

**NORTH DAKOTA NATURAL RESOURCES TRUST
BOARD OF DIRECTORS MEETING
January 10, 2018**

**Halkirk Office Conference Room 1605
East Capitol Avenue
Bismarck ND 58501**

The North Dakota Natural Resources Trust (Trust) Board of Directors meeting was held Wednesday, January 10, 2018, at the Halkirk Office Conference Room. Attending the meeting were Directors Randy Renner, Jerry Doan, Gary Melby, Marshall E. Johnson, Dave Dittloff, and Duane Hauck, Chair; ex-officio representative Scott Peterson was also present. Trust employees, Keith Trego, Terry Allbee, Jesse Beckers, Rick Warhurst, and Kathy Kirschman. Others present were John Hagan – SEI Investments, Rachel Bush, Cayla Bendel, and Renee McKeehen – Pheasants Forever, Steve Dyke and Kevin Kading – ND Game & Fish, John Kinney – US Forest Service, Sarah Hewitt and Lucy Love – Audubon Dakota, Scott Rising – ND Soybean Growers Association, Josh Dukart – ND Grazing Lands Coalition, Rod Backman from Covenant Consulting, Karen Kreil – retired NDNRT and Mike McEnroe – Wildlife Federation.

8:30am

Chairman Hauck called the meeting to order and asked for any announcements or changes to the agenda. He then called for a motion to approve the agenda. Scott moved and Dave seconded **“to approve the agenda.”** Motion carried. Minutes were available for review from the August 2017 meeting. Scott Peterson commented he was in attendance, but was not included in the minutes. Chairman Hauck asked for a motion to approve the meeting minutes with the amendment to add Scott. Randy moved and Dave seconded **“to approve the August 2017 meeting minutes.”** Motion carried.

Keith introduced the newest member of the Trust staff, Kathy Kirschman, who started as of September 1st in the Administrative Assistant/Biological Technician role.

John Hagan gave a brief history of SEI’s background and investing philosophies as it relates to the current political and global environment. He provided a brief summary of the Trust’s portfolio and returns. There has been a solid performance for four quarters now—with YTD return of 13.52%. Noting no negative performance for the year for any asset class, this was quite exceptional. Also gave a perspective on the approved tax cuts and potential impacts on investments/stock market performance. Randy commended the performance of the SEI team and what it is enabling the Trust to do as a result.

Terry provided a preliminary overview of the 2017 budget to actuals performance, final 2017 numbers will be provided by the auditors at the spring board meeting. Terry presented the 2018 budget draft, which is close to double the performance of 2017 due to returns, grants and projects to be delivered. Dave posed a question whether such a dramatic increase in activity would be able to be accomplished by the current staffing level. Marshall agreed, but acknowledged the addition of a full-time position Jesse has filled and also changing the Admin. Asst position to contribute in part to the deliverables may cover the needs. With input from the Trust staff, it was determined the board did not need to take action at this time, but would revisit it at later meetings or request of the staff. Randy moved and Marshall seconded **“to approve the 2018 budget.”** Motion carried.

Jesse reviewed the existing Small Grant liability tracking. After a discussion about the US National Park Service project that has been outstanding for three years, which Jesse has made multiple attempts to contact without any reply, the recommendation was made to terminate their

agreement and return the funds to be distributed to another applicant. Randy moved and Marshall seconded **“to terminate the agreement for the US Park Service Small Grant.”** As part of the 2018 budget, the funding for the Small Grants program was increased and approved to \$75,000. Further discussion was had about including language in the application process and agreements limiting the timeline available to use the funds to keep the outstanding liability under control—Kathy has already been working on that, in addition to a survey reporting form in hopes of reducing/eliminating necessary follow-up with grantees. Marshall asked about tracking a metric to see if a project happens more expeditiously if we are the primary (or sole) funding source as opposed to being one of multiple. Language reflecting a request of matching funds or in-kind partners will also be included in the 2018 applicant materials. Applicants for 2018 Small Grant funding will be approved at the spring board meeting.

Kevin Kading from Game & Fish presented on the 2018 Farm Bill prospects and concerns. The 2014 Farm Bill expires on September 30, 2018 and President Trump has promised the new bill will be “on time”.

John Kinney gave a brief update on what’s happening with the US Forest Service in the Trump Administration. Talked about Secretary Perdue proposing One USDA, which has received a substantial amount of pushback. As a result, the final fate of agencies and funding is still in discussion.

Rachel Bush, Cayla Bendel, and Renee McKeegan from Pheasants Forever presented on the 2017 successes of their organization and a bit about what chapters are doing. Individually they gave summaries of what they’ve done and what they have coming in 2018.

Sarah Hewitt, Lucy Love, and Marshall presented on the Audubon Dakota’s efforts with the Bird-Friendly Beef program successes. They showed new marketing materials and noted that they have labeled products being sold in grocery stores in ND, SD and MN—13 ranchers and 10 retailers are involved in the program.

12:35pm - Chairman Hauck turned the meeting over to Vice-Chair Doan, leaving due to deteriorating weather conditions.

Scott Rising from the ND Soybean Growers Association gave an update on the issues surrounding the NDASCD Farm Bill Specialists program. For some time, financial documentation has been requested by the sponsoring/partnering organizations for the supporting agencies audit needs and has been met with resistance. No action was requested from the board at this time, just making the governing body aware since Trust monies are involved in that program.

Josh Dukart from the ND Grazing Lands Coalition presented on recent staffing changes/challenges that organization is experiencing and is looking for help in admin and finance. Marshall suggested that if there was no immediate action required from the board and that the conversation continues between NDGLC and the Trust staff— adding that they are now aware that this may place additional strains on Trust staffing if the choice is made to temporarily assist with the NDGLC’s administrative needs. Board concurred to have NDGLC work with Keith/staff on needs and report back.

Steve Dyke from Game & Fish reviewed the wind energy projects and the resulting offset project funds that may be coming to the Trust for implementation. Discussion was had about instead of having offset packages, instead the conversation should start before the proposed wind farm gets that far and damage can be minimized upfront. That is the hopeful potential moving forward,

several of these wind farms are too far along in the stages for that, so offsets are the next best option.

Keith provided information on voluntary conservation funds provided by PetroHarvester in reparation for a spill and Energy Transfer for reestablishing Dakota Skipper habitat disrupted by the DAPL pipeline. A separate checking account has been established to hold all energy offset funds

Rod Backman joined a few members the Badlands Advisory Group (BAG) to meet with Governor Burgum and Lieutenant Governor Sanford to discuss the progressing the mission of the BAG about 3.5 weeks prior to this meeting. He has not heard of any new actions from the Governor's office but felt confident the meeting went well and it would be taken under serious advisement. Also discussed that the oil company NP resources had expressed strong interest in being a pilot project for the BAG program should the opportunity arise.

Terry and Jesse provided an update on the Working Grassland Partnership programs success and announced the Trust had been approved for Phase II of that program by the Outdoor Heritage Fund (OHF), focusing on expired or expiring CRP acres from 2017 and 2018, also that the eligible territory had been expanded by four counties.

Keith discussed a couple of governance issues with the OHF Advisory Board. First, term for one the conservation representatives on the board is coming due and expressed concern that we need to recommend strong candidates to ensure the conversation remains balanced when it comes to the OHF funding allocations. Also noting that the last application round there were only 6 applicants, which is a very poor showing when there was approximately \$19 million in available funding. Suggested there should be considerations for marketing to improve the submission volume in the coming rounds or risk the ND legislature body suggesting the elimination of the fund altogether.

3:45pm - Dave left to catch his flight.

The revised Strategic Plan 2017-2022 was introduced for discussion. Hearing none, Gary moved and Marshall seconded **"to approve the Strategic Plan 2017-2022 as presented."** Motion carried.

The Conflict of Interest, Harassment, Disruptive Workplace, Dispute Resolution policies, along with the annual verification sign-off form were presented for discussion. One minor language inconsistency regarding "direct supervisor" versus "Executive Director" was noted, but otherwise no further discussion. Randy moved and Marshall seconded **"to approve the policies and verification as amended."** Motion carried.

Next board meeting was suggested after April 15th —exact date and location to be determined. Randy made the motion **"to adjourn the meeting"**, Marshall second—motion carried.

Submitted by 
Keith Trego, Executive Director

Dated 5/10/18

Approved by 
Duane Hauck, President

Dated 5-10-2018