

**Minutes of the Meeting of the
Board of University and School Lands
January 23, 2025**

The January 23, 2025, meeting of the Board of University and School Lands was called to order at 9:00 AM by Chairman Governor Armstrong, 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
Kelly Armstrong	Governor

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
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
Jennifer Bennett	Unclaimed Property
Jessica Fretty	Unclaimed Property

Guests in Attendance:

Jacy Schafer	Office of the Governor
Chris Joseph	Office of the Governor
Aaron Weber	Office of the Governor
Reed Johnson	Office of the Governor

Suzie Weigel
Jennifer Sandberg
Jacob Orledge
Jake Erickstad
Sami Mughal
Kristen Benedict

Office of the Attorney General
RVK
Dakota Monitor
Flint Group for NDSU Alumni

APPROVAL OF MINUTES

A motion to approve the minutes of the December 12, 2024, meeting was made by Treasurer Beadle and the motion was seconded by Secretary Howe and the motion carried unanimously on a voice vote.

OPERATIONS

Commissioner's Report

- Department Compensation and Incentive Study – consultant, CBIZ, was retained through a competitive procurement process as directed by the Board; report is near completion; Compensation Committee will meet to review and discuss potential recommendations to the Board
- State Investment Board - attended January 3, 2025, special full State Investment Board meeting as a voting member to elect Governor Armstrong as Board Chair appoint an Interim Executive Director of the Retirement and Investment Office
- State Investment Board Investment Committee - attended January 10, 2025, meeting as a voting member
- Governor's State of the State Address – attended January 7, 2024, event where Governor Armstrong laid out his vision for the state

Human Resources

- Unclaimed Property Claims Processor - position filled with December 16, 2024, start date
- Investment Operations Officer – initial round of interviews completed; hoping to have new officer on board by March 1, 2025
- Mid-Year Check-Ins – supervisors conducted mid-year reviews with all team members by year-end deadline

Legislative Session

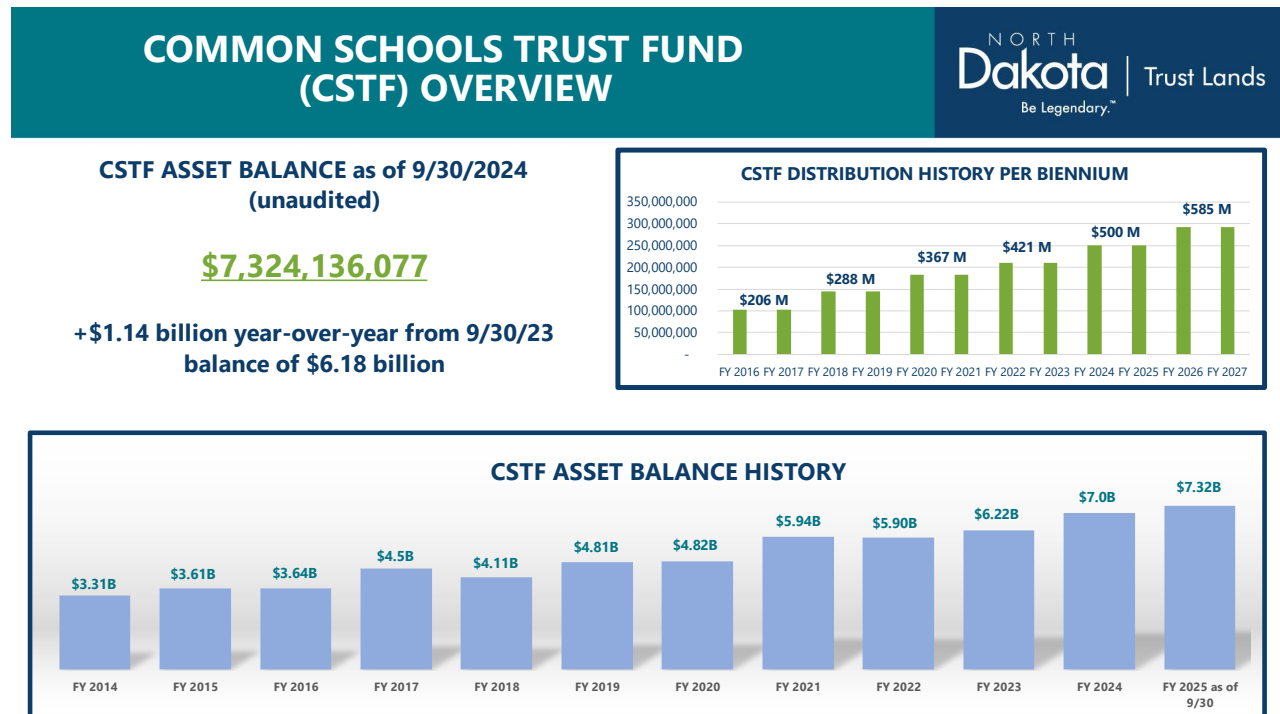
DTL Sponsored Bills

- Board Rule Making (HB 1057) – initial testimony before House Gov & Vet Affairs - Jan. 9
- Unclaimed Property (HB 1149) – initial testimony before House Ind., Bus, & Labor – Jan. 15

Other Board Related Bills

- DTL Budget (SB 2013) – have testified two times before Senate Gov Ops; potential to add compensation study provisions depending on Board decisions
- Digital Asset & Gold (HB 1184) – testified pointing out Board already has authority to invest in these assets – Jan. 14
- Public Comments at Public Meetings (SB 2180) – would require opportunity for public comment at all Board meetings; tracking

Financial Dashboard



<h2 style="margin: 0; color: white;">COMMON SCHOOLS TRUST FUND 2023 -25 (CSTF) DISTRIBUTIONS</h2>	<p style="font-size: 0.8em; margin: 0;">NORTH Dakota Trust Lands <small>Be Legendary.™</small></p>
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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

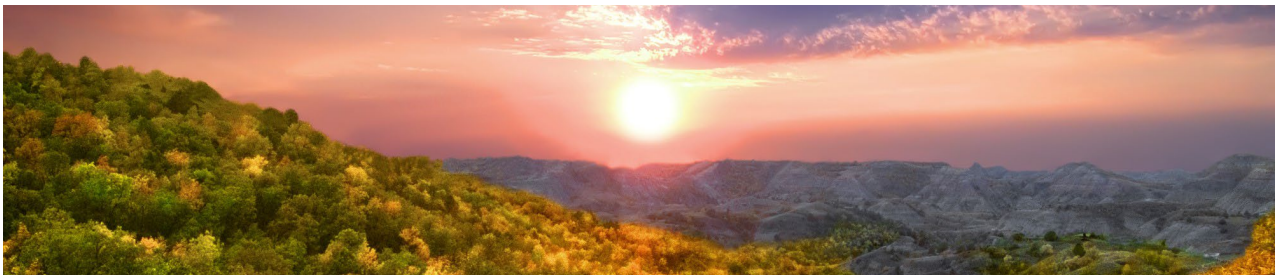
North Dakota Cost to Educate Per Student	\$13,778/year
75.7% State Funding Share	=\$10,430
\$2,160 CSTF per Student Annual Distribution	=21% of state funding share



<h2 style="margin: 0; color: white;">COMMON SCHOOLS TRUST FUND 2025 -27 (CSTF) DISTRIBUTIONS</h2>	<p style="font-size: 0.8em; margin: 0;">NORTH Dakota Trust Lands <small>Be Legendary.™</small></p>
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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**

NORTH Dakota Trust Lands
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**Current Biennium Distributions to the
State Tuition Fund through 12/31/2024**

**\$361.15 million of
\$500 million total**

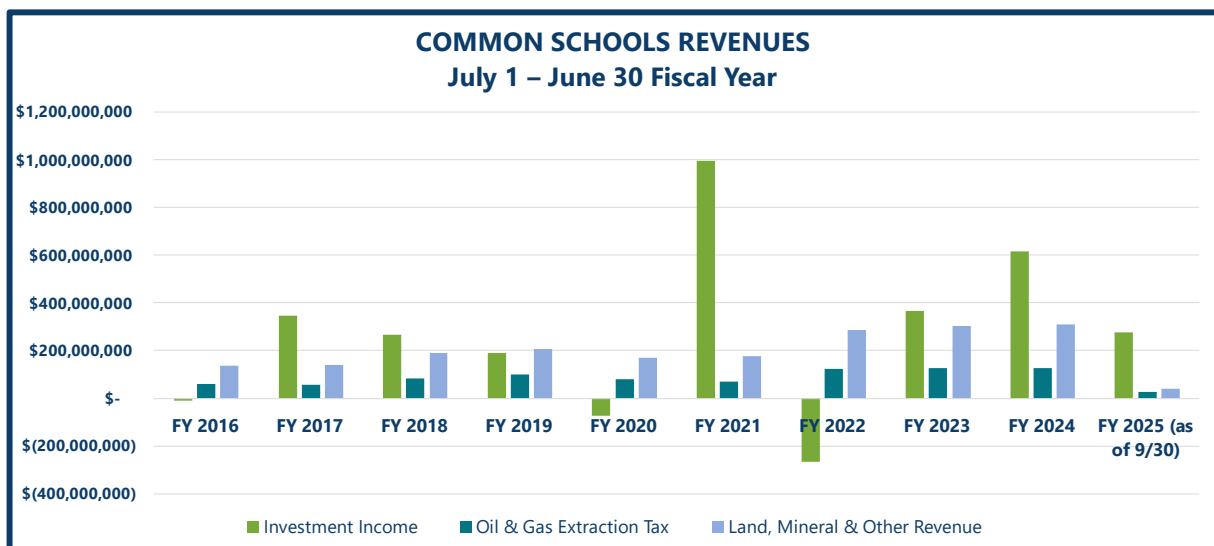
CSTF Distributions Since FY 2014

\$2 BILLION OF PROPERTY TAX RELIEF!



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

NORTH Dakota Trust Lands
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STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW



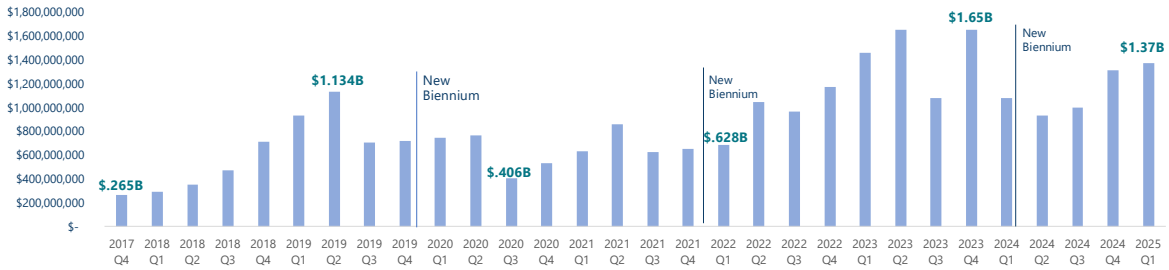
SIIF BALANCE as of 6/30/2024 (audited)

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

SIIF BALANCE as of 9/30/2024 (unaudited)

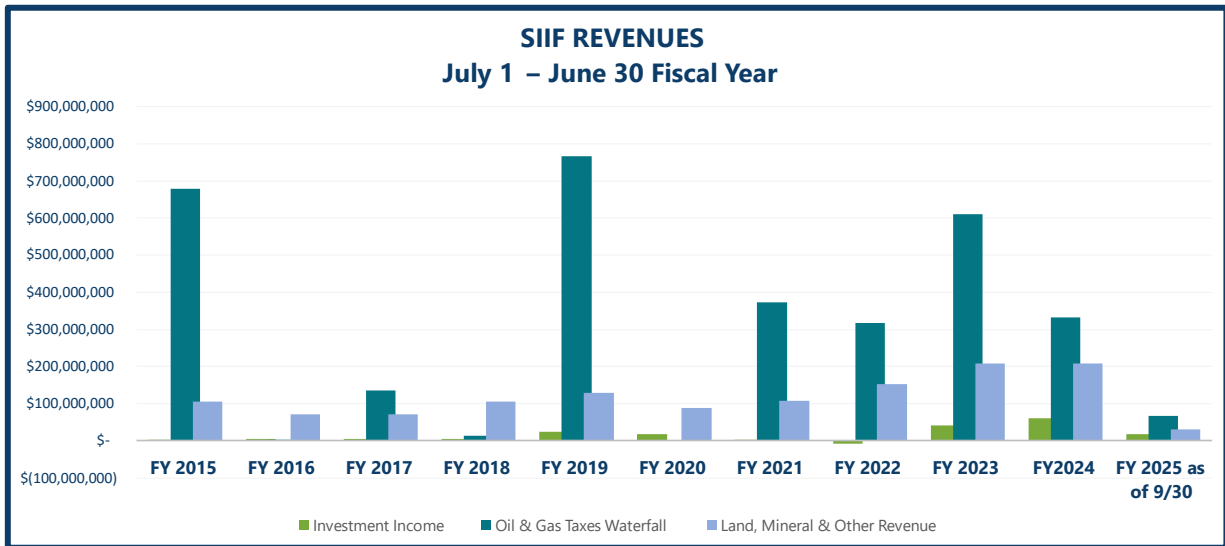
- Total Balance - \$1,370,582,987
- Uncommitted Balance - **\$1,056,604,798**

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 September 30, 2024



\$10,999,006,341



* Total excluding SIIF

DIVISION REPORTS

SURFACE

SURFACE DIVISION

ENCUMBRANCES ISSUED

NORTH

Dakota

Be Legendary.™

Trust Lands

Encumbrances issued by the Commissioner: 15 Right of Way Agreements in December generated a total of \$25,006 in income for the Trusts



Photo: NDDOT - Central ND Ground Blizzard

MINERALS

MINERALS DIVISION

FISCAL YTD O/G ROYALTIES

NORTH

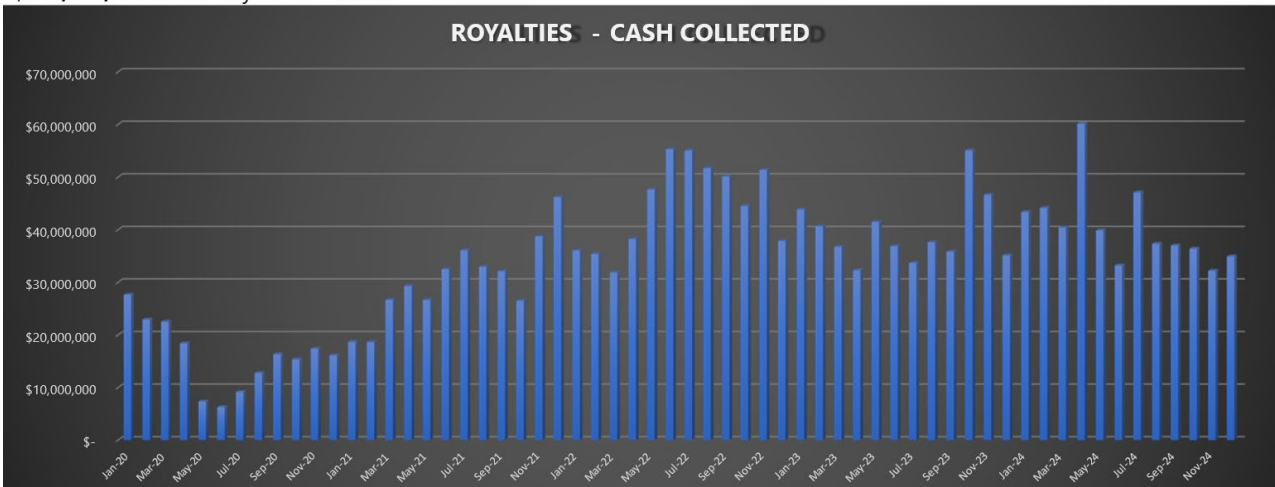
Dakota

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Trust Lands

As of December 31, 2024*, for fiscal year 2024-25 the Department has received **\$224,835,551** in royalties as compared to **\$243,872,590** last fiscal year at this time.

ROYALTIES - CASH COLLECTED

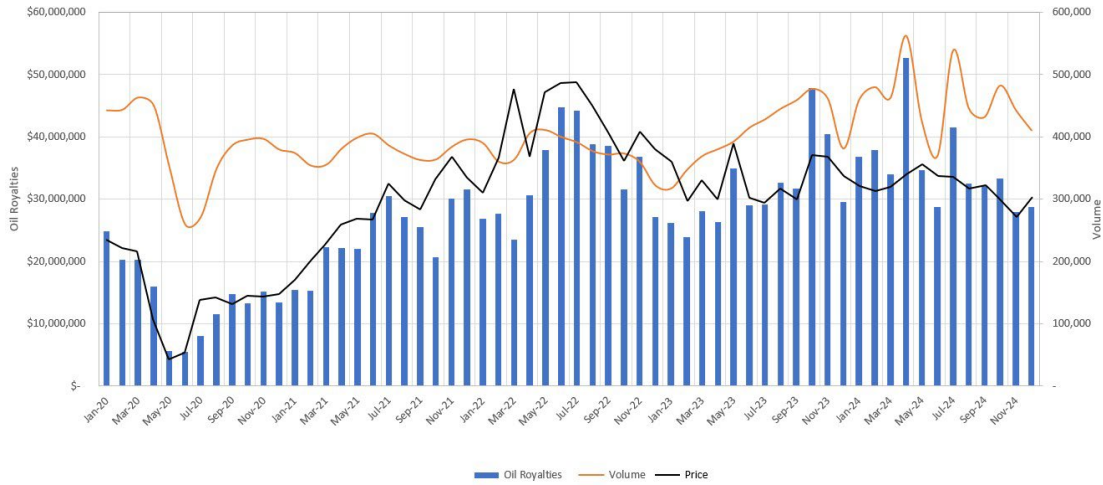


*December royalty revenue is from October gas production and November oil production.

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 459,375 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.



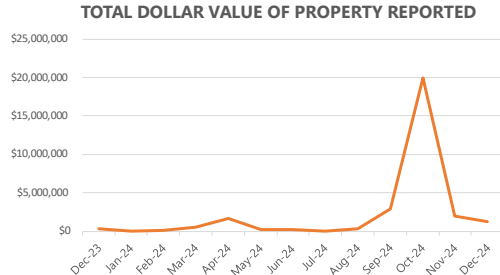
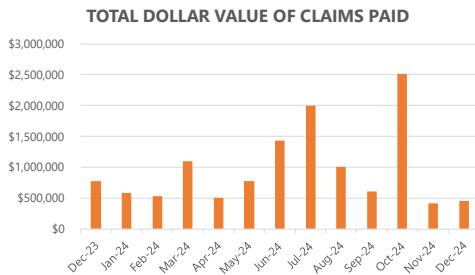
UNCLAIMED PROPERTY

UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>



For the month of December 2024, the Division paid 580 claims with \$453,106 returned to rightful owners. The Division also received 19 holder reports with a dollar value of \$1,208,309.



INVESTMENTS

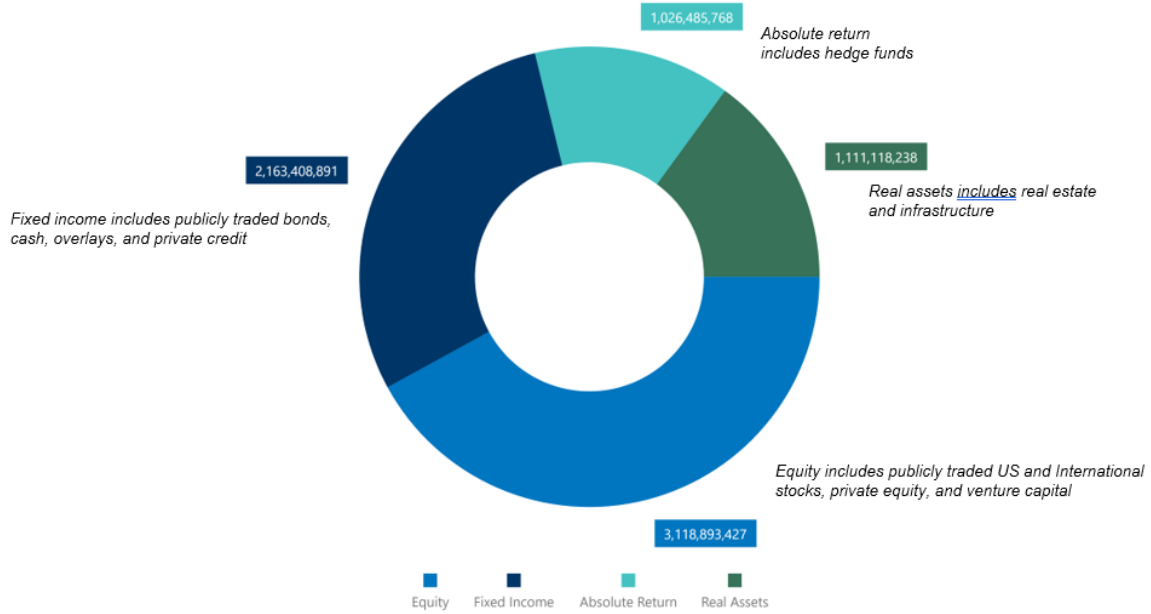
Investment Update

BOARD OF UNIVERSITY AND SCHOOL LANDS
JANUARY 23, 2025



Report as of 12/31/2024

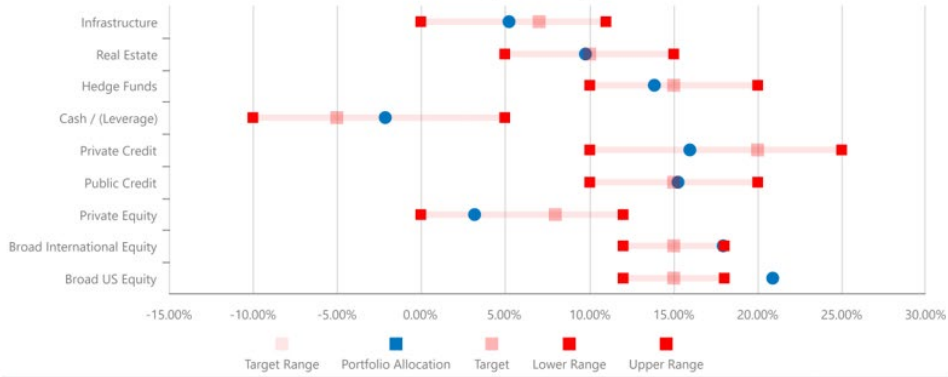
Asset Allocation



Asset	Total Value	% Of All Value
All	7,419,906,324	100 %
Equity	3,118,893,427	42 %
Fixed Income	2,163,408,891	29 %
Absolute Return	1,026,485,768	14 %
Real Assets	1,111,118,238	15 %

Report as of 12/31/2024

Actual vs. Target Weight

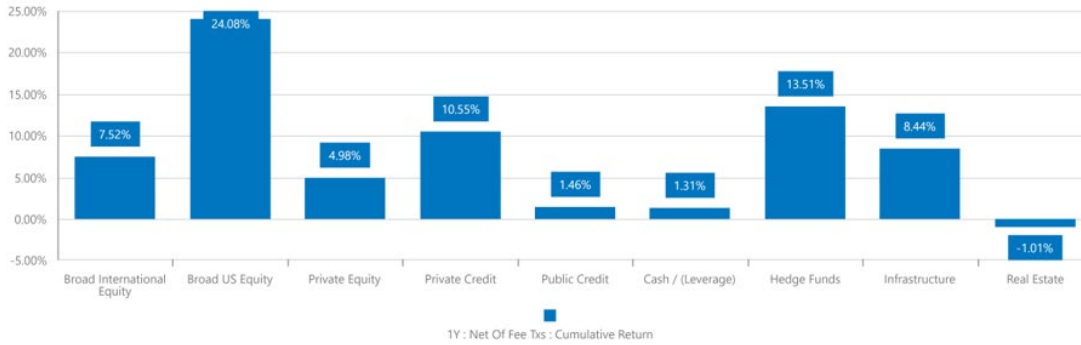


Asset	Total Value	% Of All Value	Target Weight	Over/Under %	Over/Under \$
All (MTD)	7,419,906,324	100%	100%	0%	--
Equity	3,118,893,427	42.03%	38%	4.03%	299,329,024
Private Equity	236,364,419	3.19%	8%	-4.81%	-357,228,087
Broad International Equity	1,333,488,743	17.97%	15%	2.97%	220,502,794
Broad US Equity	1,549,040,266	20.88%	15%	5.88%	436,054,317
Fixed Income	2,163,408,891	29.16%	30%	-0.84%	-62,563,006
Cash / (Leverage)	-157,948,453	-2.13%	-5%	2.87%	213,046,863
Private Credit	1,186,265,333	15.99%	20%	-4.01%	-297,715,931
Public Credit	1,135,092,011	15.3%	15%	0.3%	22,106,062
Absolute Return	1,026,485,768	13.83%	15%	-1.17%	-86,500,181
Hedge Funds	1,026,485,768	13.83%	15%	-1.17%	-86,500,181
Real Assets	1,111,118,238	14.97%	17%	-2.03%	-150,265,837
Infrastructure	388,227,120	5.23%	7%	-1.77%	-131,166,323
Real Estate	722,891,119	9.74%	10%	-0.26%	-19,099,514

Report as of 12/31/2024

Flash Performance Report

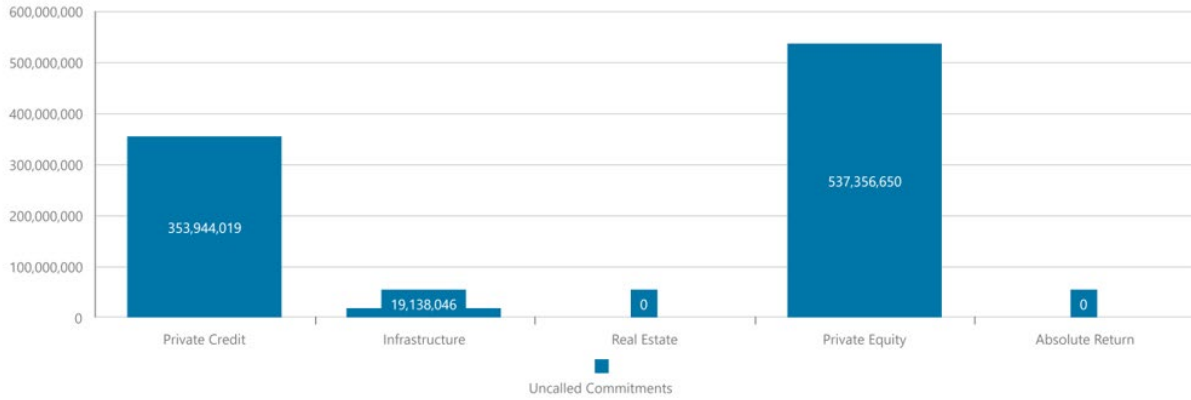
Unaudited preliminary estimates



Asset	MTD	QTD	YTD	FYTD	1Y
	Net of Fees Tx's				
Cumulative Return	Cumulative Return	Cumulative Return	Cumulative Return	Cumulative Return	Cumulative Return
Total Portfolio	-1.29%	-0.29%	9.79%	3.52%	9.79%
Equity	-3.01%	-1.49%	15.3%	4.53%	15.3%
Broad International Equity	-2.42%	-6.79%	7.52%	-0.63%	7.52%
Broad US Equity	-3.94%	3.16%	24.08%	9.42%	24.08%
Private Equity	0%	0%	4.98%	3.05%	4.98%
Fixed Income	-0.85%	-1.09%	5.69%	2.16%	5.69%
Private Credit	0.01%	0.89%	10.55%	4.28%	10.55%
Public Credit	-1.54%	-2.77%	1.46%	0.25%	1.46%
Cash / (Leverage)	0.42%	0.92%	1.31%	1.31%	1.31%
Absolute Return	1.79%	5.35%	13.51%	6.54%	13.51%
Hedge Funds	1.79%	5.35%	13.51%	6.54%	13.51%
Real Assets	0%	-0.1%	1.95%	1.05%	1.95%
Infrastructure	0%	-0.28%	8.44%	3.03%	8.44%
Real Estate	0%	0%	-1.01%	0.05%	-1.01%

Report as of 12/31/2024

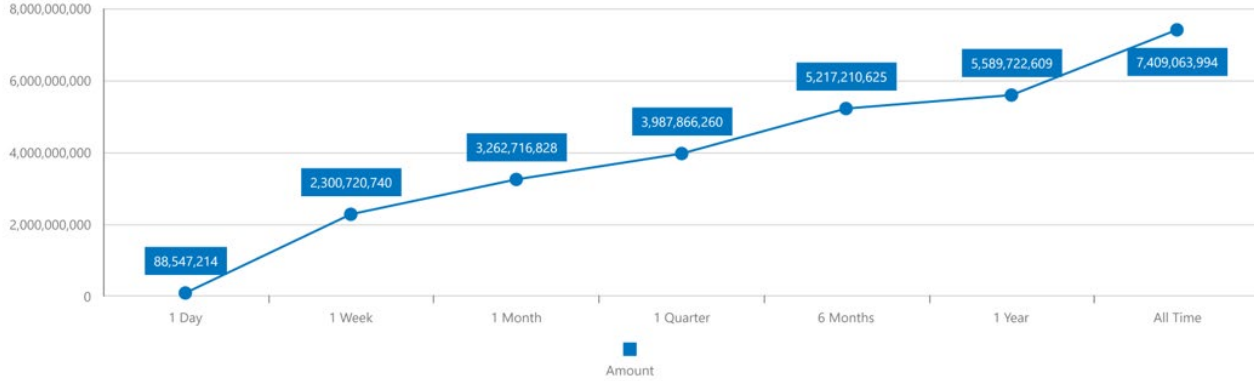
Uncalled Commitments



Asset	Commitment (\$M)	Funded Commitment (\$M)	Uncalled Commitments (\$M)
All (MTD)	3,859	2,948	910
Ares	300	100	200
GCM Grosvenor	580	159	421
Hamilton Lane	50	31	19
Khosla Ventures	35	14	21
Monarch	120	85	35
Blue Owl	125	82	43
a16z	35	5	30
Industry Ventures	50	4	46
Pantheon	100	5	95

Report as of 12/31/2024

Liquidity Waterfall



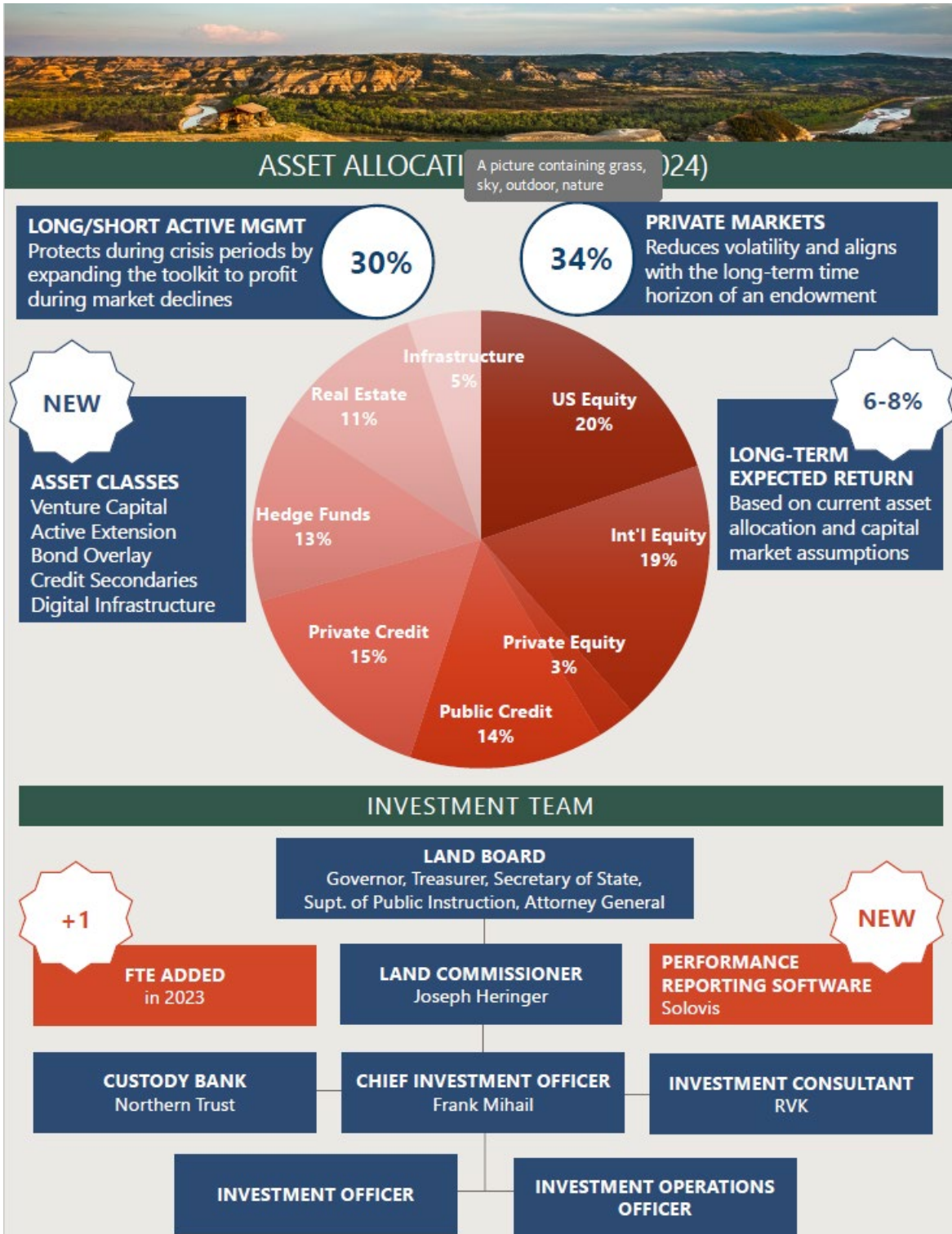
Entity	1 Day (\$M)	1 Week (\$M)	1 Month (\$M)	1 Quarter (\$M)	6 Months (\$M)	1 Year (\$1M)	All Time (\$M)
All	89	2,301	3,263	3,988	5,217	5,590	7,409
Equity	--	1,323	2,285	2,883	2,883	2,883	3,119
Fixed Income	89	978	978	978	1,218	1,260	2,164
Absolute Return	--	--	--	127	312	483	1,021
Real Assets	--	--	--	--	804	963	1,104

Measures how long it would take to liquidate the entire portfolio

Investments Fact Sheets



Investments Fact Sheets



Investment Program Overview

RVK Portfolio Overview and Custodial Securities Lending Summary Review were presented to the Board and are available at the Department upon request.

SPECIAL PROJECTS

Request for Carbon Dioxide Storage Easement Agreement Approval – Summit Carbon Storage

Summit Carbon Storage #1, LLC, Summit Carbon Storage #2, LLC, and Summit Carbon Storage #3, LLC are requesting three separate easements allowing for the injection and permanent storage of CO₂ into Trust pore space totaling 480 acres. Separate agreements will be issued for each storage reservoir. The Department, with legal counsel, has negotiated language that is consistent with what other landowners were offered.

- Term
 - Initial Term - 20 years or until injection
 - Operational Term – Until criteria are met
- Initial Payment
 - First Year - \$25/acre (\$12,000)
 - Subsequent years of Initial Term - \$4/acre (\$1,920)
- Rate – Proportionate share of \$0.50/metric ton, with escalation every five years
- No surface disturbance on Trust Lands

The project intends to receive carbon dioxide from the Midwest Carbon Express Pipeline and sequester carbon into three separate storage reservoirs. The North Dakota Industrial Commission approved the three Class VI sequestration permits on December 12, 2024. The NDIC approval granted amalgamation authority, with an effective date set for after the Commissioner of University and School Lands executes the agreements.

MOTION: The Board authorize the Commissioner to execute Carbon Dioxide Storage Easement Agreements with Summit Carbon Storage #1, LLC, Summit Carbon Storage #2, LLC, and Summit Carbon Storage #3, LLC using the attached agreement form.

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

Carbon dioxide storage easement agreement form was presented to the Board 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 discovery now completed; the U.S. and MHA are expected to file a joint motion for summary judgment by the January 17, 2025 deadline; if so, our response and potential cross motion for summary judgment will be due March 18th; the Court has not yet ruled on MHA's motion for judgment on the pleadings (similar to a summary judgment motion) that is now fully 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. Schifman (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. On December 19, 2024, the Court granted opposing parties' summary judgment motion on certain issues. Trial is scheduled for January 29-31, 2024 to determine the remaining.

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 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; 8th 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 about 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

EXECUTIVE SESSION

Under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes of attorney consultation, to review confidential records, and discuss negotiating strategy regarding:

- **Royalty Settlements**

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

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

EXECUTIVE SESSION

Members Present:

Kelly Armstrong	Governor
Thomas Beadle	Treasurer
Kirsten Baelser	Superintendent of Public Instruction
Drew Wrigley	Attorney General

Members Absent:

Michael Howe	Secretary of State
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Department of Trust Lands Personnel present:

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

Guests in Attendance:

Jacy Schafer	Office of the Governor
Chris Joseph	Office of the Governor
Reed Johnson	Office of the Governor

The executive session adjourned at 10:39 AM and the Board returned to the open session meeting to rejoin the public. During executive session the Board discussed Royalty Deductions Settlements with its attorneys. No formal action was taken when the open meeting reconvened.

A D J O U R N

There being no further business, the meeting was adjourned at 10:39 AM.

Governor Armstrong, Chairman
Board of University and School Lands

Joseph Heringer, Secretary
Board of University and School Lands