

ND Natural Resources Trust
Board of Directors Meeting
4H Camp, Washburn ND
May 3, 2017

The North Dakota Natural Resources Trust (Trust) Board of Directors Spring meeting was held Tuesday, May 9, 2017, at the 4H Camp in Washburn, North Dakota. Attending the meeting were Directors Jerry Doan, Gary Melby, Marshall E. Johnson, Dave Dittloff, and Duane Hauck, Chair. Scott Peterson, Deputy Director, of the ND Game and Fish Department also attended the meeting. Trust employees, Keith Trego, Terry Allbee, Jesse Beckers, Rick Warhurst and Mary Bandle. Others present were John Hagan, SEI Investments, Lynnell Rude, Mahlum Goodhart, PC, Dane Buysse, Ducks Unlimited, Luke Gilbert, North Dakota Association of Soil Conservation Districts and Terry Grisvold, 4H Foundation.

Tuesday, May 3, 2017

Chairman Hauck called the meeting to order at 9:48 a.m. and opened the meeting with roll call. Chairman Hauck called for any announcements or changes to the agenda. He then called for a motion to approve the agenda. Marshall Johnson moved and Dave Dittloff seconded **“to approve the agenda.”** Motion carried. Minutes were available for review from the January 3, 2017 meeting. Chairman Hauck asked for a motion to approve the meeting minutes. Gary Melby moved and Dave Dittloff seconded **“to approve the January 2017 meeting minutes.”** Motion carried.

Lynnell with Mahlum Goodhart, PC presented the 2016 annual audit report. The audit report highlighted the 2016 financial activity and compared the activity to 2015. The audit results showed a clean opinion of the financial statements. Terry ran through the internal controls for the board of how money is handled. Dave Dittloff moved and Marshall Johnson seconded **“to approve the audit report.”** Motion carried.

Terry Allbee presented the Trust’s first quarter 2017 financial report. The report provided the Board with an update on the income and expenditure activity for the first quarter by program and expenditure for the close out of 2016. Terry mentioned the \$100,000 “gift” received from Conoco Phillips and that it is specifically tied to the ND PPJV area. We need to enter into an agreement as to how the funds need to be laid out. This appears to be the first of 3 disbursements, \$100,000 per year, totaling \$300,000. NDNRT is charging a 6% administrative fee for handling the funds. Chairman Hauck called for a motion to approve NDNRT to engage in a partnership with PPJV to administer these funds for projects in ND. Jerry Doan moved and Gary Melby seconded **“to approve the partnership with PPJV and administer the funds”**. Motion carried. Terry had one final comment on his financial report regarding the federal contribution from the U.S. Bureau of Reclamation which now stands slightly over \$22,000,000.

John Hagan, SEI Investments presented the Trust’s portfolio, investment returns, account holdings and the capital market review. John indicated that our return was 9% for the first quarter. John covered the changes they have made to our investment portfolio managers.

Jesse Beckers provided an update on the OHF and current projects we are working on and involved in with our many partners. He also discussed some of the challenges we face with the board process and approvals. We are presenting our next grant submission in May. Terry Allbee also provided comments on the Round 9 WSP funds available. Keith Trego provided information on OH Board and functionality of it and some of the politics that take place.

Keith Trego discussed the BAG report that we were involved in with Rod Backman at Covenant Consulting. Our submitted recommendation to the group was included in the final report. We are not exactly sure how this will play out and what our involvement will be going forward. Jesse Beckers indicated that he has been in contact with Claire Hood at WWF and trying to set up a meeting to see how we proceed with this and what the NDNRT roll will be. Various potential funding partners were mentioned and discussed.

Dane Buysse provided a short background of his work and education. Dane indicated he provides information on what programs are available directly to the landowners and finds local partners that support the programs and gets them involved also. He provided an overview of some of the projects he is currently working on as well as future projects on the horizon.

Luke Gilbert, Farm Bill Specialist, joined the meeting after lunch. He provided the group an update on what he has been working on. He mentioned he has lots of producers interested in CRP, but they also would like to use it some. NRCS is their partner and identifies the areas of need. Partners bring 50% and NRCS brings the other 50% for the funding of these specialists.

Keith Trego provided the group with an update on the 2018 Farm Bill. We are optimistic that there is some traction to increase the programs in the next Farm Bill. There is an opportunity with both of our senators on the Senate/Ag. Committee. The current Farm Bill ends in September 2018. Before we approach the delegation we will want to do some consensus building with other groups. Keith asked Luke to let us know if he finds any producers willing to engage in this topic and be part of meetings and discussions we may have with delegation.

Jesse Beckers gave the group an update on the Grand Forks Prairie Project. UND submitted the RCPP that was approved. UND met with Mary Podall, NRCS, to flush out the technical issues of the program. We are looking at what more can be done. Bring some funding in from OHF. Group meeting in May to discuss the RCPP implementation and the OHF grant submission. They will have some field days coming up, dates will follow.

Terry Allbee updated the board on the specifics for the Painted Woods Dedication happening tomorrow.

Keith Trego reviewed with the board that he is working with some partners on grant submissions to ND Consensus Council and the Bush Foundation. Both will help with outreach within the community outside of the conservation groups. For the ND Consensus Council grant a survey will be conducted. The survey will hopefully capture what the attitude is towards conservation so we can get a better understanding of what people are thinking.

An energy update was provided by Jesse Beckers. Recently there have been more conversations going on pertaining to wind energy. The group is trying to identify concerns from both sides. The

Trust will provide information to help minimize impacts. Jesse is also working with the Department of Resources to get a better idea of development applications on Extraordinary Places. Jerry Doan provided some stats on what has already been approved from the PSC for Wind Energy. He would like to see more concern about grasslands in ND. Jerry encourages more groups to get involved at these PSC meetings, at least to clarify the facts. Wind towers affect the beauty of our State as well as the landscape of the Missouri and our grasslands. We need to build coalitions to work with the Energy Companies. Marshall Johnson indicated that there are some pieces coming together between Energy Companies and conservation. There should be some recognition of conservation groups that we aren't just saying "no", but trying to work to reduce impacts. The opportunity to work together is there, we just need to keep developing these groups to push this forward.

Keith Trego talked about HB1399 – FWS Easements. This law that was passed by Legislature makes these easements null and void. Keith discussed this with Wayne Stenehjem, Attorney General, who didn't seem concerned. We are working with others to see if we can try and do some damage control before everyone starts draining wetlands on June 30th. Fish and Wildlife Service are struggling with writing a letter to landowners with easements. They don't want to start something if it's not going to happen, but want to be proactive as well.

Rick talk about NAWCA and his roll at the Trust. He reviewed how the ND Action Group came about and their meeting that was held last week. Rick is tasked with keeping the ND Action Group up to date on issues that come up in the State. He sends out notices throughout the year to the group. Rick is the ND NAWCA staff person and helps score grants. He provided and discussed a handout pertaining to NAWCA development and funding. He provided grant scoring criteria and indicated that the match piece is an important part of the scoring.

Marshall Johnson gave the group an update on Bird Friendly Beef indicating that currently, just under 100,000 acres are enrolled in the program. More and more ranchers are learning about the program and becoming involved. The next year should really show explosive growth in the program and should determine if the program is viable and if Dakota Audubon can administer the program.

Keith Trego provided an update on the strategic plan development. Terry Allbee explained how he arrived at the budget projections. Keith reviewed the diagram of the priorities that we will include in the next plan. Marshall Johnson is wondering if there is a need to receive feedback from our partners on what we are doing well and where they would like to see us going. The group discussed if we should hire a 3rd party to do some research with our partners and provide us with their results. A concern would be how much of an undertaking this would be on staff. Chairman Hauck indicated that the approach the staff has put out as an option looks positive and that the staff should put together a final draft for the summer meeting. Between now and the summer meeting we will research hiring a consulting group and we will determine if we should proceed at that time. Duane, David, and Marshall will work with Keith and Trust staff to develop parameters for hiring a consulting firm and coming up with questions and action items.

Election of officers was discussed. Marshall Johnson called for a motion to elect Jerry Doan as vice chair, Duane Hauck remain as Chair and Randy Renner as Secretary/Treasurer. Gary seconded the motion. Motion carried.

The board discussed the Executive Director Accountability Factors and that these will be used for the next evaluation. No changes at this time.

Chairman Hauck discussed the current committee appointments. The board discussed changes that will be made to the committees and Chairman Hauck assigned accordingly. Randy Renner will Chair the Finance Committee with Dave Dittloff and Gary Melby as members. Jerry Doan will Chair the Executive Director Evaluation Committee with Duane Hauck and Randy Renner as members.

Jesse Beckers gave an update on the 2017 Trust’s Small Grants applications that we have received along with his funding recommendations. The group discussed the applications and the recommendations. Chairman Hauck asked for a motion to approved Jesse’s recommendations. Marshall Johnson amended the motion to remove River Keepers “Reforest the Red” from the funding recommendations and Dave Dittloff seconded **“to approve Jesse’s recommendations but remove the recommended amount for River Keepers and fund the rest as follows:**

1. **USFWS and Dakota Blessings Art Studio – Junior Duck Stamp - \$7,500.**
2. **Pheasants Forever – Targeted Conservation Outreach - \$15,000.**
3. **Sheyenne James RC&D Council, Inc. – ND Envirothon - \$10,000.**
4. **North Dakota Grazing Lands Coalition – Saving our Grasslands with Holistic Management and ND GLC Membership Campaign - \$10,000.**
5. **United Prairie Foundation, Inc. – Using Prairie Plantings in Agricultural Settings - \$2,500.**
6. **Bird Conservancy of the Rockies – Conserving grassland landscapes from a bird’s eye view: remote sensing of grasslands using Unmanned Aircraft Systems - \$5,000.**
7. **River Keepers – Reforest the Red - \$0.”**

Motion carried.

Chairman Hauck asked for a **motion to adjourn**. Dave moved and Marshall seconded. Motion carried. Meeting adjourned at 5:35 p.m.

Submitted by _____ Dated _____
Keith Trego, Executive Director

Approved by _____ Dated _____
Duane Hauck, President