

**NORTH DAKOTA NATURAL RESOURCES TRUST
BOARD OF DIRECTORS MEETING – April 4, 2019
Halkirk Office Main Floor Conference Room
1605 E Capitol Ave – Bismarck ND 58501**

The North Dakota Natural Resources Trust (Trust) Board of Directors meeting was held Thursday, April 4, 2019, at Halkirk Offices main floor conference room. Attending the meeting were Directors Randy Renner, Jerry Doan, Marshall Johnson, Vawnita Best, and Duane Hauck, Chair; ex-officio representative Scott Peterson was also present. Trust employees, Keith Trego, Terry Allbee, Jesse Beckers, Rick Warhurst, and Kathy Kirschman. John Hagan from SEI was present for the morning session to present to the Board. Damien Reinhart from the Bureau of Reclamation was also present up to the morning break. Guests John Devney (Delta Waterfowl), Bruce Schmidt (ND Soil Conservation Committee), Dana Bohn (Clearwater Communications – NDGLC), and John Bradley (ND Wildlife Federation) came in for their agenda presentations.

9:00am

Chairman Hauck called the meeting to order and asked for any announcements or changes to the agenda. Keith noted that he and Terry would be stepping out around the morning break time to meet with a couple interested in designating the Trust in their will and they happened to be passing through Bismarck today.

Next item is Election of Officers. Current officers are Duane Hauck as Chair, Jerry Doan as Vice-Chair and Randy Renner as Secretary/Treasurer. Duane opened the discussion with value in rotation of officers and, without having a formal nominating committee, culminated with Marshall moving **“to elect Jerry Doan as Chair, Dave Dittloff as Vice-Chair and Randy Renner as Secretary/Treasurer”** and Randy seconded. Motion carried. New officers responsibilities will take effect at the next meeting.

Randy moved and Dave seconded **“to approve the April agenda.”** Motion carried.

Vawnita moved and Randy seconded **“to approve the January 2019 meeting minutes.”** Motion carried.

John Hagan presented SEI’s performance review of January and February, which was good news. Returns were up 6.6% for the first quarter. Despite a poor market performance in February and December 2018— with December being the second worst ever in the recorded history of the market—market performance so far this year has gone a long way in recovering those losses. Analysis of international markets does not anticipate any global recession, even with uncertainty in the trade market with China and the complications with Brexit. He also reviewed the management structuring, which SEI turns over roughly 10% each year to keep a progressive stance.

Terry presented the financial report for January and February on Trust income and expenditures. Bureau of Reclamation’s deposit this year was \$761,000 which is one of the larger amounts. Over the past 19 years, the BoR has provided \$12,232,050 of the \$25 million commitment total. He also provided a review of the financial holdings in Starion Bank accounts and Cooperative Agreement dollars held at the Trust for dispersing through Partners for Fish & Wildlife Service and other entities (PPJV, NGPJV, GPFHP). After bringing up that we are holding dollars from energy companies, the discussion transitioned into unifying the organizations that work with energy companies on offset projects to adhere to an equated “scientific standard” in restoration projects.

In Terry’s absence, Randy addressed the Audit results needing Board review when the report is ready, since the auditors have just gotten started on that process. Options are waiting until the summer meeting

and asking the auditors to travel to join us or convene on a special meeting via conference call to review the report. It was decided that a conference call would be best and will be arranged when the final audit was available.

John Devney joined to go over the bigger details of the Farm Bill signed in December 2018. Title II, which represents a \$6 billion investment on private land, held its ground and CRP acres will be increased in stair-step amount until 2023. Several other points in the bill will be beneficial to natural resource and ag entities.

11:45am – Break for lunch. Reconvened at 12:25pm.

Rick gave a brief overview of ND Action Group (which he is chair), the Wingbee event he attended in Kansas, and NAWCA organizational update as the Central Flyway Representative.

Keith and Terry reviewed the Spending Policy that is currently in place and has nothing to do with the active investment strategy. Terry reviewed how investment and grant income is handled and hit on points of consideration to create a new policy. After discussion of options, Dave motioned and Vawnta seconded **“to revoke the 2006 Spending Policy as it’s no longer relevant and requested the Finance Committee to convene to generate a recommendation to be brought to the next full Board meeting for approval.”** Motion carried.

Kathy reviewed the outstanding Small Grant Program liability and the slate summary recommendation derived by the staff consensus. Dave motioned **“to approve the slate of Small Grant proposals as recommended by the Trust Staff.”** Marshall seconded. Motion carried.

Bruce Schmidt joined to present the history and current state of the ND Soil Conservation Committee. Gave an overview of the committee membership, organizational structure in relationship to the 54 Soil Conservation Districts around ND and the activity reporting standards they are working towards.

Keith gave a brief overview of the status of Cooperative Agreements signed with the Trust.

Fiscal year change that was introduced at the January Board meeting was revisited and Terry’s recommendation was that we do not change anything at this time. That we monitor fiscal activity over the next year and add it for discussion in a year.

Terry talked about the potential land deal in Williams County of an old oxbow area. Appraisal and agreement still need to be reached, just raising the Board awareness another large project is in progress with the help from American Federation for Wildlife.

Dana Bohn from Clearwater Communications updated the Board on the ND Grazing Lands Coalition activity. They were awarded \$250,000 of a requested \$350,000 grant from NFWF which will result in 40,000 impacted acres, instead of 50,000. The NFWF grant will also allow for the hiring of a Field Rep, which they hope to bring on when the grant money comes available in July 2019—they are still working out the details of how that role will be carried by NDGLC (contractor, employee, etc.). That will be a discussion at their next Board meeting on 4/12, which the Trust will join in on to talk about OHF grant idea potential. Leopold Award nomination deadline is 4/15 with the current winners dinner/tour scheduled for 7/31-8/1. Other events coming are an Audubon Birding Tour on 6/7-8 and the American Grasslands Tour in August.

Rick presented background and history on NAWCA and gave some statistics about dollars that have

been processed through the program in addition to dollars that have come to North Dakota. Questions were asked about the rate of applications from ND and the impacts of those dollars on the landscape here.

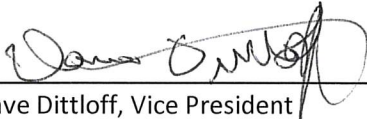
John Bradley from the ND Wildlife Foundation has been actively lobbying and following legislation during the session. He updated the Board on multiple bills relating to the OHF and hunting access.

Jesse gave an update on energy work, primarily on conversations surrounding the Bakken Development and Working Lands Program (BDWLP) that there are projects ready and interest is increasing. Rick drew attention to the Wildlife and Livestock Dams grant he is actively working on—that one project is complete with 5-6 more coming this year. Terry reviewed the Working Grassland Partnership series and the Grass Restoration grants, plus an overview of all 13 rounds that have gone through the OHF Board process. Round 14's deadline is May 1st and will likely include Phase IV of the WGP that will be statewide.

Next board meeting was suggested for July or August—exact date and location to be determined, possibly tying it in with a tour or event to add a field experience or educational value. Trust will research events and will survey the Board with those and date options. Randy made the motion **“to adjourn the meeting”**, Dave seconded—motion carried.

Submitted by 
Keith Trego, Executive Director

Dated 8/19/19

Approved by 
Dave Dittloff, Vice President

Dated 8-19-19