

**NORTH DAKOTA NATURAL RESOURCES TRUST
BOARD OF DIRECTORS MEETING
August 8, 2017**

**Black Leg Ranch
24401 62nd Ave SE
Sterling ND 58572**

The North Dakota Natural Resources Trust (Trust) Board of Directors Spring meeting was held Tuesday, August 9, 2017, at the Black Leg Ranch south of Sterling, North Dakota. Attending the meeting were Directors Randy Renner, Jerry Doan, Gary Melby, Marshall E. Johnson, Dave Dittloff, and Duane Hauck, Chair. Trust employees, Keith Trego, Terry Allbee, Jesse Beckers, and Rick Warhurst. Others present were John Hagan - SEI Investments, Eric Lindstrom – Ducks Unlimited, Jeb Williams and Kevin Kading from ND Game & Fish.

Tuesday, August 3, 2017

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. Gary moved and Randy seconded **“to approve the agenda.”** Motion carried. Minutes were available for review from the May 2017 meeting. Chairman Hauck asked for a motion to approve the meeting minutes. Marshall moved and Gary seconded **“to approve the May 2017 meeting minutes.”** Motion carried.

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 summary of the Trust’s portfolio and returns. There has been a solid performance for four quarters now—with most recent returns at 2.7% for the quarter and 6.5% YTD.

Terry provided the first half budget to actual report. The Federal contribution was higher than budgeted at \$469,750 instead of \$300,000 which was not an issue. The Bureau of Reclamation contribution now stands at \$22,800,000.

Keith gave an update on the Administration Assistant/Biological Technician Position hiring process. There were 34 resumes received and 10 were selected to interview. The position is intended to split their time 75% administrative and 25% project tasks. The goal is to have someone start end of August or early September.

Terry talked about the Outdoor Heritage Fund Round 9 applications. A total of \$2.9 million was applied for of the \$9 million balance. A total of \$1.8 million was approved in 11 grants with the Trust’s request being partially funded at \$67,500. The Trust has submitted a total of 7 grants with 5 approved. The Working Grasslands Partnership grant has been successful with the last of the funds expected to be dedicated by end of September 2017.

Jesse said that he’s been working with Claire from the World Wildlife Fund to schedule meetings with Darryl Dukart and Gene Vetter in Dunn/Mercer Counties for the Badlands Advisory Group (BAG) to see what might develop for projects or support. He added that NDGFD is working with the Public Service Commission to help clarify the rules where wind towers are concerned.

Terry had an update on the Cavalier county land acquisition that an appraisal had been done on the quarter section and it would appear the Forest Service would be the best candidate for ownership. The conversation continues on how or if this will take place.

Eric Lindstrom reported that about half of the wetlands are gone nationwide as of the 1980's. The 1985 Farm Bill introduced the Swampbuster into conservation compliance. He discussed the flaws in the implementation, that the limited sampling results in about 95% of properties not being followed up on properly and the urgency landowners demand a status report on prohibits science classifying wetlands accurately. Rick furthered the explanation of the science of determining wetlands are hydrology, soil surveying, and vegetation.

Jeb Williams and Kevin Kading discussed the challenges that have come about with the Farm Bill Specialist program and acquiring needed reporting information. They also discussed the House Bill language that is negotiating easements to offer 30- and 50-year options.

Keith provided an update on the online consensus-building survey, that there were a hopeful 400 responses.

The Strategic Plan draft for 2017-2022 was offered and discussion was to post the document on the board section of the website for review and editing. Research would be done if there was a format available that would make that possible. The plan will be discussed and finalized at the next board meeting.

Keith's evaluation committee partnerships have been established (Chairman Hauck w/Gary, Randy w/Dave, and Marshall w/Jerry). A survey of eleven partnering organizations was sent out about NRT and its director with six responses have been received—all positive with 4 or 5 stars out of a 5-star maximum. Evaluation committee partners need to meet and return their responses to Chairman Hauck. Staff reviews are complete and are on file in the office.

Chairman Hauck introduced the discussion on conflict of interest. Points were made that the staff as well as the board should be protected and exposure to litigation should be eliminated. Further discussion was that in situations like the Working Grasslands Partnership program—where both Jerry and Keith are participants—that it's done with disclosures to the board. A motion was made by Marshall **“to approve that Jerry's and Keith's (under Prairie TLC) participation in that program is being done without conflict of interest”**, Gary seconded. Motion carried with Jerry abstaining from voting. Language in the current policy will be reviewed and amended to ensure the staff is covered, as well as the board in case of any conflict of interest questions.

Next board meeting was suggested the first or second week of January—to be determined. Marshall made the motion **“to adjourn the meeting”**, Randy second—motion carried.