

NORTH DAKOTA NATURAL RESOURCES TRUST
Board of Directors Meeting
ND Game and Fish Department
January 7, 2015

The North Dakota Natural Resources Trust (Trust) Board of Directors winter meeting started at 8:30 a.m., Wednesday, at the ND Game and Fish Department, Bismarck, North Dakota. Attending the meeting were Directors Marshall E. Johnson, Randy Renner, Duane Hauck, Gary Melby, and Deputy Director Scott Peterson, ND Game and Fish Department. Director Tom France was absent. Trust employees Keith Trego, Terry Allbee, Karen Kreil, and Linda Roeder were present. Others present were Mark Norcini, SEI, Inc.; Kevin Kading, ND Game and Fish Department; Jerry Doan; and Patrice Lahlum, Riverwind Consulting.

Wednesday, January 7

Chairman Johnson welcomed Randy Renner, new board member, before roll call was taken and announcements made. Chairman Johnson called for a motion **“to approve the agenda.”** Gary Melby moved and Randy Renner seconded. Motion carried. Chairman Johnson called for a motion **“to approve the July 17-18, 2014 minutes.”** Randy Renner moved and Duane Hauck seconded. Motion carried.

Terry Allbee reviewed the financial report, the budget versus actual report, and the proposed 2015 budget. In December 2014, Terry and Keith met with the Financial Committee to preview the 2015 budget before the Board meeting.

Mark Norcini, SEI, gave the Trust’s quarterly investment review. The consolidated portfolio returns (gross) year-to-date for 2014 are 6.4 percent, with a market value of \$26 million. The operating portfolio returns (gross) year-to-date are 2.7 percent, with a market value of \$1 million. The global economic recovery is a work in progress, though extremely unpredictable as of late. US high yield and emerging markets debt were notably volatile during the quarter as technical influences drove results. The full report is on file at the Trust office.

Kevin Kading talked about a pheasant habitat initiative through an Outdoor Heritage Fund grant proposal. The ND Game and Fish Department (NDGFD) is requesting funds to be used as match for the USDA Conservation Reserve Enhancement Program (CREP). Their plan is centered on maintaining an annual harvest goal of 600,000 pheasants. The plan involves multiple habitat and management activities that complement agricultural operations by allowing farming and ranching activities and implementing habitat management practices. Discussion followed.

Kevin Kading handed out a paper that listed the major conservation title provisions in the farm bill and briefly discussed each. The six programs listed are Conservation Reserve Program (CRP), Environmental Quality Incentive Program (EQIP), Regional Conservation Partnership Program (RCPP), Agricultural Conservation Easement Program (ACE), Conservation Stewardship Program (CSP), and Voluntary Public Access and Habitat Incentive Program (VPA-HIP).

Terry Allbee updated the Board on the Loss of Production and Water Storage Piggyback program.

Karen Kreil briefed the Board on the Grand Forks Prairie Project.

Keith Trego talked about the Painted Woods complex located south of Washburn on Highway 83. Ladd Erickson, McLean County state's attorney, is working with the local sponsors on the project. The best solution may be to buy land in that area. Discussion followed.

Keith Trego talked about a growing interest by landowners up and down the Missouri River Corridor to protect their agricultural land from development. The Farm and Ranch Protection Program was designed to protect ag land from development. The Trust has funded projects along this area, but there is absolutely no support from any of the farm and ranch organizations. We wanted to remind the Board about programs that are available, and there is growing interest among landowners to be involved in these kind of things. The Trust is the only entity that has ever put in a farm and ranch land protection application in North Dakota. We have submitted four applications and completed three projects. In the new farm bill, the Farm and Ranch Protection Program is no longer. It is now called the Ag Land Easement Program and criteria has changed.

Keith Trego updated the Board on the Conservation Funding Initiative.

Patrice Lahlum joined the meeting via phone and discussed the Legacy Fund Initiative. The participants propose the establishment of a North Dakota Legacy Foundation. The Legacy Fund Strategies are 1) Reinvest 75 percent of annual Legacy Fund earnings from 2017 through 2039 to grow the Fund principal, after inflation, to benefit future generations of North Dakotans; 2) Use existing state resources to address critical needs and priorities of citizens and communities today, rather than drawing on the Legacy Fund; 3) Allocate 25 percent of annual Legacy Fund earnings from 2017 through 2039 to bold and visionary purposes that build a bridge to a future. Additionally, participants recommend that the Legacy Foundation focus on a few key priorities for impact. Three ongoing initiatives are proposed in education scholarships, innovation, and infrastructure that the Foundation could coordinate. Discussion followed.

Duane Hauck led the discussion on a consensus building project. Some of the Board had met before the Board meeting and the Finance Committee had discussed this in December. It was decided to put a small place holder in the budget to support what was called a consensus or bridge building project. With the wider divide between conservation and agriculture after Measure 5, we are trying to find a way that the Trust could be involved in an effort that would look at a different approach to find out what it is the state would support in terms of conservation. It was suggested to start out with an assessment and talk about how to go about doing that. Talk led to a discussion on perhaps using other neutral support to help with funding and gather a small group to pursue a grant that would lead to a facilitated assessment process. Exactly what and how to do this is still open to discussion. It needs to be more than a group of wildlife conservation parties talking amongst themselves. It needs to be a process with agriculture groups that also have conservation in their mission. Discussion continued.

Marshall Johnson welcomed Jerry Doan to the meeting and encouraged him to become a Board member. Jack Olin emailed the governor to say he could no longer serve on the board. Scott Peterson will check with Jack's family to see what the Trust can do for his years of service as a Board member.

Karen Kreil led the discussion on the Trust Small Grants. A payment was made for one grant but the timing for the other projects will be during the spring/summer months so the requests for expense reimbursement haven't come in yet. The Finance Committee had suggested to do another year of small grants with a limit of \$50,000. Duane Hauck suggested to focus the grants on education like last year.

Duane Hauck and Marshall Johnson are on the Finance Committee with Tom France and had discussed the budget. Duane Hauck moved **“to approve the 2015 budget”** and Gary Melby seconded. A place holder of \$100,000 is in the budget for conflict resolution and another \$100,000 for farm bill biologists. Motion carried.

Discussion turned to future meeting dates. Randy Renner has knee surgery on April 14 and Gary Melby will be back from Texas on the same day. Tentatively April 22 and April 29 were picked for the spring meeting. July’s date will be picked at the April meeting.

Meeting adjourned.

Submitted by /s/ Keith Trego
Keith Trego, Executive Director

Dated 4/29/15

Approved by /s/ Marshall E. Johnson
Marshall E. Johnson, President

Dated 4/29/15