

**NORTH DAKOTA NATURAL RESOURCES TRUST**  
**Board Meeting**  
**Ramkota Hotel, Bismarck, North Dakota**  
**July 12-13, 2006**

The summer meeting of the North Dakota Natural Resources Trust (Trust) Board of Directors started at 1:00 p.m., Wednesday, July 12, at the Ramkota Hotel, Bismarck, North Dakota. Attending the meeting were Directors Dick Kroger, Duane Liffriq, Jack Olin, and Scott Peterson. Terry Steinwand, ex-officio member, was also present. Genevieve Thompson and Bruce Adams were absent. Trust employees Keith Trego, Linda Roeder, Merle Bennett, and Terry Allbee were present. Ken Sambor, Northern Great Plains Joint Venture; Rhonda Mahlum and Lynnell Rude Ussatis of Mahlum Goodhart, PC; Casey Anderson, Kevin Kading, and Jon Roaldson of the ND Game and Fish Department; Kevin Willis, US Fish and Wildlife Service, and Merri Meridian, Garrison Diversion Conservancy District, also attended.

**Wednesday, July 12, 2006**

Dick Kroger called the meeting to order at 1:00 p.m. and we took roll call. Dick called for a motion **“to approve the agenda.”** Jack Olin moved and Scott Peterson seconded. A voice vote was taken and the motion carried 4-0. Scott Peterson moved **“to approve the consent agenda”** and Duane Liffriq seconded. A voice vote was taken and the motion carried 4-0.

**Recommendations/Special Reports**

Dale Enerson, ND Farmers Union, gave a presentation on their carbon credit program. Their program allows agricultural producers and landowners to earn income by storing carbon in their soil through no-till crop production and long-term grass seeding practices. The ND Farmers Union has earned approval from the Chicago Climate Exchange to aggregate carbon credits. They will enroll producer acres of carbon into blocks of credits that will be traded on the Exchange. These credits will be purchased daily on the Exchange to offset large companies' and other entities' carbon emissions into the atmosphere. Once the credits are sold, producers earn income based on how much carbon is stored on their land. A question and answer period followed. Dale handed out a pamphlet explaining the program. Additional information can be found on their web site.

Ken Sambor updated the Board on his new position as coordinator, Northern Great Plains Joint Venture. Ken previously held the position of executive director of the North Dakota Action Group with the ND Game and Fish Department.

Dick Kroger opened discussion on investment issues/concerns. Dick and the Board reviewed the investment issues memo Keith had prepared. Dick expressed his desire to see the Board unanimous in what they want SEI to do and to leave the meeting with the issues resolved. Discussion followed.

Dick Kroger began the discussion on updating the strategic plan. He reviewed his suggestions with the Board. Staff will incorporate changes, and they will distribute the first draft to the Board for review.

Keith handed out results of the UND Bureau of Public Affairs' survey on public views regarding conservation land use policy in the state. Review and discussion followed.

#### **Thursday, July 13, 2006**

Chairman Kroger called the meeting to order at 8:00 a.m. Genevieve Thompson and Bruce Adams were absent. Jack Olin was there until mid-morning and left after the SEI report.

#### **Recommendations/Special Reports** (continued)

Dan Devlin and Justin Carreon, SEI, reviewed the Trust portfolio investment returns and quarterly highlights. A review of capital markets and economics of the United States and global markets was also presented. A question and answer period followed. Justin Carreon reviewed the bond market with the Board. A motion was passed at the April board meeting to ask SEI how they would invest in individually held government bonds and what the return implications would be. Dan and Justin explained they would use the laddered short-term bond approach to protect principal, reduce reinvestment risk, and reduce volatility in all interest rate cycles. They would spread the interest rate risk over five years by investing 20 percent of the fixed income component in groups of bonds of from/to five-year maturity. The interest from the first group of maturing bonds would be reinvested in a new group of bonds with five-year maturity, etc. Discussion followed.

Rhonda Mahlum and Lynnell Rude Ussatis of Mahlum Goodhart, PC, reviewed the 2005 Audit Report. The Trust was found in compliance. This report is on file at the Trust office in Bismarck, North Dakota.

Terry Allbee presented the First Half-of-the-Year Financial Report. Projects were reviewed and discussed as the budget was reviewed. Terry's 2007 grant proposal expenditure recommendation to the Board was \$50,000.

Keith Trego briefed the Board on the NAWCA/Trust position applicant process.

Scott Peterson reported on the performance evaluation of the executive director. The overall ranking of the performance was 3.7. The actual evaluation is on file with the Committee Chair and is available for review by Board members upon request. Scott moved **“to approve the performance evaluation committee report.”** Duane Liffri seconded. A voice vote was called. Yeas - 3; Nays - 0. Scott suggested new members should be assigned to the performance evaluation committee. This item will be put on the December agenda.

Merle Bennett briefed the Board on the WRP tracts. The Walhalla and R.L. Morgan tracts are complete. The Sullivan tract has been on hold until the WRP value is known.

The December meeting is set for December 14 and 15, 2006, in Bismarck.

The Board closed the meeting for lunch and met at the Grant Marsh Bridge boat ramp at 2:00 p.m. for the Missouri River tour.

Submitted by /s/ Keith Trego Dated 12/14/2006  
Keith Trego, Executive Director

Approved by /s/ Richard Kroger Dated Dec. 14, 2006  
Richard Kroger, President