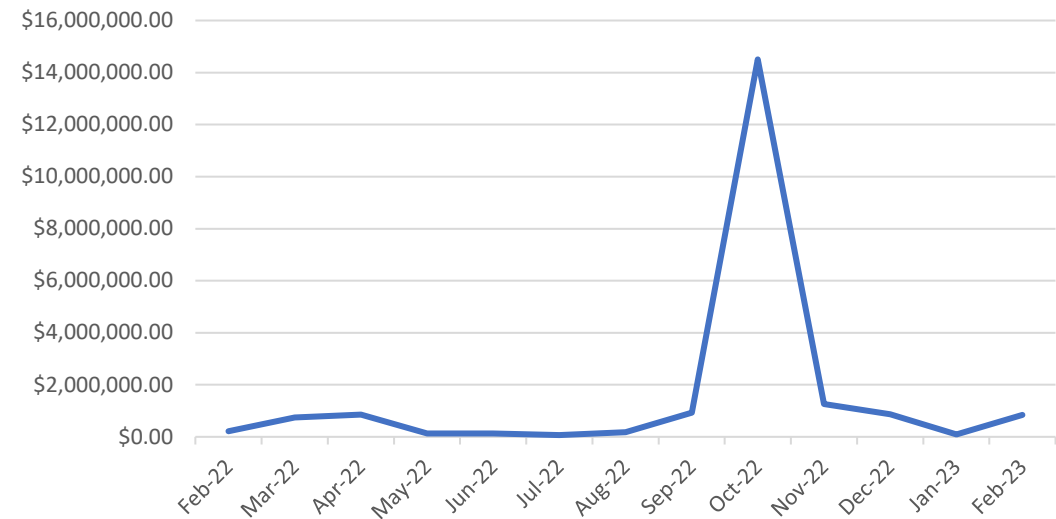
UNCLAIMED PROPERTY DAY BIG SUCCESS!

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

Total number of claims paid



Total Value of Property Reported



UNCLAIMED PROPERTY LEGAL WIN!

Arkansas et al. v. Delaware

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

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

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

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

**RE: Financial Statements Position Report (Unaudited) for period ended December 31, 2022
(No Action Requested)**

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.

NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report
(Unaudited)

For period ended December 31, 2022



Board of University and School Lands

Comparative Financial Position (Unaudited)

Schedule of Net Assets

Assets by Trust:	December 31, 2022	December 31, 2021
Common Schools	\$5,822,838,765	5,980,943,033.95
North Dakota State University	89,715,198	91,193,105
School for the Blind	15,360,516	16,108,403
School for the Deaf	23,453,646	25,504,509
State Hospital	15,541,614	17,013,349
Ellendale *	28,425,434	29,358,766
Valley City State University	15,608,883	15,924,145
Mayville State University	11,562,290	11,111,879
Youth Correctional Center	31,708,769	32,242,100
State College of Science	21,692,360	23,075,751
School of Mines **	27,137,961	28,065,992
Veterans Home	5,752,683	6,296,759
University of North Dakota	43,471,630	43,567,980
Capitol Building	7,247,584	4,907,026
Strategic Investment and Improvements	1,174,253,615	650,822,206
Coal Development	71,193,146	71,653,387
Indian Cultural Education Trust	1,341,081	1,490,668
Theodore Roosevelt Presidential Library	51,921,436	57,712,515
Total	\$7,458,226,613	\$7,106,991,575
Assets by Type:		
Cash	\$284,911,794	\$411,232,346
Receivables	10,302,856	35,165,945
Investments ***	6,958,947,634	6,599,022,245
Office Building (Net of Depreciation)	221,501	278,609
Farm Loans	3,961,686	4,896,046
Energy Development Impact Loans	8,597,575	9,393,164
School Construction Loans (Coal)	27,167,754	29,495,505
Due From Other Trusts and Agencies	164,115,813	17,507,715
Total	\$7,458,226,613	\$7,106,991,575

*** Ellendale Trust**

The following entities are equal beneficiaries of the Ellendale Trust:

Dickinson State University	School for the Blind
Minot State University	Veterans Home
Dakota College at Bottineau	State Hospital
State College of Science - Wahpeton	

**** School of Mines**

Benefits of the original grant to the School of Mines are distributed to the University of North Dakota.

***** Investments**

Includes available cash available for loans, investments, abandoned stock and claimant liability.

Board of University and School Lands

Comparative Financial Position (Unaudited)

Common School Trust Fund

	December 31, 2022	December 31, 2021
Balance Sheet		
Assets:		
Cash	\$131,927,148	\$117,518,501
Interest Receivable	7,725,215	32,013,617
Investments	5,660,946,305	5,809,364,512
Farm Loans	3,648,910	4,509,648
Accounts Receivable	10,371	-
Due from Other Agencies	18,359,316	17,258,148
Office Building (Net of Depreciation)	221,501	278,609
Total Assets	\$5,822,838,766	\$5,980,943,035
Liabilities:		
Unclaimed Property Claimant Liability	\$22,357,233	\$16,461,434
Due to Other Funds	21,096	23,244
Accounts Payable	-	-
Total Liabilities	22,378,329	16,484,678
Equity:		
Fund Balance	5,655,342,237	5,736,576,918
Net Income/(Loss)	145,118,200	227,881,439
Total Liabilities and Equity	\$5,822,838,766	\$5,980,943,035
Income Statement		
Income:		
Investment Income	\$72,688,405	\$71,973,497
Realized Gain/(Loss)	16,648,526	133,105,209
Unrealized Gain/(Loss)	(26,665,509)	(17,644,934)
Royalties - Oil and Gas	106,982,116	90,533,562
Royalties - Coal	157,562	98,784
Royalties - Aggregate	8,607	116,207
Bonuses - Oil and Gas	1,185,849	803,767
Bonuses - Coal	-	-
Rents - Surface	8,603,191	9,558,185
Rents - Mineral	193,839	50,208
Rents - Coal	23,379	19,657
Rents - Office Building	-	-
Encumbrances - Surface	212,967	15,007
Sale of Capital Asset	-	-
Miscellaneous Income	50	-
Oil Extraction Tax Income	71,399,996	49,409,318
Unclaimed Property Income	16,438,232	11,570,869
Total Income	267,877,210	349,609,336
Expenses and Transfers:		
Investment Expense	3,580,119	2,821,373
In-Lieu and 5% County Payments	-	-
Administrative Expense	2,198,442	1,905,814
Operating Expense - Building	30,449	50,710
Transfers to Beneficiaries	116,950,000	116,950,000
Total Expense and Transfers	122,759,010	121,727,897
Net Income/(Loss)	\$145,118,200	\$227,881,439

COMMON SCHOOL TRUST FUND

MONTHLY INCOME AND EXPENSES
Supplemental Information (Unaudited)

	September 2022	October 2022	November 2022	December 2022
<u>Income</u>				
Investment Income	9,362,931	8,462,258	8,520,249	30,214,181
Net increase(decrease) in fair value of investments	(274,775,293)	97,281,607	222,933,404	(108,507,074)
Loan Income - Farm Loan Pool	27,963	27,541	24,522	25,403
Bonus	32,000	2,000	303,582	-
Royalty	24,937,847	22,033,123	25,283,630	19,989,109
Rent	360,594	1,947,703	1,294,382	4,057,710
Miscellaneous	54	-	3,326	160
Tax Income - Oil Extraction	12,296,640	12,500,768	10,291,848	8,067,468
Capital Asset - Sale	-	-	-	-
Unclaimed Property Holder Receipts	404,794	13,768,424	3,834,409	719,756
	<u>(\$227,352,470)</u>	<u>\$156,023,424</u>	<u>\$272,489,352</u>	<u>(\$45,433,287)</u>
<u>Expenses</u>				
Investment Expense	927,427	661,992	623,596	837,803
Salaries and Operating	221,523	771,387	288,288	584,195
Transfer to State Tuition Fund	23,390,000	23,390,000	23,390,000	23,390,000
In Lieu Property Tax & County Payments	-	-	-	-
Unclaimed Property Paid Claims	593,897	354,924	542,781	1,409,701
	<u>\$25,132,847</u>	<u>\$25,178,303</u>	<u>\$24,844,665</u>	<u>\$26,221,699</u>
ENDING NET ASSETS (year to date)	<u><u>\$5,516,003,943</u></u>	<u><u>\$5,646,849,064</u></u>	<u><u>\$5,894,493,751</u></u>	<u><u>\$5,822,838,765</u></u>

Board of University and School Lands

Comparative Financial Position (Unaudited)

Combined - Other Permanent Trusts

	December 31, 2022	December 31, 2021
Balance Sheet		
Assets:		
Cash	\$27,146,597	\$16,943,141
Interest Receivable	542,966	1,873,007
Investments	301,428,645	320,260,195
Farm Loans	312,777	386,398
Accounts Receivable	-	-
Total Assets	\$329,430,985	\$339,462,741
Liabilities:		
Due to Other Funds	1,805	1,988
Accounts Payable	-	-
Total Liabilities	1,805	1,988
Equity:		
Fund Balance	316,615,628	320,987,436
Net Income/(Loss)	12,813,552	18,473,317
Total Liabilities and Equity	\$329,430,985	\$339,462,741
Income Statement		
Income:		
Investment Income	\$4,153,537	\$3,981,206
Realized Gain/(Loss)	732,456	7,400,250
Unrealized Gain/(Loss)	(1,579,388)	(995,663)
Royalties - Oil and Gas	8,918,853	7,239,937
Royalties - Coal	7,989	9,322
Royalties - Aggregate	-	-
Bonuses - Oil and Gas	75,450	330,961
Bonuses - Coal	8,010	-
Rents - Surface	840,106	819,423
Rents - Mineral	11,517	2,143
Rents - Coal	801	400
Encumbrances - Surface	-	-
Sale of Capital Asset	-	-
Miscellaneous Income	-	-
Total Income	13,169,331	18,787,979
Expenses and Transfers:		
Investment Expense	193,330	154,116
In-Lieu and 5% County Payments	-	-
Administrative Expense	162,449	160,546
Transfers to Beneficiaries	-	-
Total Expense and Transfers	355,779	314,662
Net Income/(Loss)	\$12,813,552	\$18,473,317

Board of University and School Lands

Comparative Financial Position (Unaudited)

Capitol Building Trust

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Balance Sheet		
Assets:		
Cash	\$2,495,239	\$1,911,202
Interest Receivable	27,087	19,359
Investments	4,724,490	2,976,464
Accounts Receivable	769	-
Total Assets	<u>\$7,247,585</u>	<u>\$4,907,025</u>
Liabilities:		
Due to Other Trusts and Agencies	\$0	\$0
Accounts Payable	-	-
Total Liabilities	<u>\$0</u>	<u>\$0</u>
Equity:		
Fund Balance	6,772,499	3,462,488
Net Income	475,086	1,444,537
Total Liabilities and Equity	<u>\$7,247,585</u>	<u>\$4,907,025</u>
Income Statement		
Income:		
Investment Income	\$54,226	\$16,924
Realized Gain(Loss)	20,695	2,797
Unrealized Gain/(Loss)	9,587	(28,039)
Royalties - Oil and Gas	1,269,556	1,327,934
Bonuses - Oil and Gas	11,080	-
Bonus - Coal	-	-
Rents - Surface	134,838	131,385
Rents - Mineral	1,202	802
Encumbrances - Surface	-	6,518
Royalties - Aggregate	-	-
Total Income	<u>1,501,184</u>	<u>1,458,321</u>
Expenses and Transfers:		
Investment Expense	677	(3,167)
In-Lieu and 5% County Payments	-	-
Administrative Expense	25,421	16,951
Transfers to Facility Management	1,000,000	-
Transfers to Legislative Council	-	-
Transfer to Supreme Court	-	-
Total Expense and Transfers	<u>1,026,098</u>	<u>13,784</u>
Net Income/(Loss)	<u>\$475,086</u>	<u>\$1,444,537</u>

Board of University and School Lands

Comparative Financial Position (Unaudited)

Coal Development Trust

	December 31, 2022	December 31, 2021
Balance Sheet		
Assets:		
Cash	\$817,153	\$1,112,489
Interest Receivable	254,027	356,030
Investments	34,139,427	31,046,632
Coal Impact Loans	8,597,575	9,393,164
School Construction Loans	27,167,754	29,495,505
Due from other Trusts and Agencies	217,211	249,567
Total Assets	\$71,193,147	\$71,653,387
Liabilities:		
Due to Other Trusts and Agencies	\$152,047	\$174,697
Equity:		
Fund Balance	70,463,180	71,117,671
Net Income	577,920	361,019
Total Liabilities and Equity	\$71,193,147	\$71,653,387
Income Statement		
Income:		
Investment Income	\$226,955	\$172,970
Interest on School Construction Loans	190,638	\$337,595
Realized Gain/(Loss)	58,775	28,982
Unrealized Gain/(Loss)	43,612	(\$290,500)
Coal Severance Tax Income	228,763	\$229,791
Total Income	748,743	478,838
Expenses and Transfers:		
Investment	3,799	9,913
Administrative	-	392
Transfers to General Fund	167,024	107,514
Total Expense and Transfers	170,823	117,819
Net Income/(Loss)	\$577,920	\$361,019

Board of University and School Lands

Comparative Financial Position (Unaudited)

Strategic Investment and Improvements Fund

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Balance Sheet		
Assets:		
Cash	\$122,514,165	\$273,609,561
Interest Receivable	1,804,094	704,774
Investments	904,396,068	376,507,870
Due from other Trusts or Agencies	145,539,286	-
Total Assets	<u>\$1,174,253,613</u>	<u>\$650,822,205</u>
Liabilities:		
Accounts Payable	\$0	\$0
Equity:		
Fund Balance	1,045,209,177	860,465,447
Net Income	129,044,436	(209,643,242)
Total Liabilities and Equity	<u>\$1,174,253,613</u>	<u>\$650,822,205</u>
Income Statement		
Income:		
Investment Income	\$3,728,386	\$1,864,233
Realized Gain/(Loss)	554,506	312,765
Unrealized Gain/(Loss)	1,445,785	(3,134,945)
Interest on Fuel Prod Facility	69,816	13,135
Interest - Miscellaneous	2,251,249	93,942
Interest and Penalty	152,430	825,225
Royalties - Oil and Gas	98,739,503	65,447,651
Bonuses - Oil and Gas	184,478	(3,618,768)
Royalties - Coal	31,222	79,532
Rents - Mineral	126,952	20,541
Tax Income - Oil Extraction & Production Distribution	242,909,320	-
Total Income	<u>350,193,647</u>	<u>61,903,311</u>
Expenses and Transfers:		
Administrative	975,999	725,487
Investment Expense	102,157	62,529
Transfer to Agriculture Department (HB 1009)	-	5,000,000
Transfer to ND Insurance Commissioner (SB 2287)	-	200,000
Transfer to Office of Management & Budget (HB 1015)	205,000,000	205,000,000
Transfer to Council on the Arts (HB 1015)	1,000,000	-
Transfer to Office of Management & Budget (HB 1015)	71,055	-
Transfer to Innovation Loan Fund (HB 1141)	-	15,000,000
Transfer to ND University System (SB 2003)	-	19,000,000
Transfer to Office of Management & Budget (SB 2014)	-	9,500,000
Transfer to Department of Commerce (SB 2018)	14,000,000	15,000,000
Transfer to Upper Great Plains Transportation (SB 2020)	-	2,073,000
Transfer from General Fund	-	(14,463)
Total Expense and Transfers	<u>221,149,211</u>	<u>271,546,553</u>
Net Income/(Loss)	\$129,044,436	(\$209,643,242)

As of December 31, 2022 the SIIF had a fund balance of \$1,174,253,613. The fund balance is made up of two parts. The committed fund balance is that portion of the fund that has either been set aside until potential title disputes related to certain riverbed leases have been resolved or appropriated by the legislature. The uncommitted fund balance is the portion of the fund that is unencumbered, and is thus available to be spent or dedicate to other programs as the legislature deems appropriate. The uncommitted fund balance was \$1,058,702,827 as of December 31, 2022.

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Indian Cultural Trust

	December 31, 2022	December 31, 2021
<u>Fiduciary Net Position</u>		
Assets:		
Cash	\$427	\$4,561
Interest receivable	1,457	7,515
Investments	1,339,198	1,478,592
Total Assets	\$1,341,082	\$1,490,668
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	1,341,082	1,490,668
Total Net Position	\$1,341,082	\$1,490,668
<u>Changes in Fiduciary Net Position</u>		
Additions:		
Contributions:		
Donations	-	-
Total Contributions	-	-
Investment Income:		
Net change in fair value of investments	(5,762)	29,561
Interest	17,917	18,297
Less investment expense	871	707
Net Investment Income	11,284	47,151
Miscellaneous Income	-	2,458
Total Additions	11,284	49,609
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	-	-
Total Deductions	-	-
Change in net position held in Trust for:		
Private-Purpose	11,284	49,609
Total Change in Net Position	11,284	49,609
Net Position - Beginning of Fiscal Year	1,329,798	1,441,059
Net Position - End of Month	\$1,341,082	\$1,490,668
Net Position - End of Fiscal Year		\$1,329,798

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Theodore Roosevelt Presidential Library

	December 31, 2022	December 31, 2021
Fiduciary Net Position		
Assets:		
Cash	\$11,065	\$132,891
Interest receivable	(63,131)	191,644
Investments	51,973,501	57,387,980
Total Assets	\$51,921,435	\$57,712,515
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	51,921,435	57,712,515
Total Net Position	\$51,921,435	\$57,712,515
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	-	17,500,000
Total Contributions	-	17,500,000
Investment Income:		
Net change in fair value of investments	515,239	1,145,985
Interest	499,941	710,135
Less investment expense	28,549	27,420
Net Investment Income	986,631	1,828,700
Miscellaneous Income	316	48
Total Additions	986,947	19,328,748
Deductions:		
Payments in accordance with Trust agreement	1,409,458	-
Administrative expenses	-	62,928
Total Deductions	1,409,458	62,928
Change in net position held in Trust for:		
Private-Purpose	(422,511)	19,265,820
Total Change in Net Position	(422,511)	19,265,820
Net Position - Beginning of Fiscal Year	52,343,946	38,446,695
Net Position - End of Month	\$51,921,435	\$57,712,515
Net Position - End of Fiscal Year		\$52,343,946

**RE: Investment Updates
(No Action Requested)**

Pipeline

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

Portfolio Rebalancing Updates

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

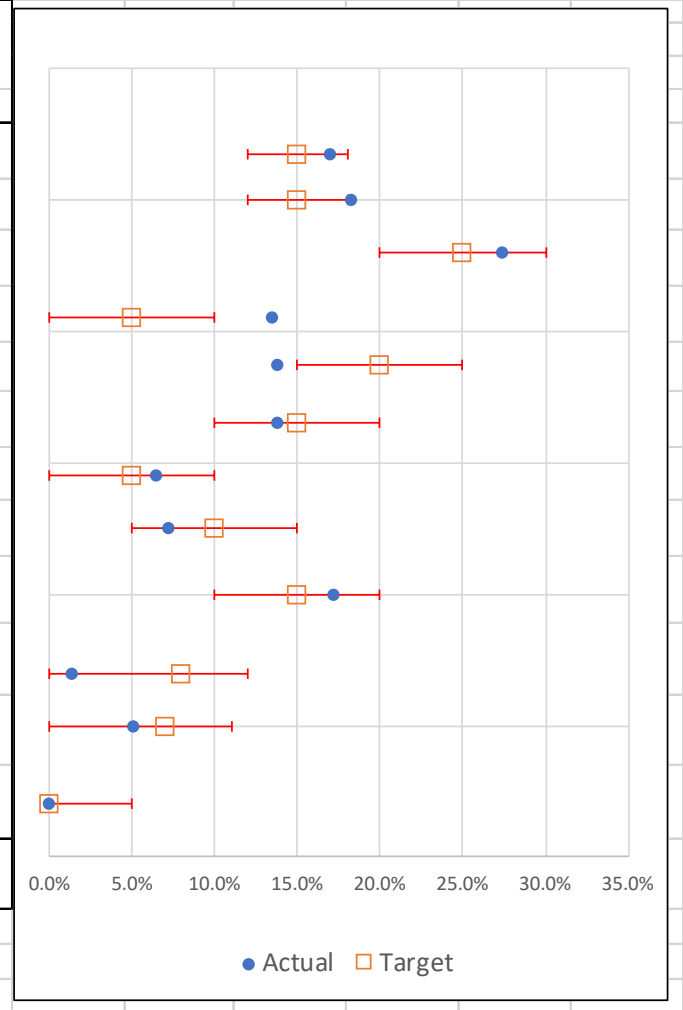
Unfunded commitments remaining total \$556.5M as follows:

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

Asset Allocation

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

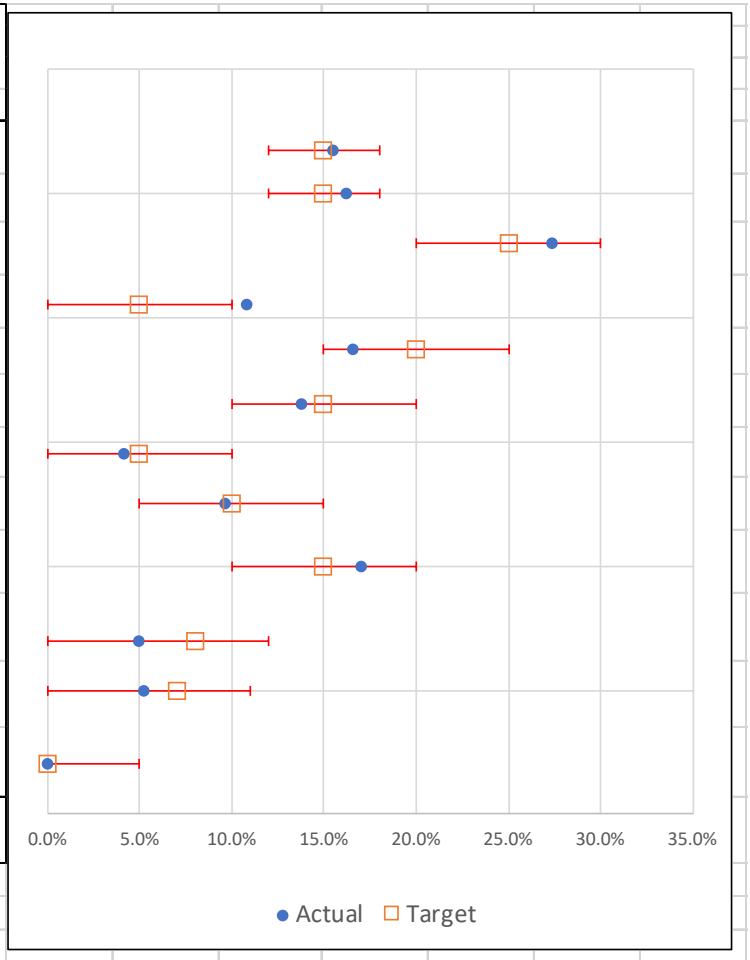
As of February 28, 2023	Market Value \$	Actual ●	Target □	Lower Range └─	Upper Range ─┘
Broad US Equity	1,068,383,663	17.0%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,144,301,259	18.2%	15.0%	12.0%	18.0%
Fixed Income	1,718,139,610	27.4%	25.0%	20.0%	30.0%
<i>Public Credit</i>	848,647,321	13.5%	5.0%	0.0%	10.0%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



Hypothetical Funding of All Unfunded Commitments:

Asset Allocation After Funding:

As of February 28, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
		●	□	└	┘
Broad US Equity	970,483,663	15.5%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,018,401,259	16.2%	15.0%	12.0%	18.0%
Fixed Income	1,718,139,610	27.4%	25.0%	20.0%	30.0%
<i>Public Credit</i>	676,647,321	10.8%	5.0%	0.0%	10.0%
<i>Private Credit</i>	1,041,492,289	16.6%	20.0%	15.0%	25.0%
Absolute Return	863,745,789	13.8%	15.0%	10.0%	20.0%
<i>Global Tactical Asset Allocation</i>	258,807,585	4.1%	5.0%	0.0%	10.0%
<i>Multi-Strategy Hedge Fund</i>	604,938,204	9.6%	10.0%	5.0%	15.0%
Real Estate	1,071,096,125	17.1%	15.0%	10.0%	20.0%
Private Equity	310,698,975	4.9%	8.0%	0.0%	12.0%
Private Infrastructure	327,384,766	5.2%	7.0%	0.0%	11.0%
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,279,950,187	100.0%			



Assumptions:

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

**RE: Executive Estimate of Board Assets
(No Action Requested)**

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

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

[1] Approximately 60% of the portfolio is publicly traded for which values are current to the as of date. The remaining 40% is private assets, the values of which are updated as the managers provide them, typically 30-60 days after the end of each quarter.

[2] Estimated value of production, extraction, and severance tax payments not yet received by the Department because they are not distributed until two months after production date.

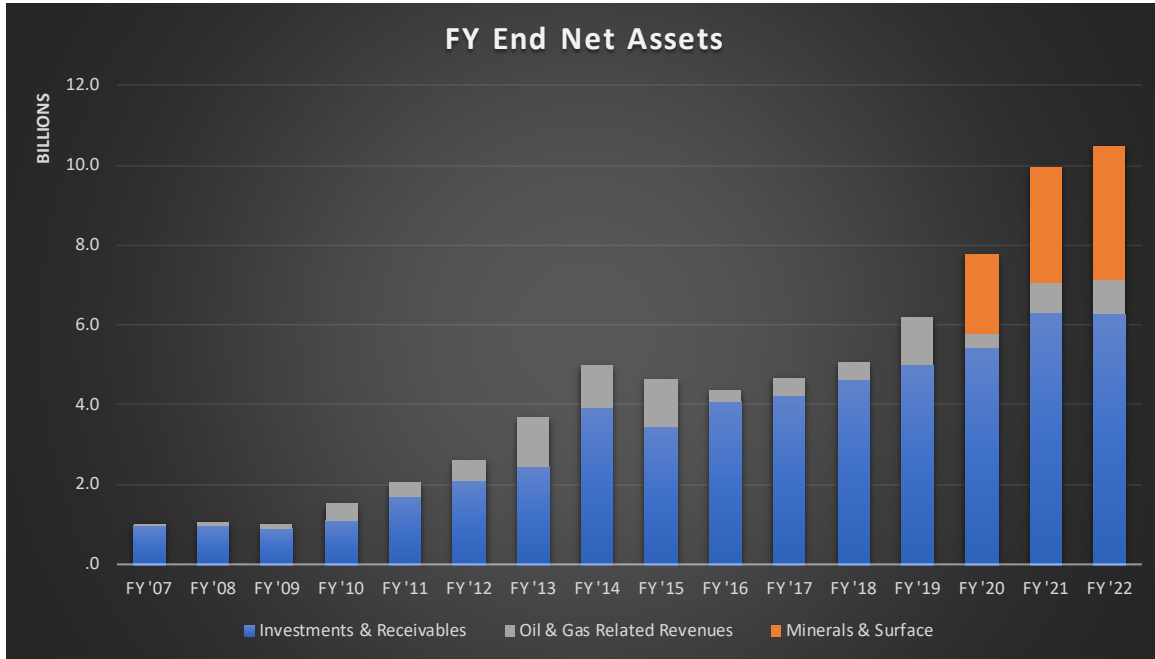
[3] Various loan programs funded with trust assets.

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

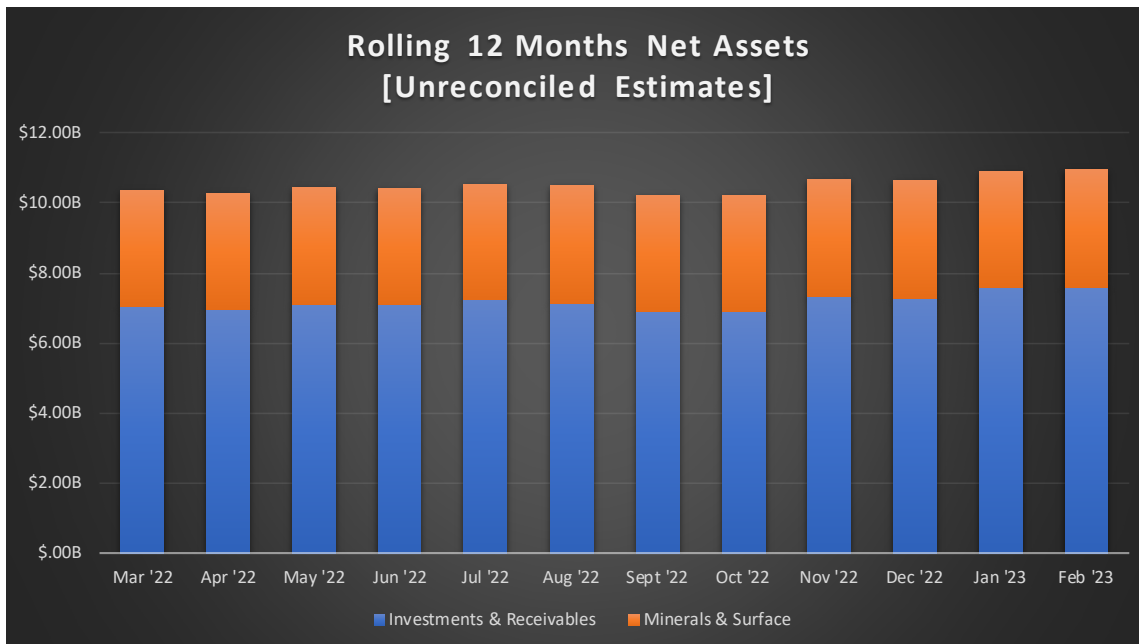
[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2021.

[6] Valued annually via the Department's fair market value policy/formulas. The last valuation is as of March 2022.

[7] Updated annually via broker price opinion. The last was completed as of Sept. 15, 2022.



- [1] FY End 2020 - included initial Mineral valuations as of 12/31/19 amounting to \$1,449,002,408 and surface fair market value as of 12/31/19 amounting to \$538,179,773.
- [2] FY End 2021 - included new Mineral valuations as of 12/31/20 amounting to \$2,391,439,503. and surface fair market value as of 12/31/20 amounting to \$523,938,730.
- [3] FY End 2022 - included most recent Mineral valuations as of 12/31/21 amounting to \$2,813,480,347 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



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

RE: North Dakota Trust Lands Completion Act Executive Summary & Update

- Proposed federal law that would allow the U.S. Interior Department ("Interior") to approve land "exchanges" proposed by the ND Land Board/Department of Trust Lands ("DTL")
- Mutually beneficial purposes of such exchanges are to provide DTL with more productive and easily accessible land, while helping North Dakota tribes achieve further consolidation of lands within their reservations
- Land exchanged must be of substantially equivalent value
- Example: DTL could propose the exchange of state-owned surface acres within a reservation for federally owned mineral rights in the development path of mineral producers
- Interior must consult with the affected tribe before approval
- If approved:
 - The reservation land would be transferred to Interior to be held in trust for the tribe and be considered part of the reservation, allowing further consolidation of tribal lands and management/development of the land as the tribe sees fit
 - The mineral rights would be transferred to DTL who can then work to develop the mineral deposits, using the revenue to benefit North Dakota public schools and students
- November 2021 - Bill introduced in the U.S. Senate by Senators Hoeven & Cramer and in the U.S. House by Representative Armstrong; no action was taken due to Congressional gridlock
- Western North Dakota counties and grazing associations have publicly expressed their support for the bill now that a compromise has been reached to alleviate their concerns about increased federal government ownership of western grazing lands; those lands were taken out of the bill
- Spirit Lake and Standing Rock Tribes have expressed support for the bill
- Federal delegation planning to introduce bill to U.S. House and Senate in next few weeks; hearings expected to be scheduled later this Spring/Summer at which Commissioner Heringer will likely be expected to testify

RE: Litigation Update
(No Action Requested)

- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court issued November 10th opinion in our favor affirming trial court’s dismissal of all Plaintiff’s claims (conversion, conspiracy, physical taking, regulatory taking, escrow taking, unjust enrichment, costs & attorney fees from violation of constitutional rights); received notice February 8th that Plaintiffs have petitioned United States Supreme Court for certiorari on 5th Amendment takings grounds; awaiting cert decision
- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor for a second time in September 2022; trial court issued February 22, 2023 order in our favor awarding \$4,389,449 in underpaid royalties, \$2,265,043 in interest, and \$1,684,588 in penalties, totaling \$8,339,079; Newfield has 60 days to appeal
- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing is complete and oral arguments were held on February 1st; awaiting court decision
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022 granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8th Circuit; briefing complete and oral arguments were held March 16th; awaiting court decision
- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; currently in post-trial briefing stage
- Continental Interpleader (OHWM fed/state dispute) – ND Federal District Court issued opinion on March 21, 2023, granting Board’s motion for partial summary judgment on “Acquired Federal Lands” issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original “public domain lands”
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29th dismissing appeal and sending back to trial court for further quiet title actions on at issue parcels; district court signed stipulated order and judgment on remaining claims February 1st; currently waiting for appeal status pending resolution of attorney fees issues between the other parties

Procedures for Executive Session regarding Attorney Consultation and Consideration of Closed Records

Overview

- 1) The governing body must first meet in open session.
- 2) During the meeting's open session the governing body must announce the topics to be discussed in executive session and the legal authority to hold it.
- 3) If the executive session's purpose is attorney consultation, the governing body must pass a motion to hold an executive session. If executive session's purpose is to review confidential records a motion is not needed, though one could be entertained and acted on. The difference is that attorney consultation is not necessarily confidential but rather has "exempt" status, giving the governing body the option to consult with its attorney either in open session or in executive session. Confidential records, on the other hand, cannot be opened to the public and so the governing body is obligated to review them in executive session.
- 4) The executive session must be recorded (electronically, audio, or video) and the recording maintained for 6 months.
- 5) Only topics announced in open session may be discussed in executive session.
- 6) When the governing body returns to open session, it is not obligated to discuss or even summarize what occurred in executive session. But if "final action" is to be taken, the motion on the decision must be made and voted on in open session. If, however, the motion would reveal "too much," then the motion can be abbreviated. A motion can be made and voted on in executive session so long as it is repeated and voted on in open session. "Final actions" DO NOT include guidance given by the governing body to its attorney or other negotiator regarding strategy, litigation, negotiation, etc. (See NDCC §44-04-19.2(2)(e) for further details.)

Recommended Motion to be made in open 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:

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

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

Statement:

“This executive session will be recorded and all Board members are reminded that the discussion during executive session must be limited to the announced purpose for entering into executive session, which is anticipated to last approximately 20 minutes.

The Board is meeting in executive session to provide guidance or instructions to its attorneys regarding the identified litigation. Any formal action by the Board will occur after it reconvenes in open session.

Board members, their staff, employees of the Department of Trust Lands and counsel with the Attorney General staff will remain, but the public is asked to leave the room.

The executive session will begin at: _____AM, and will commence with a new audio recording device. When the executive session ends the Board will reconvene in open session.”

Statements upon return to open session:

State the time at which the executive session adjourned and that the public has been invited to return to the meeting room.

State that the Board is back in open session.

State that during its executive session, the Board consulted with attorneys regarding the identified legal issue.

State that no final action will be taken at this time as a result of the executive session discussion

-or- .

Ask for a formal motion and a vote on it.

Move to the next agenda item.