

ND Natural Resources Trust
Board of Directors Meeting
East 40 and Comfort Inn, Bismarck, ND
April 25 and 26, 2016

The North Dakota Natural Resources Trust (Trust) Board of Directors held its spring meeting on April 25, 2016 at the East 40 from 5:00 to 7:00 and on April 26, 2016 at 8:15 a.m. at the Comfort Inn in Bismarck, North Dakota. Attending the meeting were Board of Director's Marshall E. Johnson, Randy Renner, Jerry Doan, Gary Melby, Duane Hauck, and Dave Dittloff. Also attending the was Scott Peterson of the ND Game and Fish Department. Trust employees attending were Keith Trego, Terry Allbee, Jesse Beckers, Rick Warhurst, and Linda Roeder. Others present were Mark Norcini and Anthony DiOstilio, SEI Investments; Lynnell Rude Ussatis and Abigail Martwick, Mahlum Goodhart, PC; Brian Johnston, NDASCD; Jill Howard and Jennifer Heglund, NRCS; Scott Rising, Soybean Growers Association; Jan Swenson, Badlands Conservation Alliance; Mike McEnroe, ND Wildlife Federation; and Marie Hvidsten, Rural Leadership North Dakota.

Monday, April 25, 2106

The Board of Directors (Board) met to discuss and review the Trust's pay plan policy, the Board discussion included the background on the plan structure, current status of employees, and opportunities for updates and improvements.

Tuesday, April 26, 2016

Chairman Johnson opened the meeting with roll call. He called for a motion to approve the agenda. Gary Melby moved and Randy Renner seconded **"to approve the agenda as written."** Motion carried. Randy Renner moved and Gary Melby seconded **"to approve the July 2015 and January 2016 minutes."** Motion carried.

Chairman Johnson introduced the new National Wildlife Federation Trust Board appointee Dave Dittloff. Dave will be replacing Tom France. Dave is the NWF regional representative and is from Missoula, Montana.

Lynnell Rude Ussatis and Abigail Martwick from Mahlum Goodhart, PC presented the Trust's 2015 annual audit report. The audit report highlighted the 2015 financial activity and compared the activity to 2014. The audit results showed a clean opinion of the financial statements. Randy Renner moved and Gary Melby seconded to **"approve the audit report."** Motion carried.

Mark Norcini, SEI Investments presented the Trust's investment returns, account holdings and the capital market review. Anthony DiOstilio presented the asset allocation and spending study. The study looked at investment returns with a 3% inflationary adjustment, project income and an annual federal contribution. The study also modeled a Trust income level of \$750,000 per year. The study results indicate that meeting the income level in the short term will be difficult to achieve with the current yield market and that SEI Investments does not recommend any adjustments in the asset allocation.

The Board discussed the need to conduct a new request for proposals for investment management services. Chairman Johnson stated that the Trust's current strategic plan will end in 2016 and that the Board of Directors needs to prepare for updating the strategic plan in 2017. This would include all aspects of the organization and help in assessing the need for any future investment changes.

Terry Allbee presented the Trust's first quarter 2015 financial report. The report provided the Board with the federal contribution from the U.S. Bureau of Reclamation which now stands at \$21,561,300; the repurchase agreement account balance at Starion Financial; the income and expenditure activity for first quarter by program; and expected income and expenditure for the second quarter of 2015.

The Trust has received its first contribution of \$25,000 for the Conserve ND Endowment campaign. A separate account was established at SEI Investments to hold the contribution. The Board discussed endowment gifts and ways to make people aware of what is available. Jerry Doan moved and Randy Renner seconded **“to check with the donor on its wishes on spending the interest on their gift now, but if they don't have a preferred spending action, then we will let the account grow and at a later time the Board can decide at what level to allow the account to grow and how much to spend at that time.”** Motion carried.

NDSU Extension/Rural Leadership North Dakota: NDSU RLND provides leadership training from commissions, township officers, and citizens. This program helps to create leadership skills with business, energy, conservation, and agriculture interests. Marie talked about the history of the program and the successes they have seen. She discussed creating an endowment of \$1 million to provide scholarships and address program needs. Duane Hauck is working on the special project with NDSU Extension/RLND to coordinate the fund-raising effort.

Bird Friendly Beef: The Trust is contributing to technical assistance for this program and gathering feedback information from ranchers and landowners in order to improve opportunities for them while also increasing wildlife habitat. This program will help producers tap into specialty markets.

NDIC Outdoor Heritage Fund (OHF): The OHF completed round 7 in the spring of 2016. The OHF Advisory Board received an updated financial report from state treasurer's office. A total of 31 project proposals were submitted for a request of \$8.5 million in grant funding. The OHF Advisory Board made a recommendation to fund 5 grants totaling \$1.1 million. Prior to the completion of round 7, the Trust's and partners' grant application for the Working Grassland Program submitted in round 6 was approved for funding by the Advisory Board.

Farm Bill Specialist: Brian Johnston provided an update on Farm Bill activities completed by the Farm Bill Specialists. He is working on growing the program and will be working with the Trust and all partners on funding commitments for next year. Scott Rising discussed bridging the gap between agricultural groups and conservation groups, since we all do conservation.

USDA Wetland Mitigation: Jenny Heglund from the NRCS discussed the Wetland Mitigation Bank funding available under the 2014 Farm Bill and the Trust's involvement in submitting an application to receive funds. She discussed getting producers back into compliance so landowners are again eligible to receive funding benefits from conservation compliance.

Painted Woods: Terry updated the Board on the Painted Woods Acquisition Project approval process. The project received approval by the North Dakota Natural Areas Acquisition Advisory Committee (NAAAC) with a 6-2 vote. The NAAAC then sent the recommendation to ND Governor. He has until April 30 to take action on the proposal. If the Governor approves the request, the ND Game and Fish Department will need to obtain Legislative Budget Section approval for ND Department to expend funding on this project.

Dakota Skipper: Keith and Jesse discussed the parameters of a possible opportunity to help deliver voluntary conservation actions for Energy Transfer Partnership (ETP) for the Dakota Access Pipeline for Dakota Skipper habitat impacts. The Trust has been in discussions with ETP and the USFWS to determine scope and the delivery of the voluntary conservation activities.

Oil and Gas Impacts in Western ND: Mike McEnroe and Jan Swenson showed a video on oil and gas impacts in the Bakken. They discussed the efforts being done to inform people, specifically people in the eastern North Dakota, about what is happening in the Bakken and the effect energy development is having on the Badlands and western North Dakota.

Small Grants: Jesse presented to the Board the Trust's 2016 Small Grants funding requests. The Board received a handout listing and providing some information about all of the applications. The Board also received the Executive Director's funding recommendations. Jerry Doan expressed concern about the grant request submitted by NDSU. He was concerned about duplication of soil kits and indicated that many Soil Conservation Districts like Burleigh County SCD already have and use soil kits that are available to producers. Jesse agreed to follow up with the grant applicant to be sure that the soil kits requested will be used to serve a separate purpose than the existing kits. The Board requested that all Small Grant applications be sent to them one week to 10 days before next spring's Board meeting. Gary Melby moved **"to approve funding for the Small Grants as presented"** motion failed to receive second. Randy Renner moved and Jerry Doan seconded **"to approve all Small Grant funding requests as presented once NDSU's grant is clarified, and to clarify with Jan Swenson and Mike McEnroe on how the money for their grant request will be spent in relation to the PSA pieces going out to the public. The Board would like Keith to review and approve the PSA's before grant monies are released."** Motion carried.

The Board discussed the pay scale range for Trust staff. They recommended that the pay plan be reviewed. Jerry Doan moved and Randy Renner seconded **"that the Executive Director accountability factors approved in 2007 remain in good order and suggest the Board approve those factors for this evaluation."** Motioned carried. Board discussed and approved the accountability factors for Executive Director's review.

Election of Officers: Gary Melby moved and Jerry Doan seconded **"Duane Hauck nomination for Chairman."** Motion carried. Jerry Doan moved and Gary Melby seconded **"Marshall Johnson nomination for the Vice-Chair position."** Motion carried. Gary Melby moved and Jerry Doan seconded, **"Treasurer/Secretary Nomination of Randy Renner."** Motion carried.

Marshall called for a motion to adjourn the meeting. Randy Renner moved and Jerry Doan seconded **"to adjourn."** Motion carried.

Meeting adjourned.

Submitted by /s/ Keith Trego Dated 7-29-16
Keith Trego, Executive Director

Approved by /s/ Duane Hauck Dated 8/3/16
Duane Hauck, President