

NORTH DAKOTA NATURAL RESOURCES TRUST
Conference Call
Board Meeting Minutes
December 1, 2004

A conference call meeting of the Trust Board of Directors was called to order at 8:40 a.m. December 1, 2004. Present for the conference call were Directors Bruce Adams, Richard Kroger, Jack Olin, Scott Peterson, Genevieve Thompson, Duane Liffrig, and Dean Hildebrand. Larry Baesler and Brad Heidel, RMEF; Doug Prchal, ND Parks and Recreation Department; Dave Pieper, US Forest Service, and Lance Gaebe, governor's office, attended. Keith Trego and Terry Allbee, Trust employees, were also present.

Eberts Ranch

Background information was presented and discussion ensued on the Eberts (aka Elkhorn) Ranch acquisition. Lance and Doug gave background on Eberts State Nature Preserve. The Board had questions about several details:

- Minerals—All privately-owned by a former owner.
- Property Taxes—The intent is to cover the taxes, which are only \$1,800—not a big issue with the county.
- Grazing—NRCS grazing plan will be required under GRP. Bid for grazing will be let with notice that property will be open to full public access. Dave Pieper reminded the group that the Dakota Prairie Grasslands Plan reflects approximately 9 percent grazing reductions. The Eberts allotment, which would be unencumbered if the state purchases the base property, could be used as a grass bank or in other ways help offset cuts for area ranchers.
- Road Issues—Doug/Lance has a meeting with the county next week and will be proposing other road options for a river crossing.

Larry Baesler, RMEF, asked whether the potential purchase deal would fall apart if the road goes through? Lance Gaebe, governor's office, said the state would try and negotiate low impact road or an alternate site.

Lance Gaebe covered the financial package. Since sale of the approximately 960 acres of "outlying" land plays importantly into the financial package, the question of whether the USFS could buy the outlying lands was asked. It was clarified that the USFS could buy these lands, and would be interested in considering it, providing financing were available and approvals could be obtained. It was further clarified that, due to restrictions in the ND Corporate Farming Law, nonprofits (such as the Trust) cannot sell or transfer land to the federal government, but that the state could sell or transfer land to the federal government.

Larry Baesler asked and Doug Prchal clarified that after disposal of outlying lands, the project is approximately 4,200 acres.

Bruce Adams asked about future O&M funding (not covered in the current plan). Doug responded it will be a challenge, but outlined some of the measures, including public use fees, that would be used to offset costs.

Brad Heidel suggested the RMEF might be able to provide approximately \$100,000 towards the project, either \$50,000 per year over two years, or \$30,000 per year over three years. RMEF staff (Brad and Larry) will coordinate with state PAC and main office in Missoula and have a more clear proposal for the Trust Board meeting on Dec. 15-16. Trust staff will confer with RMEF in the interim and Board will review at December 15-16 meeting in context of other financial obligations before making a final decision on overall project participation.

By general Trust Board agreement, our \$50,000 will be rolled into the 2005 budget.

Confluence Project

Keith explained the funding package for the Ochs property acquisition as part of the larger confluence project. The timing of federal components (WRP and NAWCA) necessitates a "bridge" loan from the Conservation Fund, accompanied by a mortgage and promissory note. A series of agreements has been developed between partners to clarify obligations among partners. The Board was brought up to date on those agreements and staff asked for direction in proceeding.

Scott Peterson moved and Dick Kroger seconded **"for staff to proceed with partner agreements necessary to close on the Ochs property December 15."** A voice vote was called and the motion passed unanimously.

Meeting adjourned at 10:15 a.m.

Submitted by /s/ Keith Trego Dated 12/15/04
Keith Trego, Executive Director

Approved by /s/ Richard L. Kroger Dated Dec. 14, 2004
Richard Kroger, President