

**NORTH DAKOTA NATURAL RESOURCES TRUST  
BOARD OF DIRECTORS  
AUGUST 24<sup>TH</sup>, 2022  
ZOOM VIDEO CONFERENCE & NDNRT CONFERENCE ROOM – BISMARCK, ND**

Attendees: Board members Randy Renner, Duane Hauck, Gene Veeder, Dave Dittloff and Marshall Johnson were present. Ex-officio representative Scott Peterson, Deputy Director of ND Game and Fish Department, was present for Director Jeb Williams. Trust staff present were Keith Trego, Terry Allbee, Jesse Beckers, Eric Rosenquist, Heather Husband, Rick Warhurst and Brenda Newton. Presenters present were John Hagan from SEI Institutional Group.

9:00 AM

Randy presided over the meeting for Dave. Randy called the meeting to order. Roll call was taken. Randy asked for any announcements or changes to the agenda. He then called for a motion **“to approve the agenda.” Duane moved and Marshall seconded. All were in favor, motion carried.** Next Randy asked if there were any changes to the minutes sent out (May 2022 Board meeting and April, July and August strategic planning meetings). Hearing none, Randy called for a motion **“to approve the minutes.” Duane moved and Marshall seconded. All were in favor, motion carried.**

John Hagan joined the meeting through zoom. He updated the board on their progress with the predictability study. SEI has concluded that there is no predictability in the Trust’s capital gains, so capital gains will not be included in the spending study. Instead, SEI will identify a level of spending for the Trust and build a portfolio to support that. John will have this done by our January board meeting. Next, John reported on the Trust’s investments for the first half of 2022. The consolidated portfolio was down 12.3% YTD. The retained earnings account was down 9% YTD. Despite poor returns, the Trust’s investments have fared better than the US CPI. John recommended no changes to the Trust’s investments at this time. John also notified the board that Erin Huber, the client service director for the Trust’s account, as been promoted and a new individual will be taking over that role.

Terry reviewed the Trust’s financial report. Terry first went over the Trust’s income for January-July of 2022. It was asked if the BoR contribution has been made for this year. Terry noted that it has not and he has been following up the BoR regularly. A \$2 million contribution is expected. Terry reminded the board that the amount is determined by the state MR&I fund. Terry then compared the 2022 budget to actuals and noted that our main income is from investment earnings. This is why SEI is doing the study. The past three years have been good for earning, but this year is expected to be much lower. The Trust has been preparing for lower returns by creating the retained earnings account. The Board discussed the need for a line of credit if the situation ever arises, which may be more advantageous than withdrawing funds from investment. It was decided that Keith, Terry and Randy will discuss this option with SEI. Terry reviewed each budget category and gave highlights for each. He noted that 60% of the budget so far has gone to landowners and on-the-ground projects.

Jesse gave an update on the Trust’s energy and carbon activities. Jesse noted that a NFWF grant to support staffing and match for the carbon study was approved for \$500,000. He also noted that the Oil and Gas Research Council just approved the carbon study grant for \$500,000. The study, which will be conducted by Dr. Rebecca Phillips, will help show how grazing lands capture carbon and also help quantify a number for ranchers to understand the effects of certain management practices has on their land. The board was concerned there will not be enough study sites in this study. Jesse noted that this is just a start to the research and the hope would be to have more sites in the future. Jesse talked about

plans to have public outreach events. The board discussed how some type of symposium on carbon would be beneficial to landowners.

Heather presented progress on the Meadowlark Initiative. She first reviewed the RCPP outcomes from the first batching period. She noted grass plantings didn't rank out as well as other practices this round. Heather also reviewed the other outcome activities. Bird and carbon monitoring have begun, and social dimension surveys will be starting this fall. Heather then updated the board on the big picture highlights of the Meadowlark Initiative. She has been contacting conservation partners, learning their programs and gathering information from them. She's also been reconciling the landowner inquiries that have come into the NDGF portal. Through all this information gathering, Heather has begun to develop support tools for the Initiative, such as maps, graphs and partner portal ideas. Heather attended NRCS Conservation Planner training. Next, she will be working on improving the ranking process for the next RCPP batching period and sign-up promotion.

Eric gave an overview on the status of energy offset funds. The Trust is in year 3 of 4 of conducting Dakota skipper surveys. Survey results will help provide more information for the Dakota skipper recovery plan. Eric also reviewed the status of habitat restorations funded by offsets. So far, 911 acres of habitat has been restored through grassland and wetland restorations. All of the projects were located in oil producing counties.

Eric also presented on midterm agreements. The Trust has applied for a \$373,000 State Wildlife Grant in June. The grant will help develop the process and procedures for a 30-50 year protection program, with the goal of procuring 1-3 agreements by completion. The Trust has also been in correspondence with the NDGF Department, who applied for and America the Beautiful NFWF grant in July for \$5 million. This grant would protect 10-15 thousand acres of grassland through long term agreements. Findings from the State Wildlife Grant will help determine the process for the NFWF grant.

Rick gave an update on NAWCA. Rick was reinstated as a NAWCA staff member at the end of June, four days after Jeb Williams was confirmed as a NAWCA council member. Rick is reviewing the US and Mexico proposals for the second round. He noted that only 2 proposals were from the central flyway this round. The board discussed reasons why the number of proposals has been decreasing in recent years.

Terry updated the board of a new conservation-at-large representative on the Outdoor Heritage Fund (OHF) Advisory Board. Joe Carlson filled the seat that Tom Hutchens held. Joe was appointed at the beginning of August. Terry also notified the board that the ND Parks and Recreation Assoc. has a new representative, Tyler Jacobson.

After reconvening from lunch, Brenda reviewed the past and current grants the Trust has received from OHF. The Trust has been awarded 20 OHF grants since 2013. Seven grants have been completed and 13 grants are in progress. The majority of grants have funds that are completely obligated. The Trust is waiting for landowners to complete their projects so reimbursements can be made. Terry reviewed the Working Grasslands Partnership grants. All of the funds for WGP 1 thru 4 have been obligated and over half of the funds for WGP 5 are obligated. As of present, WGP has engaged 168 landowners and funded projects on 62,000 acres. Terry's NDPWP grants are on track. So far 56 landowners have been signed, covering 19,000 acres. Jesse updated on activities on his BDWLP I & II grants. For BDWLP I, the majority of funds remaining are for a Watford City project. The Beaver Lake WPA reclamation project has been completed. A community day is being planned to plant forbs and promote the work done. The board

was very interested to learn more about the project and Jesse will send them the Terracon report. For BDWLP II, all of the funds have been committed and Jesse is waiting for activities to be finished by the Forest Service and energy reclamation. For the GRB I & II grants, 90% of the GRB I funds have been committed and 40% committed for GRB II. Jesse noted that cover crops have been very popular with producers. So far, approximately 300 producers have participated in the BDWLP and GRB programs. Rick updated on his Wildlife and Livestock Dams grant. To date, 10 wetlands covering 12.95 acres have been completed. Eleven more wetland enhancements are in progress.

Terry updated the board on the Painted Woods project. This property acquisition will help mitigate water management and protect private land and housing developments from flood waters. It is located next to a previous Painted Woods project and the Red River water supply intake on the Missouri river. So far appraisals for the property have come in too low. Terry is waiting for the third appraisal to come back. Terry also updated the board on a restricted donation from Dick Monson for the purchase of land in Griggs county. Dick also donated land to the Barnes County park board. Some of his funds will be used to buy management materials on the land.

Keith reviewed activity revolving around land in LaMoure county. Walter Piehl is interested in selling one of his tracts of land for public ownership. The Trust, Ducks Unlimited, Pheasants Forever and the USFWS have met several times to discuss options for Walter. It is hoped that a sale could happen in 2023. Most of the money for purchase would be funded by other sources. If a piece is sold, the NDGF would be interested in holding and managing the land as a WMA. One other landowner in the area has expressed interest in possibly selling land for conservation purposes and several landowners in the area are considering wetland easement offers from the USFWS.

For old business, Keith updated the board on the Area 4 Farm. The option agreement for the farm has expired. The group is now looking at purchasing a smaller piece. They will approach the Trust for a funding opportunity if a purchase is agreed upon.

For new business, Randy and Duane reviewed the New Board Member documents sent out prior to the meeting. Keith, Randy and Duane felt the document was comprehensive. The only added or changed language should be wording around if a member were to resign from the board. This wording should be the same as it is stated in the Bylaws, regarding having a signed letter on file. The board asked about required documents for board appointment. The required documents to the Boards and Commissions office has been inconsistent over the past few years. Brenda will check into this and report the findings at the January board meeting.

Randy next discussed the protocol for staffing approval. Keith Randy and Duane came up with some steps the staff should take. First, Keith and staff should put a document together describing the staffing need and send it to the Finance Committee before their budget meeting. The committee will send it to the full board for input, to gather more dialog before it is placed in the budget. The board asked staff to write up this protocol, inputting the discussed procedure, and present it at the January board meeting.

The upcoming board retreat for strategic planning was discussed, as to where hold it and dinners. Brenda will research some places and get back to the board. The January 19<sup>th</sup> board meeting date was also discussed. This date may not work anymore for some board members. Brenda will send out a doodle poll to explore a change in date.

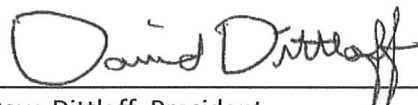
Lastly, the board visited with executive director Keith Trego. It was agreed that the items under new business, relating to board vacancies and board staffing decisions, had been well handled earlier in the

agenda and needed no further discussion. The board discussed the importance of good overall communication and agreed that all communication had suffered over the last couple of years due to the inability of groups to gather in person. Discussion then centered on the need for better, more regular communication between the board and executive director, and specifically on the executive director evaluation process. There was general discussion about the merits of various performance evaluation approaches, some using lengthy, rigorous numeric scoring systems tied to pay increases and others using alternative approaches. Keith informed the board that over years of experience, he has gone away from numeric scoring systems and uses a narrative approach for staff performance evaluations. Dave suggested that our current strategic planning process presented an opportune time to review and update the executive director's evaluation criteria; the rest of the board agreed. The evaluation committee will utilize strategic planning output to suggest a more clear, relevant set of evaluation criteria and work with the rest of the board to finalize prior to next year's evaluation.

Randy called for a motion to end the meeting. **Duane moved "to adjourn the meeting at 3:30 PM."**  
**Gene seconded, motion carried.**

Submitted by  \_\_\_\_\_  
Keith Trego, Executive Director

Dated 4/12/23

Approved by  \_\_\_\_\_  
Dave Dittloff, President

Dated 2/14/2023