

NORTH DAKOTA NATURAL RESOURCES TRUST
FINANCE COMMITTEE MEETING
FEBRUARY 16TH, 2023
TEAMS VIDEO CONFERENCE & NDNRT MEETING ROOM – BISMARCK, ND

Board members present were Duane Hauck, Finance Committee Chairman, Randy Renner, Vice-President, and Kristal Stoner. Trust staff members present were Keith Trego, Terry Allbee, and Brenda Newton. Guests present were John Hagan from SEI Institutional Group.

1:30 PM

Duane presented the first item of business, investment policy changes. Keith reviewed that the staff made comments of the changes made in the document that was emailed to the committee and highlighted some areas for discussion. The first highlighted item was under Board Duties and Responsibilities. The item notes that the Finance Committee will regularly review the Investment Policy. John noted that SEI can provide an annual report to the Finance Committee, which is done through a third-party provider, that shows the portfolios investment metrics and measures performance rank and risks against peers. This report shows metrics for each quarter, YTD, 1-year, 3-year and 5-year intervals. The committee decided the annual review of the investment policy and investment performance, utilizing the SEI investment metrics report, should be done at the January Finance Committee meeting, and then presented to the full board at the January board meeting.

The committee discussed the ConservND endowment account. Terry explained that the account is included in the Trust's consolidated portfolio reports, but the earnings are reinvested back into the account each year. The Trust has never utilized any earnings from the ConservND account, and the principle is unspendable. To date, spending rules have not been set up. The committee agreed that spending rules should be determined, and this should be an item for the agenda at a future meeting.

Terry reviewed the rest of the changes made to the investment policy: the retained earnings and main accounts were combined; inclusion of the 5-year time period for the desired investment objective of 5% percent greater than the rate of inflation; the upper range of equities in the portfolio was moved to 65% from 60%. Keith also highlighted that the policy mentions that investment objectives should be reviewed annually. This can be done through the investment metrics report that John discussed. The report will be presented to the Finance Committee at its January meeting. The committee also discussed if the Finance Committee chair should also sign the investment policy. It was decided to keep the approval signature as just the board president. Randy motioned **"to approve the changes to the investment policy discussed at the January board meeting and today's finance committee meeting."** Kristal seconded. All were in favor, motion carried.

Next, Keith presented an opportunity for board training. John discussed that SEI offers fiduciary training for its clients. The training reviews the roles and responsibilities of staff and board members as well as SEI. The training is specific to ND state laws and our nonprofit status. The training is about 45 minutes and at no extra expense. The committee agreed this would be beneficial and would like to have it done during the May board meeting.

An annual fieldtrip for the board was discussed. The committee would like to have one this year and discussed having it during the August board meeting.

Keith presented the status of the line of credit with Bancorp. Terry has sent all the requested material to Bancorp. The next step is to sign the agreement, which will be done once Bancorp makes it available. A terms sheet has not yet been sent to the Trust.

The committee next discussed additional short-term cash options. Keith reviewed several options: using current years income sweep, liquidating retained earnings investments, structuring a cash account and purchasing a short-term CD. The committee was in favor of exploring the purchase of a CD since rates are high. Keith will contact Starion to discuss options and relay the information back to the Finance Committee.

Keith presented several staff compensation suggestions to the Finance Committee for their discussion and consideration. Keith had also forwarded those recommendations to board president, Dave. Duane will forward Keith's recommendations to the other three board members (Jerry, Gene and Scott) for their consideration. Keith will provide a recommendation to the Finance Committee on potential pay range adjustments as soon as the updated salary information is available. That recommendation will be acted on and implemented as soon as possible. Keith's other recommendations will be discussed and acted on at the May board meeting.

Randy motioned **"to adjourn the meeting at 3:00 PM."** Kristal seconded; motion carried.



Keith Trego, Executive Director

9/14/23
Date



Duane Hauck, Finance Committee Chair

8/31/2023
Date