

**Minutes of the Meeting of the  
Board of University and School Lands  
December 12, 2024**

The December 12, 2024, meeting of the Board of University and School Lands was called to order at 9:10 AM by Vice-Chairman Secretary Howe, roll call was taken and the Pledge of Allegiance was recited.

**Members Present:**

Drew Wrigley	Attorney General
Kirsten Baesler	Superintendent of Public Instruction
Michael Howe	Secretary of State
Thomas Beadle	Treasurer
Doug Burgum	Governor (Call in 9:10-9:20 AM)

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Director of Admin Svcs & IT
Kate Schirado	Executive Assistant
Rick Owings	Administrative Staff Officer
Frank Mihail	Chief Investment Officer
James Wald	Legal Council
Elvedina Papalichev	Paralegal
Adam Otteson	Revenue Compliance Division Director
Susan Sommerfeld	Unclaimed Property Director
Peggy Gudvangen	Finance Director
Kristie McCusker	Minerals Management Officer
Jacob Lardy	Land Management Specialist
Shaun Campbell	Investments Officer
Teresa Hettinger	Investments Officer
Scott Giere	Revenue Compliance
Joseph Stegmiller	Surface Division Director
Pam Reile	Revenue Compliance
Matthew Reile	IT Systems Administrator
Maria Iversen	Finance
Chris Suelzle	Minerals Division Director
Garret Hecker	Surface Range Soils Management Specialist
Emily Bosch	Unclaimed Property
Amanda Parent	Minerals Management Officer
Chris Suelzle	Minerals Division Director
Vicki Siegel	Finance
Ryan Kobilansky	Surface Range Soils Management Specialist
Kathy Brandvold	Revenue Compliance

**Guests in Attendance:**

Jared Mack	Eide Bailley
Skye Hertel	Eide Bailley
Catherine Campbell	Blackstone
Sean Klimczak	Blackstone
Nathan Svihovec	Office of the Governor
John Reiten	Office of the Governor

Suzie Weigel	Office of the Attorney General
Jennifer Sandberg	RVK
Josh Kevan	RVK
Brady Pelton	NDPC
Geoff Simon	Western Dakota Energy Association
Cyril Espanol	Journalist
Jacy Schafer	Governor Elect Armstrong Staff
Jacob Orledge	Dakota Monitor
Ron Ness	Petroleum Council
Jeffrey Skaare	
Joseph Harris	
C. Rajala	
Ryan Rauschenberger	

## **APPROVAL OF MINUTES**

A motion to approve the minutes of the October 31, 2024, meeting was made by Attorney General Wrigley, the motion was seconded by Treasurer Beadle and the motion carried unanimously on a voice vote.

Governor Burgum joined the meeting via phone/audio call to receive the resolution honoring his service to the Board of University and School Lands. The Governor expressed his gratitude to the Board and to the Department of Trust Lands while he served. The Governor then departed the meeting.

GOVERNOR BURGUM RESOLUTION

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



ADOPTED  
December 12, 2024

**Resolution Honoring Governor Doug Burgum for His Service on the North Dakota Board of University and School Lands**

WHEREAS, Governor Doug Burgum has served with distinction as Chair of the North Dakota Board of University and School Lands for eight years; and

WHEREAS, under Governor Burgum's leadership, the value of the Common Schools Trust Fund has doubled, growing from \$3.5 billion to \$7 billion, supporting the future of North Dakota's schoolchildren; and

WHEREAS, the biennial Common Schools Trust Fund distribution has increased by 135%, from \$250 million to \$585 million, strengthening K-12 public education funding while reducing property tax burdens across the state; and

WHEREAS, the Common Schools Trust Fund has distributed a total of \$2 billion and generated \$3 billion in oil and gas revenues, contributing to North Dakota's prosperity and educational opportunities; and

WHEREAS, Governor Burgum spearheaded a comprehensive software system overhaul, along with a red tape reduction effort, within the Department of Trust Lands, optimizing efficiency and service; and


WHEREAS, his tenure includes the successful completion of the ordinary high water mark acreage adjustment project, on-time and under budget; and


WHEREAS, significant litigation reduction was achieved, along with numerous royalty settlements totaling tens of millions of dollars; and


WHEREAS, record-breaking unclaimed property receipts and payouts were achieved; and


WHEREAS, the Board's investment program was extensively built out under Governor Burgum's leadership, establishing a more diversified and sophisticated institutional portfolio for future beneficiaries;

NOW, THEREFORE, BE IT RESOLVED, that the Board of University and School Lands expresses its deepest gratitude to Governor Doug Burgum for his exemplary leadership, dedicated service, and substantial contributions to the people of North Dakota. His chairmanship has set a strong foundation for future growth and will benefit North Dakota's education system and its citizens for years to come.

  
Michael Howe, Secretary of State

  
Thomas Beadle, State Treasurer

  
Kirsten Baesler, Supt. Pub. Instruction

  
Drew Wrigley, Attorney General

**Motion: The Board approve the Resolution recognizing and commending Governor Doug Burgum for his eight years of service to the state of North Dakota and the Board of University and School Lands.**

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

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

### Fiscal Audit Report

**A report on the annual fiscal audit was presented to the Board by Eide Bailly – Jared Mack and Skye Hertel. They reported a clean audit with immaterial adjustments. The full audit report is available at the Department upon request.**

### Commissioner's Report

- Royalty Deductions – the Continental Resources litigation (initiated in December 2017) has been settled; court filings to close the case will be finalized within the next few weeks
- Summit Carbon Solutions – three trust lands parcels totaling 480 acres will be in the application coming before the Industrial Commission; consistent with precedent, pore space easements will not be signed until the project is approved, but agreement in principle with Summit has been reached
- Incentive Comp Study – consultant, CBIZ, was retained through a competitive procurement process; the Commissioner and the Leadership Team have had several meetings with CBIZ and they have already interviewed each team member; goal is to have their report ready for the January board meeting
- State Investment Board Investment Committee - attended November 8, 2024, meeting as a voting member
- Lignite Research Council – attended November 13, 2024, grant round meeting as a voting member where three proposals were recommended for approval to the Industrial Commission
- State Investment Board - attended November 22, 2024, full State Investment Board meeting as a voting member

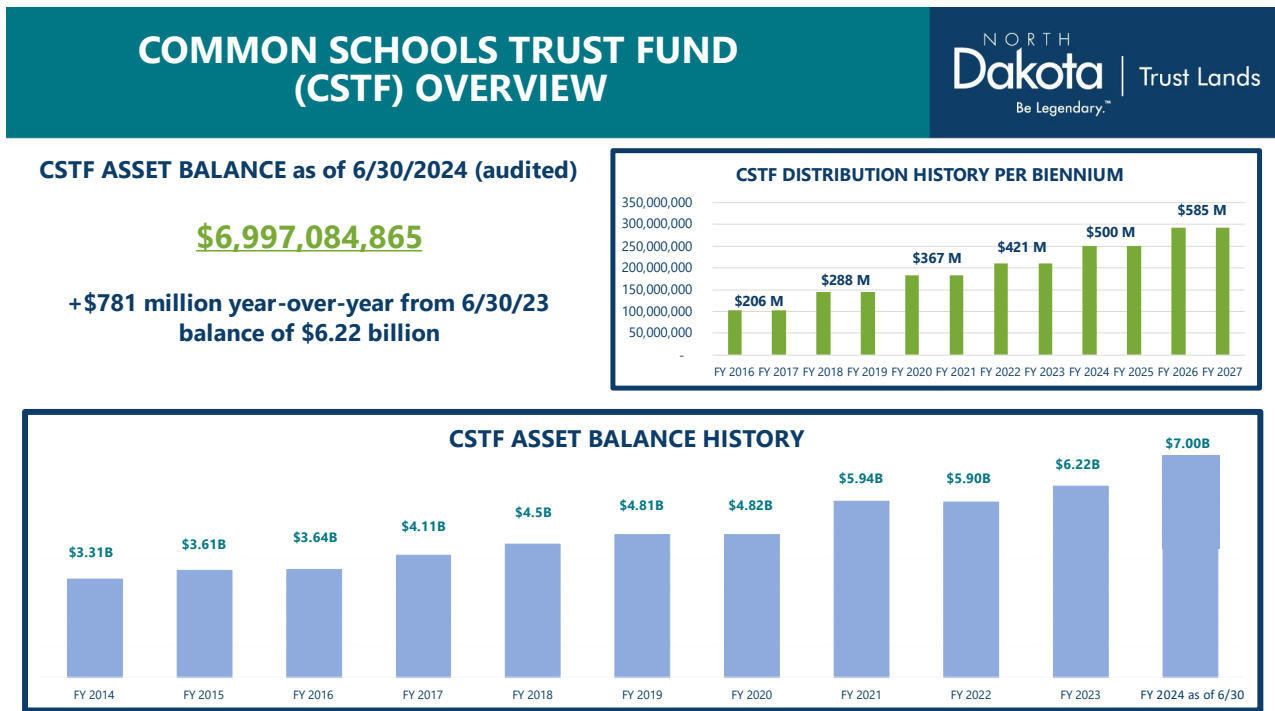
(12/12/24)

- Governor’s Budget Address – attended December 4, 2024, event where Governor Burgum presented his executive budget
- Legislative Session – our sole agency bill which clarifies Land Board rulemaking authority was submitted to legislative council by the December 5, 2024, deadline

**Human Resources**

- Hosted all staff annual policies training session on November 6, 2024
- Our Investment Operations Officer accepted a job in the private sector so that position has been posted and we are accepting applications
- Our Unclaimed Property Claims processor accepted a job at another state agency. That position has been filled with the new employee starting December 16, 2024

**Financial Dashboard**



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



Monthly Distribution to the State Tuition Fund for the 2023-25 Biennium \$27,770,000  
 Multiplied by 9 months per year = \$250,000,000  
 Divided by 115,740 students = \$2,160/student per year

North Dakota Cost to Educate Per Student \$13,778/year  
 75.7% State Funding Share = \$10,430  
 \$2,160 CSTF per Student Annual Distribution **=21% of state funding share**

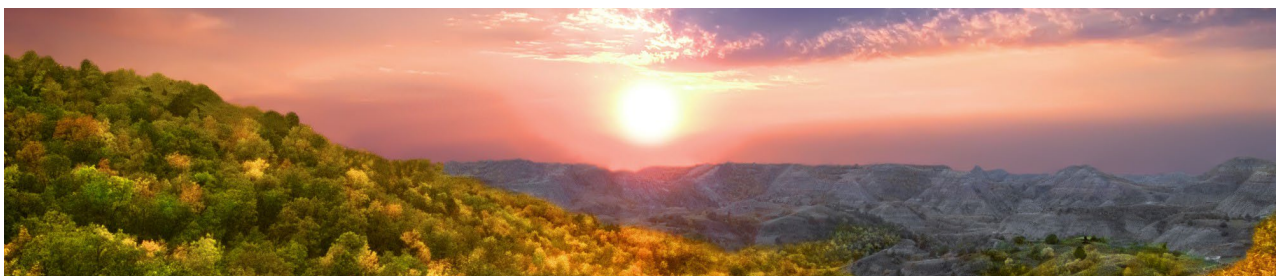


## COMMON SCHOOLS TRUST FUND 2025 -27 (CSTF) DISTRIBUTIONS



Monthly Distribution to the State Tuition Fund for the 2025-27 Biennium \$32,500,000  
 Multiplied by 9 months per year = \$292,500,000  
 Divided by 116,598 students = \$2,508/student per year

North Dakota Cost to Educate Per Student \$13,778/year  
 75.7% State Funding Share = \$10,430  
 \$2,508 CSTF per Student Annual Distribution **=24% of state funding share**



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

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**Current Biennium Distributions to the  
State Tuition Fund through 11/30/2024**

**\$333.31 million of  
\$500 million total**

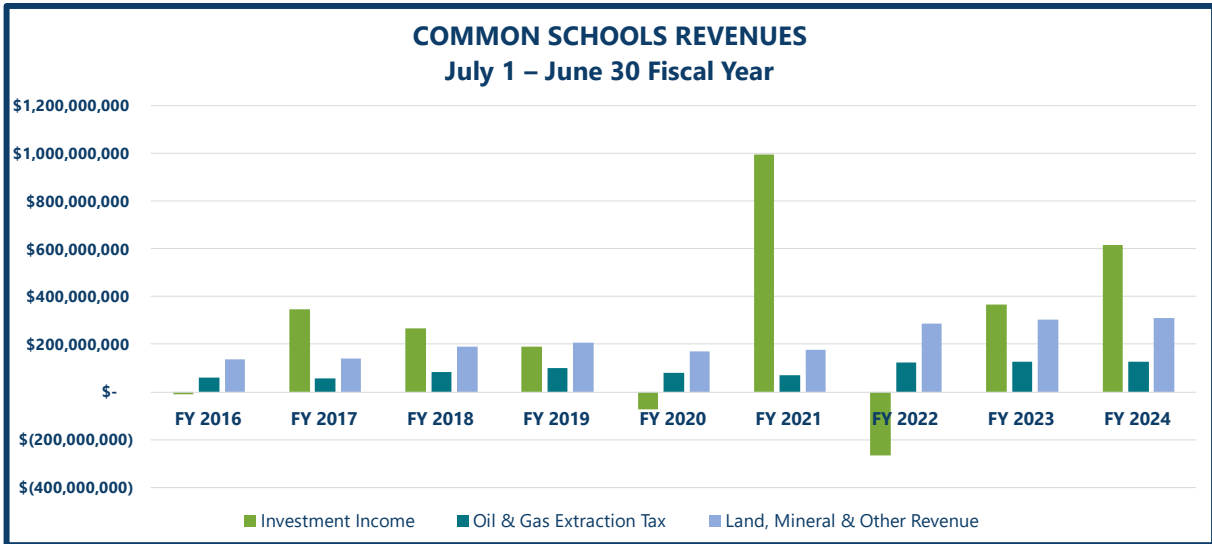
**CSTF Distributions Since FY 2014**

**\$2 BILLION OF PROPERTY TAX RELIEF!**



**COMMON SCHOOLS TRUST FUND  
(CSTF) OVERVIEW**

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# STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

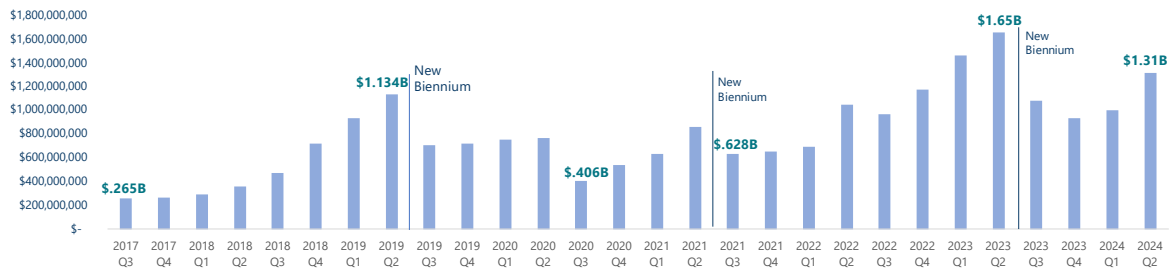
### SIIF BALANCE as of 5/31/2024 (unaudited)

- Total Balance - \$1,203,950,371
- Uncommitted Balance – \$809,492,447

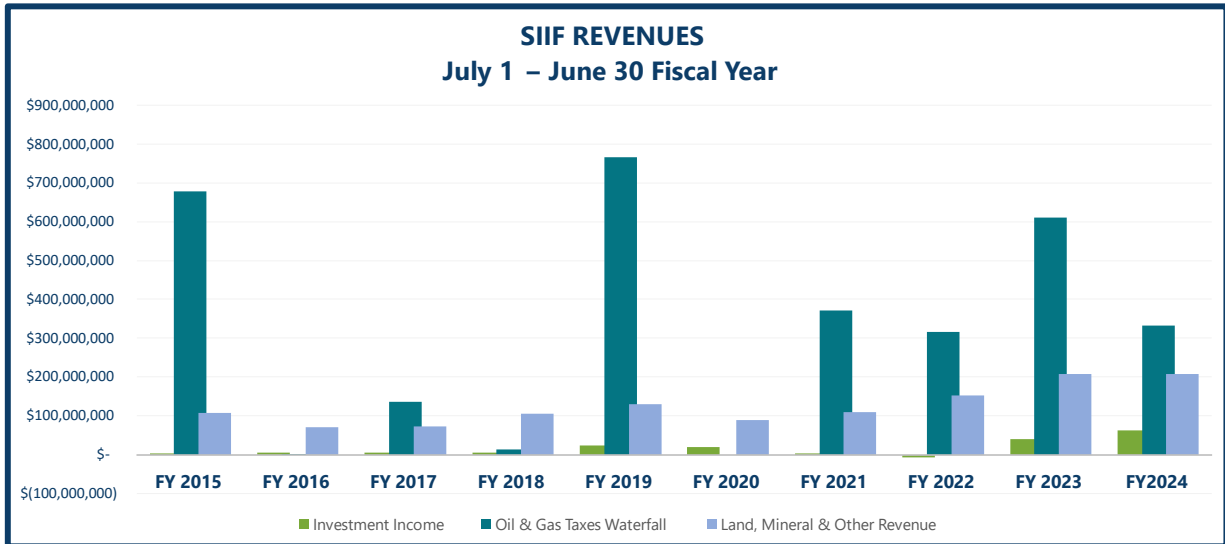
### SIIF BALANCE as of 6/30/2024 (audited)

- Total Balance - \$1,313,278,883
- Uncommitted Balance – **\$944,505,315**

### SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



# STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS





**ESTIMATED TOTAL NET ASSETS**  
as of 03/31/2024



**Mineral Tracker Valuation**  
as of October 31, 2024, on  
2.6 million Mineral Acres  
**\$2,461,271,622**



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



**Estimated Total Net Assets\***  
as of June 30, 2024



**\$10,559,378,346**



\* Total excluding SIF

Department of Trust Lands Information Sheets 2025



DEPARTMENT OF TRUST LANDS

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

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

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

DID YOU KNOW?

WE MANAGE 2.6 MILLION MINERAL ACRES WITH INTEREST IN MORE THAN 9,700 OF ND'S APPROXIMATELY 19,000 PRODUCING WELLS WITH MORE THAN 8,600 LEASES.



WE MANAGE MORE THAN 700,000 SURFACE ACRES IN 50 OF NORTH DAKOTA'S 53 COUNTIES WITH APPROX. 4,400 LEASES.



CURRENT AGENCY TEAM MEMBER STATS



HOW WE COMPARE TO OTHER PEER STATES TRUST LAND DEPARTMENTS

	ND DTL	UTAH	MINNESOTA	TEXAS GLO
<b>STAFFING</b>	33 FTE 1 FTE/\$262 Million	68 FTE 1 FTE/\$47 Million	88FTE 1 FTE/\$21 Million	801 FTE 1 FTE/\$65 Million
<b>2023 ASSET VALUE</b>	\$ 8,647,994,458	\$ 3,221,207,646	\$ 1,889,600,000	\$ 52,316,792,346
<b>2023 OPERATING REVENUE</b>	\$ 535,700,494	\$ 146,578,644	\$ 30,000,000	\$ 1,900,818,720

## DEPARTMENT HIGHLIGHTS

### \$2 BILLION IN ROYALTY REVENUE DEPOSITED INTO DTL TRUSTS AND FUNDS



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

**\$2,501**  
CSTF funding per K-12 student

The CSTF distributions to the State Tuition Fund total \$2.2 billion over a 10-year span (2018-2027); helping to alleviate the financial responsibility of the General Fund and North Dakota property tax payers.

The 2025-2027 Biennium alone will see an 17% increase in distributions totaling nearly \$585 million translating to approximately \$2,501 in funding per K-12 student. This translates to the Department covering nearly 25% of the State's financial responsibility per student.



**CSTF MAIN SOURCES OF REVENUE: 10% OF OIL EXTRACTION TAX, 9,700 BAKKEN WELL ROYALTIES, OIL & GAS LEASE BONUS PAYMENTS, INVESTMENT INCOME, SURFACE RIGHTS OF WAY, SURFACE RENTAL INCOME, AGGREGATE.**



**\$7 BILLION VALUE AS OF FISCAL YEAR 2025**

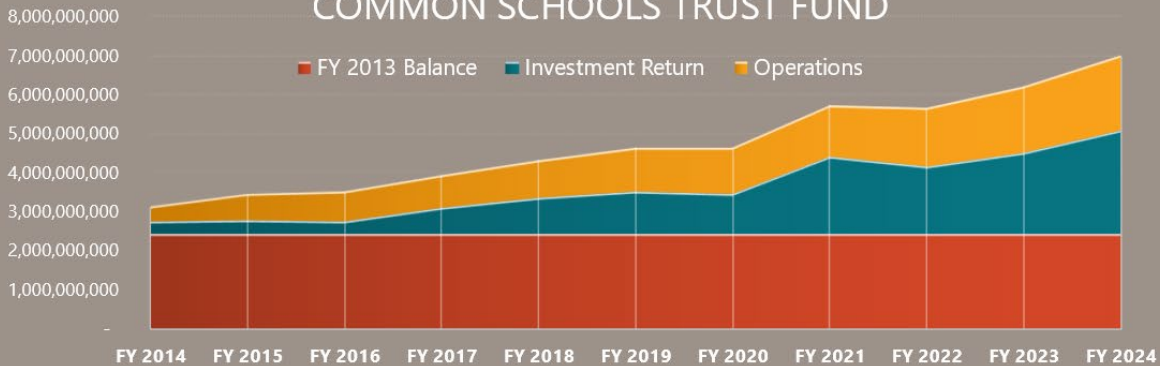


**\$585 MILLION TO BE DISTRIBUTED IN 2025-27 BIENNIUM**



**17% INCREASE IN DISTRIBUTION OVER LAST BIENNIUM**

### COMMON SCHOOLS TRUST FUND



**Common School Trust Fund (CSTF) Information Sheet 2025**



**COMMON SCHOOLS TRUST FUND (CSTF)**



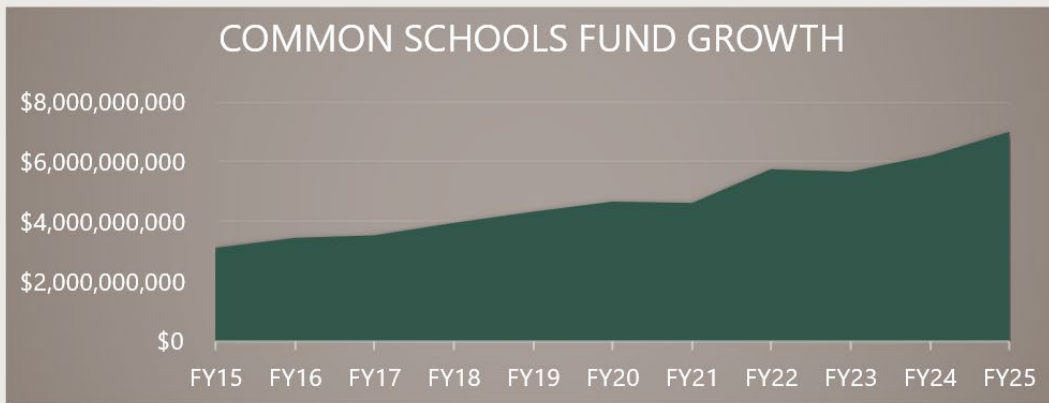
**\$7 BILLION VALUE AS OF FISCAL YEAR 25**



**\$585 MILLION TO BE DISTRIBUTED IN 2025-27 BIENNIUM**



**17% INCREASE IN DISTRIBUTION OVER LAST BIENNIUM**



**\$2.2 BILLION IN K-12 DISTRIBUTIONS FROM 2018 - 2027 DIRECTLY OFFSETTING THE LEVEL OF FINANCIAL RESPONSIBILITY REQUIRED OF THE GENERAL FUND AND PROPERTY TAXES.**

**DEPARTMENT OF TRUST LANDS REVENUE STREAMS CONTRIBUTING TO CSTF**

**MINERALS**

- 10% OF THE OIL EXTRACTION TAX
- MINERAL LEASE BONUSES
- ROYALTY REVENUE



**SURFACE**

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



**COMMON SCHOOLS TRUST FUND DISTRIBUTION CALCULATION**

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

**3.17% NET AVERAGE ANNUAL DISTRIBUTION OVER PAST 10 YEARS**

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

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

## DIVISION REPORTS

### SURFACE

#### SURFACE DIVISION ENCUMBRANCES ISSUED



**Encumbrances issued by the Commissioner 33 Right of Way Agreements in October and November generating total of \$683,194 in income for the Trusts**



Photo: Theodore Roosevelt National Park South Unit

#### SURFACE DIVISION FALL SURFACE LEASE AUCTION SUMMARY



Fall surface lease auctions were held in 34 North Dakota counties in October.

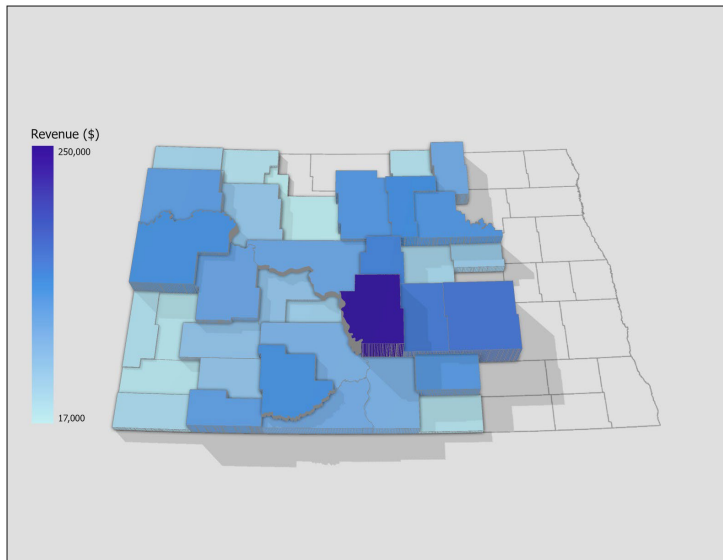
A total of **\$2,900,306** was generated in auction payments.

**Auction Highlights**

Highest \$/acre for pasture: \$104/acre in Logan Co.

Highest \$/acre for cropland: \$134/acre in Towner Co.

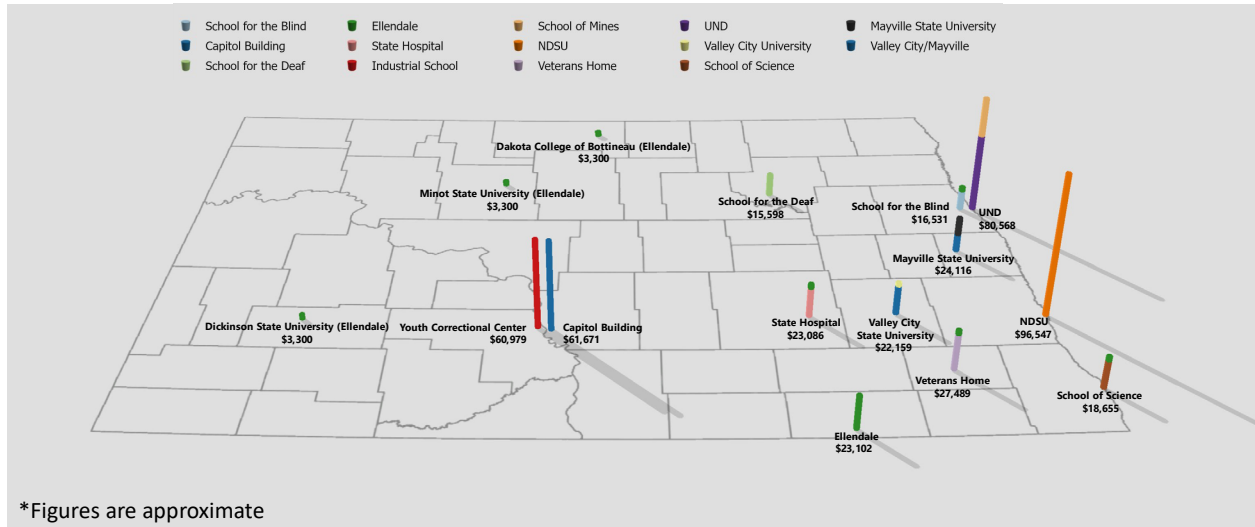
County with most competition: 45% in Pierce Co.



# SURFACE DIVISION FALL SURFACE LEASE AUCTION SUMMARY



Revenue from 2024 Surface Auctions by Trust (excluding Common Schools Trust)



# SURFACE DIVISION FALL SURFACE LEASE AUCTION SUMMARY



The auction season ended with a 94% lease rate. All payments from the fall auctions have cleared with no outstanding issues.

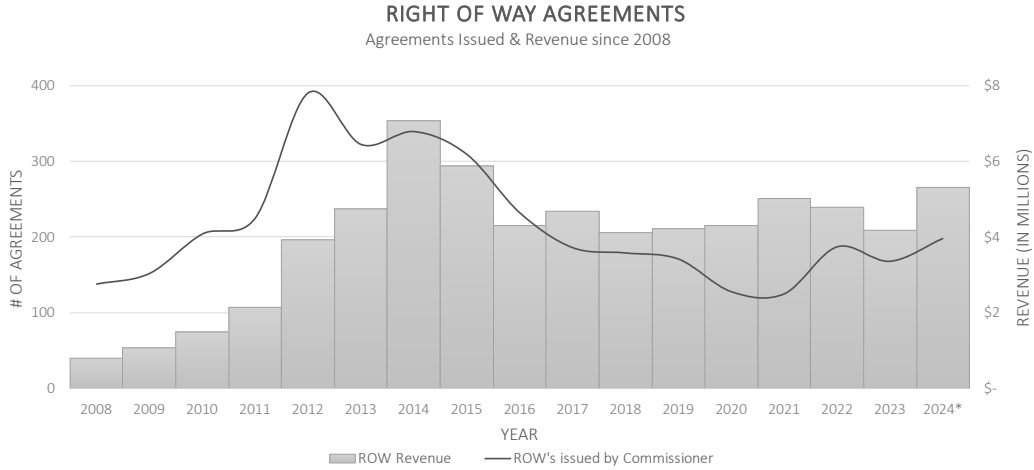
A detailed summary of all auction results as well as unleased tracts available for leasing through the Department is available on the Department's [website](#).

The following table is a snapshot comparing our recent auction season with the previous corresponding auction years.

	2014	2019	2024
<b>Number of Counties</b>	34	34	34
<b>Total Tracts Offered</b>	1136	1146	1137
<b>Number of Tracts left unleased</b>	92 (8%)	78 (7%)	73 (6%)
<b>Number of Tracts bid-up</b>	160 (15%)	146 (14%)	153 (14%)
<b>Total amount of minimum advertised bids</b>	\$1,819,600	\$2,418,748	\$2,535,425
<b>Total amount received</b>	\$2,193,064	\$2,546,925	\$2,900,306
<b>Total amount collected over minimum bid</b>	\$373,464	\$128,177	\$364,881

# Rights -of-Way (ROW) Report

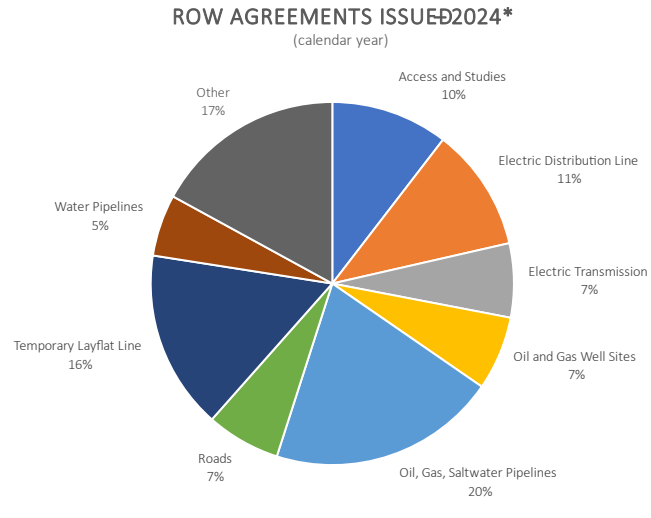
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(\*as of 11/30/2024)

# Rights -of-Way (ROW) Report

NORTH Dakota Trust Lands  
Be Legendary.™

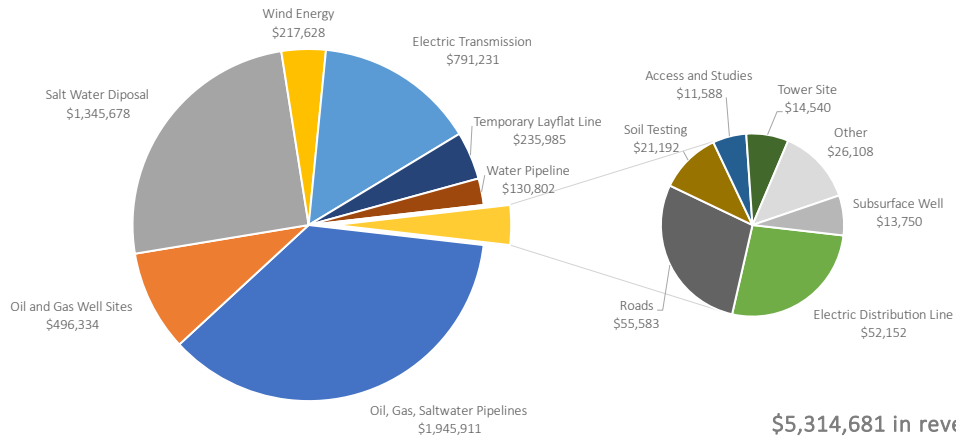


201 ROWs Issued  
(\*as of 11/30/2024)

# Rights -of-Way (ROW) Report



**ROW REVENUE- 2024\***  
(calendar year)



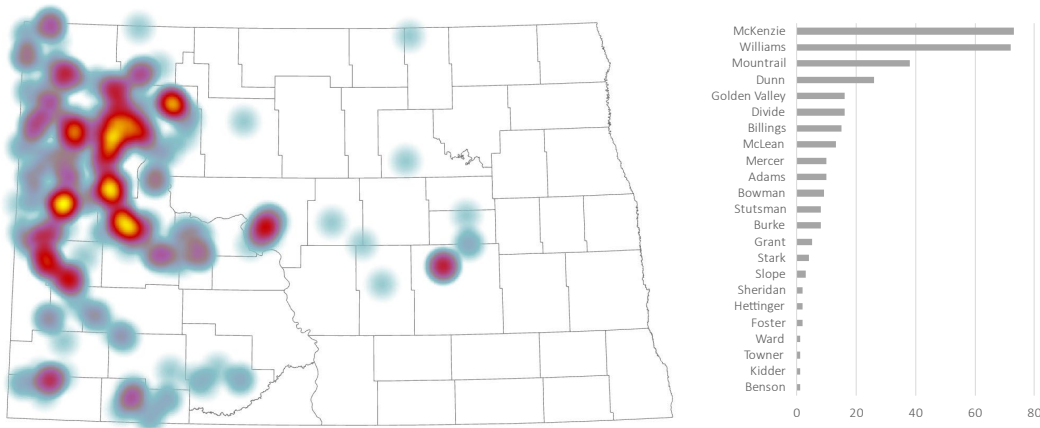
**\$5,314,681 in revenue!**  
(\*as of 11/30/2024)

\* Figures are approximate

# Rights -of-Way (ROW) Report

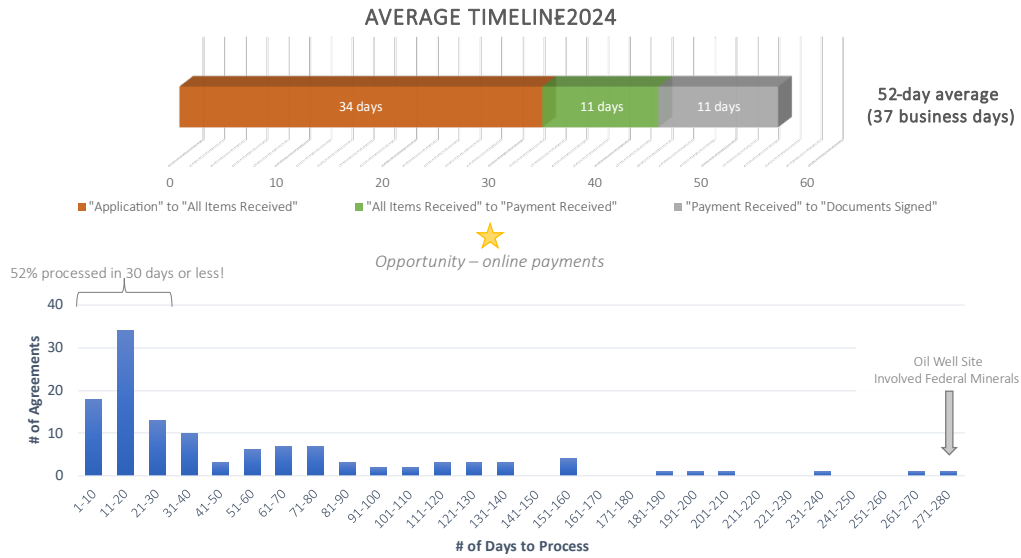


**LOCATION OF ROWS ISSUED 2024**  
(excluding Study Permits)





# Rights -of-Way (ROW) Report

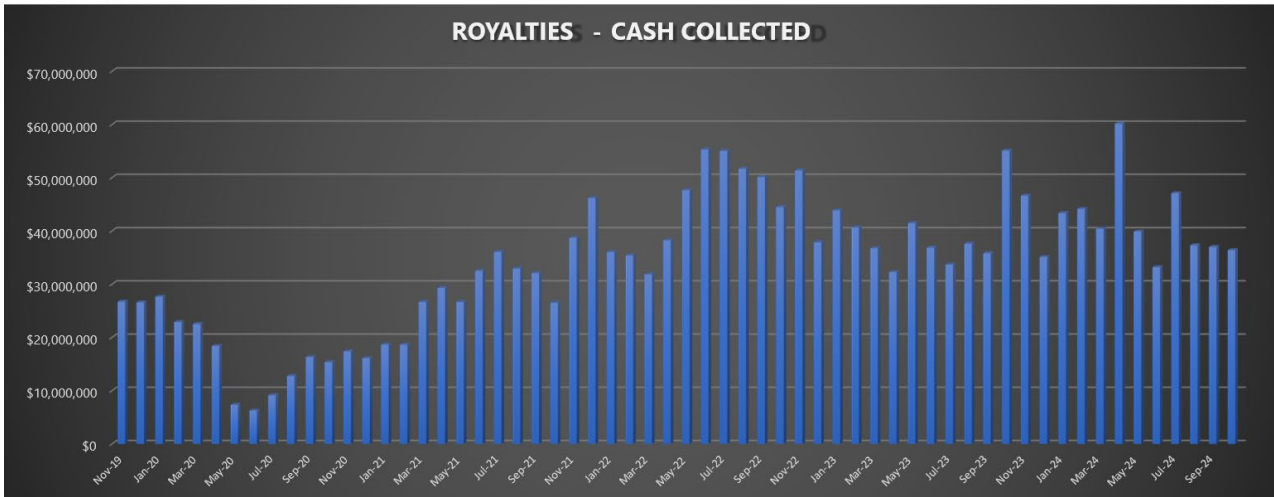


## MINERALS

# MINERALS DIVISION FISCAL YTD O/G ROYALTIES



As of October 31, 2024\*, for fiscal year 2024-25 the Department has received **\$157,746,109** in royalties as compared to **\$162,153,644** last fiscal year at this time.

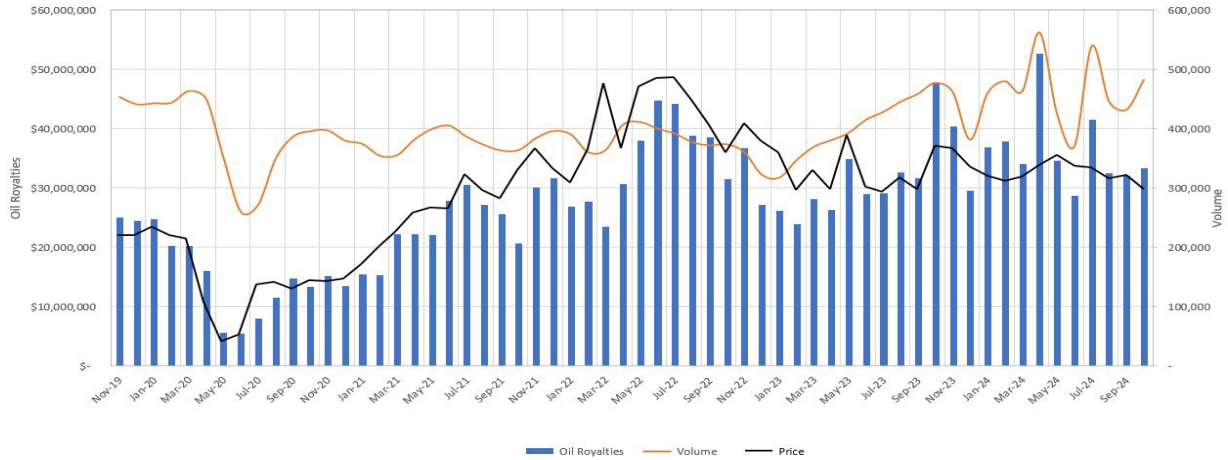


\*October royalty revenue is from August gas production and September oil production.

# 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 458,069 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.



## UNCLAIMED PROPERTY

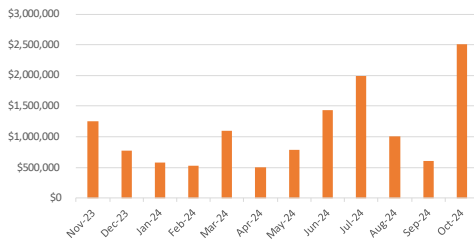
# UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

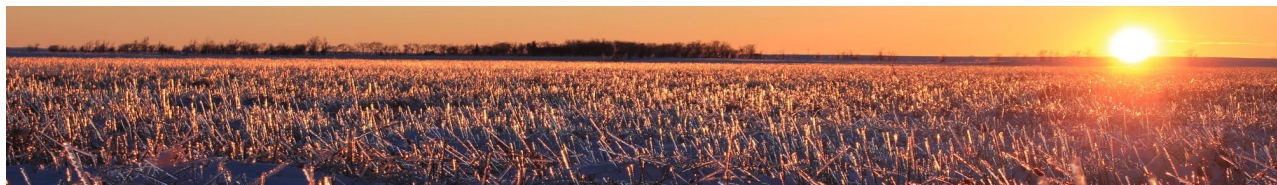
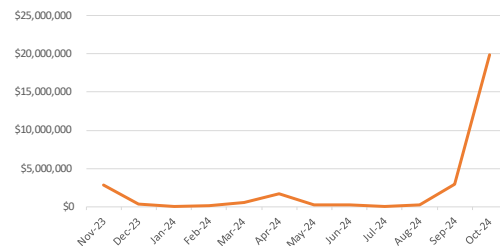


For the month of October 2024, the Division paid 1263 claims with \$2,512,008 returned to rightful owners. The Division also received 2283 holder reports with a dollar value of \$19,904,026.

**Total Dollar Value of Claims Paid**



**Total Value of Property Reported**



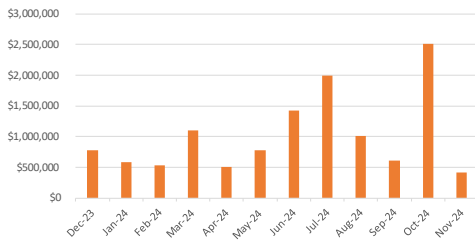
# UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

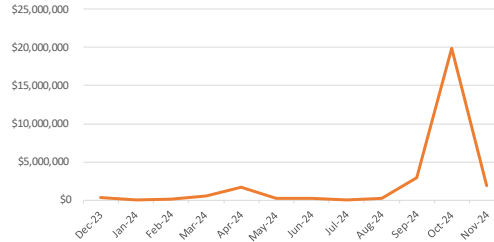


For the month of November 2024, the Division paid 585 claims with \$417,763 returned to rightful owners. The Division also received 354 holder reports with a dollar value of \$1,930,134.

**Total dollar value of claims paid**



**Total Value of Property Reported**

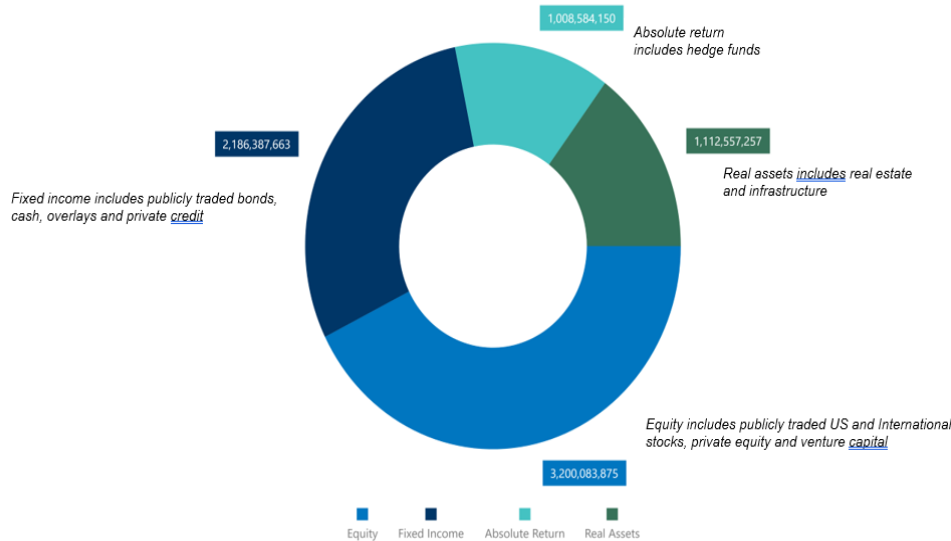


## INVESTMENTS

### Investment Update

Report as of 11/30/2024

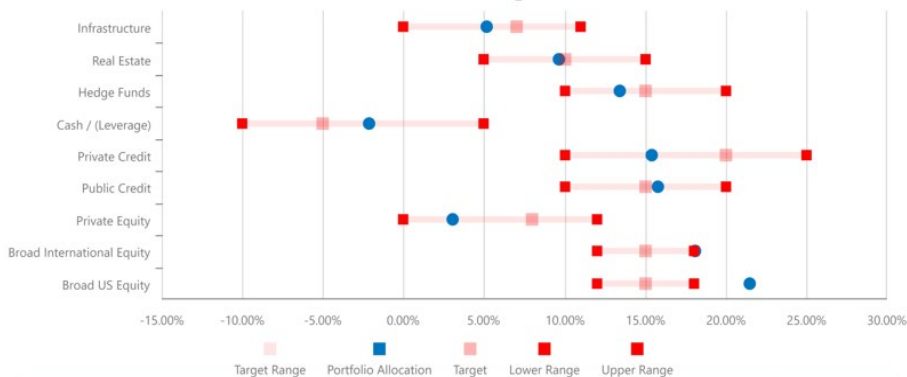
Asset Allocation



Asset	Total Value	% Of All Value
All	7,507,612,946	100 %
Equity	3,200,083,875	43 %
Fixed Income	2,186,387,663	29 %
Absolute Return	1,008,584,150	13 %
Real Assets	1,112,557,257	15 %

Report as of 11/30/2024

### Actual VS Target

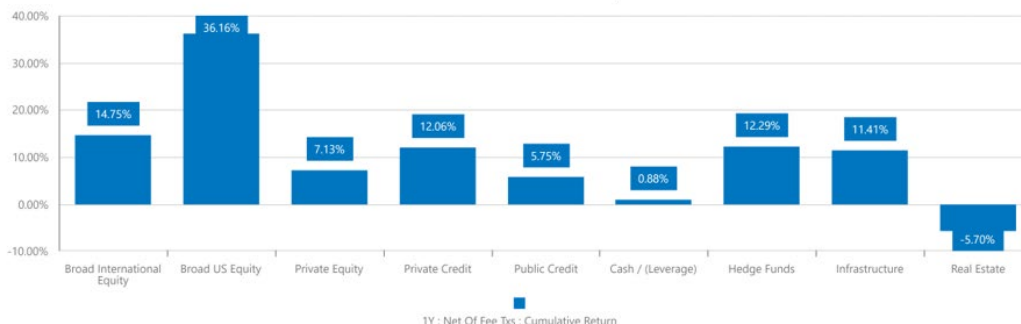


Asset	Total Value	% Of All Value	Target Weight	Over/Under %	Over/Under \$
<b>All (MTD)</b>	7,507,612,946	100%	100%	0%	--
<b>Equity</b>	3,200,083,875	42.62%	38%	4.62%	347,190,956
Private Equity	228,081,532	3.04%	8%	-4.96%	-372,527,504
Broad International Equity	1,359,327,617	18.11%	15%	3.11%	233,185,675
Broad US Equity	1,612,674,726	21.48%	15%	6.48%	486,532,784
<b>Fixed Income</b>	2,186,387,663	29.12%	30%	-0.88%	-65,896,221
Cash / (Leverage)	-157,281,853	-2.09%	-5%	2.91%	218,098,794
Private Credit	1,157,322,056	15.42%	20%	-4.58%	-344,200,533
Public Credit	1,186,347,460	15.8%	15%	0.8%	60,205,518
<b>Absolute Return</b>	1,008,584,150	13.43%	15%	-1.57%	-117,557,792
Hedge Funds	1,008,584,150	13.43%	15%	-1.57%	-117,557,792
<b>Real Assets</b>	1,112,557,257	14.82%	17%	-2.18%	-163,736,943
Infrastructure	389,438,067	5.19%	7%	-1.81%	-136,094,839
Real Estate	723,119,191	9.63%	10%	-0.37%	-27,642,104

Report as of 11/30/2024

### Flash Performance Report

Unaudited preliminary estimates

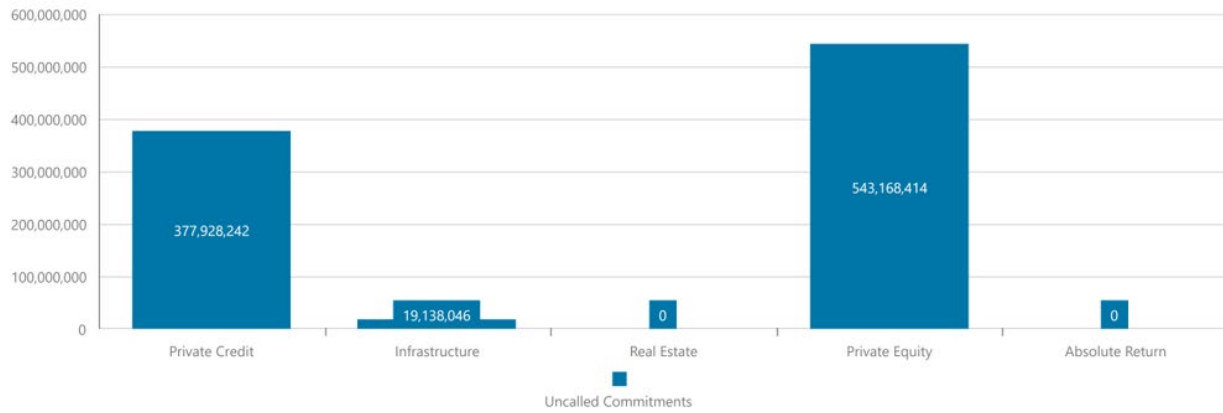


Asset	1Y : Net Of Fee Txs : Cumulative Return				
	MTD	QTD	YTD	FYTD	1Y
<b>Total Portfolio</b>	2.03%	0.86%	10.99%	4.65%	13.56%
<b>Equity</b>	3.54%	1.34%	18.52%	7.45%	24.41%
Broad International Equity	-0.64%	-5.01%	9.58%	1.27%	14.75%
Broad US Equity	7.72%	7.4%	29.18%	13.91%	36.16%
Private Equity	0%	0%	3.89%	1.95%	7.13%
<b>Fixed Income</b>	0.66%	-0.46%	6.36%	2.81%	8.77%
Private Credit	0%	0.45%	10.07%	3.82%	12.06%
Public Credit	1.05%	-1.25%	3.04%	1.81%	5.75%
Cash / (Leverage)	-1.23%	0.49%	0.88%	0.88%	0.88%
<b>Absolute Return</b>	2.71%	3.52%	11.53%	4.68%	12.29%
Hedge Funds	2.71%	3.52%	11.53%	4.68%	12.29%
<b>Real Assets</b>	0%	-0.06%	1.75%	0.86%	-0.72%
Infrastructure	0%	-0.16%	7.79%	2.41%	11.41%
Real Estate	0%	0%	-0.99%	0.08%	-5.7%

(12/12/24)

Report as of 11/30/2024

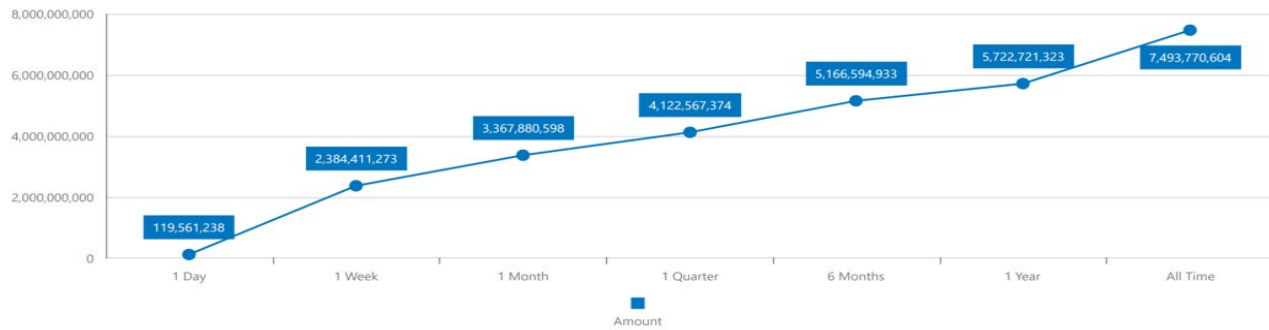
### Uncalled Commitments



Asset	Commitment (\$M)	Funded Commitment (\$M)	Uncalled Commitments (\$M)
All (MTD)	3,859	2,918	940
Ares	300	100	200
GCM Grosvenor	580	159	421
Hamilton Lane	50	31	19
Khosla Ventures	35	14	21
Monarch	120	73	47
Blue Owl	125	70	55
a16z	35	3	32
Industry Ventures	50	2	48
Pantheon	100	3	97

Report as of 11/30/2024

### Liquidity Waterfall



Entity	1 Day (\$M)	1 Week (\$M)	1 Month (\$M)	1 Quarter (\$M)	6 Months (\$M)	1 Year (\$1M)	All Time (\$M)
All	120	2,384	3,368	4,123	5,167	5,723	7,494
Equity	--	1,360	2,343	2,972	2,972	2,972	3,200
Fixed Income	120	1,025	1,025	1,027	1,266	1,308	2,185
Absolute Return	--	--	--	123	307	475	1,003
Real Assets	--	--	--	--	621	967	1,106

Measures how long it would take to liquidate the entire portfolio

Investments Fact Sheets



ND LAND BOARD INVESTMENT PROGRAM



PERFORMANCE HIGHLIGHTS

<b>9.42%</b>	FY 2024 Return	<b>\$606m</b>	FY 2024 Gains	<b>0.58%</b>	3-Year Excess Return
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BOARD ACCOMPLISHMENTS

<p><b>NEW ASSET ALLOCATION</b> REDUCING REAL ESTATE, INCREASING HEDGE FUNDS</p>	<p><b>\$2.25B PROFIT DURING</b> 5-YR PERIOD ENDING JUNE 2024</p>
<p><b>\$264M DEPLOYED TO</b> ALTERNATIVE STRATEGIES IN FY 2024</p>	<p><b>APPROVED 20 NEW</b> INVESTMENTS FOR \$4B IN CY 2023 &amp; 2024</p>



## ASSET ALLOCATION (JUNE 30, 2024)

**LONG/SHORT ACTIVE MGMT**  
Protects during crisis periods by expanding the toolkit to profit during market declines

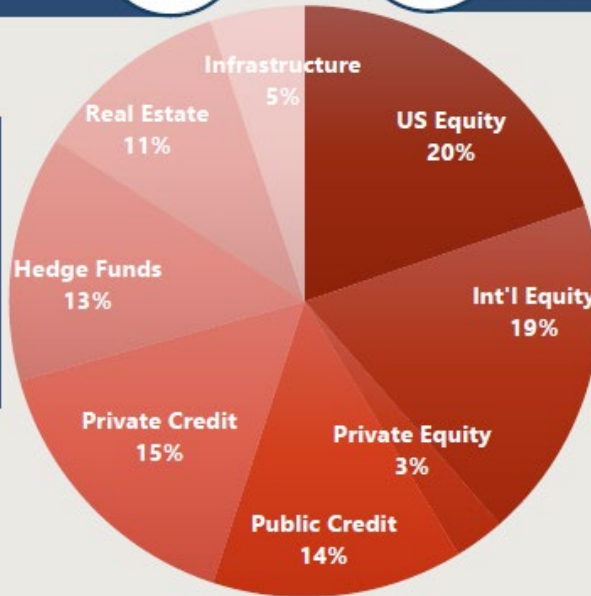
30%

**PRIVATE MARKETS**  
Reduces volatility and aligns with the long-term time horizon of an endowment

34%

**NEW**

**ASSET CLASSES**  
Venture Capital  
Active Extension  
Bond Overlay  
Credit Secondaries  
Digital Infrastructure



6-8%

**LONG-TERM EXPECTED RETURN**  
Based on current asset allocation and capital market assumptions

## INVESTMENT TEAM

**LAND BOARD**

Governor, Treasurer, Secretary of State,  
Supt. of Public Instruction, Attorney General

+1

**FTE ADDED**  
in 2023

**LAND COMMISSIONER**  
Joseph Heringer

**PERFORMANCE REPORTING SOFTWARE**  
Solovis

**NEW**

**CUSTODY BANK**  
Northern Trust

**CHIEF INVESTMENT OFFICER**  
Frank Mihail

**INVESTMENT CONSULTANT**  
RVK

**INVESTMENT OFFICER**

**INVESTMENT OPERATIONS OFFICER**

## Private Infrastructure

The current 5.3% 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 increasing core-plus infrastructure exposure with an emphasis on digital 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 most of the return is derived from bond-like income generation. Opportunistic refers to higher risk, capex intensive assets where most of the return is derived from equity-like growth. The Land Board infrastructure portfolio is primarily comprised of core and core-plus assets.

Infrastructure asset managers invest across the following sectors: (1) Transportation includes railroads, toll roads, ports, and airports. Transportation assets can exhibit higher volatility as they are sensitive to GDP. (2) Utilities include electric & gas utilities and water & waste companies. Regulated utilities can provide long-term, stable cash flows from assets which hold monopolistic market positions. (3) Energy & Power includes midstream oil & gas, solar and wind farms. Contracted power companies deliver reliable cash flows through long-term fixed-price contracts. (4) Digital infrastructure includes data centers, cell towers and fiber networks. The Land Board portfolio is diversified across all major sectors with a majority of exposure to utilities, energy & power.

Staff and RVK recommend a commitment to Blackstone Infrastructure Partners (BIP). Founded in 1985 and headquartered in New York, Blackstone manages \$1.1T and 70+ strategies in real estate, private equity, credit and multi-asset. Blackstone employs over 4,700 employees across 29 global offices. The infrastructure team has 83 members in New York and London.

BIP manages \$53B in infrastructure asset with 16 portfolio companies. The fund targets geographic allocations of at least 70% North American exposure and no more than 30% Europe / Asia. Current sector exposures include 27% transportation, 34% utilities, energy & power and 38% digital infrastructure. Data centers are the largest subsector, representing approximately 30% of the portfolio.

**Motion: The Board approve a \$120M commitment to Blackstone Infrastructure Partners, subject to standard legal review/documentation.**

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

**RVK Memorandum and Blackstone Presentation were presented to the Board and are available at the Department upon request.**

(12/12/24)



**Third Quarter 2024 Investment Performance Report**

**Quarter ending September 30, 2024, Investment Performance Report was presented to the Board by RVK and is available at the Department upon request.**

**International Exposures**

**International Exposures discussion was presented to the Board by RVK and is available at the Department upon request.**

**LITIGATION**

**Litigation Update**

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior**
  - **Case Summary:** Missouri riverbed ownership – Quiet title action brought by the federal government is proceeding with a discovery completion deadline of January 10, 2025; in the meantime, MHA Nation filed a Motion for Judgment on the Pleadings (similar to a summary judgment motion) that is currently being briefed.

Commencement: July 2020

ND Assigned Attorneys: James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.)  
Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs

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

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

Court: United States District Court for the District of Columbia

Judge: Honorable Amy Berman Jackson

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

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

- **State of North Dakota, ex. rel. v Virginia Leland, et.al.**

**Case Summary:** OHWM river island ownership; trial was held September 12-16, 2022; Judge Schmidt issued a Phase I Memorandum Decision on April 30, 2024, finding 1) the at issue Yellowstone River segment was navigable at statehood; 2) the at issue west bank of the river is owned by the state; 3) the at issue north island is not owned by the state; 4) the at issue south island is owned by the state; and 5) the state's claim is not barred by laches. The remaining issues of conveyances, mineral acreage calculations, etc. are now being determined in Phase II proceedings. A hearing on opposing parties' motion for summary judgment was held on November 8, 2024, and we await the Court's decision. If needed, a bench trial is scheduled for January 29-31, 2024.

Commencement: January 2016

ND Assigned Attorneys: Zachary Pelham (Pearce Durick, Bismarck)  
Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs  
James Wald, DTL General Counsel

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

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

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

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

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

- **Continental Resources, Inc. v. North Dakota Board of University & School Lands and North Dakota Department of Trust Lands**

- **Case Summary:** Continental Oil Royalty Deductions – **This case has been settled by the parties and will be removed from this report!**

Commencement: December 2017

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

Counsel for Continental Resources, Inc.: Jeffrey King (K&L Gates, Fort Worth, TX)

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

- **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 a cross appeal; 8<sup>th</sup> Circuit oral arguments on the appeals were held October 22, 2024, and we now await the Court’s decision.

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

**A D J O U R N**

There being no further business, the meeting was adjourned at 11:07 AM.

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Secretary Howe, Vice Chairman  
Board of University and School Lands

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Joseph Heringer, Secretary  
Board of University and School Lands