

NORTH DAKOTA NATURAL RESOURCES TRUST
Board of Directors Meeting
Burleigh County Extension 4-H Office
April 29, 2015

The North Dakota Natural Resources Trust (Trust) Board of Directors spring meeting started at 8:15 a.m., Wednesday, at the Burleigh County Extension 4-H Office, Bismarck, North Dakota. Attending the meeting were Directors Marshall E. Johnson, Duane Hauck, Gary Melby, Jerry Doan, Tom France, and Deputy Director Scott Peterson, ND Game and Fish Department. Director Randy Renner was absent. Trust employees Keith Trego, Terry Allbee, Karen Kreil, and Linda Roeder were present. Others present were Mark Norcini, SEI, Inc.; Jill Howard, NRCS; Lynnell Rude Ussatis and Kristi Misesk of Mahlum Goodhart, PC; Mark Norcini, SEI Investments; Ladd Erickson, McLean County State's Attorney; Jeb Williams and Kevin Kading, ND Game and Fish Department; Rachel Bush, Pheasants Forever farm bill biologist; Matt Shappell, Ducks Unlimited farm bill biologist; Jonas Davis, Ducks Unlimited; Cindy Solberg, US Durham Growers Association; Joe Breker, board member, Corn Growers Association; board member Monte Peterson and Scott Rising, ND Soybean Growers Association.

Wednesday, April 29

Chairman Johnson started the meeting by adjusting the agenda to start with Lynnell presenting the 2014 audit report. Roll call was taken. Tom France moved and Gary Melby seconded **“to approve the agenda.”** Motion approved. Tom France moved and Duane Hauck seconded **“to approve the January minutes.”** Motion approved.

Keith Trego discussed staffing due to Karen Kreil's upcoming retirement. She worked as a half-time Trust employee and as a half-time support staff for Terry Steinwand as the NAWCA representative for the Central Flyway. A job announcement was written and posted on the Trust web site, as well as sent throughout the conservation community and list servers. Rick Warhurst, Ducks Unlimited, has decided to take on the NAWCA duties that Karen did. He will start at the end of the year. The Trust has advertised for a full-time employee to include Karen's duties in addition to other duties.

Karen Kreil reported on the Grand Forks Prairie Project. Conservation efforts have increased due to grants for grassland conservation efforts. The US Fish and Wildlife Service finished an easement and there is more interest in that area.

Terry Allbee talked about the background of the Outdoor Heritage Fund (OHF). To summarize, changes were made to the Fund during the current legislative session. The percentage was raised from 4 percent to 8 percent. The cap was changed from \$30,000,000 to \$40,000,000 biennially. They gave legislative intent for priority for large landscape habitat projects. They started limiting some playground equipment to \$10,000 or not to exceed five percent of the total grant amount. Grantees were given some support for staffing of the projects. Ducks Unlimited and Pheasants Forever were removed as named seats on the Advisory Board. Terry also handed out a summary sheet of the Fund's granting activity since its conception. Discussion followed.

Terry gave the background of the Trust's Beginning Farmer Enhancement grant proposal. Discussions with four of the beginning farmer participants resulted in the Trust writing a grant to the Outdoor Heritage Fund. Terry asked four of the landowners to give short presentations to the OHF Board.

Ladd Erickson, McLean County State's Attorney, and Jeb Williams, chief, Wildlife Division of the ND Game and Fish Department, joined the meeting to talk about the Painted Woods project. Ladd represents the McLean County Commissioners and the Water Board. They are supporting the purchase of some land adjacent to the Painted Woods WMA to protect the private property. In the spring, water cuts

through the private property and eventually will cut new outlets to the river, cutting off water to the wildlife management area. Working with the landowners, they plan to buy the lands that are annually flooded. They are seeking funding to purchase the land. The appraisal has been completed. The Trust would put the funding package together and would work with the county and Ladd to try to sort out other options. Jeb Williams explained that the ND Game and Fish Department does not own Painted Woods WMA, the US Fish and Wildlife Service does, but they manage it for the Service. The ND Game and Fish Department included their intent in managing the additional property and emphasized the additional wildlife use on the area. Discussion followed.

Mark Norcini, SEI Investments, reported on the Trust's investment status. The Consolidated Portfolio returns year to date in 2015 are 2.2 percent. The market value is \$25.6M. On December 31, 2014, the market value was \$24.7M. Capital gains distributed to the income account on December 16, 2014, was \$796,875 and on January 2, 2015, another \$190,827 was distributed to the income account. Operating Portfolio returns year to date are 1.4 percent and the market value is \$1.0M. Global Market Review - SEI expects an increase in financial-market volatility the closer we get to the start of a rising interest rate cycle. SEI's expectation is that the US bull market will remain intact and any correction will be limited. Equity Market Review – The overall positioning toward momentum was successful during the first quarter. Within Europe, the selection proved beneficial even though exposures across emerging markets acted as a modest detractor to overall portfolio performance.

The farm bill biologist discussion started with introductions and background of the Trust. Keith Trego gave a PowerPoint overview of the farm bill biologist situation. In the 2008 Farm Bill, USDA was given direction to enter into cooperative agreements for internal support and to support outreach and partnerships with nongovernmental organizations and other qualified entities to ensure that producers and landowners are fully aware of their options under the CRP program. In the 2014 Farm Bill, managers from the conference agreement induced language encouraging the Secretary of Agriculture to allocate a greater number of Conservation Reserve Program acres to programs like SAFE, which allows producers to create habitat that is beneficial for wildlife.

Rachel Bush, Pheasants Forever farm bill biologist, and Matt Shappell, Ducks Unlimited farm bill biologist, both reported on their program and what they do working with landowners. Ducks Unlimited, NRCS, and ND Game and Fish Department also explained what they do working with landowners. The issue of concern from several agricultural groups focused on a letter sent to USDA Secretary Vilsack last fall stating their concerns the farm bill biologists in NRCS offices would somehow get into the conservation compliance issue or issues related to wetland delineation, regulatory-type issues. Discussion followed with the agricultural entities voicing their views and concerns and a question/answer time. The talk ended with discussion of what would be the best approach to facilitate dialogue and share more information.

Terry Allbee gave the first quarter financial report. We received our Bureau of Reclamation contribution that goes into our federal unspendable account. We received \$376,300 that puts us over the \$21M total of contributions from the Garrison Reformulation Act and Dakota Water Resources Act.

Keith Trego reported on the fund raising/endowment planning. We did two to three Water magazine articles, set up a web site, put information in CPA newsletter, and covered standard techniques. So far there has been no responses. The question to the Board was what to do now. A suggestion to leave the infrastructure in place should anyone want to donate to the Trust was given. Discussion followed.

The six executive director accountability factors were discussed. Gary Melby moved **“to accept the executive director’s accountability factors.”** Duane Hauck seconded. Motion carried.

There were no committee updates/reviews to report.

The election of officers was as follows: Jerry Doan moved and Duane Hauck seconded **“to have Marshall continue as president.”** Motion carried. Marshall E. Johnson moved and Tom France seconded **“to have Duane Hauck as vice president.”** Motion carried. Gary Melby moved and Jerry Doan seconded **“to have Tom France as secretary/treasurer.”** Motion carried.

Karen Kreil presented the report on the Trust small grant applications. There were a total of nine proposals requesting a total of \$156,811. Karen’s recommendation/summary table shows approval and funding of eight proposals totaling \$50,000. The funded proposals are 1) Addressing Ecosystem Concerns through Public Education and Demonstration in the Red River Valley, Grand Forks SCD - \$10,000; 2) Mouse River Loop Envirothon, Mouse River Loop - \$2,639; 3) North Dakota Envirothon, Sheyenne James RC&D Council - \$9,000; 4) Junior Duck Stamp Program Habitat and Waterfowl Conservation Education, US Fish & Wildlife Service - \$9,000; 5) Rolette County Soil Health Demonstration, Rolette County SCD - \$4,125; 6) Riparian Education for Landowners in Northeast North Dakota, Walsh County Three Rivers SCD - \$3,325; 7) Badlands Oil Impacts Tour, Badlands Conservation Alliance - \$6,911; 8) Soil Health/Cover Crops, Williams County SCD - \$5,000.

Marshall E. Johnson moved and Tom France seconded **“to approve funding of the eight small grant proposals.”** A discussion on this strategic plan program followed. Motion carried.

It was talked about and decided to have a half-day meeting in July and a tour of the Painted Woods project the following day. The dates of July 22 and 23 were decided on.

Tom France moved and Duane Hauck seconded **“to adjourn.”** Motion carried.

Submitted by /s/ Keith Trego
Keith Trego, Executive Director

Dated 7/23/15

Approved by /s/ Marshall E. Johnson
Marshall E. Johnson, President

Dated 7/23/15