

Governor's Conference Room and Via Microsoft Teams
Join on your computer or mobile app

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Or call in (audio only)

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Phone Conference ID: **566 998 532#**

➤ = **Board Action Requested**

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

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

- A. [December 19, 2022](#) – minutes available via link
- B. [January 4, 2023 Special Meeting](#) – minutes available via link

2. **Operations – Joseph Heringer**

- A. Commissioner's Report – pg. 2
- B. Legislative Update – pg. 3
- C. Department Information Handouts – pg. 4

3. **Division Reports – Joseph Heringer**

- A. Surface – pg. 7
- B. Minerals – pg. 8
- C. Unclaimed Property – pg. 10
- D. Financials – pg. 11
- E. Investments – pg. 20
- F. Executive Summary of Assets – pg. 23

4. **Special Projects – Adam Otteson/Joseph Heringer**

- A. Top 10 Royalty Producers - pg. 25
- B. History of Royalties by Trust/Fund – pg. 26

5. **Litigation – Joseph Heringer – pg. 31**

➤ **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**

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

Next Meeting Date – February 23, 2023

RE: Commissioner's Report
(No Action Requested)

- Two more gas royalties settlements achieved; continuing negotiations with now only **four** remaining
- In midst of new minerals system phased go-live; so far so good!
- Much time spent over past several weeks corresponding/meeting with legislators, monitoring bills, preparing/giving testimony, and collaborating with other affected agencies and constituents
- DTL had a booth at the January 10th North Dakota State Agencies Information Fair at Capitol; many stopped with good information provided and even a few that found unclaimed property!
- Attended January 13th SIB Investment Committee meeting as voting member
- Attended January 20th State Investment Board meeting as voting member

HR Update

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

RE: Legislative Update
(No Action Requested)

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

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

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

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

SB 2049 – Department filed bill to clarify/clean-up surface management statutes regarding notifying county 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

HB 1185 – creates grant program from the Coal Development Trust Fund for school construction projects affected by “unanticipated construction inflation” which “must have occurred for a voter-approved bond issue passed after July 2021 and before January 2023”; grants can be up to \$5 million per district; Department testified against at January 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



DEPARTMENT OF TRUST LANDS

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

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

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

DID YOU KNOW?

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



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



CURRENT AGENCY TEAM MEMBER STATS

30 FTE Count

6.4 average yrs of service

62% turnover since 2019

3 retirement eligible

HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

STAFFING

ND DTL
30 FTE
1 FTE/\$236 Million

UTAH
68 FTE
1 FTE/\$46 Million

MINNESOTA
82 FTE
1 FTE/\$23 Million

TEXAS GLO
744 FTE
1 FTE/\$75 Million

2021 ASSET VALUE

\$ 7,101,953,058

\$ 3,108,093,074

\$ 1,900,000,000

\$ 55,624,100,000

2021 ANNUAL REVENUE

\$ 695,000,000

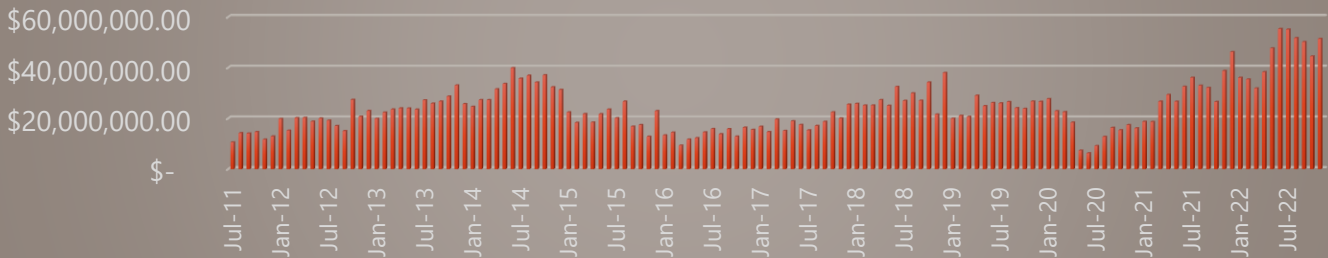
\$ 89,138,239

\$ 54,500,000

\$ 1,842,756,144

DEPARTMENT HIGHLIGHTS

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



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

\$2,142
CSTF funding per K-12 student

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

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



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



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



18.7% INCREASE IN DISTRIBUTION OVER LAST BIENNIUM



\$5.66 BILLION VALUE AS OF FISCAL END 2022

ADDITIONAL DEPARTMENTS MANAGED UNDER DTL

ENERGY INFRASTRUCTURE & IMPACT OFFICE (EIIO)

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

UNCLAIMED PROPERTY

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



COMMON SCHOOLS TRUST FUND (CSTF)



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

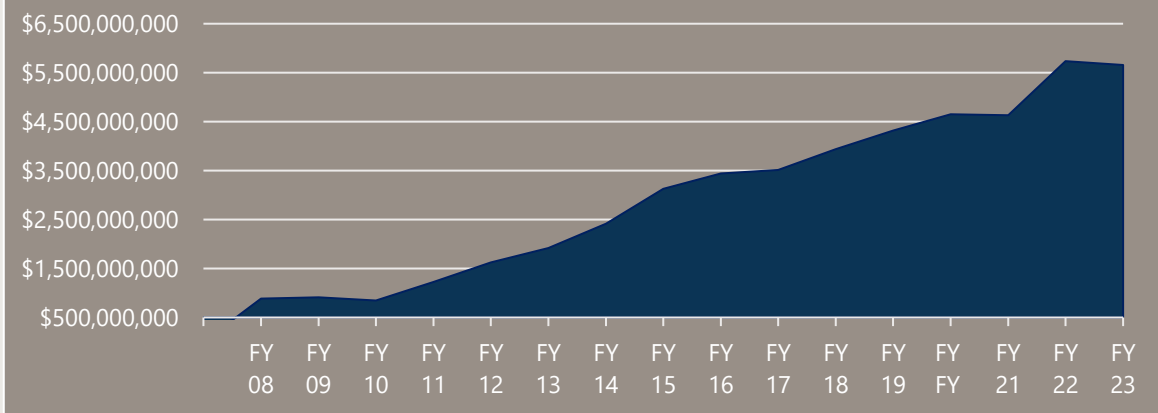


18.7% INCREASE IN DISTRIBUTION OVER LAST BIENNIUM



\$5.66 BILLION VALUE AS OF FISCAL END 2022

COMMON SCHOOLS TRUST FUND GROWTH



\$1.8 BILLION IN K-12 DISTRIBUTIONS OVER LAST 10 YEARS REDUCING FUNDING REQUIRED FROM GENERAL FUND AND PROPERTY TAXES FOR THE STATE TUITION FUND.

THE CSTF HAS GROWN 362% SINCE 2010!

DEPARTMENT OF TRUST LANDS REVENUE STREAMS CONTRIBUTING TO CSTF

MINERALS

- 10% OF OIL EXTRACTION TAX
- 8,600 BAKKEN WELL ROYALTIES
- OIL & GAS LEASE BONUS PAYMENTS



SURFACE

- RIGHTS OF WAY INCOME
- SURFACE RENTAL INCOME
- AGGREGATE LEASING



COMMON SCHOOLS TRUST FUND DISTRIBUTION CALCULATION

10% OF FIVE-YEAR AVERAGE VALUE OF TRUST INVESTMENTS (N.D. CONST ART. 9, SEC. 2)

2.88% NET AVERAGE ANNUAL DISTRIBUTION OVER PAST 10 YEARS

PERCENTAGE OF ROLLING AVERAGE VALUE FORMULA SMOOTHS DISTRIBUTIONS FOR LONG-TERM GROWTH

*** LOWER FUND VALUES IN THE EARLY YEARS OF THE FORMULA PERIOD RESULTS IN A NET ANNUAL DISTRIBUTION OF LESS THAN 5%**

SURFACE DIVISION

Encumbrances issued by
Commissioner during December
2022:

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



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

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

133 mineral Land Units, comprising a total of 13,166.05 net mineral acres, have been nominated for the auction.

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

County	Land Units	Net Acres
Billings	20	2461.68
Bowman	4	320
Burke	11	1045.22
Divide	27	2640.14
Dunn	1	8
Golden Valley	10	1249.17
McKenzie	5	720
Renville	8	628.5
Slope	4	640
Stark	24	1778.84
Williams	19	1674.5
TOTAL	133 Land Units	13,166.05 Net Acres

MINERALS DIVISION

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

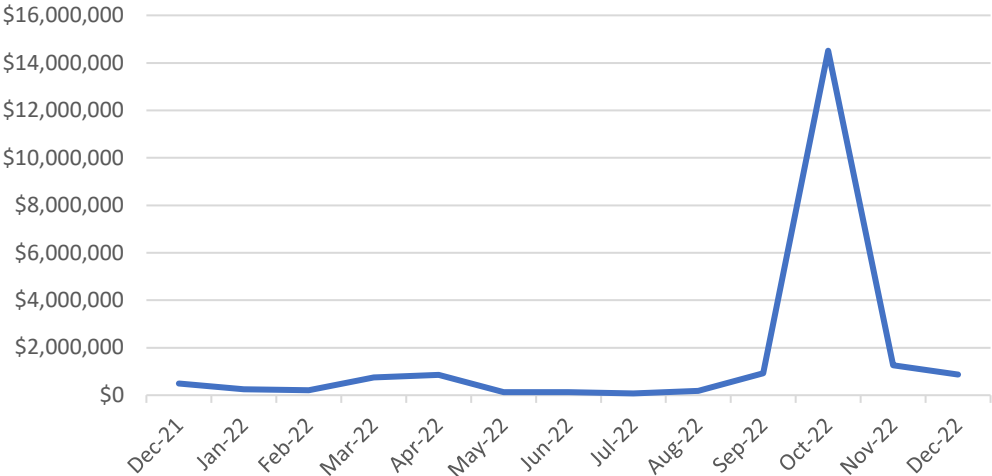
Royalties - Cash Collected



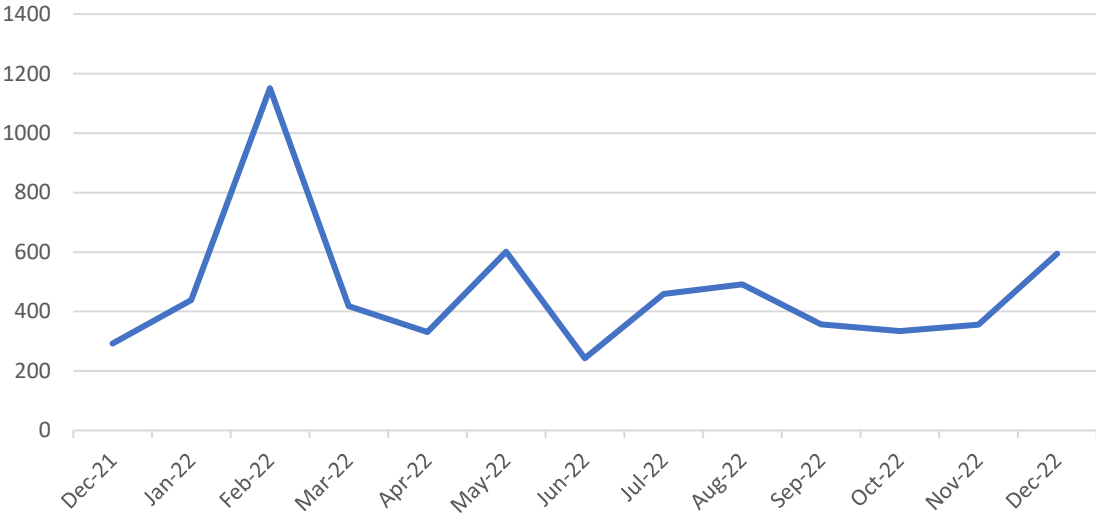
UNCLAIMED PROPERTY DIVISION

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

Total Value of Property Reported



Total number of claims paid



**RE: Financial Statements Position Report (Unaudited) for period ended October 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 October 31, 2022



Board of University and School Lands

Comparative Financial Position (Unaudited)

Schedule of Net Assets

Assets by Trust:	October 31, 2022	October 31, 2021
Common Schools	\$5,497,364,788	\$5,881,555,433
North Dakota State University	85,779,451	88,809,829
School for the Blind	14,830,883	15,808,517
School for the Deaf	22,666,473	25,114,134
State Hospital	15,094,504	16,777,751
Ellendale *	27,391,692	28,718,061
Valley City State University	15,020,237	15,579,200
Mayville State University	11,063,306	10,713,726
Youth Correctional Center	30,409,141	31,457,517
State College of Science	20,957,402	22,656,651
School of Mines **	26,170,847	27,467,138
Veterans Home	5,562,701	6,206,224
University of North Dakota	41,635,773	42,535,474
Capitol Building	6,292,153	3,788,035
Strategic Investment and Improvements	969,169,617	617,415,898
Coal Development	70,445,794	71,407,660
Indian Cultural Education Trust	1,282,528	1,476,201
Theodore Roosevelt Presidential Library	50,483,394	57,151,981
Total	\$6,911,620,684	\$6,964,639,431
Assets by Type:		
Cash	\$479,100,283	\$356,546,433
Receivables	8,885,506	7,926,454
Investments ***	6,382,912,473	6,539,210,676
Office Building (Net of Depreciation)	235,778	292,886
Farm Loans	4,586,686	4,971,162
Energy Development Impact Loans	8,732,204	9,523,223
School Construction Loans (Coal)	27,167,754	29,495,505
Payables	-	-
Due to/from Other Trusts and Agencies	-	16,673,092
Total	\$6,911,620,684	\$6,964,639,431

*** 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)

Combined Permanent Trusts

	October 31, 2022	October 31, 2021
Balance Sheet		
Assets:		
Cash	\$126,735,800	\$114,964,939
Interest Receivable	7,456,123	6,967,080
Investments	5,697,307,530	6,086,088,332
Farm Loans	4,586,686	4,971,162
Accounts Receivable	-	-
Accounts Payable	-	-
Due from Other Agencies	-	16,597,881
Office Building (Net of Depreciation)	235,778	292,886
Total Assets	\$5,836,321,917	\$6,229,882,280
Liabilities:		
Unclaimed Property Claimant Liability	\$22,357,233	\$16,461,434
Due to Other Funds	17,483	21,189
Accounts Payable	-	-
Total Liabilities	22,374,716	16,482,623
Equity:		
Fund Balance	5,971,957,865	6,057,564,355
Net Income/(Loss)	(158,010,664)	155,835,302
Total Liabilities and Equity	\$5,836,321,917	\$6,229,882,280
Income Statement		
Income:		
Investment Income	\$27,330,699	\$36,496,649
Realized Gain/(Loss)	23,313,420	155,833,227
Unrealized Gain/(Loss)	(251,572,714)	(56,552,107)
Royalties - Oil and Gas	66,309,668	45,756,365
Royalties - Coal	119,967	82,603
Royalties - Aggregate	7,230	29,222
Bonuses - Oil and Gas	945,792	576,790
Bonuses - Coal	8,010	-
Rents - Surface	3,678,210	4,992,962
Rents - Mineral	131,826	41,627
Rents - Coal	15,308	6,100
Rents - Office Building	-	-
Encumbrances - Surface	158,939	-
Sale of Capital Asset	-	-
Miscellaneous Income	50	-
Oil Extraction Tax Income	28,243,272	32,151,170
Unclaimed Property Income	12,798,351	8,507,782
Total Income	(88,511,972)	227,922,390
Expenses and Transfers:		
Investment Expense	1,555,513	954,962
In-Lieu and 5% County Payments	-	-
Administrative Expense	(2,247,482)	935,917
Operating Expense - Building	20,661	26,209
Transfers to Beneficiaries	70,170,000	70,170,000
Total Expense and Transfers	69,498,692	72,087,088
Net Income/(Loss)	(\$158,010,664)	\$155,835,302

Board of University and School Lands

Comparative Financial Position (Unaudited)

Capitol Building Trust

	<u>October 31, 2022</u>	<u>October 31, 2021</u>
<u>Balance Sheet</u>		
Assets:		
Cash	\$1,614,365	\$787,149
Interest Receivable	25,073	20,132
Investments	4,652,714	2,980,753
Total Assets	<u>\$6,292,152</u>	<u>\$3,788,034</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	(480,347)	325,546
Total Liabilities and Equity	<u>\$6,292,152</u>	<u>\$3,788,034</u>
<u>Income Statement</u>		
Income:		
Investment Income	\$18,624	\$11,933
Realized Gain(Loss)	(258)	2,116
Unrealized Gain/(Loss)	(22,461)	(17,917)
Royalties - Oil and Gas	531,266	288,953
Bonuses - Oil and Gas	-	-
Bonus - Coal	-	-
Rents - Surface	(1,011)	37,965
Rents - Mineral	802	802
Encumbrances - Surface	-	-
Royalties - Aggregate	-	-
Total Income	<u>526,962</u>	<u>323,852</u>
Expenses and Transfers:		
Investment Expense	40	(3,641)
In-Lieu and 5% County Payments	-	-
Administrative Expense	7,269	1,947
Transfers to Facility Management	1,000,000	-
Transfers to Legislative Council	-	-
Transfer to Supreme Court	-	-
Total Expense and Transfers	<u>1,007,309</u>	<u>(1,694)</u>
Net Income/(Loss)	<u>(\$480,347)</u>	<u>\$325,546</u>

Board of University and School Lands

Comparative Financial Position (Unaudited)

Coal Development Trust

	<u>October 31, 2022</u>	<u>October 31, 2021</u>
Balance Sheet		
Assets:		
Cash	\$600,596	\$1,014,612
Interest Receivable	149,962	208,040
Investments	33,795,278	31,091,068
Coal Impact Loans	8,732,204	9,523,223
School Construction Loans	27,167,754	29,495,505
Due from other Trusts and Agencies	-	250,703
Total Assets	<u>\$70,445,794</u>	<u>\$71,583,151</u>
Liabilities:		
Due to Other Trusts and Agencies	\$0	\$175,492
Equity:		
Fund Balance	70,463,180	71,117,671
Net Income	(17,386)	289,988
Total Liabilities and Equity	<u>\$70,445,794</u>	<u>\$71,583,151</u>
Income Statement		
Income:		
Investment Income	\$105,202	\$122,585
Interest on School Construction Loans	106,638	\$181,595
Realized Gain/(Loss)	(1,862)	21,924
Unrealized Gain/(Loss)	(147,196)	(\$185,634)
Coal Severance Tax Income	86,554	\$154,921
Total Income	<u>149,336</u>	<u>295,391</u>
Expenses and Transfers:		
Investment	(302)	5,011
Administrative	-	392
Transfers to General Fund	167,024	-
Total Expense and Transfers	<u>166,722</u>	<u>5,403</u>
Net Income/(Loss)	<u>(\$17,386)</u>	<u>\$289,988</u>

Board of University and School Lands

Comparative Financial Position (Unaudited)

Strategic Investment and Improvements Fund

	October 31, 2022	October 31, 2021
Balance Sheet		
Assets:		
Cash	\$350,128,810	\$239,642,297
Interest Receivable	1,307,064	791,223
Investments	617,733,741	376,982,378
Due from other Trusts or Agencies	-	-
Total Assets	<u>\$969,169,615</u>	<u>\$617,415,898</u>
Liabilities:		
Accounts Payable	\$0	\$0
Equity:		
Fund Balance	1,045,209,177	860,465,447
Net Income	(76,039,562)	(243,049,549)
Total Liabilities and Equity	<u>\$969,169,615</u>	<u>\$617,415,898</u>
Income Statement		
Income:		
Investment Income	\$1,532,097	\$1,321,815
Realized Gain/(Loss)	(30,756)	\$236,592
Unrealized Gain/(Loss)	(3,002,676)	(\$2,003,277)
Interest on Fuel Prod Facility	51,491	8,111
Interest - Miscellaneous	918,966	\$63,534
Interest and Penalty	21,372	\$34,047
Royalties - Oil and Gas	41,063,032	\$32,008,412
Bonuses - Oil and Gas	5,504,892	(\$3,625,212)
Royalties - Coal	23,975	\$67,977
Rents - Mineral	94,479	\$13,137
Tax Income - Oil Extraction & Production Distribution	83,390,903	\$0
Total Income	<u>129,567,775</u>	<u>28,125,136</u>
Expenses and Transfers:		
Administrative	523,106	406,523
Investment Expense	13,176	9,625
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 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)	-	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>205,607,337</u>	<u>271,174,685</u>
Net Income/(Loss)	<u>(\$76,039,562)</u>	<u>(\$243,049,549)</u>

As of October 31, 2022 the SIIF had a fund balance of \$969,169,615. 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 \$840,954,736 as of October 31, 2022.

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Indian Cultural Trust

	October 31, 2022	October 31, 2021
<u>Fiduciary Net Position</u>		
Assets:		
Cash	\$424	\$4,561
Interest receivable	1,135	994
Investments	1,280,969	1,470,647
Total Assets	\$1,282,528	\$1,476,202
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	1,282,528	1,476,202
Total Net Position	1,282,528	1,476,202
<u>Changes in Fiduciary Net Position</u>		
Additions:		
Contributions:		
Donations	\$0	\$0
Total Contributions	0	0
Investment Income:		
Net change in fair value of investments	52,926	24,125
Interest	5,998	8,782
Less investment expense	342	(223)
Net Investment Income	59,266	32,684
Miscellaneous Income		
Total Additions	\$59,266	\$32,684
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	-	-
Total Deductions	\$0	\$0
Change in net position held in Trust for:		
Private-Purpose	59,266	32,684
Total Change in Net Position	59,266	32,684
Net Position - Beginning FY Balance	1,441,059	1,441,059
Net Position - End of Month	\$1,500,325	\$1,473,743

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Theodore Roosevelt Presidential Library

	October 31, 2022	October 31, 2021
<u>Fiduciary Net Position</u>		
Assets:		
Cash	\$20,287	\$132,867
Interest receivable	(53,851)	(70,868)
Investments	50,516,958	55,686,292
Total Assets	\$50,483,394	\$55,748,291
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	50,483,394	55,748,291
Total Net Position	50,483,394	55,748,291
<u>Changes in Fiduciary Net Position</u>		
Additions:		
Contributions:		
Donations	-	17,500,000
Total Contributions	-	17,500,000
Investment Income:		
Net change in fair value of investments	2,083,144	393,195
Interest	235,987	262,823
Less investment expense	13,476	5,128
Net Investment Income	2,305,655	650,890
Miscellaneous Income	80	24
Total Additions	2,305,735	18,150,914
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	13,476	62,928
Total Deductions	\$13,476	62,928
Change in net position held in Trust for:		
Private-Purpose	2,319,211	18,213,842
Total Change in Net Position	2,319,211	18,213,842
Net Position - Beginning FY Balance	38,446,695	38,446,695
Net Position - End of Month	\$40,765,906	\$56,660,537

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

Pipeline

Balyasny Asset Management Atlas Enhanced Fund (multi-strat hedge fund) has been approved for \$300M, pending legal review.
Two Sigma Absolute Return Enhanced Fund (quant equity market neutral hedge fund) has been approved \$150M, pending legal review.

Portfolio Rebalancing Updates

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

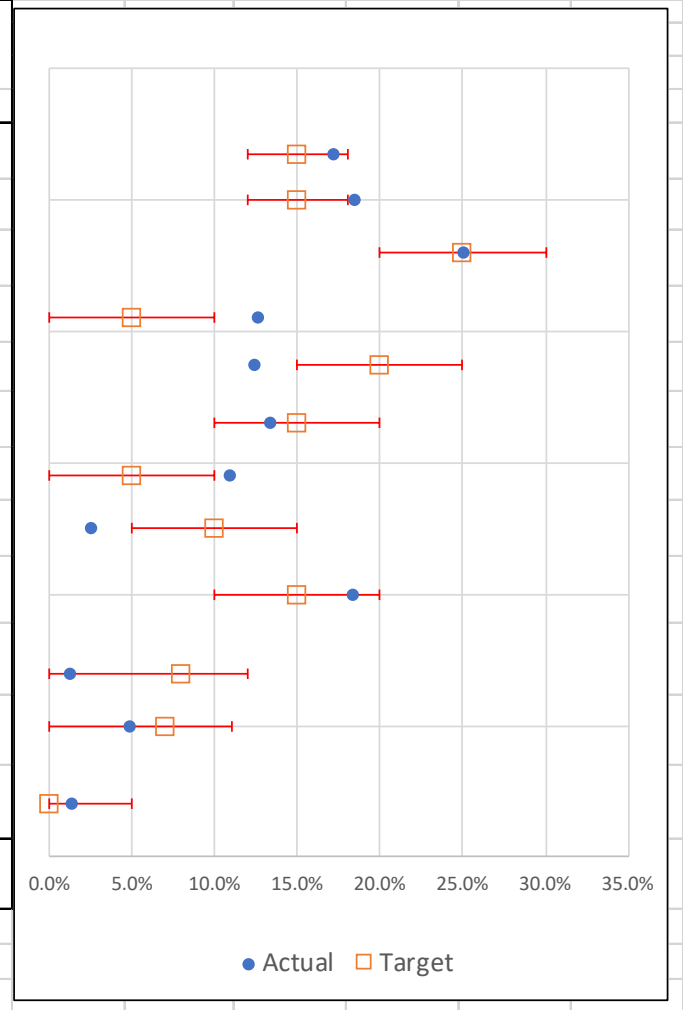
Unfunded commitments remaining total \$558.9M as follows:

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

Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of January 12, 2023 (unaudited).

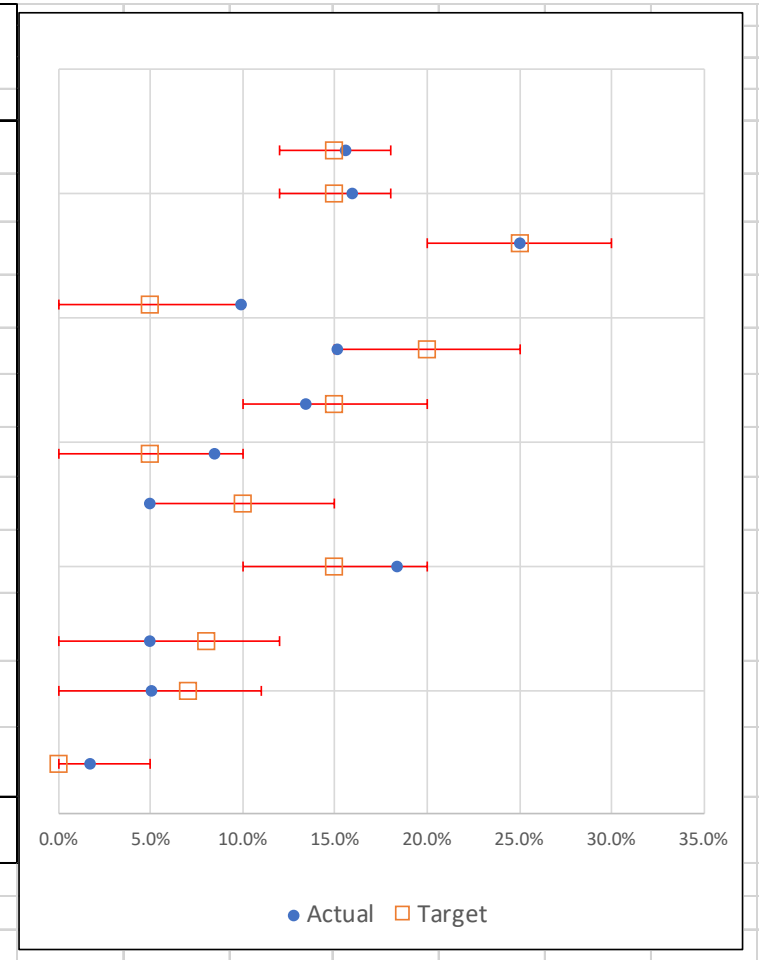
As of January 12, 2023	Market Value \$	Actual ●	Target □	Lower Range └─	Upper Range ─┘
Broad US Equity	1,062,884,256	17.2%	15.0%	12.0%	18.0%
Broad Int'l Equity	1,146,168,737	18.5%	15.0%	12.0%	18.0%
Fixed Income	1,550,931,264	25.1%	25.0%	20.0%	30.0%
<i>Public Credit</i>	779,349,930	12.6%	5.0%	0.0%	10.0%
<i>Private Credit</i>	771,581,335	12.5%	20.0%	15.0%	25.0%
Absolute Return	830,528,329	13.4%	15.0%	10.0%	20.0%
<i>Global Tactical Asset Allocation</i>	676,334,844	10.9%	5.0%	0.0%	10.0%
<i>Multi-Strategy Hedge Fund</i>	154,193,485	2.5%	10.0%	5.0%	15.0%
Real Estate	1,135,992,382	18.3%	15.0%	10.0%	20.0%
Private Equity (Grosvenor, GCM Secondaries, MS-Ashbridge)	78,561,833	1.3%	8.0%	0.0%	12.0%
Private Infrastructure (JPM-Infra, FSI-GDIF, HL Infra)	302,419,958	4.9%	7.0%	0.0%	11.0%
Opportunistic Investments (Varde & Apollo)	83,235,611	1.3%	0.0%	0.0%	5.0%
Portfolio Total	6,190,722,369	100.0%			



Hypothetical Funding of All Unfunded Commitments:

Asset Allocation After Funding:

As of January 12, 2023	Market Value \$	Actual	Target	Lower Range	Upper Range
		●	□	└	┘
Broad US Equity	961,984,256	15.5%	15.0%	12.0%	18.0%
Broad Int'l Equity	989,668,737	16.0%	15.0%	12.0%	18.0%
Fixed Income	1,549,831,264	25.0%	25.0%	20.0%	30.0%
<i>Public Credit</i>	614,493,270	9.9%	5.0%	0.0%	10.0%
<i>Private Credit</i>	935,337,995	15.1%	20.0%	15.0%	25.0%
Absolute Return	830,528,329	13.4%	15.0%	10.0%	20.0%
<i>Global Tactical Asset Allocation</i>	526,334,844	8.5%	5.0%	0.0%	10.0%
<i>Multi-Strategy Hedge Fund</i>	304,193,485	4.9%	10.0%	5.0%	15.0%
Real Estate	1,135,992,382	18.4%	15.0%	10.0%	20.0%
Private Equity (Grosvenor, GCM Secondaries, MS-Ashbridge)	305,361,833	4.9%	8.0%	0.0%	12.0%
Private Infrastructure (JPM-Infra, FSI-GDIF, HL Infra)	312,519,958	5.0%	7.0%	0.0%	11.0%
Opportunistic Investments (Varde & Apollo)	103,735,611	1.7%	0.0%	0.0%	5.0%
Portfolio Total	6,189,622,369	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.
- iv. \$1.1M annual distribution to Permanent Funds

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

EXECUTIVE ESTIMATE OF ASSETS
NORTH DAKOTA DEPARTMENT OF TRUST LANDS
As of December 31, 2022

	12/31/2022 Value	MOM\$ 11/30/2022 Value	MOM% Change	YOY\$ 12/31/2021 Value	YOY% Change
Cash	284,810,916	256,082,684	11.22%	411,232,346	-30.74%
Investments ^[1]	6,951,337,829	7,024,993,912	-1.05%	6,582,535,580	5.60%
Tax Receivables ^[2]	-	-	0.00%	17,333,018	-100.00%
Loans ^[3]	39,696,314	40,251,666	-1.38%	43,784,715	-9.34%
Receivables ^[4]	7,168,417	6,857,816	4.53%	35,165,945	-79.62%
Sub-Total Net Assets	\$7,283,013,475	\$7,328,186,079	-0.62%	\$7,090,051,604	2.72%
Mineral Rights ^[5]	2,813,480,347	2,813,480,347	0.00%	2,813,480,347	0.00%
Surface Rights ^[6]	511,088,869	511,088,869	0.00%	511,088,869	0.00%
Building Value ^[7]	1,015,196	1,015,196	N/A		N/A
Total Net Assets	\$10,608,597,887	\$10,653,770,491	-0.42%	\$10,414,620,820	1.86%

[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.

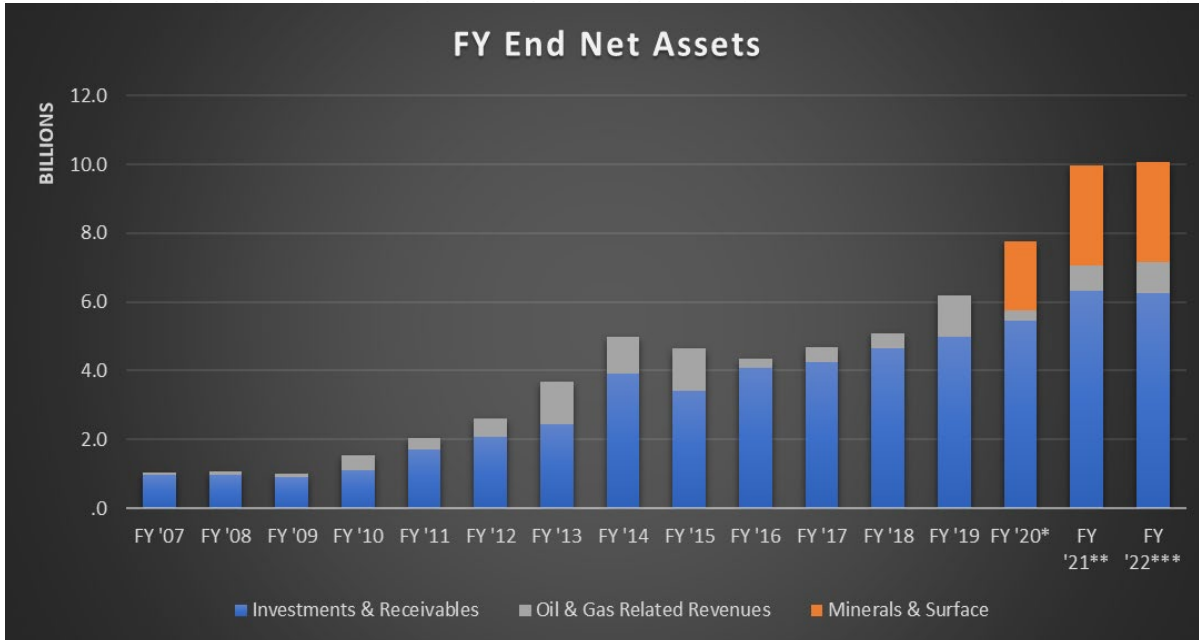
[3] Various loan programs funded with trust assets.

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

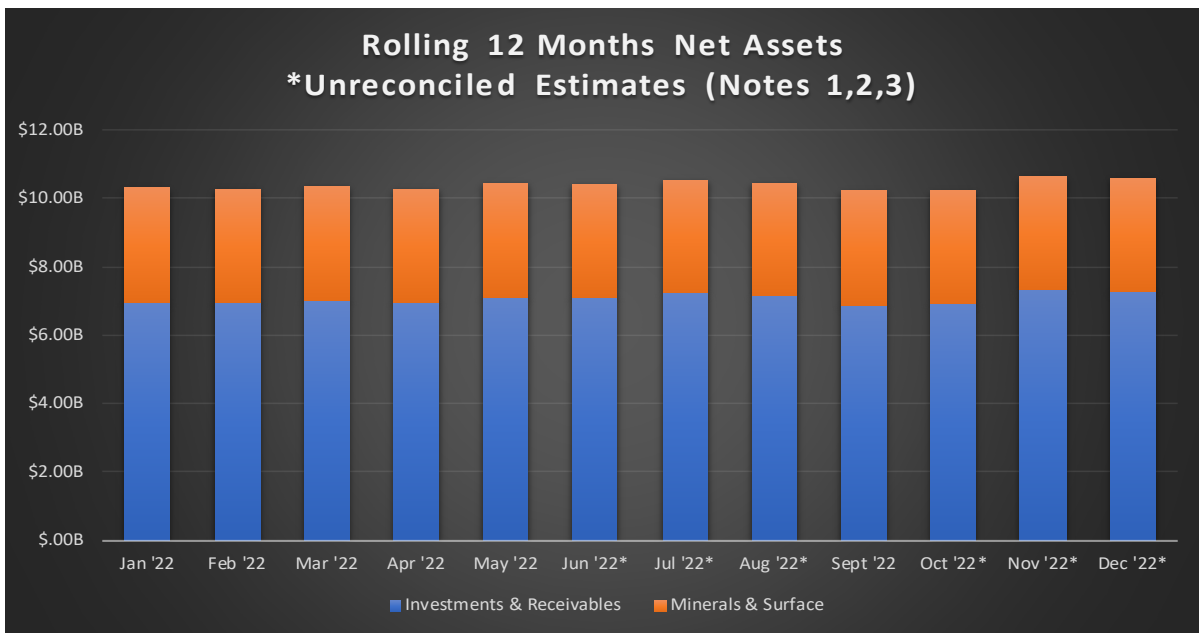
[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2021.

[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.

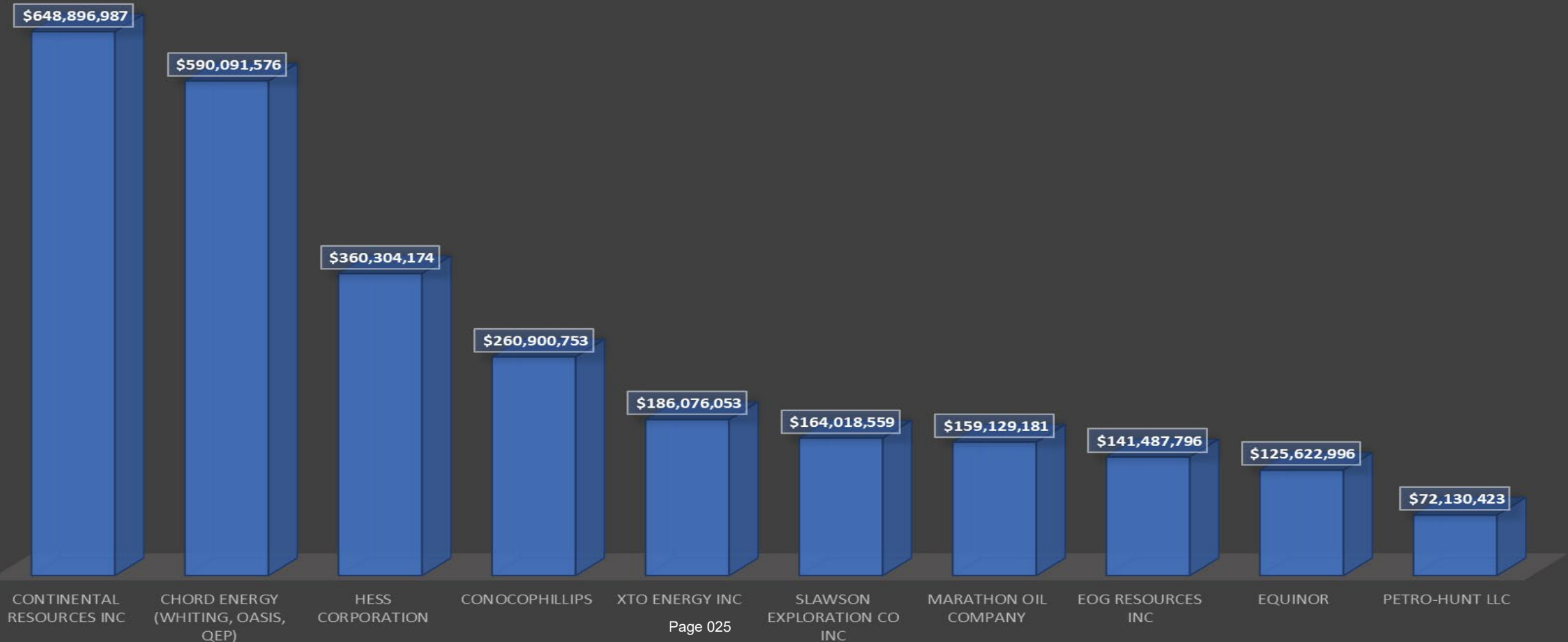


Notes:

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.

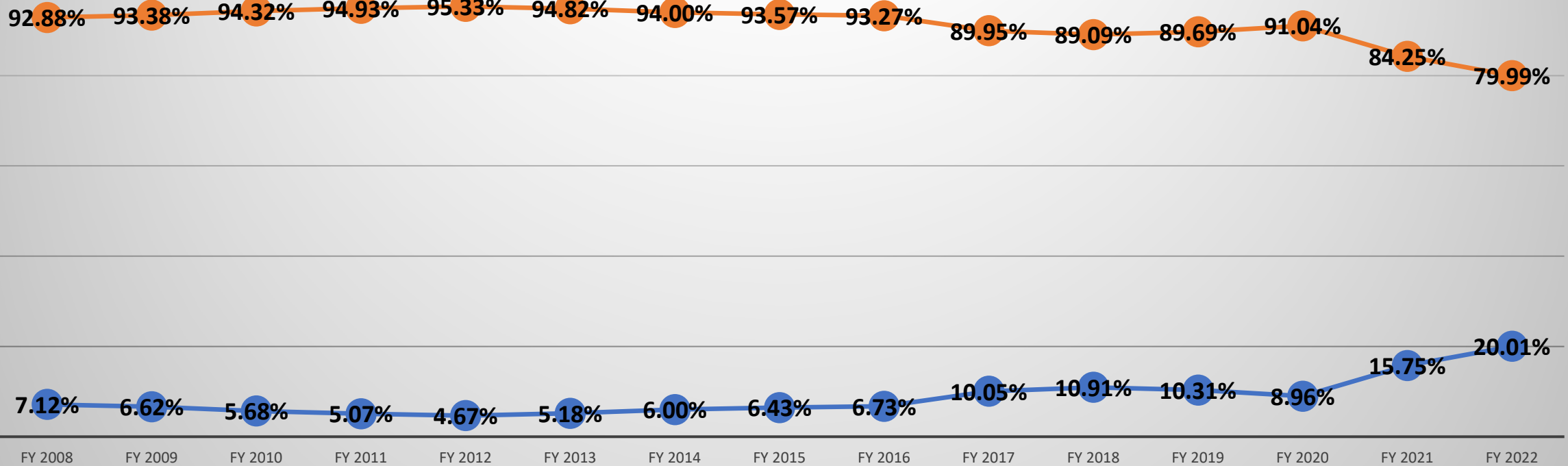
TOP 10 ROYALTY PAYERS

TOP 10 ROYALTY PAYERS FY 2008 - FY 2022



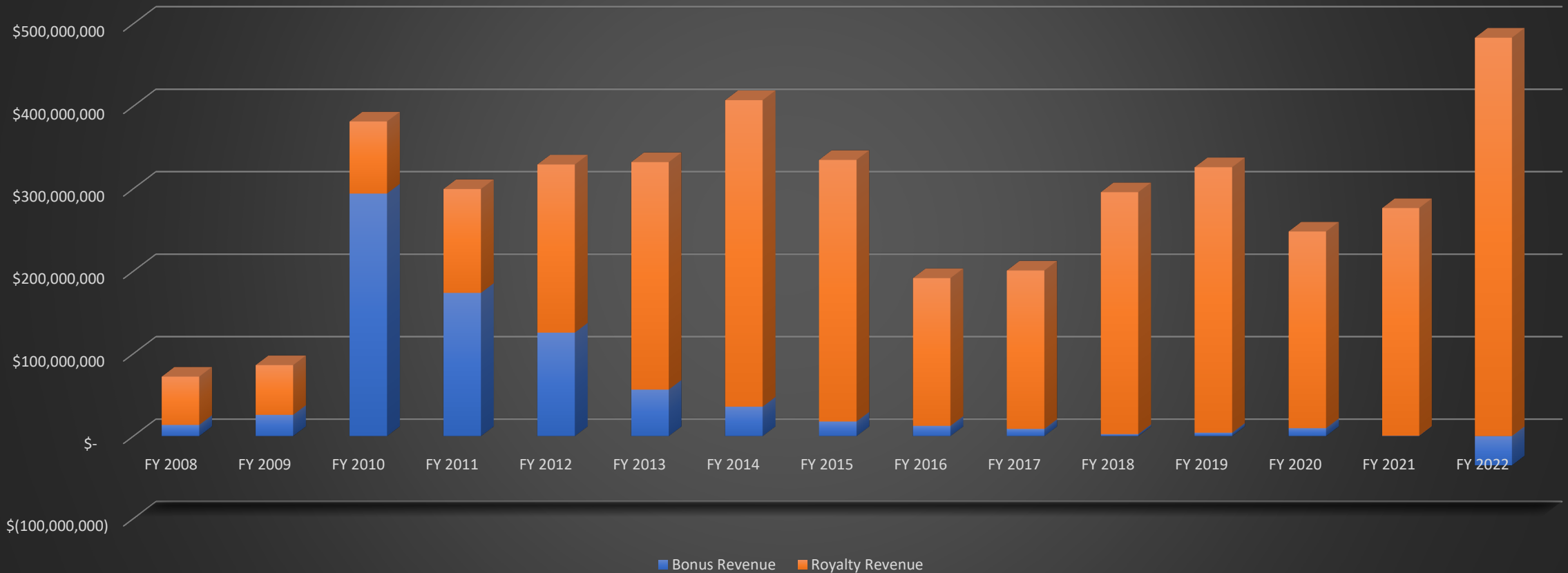
REVENUE ALLOCATION

REVENUE ALLOCATION GAS VS OIL



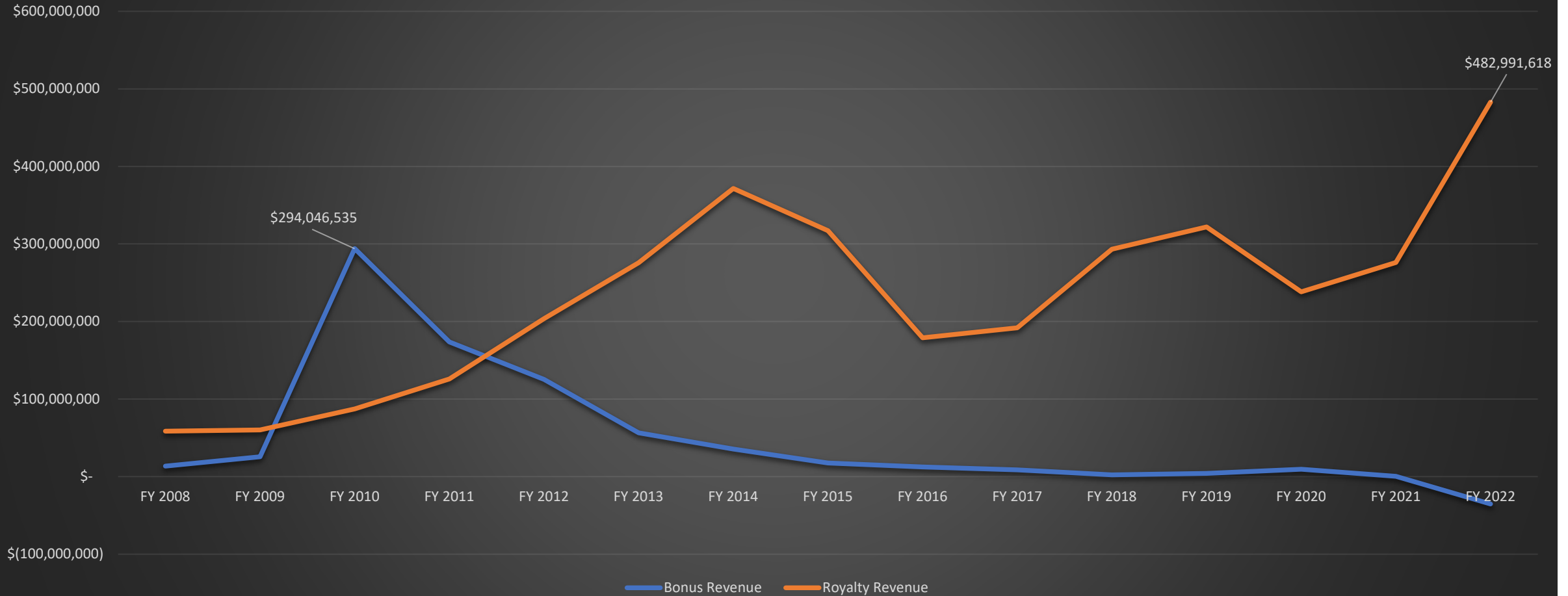
BONUS & ROYALTY REVENUES

Bonus & Royalty Revenues FY 2008-2022
\$4.2 Billion



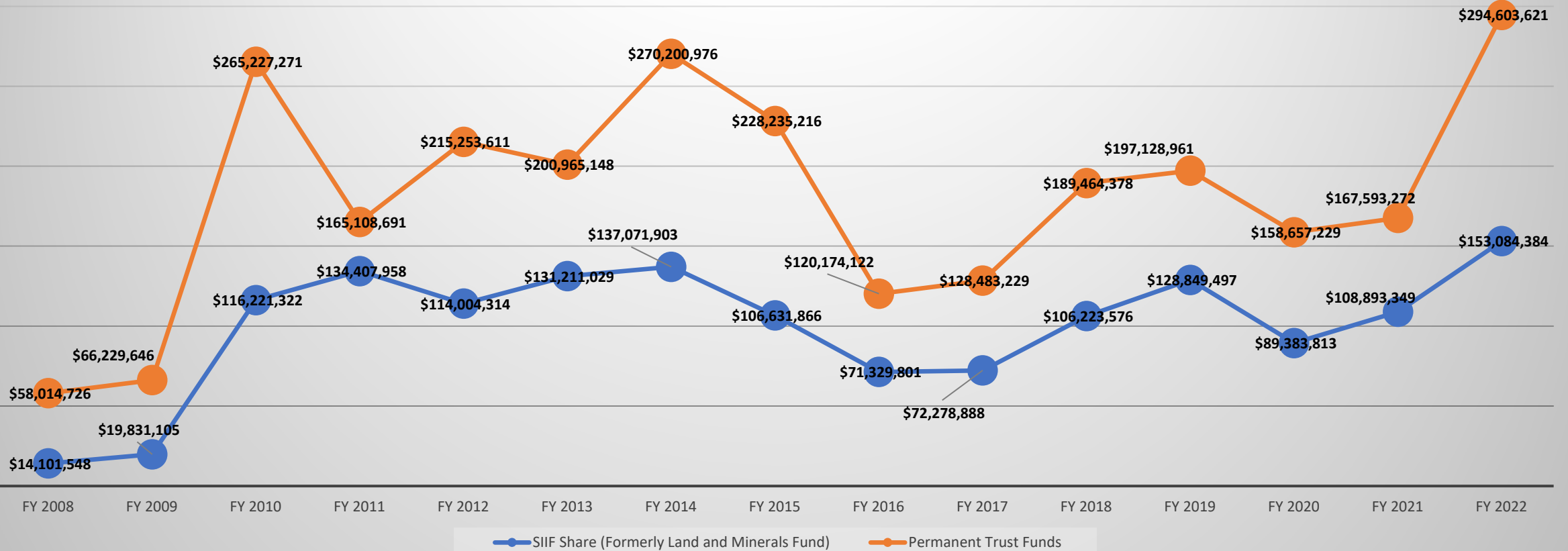
BONUS & ROYALTY REVENUES

BONUS & ROYALTY REVENUES FY 2008-2022

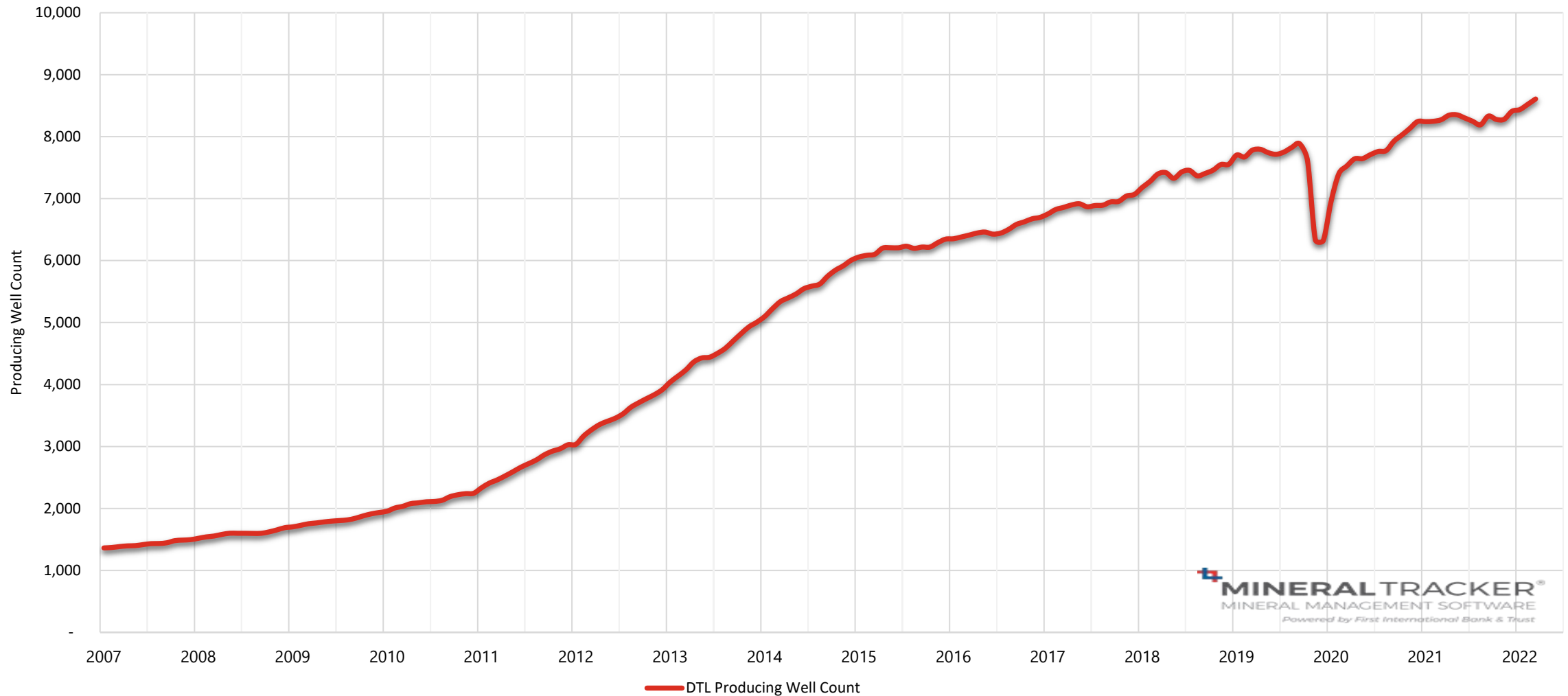


BONUS & ROYALTY REVENUES

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



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RE: Litigation Update
(No Action Requested)

- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor for a second time in September 2022; remand briefs were filed by both parties in December and we now await what we hope is a final order from the trial court
- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing is complete and oral arguments are scheduled for February 1st
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022 granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 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 and briefing
- Continental Interpleader (OHWM fed/state dispute) – briefing complete for “Acquired Federal Lands” issue; awaiting ND Federal District Court decision
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29th dismissing the appeal and sending back to trial court for further quiet title actions on the at issue parcels

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 consultation regarding:

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

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
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 one hour.

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 provided its attorney with guidance regarding litigation relating to the sovereign lands' minerals claims.

[The guidance or instructions to attorney does not have to be announced or voted upon.]

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.