

**NORTH DAKOTA NATURAL RESOURCES TRUST BOARD
OF DIRECTORS MEETING – August 30, 2018
Halkirk Office Conference Room
1605 East Capitol Avenue – Bismarck ND 58501**

The North Dakota Natural Resources Trust (Trust) Board of Directors meeting was held Thursday, August 30, 2018, at the Halkirk Office Conference Room. Attending the meeting were Directors Randy Renner, Jerry Doan, Gary Melby, Dave Dittloff, and Duane Hauck, Chair; ex-officio representative Scott Peterson was also present. Marshall Johnson was absent due to illness. Trust employees, Keith Trego, Terry Allbee, Jesse Beckers, Rick Warhurst, and Kathy Kirschman. John Hagan, SEI and John Devney, Delta Waterfowl joined at points to present an investment report and update on the Farm Bill respectively.

8:35am

Chairman Hauck called the meeting to order and asked for any announcements or changes to the agenda. He then called for a motion to approve the agenda. Dave moved and Gary seconded **“to approve the agenda”** with the additions of updates from the Finance and Executive Director Evaluation Committees that had met the day before. Motion carried. Minutes were available for review from the May 2018 meeting. Jerry moved and Randy seconded **“to approve the May 2018 meeting minutes.”** Motion carried.

Randy discussed the Finance Committee’s review of the Audit RFP that was done as result from a motion at the May Board meeting. Haga Kommer retains the contract for 2018. After reviewing proposals made from Eide Bailly, Brady Martz, Haga Kommer, and Widmer Roel from a cost and process assessment, the Finance Committee recommended to the Board that we retain Haga Kommer. Randy moved and Duane seconded **“to accept the 5-year proposal from Haga Kommer.”** Motion carried. Terry will notify the four audit firms of the Board’s decision by September 15, 2018 as designated in the RFP document.

Terry presented a financial report for the first half of 2018. Budget was approved at the January Board meeting and to the half year point \$1,000,100 had been spent of the \$6 million budget, with significantly more expenditures coming in the latter half of the year as work on the programs is completed. No Board action was required.

John Hagan gave a brief history of SEI’s background and investing philosophies as it relates to the current political and global environment. He provided a brief summary of the Trust’s portfolio and returns. There has been a hindered performance over the last quarter with the tariff/trade uncertainties. Overall, still holding a decent position and positive projections looking forward. No Board action was required.

Terry and Rick gave an update on the most recent round of Outdoor Heritage Fund grant applications—Round 12. Discussion turned to some of the frustrations and lack of consistency and clarity there has been in how the OHF Advisory Board makes funding recommendations. Keith reported that there are conversations happening that make help address some of those with the Governor or Industrial Commission to help change the language to get more consistency in voting and clarity in funding opportunities. Rick did present and was recommended for approval for the ND Wildlife and Livestock Dams proposal in Round 12. No Board action was required.

John Devney presented updates on the Farm Bill still being negotiated in Congress; the last approved Farm Bill expires on September 30, 2018. He did note that there are ups and downs, but there are some good things that could come from the negotiations. Not sure what the final outcome will be or if a new bill will be achieved before the former needs extension.

Randy and Jerry weighed in on the discussions happening around wind energy development. Jesse about oil & gas development.

Jerry and Keith talked about progress and changes happening with the ND Grazing Lands Coalition. NDGLC has enlisted Clearwater Communications help with the administrative and accounting responsibilities until the end of 2019. In the meantime they will work on hiring one, potentially two, field representatives to take over that role and grow the organization.

Discussion moved to board recruitment to assist finding candidates who would be eligible replacements for Gary Melby's seat, which is appointed by the Governor. A bit of outreach will be done and we'll aim for appointment before the January meeting. Duane thanked Gary for his nearly 10 years of dedicated service to the Trust Board.

The Finance Committee also discussed contact made by Dick Monson who is actively estate planning and is considering how to make another land gift to the Fish & Wildlife Service. Keith updated them that the Trust will likely be involved in however Dick ends up moving forward.

The Executive Director evaluation was overall positive, with a few suggestions for organization improvements, including better on-boarding for new and continuing education for existing Board members in organizational involvement. Potential for the Board to have more involvement in Strategic Planning and implementation of said Plan. Also more engagement from the Board in the "big picture" help with the organization function. Lastly, updating accountability factors for the ED evaluation assessment before the next evaluation is due.

An addition in new business, Gary made a motion **"to have "major policy position" or public initiated measure items brought to Board for approval"** citing the Basin wind farm as an example of significant funding brought into the Trust for handling. Jerry second, motion carried.

Next board meeting tentatively set for January 9th —with the location to be determined. Dave made the motion **"to adjourn the meeting"**, Randy second—motion carried.

Submitted by 
Keith Prego, Executive Director

Dated 1/9/19

Approved by 
Duane Hauck, President

Dated 1-9-2019