

**Microsoft Teams meeting - Online Only**  
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[+1 701-328-0950,,74401988#](#) United States, Fargo

Phone Conference ID: **744 019 88#**

Meeting Coordinators: Catelin Newell – Dir. Admin Services & IT, Kate Schirado – Exec. Assistant

➤ = **Board Action Requested**

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

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

➤ A. [April 25, 2024](#) – minutes available via link

2. **Operations – Joseph Heringer**

A. Commissioner’s Report – pg. 2

B. Financial Dashboard – pg. 3

➤ C. Commissioner Performance Review & Compensation – pg. 9

3. **Division Reports – Joseph Heringer**

A. Surface – Joseph Stegmiller, Surface Director – pg. 47

B. Minerals – Chris Suelzle, Minerals Director – pg. 49

C. Unclaimed Property – Susan Dollinger, Unclaimed Property Director – pg. 51

D. [Financials](#) – Peggy Gudvangen, CFO - financial report available via link

4. **Investments – Frank Mihail, CIO**

A. Investment Updates – pg. 52

5. B. Brevan Howard – hedge fund, presented by Graham Officer - pg. 55

6. C. Hamilton Lane – Infra, presented by Kirby Francis, RVK – pg. 81

5. **Special Projects – James Wald, General Counsel**

➤ A. Board Policy Updates – Second Reading – pg. 102

6. **Litigation – Joseph Heringer – pg. 110**

➤ **Executive session under the authority of NDCC §§ 44-04-19.1 and 44-04-19.2 for attorney consultation and to discuss negotiating strategy regarding the following: – pg. 113**

○ **Royalty Settlement Offers**

○ **Continental Resources, Inc. v. North Dakota Board of University and School Lands (Royalty Deductions Case)**

○ **Arkansas v. Delaware (Unclaimed Property Case)**

**Next Meeting Date – Combined June/July Meeting - July 9, 2024**

**RE: Commissioner's Report**  
(No Action Requested)

- Oil Royalty Deductions Settlements – since last month we have achieved one more settlement; we have active discussions ongoing with one of the two remaining
- State Investment Board Securities Litigation Committee – presided over May 2, 2024, meeting as committee chair
- Dakota Live Podcast – Chief Investment Officer, Frank Mihail, and I traveled to Fargo to record a podcast with the NDSU Foundation CFO and the NDSU Bison Fund President highlighting North Dakota investment programs
- Budget Guidelines Presentation – attended May 9, 2024, presentation by Governor Burgum and OMB Director Sisk
- Lignite Research Council – attended May 9, 2024, grant round meeting as a voting member
- State Investment Board Investment Committee - attended May 10, 2024 regular meeting and May 14, 2024 special meeting as a voting member
- Williston Basin Petroleum Conference – all four members of our Minerals Team and I attended May 14-16, 2024; great opportunity to network with leaders in the oil & gas industry and stay up to date on new technologies and basin developments
- Full State Investment Board – attended May 17, 2024, meeting as a voting member

**Human Resources Update**

- New Investment Officer started May 1<sup>st</sup> and will be introduced during that portion of the agenda

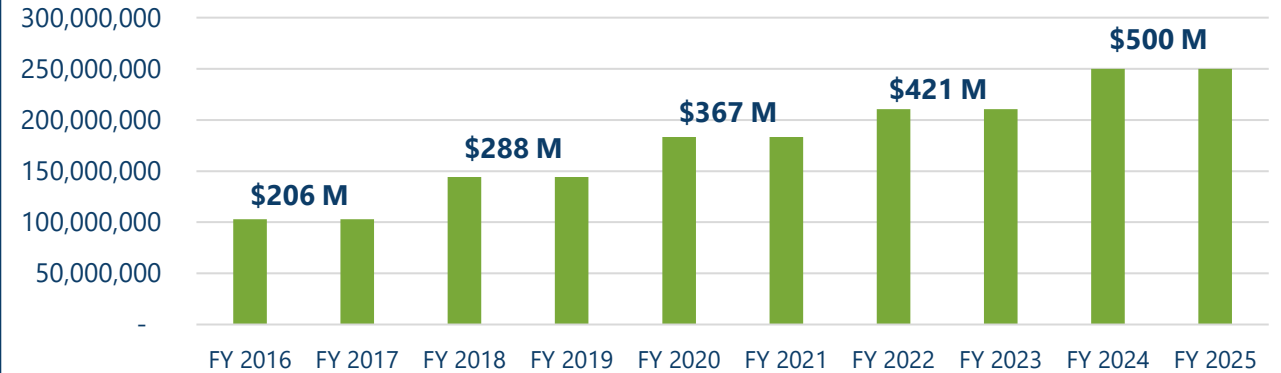
# COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

## CSTF ASSET BALANCE as of 2/29/2024 (unaudited)

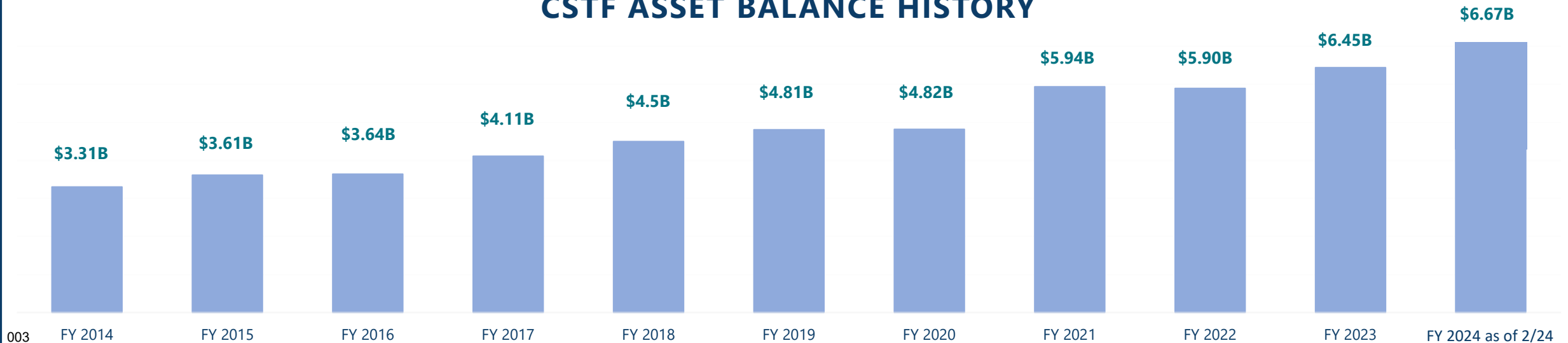
**\$6,672,447,765**

**+\$707 million year-over-year from 2/28/23  
balance of \$5.97 billion**

## CSTF DISTRIBUTION HISTORY PER BIENNIUM



## CSTF ASSET BALANCE HISTORY



# COMMON SCHOOLS TRUST FUND 2023-25 (CSTF) DISTRIBUTIONS

Monthly distribution to the State  
Tuition Fund for the  
2023-25 biennium

**\$27,770,000**

**=\$2,160/student per year**

Percentage of North Dakota's  
\$10,430\* total investment per  
student covered by CSTF

**21%**

\*North Dakota pays 75.7% of the \$13,778 total  
cost of education per student

FYTD distribution to the  
State Tuition Fund through  
2/29/2024

**\$278 million of  
\$500 million total**

**CSTF Distributions Since FY 2014**

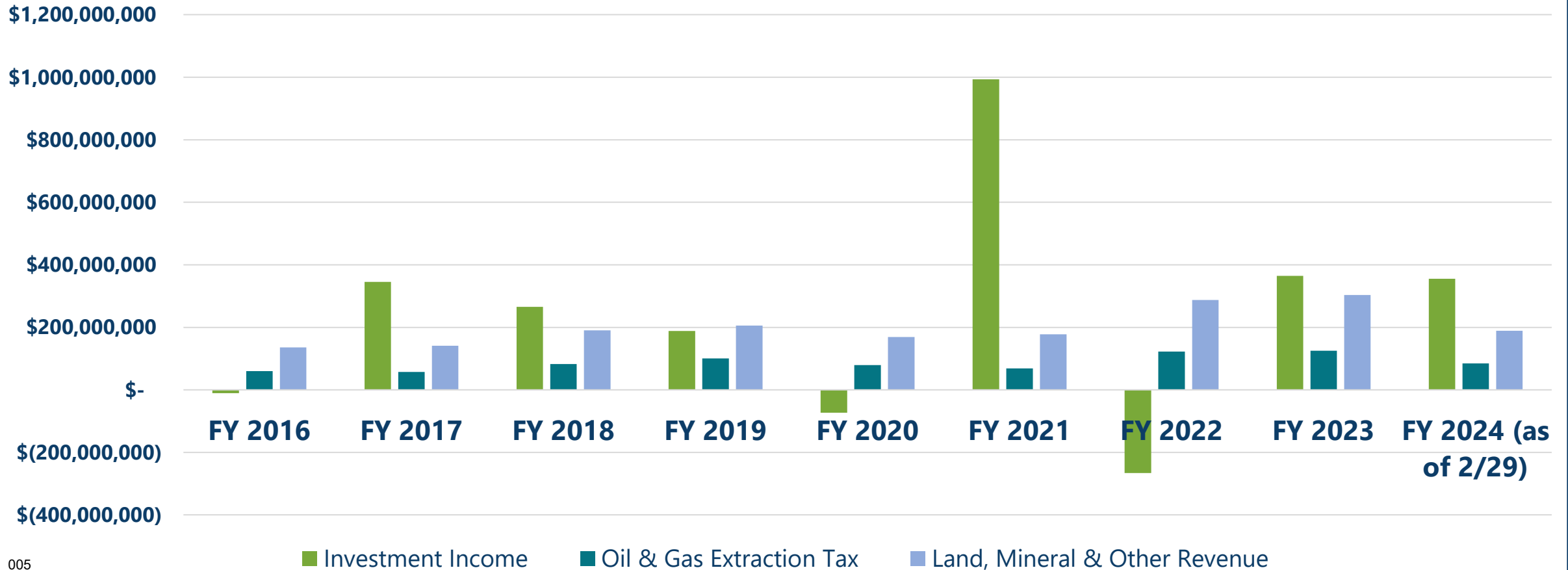
**\$1.95 BILLION**

**Supporting property tax relief for North Dakota citizens**



# COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

## COMMON SCHOOLS REVENUES July 1 – June 30 Fiscal Year



# STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

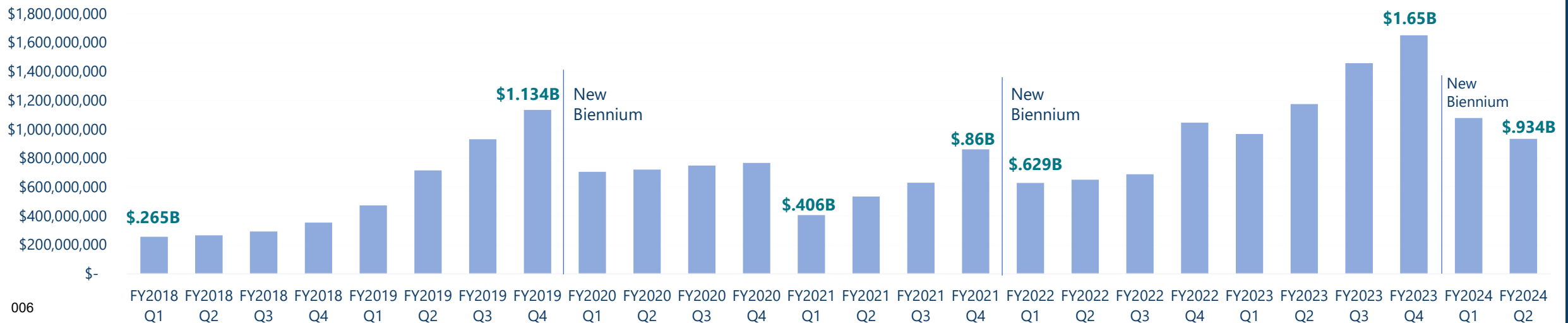
## SIIF BALANCE as of 1/31/2024 (unaudited)

- Total Balance - \$886,460,338
- Uncommitted Balance – \$480,122,062

## SIIF BALANCE as of 2/29/2024 (unaudited)

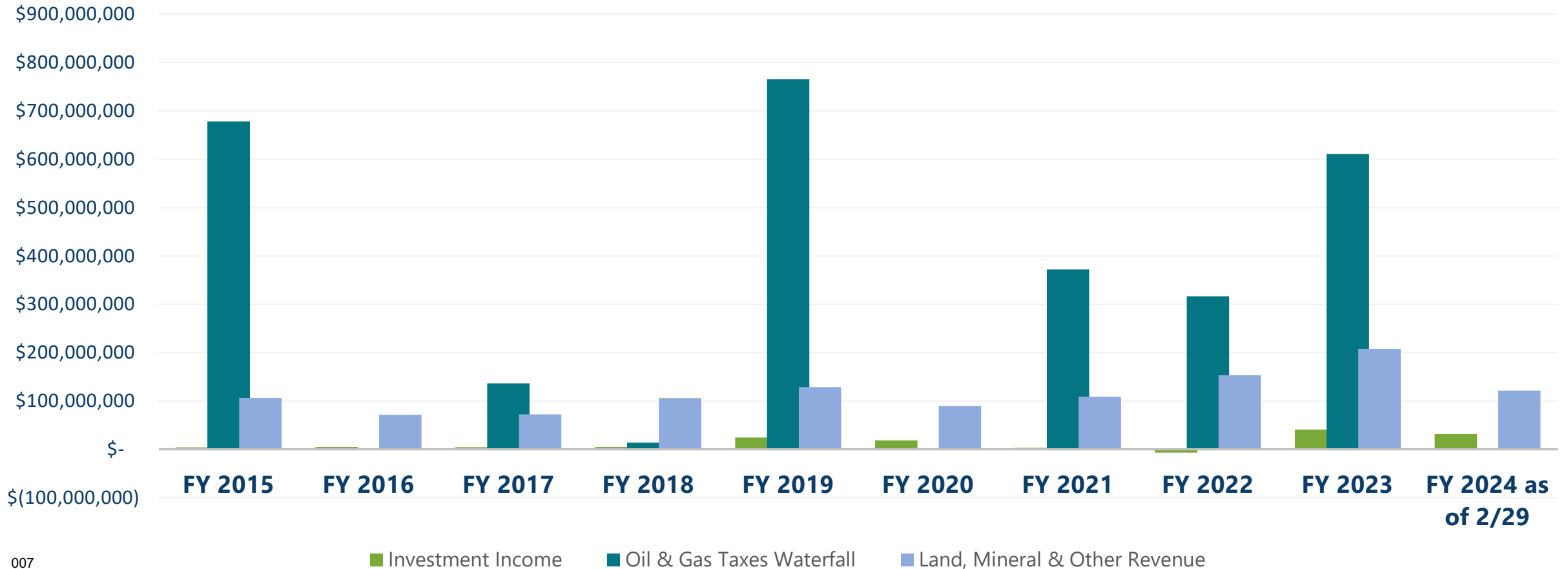
- Total Balance - \$904,861,391
- Uncommitted Balance – \$488,951,099

### SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



# STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

## SIIF REVENUES July 1 – June 30 Fiscal Year



# ESTIMATED TOTAL NET ASSETS as of 11/30/2023

**Mineral Tracker Valuation  
as of June 30, 2023 on  
2.6 million Mineral Acres  
\$2,568,614,367**



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



**Estimated Total Net Assets\*  
as of February 29, 2024**



**\$10,412,177,769**



\* Total excluding SIIF



**MEMORANDUM**

**TO: Board of University and School Lands**

**DATE: May 23, 2024**

**FROM: Commissioner Performance & Compensation Committee**

**RE: Commissioner Compensation Recommendation**

During its April 22, 2024 and May 23, 2024 meetings, the Committee discussed relevant market information for comparable positions across North Dakota state government and for comparative roles in other states. In addition, the Committee discussed key performance indicators and the annual survey process. The Committee discussed the Commissioner’s salary and the desire to ensure the position is at an appropriate level.

The Commissioner’s current salary is \$159,000, which would be increased to \$165,360 with the legislative’s approved 4% raise for the next fiscal year.

Upon analysis of data received, HRMS has agreed with our recognition that the Commissioner is paid below market levels, with HRMS suggesting an appropriate base salary range for this position should be \$190,000 to \$200,000.

Understanding that base salary ranges for the comparable positions will continue to increase, rather than phasing in this adjustment, the Committee recommends an immediate increase of the Commissioner salary to \$200,000 to ensure it is better aligned with the market. This would be a 25.7% increase over the FY24 salary, and a 20.9% increase over what the legislative 4% FY25 pay package had planned for. In consultation with fiscal staff at the Department of Trust Lands (DTL), the current budget can accommodate this increase.

Another initiative the Land Board should consider is adopting a performance pay incentive package for DTL staff. The 68<sup>th</sup> Legislative Assembly and the State Investment Board have approved a performance pay incentive package for certain positions within the Retirement and Investment Office, including for the Executive Director and Investment/Fiscal staff. The Committee agrees that a similar package should be considered for DTL for inclusion in the budget request for the 69<sup>th</sup> Legislative Assembly and suggests an incentive study be procured.

**Recommendation: Motion to approve Commissioner salary increase to \$200,000 for FY 2025 and procurement of a third-party DTL compensation and incentive study.**

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

# COMMISSIONER KEY PERFORMANCE INDICATORS (KPI) REPORT

The Board may consider the following Key Performance Indicators for the Commissioner's Performance Evaluation

- **CSTF Growth Since Start of Commissioner Tenure**
- **Prior Fiscal Year Investment Performance v. Index**
- **Prior Fiscal Year Unclaimed Property Return Rate**
- **Prior Fiscal Year Number of Holder Reports Filed**
- **Gallup Engagement Survey Score Trends Since Start of Commissioner Tenure**

# COMMISSIONER KEY PERFORMANCE INDICATORS (KPI) REPORT

**CSTF ASSET BALANCE as of 2/29/2024 (unaudited)**

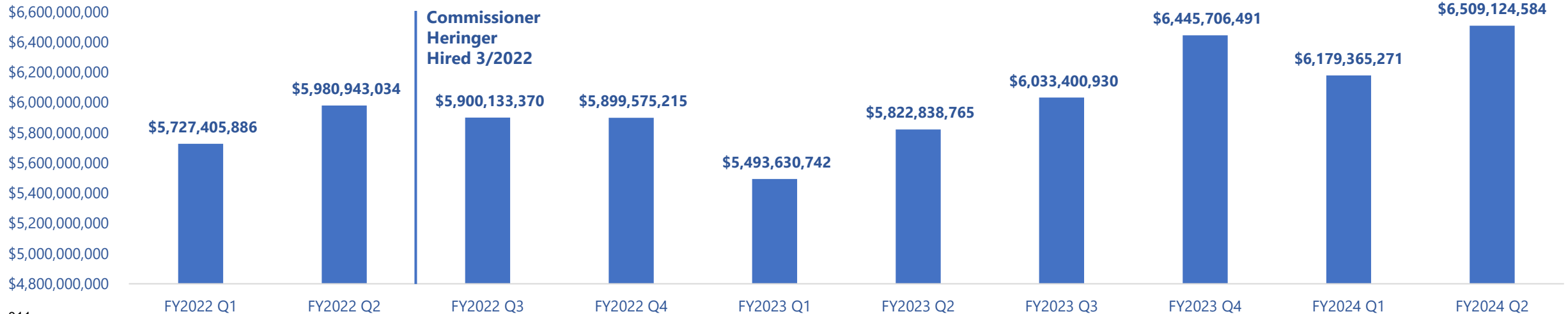
**\$6,672,447,765**

**+\$772 million from 3/30/22 balance of \$5.9 billion  
at start of Commissioner Heringer tenure**

**CSTF TOTAL DISTRIBUTIONS as of 2/29/2024 (unaudited)  
since the start of Commissioner Heringer tenure**

**\$559 Million**

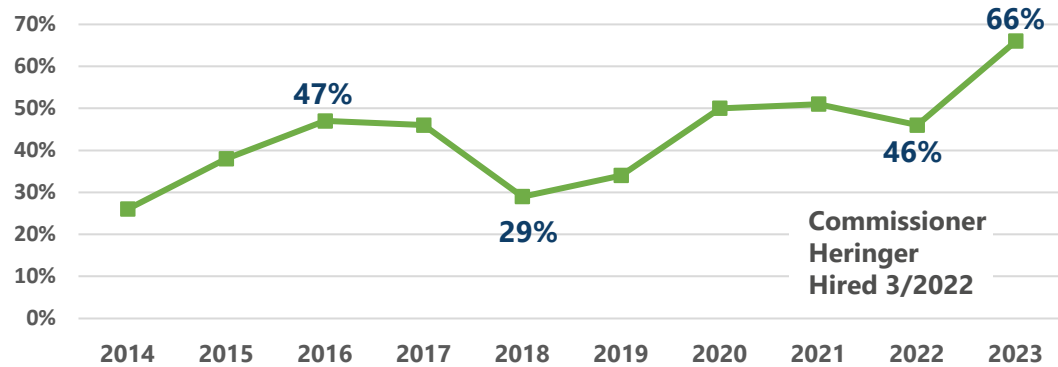
## CSTF GROWTH SINCE START OF COMMISSIONER TENURE



# COMMISSIONER KEY PERFORMANCE INDICATORS (KPI) REPORT

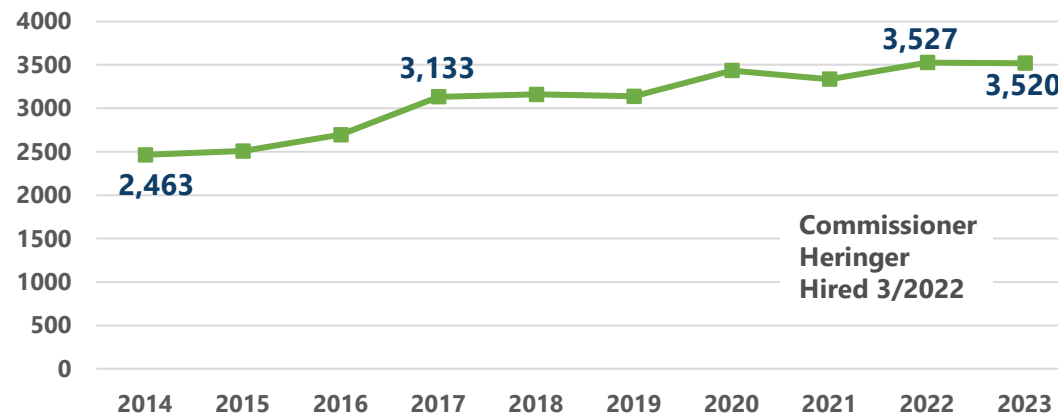
## Prior Fiscal Year Unclaimed Property Return Rate

UNCLAIMED PROPERTY FY RETURN RATE



## Prior Fiscal Year Number of Holder Reports Filed

NUMBER OF HOLDER REPORTS BY FY



## Prior Fiscal Year Investment Performance v. Index

North Dakota Board of University and School Lands  
Comparative Performance

As of June 30, 2023

	QTD	CYTD	FYTD	1 Year	3 Years
Total Fund	1.82	5.29	6.17	6.17	7.08
Target Allocation Index (Net)	2.22	5.61	6.82	6.82	6.92
Difference	-0.40	-0.32	-0.65	-0.65	0.16

As of September 30, 2023

	QTD	FYTD	CYTD	1 Year	3 Years
Total Fund	-1.06	-1.06	4.17	8.74	5.43
Target Allocation Index (Net)	-1.19	-1.19	4.36	8.85	4.87
Difference	0.13	0.13	-0.19	-0.11	0.56

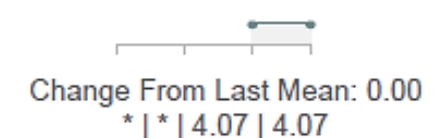
## Gallup Engagement Survey Score Trends Since Start of Commissioner Tenure

EMPLOYEE ENGAGEMENT REPORT | Q12+ ENGAGEMENT SURVEY - TRENDING - REGULAR STAFF - OCTOBER 2023  
ROLLUP | HERINGER, JOSEPH | ALL - ALL | OCT 16, 2023 - NOV 06, 2023

Engagement Mean



Trended Mean



State Overall **3.88**

DTL Overall **4.07**



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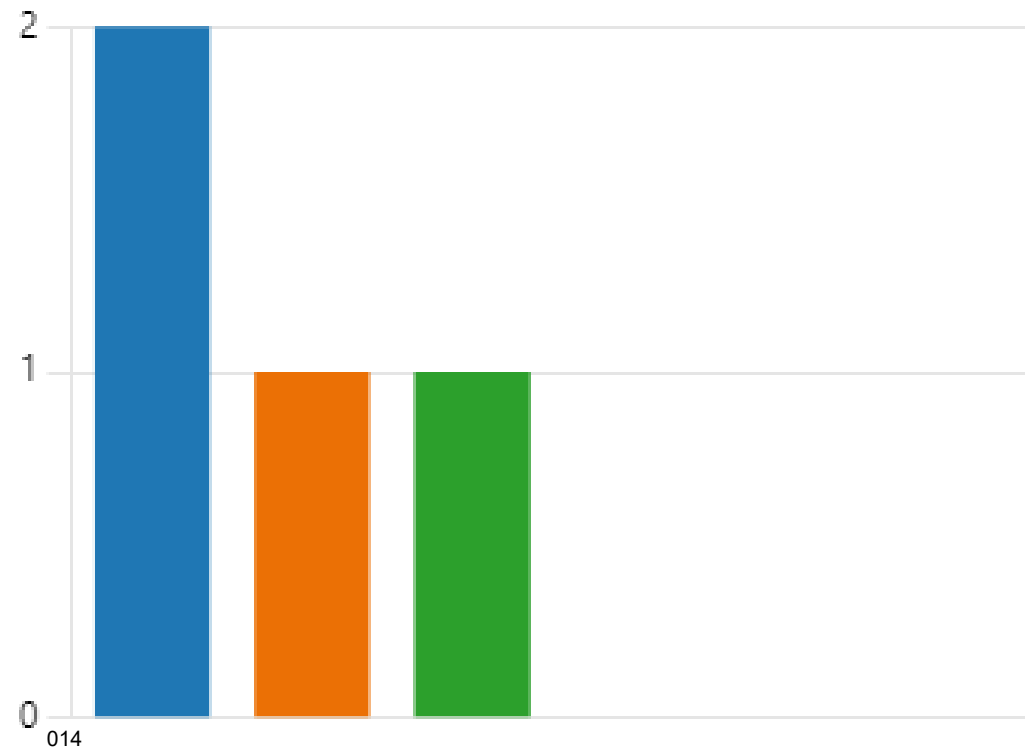
LAND COMMISSIONER  
REVIEW SUMMARY

# BOARD MEMBER SURVEY

1. The Land Commissioner provides board materials that identify any items which need "Board Action" and also provides staff recommendations where appropriate. The Land Commissioner provides appropriate materials and information to the Land Board in a timely manner either in writing or verbally to aid in decision-making.

[More Details](#)

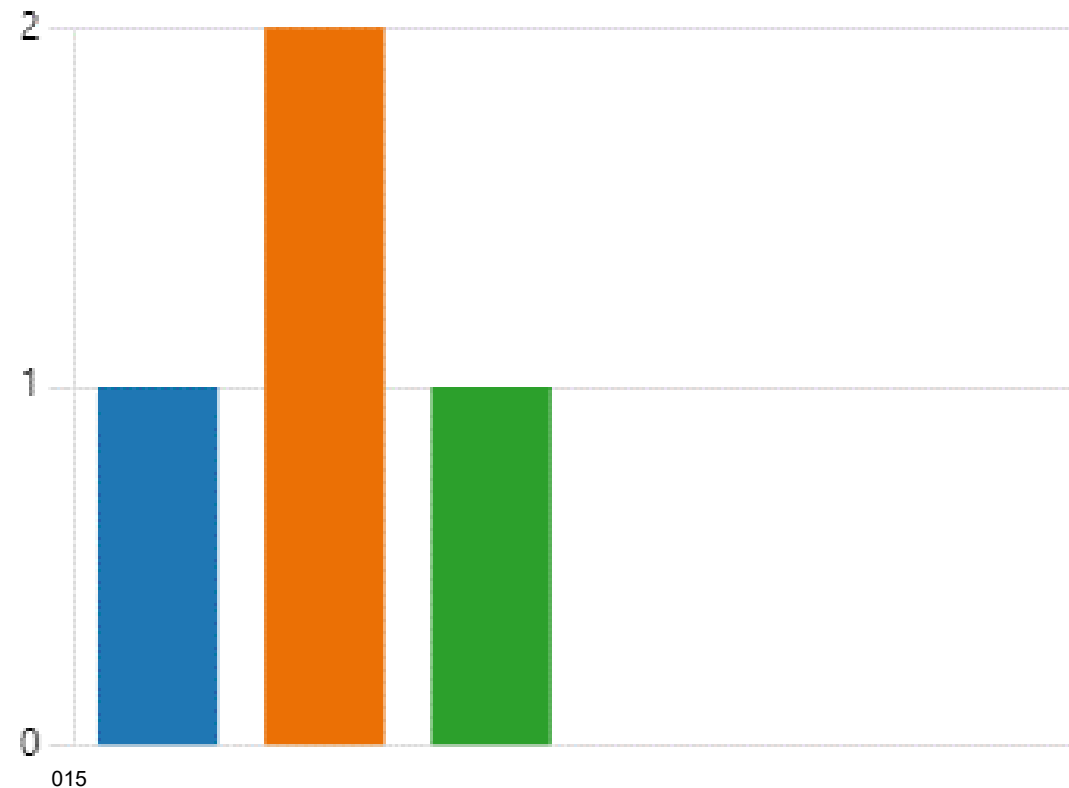
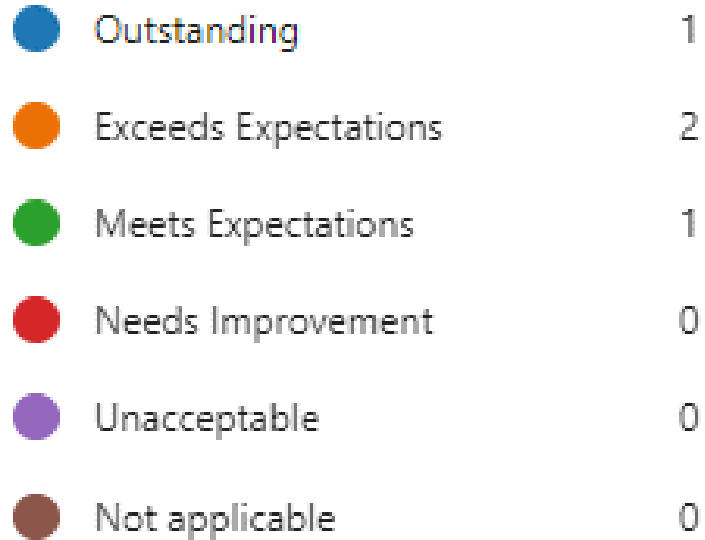
● Outstanding	2
● Exceeds Expectations	1
● Meets Expectations	1
● Needs Improvement	0
● Unacceptable	0
● Not applicable	0



# BOARD MEMBER SURVEY

2. The Land Commissioner provides information and education at board meetings in order for the Land Board to adequately perform their role.

[More Details](#)

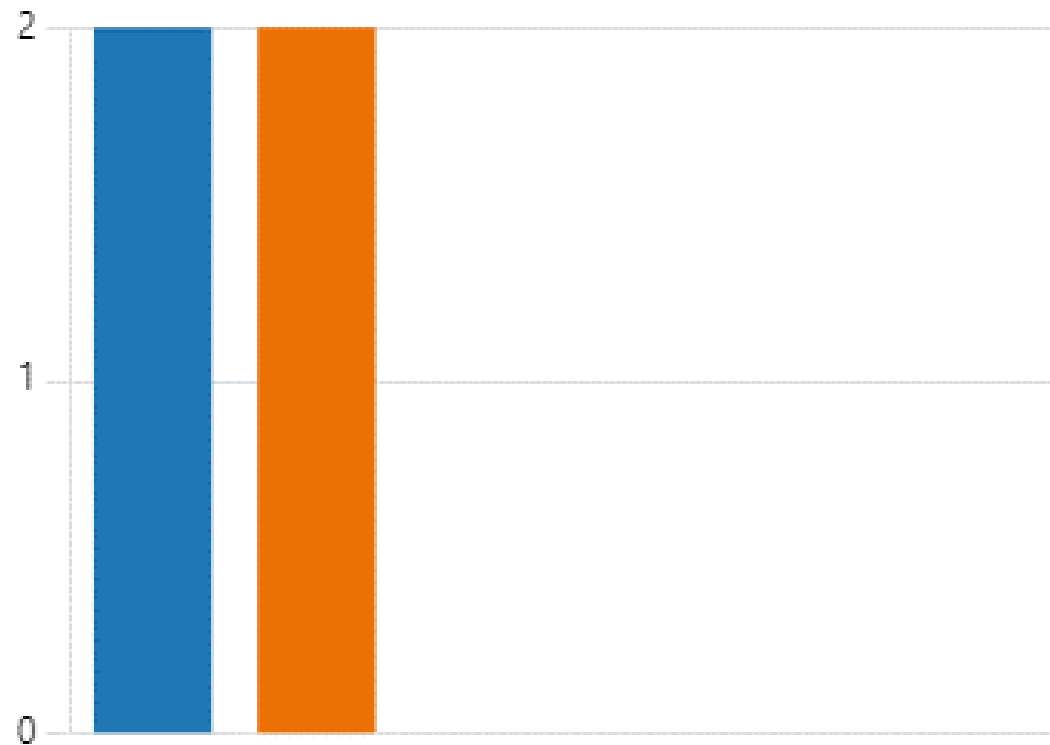


# BOARD MEMBER SURVEY

3. The Land Commissioner is responsive to requests from the Land Board, adapts to the Land Board's direction on policy, and works with the board as a team member.

[More Details](#)

- Outstanding 2
- Exceeds Expectations 2
- Meets Expectations 0
- Needs Improvement 0
- Unacceptable 0
- Not applicable 0



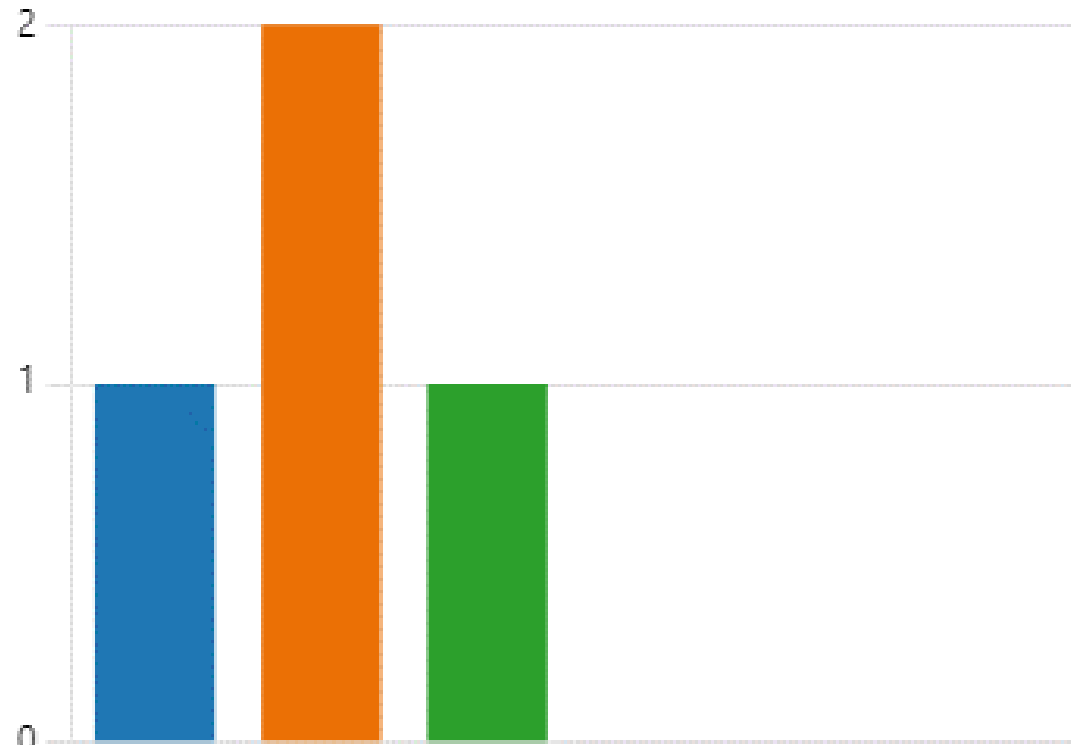


# BOARD MEMBER SURVEY

4. The Land Commissioner keeps the Land Board aware of current issues and, when appropriate, provides information between board meetings.

[More Details](#)

● Outstanding	1
● Exceeds Expectations	2
● Meets Expectations	1
● Needs Improvement	0
● Unacceptable	0
● Not applicable	0

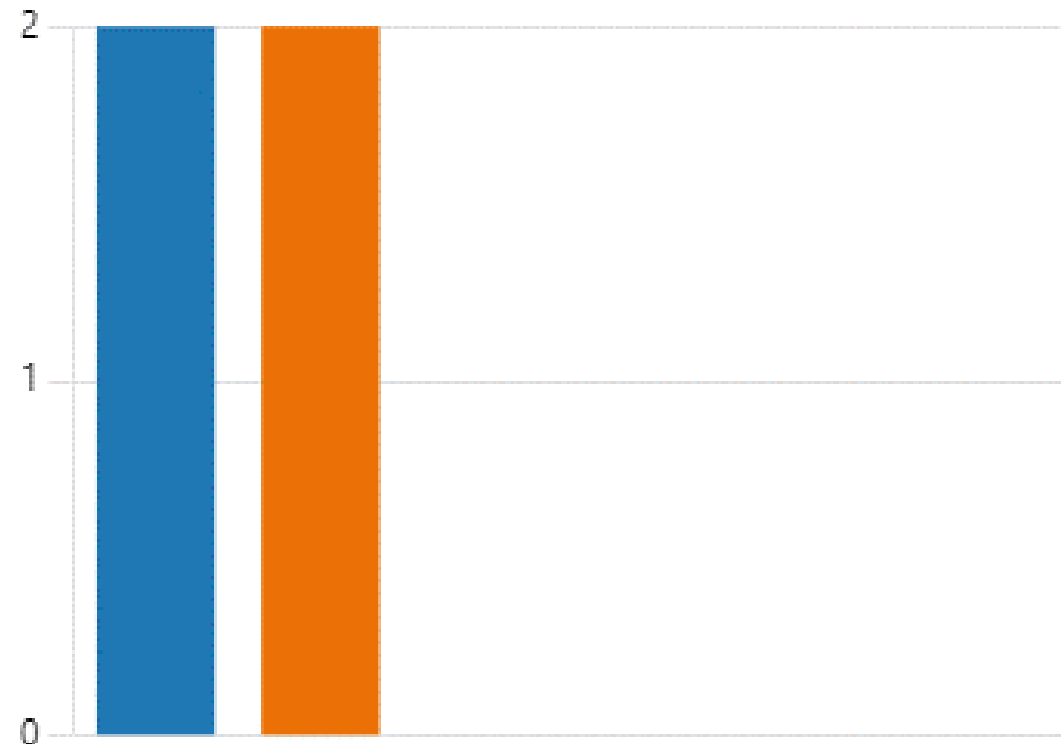


# BOARD MEMBER SURVEY

5. The Land Commissioner provides timely and accurate problem identification to the Land Board as well as solutions and options for consideration.

[More Details](#)

- Outstanding 2
- Exceeds Expectations 2
- Meets Expectations 0
- Needs Improvement 0
- Unacceptable 0
- Not applicable 0



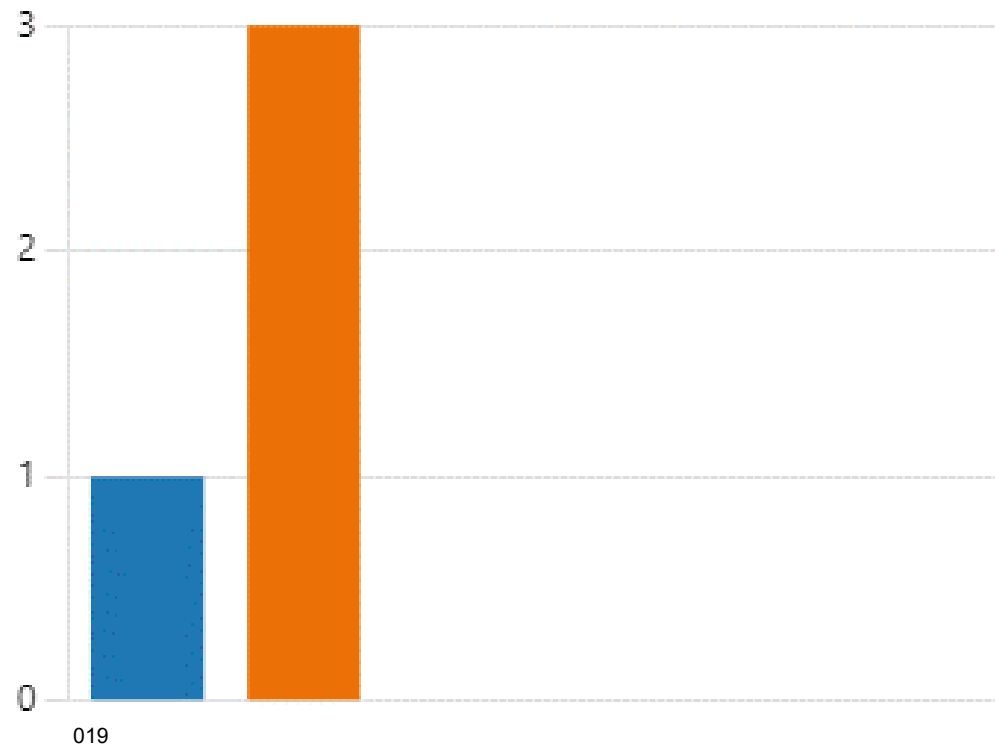


# BOARD MEMBER SURVEY

7. The Land Commissioner provides effective oversight of the Department's financial asset investments, including the sound administration of investment strategies, managers, and performances as evidenced by quarterly reports.

[More Details](#)

● Outstanding	1
● Exceeds Expectations	3
● Meets Expectations	0
● Needs Improvement	0
● Unacceptable	0
● Not applicable	0

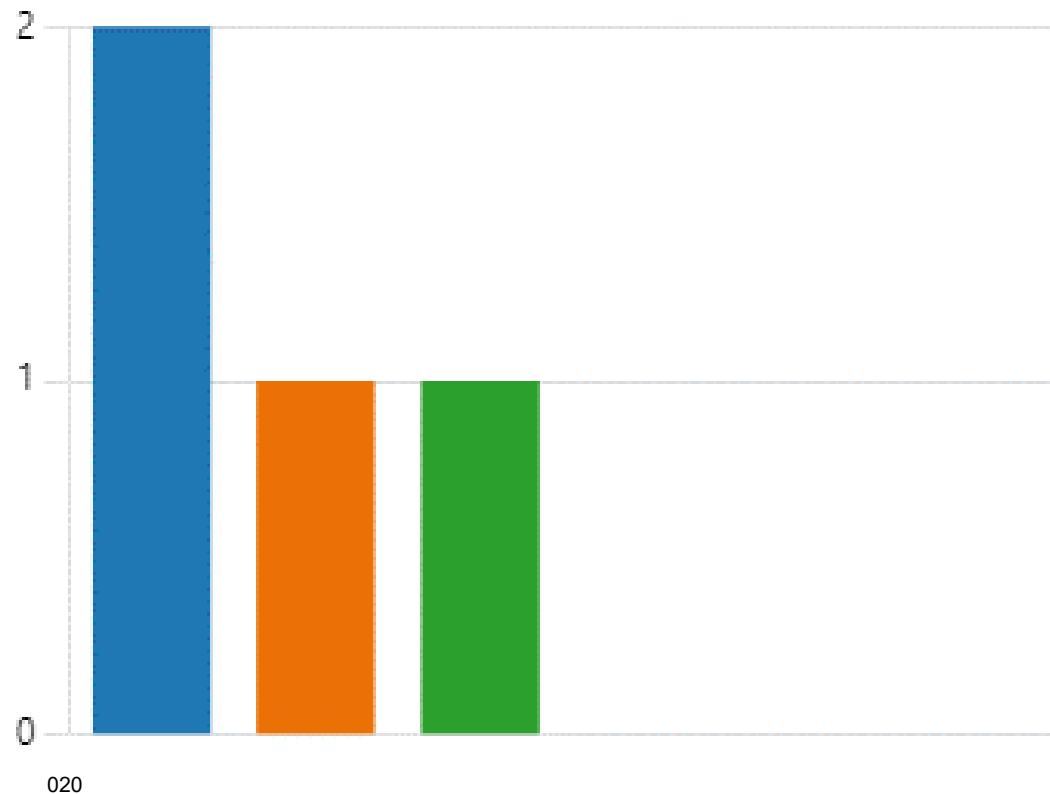


# BOARD MEMBER SURVEY

8. Based on my observations at board meetings and other interactions, the Land Commissioner maintains high fiduciary standards.

[More Details](#)

- Outstanding 2
- Exceeds Expectations 1
- Meets Expectations 1
- Needs Improvement 0
- Unacceptable 0
- Not applicable 0

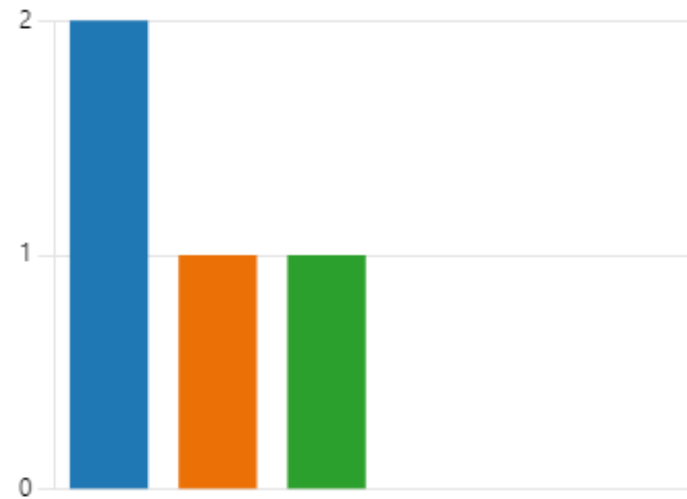


# BOARD MEMBER SURVEY

9. The Land Commissioner directs the timely preparation of the biennial budget as documented in the Land Department's quarterly monitoring reports, which includes, but is not limited to the following sub-categories:
- Biennial budget is prepared pursuant to OMB guidelines and submitted pursuant to guidelines established by the Office of the Governor.
  - Does not reduce the level of service, or anticipate a reduction in the level of service, of any Land Department program without the prior approval of the Land Board.
  - Expenditures for items which require use of the Contingencies line item are not made without prior approval of the Land Board.

[More Details](#)

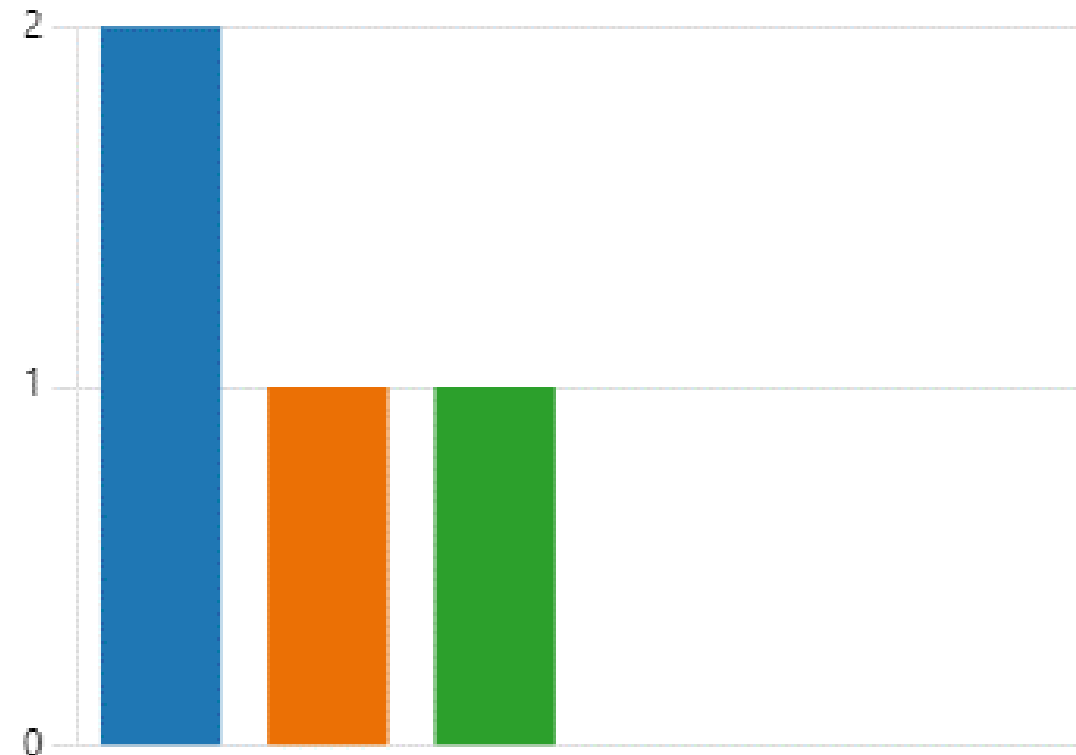
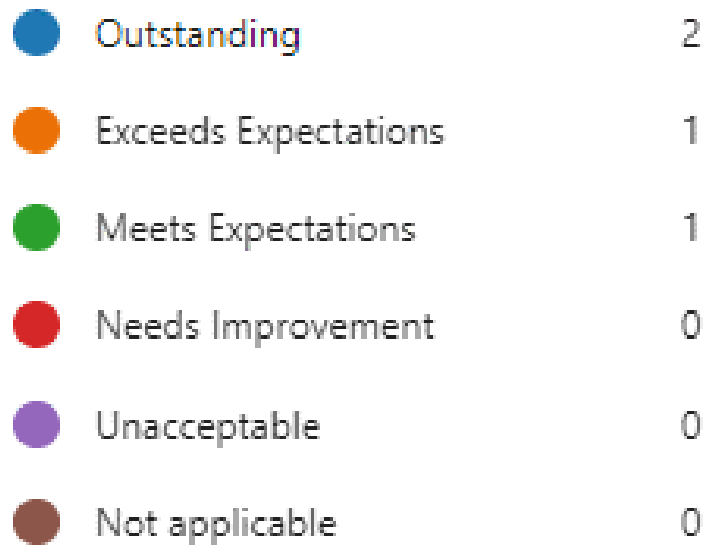
● Outstanding	2
● Exceeds Expectations	1
● Meets Expectations	1
● Needs Improvement	0
● Unacceptable	0
● Not applicable	0



# BOARD MEMBER SURVEY

10. The Land Commissioner provides effective oversight and management of the Department's surface and mineral acres.

[More Details](#)

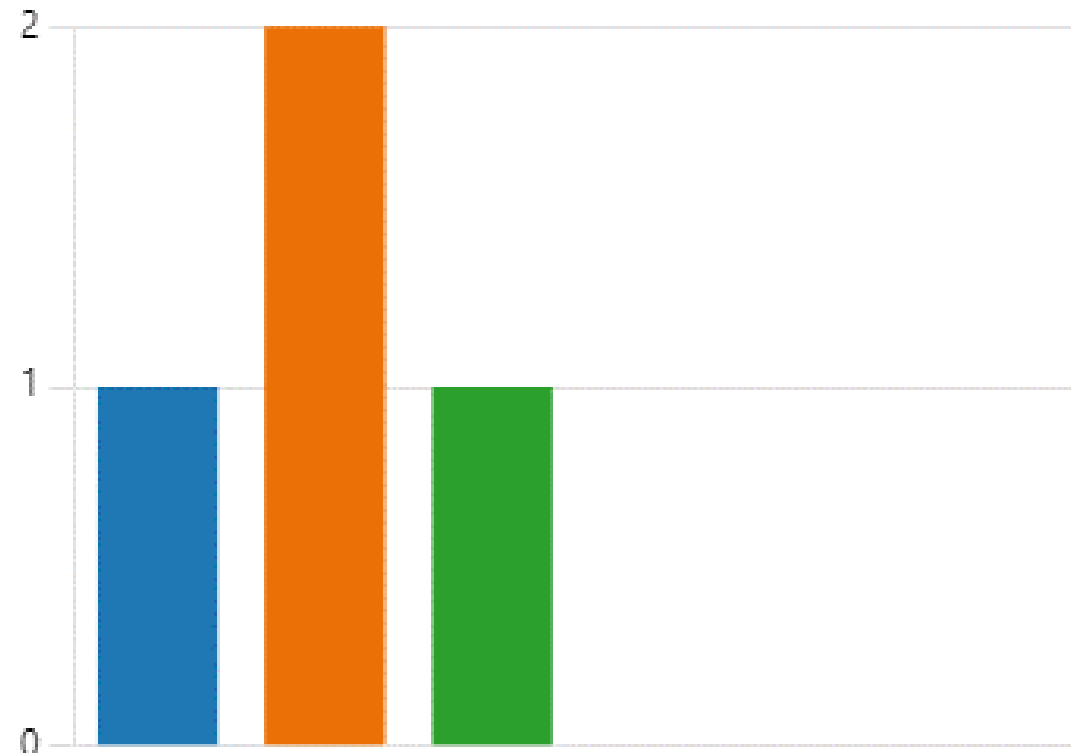


# BOARD MEMBER SURVEY

11. The Land Commissioner provides effective oversight and management of the North Dakota's Unclaimed Property Program.

[More Details](#)

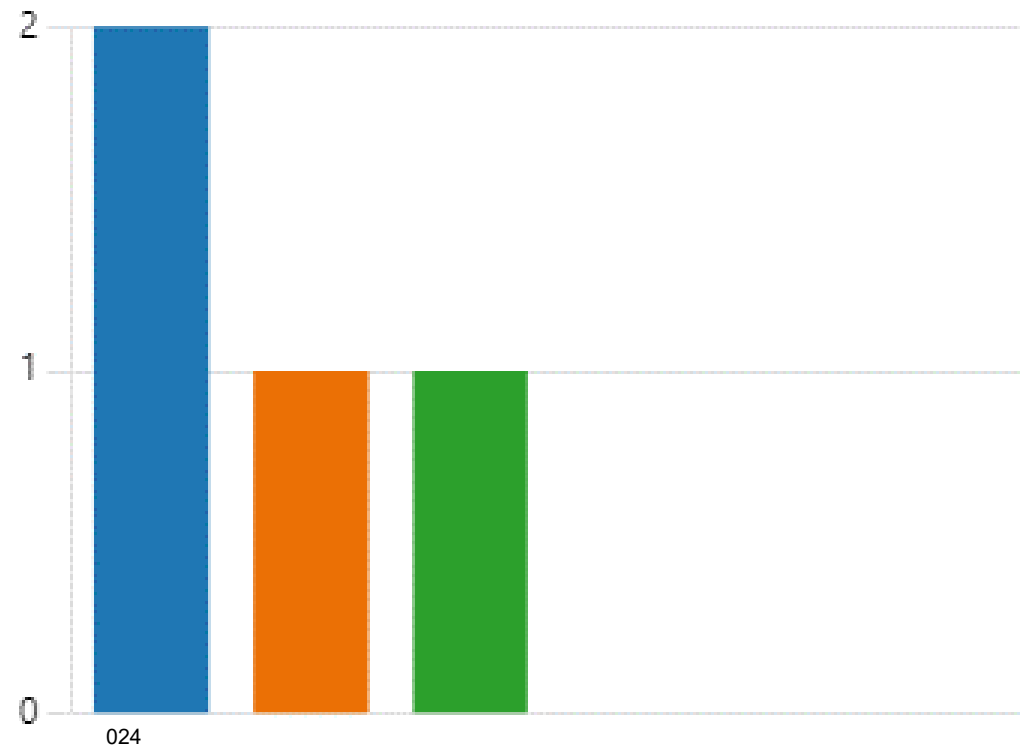
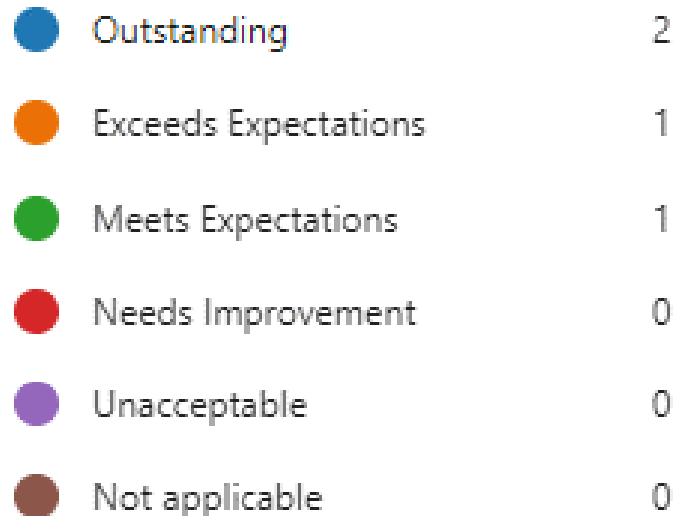
- Outstanding 1
- Exceeds Expectations 2
- Meets Expectations 1
- Needs Improvement 0
- Unacceptable 0
- Not applicable 0



# BOARD MEMBER SURVEY

12. Based on my observations at board meetings and other interactions, I believe the Land Commissioner fosters a work culture that is safe, fair, respectful, organized, and gives direction through the Department's goals and objectives.

[More Details](#)

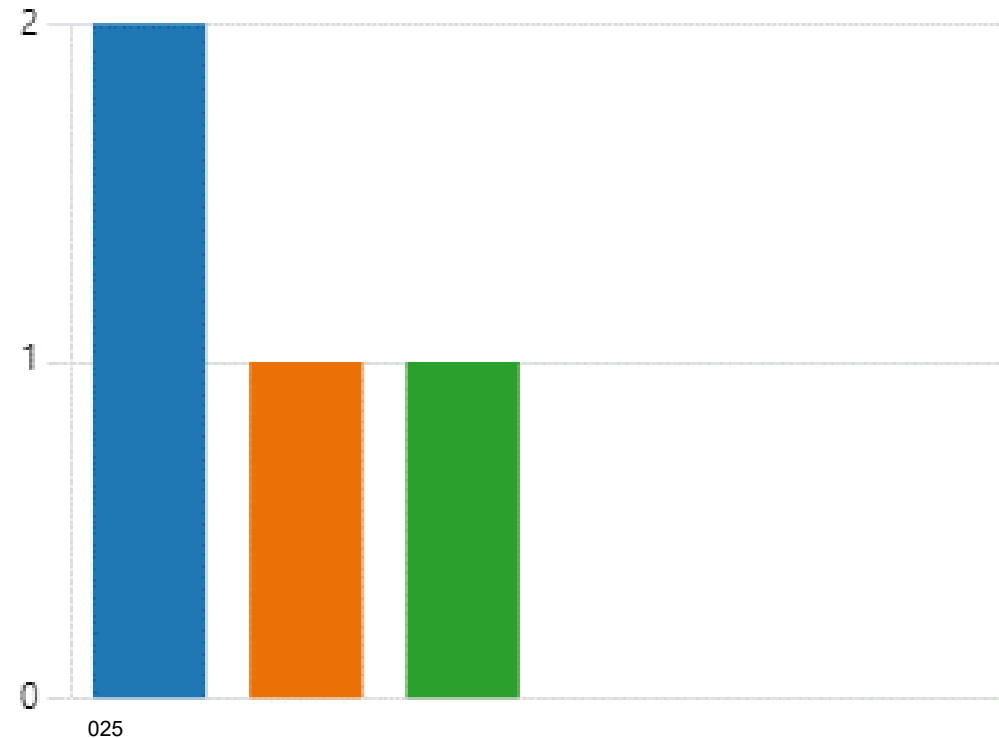
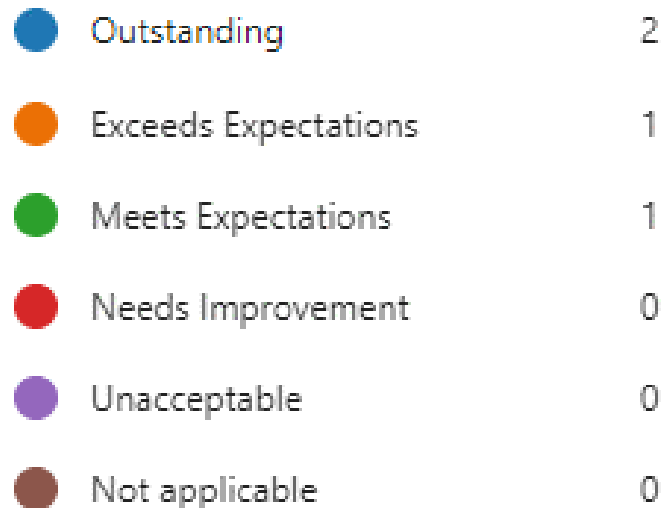




# BOARD MEMBER SURVEY

13. Based on my observations at board meetings and other interactions, I believe the Land Commissioner provides leadership, coaching and effective feedback to Land Department staff, recommending measures to improve performance and increase efficiency.

[More Details](#)

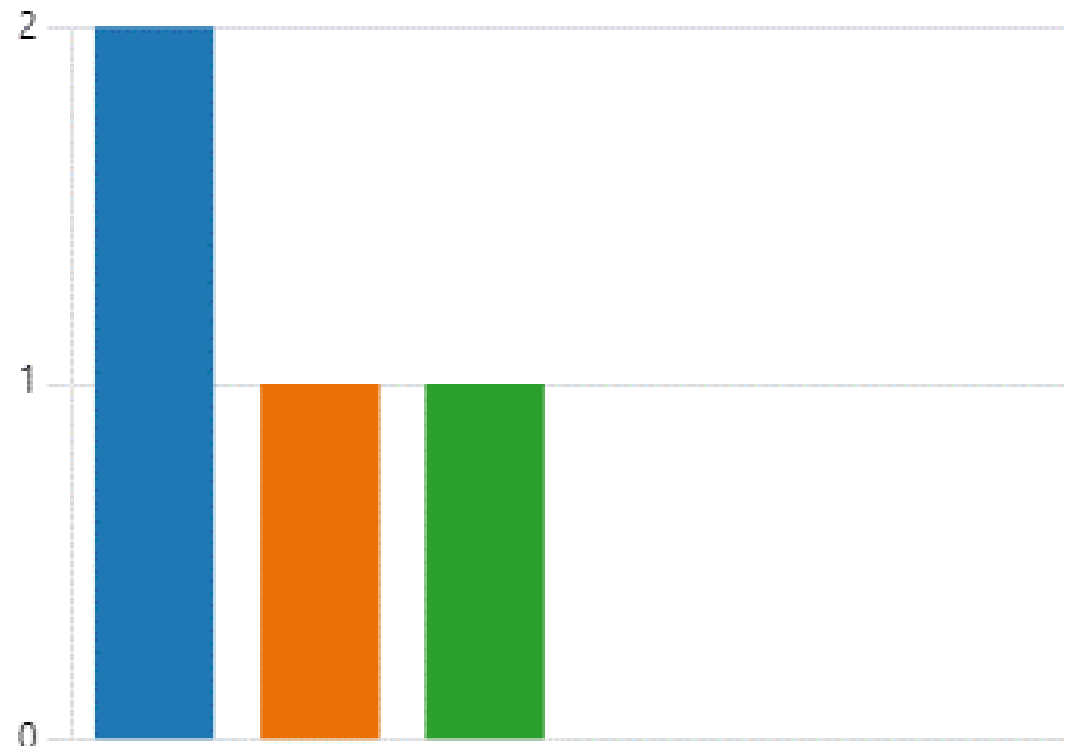


# BOARD MEMBER SURVEY

14. Based on my observations at board meetings and other interactions, I believe the Land Commissioner maintains and continues to develop positive working relationships across various agency units and levels.

[More Details](#)

- Outstanding 2
- Exceeds Expectations 1
- Meets Expectations 1
- Needs Improvement 0
- Unacceptable 0
- Not applicable 0



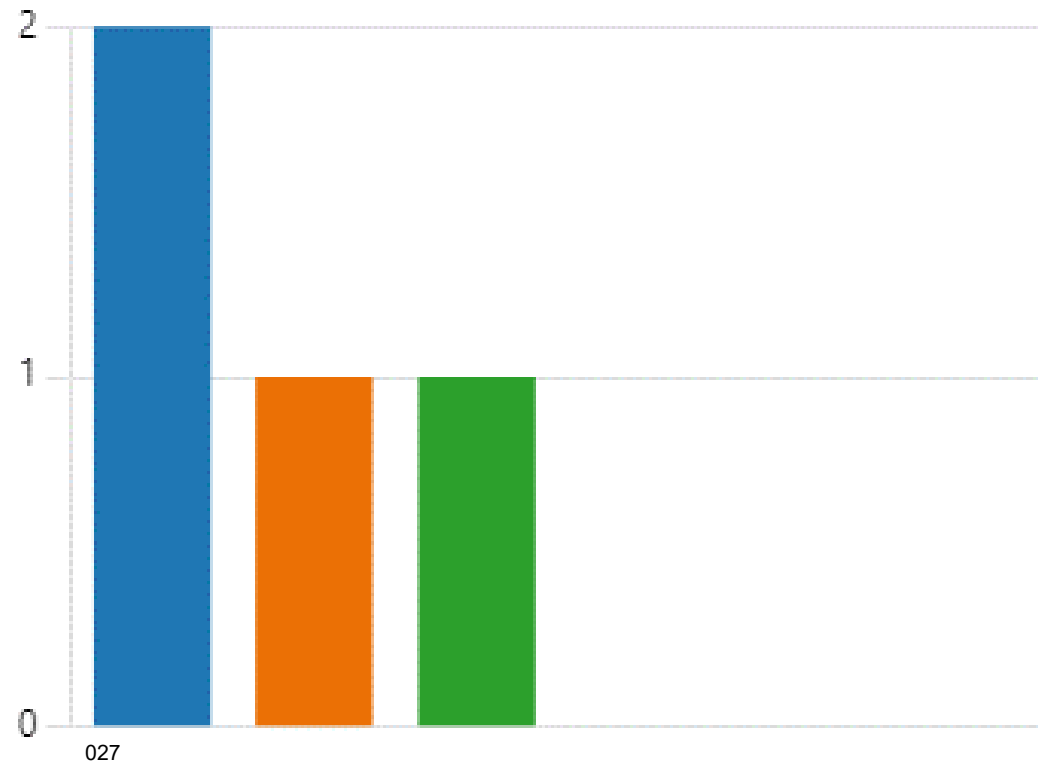


# BOARD MEMBER SURVEY

16. The Land Commissioner provides necessary information through regular effective communications and timely programs to various stakeholders.

[More Details](#)

- Outstanding 2
- Exceeds Expectations 1
- Meets Expectations 1
- Needs Improvement 0
- Unacceptable 0
- Not applicable 0

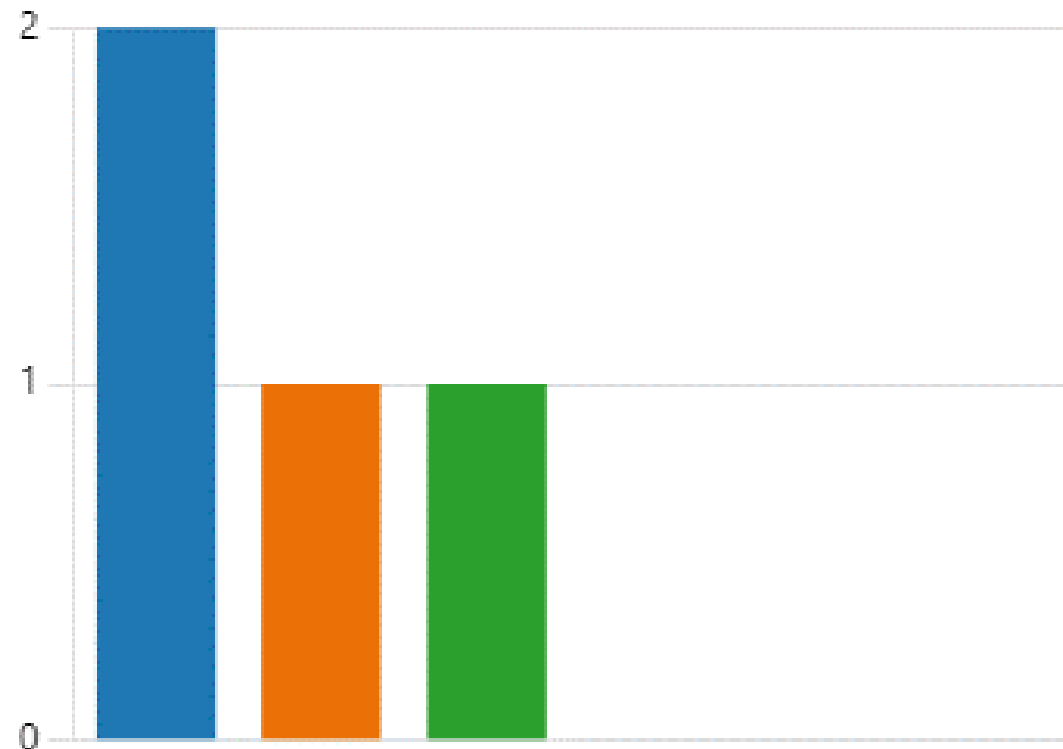


# BOARD MEMBER SURVEY

17. The Land Commissioner represents the objectives of the Land Department to business stakeholders, constituencies, political subdivisions, and the state legislature in an effective and knowledgeable manner.

[More Details](#)

- Outstanding 2
- Exceeds Expectations 1
- Meets Expectations 1
- Needs Improvement 0
- Unacceptable 0
- Not applicable 0

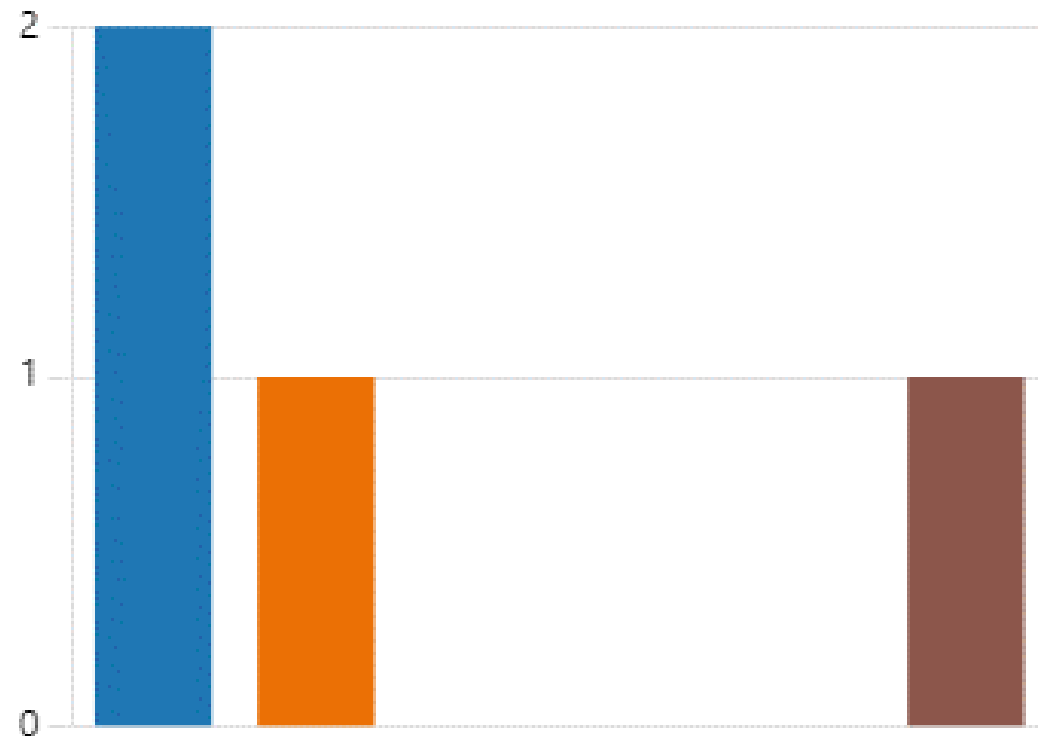


# BOARD MEMBER SURVEY

18. The Land Commissioner develops legislative proposals in concert with the Land Board and represents the board in communications and presentations to the legislature.

[More Details](#)

● Outstanding	2
● Exceeds Expectations	1
● Meets Expectations	0
● Needs Improvement	0
● Unacceptable	0
● Not applicable	1

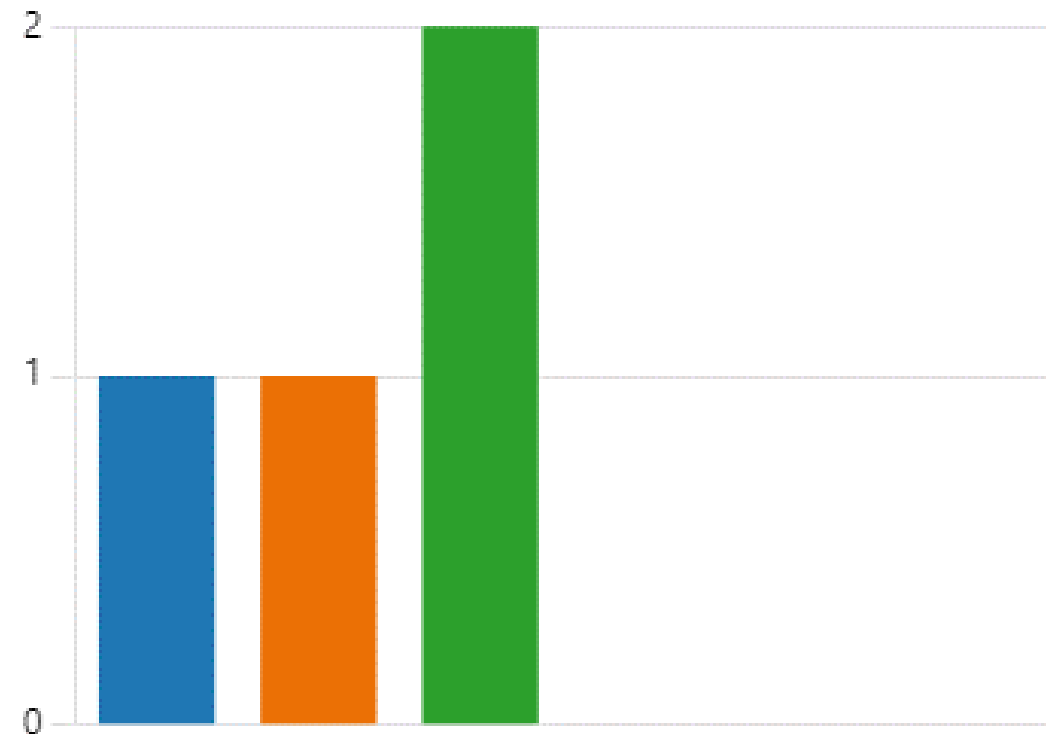


# BOARD MEMBER SURVEY

19. The Land Commissioner has developed a rapport with legislators to ensure the credible recognition and representation of the Land Board.

[More Details](#)

● Outstanding	1
● Exceeds Expectations	1
● Meets Expectations	2
● Needs Improvement	0
● Unacceptable	0
● Not applicable	0









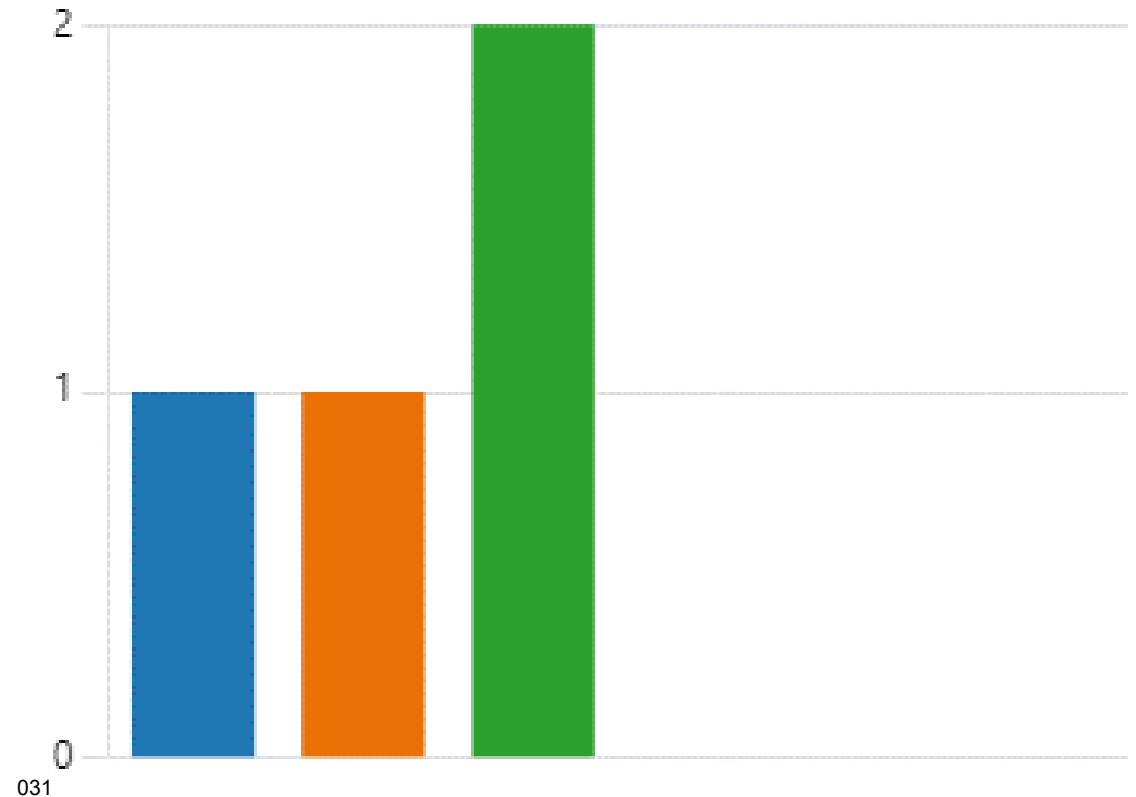


# BOARD MEMBER SURVEY

21. The Land Commissioner provides visionary and strategic leadership to the Land Board.

[More Details](#)

 Outstanding	1
 Exceeds Expectations	1
 Meets Expectations	2
 Needs Improvement	0
 Unacceptable	0
 Not applicable	0

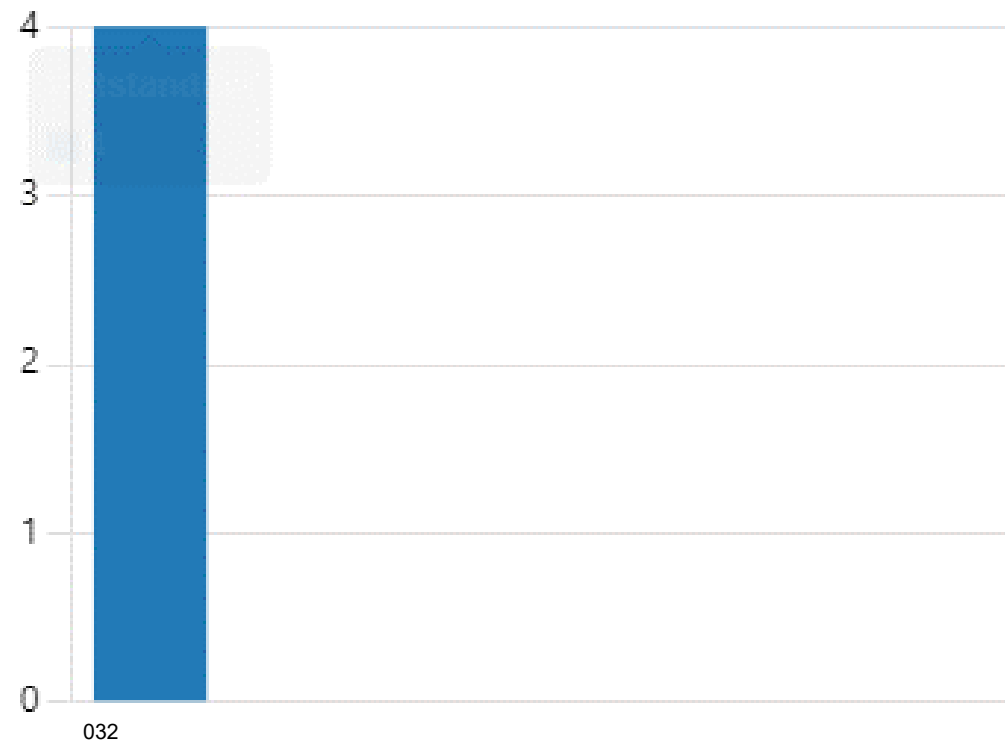


# BOARD MEMBER SURVEY

22. The Land Commissioner exhibits a positive and results-oriented style with a predisposition to building consensus and goal achievement through collaboration by exhibiting courtesy and respect in all interactions.

[More Details](#)

● Outstanding	4
● Exceeds Expectations	0
● Meets Expectations	0
● Needs Improvement	0
● Unacceptable	0
● Not applicable	0



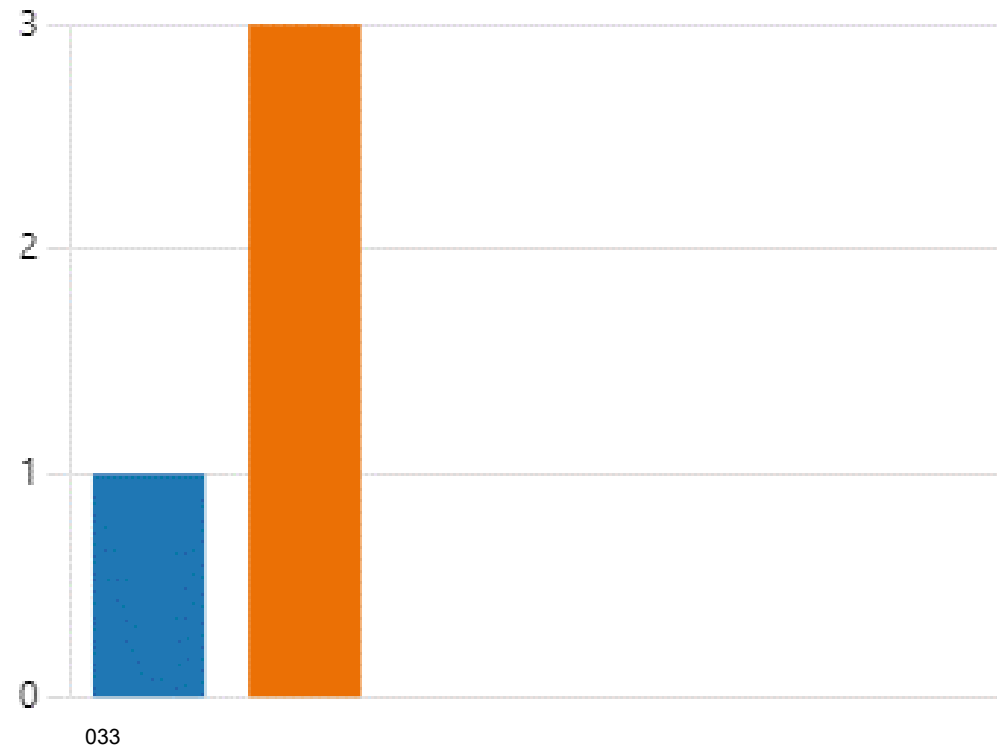


# BOARD MEMBER SURVEY

23. The Land Commissioner demonstrates the ability to dissect highly complex issues and effectively develop and communicate a corresponding plan of action.

[More Details](#)

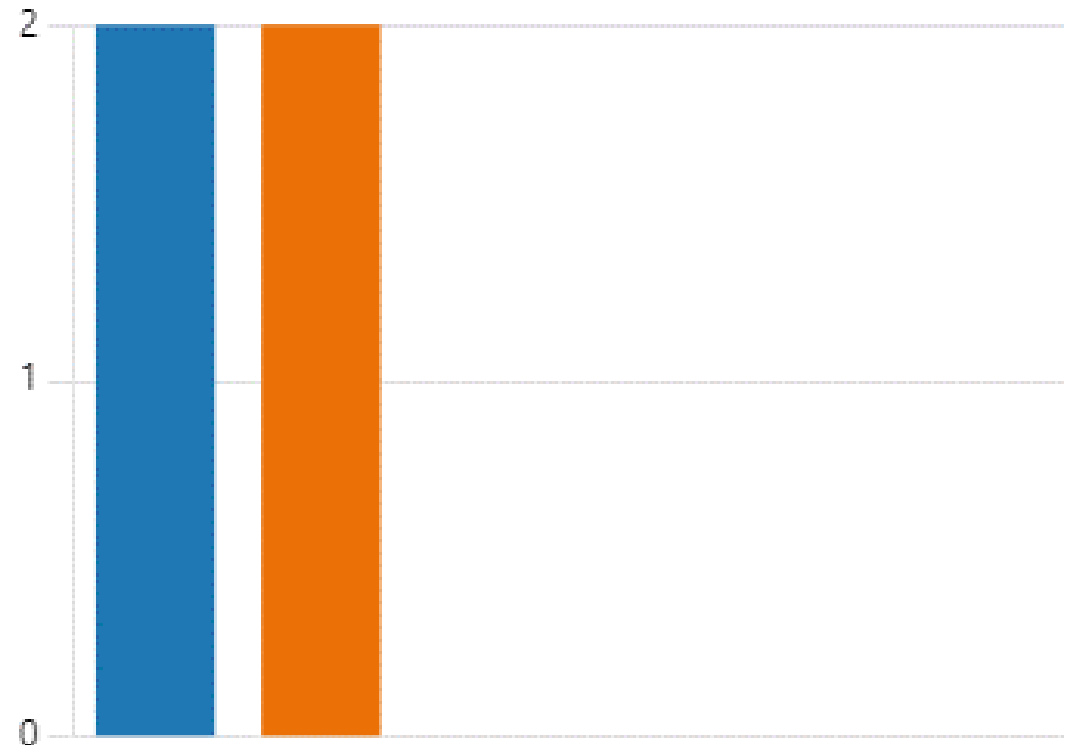
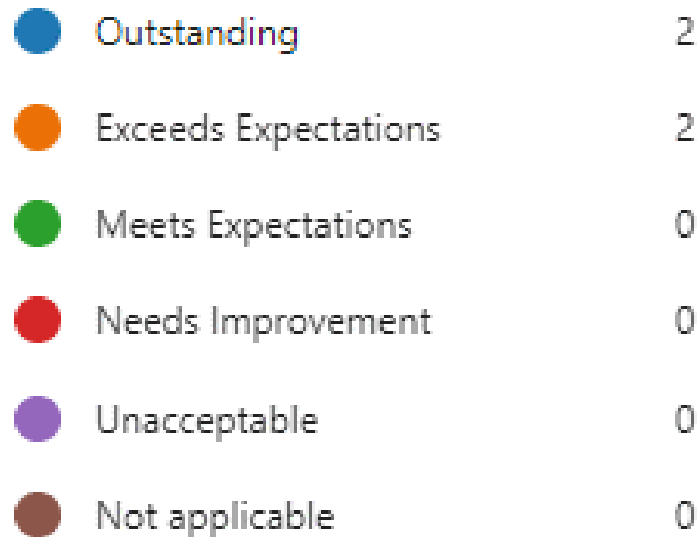
● Outstanding	1
● Exceeds Expectations	3
● Meets Expectations	0
● Needs Improvement	0
● Unacceptable	0
● Not applicable	0



# BOARD MEMBER SURVEY

24. Based on my observations at board meetings and other interactions, the Land Commissioner adheres to all material laws, rules, policies, procedures, and professional ethics.

[More Details](#)








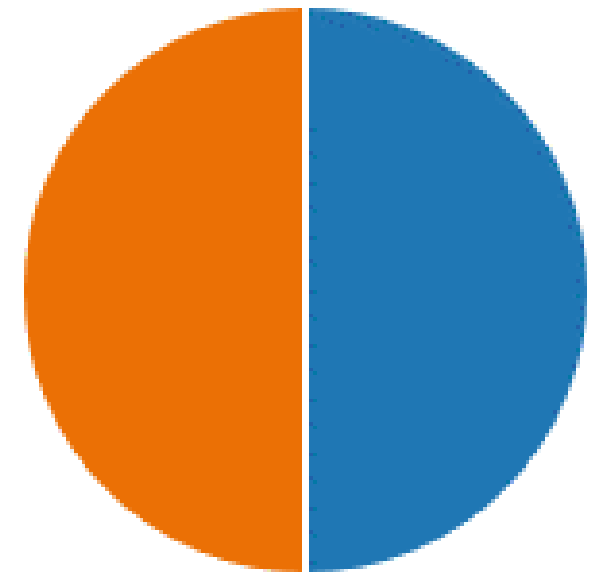


# BOARD MEMBER SURVEY

26. Overall, how satisfied are you with the job being done by the Land Commissioner?

[More Details](#)

 Outstanding	2
 Exceeds Expectations	2
 Meets Expectations	0
 Needs Improvement	0
 Unacceptable	0

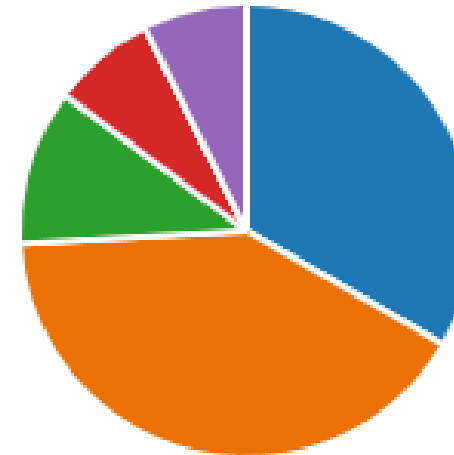


# TEAM MEMBER SURVEY

1. The Land Commissioner provides a clear sense of purpose and direction, roles and responsibilities, for me and our team as a whole.

## [More Details](#)

● Strongly agree	9
● Agree	11
● Neither agree nor disagree	3
● Disagree	2
● Strongly disagree	2



# TEAM MEMBER SURVEY

2. Team members have confidence in the Land Commissioner.

[More Details](#)

● Strongly agree	11
● Agree	11
● Neither agree nor disagree	2
● Disagree	2
● Strongly disagree	1

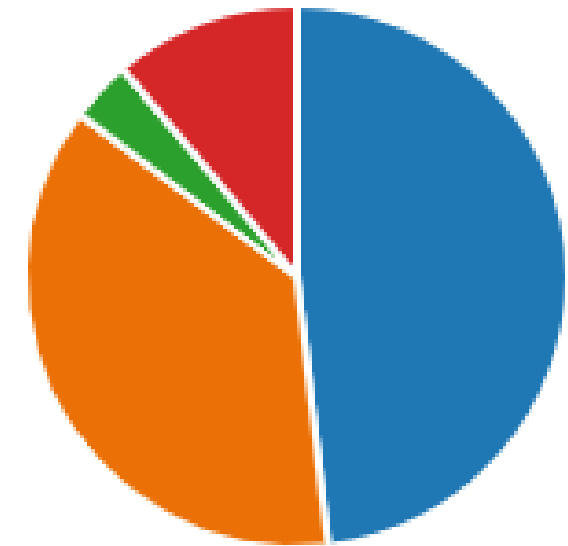


# TEAM MEMBER SURVEY

3. The Land Commissioner demonstrates integrity and sets an example for others to follow.

[More Details](#)

● Strongly agree	13
● Agree	10
● Neither agree nor disagree	1
● Disagree	3
● Strongly disagree	0

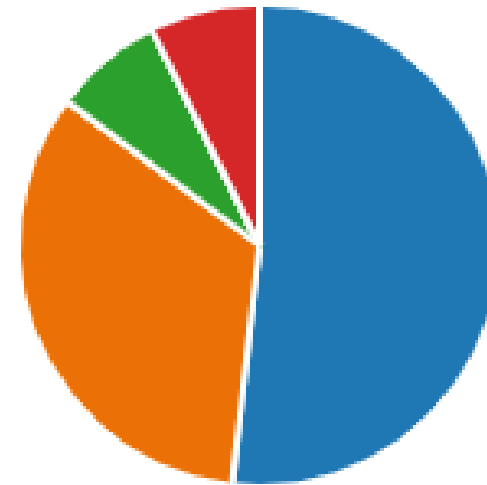


# TEAM MEMBER SURVEY

4. The Land Commissioner adheres to all material laws, rules, policies, procedures, and professional ethics.

[More Details](#)

● Strongly agree	14
● Agree	9
● Neither agree nor disagree	2
● Disagree	2
● Strongly disagree	0



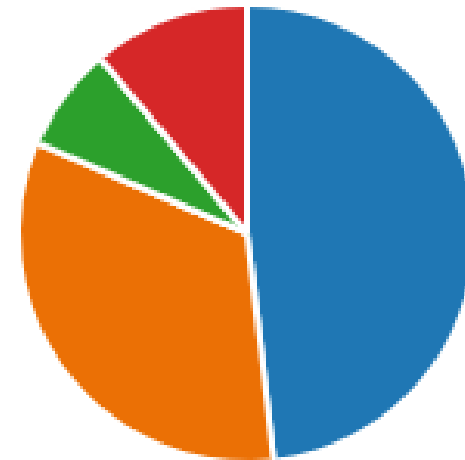


# TEAM MEMBER SURVEY

6. The Land Commissioner takes time to understand other perspectives and is open to changing their position, when appropriate.

[More Details](#)

● Strongly agree	13
● Agree	9
● Neither agree nor disagree	2
● Disagree	3
● Strongly disagree	0



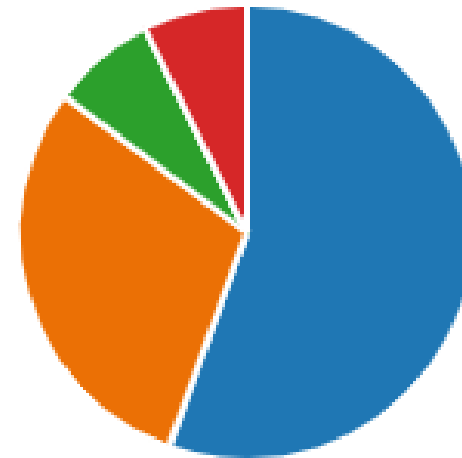


# TEAM MEMBER SURVEY

7. The Land Commissioner keeps team members informed about what is occurring throughout the organization, when appropriate.

[More Details](#)

● Strongly agree	15
● Agree	8
● Neither agree nor disagree	2
● Disagree	2
● Strongly disagree	0



# TEAM MEMBER SURVEY

8. Information and knowledge are shared openly within this organization.

[More Details](#)

● Strongly agree	11
● Agree	9
● Neither agree nor disagree	4
● Disagree	3
● Strongly disagree	0










# TEAM MEMBER SURVEY

10. The Land Commissioner seeks input from team members, as appropriate.

[More Details](#)

 Strongly agree	13
 Agree	10
 Neither agree nor disagree	2
 Disagree	2
 Strongly disagree	0



# TEAM MEMBER SURVEY

11. The Land Commissioner shows genuine concern for team members.

[More Details](#)

● Strongly agree	17
● Agree	6
● Neither agree nor disagree	3
● Disagree	1
● Strongly disagree	0

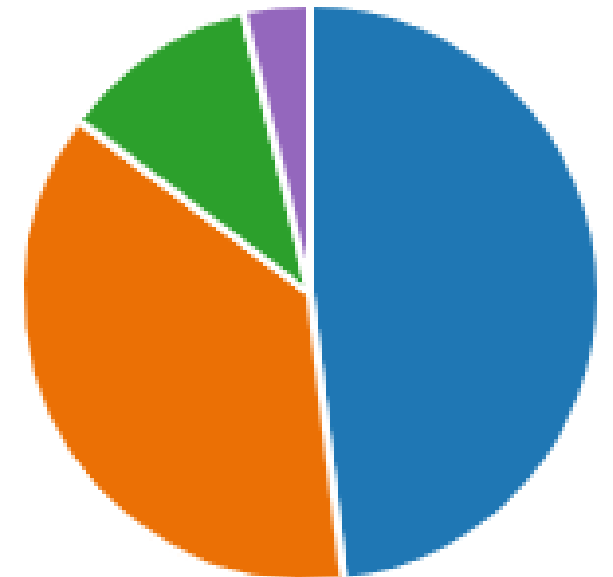


# TEAM MEMBER SURVEY

12. The Land Commissioner treats team members with respect and fairness.

[More Details](#)

● Strongly agree	13
● Agree	10
● Neither agree nor disagree	3
● Disagree	0
● Strongly disagree	1








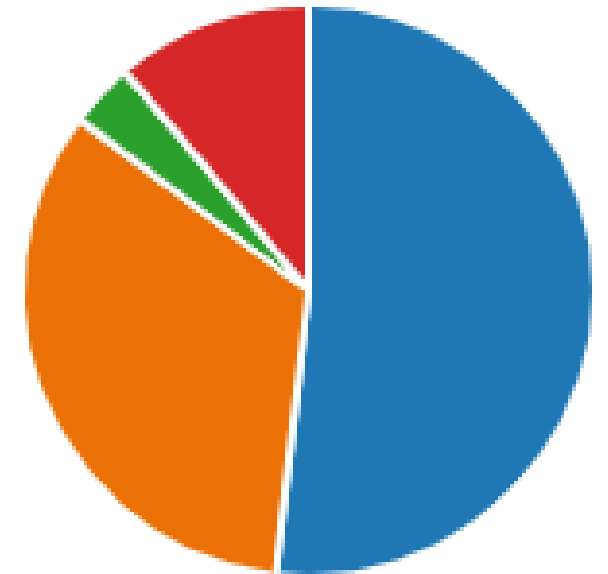


# TEAM MEMBER SURVEY

14. Overall, I am satisfied with the job being performed by the Land Commissioner?

[More Details](#)

 Strongly agree	14
 Agree	9
 Neither agree nor disagree	1
 Disagree	3
 Strongly disagree	0



# SURFACE DIVISION ENCUMBRANCES ISSUED

Encumbrances issued by Commissioner during April 2024: 17 Right of Way Agreements generating \$122,811 in income for the Trusts.



McKenzie County 145-102-14 in the fall of 2023. Photo Credit: Kayla Spangelo

# SURFACE DIVISION

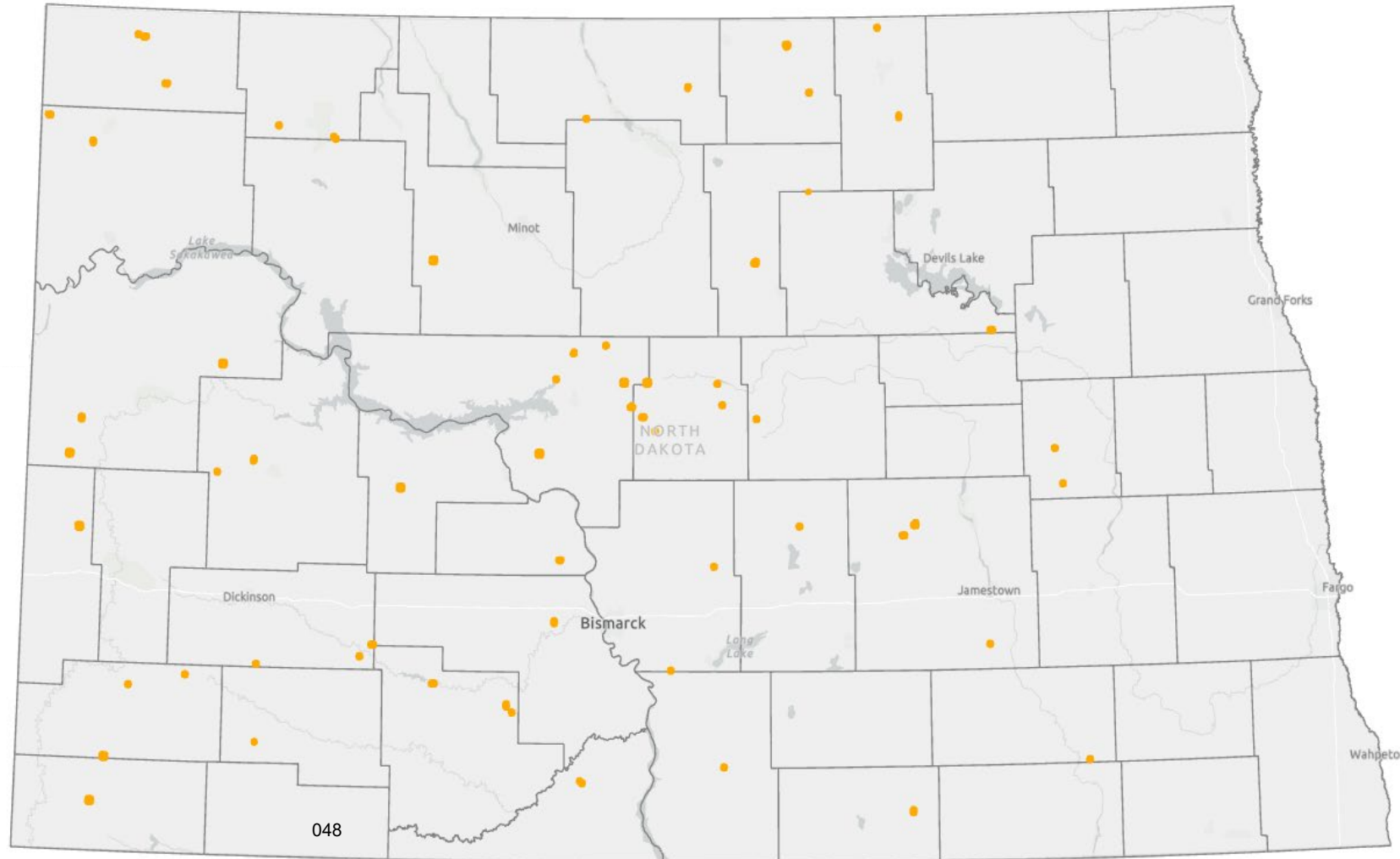
## 2024 SPRING AUCTION SUMMARY

Division staff conducted spring agricultural lease auctions in March and April (auctions were postponed due to weather).

This season was a record for revenue earned at spring auctions. Total opening bids at fair market value were \$232,103. With 66% of tracts receiving more than one bid we nearly doubled the opening bid value at a 92% increase to \$444,790.

### AUCTION SUMMARY

Counties	31
Total Tracts	110
Total Acres	17,980
Registered Bidders	104
Tracts Receiving Competition	66%
Highest Bid/Acre (Pasture)	\$81.25
Total Revenue	\$444,790

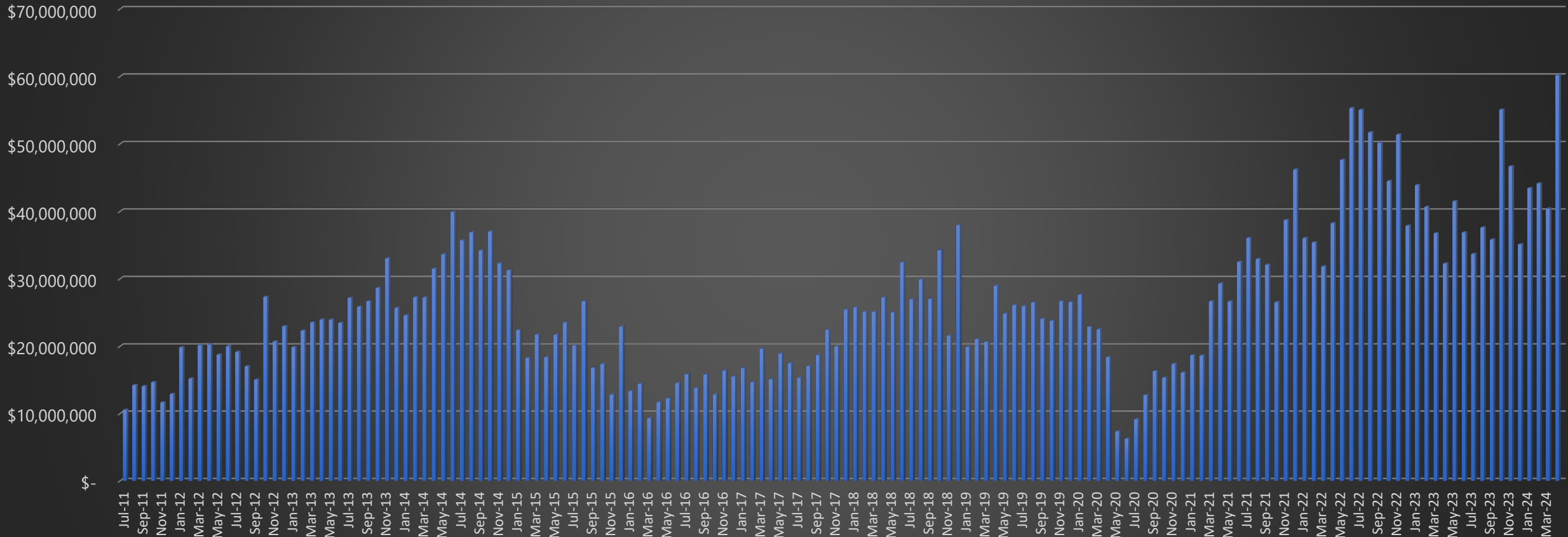




# MINERALS DIVISION FISCAL YTD O/G ROYALTIES

As of April 30, 2024\*, for fiscal year 2023-24 the Department has received **\$432,036,168** in royalties as compared to **\$444,140,970** last fiscal year at this time. This was a record month, with \$10 million of the \$60 million total related to royalty deduction settlements.

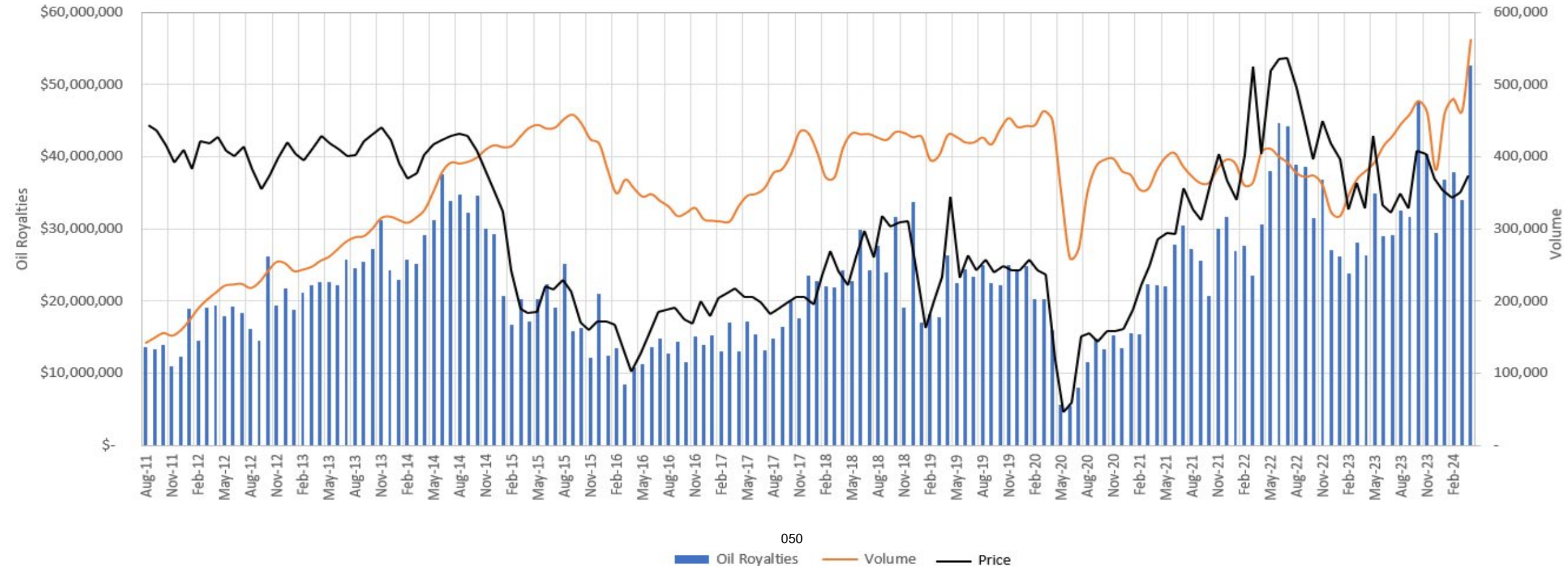
## ROYALTIES - CASH COLLECTED



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

# 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 stable, averaging 452,177 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.



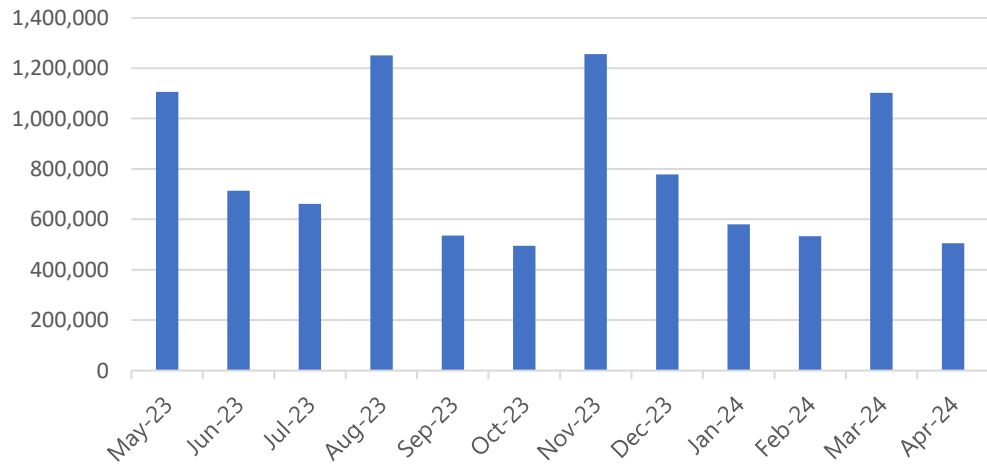
# UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

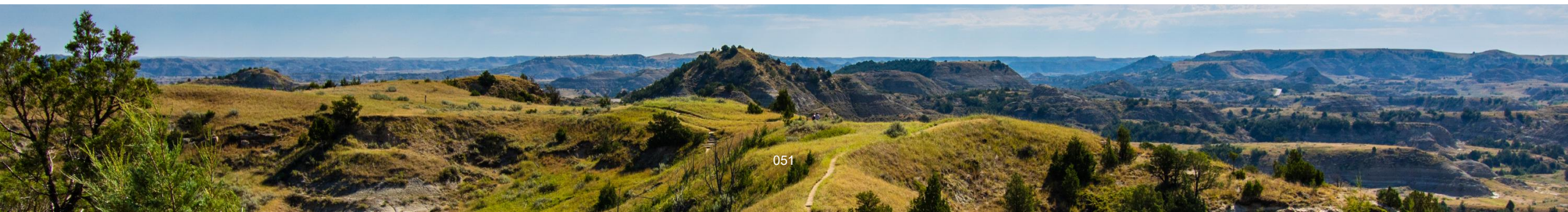
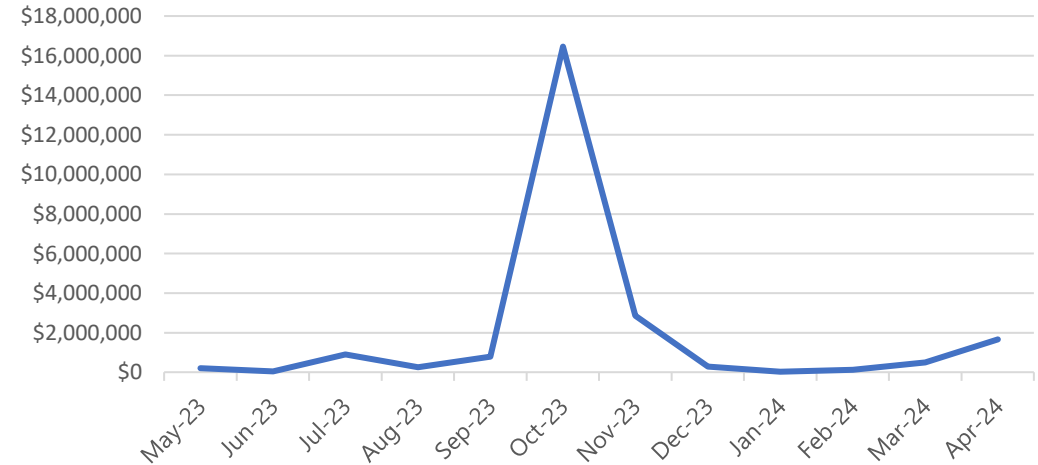
For the month of April 2024, the Division paid 564 claims with \$505,104 returned to rightful owners/heirs.

The Division also received 333 holder reports with a dollar value of \$1,664,930. The increase in holder reports is due to the Life Insurance Deadline being April 30.

TOTAL DOLLAR VALUE OF CLAIMS PAID



TOTAL VALUE OF PROPERTY REPORTED



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

**Q3 Pipeline**

Private Credit: opportunistic credit recommendation

**Capital Calls Funded (as of April 30, 2024):**

2023 \$80M

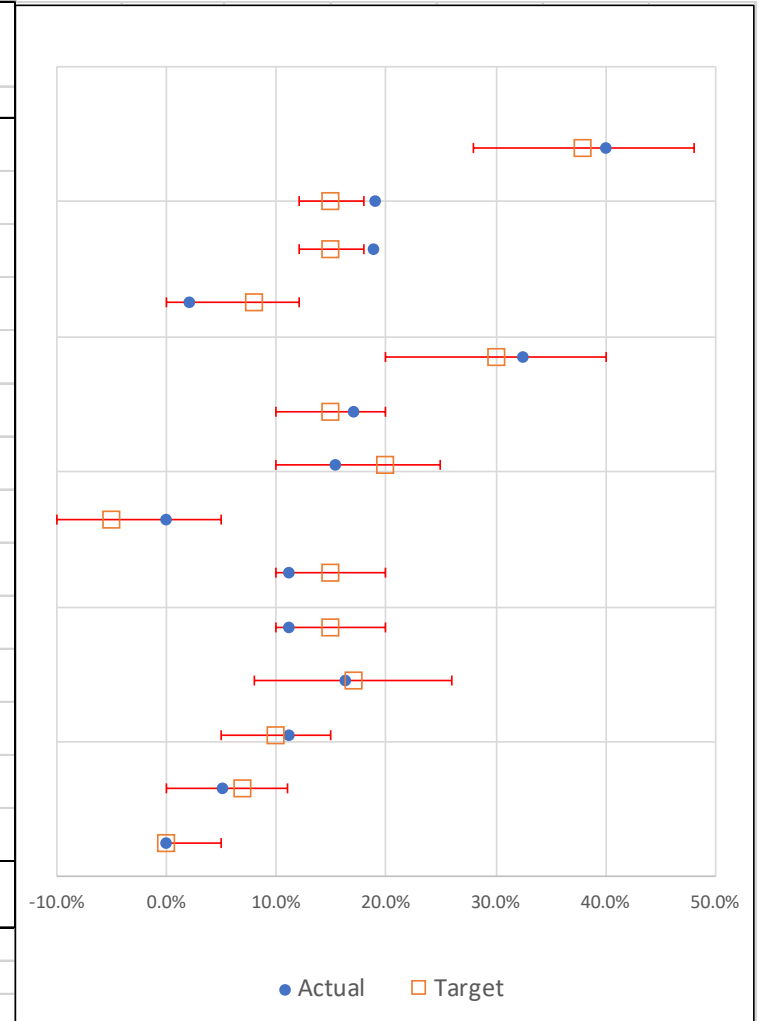
2024 YTD \$88M

**Total Unfunded Commitments \$1,102M (as of April 30, 2024):**

1. Private Credit, \$322M
  - i. *Ares Pathfinder Fund, \$14M*
  - ii. *Blue Owl Diversified Lending, \$48M*
  - iii. *Monarch Capital VI, \$60M*
  - iv. *Ares Pathfinder Core, \$200M*
  
2. Private Equity, \$626M
  - i. *GCM Grosvenor Private Equity, \$82M*
  - ii. *GCM Grosvenor Secondary Opportunities Fund III, \$98M*
  - iii. *Morgan Stanley Ashbridge TS Fund II, \$9M*
  - iv. *Khosla Ventures, \$27M*
  - v. *Blue Owl Strategic Equity, \$25M*
  - vi. *GCM Grosvenor Private Equity Series 2, \$300M*
  - vii. *Industry Ventures Partnership Holdings VII, \$50M*
  - viii. *Andreessen Horowitz Multiplexer, \$35M*
  
3. Real Assets, \$5M
  - i. *Hamilton Lane Infrastructure Opportunities Fund, \$5M*
  
4. Absolute Return, \$150M
  - i. *Millennium USA, \$150M*

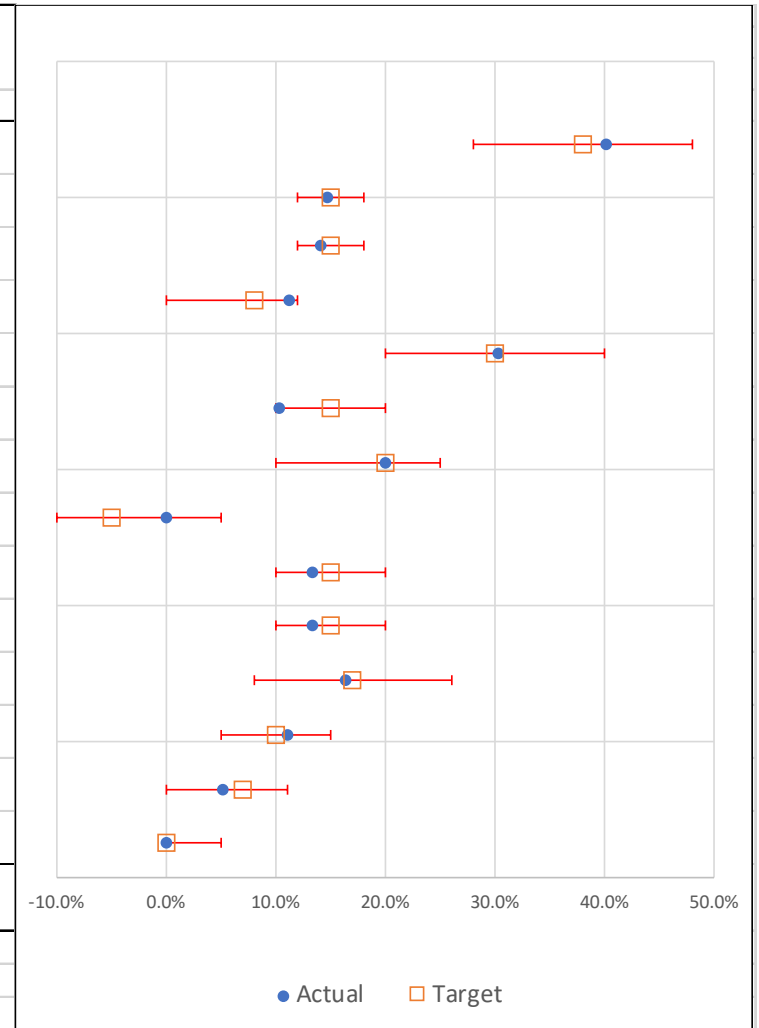
**Current Asset Allocation (unaudited)**

As of	Market Value (\$)	Actual	Target	Lower Range	Upper Range
April 30, 2024		●	□	└	┘
<b>Equity</b>	<b>2,773,927,457</b>	<b>40.1%</b>	<b>38.0%</b>	<b>28.0%</b>	<b>48.0%</b>
<i>Broad US Equity</i>	1,322,786,136	19.1%	15.0%	12.0%	18.0%
<i>Broad Int'l Equity</i>	1,304,903,662	18.8%	15.0%	12.0%	18.0%
<i>Private Equity</i>	146,237,659	2.1%	8.0%	0.0%	12.0%
<b>Fixed Income</b>	<b>2,247,308,081</b>	<b>32.5%</b>	<b>30.0%</b>	<b>20.0%</b>	<b>40.0%</b>
<i>Public Credit</i>	1,183,508,753	17.1%	15.0%	10.0%	20.0%
<i>Private Credit</i>	1,063,799,328	15.4%	20.0%	10.0%	25.0%
<i>Cash / (Implied Leverage)</i>	-	0.0%	-5.0%	-10.0%	5.0%
<b>Absolute Return</b>	<b>775,422,824</b>	<b>11.2%</b>	<b>15.0%</b>	<b>10.0%</b>	<b>20.0%</b>
<i>Multi-Strategy Hedge Fund</i>	775,422,824	11.2%	15.0%	10.0%	20.0%
<b>Real Assets</b>	<b>1,128,648,048</b>	<b>16.3%</b>	<b>17.0%</b>	<b>8.0%</b>	<b>26.0%</b>
<i>Real Estate</i>	774,377,843	11.2%	10.0%	5.0%	15.0%
<i>Private Infrastructure</i>	354,270,205	5.1%	7.0%	0.0%	11.0%
<b>Opportunistic Investments</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.0%</b>
<b>Portfolio Total</b>	<b>6,925,306,409</b>	<b>100.0%</b>			



**Hypothetical Asset Allocation (after funding all commitments)**

As of	Market Value (\$)	Actual	Target	Lower Range	Upper Range
April 30, 2024		●	□	└	┘
<b>Equity</b>	2,773,927,457	40.1%	38.0%	28.0%	48.0%
<i>Broad US Equity</i>	1,022,786,136	14.8%	15.0%	12.0%	18.0%
<i>Broad Int'l Equity</i>	978,903,662	14.1%	15.0%	12.0%	18.0%
<i>Private Equity</i>	772,237,659	11.2%	8.0%	0.0%	12.0%
<b>Fixed Income</b>	2,097,308,081	30.3%	30.0%	20.0%	40.0%
<i>Public Credit</i>	711,508,753	10.3%	15.0%	10.0%	20.0%
<i>Private Credit</i>	1,385,799,328	20.0%	20.0%	10.0%	25.0%
<i>Cash / (Implied Leverage)</i>	-	0.0%	-5.0%	-10.0%	5.0%
<b>Absolute Return</b>	925,422,824	13.4%	15.0%	10.0%	20.0%
<i>Multi-Strategy Hedge Fund</i>	925,422,824	13.4%	15.0%	10.0%	20.0%
<b>Real Assets</b>	1,128,648,048	16.3%	17.0%	8.0%	26.0%
<i>Real Estate</i>	769,377,843	11.1%	10.0%	5.0%	15.0%
<i>Private Infrastructure</i>	359,270,205	5.2%	7.0%	0.0%	11.0%
<b>Opportunistic Investments</b>	-	0.0%	0.0%	0.0%	5.0%
<b>Portfolio Total</b>	6,925,306,409	100.0%			



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

**MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS**  
 May 31, 2024

**RE: Absolute Return – Multi-Strategy Hedge Fund**

The current 11.2% multi-strategy hedge fund allocation represents a \$260M underweight to the 15% strategic asset allocation target. The goal of this proposal is to increase the multi-strategy hedge fund allocation, consistent with strategic asset allocation targets.

Staff recommends complementing the absolute return portfolio with additional macro hedge fund exposure. Macro hedge funds trade global rates, bonds and currencies based on macroeconomic factors such as economic growth, inflation, and global central bank policy. Adding a macro-focused multi-strategy hedge fund manager will help diversify the Land Board’s absolute return portfolio. Staff and RVK reviewed a competitive set of multi-strategy hedge fund managers, focusing on track record and expected correlation to the existing portfolio.

Staff and RVK recommend a commitment to Brevan Howard Alpha Strategies (BHAL). Brevan Howard was founded in 2002 by Alan Howard and currently manages \$35B in assets with 1,100 employees across 8 global trading offices. Brevan Howard has built a brand as a premier macro trading institution. Macro is traditionally known as a high volatility, directional (unhedged) strategy. However, with its sophisticated risk management infrastructure and launch of BHAL in 2018, Brevan Howard is one of few institutions trading macro in a risk-managed, relative value (hedged) style.

BHAL manages over \$12B across 100 portfolio managers and 9 trading strategies – (1) developed market rates, (2) directional macro, (3) emerging market rates, (4) volatility, (5) foreign currency, (6) developed market bond relative value, (7) liquid credit, (8) systematic/quant, (9) digital assets. BHAL has a proven track record of delivering positive returns during crisis periods, including March 2020 and calendar year 2022. The strategy exhibits low correlation to the current Land Board absolute return portfolio and low beta to the broad equity and bond market indices.

**Recommendation: The Board approve up to a \$100M investment to Brevan Howard Alpha Strategies, subject to standard legal review/documentation.**

Attachment 1: RVK Executive Summary

Attachment 2: Brevan Howard Presentation

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



## Memorandum

To	North Dakota Board of University and School Lands
From	RVK, Inc.
Subject	Hedge Fund Recommendation – Brevan Howard Capital Management LP
Date	May 31, 2024

### Executive Summary

The North Dakota Board of University and School Lands (“Land Board”) approved an updated strategic asset allocation during its June 29, 2023 meeting that included increasing its multi-strategy hedge fund exposure to 15% target weight. Since that time, the Land Board has expanded its portfolio of multi-strategy hedge fund investments. RVK, with staff, determined that the most attractive hedge fund investment at this time would be a diversifying macro focused hedge fund investment. This type of hedge fund investment carries a differentiated return stream that complements the existing portfolio of multi-strategy hedge funds, as well as the broader Land Board portfolio. In conjunction with Staff, RVK identified Brevan Howard as an attractive multi-manager platform to complement the current portfolio.

### Recommendation

RVK recommends the Land Board invest up to \$100 million in Brevan Howard Alpha Strategies Master Fund Limited (the “Brevan Howard Alpha Strategies Fund” or the “Fund”). Since its founding in 2002, Brevan Howard has proven its ability to profit from market dislocation events and produce a consistent inversely correlated return stream.

### Investment Rationale:

Brevan Howard Capital Management LP (“Brevan Howard” or the “Firm”) has numerous advantages that together create a competitive edge relative to peers. The Firm’s expertise in interest rate trading, dedicated team of economists, robust proprietary data, and wide array of macro oriented strategies would be difficult to replicate.

RVK and Staff acknowledge the higher fee terms associated with an investment in the Brevan Howard Alpha Strategies Fund can be viewed as substantial. The Firm charges partial pass-through fees to investors beyond its standard management and incentive fees. However, this is not an uncommon feature for multi-manager platforms, and the expenses that Brevan Howard passes through to investors is consistent with peers, while the management fee and incentive fee are lower than the industry standard of “2% and 20%”.

RVK views the Brevan Howard Alpha Strategies Fund as a potential satellite allocation in a client’s portfolio of hedge funds. The Fund can serve as a strong diversifier to compliment core holdings, and can be viewed as a potential hedge to traditional assets.



## **Manager Overview: Brevan Howard**

Brevan Howard is a European alternative investment manager founded in 2002 by Alan Howard, Chris Rokos and other former colleagues of Credit Suisse. As of December 31st, 2023, the firm managed \$35.6 billion in investor capital and maintains a diverse investor base which includes pensions, sovereign wealth, endowments, foundations, insurance companies, banks, high net worth individuals and families, fund of funds, and Brevan Howard executives and employees. The firm is headquartered in Jersey with the majority of its employees located in London. It has a global presence with main trading hubs in London, Jersey, Geneva, New York, Austin, Hong Kong, Singapore and Abu Dhabi. Today, Brevan Howard employs approximately over 1,100 personnel worldwide, including over 450 investment professionals and the remainder non-investment professionals.

## **Investment Overview**

Brevan Howard operates as a multi-manager platform. Unlike traditional hedge funds, Brevan Howard delegates investment decision making authority to over 100, independent portfolio management teams each managing an allocation of the broader fund. This results in a highly diversified portfolio of strategies and investment decision makers. Brevan Howard's investment results are dependent on central bank activity, interest rate volatility, market dislocation events, and the Firm's ability to allocate to the most profitable portfolio management teams. Brevan Howard approaches capital allocation by first determining the proportions of its two core strategy sleeves:

- **Macro-Style:** Macro-style strategies aim to deliver an “orthogonal” return stream. Portfolio managers are looking to hit “home runs” with returns generated from regime shifts in monetary and fiscal cycles or political events. Trades are highly directional and have long-term investment horizons. Portfolios are concentrated with a higher drawdown tolerance. Many of these strategies are highly “optionalized” and designed to provide an asymmetric payoff profile. Portfolio managers seek cheap optionality to deliver outsized “hockey-stick” like returns in crisis events.
- **Alpha-Style:** Alpha-style strategies aim to deliver a consistent return profile irrespective of market environment. Portfolio managers seek to hit “singles and doubles” with relative value oriented trades, generating returns from inter-market and intra-market price dislocations. Trades are structured under a relative value framework and are more market neutral in nature. Alpha-style portfolios are more diversified than macro-style portfolios and have a lower tolerance for drawdowns.



The Brevan Howard Alpha Strategies Fund is a blend of the two styles, with one producing lumpier yet higher expected returns, and the other with more consistent yet lower expected returns. As its name suggests, the Brevan Howard Alpha Strategies Fund has a bias toward alpha-style strategies, with approximately 65% of the Fund allocated to alpha strategies. This is intended to provide investors with an “all-weather” return stream, while retaining some directional exposure that is designed to produce outsized, asymmetric returns during market dislocation events.

### **Track Record**

The Brevan Howard Alpha Strategies Fund track record has been strong since the inception. Although the track record of this particular fund is relatively short, it has highlighted the managers ability to profit on market dislocation events such as the COVID-19 pandemic and the inflationary environment of 2022. Since inception, the Fund’s Class I<sup>1</sup> (1% & 15% plus relevant pass-through fees) has generated net returns of 11.1% with a standard deviation of 6.13%, resulting in a Sharpe of 1.49. The Fund has exhibited a strong inverse correlation to traditional assets, with a correlation to the S&P500 and MSCI ACWI since inception at -.30 and -.31, respectively. The Fund’s beta to both the S&P500 and MSCI ACWI also highlights its inverse relationship to traditional assets, with betas of -.09 and -.10. The Fund has performed well during difficult periods for broad markets. The Fund has returned 2.52% on average during the worst 10 months for US equities since inception. The Fund has also produced 9.81% of alpha since inception above the MSCI ACWI, which compares favorably to the 1.17% of alpha over the same index generated by the HFRI RV: Multi-Strategy Index.

<sup>1</sup> Performance data is based on simulated returns for Class I USD from 3 September 2018 to 31 December 2022 and actual returns for Class I USD from 1 January 2023 onwards. Please refer the BHAL presentation for details on the BHAL Combined Trader Track Record Calculation Methodology. No investor has received these returns on a standalone basis. Past performance is not indicative of future results. Performance calculations are as of 31 December 2023. All performance numbers in this memo were independently calculated by RVK and may slightly differ from what the manager reports.

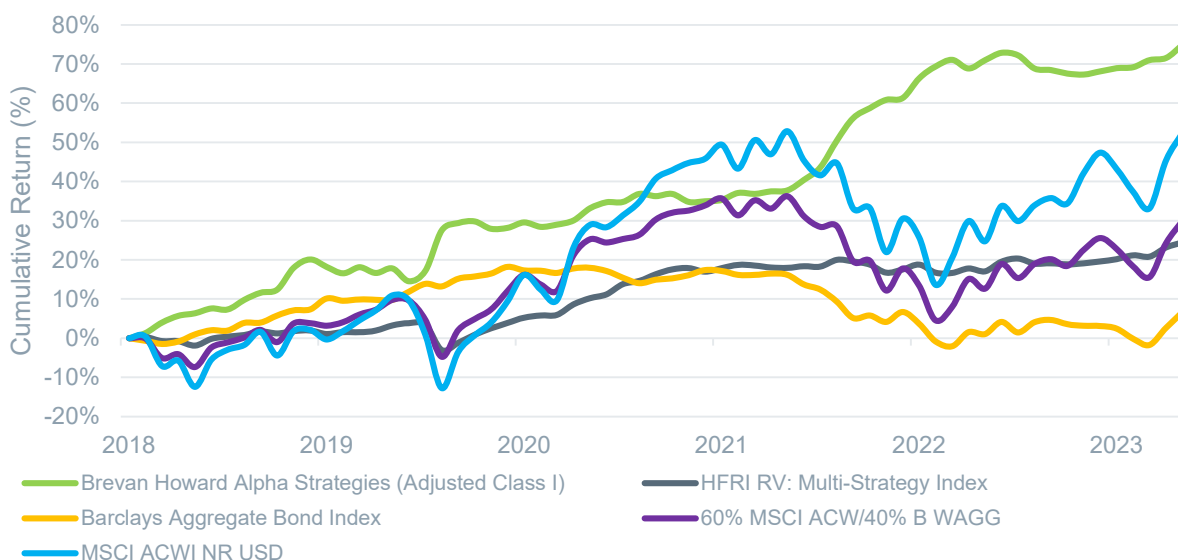
### Exhibit 1: Annualized Returns

Trailing Annualized Returns (as of 12/31/2023)	QTD	1 YR	2 YRs	3 Yrs	4 Yrs	5 Yrs	Since Inception
<b>Brevan Howard Alpha Strategies<sup>2</sup></b>	<b>3.4</b>	<b>2.3</b>	<b>12.7</b>	<b>9.5</b>	<b>10.4</b>	<b>10.5</b>	<b>11.1</b>
<i>HFRI RV: Multi-Strategy Index</i>	2.7	6.3	2.7	4.1	4.8	4.9	4.2
<i>MSCI ACWI</i>	11.0	22.2	-0.1	5.7	8.3	11.7	8.2
<i>Barclays Global Agg</i>	8.1	5.7	-5.9	-5.5	-2.0	-0.3	-0.2
<i>60% ACWI/40% BGbl AGG</i>	9.9	15.4	-2.3	1.2	4.3	7.0	5.0

### Exhibit 2: 5-Year MPT Statistics

5 Year MPT Stats	Return	StDev%	Sharpe Ratio	Max Drawdown	Time to Recover (Months)	CvaR(95%)
<b>Brevan Howard Alpha Strategies<sup>2</sup></b>	<b>10.5</b>	<b>6.3</b>	<b>1.4</b>	<b>-4.6</b>	<b>2.0</b>	<b>2.9</b>
<i>HFRI RV: Multi-Strategy Index</i>	4.9	4.5	0.7	-6.6	4.0	3.7
<i>MSCI ACWI</i>	11.7	17.9	0.5	-25.6	15.0	11.6
<i>Barclays Global Agg</i>	-0.3	7.5	-0.3	-24.2	14.0	4.9
<i>60% ACWI/40% BGbl AGG</i>	7.0	12.9	0.4	-23.3	15.0	8.6
<i>S&amp;P 500 Index</i>	15.7	18.5	0.7	-23.9	15.0	11.5

### Exhibit 3: Cumulative Performance Since Inception



<sup>2</sup> Performance data is based on simulated returns for Class I USD from 3 September 2018 to 31 December 2022 and actual returns for Class I USD from 1 January 2023 onwards. Please refer the BHAL presentation for details on the BHAL Combined Trader Track Record Calculation Methodology. No investor has received these returns on a standalone basis. Past performance is not indicative of future results. Performance calculations are as of 31 December 2023. All performance numbers in this memo were independently calculated by RVK and may slightly differ from what the manager reports.

## Key Terms

<b>Management Fee</b>	<b>Class I Shares / Interests:</b> 1% annual management fee, payable monthly in arrears.
<b>Profit Allocation (Incentive Fee)</b>	<b>Class I Shares / Interests:</b> 15% of appreciation in excess of highwater mark.
<b>Pass-through Fees</b>	Pro-rata pass-through fee covering fixed, variable, and other investment related expenses.  <b>Fixed Expenses:</b> Investment staff salary and benefits. <b>Variable Expenses:</b> Investment staff performance based bonus compensation. <b>Other Expenses:</b> Non-investment staff salary and benefits, recruitment, fund marketing, legal services, tax services, computer hardware, software and market data, travel, staff relocation, professional development, and office space overhead.
<b>Side Pockets</b>	Not offered.
<b>Minimum Initial Investment</b>	<b>Class I Shares:</b> USD 10,000,000, or EUR 10,000,000, or GBP 10,000,000, or CHF 10,000,000, or JPY 1,000,000,000.  <b>Series I Interests:</b> USD 10,000,000.
<b>Subscription Frequency</b>	Monthly.
<b>Withdrawal Frequency</b>	Monthly, upon at least 3 months' notice.
<b>Soft Gate*</b>	12.5% of investor's total investment within any rolling 3-month period.  Redemptions in excess of 12.5% will be honored, but subject to the conditional redemption fee.
<b>Conditional Redemption Fee**</b>	<b>Class I Shares / Interests:</b> 5% redemption fee payable on class I excess shares / interests.

*\*This is not an official term included in the Fund offering documents. It is included here for the avoidance of doubt and to better understand the conditional redemption fee. Please refer to the Fund offering documents for full details.*

*\*\*Conditional redemption fee applies only to "excess shares/interests," redemptions in excess of 12.5% of an investors' total investment within any rolling 3-month period. Please refer to the Fund offering documents for full details.*

BREVAN HOWARD

MAY 2024

# Introduction to Brevan Howard Alpha Strategies Master Fund Limited

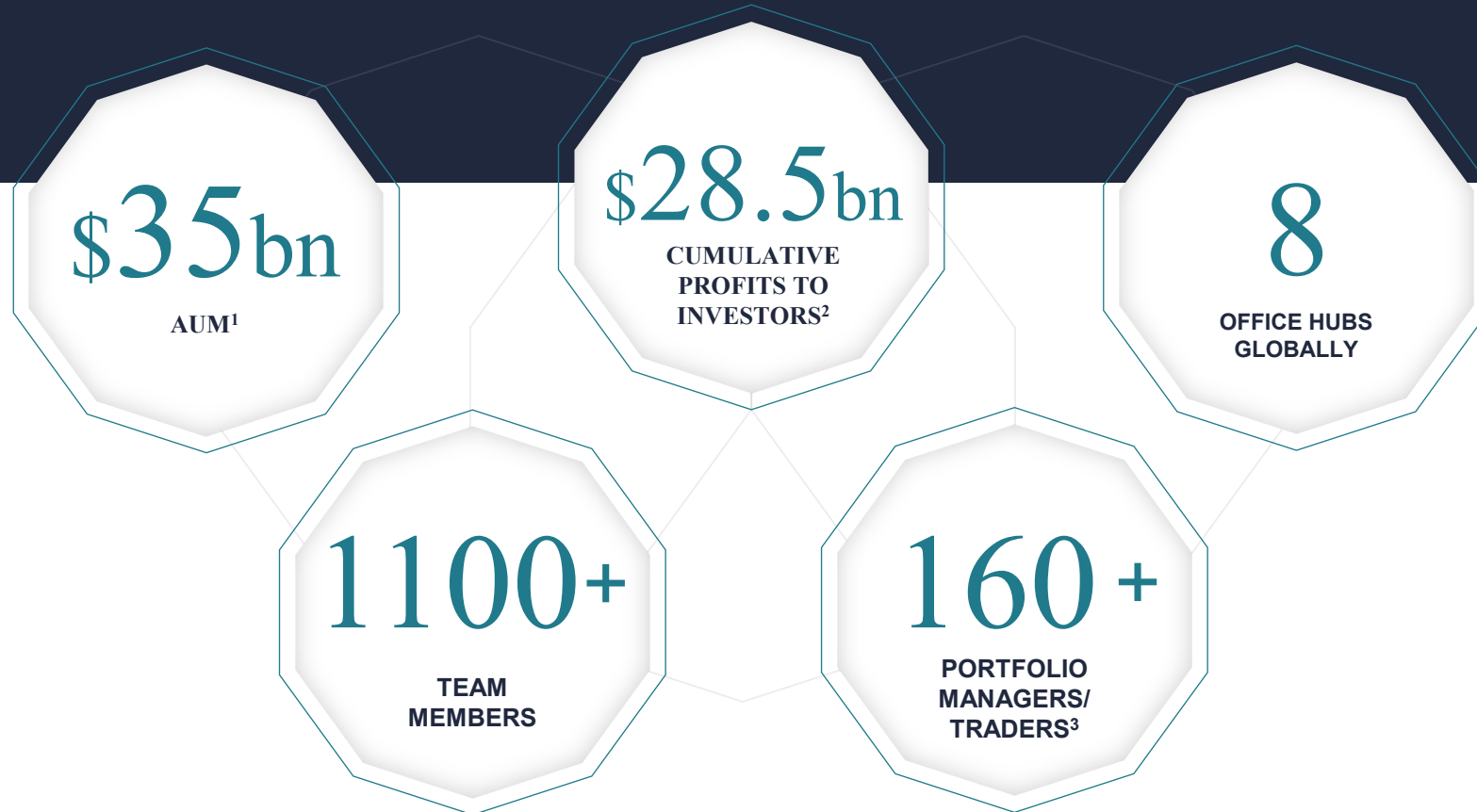
PREPARED FOR THE  
NORTH DAKOTA DEPARTMENT OF TRUST LAND BOARD

# Definitions

ACRONYM	NAME
BH	Brevan Howard
BHAL	Brevan Howard Alpha Strategies Master Fund Limited
BHALFL	Brevan Howard Alpha Strategies Fund Limited
BHAM	Brevan Howard Asset Management LLP
BHCMLP	Brevan Howard Capital Management LP
SSFS	State Street Fund Services (Ireland) Limited

# Celebrating **20**<sup>+</sup><sub>YEARS</sub> of Brevan Howard

One of the most successful hedge fund managers of all time in terms of profits generated for investors



**Sources and notes:** BHAM. Unless otherwise stated, data as at 1 April 2024. 1. Calculations made by BHAM, using underlying data primarily from SSFS but also from our other fund administrators. Data as at 28 March 2024. Data for March 2024 is estimated by BHAM. 2. Data as of 29 December 2023. Calculations by BHAM. 3. Includes Portfolio Managers / Traders / Pod PMs who manage active book capital. Your attention is drawn to the section entitled "Important Information" and to "Further Important Information" at the end of this presentation. Information and opinions contained herein unless otherwise indicated are expressed as at 1 May 2024. © Brevan Howard Capital Management LP (2024). All rights reserved. ADV018805

# BH Alpha Strategies Master Fund Ltd

LAUNCHED SEP 2018

Multi  
PM

Managed by a group of ~140  
specialist traders<sup>1</sup>

Multi  
Strategy

Highly diversified range of alpha-  
generative trading strategies across  
macro, relative value, convex and  
quantitative

Multi  
Asset Class

Predominantly developed and emerging  
market fixed income and FX, as well as  
credit, commodity, equity and digital  
asset markets

**Sources and notes:** Brevan Howard Asset Management LLP ("BHAM"), data as at 28 March 2024. 1. Includes Portfolio Managers / Traders / Pod PMs who manage active book capital  
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# BHAL Trading Strategies



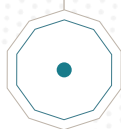
## DM Rates

Relative value trading in interest rate markets using derivative instruments



## Directional

Tactical approach to directional trading, predominately across interest rates, FX and to a smaller degree, equity



## Volatility

Strategies that trade volatility as an asset class in its own right across interest rates, FX, equity and credit markets



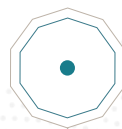
## EM

Predominantly bottom up, fundamental trading of the more liquid CEEMEA, LATAM and Asian interest rate and FX markets



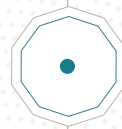
## Liquid Credit

Liquid credit trades are generally constructed using liquid cash, CDS, standard tranches, agency backed mortgages and credit options with a focus on DM and liquid EM



## Quantitative Strategies

Systematic approach to trading



## DM Bond RV

Bond RV – Relative value trading strategies in government bond markets



## FX

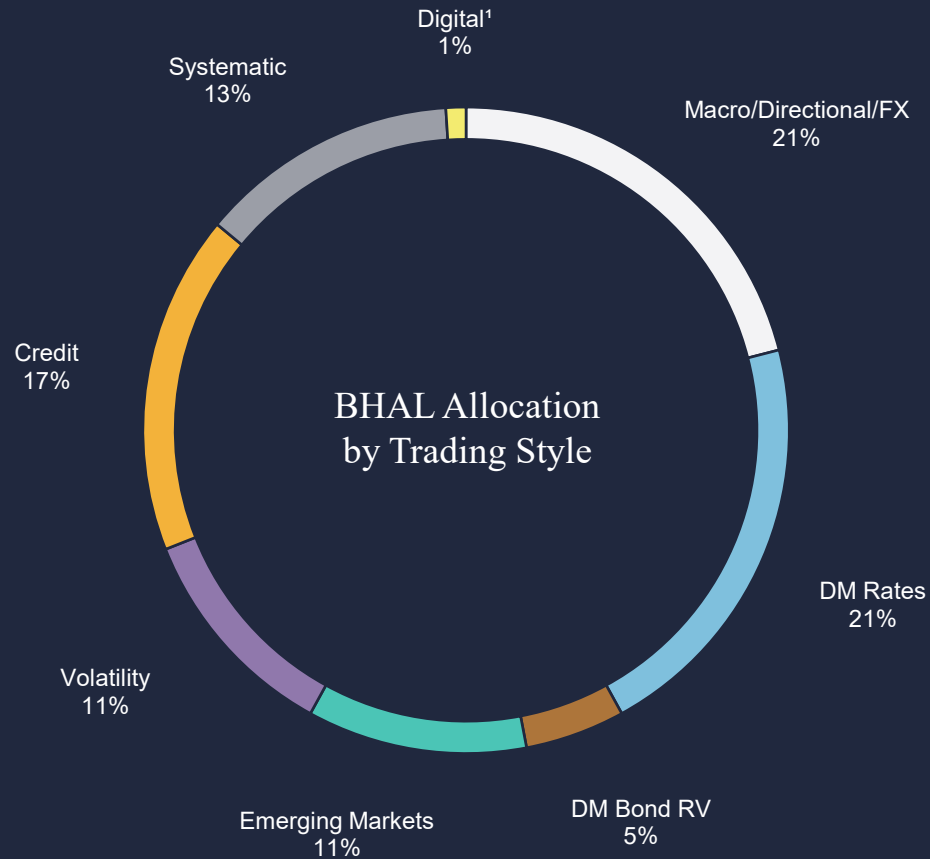
FX trading strategies across DM and EM – that typically employ significant use of options



## Digital

Liquid trading strategies across the digital asset universe, including crypto relative value, volatility relative value, event driven arbitrage and systematic strategies

# BHAL Allocation by Trading Style



**Source:** BHAM. Unless otherwise stated data as at 28 March 2024. The table showing the number of trading books by strategy is as at 28 March 2024 and excludes books in the process of winding down. 1. Represents an allocation to BHAL rather than a trading book within BHAL. 2. Allocation by Trading Style is as at 28 March 2024. Numbers may not add up to 100% due to rounding.

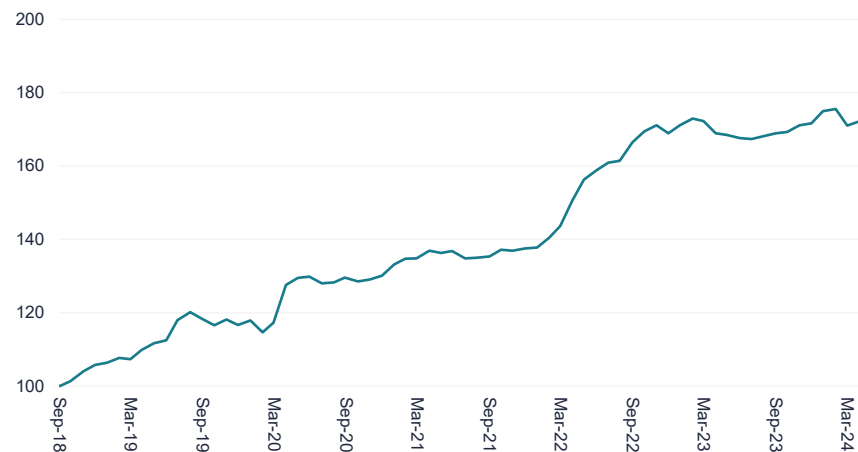
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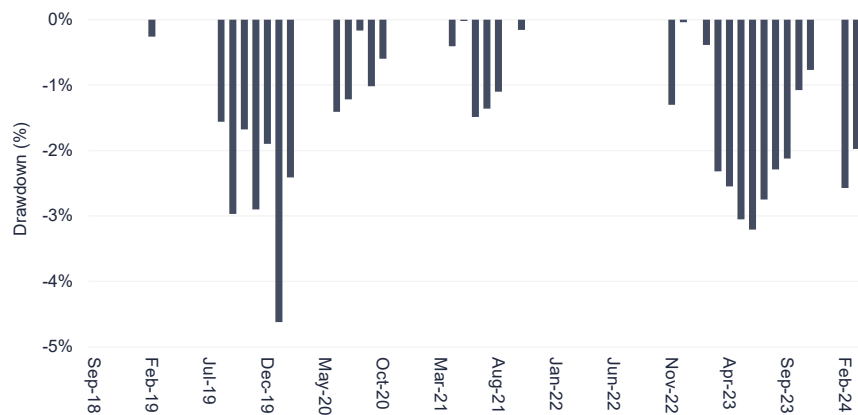
# BHAL Performance Summary

## Cumulative Net Performance<sup>1</sup>

(3 Sep 2018 = 100)



## Maximum Drawdown (%)<sup>1</sup>



## Alpha Strategies Track Record Annual Performance<sup>1</sup>

Net of fees (3 September 2018 to 28 March 2024)

Year	%
2018 <sup>2</sup>	6.37
2019	10.81
2020	12.98
2021	3.46
2022	24.14
2023	2.25
2024	-1.64

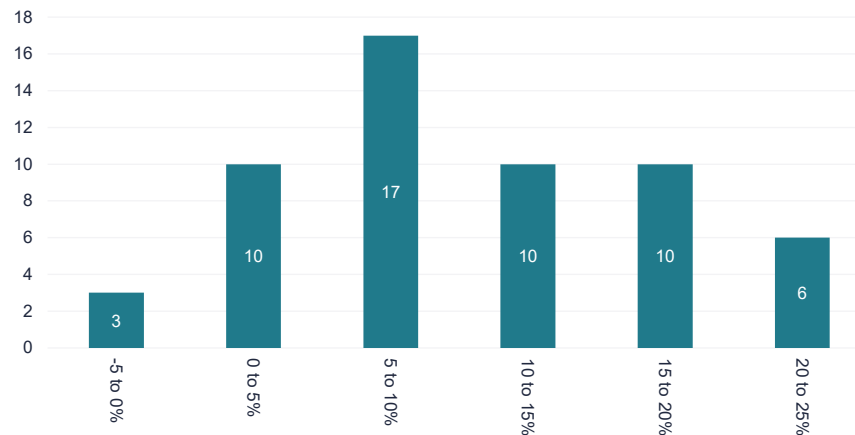
## Performance

### Metrics<sup>1</sup>

as at 28 March 2024

Annualised Return	10.24%
Sharpe Ratio	1.25
Information Ratio	1.67
Sortino Ratio	2.63
Annualised Volatility	6.13%
Return Since Inception	72.04%
Best 12m Rolling Period	24.99%
Worst 12m Rolling Period	-0.73%
Number of + Months	50
Number of - Months	17
Max Drawdown	-4.62%

## Distribution of Rolling 12 Month Returns<sup>1</sup>



**Sources and notes:** 1. Inception of BHAL is as of 3 September 2018. The combined track record presented in this document (the "Alpha Strategies Track Record") has been calculated as described in the Track Record Calculation Methodology presented in this document. Please refer to the Track Record Calculation Methodology for details of the calculation methodology, including with respect to the limitations of the track record data, and the Appendix for performance metric definitions. Return and performance metric calculations made by BHAM; data as at 28 March 2024. Data for March 2024 is estimated. **No investor has received these returns on a standalone basis.** 2. Please refer to the Track Record Calculation Methodology for details of the calculation methodology for the YTD performance figures for 2018.

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# Diversifier From Equity & Bond Risk

Performance of the Alpha Strategies Track Record (Net of Fees) versus Global Equity and Government Bond Indices Since 3 September 2018

	ALPHA STRATEGIES TRACK RECORD <sup>1,3</sup>	S&P 500 TR <sup>2</sup>	EUROSTOXX 600 TR <sup>2</sup>	GLOBAL EQUITIES <sup>2</sup>	GLOBAL BONDS <sup>2</sup>
<b>Annualised Return</b>	<b>10.24%</b>	13.18%	8.58%	9.97%	0.89%
<b>Performance</b> (Since Inception of the Alpha Strategies Track Record)	<b>72.04%</b>	99.24%	58.15%	69.75%	5.08%
<b>Annualised Volatility</b>	<b>6.13%</b>	18.37%	15.80%	17.65%	4.96%
<b>Information Ratio</b> (Annualised Return / Annualised Volatility)	<b>1.67</b>	0.72	0.54	0.57	0.18
<b>Correlation of the Alpha Strategies Track Record to Indices</b>	<b>N/A</b>	-0.31	-0.34	-0.32	-0.24
<b>Beta of the Alpha Strategies Track Record to Indices</b>	<b>N/A</b>	-0.10	-0.13	-0.11	-0.30
<b>Biggest Drawdown</b>	<b>-4.62%</b>	-23.87%	-22.46%	-25.34%	-14.89%
<b>Performance During Best Month</b>	<b>8.76%</b> (31/03/2020)	12.82% (30/04/2020)	13.85% (30/11/2020)	12.36% (30/11/2020)	3.18% (30/11/2023)
<b>Performance During Worst Month</b>	<b>-2.77%</b> (31/01/2020)	-12.35% (31/03/2020)	-14.42% (31/03/2020)	-13.44% (31/03/2020)	-3.14% (30/09/2022)
<b>Performance During Best 12m Rolling</b>	<b>24.99%</b> (31/10/2022)	56.35% (31/03/2021)	42.65% (29/10/2021)	55.31% (31/03/2021)	11.93% (30/08/2019)
<b>Performance During Worst 12m Rolling</b>	<b>-0.73%</b> (29/02/2024)	-18.11% (30/12/2022)	-12.56% (31/03/2020)	-20.29% (30/09/2022)	-12.86% (30/12/2022)

**Sources and notes:** 1. Inception of BHAL is as of 3 September 2018. The Alpha Strategies Track Record has been calculated as described in the Track Record Calculation Methodology presented in this document. Please refer to the Track Record Calculation Methodology for details of the calculation methodology, including with respect to the limitations of the track record data, and the Appendix for performance metric definitions. Return and performance metric calculations made by BHAM; data as at 28 March 2024. Data for March 2024 is estimated. **No investor has received these returns on a standalone basis.** 2. Index data; as at 28 March 2024. Please refer to the Appendix for index definitions and sources.

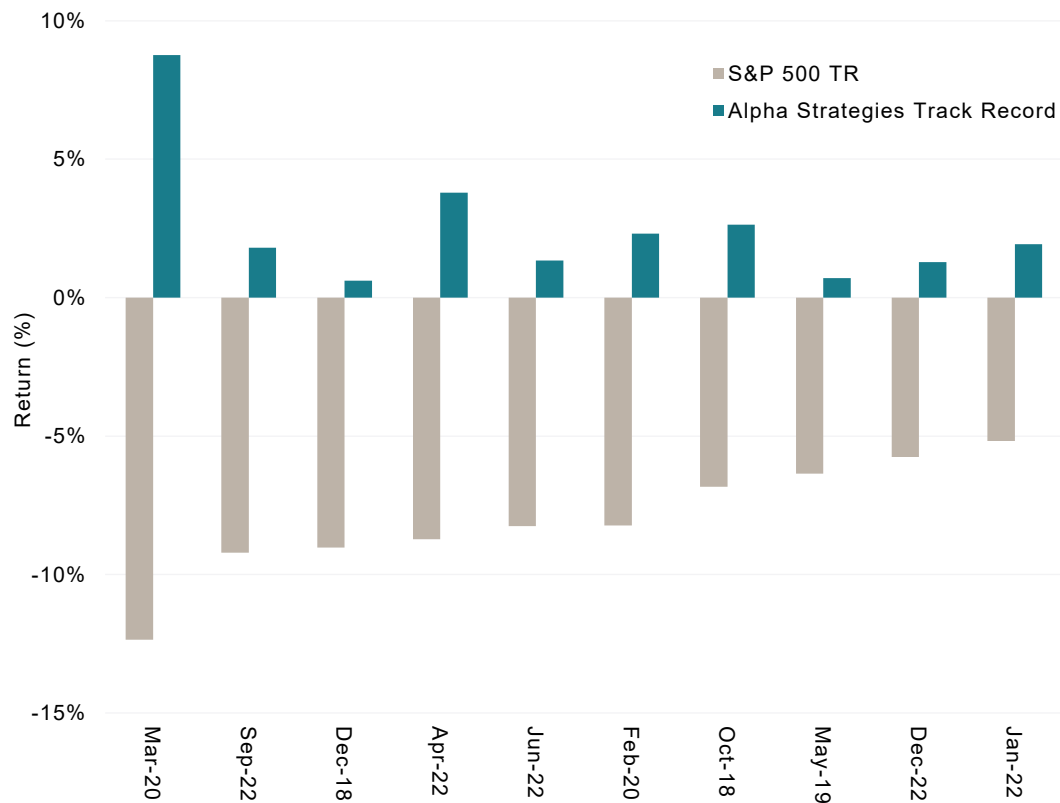
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# Diversifier From Equities

Returns of the Alpha Strategies Track Record (Net of Fees)<sup>1</sup>, During Each of the 10 Worst Months of the S&P 500 TR<sup>2</sup>



**Sources and notes:** 1. BHAL launched on 3 September 2018. The Alpha Strategies Track Record has been calculated as described in the "Track Record Calculation Methodology" presented in this document. Please refer to the Track Record Calculation Methodology for details of the calculation methodology, including with respect to the limitations of the track record data. Return calculations have been estimated by BHAM; data as at 28 March 2024. Data for March 2024 is estimated. **No investor has received these returns on a standalone basis.** 2. Index data; as at 28 March 2024, please refer to the Appendix for index definitions and sources. 3. Represents the average monthly return, net of investment management fees, for BHAL Class I USD Shares during the worst performing 10 months of the S&P 500 Total Return Index since fund inception in September 2018. Index data as at 28 March 2024. Please refer to the Appendix for index definitions and sources.

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**2.52%**  
Average monthly return<sup>3</sup>

Since September 2018 the Alpha Strategies Fund delivered positive returns in each of the ten worst performing months for US equities

**10**  
Positive Months

# BHAL Combined Trader Track Record Calculation Methodology

Brevan Howard Alpha Strategies Fund Limited (“the Alpha Strategies Fund”, “BHAL” or the “Fund”) launched on 3 September 2018. The combined track record presented in this document (the “Alpha Strategies Track Record” or the “BHAL Track Record”) has been calculated as follows:

- 1. From 3 September 2018 to 31 December 2018:** the actual returns of BHALFL A USD Shares<sup>1</sup> since their inception on 3 September 2018 adjusted as a proxy<sup>2</sup> for the investment management fees levied on the BHALFL Class I Shares<sup>3</sup>, being the share class that is generally available for subscription; BHALFL A USD closed on 31 December 2018, with all of its assets transferred to BHALFL Classes B1 or E1 on 1 January 2019; and
- 2. From 1 January 2019 to 31 December 2022:** the actual returns of BHALFL Class C USD shares (a share class available to employees and management only, which does not carry any performance or management fees), since their inception on 2 January 2019 (being the first Business Day of 2019), adjusted to be net of Class I Investment Management Fees<sup>3,4</sup>. Given BHALFL C USD shares launched on 1 January 2019, no high-water marks have been carried forward from prior periods.
- 3. From 1 January 2023 onwards:** the actual returns of BHALFL Class I USD shares net of investment management fees<sup>3</sup>.

## Limitations with the Combined Alpha Strategies Track Record

The investments that comprise the Alpha Strategies Track Record were made in particular economic and market conditions, and similar economic and market conditions may not occur in future. Similar investments would likely produce different results under different economic and market conditions.

**No representation is being made that the Alpha Strategies Fund will or is likely to achieve profits or losses similar to those shown. Past performance is not indicative of future results. Please also see ‘Further important information’ at the end of this presentation.**

**Sources and notes:** 1. BHALFL Class A investment management fees are: (i) 1% management fee per annum, (ii) a trader pay-out expense of 20% of the performance of each positively performing book (after the deduction of trading expenses) (the “Trader Payout Expense”) 2. The PM Costs Charge and Other PM Costs Fee data is not available for the period 3 September to 31 December 2018. The Trader Payout Expense is therefore used as a proxy for the PM Costs Charge and Other PM Cost Fee prior to 1 January 2019. 3. Class I Investment Management Fees: (i) 1% management fee per annum, (ii) a Performance Fee of 15%, and (iii) all other fees and expenses payable by BHALFL and BHAL. 4. From 1 January 2019 the Trader Payout Expense is no longer used as a proxy, as such the Class I Investment Management Fees also include (i) from 1 January 2019 up to and including 31 December 2022, the PM Costs Charge and Other PM Costs Fee (as defined in the BHALFL prospectus applicable from 1 January 2019 up to and including 31 December 2022) and (ii) from and including 1 January 2023, the Pass Through Expenses (as defined in the BHALFL prospectus).



# Appendix

# Appendix of Performance Metrics

Performance Metric	Calculation
<b>Information Ratio</b>	Information Ratio is annualised return divided by annualised standard deviation of return (estimated monthly returns)
<b>Sharpe Ratio</b>	Sharpe Ratio is annualised excess return over Federal Funds Rate divided by annualised standard deviation of excess return (estimated monthly returns)
<b>Sortino Ratio</b>	Sortino Ratio is annualised excess return over Federal Funds Rate divided by annualised standard deviation of negative excess returns (estimated monthly returns)

# Appendix of Indices

Index Abbreviation	Index Name	Index Code
<b>EuroSTOXX 600 TR</b>	STOXX Europe 600 (Gross Return) EUR	SXXGR Index
<b>Global Bonds</b>	FTSE World Government Bond Index Hedged USD	SBWGC Index
<b>Global Equities</b>	Morgan Stanley Capital International All Country World Index Gross Total Return USD Index	M2WD Index
<b>S&amp;P 500 TR</b>	Standard and Poor's United States 500 Total Return Index	SPXT Index

Source: Bloomberg



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The portfolio characteristics and risk controls set forth are not static and may change over time. Brevan Howard does not represent that the statistics, investment guidelines, capital allocation and limits disclosed herein will remain constant over time.

**Hypothetical performance results have many inherent limitations, some which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results achieved by any particular trading program.**

**One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.**

## Additional Information

References to future returns are not promises or even estimates of actual returns that an investor may achieve. Any forecasts and other material contained in this document are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. BHAM and its affiliates give no representations, warranties or undertakings that any indicative performance or return will be achieved in the future or that the investment objectives and policies from time to time of the Funds will be met. Past performance is no guarantee and is not indicative of future results.

The information herein reflects prevailing conditions and Brevan Howard's judgments as at this date, all of which are subject to change.

Brevan Howard understands the importance of maintaining market integrity and confidence in financial markets and has outlined its commitment and approach to the prevention of market abuse in the Brevan Howard Compliance Manual.

Brevan Howard has established a risk management framework which is intended to identify, measure, monitor, report, and where appropriate, mitigate key risks identified by the Fund's investment manager/s. Amongst other things, the risk management framework addresses portfolio risks (such as market, credit, liquidity, counterparty and funding risks), operational risks and outsourcing risks. Portfolio risks which are monitored by the risk management team include, as at the date hereof, analysis of sensitivity measures, gross and net exposures, value at risk, leverage, stress tests and scenario analyses, with a view to identifying and mitigating the potential impact of extreme market movements. These analyses may be changed from time to time. Brevan Howard believes its risk management framework to be appropriate but gives no warranty as to the adequacy or sufficiency of this framework, or that it is exhaustive or able to address the entire universe of possible risks to which an investment manager or a Fund may be subject. Further, while Brevan Howard's portfolio risk management process includes an effort to monitor and manage risk, it should not be confused with, and does not imply, low risk.

# Further Important information

## Risk Factors

Acquiring an investment in a Fund or any of the other products or services described herein may expose an investor to a significant risk of losing all or a substantial amount of the amount invested. Any person who is in any doubt about investing in a Fund or any of the other products or services described herein should consult an authorised person specialising in advising on such investments, products or services. Any person making an investment in a Fund must be able to bear the risks involved, which include, besides such other risks as may be described in any prospectus or offering memorandum for the relevant Fund, the following:

The Funds are speculative and involve substantial risk and may have limited, or no, operating history.

The Funds will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss.

The Funds may invest in illiquid and volatile securities.

Investments in the Funds are subject to restrictions on transfer, withdrawal and redemption and should be considered illiquid.

As there is no recognised market for interests in the Funds (and no secondary markets are expected to develop), it may be difficult for an investor to realise its investment or to obtain reliable information about its value or the extent of the risks to which an investor is exposed through its investment.

Past results of the Funds' investment managers are not necessarily indicative of future performance of the Funds, and the Funds' performance may be volatile.

While the Funds are subject to market risks common to other types of investments, including market volatility, the Funds employ certain trading techniques, such as the use of leverage and other speculative investment practices that may increase the risk of investment loss.

The investment managers have total investment and trading authority over the Funds, and the Funds are dependent upon the services of the investment managers. The use of a single advisor could mean lack of diversification and, consequently, higher risk.

The Funds are not required to provide periodic pricing or valuation information to investors with respect to individual investments.

The Funds are not subject to the same regulatory requirements as mutual funds or other regulated fund products.

The Funds and their managers are subject to conflicts of interest.

Changes in interest rates or exchange rates may have an adverse effect on the value, price or income of interests in the Funds.

A portion of the trades executed for the Funds may take place on markets outside the United States and the United Kingdom.

The Funds are dependent on the services of certain key personnel, and if certain or all of them were to become unavailable, the Funds may prematurely terminate.

The Funds' managers will receive performance-based compensation, which may give such managers an incentive to make riskier investments than they otherwise would and may offset the Funds' trading profits.

The Funds' incentive and performance-based compensation, fees and expenses may offset their trading and investment profits.

The Funds may involve complex tax structures and there may be delays in the provision of important tax information to investors.

Returns generated from an investment in a Fund may not adequately compensate investors for the business and financial risks assumed.

For Funds investing in cryptocurrencies and/or other digital assets including derivatives, via a fund or directly, those cryptocurrencies and other digital assets may experience high daily price volatility potentially resulting in significant losses, as well as the following specific risks for crypto-market participations: valuation and liquidity challenges when exiting in periods of stress; cybersecurity events or the loss of the unique private keys needed to access/transfer cryptocurrencies or other digital assets with both risking irreversible losses; the opaque underlying/spot market posing asset verification challenges, and, the evolving regulatory landscape potentially introducing uncertainty affecting prices or usage of cryptocurrencies and/or other digital assets including derivatives.

The Funds may make investments in securities of issuers in emerging markets. Investment in emerging markets involves particular risks, such as less strict market regulation, increased likelihood of severe inflation, unstable currencies, war, expropriation of property, limitations on foreign investments, increased market volatility, less favourable or unstable tax provisions, illiquid markets and social and political upheaval.

**The above summary risk factors do not purport to be a complete description of the relevant risks of an investment in the Funds and therefore reference should be had to the prospectus or offering documents of the Funds and related offering documentation for a more detailed description of these and other relevant risks prior to making any investment.**

# Further Important information

## Digital Asset Risk Factors

**Unique Features of Digital Assets:** Crypto currencies are not legal tender in the United States. The level of the intrinsic values of digital assets may be subject to a broad spectrum of opinions. The price of many digital assets is based on the agreement of the parties to a transaction. There are specific risks associated with the unique features of digital assets which need to be understood.

**Price Volatility:** The price of a digital asset is based on the perceived value of the digital asset and can be subject to changes in sentiment, which may make these products highly volatile. Certain digital assets, such as some crypto currencies have experienced daily price volatility of more than 20%. Prospective investors should be aware of the potentially extreme price volatility of some digital assets and the possibility of rapid and substantial price movements, which could potentially result in significant losses.

**Valuation and Liquidity:** Digital assets can be traded through privately negotiated transactions and through numerous digital assets exchanges and intermediaries around the world. The lack of a centralised pricing source may pose a variety of valuation challenges. In addition, the dispersed liquidity may pose challenges for market participants trying to exit a position, particularly during periods of stress. Brevan Howard has valuation policies and procedures for assets, including digital assets, that take into account their access to liquidity and the volatility of relevant markets.

**Cybersecurity:** The cybersecurity risks of crypto currencies and related “wallets” or spot exchanges include hacking vulnerabilities and a risk that publicly distributed ledgers may not be immutable. A cybersecurity event could potentially result in a substantial, immediate and irreversible loss for market participants that trade digital assets. Even a minor cybersecurity event in a digital asset is likely to result in downward price pressure on that product and potentially other digital assets.

**Technology:** The relatively new and rapidly evolving technology underlying digital assets introduces unique risks. For example, a unique private key is required to access, use or transfer a crypto currency on a blockchain or distributed ledger. The loss, theft or destruction of a private key may result in an irreversible loss. The ability to participate in forks (a change in the blockchain’s protocol that the software uses to decide whether a transaction is valid or not) could also have implications for investors. For example, a market participant holding a crypto currency position through a crypto currency exchange may be adversely impacted if the exchange does not allow its customers to participate in a fork that creates a new product.

**Opaque Spot Market:** Crypto currency balances are generally maintained as an address on the blockchain and are accessed through private keys, which may be held by a market participant or a custodian. Although crypto currency transactions are typically publicly available on a blockchain or distributed ledger, the public address does not identify the controller, owner or holder of the private key. Unlike bank and brokerage accounts, digital assets exchanges and custodians that hold digital assets do not always identify the owner. The opaque underlying or spot market may pose asset verification challenges for market participants, regulators and auditors and potentially give rise to an increased risk of manipulation and fraud.

**Digital Asset Exchanges, Intermediaries and Custodians:** Digital asset exchanges, as well as other intermediaries, custodians and vendors used to facilitate digital assets transactions, are relatively new and largely unregulated in both the United States and many foreign jurisdictions. Crypto currency exchanges generally purchase crypto currencies for their own account on the public ledger and allocate positions to customers through internal bookkeeping entries while maintaining exclusive control of the private keys. Under this structure, crypto currency exchanges collect large amounts of customer funds for the purpose of buying and holding virtual currencies on behalf of their customers. The opaque underlying spot market and lack of regulatory oversight potentially creates a risk that a crypto currency exchange may not hold sufficient crypto currencies and funds to satisfy its obligations and that such deficiency may not be easily identified or discovered. Many digital asset exchanges have experienced significant outages, downtime and transaction processing delays and may have a higher level of operational risk than regulated futures or securities exchanges.

**Regulatory Landscape:** Digital assets currently face an uncertain regulatory landscape in the United States and many foreign jurisdictions. In the United States, digital assets are not subject to federal regulatory oversight but may be regulated by one or more state regulatory bodies. In addition, many digital asset derivatives are regulated by the CFTC, and the SEC has cautioned that many initial coin offerings are likely to fall within the definition of a security and subject to U.S. securities laws. One or more jurisdictions may, in the future, adopt laws, regulations or directives that affect digital asset networks and their users. Such laws, regulations or directives may impact the price of digital assets and their acceptance by users, merchants and service providers.

# Further Important information

## Digital Asset Risk Factors (cont.)

**Transaction Fees:** Many crypto currencies allow market participants to offer miners (i.e., parties that process transactions and record them on a blockchain or distributed ledger) a fee. A fee is generally necessary to ensure that a transaction is promptly recorded on a blockchain or distributed ledger. The amounts of these fees are subject to market forces and it is possible that the fees could increase substantially during a period of stress. In addition, digital asset exchanges, wallet providers and other custodians may charge high fees relative to custodians in many other financial markets.

**Digital Asset Derivatives:** Digital asset derivatives may experience significant price volatility and the initial margin for digital asset derivatives may be set as a percentage of the value of a particular contract, which means that margin requirements for long positions can increase if the price of the contract rises. In addition, some futures commission merchants may pose restrictions on customer trading activity in digital asset derivatives, such as requiring additional margin, imposing position limits, prohibiting naked shorting or prohibiting give-in transactions. The rules of certain designated contract markets impose trading halts that may restrict a market participant's ability to exit a position during a period of high volatility.

**The above summary risk factors do not purport to be a complete description of the relevant risks of an investment in the Funds and therefore reference should be had to the prospectus or offering documents of the Funds and related offering documentation for a more detailed description of these and other relevant risks prior to making any investment.**

## Digital Asset Disclaimer

BREVAN HOWARD CAPITAL MANAGEMENT LP IS A MEMBER OF NFA AND IS SUBJECT TO NFA'S REGULATORY OVERSIGHT AND EXAMINATIONS. BREVAN HOWARD CAPITAL MANAGEMENT LP HAS ENGAGED OR MAY ENGAGE IN UNDERLYING OR SPOT VIRTUAL CURRENCY TRANSACTIONS IN A COMMODITY POOL. ALTHOUGH NFA HAS JURISDICTION OVER BREVAN HOWARD CAPITAL MANAGEMENT LP AND ITS COMMODITY POOL, YOU SHOULD BE AWARE THAT NFA DOES NOT HAVE REGULATORY OVERSIGHT AUTHORITY FOR UNDERLYING OR SPOT MARKET VIRTUAL CURRENCY PRODUCTS OR TRANSACTIONS OR VIRTUAL CURRENCY EXCHANGES, CUSTODIANS OR MARKETS. YOU SHOULD ALSO BE AWARE THAT GIVEN CERTAIN MATERIAL CHARACTERISTICS OF THESE PRODUCTS, INCLUDING LACK OF A CENTRALIZED PRICING SOURCE AND THE OPAQUE NATURE OF THE VIRTUAL CURRENCY MARKET, THERE CURRENTLY IS NO SOUND OR ACCEPTABLE PRACTICE FOR NFA TO ADEQUATELY VERIFY THE OWNERSHIP AND CONTROL OF A VIRTUAL CURRENCY OR THE VALUATION ATTRIBUTED TO A VIRTUAL CURRENCY BY BREVAN HOWARD CAPITAL MANAGEMENT LP.

# BREVAN HOWARD



**MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS**  
 June 3, 2024

**RE: Private Infrastructure**

The current 5.1% infrastructure allocation represents a \$130M underweight to the 7% long term strategic asset allocation target. The goal of this proposal is to increase the infrastructure commitment, consistent with strategic asset allocation targets.

Staff recommends continuing to pace into non-core infrastructure. There are four risk segments of the infrastructure investing landscape, categorized as follows: (1) core, (2) core-plus, (3) value-add and (4) opportunistic. Core refers to lower risk, stabilized assets where the majority of return is expected to come from income generation. Opportunistic refers to higher risk, capex intensive assets where the majority of return is expected to come from growth. The current Land Board infrastructure portfolio is 90% core.

Staff and RVK recommend continuing the relationship with Hamilton Lane by committing to Hamilton Lane Infrastructure Opportunities Fund II (HLIOF II). Hamilton Lane is a publicly traded (NASDAQ: HLNE) alternative asset manager headquartered in Philadelphia with over 600 employees across 23 global offices and \$900B in assets under management. The 33-member infrastructure team has an 18-year track record with over 90 transactions executed.

The initial \$25M investment with Hamilton Lane Infrastructure Opportunities Fund is 82% committed, 77% called (as of Q3 2023) and has generated a 16% IRR since inception (Aug 2022) for the Land Board portfolio.

HLIOF II seeks to raise \$1.25B and make 20-25 investments over a 4-year commitment period with risk targets of 50% core-plus / 50% value-add and geographic targets of 40-80% North America / 20-60% Western Europe. Sector areas of focus include power generation, data/communications, transportation/logistics, environmental/waste and energy infrastructure.

**Recommendation: The Board approve a \$25M commitment to Hamilton Lane Infrastructure Opportunities Fund II, subject to standard legal review/documentation.**

Attachment 1: RVK Memorandum

Attachment 2: Hamilton Lane Presentation

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

# Hamilton Lane Infrastructure Opportunities Fund II, LP

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## EXECUTIVE SUMMARY OF THE INVESTMENT OPPORTUNITY

### Hamilton Lane

110 Washington Street  
Suite 1300  
Conshohocken, PA

### Investor Contact

Courtney Ghysels  
(610) 617-2043  
[cghysels@hamiltonlane.com](mailto:cghysels@hamiltonlane.com)

## FIRM & FUND SUMMARY

Hamilton Lane (“the Firm”) is an alternative investment management firm that was established in 1991. The Firm is headquartered in Philadelphia and has 23 additional global offices. Hamilton Lane is SEC registered. The Firm has more than 650 employees and approximately 40 professionals on the infrastructure investment team. The Firm manages capital through separate accounts, fund of funds, secondary funds, direct equity, and direct credit investment funds. Hamilton Lane provides a wide array of discretionary and nondiscretionary investment services, including co-investment and/or secondaries funds across private equity, private credit, and private infrastructure.

Hamilton Lane is raising Hamilton Lane Infrastructure Opportunities II, LP (“Fund II”, “HLIOF II”, or “the Fund”) and intends to follow the investment strategy of the prior fund, Hamilton Lane Infrastructure Opportunities Fund. The HLIOF II investment team is led by Brent Burnett, the Global Head of Real Assets, and is supplemented by Hamilton Lane’s dedicated co-investment and secondaries investment teams. Fund II will build a portfolio of diversified infrastructure investments through direct co-investment and secondary transactions alongside experienced deal sponsors in private infrastructure. The Fund will provide investors with a balanced risk/return profile focused on core-plus and value add opportunities. HLIOF II’s exposure across sectors will reflect the attractive opportunities in the current market environment and the Fund will invest in primarily middle market assets where the Firm believes there is greater flexibility to pursue value-creation initiatives. HLIOF II also utilizes a fee efficient structure to help maximize net returns and provide J-curve mitigation.

## INVESTMENT RECOMMENDATION

RVK, Inc. recommends that North Dakota Board of University and School Lands invest \$25 million in HLIOF II as the Fund represents an attractive opportunity to access a diversified infrastructure investment strategy. Mr. Burnett leads the Fund’s investment process and has deep expertise in infrastructure investing from his time at Real Assets Portfolio Management and FLAG. Hamilton Lane has one of the longest infrastructure track records in the industry and the Firm’s expertise in secondaries and co-investments are expected to contribute to investment selection and execution in HLIOF II’s target segments. HLIOF II has access to Hamilton Lane’s resources, relationships, and expertise which RVK

believes affords it a sustainable advantage in infrastructure investing. Relative to other private infrastructure funds, HLIOF II's focus on fee efficiency, multi-sector portfolio, and mid-market investments are expected to provide differentiation. RVK believes that HLIOF II compares favorably to the limited number of similar strategies in the market and to other alternatives in direct private infrastructure. RVK recommends clients invest in this strategy due to the expected ability of the Fund to generate attractive risk-adjusted returns in secondaries and co-investments in value add and core plus infrastructure investments.

In the context of this recommendation, it is important to consider the risks inherent to private investments, infrastructure investments in general, and the risks associated with this specific investment in Hamilton Lane Infrastructure Opportunities Fund II. Specific risks of an investment in HLIOF II are detailed in RVK's full due diligence report. RVK believes, however, that the merits of an investment in HLIOF II outweigh the risks and the Fund offers client portfolios the potential for attractive risk adjusted returns within private infrastructure.

## PORTFOLIO CONTEXT

HLIOF II will provide exposure to private infrastructure companies through co-investments and secondaries. The Fund will invest across the main sectors of infrastructure including energy, power, data, and transportation, ultimately providing investors with diversified exposure to the asset class. Since HLIOF II will invest in value add and core plus investments, RVK believes the Fund is well suited to complement open-end core strategies, where those funds' more limited avenues for operational improvement and defensive nature contrast with the higher potential returns of HLIOF II.



# Hamilton Lane

## Infrastructure Opportunities Fund II

Prepared for: North Dakota Board of University and School Lands

June 2024

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084

Please note that the information contained herein is intended for discussion purposes only. All information contained herein, including but not limited to proposed terms, fees, structure, diversification targets, or strategy is subject to change upon issuance of final offering and subscription documents.



## Investing exclusively in the private markets for 32 years

**\$903.1B\***

Assets under management & supervision

**~\$32.3B<sup>1</sup>**

Capital deployed in 2023

**1,800+**

Clients and investors across 50 countries

**\$675.9M**

Invested alongside our clients

**680+**

Employees

**23**

Global offices

### OUR MISSION & VALUES

We enrich lives & safeguard futures



Do the right thing



Integrity, candor and collaboration



A spirit of competition that inspires innovation



Pursuit of excellence



Promoting equity and inclusion from within

As of December 31, 2023.

\*Inclusive of \$120.2B in discretionary assets under management and \$782.9B in non-discretionary assets under management.

<sup>1</sup>The 2023 capital committed includes all primary commitments that closed during the year 2023 for which Hamilton Lane retains a level of discretion as well as nondiscretionary client commitments for which Hamilton Lane performed due diligence and made an investment recommendation. Direct Investments includes all discretionary and nondiscretionary direct equity and direct credit investments that closed during 2023. Secondaries includes all discretionary and nondiscretionary secondary investments with a signing date during 2023.

# Hamilton Lane Infrastructure Platform

**24**  
Years of Infrastructure Investing

**\$67.4B**  
Assets Under Management & Supervision<sup>1,2,3</sup>

**109**  
Transactions Executed\*

**146**  
Infrastructure GP Relationships

As of December 31, 2023  
\*As of September 30, 2023  
Please refer to endnotes in the appendix

## Relationships and Commitments...

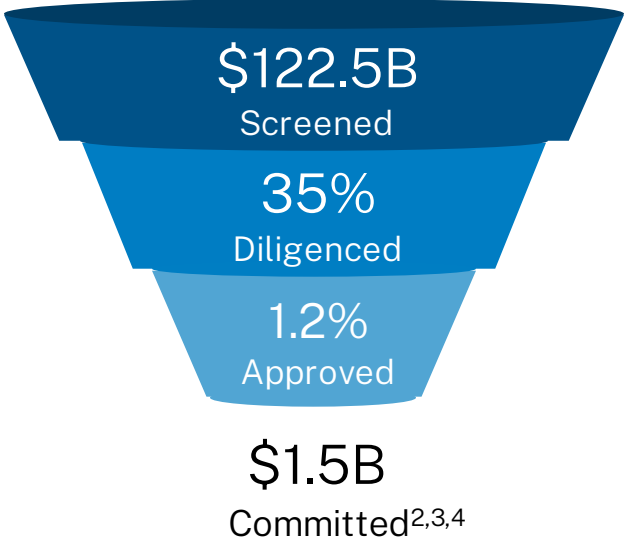
**373**  
Funds Reviewed  
2019 – 2023



**43**  
Fund Commitments  
2019 – 2023











## ...Provide Access to Unique Opportunities

Direct Co-Investment &  
Secondary Deal Flow  
2019 – 2023




























# Our Team

## Real Assets Investment Committee

 Brent Burnett Global Head of Infrastructure & Real Assets	 Peter Larsen Managing Director, Infrastructure	 Dominik von Scheven Managing Director, Infrastructure	 Elizabeth Bell Co-Head of Real Estate	 Scott Davies Co-Head of Real Estate
 Juan Delgado-Moreira Co-CEO	 Drew Schardt Vice Chairman	 Andrea Kramer Chief Operating Officer	 Richard Hope Head of EMEA	 Tom Kerr Head of Secondaries



## Infrastructure & Real Assets Investment Team

 Brent Burnett Managing Director (19)	 Peter Larsen Managing Director (25)	 Dominik von Scheven Managing Director (22)	 Lars Pace Principal (32)	 TC Rolfstad Principal (14)	 Leigh Hazelton Principal (14)	 Taylor McManus Principal (12)	 Peter Udbye Principal (10)	 Andrew Bonnarens Vice President (13)
 Cameron Mountain Vice President (10)	 Da Eun Kim* Vice President (7)	 Nicholas Teoh Senior Associate (4)	 Andrew Glatz Senior Associate (6)	 Fran Kane Associate (4)	 Michael Giamalis Associate (4)	 Nickolaus Hess Associate (4)	 Maria Thompson Associate (3)	 Arthur Le Goff Analyst
 Maeve Mulloy Analyst	 Andrew Hong Analyst	 Gavin Burke Analyst	 Laura Hester Analyst	 Joseph Waeltz Analyst	 Neo Huang Analyst	 Kieran Sheridan Analyst		

○ North America    ○ Europe    ○ Asia  
 ( ) = years experience

## Prior Experience

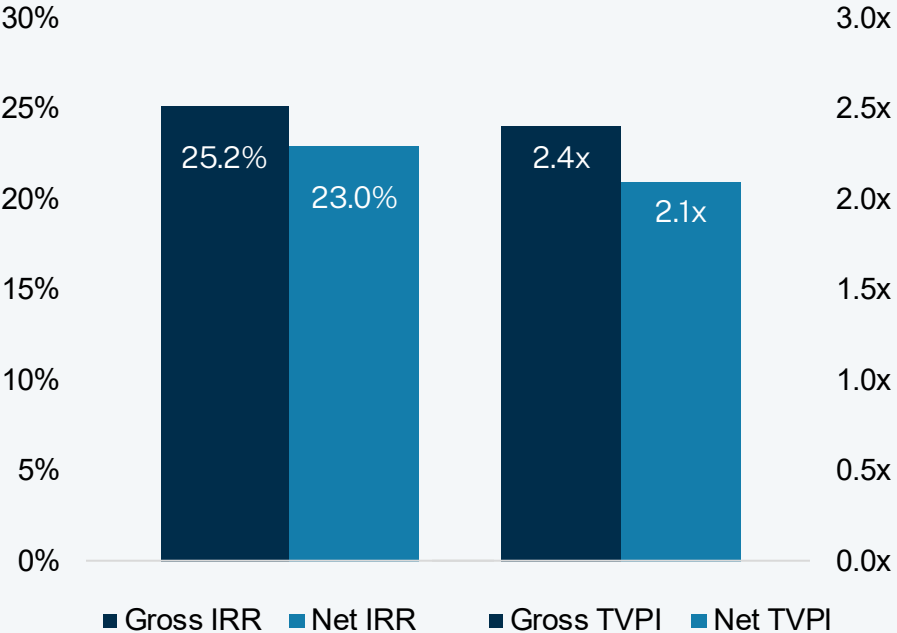


<b>+643</b> Additional Hamilton Lane professionals	<b>21+</b> Average years of MD experience	<b>No Departures</b> Across the Senior Infrastructure Team
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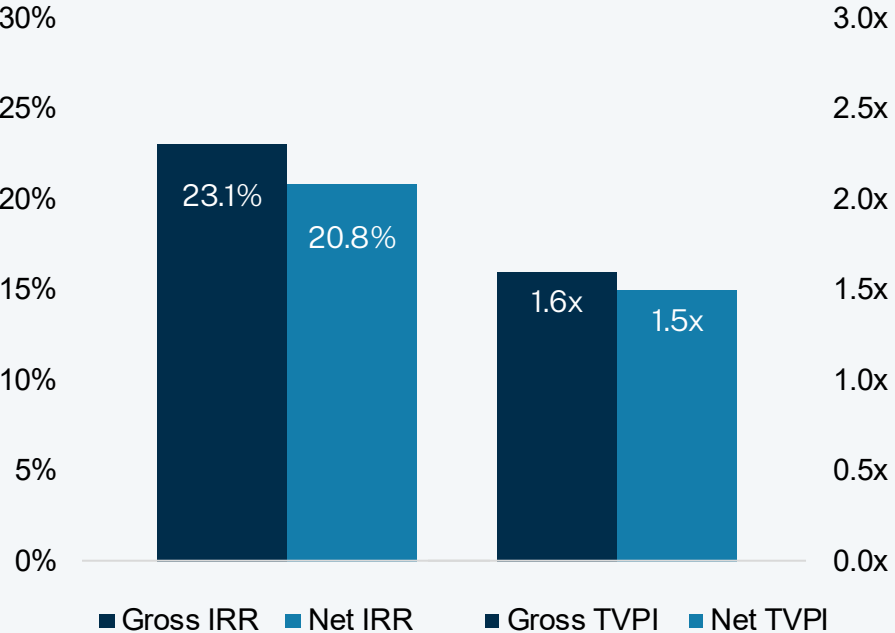
# Overall Discretionary Track Record

Direct/Secondary Infrastructure Transaction Discretionary Track Record  
 excl. Opportunistic Performance<sup>1,15</sup>

Hamilton Lane Realized Performance



Hamilton Lane Total Performance



**\$1.7B+**  
 Committed across infrastructure  
 transactions since 2006

**18-year**  
 Track record

**94 transactions**  
 Generating a 1.5x net TVPI and  
 20.8% net IRR<sup>10</sup>

**23 realizations**  
 Generating a 2.1x net TVPI and  
 23.0% net IRR<sup>10</sup>

**1.4%**  
 Gross Loss Ratio<sup>5</sup>



# Infrastructure Opportunities Fund I

## Fund Overview

As of September 30, 2023

**2020**  
Vintage Year **\$589M**  
Capital Raised<sup>2</sup>

**31**  
Investments Approved<sup>1</sup> **4**  
Realizations Completed<sup>3</sup>

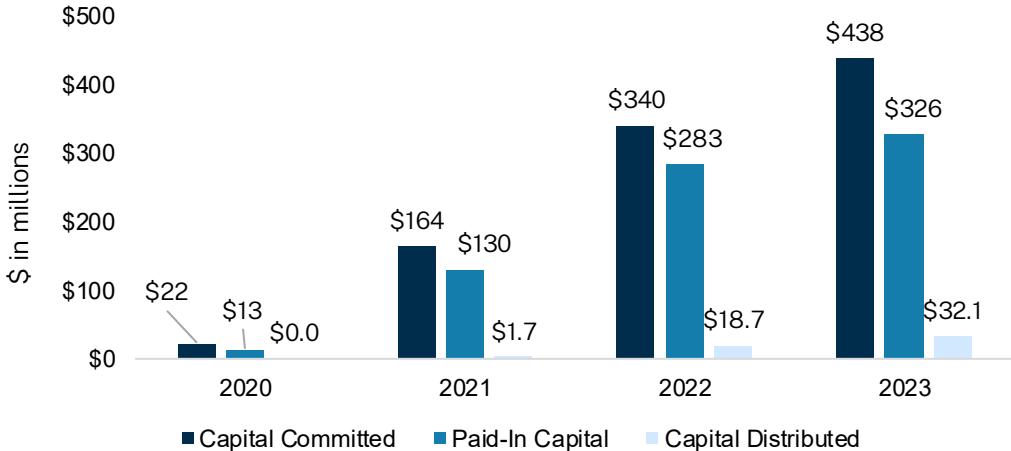
**10%**  
Fund Capital Distributed **4.9%**  
2023 Annual Net Cash Yield

**15.6%**  
Gross IRR **1.21x**  
Gross TVPI

**13.4%**  
Net IRR **1.14x**  
Net TVPI

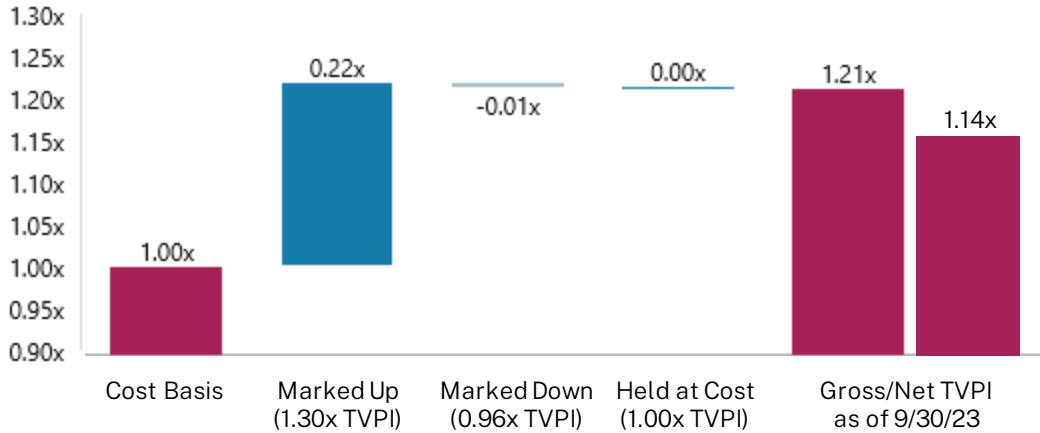
## Cumulative Commitments and Gross Cash Flows (\$M)

As of September 30, 2023

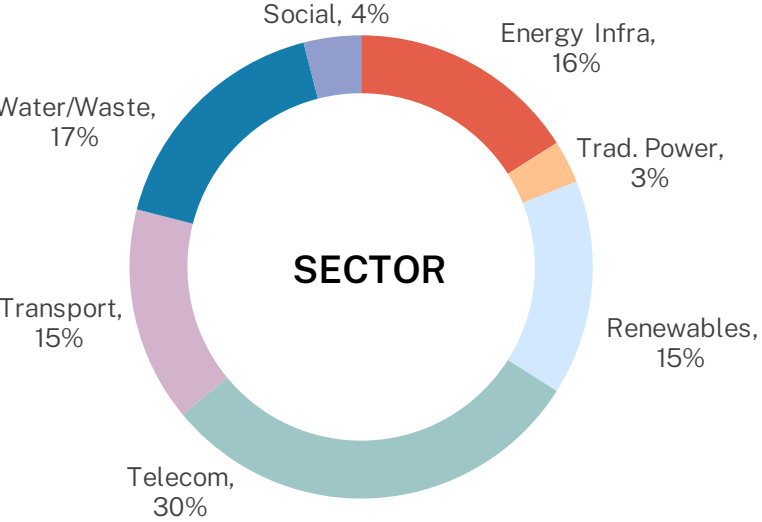


## IOF Valuation Bridge

As of September 30, 2023



## Portfolio Composition

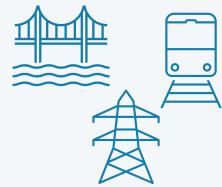


- ~70% invested in Mid-Market
- ~82% contracted revenues
- 35.7% average portfolio LTV<sup>4</sup>
- No J-Curve Experienced

# Hamilton Lane Infrastructure Opportunities Fund II

**\$1.25B**  
Target Fund Size

Positioned to address  
opportunities in an evolving market



**Direct Co-investment  
& Secondaries**



**Diversified  
Exposure**



**Middle Market  
Focus**



**Fee  
Efficient**

## Portfolio Benefits

J-Curve Mitigation / Direct Exposure

## Downside Protection

Operational Assets / Contracted Revenues

## Strong Historical Returns

+1,838bps net outperformance vs MSCI  
World Infrastructure PME<sup>9</sup>

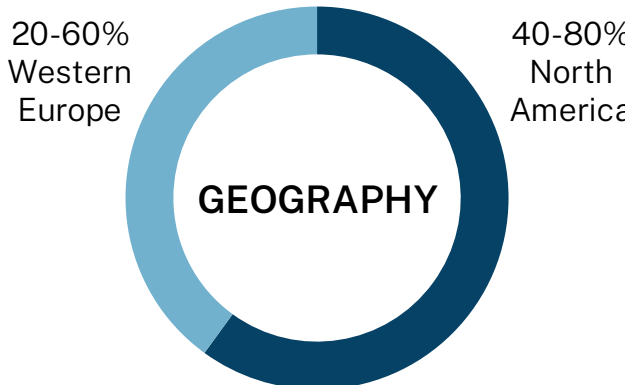
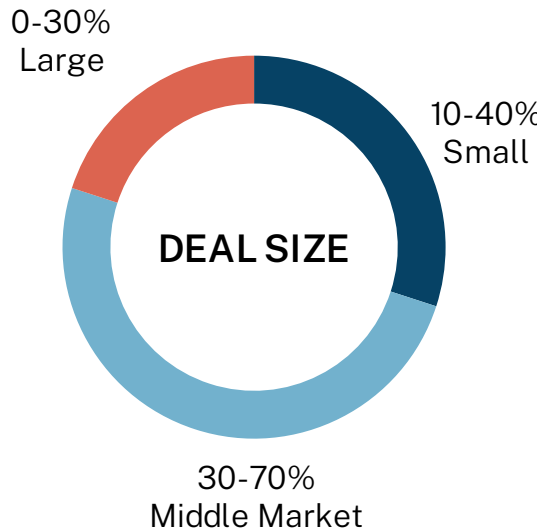
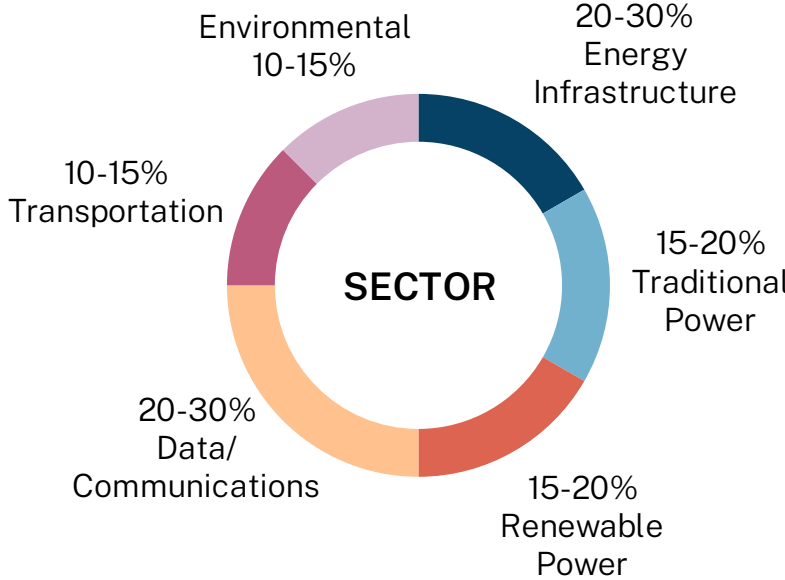
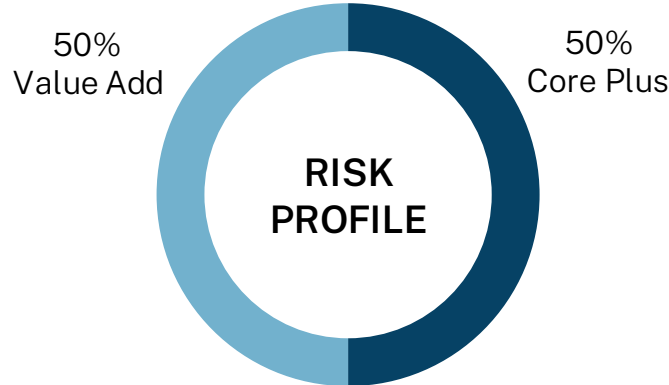
## Unique Perspectives

Global Networks / Tech-enabled Platform

## Experienced Team

200+ years of experience

# IOF II Target Portfolio



**\$250M to \$3B**  
Target Enterprise Values

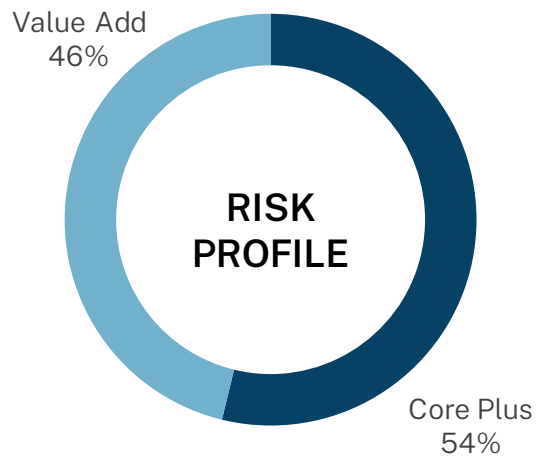
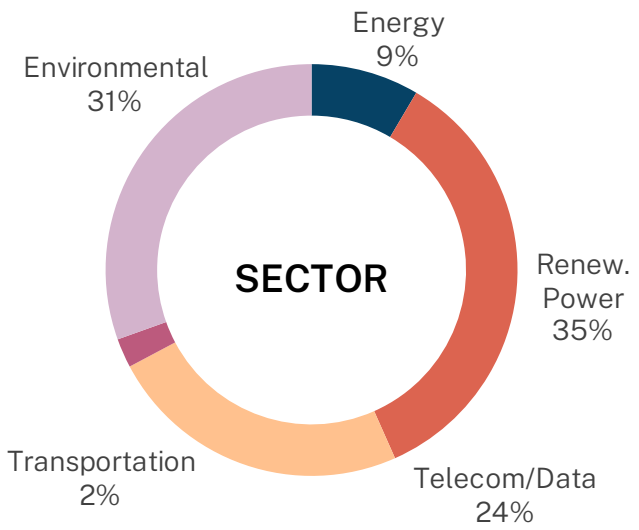
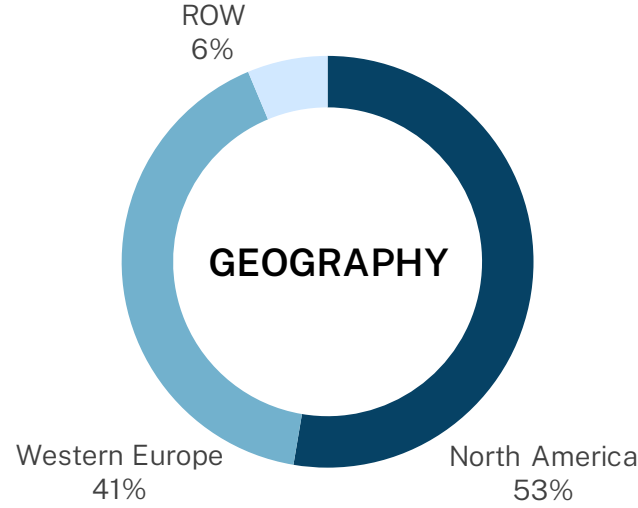
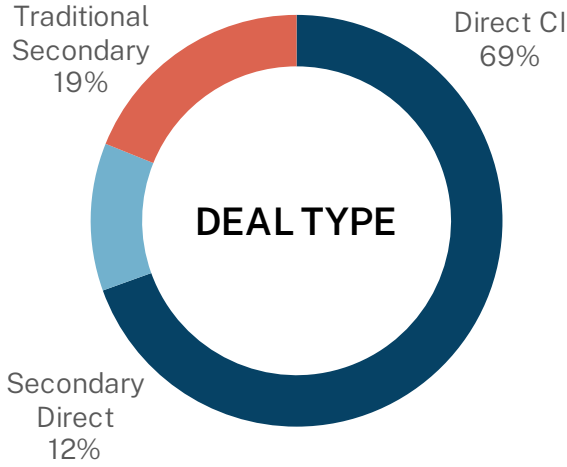
**20-25**  
Target # of Investments

**\$30-60M**  
Equity Investments

- ✓ Transaction Focus
- ✓ Core-plus and Value-Add Strategies
- ✓ Middle Market Orientation

# IOF II Seed Portfolio

Six transactions have been closed/approved to date



2024  
Portfolio Vintage

6  
Investments Approved

5  
Deal Sponsors

100%  
Lower- and middle-market

100%  
Directly Sourced

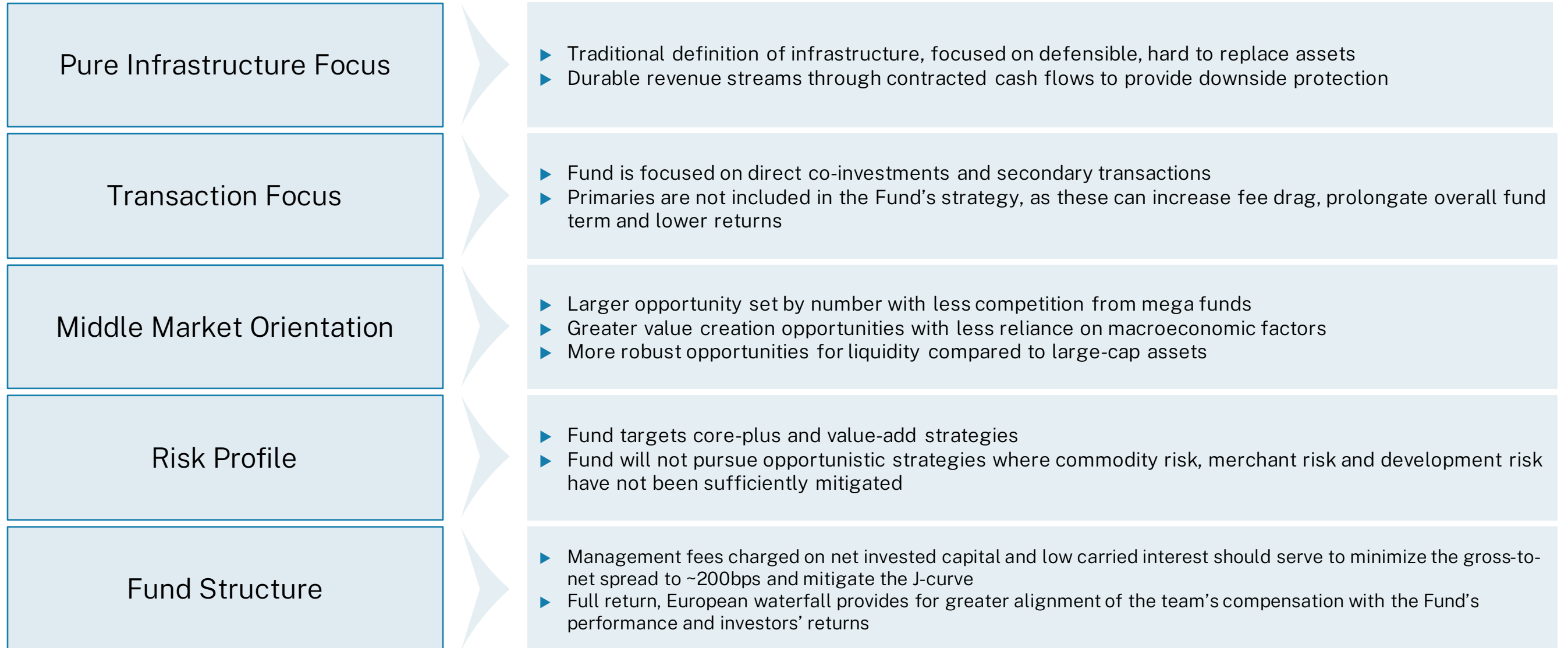
21%  
Average Secondary Discount

As of March 31, 2024 unless otherwise stated. Please refer to appendix for endnotes and full performance. Past performance is not indicative of future results. Current portfolio exposure percentages are based on committed capital and include pending transactions, which are subject to change. Due to rounding, diversification may not precisely reflect absolute figures.

\*Includes only capital committed through IOF II, does not include capital committed by related entities.

# IOF II Competitive Edge

Beyond the Hamilton Lane Platform, the Fund provides several benefits to investors



# Appendix

# Endnotes

Pages 5, 7

Hamilton Lane Secondary / Direct Investment Infrastructure Discretionary Track Record -excl. Opportunistic<sup>1,15</sup>  
As of September 30, 2023

Vintage Year <sup>11,12</sup>	Gross Committed Capital (\$m) <sup>2</sup>	Gross Paid-In (\$m) <sup>3</sup>	Gross Distributed (\$m)	Gross NAV (\$m) <sup>4</sup>	Gross Loss Ratio <sup>5</sup>	Vintage Year Performance									
						Gross Performance					Pro-Forma Net Performance				
						Gross DPI <sup>6</sup>	Gross TVPI <sup>7</sup>	Hamilton Lane Gross IRR <sup>8</sup>	Gross MSCI World Infrastructure PME <sup>9</sup>	Gross Spread vs. MSCI World Infrastructure PME (bps) <sup>9</sup>	Pro-Forma Net DPI <sup>10</sup>	Pro-Forma Net TVPI <sup>10</sup>	Hamilton Lane Pro-Forma Net IRR <sup>10</sup>	Pro-Forma Net MSCI World Infrastructure PME <sup>9,10</sup>	Pro-Forma Net Spread vs. MSCI World Infrastructure PME (bps) <sup>9,10</sup>
2006	5.0	5.0	11.1	-	0.00%	2.2x	2.2x	17.93%	5.52%	1,240 bps	2.0x	2.0x	15.75%	5.28%	1,047 bps
2008	2.0	2.0	2.9	-	0.00%	1.4x	1.4x	34.86%	(2.97%)	3,782 bps	1.4x	1.4x	33.05%	(3.11%)	3,616 bps
2010	80.4	49.8	69.8	-	0.00%	1.4x	1.4x	12.89%	5.12%	778 bps	1.3x	1.3x	10.85%	4.88%	597 bps
2011	10.4	10.4	23.5	-	0.00%	2.3x	2.3x	16.23%	5.33%	1,091 bps	2.0x	2.0x	14.30%	4.73%	957 bps
2012	131.8	134.6	488.3	-	3.55%	3.6x	3.6x	27.87%	5.38%	2,249 bps	3.2x	3.2x	25.90%	5.16%	2,075 bps
2013	10.8	10.7	35.1	-	0.00%	3.3x	3.3x	32.76%	6.03%	2,673 bps	2.9x	2.9x	29.03%	4.98%	2,405 bps
2014	6.6	6.6	17.8	1.0	0.00%	2.7x	2.8x	17.37%	2.97%	1,439 bps	2.4x	2.5x	15.54%	2.60%	1,294 bps
2015	57.5	38.8	75.2	1.1	0.39%	1.9x	2.0x	16.11%	5.45%	1,066 bps	1.8x	1.8x	13.78%	1.36%	1,242 bps
2016	57.6	57.6	85.8	3.4	0.00%	1.5x	1.5x	17.91%	3.48%	1,443 bps	1.4x	1.5x	15.47%	2.96%	1,251 bps
2017	84.6	75.9	137.8	23.0	10.17%	1.8x	2.1x	69.16%	1.27%	6,790 bps	1.7x	2.0x	63.75%	0.30%	6,345 bps
2018	151.3	138.8	156.7	72.5	1.89%	1.1x	1.7x	16.50%	4.02%	1,247 bps	1.1x	1.5x	14.23%	4.33%	990 bps
2019	43.6	45.1	20.3	38.5	1.93%	0.4x	1.3x	8.51%	(0.17%)	868 bps	0.4x	1.2x	7.25%	(0.38%)	763 bps
2020	135.8	132.2	91.8	107.1	0.55%	0.7x	1.5x	21.79%	0.45%	2,134 bps	0.7x	1.4x	19.19%	1.59%	1,760 bps
2021	413.1	399.4	40.2	462.4	0.53%	0.1x	1.3x	14.52%	(5.07%)	1,960 bps	0.1x	1.2x	12.84%	(4.78%)	1,762 bps
2022	326.3	249.9	16.5	279.3	0.60%	0.1x	1.2x	16.55%	(5.73%)	2,227 bps	0.1x	1.2x	15.69%	(4.69%)	2,038 bps
2023	226.4	117.0	2.2	129.5	0.10%	0.0x	1.1x	33.06%	(12.16%)	4,522 bps	0.0x	1.1x	50.30%	(9.72%)	6,002 bps
<b>1-Year by Vintage</b>	<b>552.7</b>	<b>366.9</b>	<b>18.7</b>	<b>408.8</b>	<b>0.44%</b>	<b>0.1x</b>	<b>1.2x</b>	<b>20.18%</b>	<b>(7.23%)</b>	<b>2,741 bps</b>	<b>0.1x</b>	<b>1.1x</b>	<b>19.80%</b>	<b>(5.44%)</b>	<b>2,524 bps</b>
<b>5-Year by Vintage</b>	<b>1,296.6</b>	<b>1,082.4</b>	<b>327.8</b>	<b>1,089.4</b>	<b>0.73%</b>	<b>0.3x</b>	<b>1.3x</b>	<b>16.46%</b>	<b>(1.87%)</b>	<b>1,832 bps</b>	<b>0.3x</b>	<b>1.3x</b>	<b>14.60%</b>	<b>(1.07%)</b>	<b>1,567 bps</b>
<b>10-Year by Vintage</b>	<b>1,513.7</b>	<b>1,272.1</b>	<b>679.5</b>	<b>1,117.9</b>	<b>1.24%</b>	<b>0.5x</b>	<b>1.4x</b>	<b>21.06%</b>	<b>(0.65%)</b>	<b>2,171 bps</b>	<b>0.5x</b>	<b>1.3x</b>	<b>18.46%</b>	<b>(0.57%)</b>	<b>1,903 bps</b>
<b>Total</b>	<b>1,743.4</b>	<b>1,473.9</b>	<b>1,275.1</b>	<b>1,117.9</b>	<b>1.40%</b>	<b>0.9x</b>	<b>1.6x</b>	<b>23.06%</b>	<b>1.55%</b>	<b>2,151 bps</b>	<b>0.8x</b>	<b>1.5x</b>	<b>20.77%</b>	<b>1.57%</b>	<b>1,920 bps</b>

1 The Hamilton Lane Infrastructure Secondary / Direct Investment Discretionary Track Record -excl. Opportunistic includes all commingled funds-of-funds and separate accounts managed by Hamilton Lane for which Hamilton Lane retains a level of discretion for the investment decisions, as of September 30, 2023. The results herein include all secondary fund investments and all direct investments with an investment strategy of infrastructure (except as noted below). This presentation excludes infrastructure investments with a risk profile of opportunistic. This presentation also excludes investments where only one account committed to an investment and the account that committed to the investment is no longer an active client, causing Hamilton Lane to no longer have access to the performance data of those investments. Because the performance includes investments made on behalf of accounts that Hamilton Lane no longer manages, such performance may not reflect the impact that material economic and market factors might have had on Hamilton Lane's decision making if those accounts were still clients of Hamilton Lane. This presentation represents commitments as defined above, which is a portion of Hamilton Lane's full discretionary track record. The full track record is available for review upon request.

2 Committed equals the total dollars committed to investments including liquidated investments.

3 Paid-In refers to the cost of all investments made by a fund, including commitment reducing and non-commitment reducing capital calls.

4 NAV equals net asset value of active investments in each account. NAVs for the specified period represent the latest available reported market values adjusted forward using interim cash flows.

5 Gross Loss Ratio is calculated as Loss, divided by the sum of invested capital for all investments. Loss is calculated as the sum of invested capital, less total value, for investments with a TVPI less than 1.0x.

6 Distributions Paid-In ("DPI") multiple represents total distributions from underlying investments to the fund divided by total contributed capital. Gross DPI is presented net of management fees, carried interest and expenses charged by the general partners of the underlying investments, but does not include Hamilton Lane fees.

7 Total Value Paid-In ("TVPI") multiple represents total distributions from underlying investments to the fund plus the fund's market value divided by total contributed capital. Gross TVPI is presented net of management fees, carried interest and expenses charged by the general partners of the underlying investments, but does not include Hamilton Lane management fees, carried interest or expenses since it is not possible to allocate such items accurately in a composite measured at different points in time. The performance would decrease with the inclusion of these fees, carried interest and expenses.

# Endnotes

Pages 5, 7 (cont.)

8 Internal Rate of Return ("IRR") is calculated on a pooled basis using daily cash flows. Gross IRR is presented net of management fees, carried interest and expenses charged by the general partners of the underlying investments, but does not include Hamilton Lane management fees, carried interest or expenses since it is not possible to allocate such items accurately in a composite measured at different points in time. The performance would decrease with the inclusion of these fees, carried interest and expenses. Performance metrics are shown as Not Meaningful ("NM") due to the short measurement period or Not Applicable ("NA") where there has been no capital paid-in to the investment or where the IRR does not calculate.

9 The indices presented for comparison are the MSCI World Infrastructure Index and the Dow Jones Brookfield Global Infrastructure Total Return Index, calculated on a Public Market Equivalent (PME) basis. The PME calculation methodology assumes that capital is being invested in, or withdrawn from, the index on the days the capital was called and distributed from the underlying fund managers. Contributions were scaled by a factor such that the ending portfolio balance would be equal to the private equity net asset value. The scaling factor is found by taking the sum of all shares sold (SS), the sum of all shares purchased (SP) and calculating the number of shares the ending value is worth (SEV). Dividing SEV + SS by SP solves for the PME scaling factor. The scaling of contributions prevents shorting of the public market equivalent portfolio in order to match the performance of an outperforming private equity portfolio. Realized and unrealized amounts were not scaled by this factor. The Dow Jones Brookfield Global Infrastructure Index includes companies domiciled globally that qualify as "pure-play" infrastructure companies — companies whose primary business is the ownership and operation of infrastructure assets, activities that generally generate long-term stable cash flows. The MSCI World Infrastructure Index covers mid and large cap infrastructure assets across the 23 developed market countries. The indices are presented merely to show general trends in the markets for the relevant periods shown. The comparison between Hamilton Lane performance and the index is not intended to imply that a fund's or separate account's portfolio is benchmarked to the index either in composition or level of risk. The index is unmanaged, has no expenses and reflects the reinvestment of dividends and distributions. The spreads are provided for comparative purposes only. A variety of factors may cause an index to be an inaccurate benchmark for any particular fund or separate account and the indices do not necessarily reflect the actual investment strategy of a fund or separate account.

10 Pro-Forma Net IRR represents the modeled performance for each investment, aggregated by vintage year or other groupings where applicable. Vintage year is determined for each investment based on the timing of the initial cash flow for each investment. Actual cash flows dates and amounts are used as the input basis for the fee model. The Net IRR is calculated net of a model management fee schedule as listed below. Regarding secondary purchases and direct investments, Pro-Forma net performance can be determined by adjusting gross cash flows for the management fees and carried interest that would have been charged by Hamilton Lane if the portfolio had been subject to the management fee, carried interest and preferred return terms of Hamilton Lane Infrastructure Opportunities Fund I: Assuming a 1.0% management fee on net invested. Preferred return: 8%. Carried interest: 10%. The Net IRR does not take into consideration broken-deal costs, which in aggregate may be substantial. The performance shown here for the track record does not represent the results of any single investor. Pro-Forma Net Distributed to Paid-in Capital ("DPI") multiple for a particular return stream is calculated as the sum of the Distributions of all investments held within the track record less model management fees, model incentive fees, and model operational and organizational costs divided by cumulative paid-in capital since inception. Pro-Forma Net Total Value to Paid-in Capital ("TVPI") multiple for a particular return stream is calculated as the sum of the Net Asset Value of all investments held within the track record and all distributions less model management fees, model incentive fees, and model operational and organizational costs divided by cumulative paid-in capital since inception. Fees are modeled on a quarterly basis to calculate the historic returns. The Pro-Forma net Total IRR for this purpose was calculated by aggregating vintage year net cash flow streams in a single total cash flow stream. Please note that the use of a credit line can have a material impact on the gross and net performance of a fund. Credit line usage was not modeled into the Pro-Forma net performance noted above as it is not possible to determine for which investments a credit line would have been used on a historical basis."

11 The Hamilton Lane 10-Year by Vintage performance includes all investments with vintage years 2013-2023. The Hamilton Lane 5-Year by Vintage performance includes all investments with vintage years 2018-2023. The Hamilton Lane 1-Year by Vintage performance includes all investments with vintage year 2022 or 2023. The performance shown excludes investments made prior to these date ranges.

12 Secondary purchases are counted in the closing year of the transaction and not in the underlying vintage year of the fund.

13 Composite performance is measured for the specified time periods ending September 30, 2023. These horizon returns are calculated on a point-to-point basis over the specified time periods. The contributions, distributions and remaining asset values at the beginning and ending dates of the horizon periods are used in calculating these returns. These returns are net of management fees, carried interest and expenses charged by the underlying fund managers, and include a pro-forma calculation that includes any additional Hamilton Lane management fees, carried interest or expenses charged. Please see the "pro-forma" definition for fee details. The performance is decreased with the inclusion of these fees, carried interest and expenses. Hamilton Lane has calculated and presented these returns on a pooled basis using actual cash flows.

14 Regarding secondary purchases, investments are considered realized if the underlying investment fund has been fully liquidated, has generated a DPI greater than or equal to 1.0x, or has an RVPI less than or equal to 0.2x and is older than 6 years. Regarding direct investments, investments are considered realized if the underlying investment fund has been fully liquidated or has generated a DPI greater than or equal to 1.0x. Distributions Paid-In ("DPI") multiple represents total distributions from underlying investments to the fund divided by total contributed capital. Gross DPI is presented net of management fees, carried interest and expenses charged by the general partners of the underlying investments, but does not include Hamilton Lane fees. Remaining Value Paid-In ("RVPI") multiple represents the fund's market value divided by total contributed capital. Gross RVPI is presented net of management fees, carried interest and expenses charged by the general partners of the underlying investments, but does not include Hamilton Lane fees.

15 With respect to underlying funds, performance is based upon the most recent reported market valuations received from the general partners at the time the track record was prepared. For funds that did not yet receive a September 30, 2023 reported market valuation, Hamilton Lane uses the "Adjusted Market Value" methodology which reflects the most recent reported market value from the general partner adjusted for interim net cash flows through September 30, 2023. This performance is subject to change as additional reported market values are received from the general partners. With respect to underlying direct investments, the performance presented in the track record is based on September 30, 2023 investment values prepared by third-party valuation providers which is then reviewed and approved by Hamilton Lane. The portfolio investments in which the Partnerships have invested may have not yet issued their financial statements for September 30, 2023. The estimated investment values therefore rely on the information available at the time of approval by Hamilton Lane. It is important to note that some accounts may have a different valuation schedule than other accounts and therefore, it is possible that an investment could have different values across multiple accounts for purposes of the track record dependent upon the accounts that are invested.

Past performance of the investments presented herein is not indicative of future results and should not be used as the basis for an investment decision. The information included has not been reviewed or audited by independent public accountants. Certain information included herein has been obtained from sources that Hamilton Lane believes to be reliable but the accuracy of such information cannot be guaranteed.



# Endnotes

Page 6

1 As of May 1, 2024. Fund has 39 investments, including 8 which are follow-on investments in existing portfolio companies.

2 Includes \$489M of commitments in the Fund and \$100M of separate account capital positioned alongside the Fund.

3 As of May 1, 2024. Includes 3 underlying assets in a traditional secondary position.

4 Portfolio companies as of May 1, 2024. Leverage as of time of acquisition.

Past performance is not a reliable indicator of future performance. Please refer to the Hamilton Lane Infrastructure Opportunities Fund Level Track Record.

## Hamilton Lane Infrastructure Opportunities Fund Track Record<sup>1</sup>

As of September 30, 2023

USD in millions

Fund	Vintage	Fund Size	Invested <sup>2</sup>	Distributed	Market Value <sup>3</sup>	Total Value <sup>4</sup>	Gross Multiple <sup>5</sup>	Net Multiple <sup>5</sup>	Gross IRR <sup>6</sup>	Net IRR <sup>6</sup>	Gross Spread vs DJ Brookfield Global Infrastructure PME (bps) <sup>7</sup>	Gross Spread vs MSCI World Infrastructure PME (bps) <sup>7</sup>	Net Spread vs DJ Brookfield Global Infrastructure PME (bps) <sup>7</sup>	Net Spread vs MSCI World Infrastructure PME (bps) <sup>7</sup>
Hamilton Lane Infrastructure Opportunities Fund <sup>8</sup>	2020	488.9	326.3	32.1	363.2	395.3	1.2	1.1	15.61%	13.36%	2,138 bps	2,098 bps	2,109 bps	1,992 bps

### Footnotes:

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2 Paid-In refers to the cost of all investments made by a fund, including commitment reducing and non-commitment reducing capital calls.

3 NAV equals net asset value of active investments in each account. NAVs for the specified period represent the latest available reported market values adjusted forward using interim cash flows.

4 Total Value is equivalent to market value plus capital distributed.

5 Total Value Paid-In ("TVPI") multiple represents total distributions from underlying investments to the fund plus the fund's market value divided by total contributed capital. Gross TVPI is presented net of management fees, carried interest and expenses charged by the general partners of the underlying investments. Net TVPI is net of all management fees, carried interest and expenses charged by the general partners of the underlying investments as well as by Hamilton Lane.

6 Internal Rate of Return ("IRR") is calculated on a pooled basis using daily cash flows. Gross IRR is presented net of management fees, carried interest and expenses charged by the general partners of the underlying investments, but does not include Hamilton Lane management fees, carried interest or expenses. Net IRR is net of all management fees, carried interest and expenses charged by the general partners of the underlying investments as well as by Hamilton Lane.

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Page 6 cont.

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If a dispute arises in connection with an investment in interests in the Infrastructure Opportunities Fund mediation proceedings may be initiated in accordance with Title 5 of the Financial Services Act of Switzerland with the Financial Services Ombudsman, Finanzombudsstelle Schweiz (FINOS), Talstrasse 20, CH-8001 Zurich or at info@finos.ch

Distribution in Switzerland

In accordance with the CISA, the Infrastructure Opportunities Fund has appointed a Representative and a Paying Agent in Switzerland. The place of performance and jurisdiction for the interests distributed in Switzerland is the registered office of the Representative.

## Representative of the Infrastructure Opportunities Fund Switzerland

Bastions Partners Office SA with its registered office at Route de Chêne 61A, 1208 Geneva, Switzerland. The Qualified Investors may obtain free of charge from the Representative the Fund's legal documentation, i.e. this Swiss Memorandum, the Memorandum, the Fund's partnership agreement, the annual or quarterly reports of the Funds as well as, if available, any marketing material.

The jurisdiction for the distribution of interests of the Infrastructure Opportunities Fund in or from Switzerland shall be at the registered office of the Representative. Paying Agent of Hamilton Lane Infrastructure Opportunities Fund in Switzerland

Banque HERITAGE SA with its registered office at Route de Chêne 61, 1208 Geneva, Switzerland. Qualified Investors may request the issue of the interests from the Paying Agent. Distributions may be made through the Paying Agent.

## Remuneration of Distribution

The investment manager of the Infrastructure Opportunities Fund may pay retrocessions (payments and other soft commissions) to its distributors and sales partners for their distribution and other marketing activities in relation with the Fund's interests. The payment of such retrocessions is authorized by Swiss law and regulation. The recipients of the retrocessions must ensure transparent disclosure. Information on such payments may be obtained from the distributors, sales partners or from the Representative of the Fund.

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**RE: Board Policy Manual Revisions – Second Reading and Adoption**

In prior meetings, the Commissioner presented to the Board proposed revisions to the Board Policy Manual (Definitions, Fees, Commissioner Performance Review, and Fair Market Value) for a first reading. The Board provided feedback and authorized the Commissioner to proceed in offering the proposed revisions for public comment and placement of the revisions on the agenda of the next scheduled Board meeting for a second reading and final adoption.

The Department also held an open comment period and invited the public to provide feedback. No comments from the public were received.

In consideration of feedback provided from the Board, the Commissioner recommends the following additional revisions to the Board Policy Manual:

- Oil & Gas and Coal Lease Assignment Fees – Remove these fees for red tape reduction and to improve efficiencies.
- Land Sale/Exchange - Set the Land sale/exchange fee at \$2,500 per application to better accommodate applications involving multiple tracts.
- Commissioner Performance Metrics - Add requirement that any additions or changes to Commissioner performance metrics be communicated to the Commissioner in a timely manner.
- Surface Lease Fee - Change the name of the “Surface Lease Fee” to the “Surface Lease Administrative Fee” and set the fee at \$0.11/acre to reflect actual administrative costs.

**Recommendation: Effective today, May 31, 2024, the Board approve the revisions as presented and adopt the revised Board of University and School Lands Policy Manual.**

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

- Attachment 1 – “Definitions”
- Attachment 2 – “Fees”
- Attachment 3 – “Commissioner Performance and Compensation”
- Attachment 4 – “Fair Market Value Minimum Rent”

## DEFINITIONS

**Definitions.** The following definitions apply to this manual:

1. "Agricultural use" includes the use of trust lands for the purpose of grazing, cropping, and haying, and honey bee pasture or meadow.
2. "Bank" means the Bank of North Dakota established under North Dakota Century Code chapter 6-09.
3. "Board" means the Board of University and School Lands.
4. "Commissioner" means the Commissioner of University and School Lands.
5. "Department" means the office of the Commissioner and the Department of Trust Lands.
6. "Fair market value" means the price set by the Commissioner after an analysis of prices paid for similar products or services in the area of the leased premises.
7. "Funds" means monies under control of the Board.
8. "Lease" means a contract entered into between the Board and a third party for agricultural use of trust lands.
9. "Leased premises" means the land area subject to a given lease for agricultural use.
10. "Loans" means loans secured by a first mortgage on farm or ranch lands in the state. The collateral for these loans must not be encumbered by any prior mortgage, lien, tax lien, judgment, or other prior encumbrances, and all real property taxes must be current.
11. "Mortgagor" means a person who is a resident of the state of North Dakota or a legal entity registered in the state of North Dakota and conducting business in the state.
12. "Payor" means either the lessee or an entity other than the lessee who assumes, or agrees to perform, any of the lessee's rights and responsibilities under a lease.
13. "President" means the President of the Bank of North Dakota as provided for in North Dakota Century Code chapter 6-09.
14. "Trust" means permanent trusts and other funds managed or controlled by the Board.
15. "Trust lands" means any property owned by the state of North Dakota and managed by the Board.

Effective Date: October 25, 2018; December 17, 2018; March 28, 2019

Revised: January 1, 2020; May 31, 2024

**FEES**

The following fees are non-refundable, unless otherwise noted or unless it is determined by the Commissioner of University and School Lands that circumstances require the fees be waived:

**General Fees:**

Certified copies \$-25.00 per document

**Minerals Fees:**

**1. Coal leasing**

Application fee \$650.00 per lease  
 Lease assignment fee \$0-25.00 per assignment per lease

**2. Oil and gas leasing**

Lease assignment fee \$0-25.00 per assignment per lease  
 Oil & Gas lease extension or amendment application fee \$250.00-1,000 per lease

**3. Subsurface mineral leasing – potash and other subsurface minerals mining solution**

Application filing fee \$-50.00 per tract

**Surface Fees:**

**1. Construction Aggregate Leasing**

Application fee for Lease, Amendment, assignment, extension, renewal \$250.00

**2. Encumbrances**

Application fee for Encumbrances, Amendment, assignment, extension, renewal \$250.00

**3. Land sale/exchange application fee**

~~per tract~~ application \$500.00-1,000-2,500 per

**4. Appraisal fee**

based on actual cost

**5. Recording fee**

based on actual cost

~~**6. Surface Lease assignment**~~

~~\$ 25.00 per lease~~

General Authority: N.D.C.C. § 15-01-02.1; N.D. Admin. Code §§ 85-04-02-01, 85-04-04-01, 85-06-01-06, 85-06-02-03, 85-06-02-12, 85-06-07-02

Effective Date: June 26, 2014

Revised: July 1, 2020; May 31, 2024



## COMMISSIONER PERFORMANCE REVIEW

The Board shall conduct a formal evaluation of the Trust Lands Commissioner and assess the Commissioner's performance during the first half of each calendar year through surveys and metrics. This evaluation will be used to determine whether any adjustments to the salary of the Commissioner should be made for the following fiscal year. The Board shall review and approve any recommended adjustments by June 30th each year. The Board shall consider the [Commissioner's self-evaluation and response to surveys, along with the](#) following categories of performance, and may consider additional categories at its discretion:

### **HRMS 360 Surveys – Board Members**

- Board Meetings and Board Relations
- Land Department Operations and Inter-Agency Relations
- Stakeholder/Legislative Relations
- Professional Skills and Development
- General Feedback

### **HRMS 360 Surveys – Team Members**

- Leadership
- Communication
- Valuing Team Members
- General Feedback

The Board may also consider the following Key Performance Indicators, including any additional metrics as the Board sees fit. [Any additions or changes to the utilized metrics must be communicated to the Commissioner in a timely manner.](#)

### **Key Performance Indicators**

- CSTF Growth Since Start of Commissioner Tenure
- Prior Fiscal Year Investment Performance v. Index
- Prior Fiscal Year Unclaimed Property Return Rate
- Prior Fiscal Year Number of Holder Reports Filed
- Gallup Engagement Survey Score Trends Since Start of Commissioner Tenure

General Authority: N.D.C.C. § 15-02-03

Effective Date: May 31, 2024

## FAIR MARKET VALUE MINIMUM RENT POLICY

In order to provide a uniform and equitable leasing system for trust lands, the Fair Market Value Minimum Rent (FMV) policy uses a market value approach to establish a minimum opening bid at public auction. The Department contracts with a vendor to conduct a survey to assess land cash rents and land prices from agricultural owners and producers at a county level throughout North Dakota (County Rents and Prices Survey (Survey)) on an annual basis. The Survey provides statistically reliable land use data to help the Department gain insight into current rental rates.

The Commissioner may adjust the grassland Resource Area Productivity Index, Region Cropland Productivity Index, and fencing and water adjustments, as needed. The Board shall review any substantive adjustments that would impact the entire method.

Technical adjustments may be necessary when errors are discovered in the tract data. The Commissioner is authorized to make these and other technical adjustments that impact the minimum bid for individual tracts before the public auction or during the term of a lease, provided the lease has not been bid up.

### Grassland FMV

$$\left( \left( \left( \left( \text{RR} - \text{F} \right) \times \text{SE} \right) \times \left( \left( \frac{\text{GPI} \times \text{TSA}^*}{\text{RAPI}} \right) - \text{BW}^* \right) \times \text{Grass Acres} \right) - \text{W}^* + \left( \text{BF}^* \times \text{Grass Acres} \right) \right) + \text{LF} = \text{Grassland Minimum Bid}$$

1. Regional Rent (RR): The RR is calculated based on a three-year moving average rental rate for pastureland (grassland), as annually reported in the Survey. Individual counties will typically be a region. Counties may be combined to create a region based on land resource similarity, adjacent land ownership, presence of trust lands, and low survey report numbers. (Addendum A - Grassland Leasing Regions map).
  - a. If one county is designated as a region the RR is based on that county's average rental rate.
  - b. If a region includes more than one county the RR is based on the lowest county average rental rate of the counties in the region.
2. Fence (F): To recognize that in most cases the Board does not provide or maintain fences, while most private landlords do, a deduction will be applied to regional rent. (Addendum B - Fence Adjustment Determination for Fair Market Value Minimum Rent Policy).
3. Potential Survey Error (SE): Because of the potential for error in the Survey, a downward adjustment of ~~510%~~ (0.9~~50~~) will be applied to each regional rent. This adjustment compensates for differences reported by those who leased land, versus those who did not lease land, to keep trust lands competitively priced.

4. Grassland Productivity Index (GPI): The Department rates the productivity of each individual tract based on soils data. prepares a Grassland Productivity Worksheet to rate a tract's potential rangeland forage productivity. (Addendum C – Grassland Productivity Worksheet). Tracts that potentially produce more forage in a land resource area may be priced proportionately higher, and tracts with lower potential forage production may be priced proportionately lower, than an average tract.

For tracts not surrounded by Forest Service National Grasslands, the tracts' GPI are calculated at the "high good" productivity rate, while tracts surrounded by or adjacent to Forest Service National Grasslands or Tribal or reservation land are calculated at the "mid good" productivity rate. These ratings are based on the Natural Resources Conservation Service method of determining forage productivity. The lower GPI for tracts surrounded by or adjacent to Forest Service National Grasslands or Tribal or reservation land more closely reflects long term average use on trust land in those areas.

5. Resource Area Productivity Index (RAPI): The RAPI is the average potential grassland productivity for trust lands in a land resource area. (Addendum CD – Grassland Resource Areas map and Addendum DE – Land Resource Area Productivity Chart). The average is calculated by adding the carrying capacity, at the high good rating, of each individual tract within the land resource area and dividing that sum by the number of grass acres for those tracts within the land resource area.

- ~~6. Badlands Water Adjustment (BW\*): In the Badlands, where there is lower grassland productivity, it is not always cost effective to develop water. Therefore, to recognize that livestock water sources serve multiple Badlands' tracts shared by multiple land owners, a deduction on a per grass acre basis may be applied in lieu of providing rent credit or cost share for developing water on trust lands. (Addendum F – Badlands Water Adjustment Determination for Fair Market Value Minimum Rent Policy and Addendum G – Badlands Water Adjustment Tracts map).~~

- ~~7.6. Tract Specific Water Adjustment (outside Badlands) (TSAW\*): If it is determined that there is no potential development for permanent livestock water sources on the tract or on adjacent tracts or other issues that make the tract difficult to lease, the GPI will be reduced by 40% (0.60).~~

- ~~8. Board Owned Fencing (BF\*): For tracts where the Board owns a boundary fence, a positive adjustment is made to negate any Fencing (F) deduction. (Addendum B – Fence Adjustment Determination for Fair Market Value Minimum Rent Policy).~~

- ~~9.7. Surface Lease Administrative Fee (LF): A lease administrative fee of five eleven cents per total tract acre will be charged annually to partially offset the expenses of conducting lease auctions, issuing leases, and maintaining surface lease records.~~

~~\* These are tract specific adjustments that take into account a tract's unique characteristics.~~

10.8. Grassland Opening Bid Limits.

- a. Minimum: The minimum opening bid for grassland will not be less than 25% of the three-year moving average of the regional rent adjusted for potential survey error and fencing.
- b. Maximum: The maximum opening bid for grassland will not be greater than 125% of the three-year moving average of the regional rent adjusted for potential survey error and fencing.

**Cropland FMV**

$$(((\text{CPI} \div \text{RCPI}) \times (\text{RR} \times \text{SE})) \times \text{Cropland Acres}) + \text{LF} = \text{Cropland Minimum Bid}$$

1. Cropland Productivity Index (CPI): ~~The Department rates the productivity of each individual tract based on soils data. The Department prepares a Cropland Productivity Worksheet to rate a tract's potential cropland productivity. (Addendum H— Cropland Productivity Worksheet).~~ Tracts that have a higher than average potential cropland productivity may be priced proportionately higher, and tracts with lower potential cropland productivity may be priced proportionately lower, than an average tract.
2. Region Cropland Productivity Index (RCPI): The RCPI is the average potential cropland productivity for all cropland in a region. (Addendum ~~EI~~ - Region Cropland Productivity Index map). The acreage of each cropped soil in a region is multiplied by the soil's crop productivity index. The totals for each cropped soil are added and divided by the total cropland acres in a region.
3. Regional Rent (RR): The RR will be calculated based on a three year moving average of the ~~average rental rate most frequently reported for~~ non-irrigated cropland rental rate, as annually reported in the Survey. Individual counties will be a region.
4. Potential Survey Error (SE): Because of the potential for error in the Survey, a downward adjustment of 5% (0.95) will be applied to each regional rent. This adjustment compensates for differences reported by those who leased land, versus those who did not lease land, to keep trust lands competitively priced.
5. Surface Lease ~~Administrative~~ Fee (LF): A lease ~~administrative~~ fee of ~~elevenfive~~ cents per total tract acre will be charged annually to partially offset the expenses of conducting lease auctions, issuing leases, and maintaining surface lease records.
6. Cropland Opening Bid Limits.
  - a. Minimum: The minimum opening bid for cropland will not be less than 75% of the three-year moving average of ~~the regional rent as reported by the Survey~~RRy.

- b. Maximum: The maximum opening bid for cropland will not be greater than 1105% of the three-year moving average of the ~~RR regional rent for cropland reported by the Survey.~~

**Hayland FMV**

$$(RR \times \text{Hayland Acres}) + LF \text{ (If HPI} < 0.50)$$

**OR**

$$((RR \times 1.10) \times \text{Hayland Acres}) + LF \text{ (If HPI} > \text{ or} = 0.50)$$

= Hayland Minimum Bid

1. Regional Rent (RR): The RR will be based on a three-year moving average rental rate for pastureland (grassland), as annually reported in the Survey. Individual counties will be a region. (Addendum ~~FJ~~ – Region Hayland Productivity Index map).
2. Hayland Productivity Index (HPI): ~~The HPI is calculated by taking the individual tract's hayland tons per acre divided by the region's highest hayland tons per acre. The Department rates the productivity of each individual tract based on soils data. (Addendum K – Hayland Productivity Worksheet).~~
3. Surface Lease Administrative Fee (LF): A lease administrative fee of fiveeleven cents per total tract acre will be charged annually to partially offset the expenses of conducting lease auctions, issuing leases, and maintaining surface lease records.

**Opening bid for terminated leases**

1. If a lease is terminated, the tract may be offered at public auction for the remainder of the lease term, not to exceed the expiration date of the original lease.
2. When a lease terminates, the opening bid for that tract at the next auction will be set as follows:
  - a. For a tract that leased for the minimum opening bid, the opening bid will be calculated using the tract's current FMV.
  - b. For a tract that leased for higher than the minimum opening bid, the opening bid will be calculated at the midpoint between the current FMV and the terminated lease amount.
  - c. For a tract that leased for higher than the minimum opening bid and terminated twice within the five year lease term, the opening bid will be the previous lease amount.
  - d. For a tract that remains unleased for a calendar year, the opening bid will be calculated using the tract's current FMV.

Effective Date: December 17, 2018  
Revised: January 1, 2020; May 31, 2024

**RE: Litigation Update**  
(No Action Requested)

- **State of North Dakota, ex. rel. v Virginia Leland, et.al.**
  - **Case Summary:** OHWM river island ownership; trial was held September 12-16, 2022; Judge Schmidt issued a Phase I Memorandum Decision on April 30, 2024, finding 1) the at issue Yellowstone River segment was navigable at statehood; 2) the at issue west bank of the river is owned by the state; 3) the at issue north island is not owned by the state; 4) the at issue south island is owned by the state; and 5) the state's claim is not barred by laches. The remaining issues of conveyances, acreage calculations, etc. will be determined in the upcoming Phase II proceedings.

Commencement: January 2016

ND Assigned Attorneys: Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs  
James Wald, DTL General Counsel

Counsel for Whiting Oil and Gas Corp: Paul Forster (Crowley Fleck, PLLP, Bismarck, ND)  
Shane Hanson (Crowley Fleck, PLLP, Bismarck, ND)

Counsel for Defendant(s): Kevin Chapman (Chapman Law Firm, P.C., Williston, ND)  
Ariston Johnson (Johnson & Sundeen, Watford City, ND)  
and Others

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = State owns at issue Yellowstone River islands and related mineral interests

Lose = Plaintiffs owns at issue Yellowstone River islands and related mineral interests

- **Continental Resources, Inc. v. North Dakota Board of University & School Lands and North Dakota Department of Trust Lands**
  - **Case Summary:** Continental Oil Royalty Deductions – Now that the Newfield gas royalty deductions case has been resolved, this has come off stay and the parties have filed a joint scheduling order laying out the discovery and preparation timeline for trial that is currently scheduled for August 4-8, 2025, in McKenzie County.

Commencement: December 2017

ND Assigned Attorney(s): David Garner, Assistant Attorney General

Counsel for Continental Resources, Inc.: Jamie Bryan, (K&L Gates, Fort Worth, TX)  
Mark Barron (Baker & Hostetler, LLP, Denver, CO)

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = Clarity that Land Board oil & gas lease does not allow for deductions from oil royalties resulting in tens of millions of dollars in deductions being repaid to the state.

Lose = Deductions from oil royalties are allowed under the lease, requiring additional administrative rules/case law to clarify extent

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior**
  - **Case Summary:** Missouri riverbed ownership – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We filed a motion requesting a change of venue to North Dakota that the Court is now considering.

Commencement: July 2020

ND Assigned Attorneys: James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.)  
Charles Carvell, Special Assistant Attorney General (Pearce Durick PLLC, Bismarck ND)  
Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs

Counsel for MHA: Steven D. Gordon (Holland & Knight's Washington, D.C.)  
Philip Merle Baker-Shenk (Holland & Knight's Washington, D.C.)  
Timothy Purdon (Robins Kaplan, Bismarck, ND)  
Timothy Billion (Robins Kaplan, Minneapolis, MN)

Counsel for United States Department of Interior: Reuben S. Schiffman (Washington, D.C.)

Court: United States District Court for the District of Columbia

Judge: Honorable Amy Berman Jackson

Win = North Dakota owns historical Missouri Riverbed (mineral rights) through Fort Berthold Indian Reservation resulting in release to state of tens of millions of dollars in withheld oil & gas royalties.

Lose = U.S. owns the riverbed in trust for MHA Nation so royalties are released to the tribe

- **Continental Resources, Inc. v. North Dakota Board of University and School Lands and the United States of America (Interpleader)**
  - **Case Summary:** OHWM fed/state dispute – ND Federal District Court issued opinion March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public

domain lands”; federal government appealed and we filed cross appeal; final brief was filed January 10, 2024; oral arguments likely to be scheduled this Fall.

Commencement: December 2016

ND Assigned Attorneys: Philip Axt, ND Solicitor General

Counsel for Continental: Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND)  
Spencer Ptacek (Fredrikson & Byron P.A., Bismarck, ND)

Counsel for USA: Shaun Pettigrew (Environment and Natural Resources  
Division (ENRD) of the U.S. Department of Justice

Court: United States District Court, District of North Dakota

Judge: Magistrate Judge Clare R. Hochhalter

Win = State survey controls where U.S. lands abut the Wenck line resulting in retention of 2,500 mineral acres

Lose = Federal surveys control resulting in net loss of approximately 2,500 mineral acres



## **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 consolation and to discuss negotiating strategy regarding:**

- **Royalty Deductions Settlements**
- **Continental Resources, Inc. v. North Dakota Board of University and School Lands and the United States of America (Royalty Deductions Case)**
- **Arkansas v. Delaware (Unclaimed Property Case)**

<b>Action Record</b>	<b>Motion</b>	<b>Second</b>	<b>Aye</b>	<b>Nay</b>	<b>Absent</b>
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 purposes for entering into executive session, which is anticipated to last approximately 30 minutes.

The Board is meeting in executive session to provide guidance or instructions to its attorneys and discuss negotiation strategy regarding the identified cases. 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 issues.

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.**