

**Minutes of the Meeting of the  
Board of University and School Lands  
July 9, 2024**

The July 9, 2024, meeting of the Board of University and School Lands was called to order at 9:02 AM by Chairman Doug Burgum and roll call was taken.

**Members Present:**

Doug Burgum	Governor
Drew Wrigley	Attorney General
Thomas Beadle	Treasurer

**Members Absent:**

Kirsten Baesler	Superintendent of Public Instruction
Michael Howe	Secretary of State

**Department of Trust Lands Personnel Present:**

Joseph Heringer	Commissioner
Catelin Newell	Administrative Staff Officer
Kate Schirado	Executive Assistant
Rick Owings	Administrative Staff Officer
Frank Mihail	Chief Investment Officer
James Wald	Legal Council
Susan Sommerfeld	Unclaimed Property Director
Peggy Gudvangen	Finance Director
Emily Bosch	Unclaimed Property
Amanda Parent	Minerals Management Officer
Joseph Stegmiller	Surface Division Director
Jessica Fretty	Unclaimed Property
Scott Giere	Revenue Compliance
Chris Suelzle	Minerals Division Director
Lynn Spencer	Minerals Title Specialist
Kisha Mitchell	Unclaimed Property
Pam Reile	Revenue Compliance
Matthew Reile	IT
Maria Garcia	Finance
Teresa Hettinger	Investments Officer
Shaun Campbell	Investments Officer

**Guests in Attendance:**

Josh Kevan	RVK
John Reiten	Office of the Governor
Nathan Svihovec	Office of the Governor
Zachery Greenberg	Office of the Governor
Mike Nowatski	Office of the Governor
Jacy Schafer	Kelly Armstrong
Alex Tabot	NBC News
Geoff Simon	Western Dakota Energy Association
Jacob Orledge	North Dakota Monitor
Veronica	
Bismarck Tribune	

## APPROVAL OF MINUTES

A motion to approve the minutes of the June 3, 2024, meeting was made by Treasurer Beadle and the motion was seconded by Attorney General Wrigley and the motion carried unanimously on a voice vote.

## OPERATIONS

### **Commissioner's Report**

- Oil Royalty Deductions Settlements – continuing discussions with two of three remaining operators; hope to announce at least one more significant settlement within the next month
- Cash Management Study - attended June 11, 2024, Cash Management Study Steering Committee meeting as a voting member; RVK provided a summary of their preliminary findings with a first full report draft due later this Summer and presentation to the legislature this Fall
- State Investment Board Investment Committee - attended June 14, 2024, meeting as a voting member
- 2025-27 Agency Budget – working through process to reach July 15<sup>th</sup> submission deadline
- Legislative Session Planning – compiling potential legislation ideas, including agency incentive compensation plan

### **Human Resources Update**

- Leadership Training – exploring Fall off-site servant leadership workshop for full team
- Performance Reviews - all completed by June 30<sup>th</sup> deadline

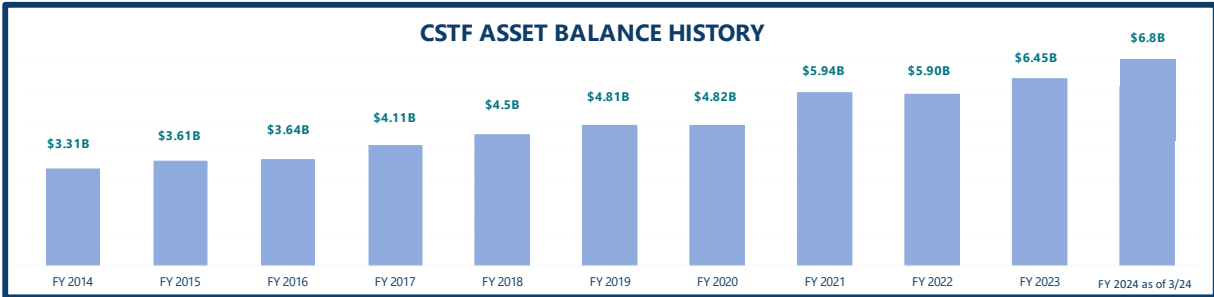
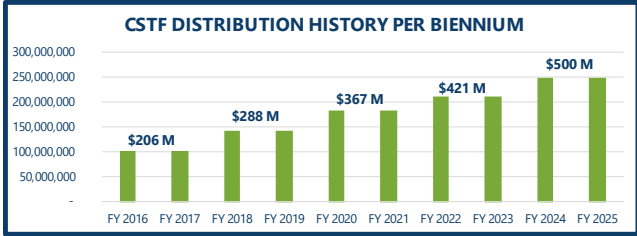
### **Financial Dashboard**

# COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

**CSTF ASSET BALANCE as of 3/31/2024  
(unaudited)**

\$6,797,711,218

**+\$764 million year-over-year from 3/31/23  
balance of \$6.03 billion**



# 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  
2023 -25 (CSTF) DISTRIBUTIONS**

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**Current Biennium Distributions to the  
State Tuition Fund through 3/31/2024**

**\$306 million of  
\$500 million total**

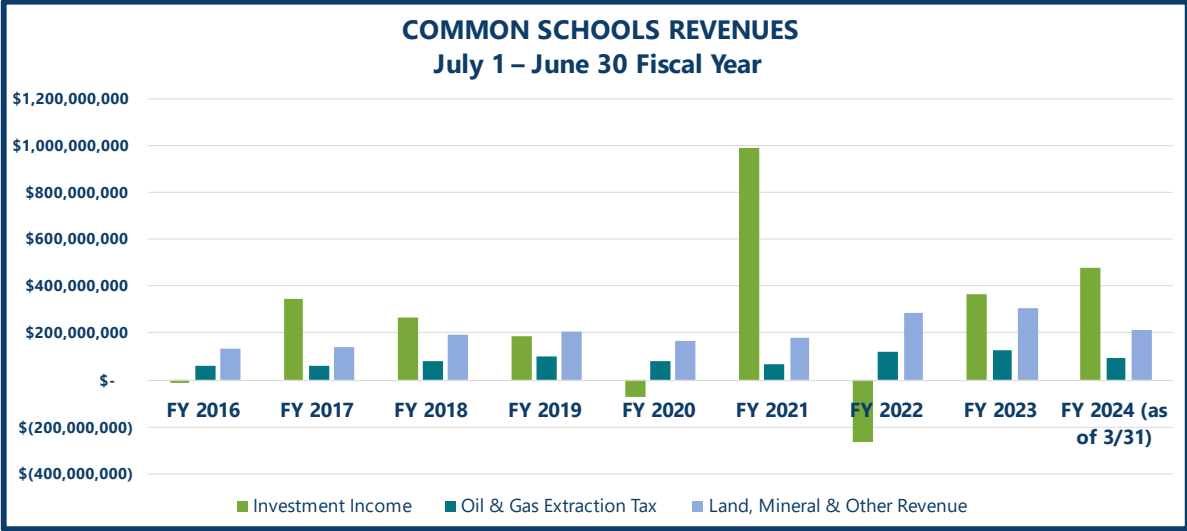
**CSTF Distributions Since FY 2014**

**\$1.98 BILLION OF PROPERTY TAX RELIEF!**



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

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# STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

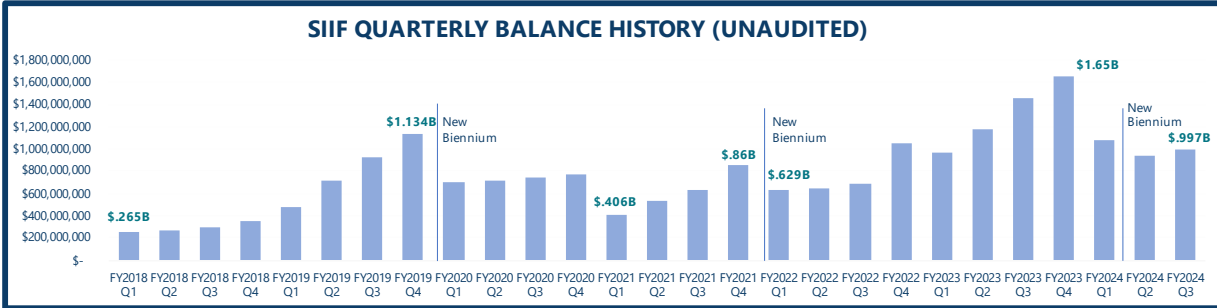


### SIIF BALANCE as of 2/29/2024 (unaudited)

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

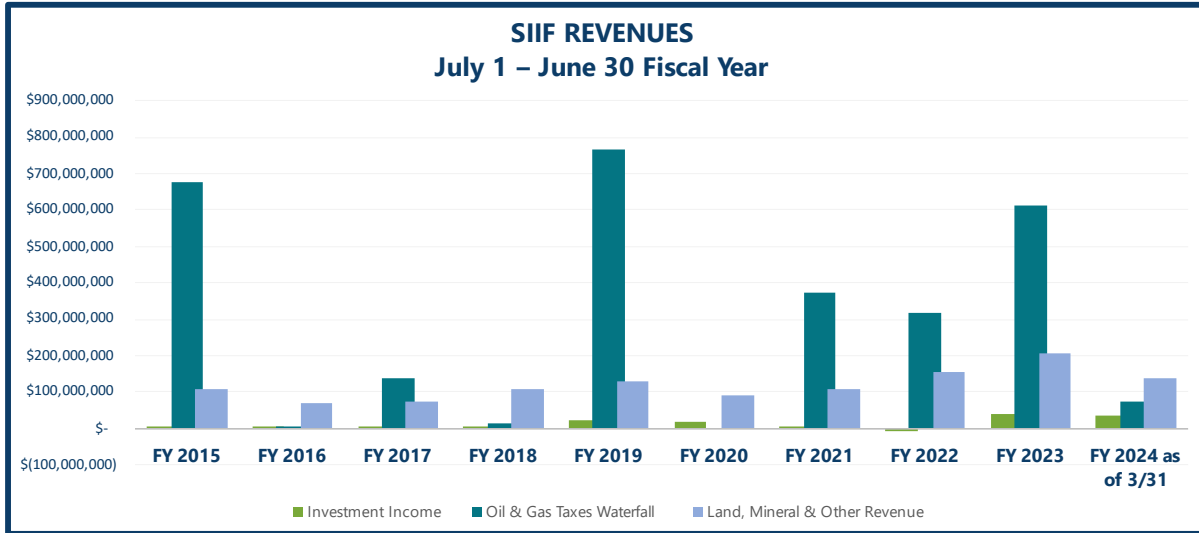
### SIIF BALANCE as of 3/31/2024 (unaudited)

- Total Balance - \$996,954,423
- Uncommitted Balance – **\$590,630,306**



# STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS





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



**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 March 31, 2024



**\$10,546,416,244**



\* Total excluding SIIF

**DIVISION REPORTS**

**SURFACE**

**SURFACE DIVISION**  
ENCUMBRANCES ISSUED



Encumbrances issued by Commissioner during May 2024: 20 Right of Way Agreements generating \$291,002 in income for the Trusts



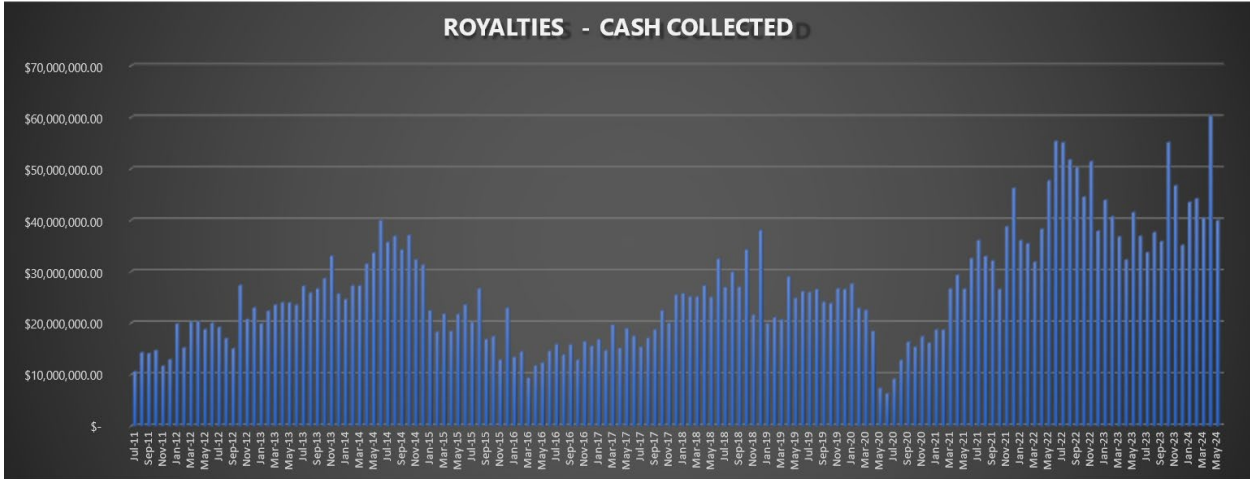
Penstemon in McKenzie County 149-98-16 on May 28, 2024. Photo Credit: Garret Hecker

MINERALS

MINERALS DIVISION  
FISCAL YTD O/G ROYALTIES

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As of May 31, 2024\*, for fiscal year 2023-24 the Department has received **\$471,909,803** in royalties as compared to **\$485,617,217** last fiscal year at this time. The decrease from last month is due to large royalty settlement payments received in April 2024.

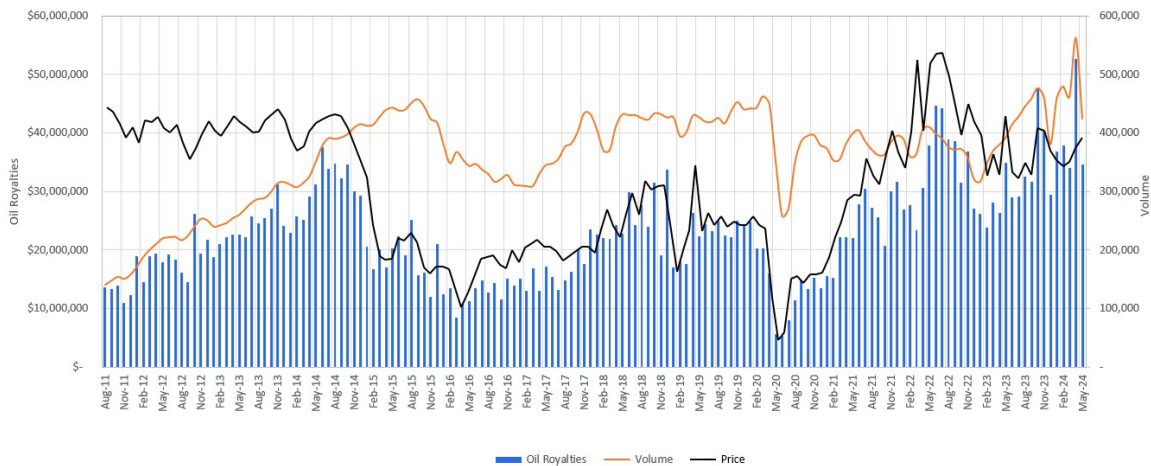


\*May royalty revenue is from March gas production and April oil production.

PRICE MAIN DRIVER OF O/G ROYALTIES

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In the early years of Bakken development, production growth was the driver of Land Board royalty increases. Now that Land Board net monthly production has been more stable, averaging 485,739 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.





## UNCLAIMED PROPERTY

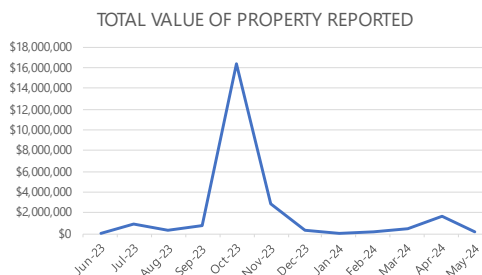
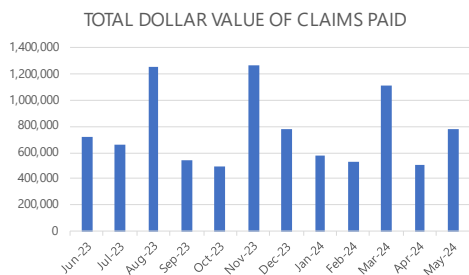
### UNCLAIMED PROPERTY DIVISION

<https://unclaimedproperty.nd.gov>

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For the month of May 2024, the Division paid 370 claims with \$782,212 returned to rightful owners/heirs.

The Division also received 18 holder reports with a dollar value of \$182,174.



## INVESTMENTS

### Investment Updates

#### Q3 Pipeline

Private Credit: opportunistic credit recommendation

#### Capital Calls Funded (as of May 31, 2024):

2023 \$80M

2024 YTD \$191M

#### Total Unfunded Commitments \$999M (as of May 31, 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, \$596M
  - i. GCM Grosvenor Private Equity, \$78M
  - ii. GCM Grosvenor Secondary Opportunities Fund III, \$98M
  - iii. Morgan Stanley Ashbridge TS Fund II, \$9M
  - iv. Khosla Ventures, \$27M

(07/09/24)



- v. Blue Owl Strategic Equity, \$25M
- vi. GCM Grosvenor Private Equity Series 2, \$274M
- vii. Industry Ventures Partnership Holdings VII, \$50M
- viii. Andreessen Horowitz Multiplexer, \$35M

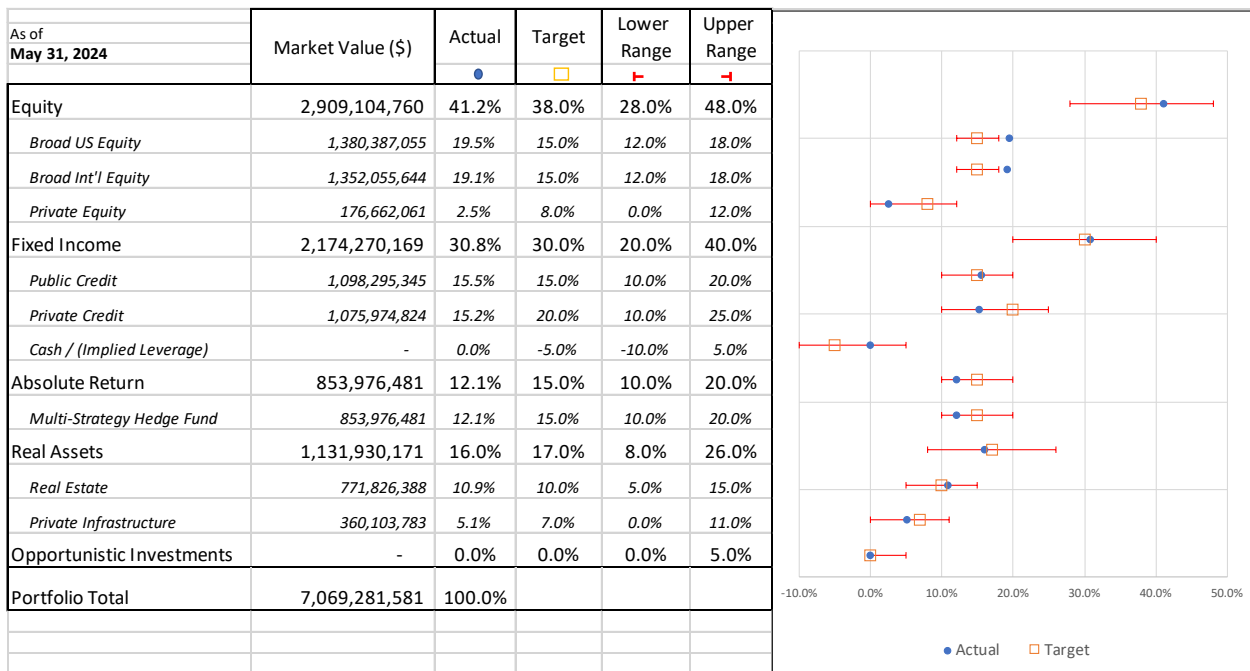
3. Real Assets, \$5M

- i. Hamilton Lane Infrastructure Opportunities Fund, \$5M

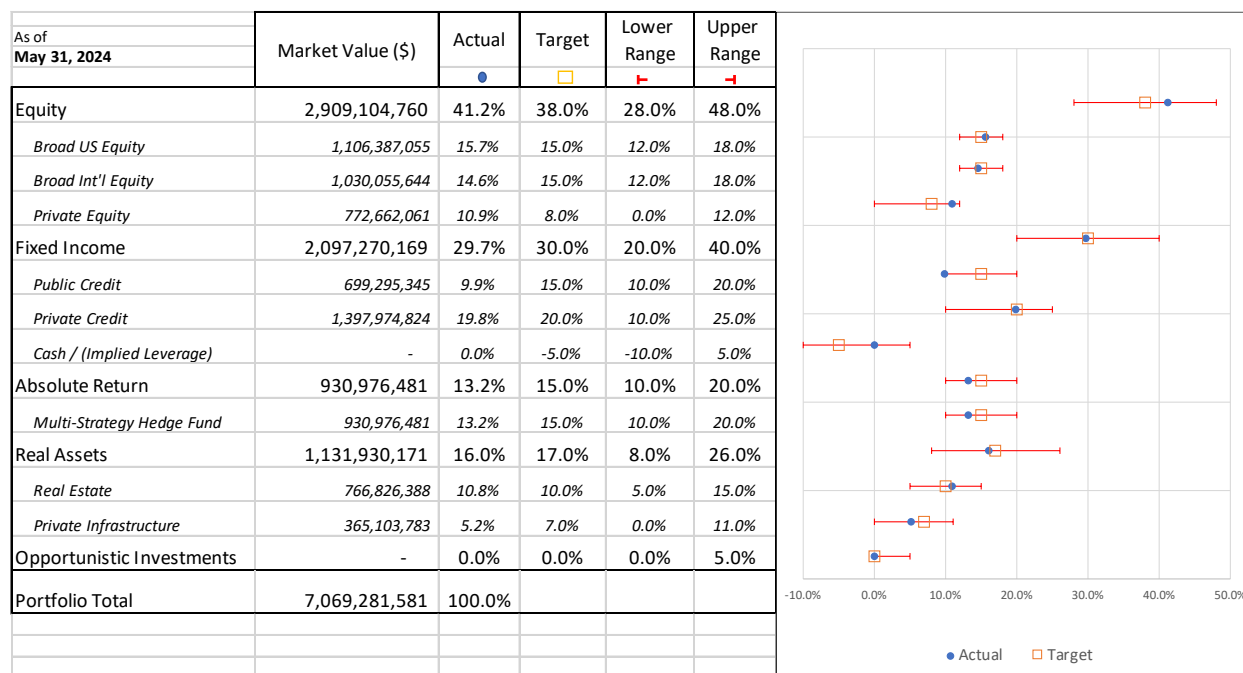
4. Absolute Return, \$77M

- i. Millennium USA, \$77M

**Current Asset Allocation (unaudited)**



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



*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.*

**First Quarter 2024 Investment Performance Report**

**Quarter ending March 31, 2024, Investment Performance Report was presented to the Board by RVK and is available at the Department upon request.**

**LITIGATION**

**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

(07/09/24)

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.)  
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

**A D J O U R N**

There being no further business, the meeting was adjourned at 9:52 AM.

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Doug Burgum, Chairman  
Board of University and School Lands

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Joseph Heringer, Secretary  
Board of University and School Lands