

North Dakota Natural Resources Trust
Board of Directors Meeting
May 17th, 2023 at 8:30am
Teams Video Conference Call/NDNRT Conference Room – Bismarck, ND

Attendees: Board members Dave Dittloff, Randy Renner, Duane Hauck, Gene Veeder and Kristal Stoner were present. 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 and John Munch of SEI Investment Company and Lynnell Rude Ussatis and Peter Carlson of Haga Kommer.

8:30am

Dave called the meeting to order. Roll call was taken. Dave asked for any announcements. Hearing none, Dave moved on to the agenda and noted that the agenda is arranged by Strategic Plan goals. He called for any changes. Rick requested to add a NAWCA update under Goal A. Terry requested to add a review of the Haga Kommer audit and tax preparation service proposal under New Business. Dave asked for any additions or corrections to the January 2023 Board Minutes. Hearing none, Dave called for a motion. **Randy motioned “to approve the agenda with stated changes and past meeting minutes.” Kristal seconded. All were in favor, motion carried.**

Dave introduced the first section of the agenda, Goal E, Trust Administration & Efficiencies. John Hagan presented the Trust’s first quarter investment portfolio performance review and the overall market performance for 2023. The Trust’s Consolidated Portfolio was up 4.2% for the quarter, but down 4.1% YTD, which is an improvement over last year. John noted that large capital gains are up significantly and short-term fixed income rates are higher than long-term rates. The Trust’s asset allocations are right on track with the set goals, with total assets at \$33 Million. John presented a Peer Review Analysis, which compares the Trust’s investment performance against other like non-profits. Compared to peers, 1) the Trust has lower equity exposure, 2) the Trust’s fixed income allocation is in the top 20% and 3) the Trust carries market risk in the lowest 25% of the peer group.

Terry reviewed action items from the last two Finance Committee meetings. The Investment Policy was updated by the committee and approved. One significant change was to reflect the change in asset allocations for all investment accounts. The Finance Committee also requested a line of credit proposal from the Trust’s current banking institute. The two proposals were reviewed, and the committee decided to accept the proposal from Starion, the Trust’s current bank. While in discussion with Starion about short-term CD options, the Trust was also able to secure a better rate for the IntraFi accounts. The Finance Committee reviewed and approved an employee salary change for Brenda's position, based on an updated salary survey reflecting her increased job responsibilities. Spending rules for the Trust Endowment Account will also be explored in future meetings.

Terry next gave a financial review of the first quarter of 2023. He arranged the presentation to align with the Strategic Plan goals, creating three focus areas, 1) Organizational Strengths, 2) Private Land Conservation and 3) Innovation and Partnerships. Terry first presented what the Trust is receiving as income, then gave an overview of the expenses. The Trust finances are tracking similar to last year. Typically, the first four months of the year have the lowest spending. Cash flow will be monitored closely

this year, to anticipate any need for a line of credit. The board appreciated how Terry presented the finances to match up the Strategic Plan.

Terry next presented an internal spending study for 2022. The study compares how much of the total expenses the Trust incurred were offset by outside income not associated with SEI's investment returns. The study was broken down by the activity codes the staff record their time to. In 2022, the Trust had \$6.1 Million in expenses. Of that total, only \$1.4 Million was actually paid by Trust investment funds. The study can help the Trust make future financial decisions, specifically where to focus staff time or cut expenses if needed. Terry presented a list of questions to think about and discuss as we continue to do this study each year. Terry will also run this study for 2021 expenses. The board discussed the findings and agreed the study was a needed look into the Trust's finances.

The board jumped ahead to Goal D, Existing and New Partnerships. Keith presented an update on Trust's cooperative agreements with other partners. He noted there are four current agreements: Ducks Unlimited, Audubon Great Plains, ND Grazing Lands Coalition and Pheasants Forever. Beginning this year, the Trust decided to have an annual meeting with each partner. All meetings have taken place for this year. It was very beneficial to sit down with each partner and review current programs and activities and meet any new staff members.

Next, the board jumped back to Goal E. John Munch, an attorney with SEI, presented a Fiduciary Training for the board and staff. The training discussed developing and following a fully informed, well-reasoned and documented process. A copy of the training will be added to the member area of the Trust website for board and staff to view anytime. The board asked some questions about laws regulating donor funds.

The board returned to Goal D. Terry updated the board on the CRP Partnership Incentive. The Trust, ND Game and Fish, Ducks Unlimited and Pheasants Forever developed three incentives for landowners signing up for CRP SAFE in a small number of counties. The incentives were developed as a pilot. If they are well received, the eligible counties may be expanded. The fliers presented will be posted in the member area of the Trust website.

The board continued with Goal E. Lynnell Rude Ussatis and Peter Carlson from Haga Kommer presented the 2022 audit report. Lynelle reviewed the audit letter which states all material presented fairly and the audit was clean. She presented the audit report in detail to the board. Overall, no issues of noncompliance were found and there were no difficulties performing the audit. Lynell 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. Duane gave Randy permission to sign the audit management letter, since Duane was attending remotely.

Switching to Goal C, Financial Support of Natural Resource Education, Brenda reviewed the Small Grant Program proposals for this year. For 2023, 13 proposals were submitted, with 7 proposals requesting 2 years of funding, totaling \$102,010 requested for year 1 funding and \$61,588 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 \$90,000 for 2023 proposals. Guidance on funding approval was asked for 2 proposals. It was recommended to fully fund 9 proposals and partially fund 2 proposals for year 1 funding, totaling \$80,900 and fully fund 2 proposals for year 2 funding, totaling \$16,326. **Randy motioned "to accept the recommendations given by the staff and requested changes as discussed by the board, approving \$80,900 for year 1 funding and \$16,326 for year 2 funding." Gene seconded.**

Brenda also discussed making changes to the small grant program rules and ranking. She will compile options and send it out to the board for discussion at the January meeting.

Break for lunch and reconvene at 1:00 pm.

Presentations switched focus to Goal A, New & Existing Programs. Eric updated the board on the progress of midterm agreements. The program focus is to create agreements that last 30-50 years, not perpetual. West river and the Missouri breaks east of the river will be the target areas. Large tracts of intact grassland will receive the highest priority. Eric is developing a selection process for applications, which incorporates the Trust's habitat model and Dakota skipper occurrence model. NRCS data will be used to value each agreement and a buyout provision will also be included. Monitoring will include arial imagery, ground checks and contacting the landowner periodically.

Heather presented an update on the Meadowlark Initiative. All the RCPP financial assistance funds have been obligated for the 5-year partnership. The Trust and ND Game & Fish are working on transferring unused technical assistance funds into financial assistance so an additional batching period can be held. Heather reviewed the results of the last batching period and status of the outcomes to date. She also mentioned that the Game & Fish will be sponsoring a Meadowlark Initiative landowner appreciation night at the Larks baseball game.

Jesse reviewed the status of the Oil & Gas Research Grant carbon study. So far, two study sites have been set up. One in Burleigh Co. with two open-path eddy-covariance flux systems and one in McKenzie Co. with a sophisticated weather station. Ecological Insights has hired two staff to help with data collection and have already started to process preliminary data. The first grazing event will start in the next week. Jesse has been talking with many industry companies to possibly get more funding to expand the project for several more years. There is also interest to add a newly developed methane measuring tool to the eddy units for future study.

Terry updated the board on the status of OHF and the Trust's grants. He reviewed the process of how the Trust's grants are delivered. Keith discussed how there is a lack of knowledge on the advisory board of how the grants are delivered, obligated, and spent. Terry noted that the Trust is submitting NDPWP3 at the end of May. The funds from the two previous grants have all been obligated. For this third phase, the Trust will be asking for a \$3.3 million request with a 5-year grant delivery period.

Rick reviewed the status of NAWCA. For the first grant round, \$36 million was recommended by staff. The council will be meeting in Bismarck in June. Rick is helping to coordinate the meeting and tour. Rick also updated the board on the ND Action Group Meeting that took place in April. The meeting was held at a new venue, the Gateway to Science Center, and had very good attendance.

Goal B, Convene Stakeholders to Address Grassland Loss, was discussed next. Keith updated the board on Farm Bill discussions. The board Grasslands Committee and staff met with policy members from the Pheasants Forever and the National Wildlife Federation to discuss how the Trust can best address grassland agriculture issues in the Farm Bill. Keith is creating some action items and will send them to the board committee.

Eric reviewed the grasslands meeting that several members from the Trust, TNC and a private landowner had with the governor. TNC's Biological Carbon Report was discussed. They were asked to come up with some next steps and practical actions that landowners can implement. Eric and some partners met for a follow up meeting. The group will come up with actions that aren't already happening or compete with other partner initiatives.

The board moved onto New Business. Keith discussed the upcoming 2022-23 Annual Report. He asked the board what format they would like staff to follow. It was suggested that the format and executive summary follow the goals from the strategic plan and to key in on highlights rather than provide a lot of details, while also leaving some flexibility for staff to best convey information. Dave also noted that he will work on revamping the Executive Director's performance evaluation factors and have it also coincide with the strategic plan format.

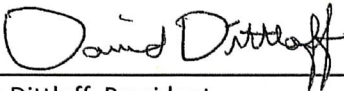
Next, Brenda walked the board through the www.ndnrt.com new website, specifically the member area. Then, Keith addressed the contract that is ending with Haga-Kommer. They provided the Trust with a proposal for one and five-year options. The board discussed their history with the company. It was decided to continue with Haga Kommer. Kristal motioned **"to accept the bid for a five-year contract."** The cost was discussed by the board. It was mentioned that it would be a lot of time and work to go with a new company and that Haga-Kommer already knows how the Trust does things, which is an advantage and time saver. **Randy seconded. All were in favor, motion carried.**

Keith reviewed the updated Leave Donation Policy with the board. Keith walked the board through the changes. The board thought the changes were in accordance with what other organizations were doing. Randy motioned **"to approve the changes to the Leave Donation Policy."** Kristal seconded. **All were in favor, motion carried.**

Finally, dates for the August board meeting were discussed. August 22nd & 23rd were tentative dates presented in January. The board agreed those dates will still work. It was discussed what to do with both the days. Dave proposed to have a half day discussion focused on the new strategic plan. Staffing philosophy, an action plan and business plan can be topics for discussion. Dave will talk with Keith more in the next few weeks to create discussion topics for each goal. It was also decided to have a half day field trip, board dinner and half day business meeting the following day. Brenda will work with Randy to plan the board dinner. Randy motioned **"to adjourn the meeting at 4:13 pm."** Kristal seconded. **All were in favor, motion carried.**

Submitted by 
Keith Trego, Executive Director

Dated 8/25/23

Approved by 
Dave Dittloff, President

Dated 08/23/2023

**NDNRT Board of Directors Action Items
May 17, 2023**

- Send SEI the updated and signed Investment Policy
- Put the CRP Incentive handouts in the member area of the website
- Suggest changes to the small grant program: create ranking system or committee to review proposals – present at January Board meeting
- Keith to send action items to the board Grasslands Committee
- Dave to rework the Executive Director's performance evaluation criteria form to follow the new strategic plan goals
- Dave to work with Keith on create discussion topics for the half day meeting