

North Dakota Natural Resources Trust
Board of Directors Meeting
May 11th, 2022
Zoom Conference Call/ND Natural Resources Trust, Conference Room

Attendees: Board members present were Dave Dittloff, Jerry Doan, Duane Hauck, Marshall Johnson, Randy Renner, and Gene Veeder. Ex-officio representative Scott Peterson, Deputy Director of ND Game and Fish Department, was present for Jeb Williams. Trust staff present were Keith Trego, Terry Allbee, Jesse Beckers, Eric Rosenquist, Heather Husband, Rick Warhurst and Brenda Newton. Others in attendance include John Hagan of SEI Investment Company and Lynnell Rude Ussatis and Peter Carlson from Haga Kommer and Rachel Gooen, strategic planning consultant.

11:00am

Dave called the meeting to order. Roll call was taken. Dave asked for any announcements or changes to the agenda or January meeting minutes. He then asked for a motion **“to approve the agenda and January 2022 meeting minutes.” Randy moved and Duane seconded. All were in favor, motion carried.**

John Hagan presented SEI’s performance review of the Trust’s investment portfolio for the first quarter of 2022. Developed-markets stocks globally suffered the worst first quarter drawdown since early 2020 and the Trust reported some first quarter losses because of the shift. John reported the Trust’s consolidated portfolio was down 3.7% but ended 2021 up 10%. The retained earnings account was down 3.6% but up almost 10% since its inception in April 2020. The federal account was down 1.2% but ended 2021 up 4.9%. John recommended no changes to the Trust’s investments at this time. SEI is currently conducting an income predictability study for the Trust to help plan our interest and capital gains for upcoming years.

Brenda introduced Heather Husband, the Trust’s newest employee. Heather starts full-time on May 16th as the Meadowlark Initiative Coordinator. She has previous employment history with the ND Department of Environmental Quality and the US Fish & Wildlife Service, among other wildlife positions. Heather will be heading up the partner and landowner inquiry coordination along with many other Meadowlark Initiative and RCPP grant activities.

Lynnell Rude Ussatis from Haga Kommer presented the Audit Report for 2021. Overall, no issues of noncompliance were found and there were no difficulties performing the audit. Lynnell reviewed the financial statements of the Trust and noted everything is in good standing and in accordance with generally accepted accounting principles. The concern of segregation of duties is always identified, due to the small size of the office. The Trust has several internal controls in place to address these concerns. Dave called for a motion **“to approve the 2021 Audit Report.” Gene moved and Randy seconded. All were in favor, motion carried.**

Terry reported on the first quarter financials. He reviewed how lower returns on investments have affected account balances. However, the increased earnings from recent years enables the Trust to ride the lows until the market returns to normal. Terry feels our accounts are in great shape right now and we have enough cash flow to sustain expenses, but advises we review them annually. Terry noted that the BoR held their stakeholder’s meeting was on April 14, the 2022 proposed budget allocations were discussed. The Trust annually receives 5% of the State MR&I and the Red River Water Supply Study allocation as part of the BoR budget. For this year, the

estimated amount of federal contribution the Trust will receive is approximately \$2 million. Terry reviewed the actuals to budget. For income, the Trust has not needed to move money from our IND account at Starion into our checking account to cover expenses, because several grant reimbursements have been received in the first part of the year to fulfill that need. For expenditures, 76% of expenditures went on the ground during this year's first quarter. This is unusual for the first quarter, but good that landowners are getting work done, requiring reimbursement. The Trust is estimating \$6M in expenditures for the year.

Brenda reviewed the Small Grant Program proposals for this year. For 2022, there were 13 proposals submitted, with 5 proposals requesting 2 years of funding, totaling \$107,268 requested for year 1 funding and \$39,100 requested for year 2 funding. Brenda gave a brief overview of each proposal and recommendation for each. In January, the board approved the distribution of \$75,000 for 2022 proposals. Guidance on funding approval was asked on 2 proposals. **Duane motioned "to fully fund the Clairmont park signs for 1 year and fund the Audubon grant with the remaining funding." Gene seconded.** It was recommended to fully fund 9 proposals and partially fund 1 proposal for year 1 funding, totaling \$75,000 and fully fund 2 proposals for year 2 funding totaling \$9,100. **Duane motioned "to accept the recommendations of \$75,000 for year 1 funding and \$9,100 for year 2 funding." Gene seconded.** After the lunch break, Brenda asked the Board their thoughts on supporting the Jr. duck Stamp program through a cooperative agreement or sponsorship. The Board was supportive and asked if a short-term agreement would be most appropriate. The staff will talk with the program coordinator and bring it back up at the January Board Meeting.

Brenda reviewed the status of the Meadowlark Initiative RCPP grant. The grant has been through one batching period and 54 producers, totaling \$2.4 million, were approved for land improvements through EQIP. Partners reported \$2.3M in contributions for activities that support the grant. The Trust is managing the budget and programs reporting and requested its first reimbursement and was just approved. Heather will be working on creating a landowner database, partner reporting portal and working the partner project management team. ND Game and Fish is starting to work on initial grant outcome measurements.

The staff presented updates on Outdoor Heritage Fund activities. Terry updated the Board on grant Round 20. \$8M was available for funding, \$6.9M was requested in proposals and \$6.7M was approved by the advisory board. The Trust received funding for two grants, Grazing Resiliency in the Bakken 2 for \$1.97M and ND Partners for Wildlife Project 2 for \$1M. Jesse reported on the Grazing Resiliency in the Bakken, Bakken I and Bakken II grants. The programs have been really popular, especially the need for grazing system cost-share. GRB and Bakken I are all obligated and the focus is to get practices completed by landowners. Rick reported on his Wildlife and Livestock Dams grant. So far, projects encompassing 10 wetlands, encompassing 13 acres, have been obligated. Terry reported on the ND Partners for Wildlife Project grant and WGP grants. Terry also presented a chart of our OHF grants that specifies the amount of funding obligated and remaining in each. Half of our grants have funds completely obligated. This strengthens the reasoning for applying for more grants, even though we may not have finished many of them yet. Keith updated the Board that Tom Hutchins term as a conservation-at-large seat will be done at the end of June. The Trust and other partners have been working with a few individuals on applying for that forthcoming position.

Eric presented an update on the Trust's energy offset funds. The Trust has been focusing on Dakota skipper surveys and habitat restoration projects. The Trust has contracted permitted skipper surveyors to perform presence/absence surveys. Habitat projects are focusing on projects that have high quality restoration with longer contract lengths. So far, 170 acres have been seeded back to high quality native grassland, 170 acres are expected to be seeded this year and 150 acres are planned to be seeded next year.

Jesse reviewed progress on the NFWF and Oil and Gas Research grants. Jesse has applied for a \$500,000 NFWF grant that will cover staff time working on grassland projects as well as staff time towards carbon research. He also applied for a \$500,000 Oil and Gas Research grant through the state Industrial Commission. This grant will study how carbon is being captured over grasslands. The Board discussed the value of carbon research in ND and to make sure the research will be unbiased and credible. The Trust will be contracting Rebecca Phillips from Ecological Insights to conduct the research.

Rick updated the Board on NAWCA and the ND Action Group. Jeb Williams is still waiting confirmation by USFWS for his nomination to the council. Until then, Rick is not able to carry out any staff activities. The ND Action Group met at the end of April for a two-day meeting at Ducks Unlimited in Bismarck. Approximately 110 people attended, and 14 presentations were given. The event was well received by partners and a larger venue may need to be explored for next year.

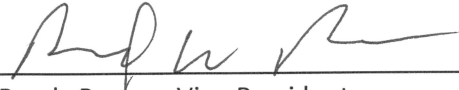
Keith and Eric reported on the history and future status of Midterm Agreements. The Trust initiated a midterm easement program in 2002 where 4 agreements were entered into. Discussions have begun to again create a program that will create midterm length agreements. The Trust feels that targeting existing grass may create the best opportunities. The NDGF is also planning to pursue funding for midterm agreements through a NFWF grant. The Board agreed that midterm agreements have value and are comfortable with the staff pursuing this type of program.

Rachel Goen, joined through zoom and updated the Board on the status of the strategic planning process. Rachel entered into a contract with the Trust in April to guide the Trust through strategic planning and conduct partner interviews to gather information needed to complete the next plan. Rachel informed the Board that interviews with the Board, staff and partners will happen over the next few months. She then shared the interview questions and interview list with the Board, that the planning team has been narrowing down. The Board agreed with the questions after discussion, however they disagreed with the list and voiced that more names should be added. It was agreed to add several more names, landowners and partners, and that the list should be given to Rachel by the following Tuesday. A survey to send out to a broader audience was discussed. This may take more time and money to complete and may not add value to completing the strategic plan. Rachel will be reaching out to everyone to schedule a time for individual interviews. Dave will also send out an email to the board and staff regarding the interview list and questions.

Upcoming meeting dates were discussed next. Rachel would like to meet with Board and staff for an entire day in August when the next Board meeting is planned. This day would be dedicated to the visioning process of strategic planning. Through a Doodle poll sent out earlier this month, August 25th was agreed upon for the next board meeting date. The Board agreed that August 24th will be the date set for strategic planning visioning. Brenda will send out a calendar invite for the additional date. Dave called for a motion to adjourn the meeting. **Randy moved "to adjourn the meeting at 4:11pm." Gene seconded. All were in favor, motion carried.**

Submitted by 
Keith Trego, Executive Director

Dated 8/23/22

Approved by 
Randy Renner, Vice-President

Dated 8/23/22