

ND Natural Resources Trust
Board of Directors Meeting
SE North Dakota – Coteau Des Prairie Lodge
July 28 and 29, 2016

The North Dakota Natural Resources Trust (Trust) Board of Directors held its summer meeting July 28, 2016 by touring projects in southeastern North Dakota and July 29, 2016 with a business meeting at the Coteau Des Prairie conference room in Havana, North Dakota followed by a project site visit in Barnes County. Attending the meeting were Board of Director's Duane Hauck, Marshall E. Johnson, Randy Renner, Jerry Doan, and by conference phone Dave Dittloff. Also attending was Scott Peterson, deputy director, of the ND Game and Fish Department. Trust employees attending were Keith Trego, Terry Allbee, Jesse Beckers, and Rick Warhurst. Others present were Mark Norcini, SEI Investments; Brian Kietzman, North Dakota Game and Fish Department, Mick Erikson, US Fish and Wildlife Service, Cody and Deanna Sand, Joe Breker landowner, Tracy Hansen, Wildrice SCD, Rachel Bush Pheasants Forever, and Jordan Croat Pheasants Forever.

Thursday, July 28, 2106

Tour stops at Maple River and Bluestem WMA (former Trust owned property), Beginning Farmer Enhancement property owned by Cody and Deanna Sand, Jackson Township drainage project, and Breker Farms soil health.

Friday July 29, 2016

After roll call, Chairman Hauck called for a motion to approve the agenda. Marshall Johnson moved and Randy Renner seconded **“to approve the agenda.”** Motion carried. Randy Renner moved and Marshall Johnson seconded **“to approve the April minutes.”** Motion carried.

Mark Norcini, SEI Investments (SEI), provided an investment review through the month of July including the account performance, market highlights and market outlook. Market highlights included the departure of U.K. from the European Union causing global bond yields to have a negative return. Additionally the Securities and Exchange Commission completed money market reform rule change which resulted in changes in the Trust's income account. Mark Norcini provided alternatives for the income account which included Ultra Short Duration Bond Fund, Short-Duration Government Fund, and Limited Duration Bond Fund. SEI recommended the board move the Trust's assets to the ultra-short duration bond fund. Randy Renner moved and Marshall Johnson seconded **“to approve the recommended asset move to the ultra-short duration bond fund suggested by SEI.”** Motion carried.

Terry Allbee gave the first-half of 2016 financial report. The report included income and expenditure activity, anticipated activity for the second half of 2016, and how these financial activities are tracking to the 2016 budget. Terry Allbee also reported that the US Bureau of Reclamation will be providing the Trust a federal contribution in the amount of \$798,000.00.

Keith Trego discussed how the Trust plans on refilling the Executive Assistant position that is vacant after Linda Roeder's retirement. The new position was changed to Administrative Assistant/Biological Technician. The Trust has advertised the position which will close on July 29th. The Trust has received over 30 applications for the job opening. Interviews will be completed in August with a projected hiring date of September 1.

Keith Trego discussed the renewal of the North Dakota Association of Soil Conservation District's (NDASCD) Farm Bill Specialist agreement with conservation and agricultural partners. The NDASCD currently has seven Farm Bill Specialists and would like to increase the total to 8 positions. Efforts of getting information out to the public on program successes, using newsletters, and getting partners in the agricultural meeting more involved to contribute funds was discussed.

Terry Albee provided a brief history of the Outdoor Heritage Fund grant called Working Grassland Partnership (WGP). After some delays, the Working Grassland Partnership agreement between Trust and Outdoor Heritage Fund has been finalized. Next steps include partnership coordination and then a rollout of the WGP by early fall. Further updates will be provided to the board throughout the year.

Terry Albee discussed recent purchase of the Bob Landgren property by American Foundation for Wildlife (AFW). This will be a 252 acre addition to the Painted Woods Wildlife Management Area. This purchase successfully completed all the required steps for a non-profit organization to purchase land in North Dakota. These steps included County Commission meeting, Natural Areas Acquisition Advisory Committee approval (6-2 yes vote), and Governor Jack Dalrymple's approval. The purchase was completed in July with plans to transfer the property from AFW to North Dakota Game and Fish Department by end of year.

Keith Trego reported to the Board that the Trust has been working with multiple landowners who have been looking for advice on how to include their conservation interests into their estate planning. One individual plans to donate a quarter section of property likely to North Dakota Game and Fish Department because she would like to see the land put back to native grassland like it was before it was broke for farming. The Trust plans to assist these landowners by providing conservation friendly information and options to consider for their land.

Rachel Bush, with Pheasants Forever (PF) presented to the Board PF's program focus in North Dakota. The presentation discussed Honeybee and Monarch Butterfly Partnerships, with provides landowners with small highly diversified plantings; Women Food Agriculture Network with focuses on assisting women landowners who may not know about conservation opportunities or options for their land; and Precision Agriculture Planning. The Trust has terminated the cooperative agreement with PF for Farm Bill Biologist support, but has entered into a new cooperative agreement to provide support for these PF efforts.

Jordan Croat, PF, further discussed the new Precision Agriculture partnership. The program will be piloted in SE North Dakota. Partners include ND Department of Health, Soil Conservation Districts, Trust, AgSolver and private landowners. They will look at ways to

increase profitability for landowners and assist with the planning for profitability. A map was provided showing which portions of the fields are profitable and discussed how to analyze the return on investment.

Marshall Johnson provided an update on Wind Energy efforts. He noted that this is a very positive thing for landowners as a diversification of revenue, also a rub with the size of the footprint; 15-30,000 acres in size. Production tax credit was historically renewed on a year-to-year basis and was just reauthorized for a record five years. The trouble with providing conservation consultation to the wind companies is making recommendations that are simple and straightforward; and right now the priorities between organizations lack consistency. Two gigawatts of wind power on the landscape in North Dakota right now, with another three to five gigawatts proposed for next few years. The board agreed to table any motion until the next board meeting; pending a proposed future meeting for the wind energy working group.

Keith Trego talked about the Dakota Access Pipeline and that the Trust has not heard anything on the proposal and whether or not the Trust will be utilized for the Dakota Skipper conservation.

The group discussed Rural Leadership in North Dakota and that the goal of this was to establish a \$1 million endowment to provide stability for the program moving forward. Many of the groups identified as potential donors are already involved and supporters through scholarships for students. Two of the ag groups approached were Farm Bureau and Farmers Union, but have already been sponsors. The leaders are now rethinking the campaign to include the endowment, but market more towards individuals or past alumni for tax credits. They will also approach groups already providing scholarships to pledge funding for the next two or three classes. Any specific requests that are for the wildlife community should be tabled and all communications should be through Keith Trego moving forward.

The board conducted the Executive Director's evaluation. Keith Trego provided the board with a list of accomplishments and discussed the successes over the year.

The Trust's salary review and updates were discussed. Keith Trego and Terry Albee will complete the review and provide to the finance committee in December prior the next meeting.

Terry Albee provided background from Dakota Water Resources Act and Trust's bylaws clarifying the statutes of Board receiving stipends for attending Board meetings. The Dakota Water Resources Act states "Members of the Board of Directors serve without compensation." The Trust will provide travel reimbursement for all Board members.

The group discussed the Trust's communications and outreach efforts noting that the accomplishments are large and acknowledgement is small, which sometimes is ok. Communications that go through the Water Magazine are censored. The Trust will think about this and see if this is something it will continue.

Motion to “**adjourn the meeting**”, Marshall Johnson moved and Randy Renner seconded.

Meeting adjourned.

Submitted by  Dated 1/11/17
Keith Trego, Executive Director

Approved by  Dated 1-3-2017
Duane Hauck, President