

NORTH DAKOTA NATURAL RESOURCES TRUST
BOARD OF DIRECTORS MEETING
JANUARY 11, 2024
TEAMS VIDEO CONFERENCE CALL/NDNRT CONFERENCE ROOM – BISMARCK, ND

Attendees: Board members Dave Dittloff, Randy Renner, Duane Hauck, Gene Veeder, Jerry Doan and Kristal Stoner were present. Ex-officio representative Scott Peterson, Deputy Director of ND Game and Fish Department, was present for Jeb Williams. Trust staff present were Keith Trego, Terry Allbee, Jesse Beckers, Eric Rosenquist, Heather Husband, Rick Warhurst and Brenda Newton. Others in attendance include: John Hagan of SEI Investment Company and Andrea Gue from the Bureau of Reclamation.

9:00 AM

Dave called the meeting to order. Roll call was taken. Dave asked for any announcements. Hearing none, Dave called for any changes to the agenda. Keith requested to move the ESG topic to earlier due to a meeting conflict. **Randy motioned “to approve the agenda with stated changes.” Kristal seconded. All were in favor, motion carried.** Dave asked for any additions or corrections to the August board meeting minutes. Hearing none, Dave called for a motion. **Gene motioned “to approve the August 2023 meeting minutes.” Duane seconded. All were in favor, motion carried.**

Goal E: Trust Administration & Efficiencies

John Hagan presented the Trust’s investment portfolio performance review and the overall market performance for 2023. The Trust’s Consolidated Portfolio was up 12.8% YTD with total assets at \$36.3 million. John noted that the Trust’s equities are up 20% and have helped protect the portfolio when markets were down. The Trust’s earnings were lower than the past four years, as the markets are starting to normalize after covid. SEI will review the portfolio’s asset allocation after the first quarter, however since the asset changes last year, the portfolio is performing as expected.

Terry reviewed the Trust’s financials, starting with a chart that showed expenditures from 2014-2023. The Trust’s expenditures have increased significantly over the past four years. Next, he reviewed the 2023 Actuals to Budget report. The Trust spent \$7.1 million with \$5.7 million going to on-the-ground projects. This was done with only \$1.5 million in investment earnings. Cash flow was an issue in the last quarter of the year, due to slow grant reimbursements from the Industrial Commission on OHF grants. To alleviate the issue, \$350,000 was pulled from the Trust’s earnings for 2024. The board discussed how well the Trust has been able to leverage funds, largely due to obtaining OHF grants.

Terry next presented the proposed 2024 budget. Due to borrowing some funds in 2023, the investment earnings available for 2024 are approximately \$1 million. Cash flow will be an issue again toward the end of the year. Grant reimbursements will be tracked closely to help stay ahead of any problems. The Finance Committee met prior to the board meeting and reviewed the budget. Other items discussed were to work on the ConserveND endowment rules, explore establishing an indirect federal rate and keep up with banking rates. Duane noted that this year’s budget is lower than previous years, partially due to lower investment earnings. Andrea Gue noted that the Trust’s annual allocation from the Bureau of Reclamation will be about \$600,000. The Trust may receive one more allocation from the Bureau in FY25 through the Dakota Water Resources Act, after which time the state will have hit its MR & I funding ceiling.

Keith informed the board on the activity to the Garrison Legislation Update. He hasn't heard anything from the State or Senator Hoven's office if there has been draft language prepared. Keith met with federal policy advisors from several conservation groups. The board discussed next steps. It was decided to 1) write up draft language for the Trust's part, 2) meet with the tribes involved and inquire about collaborating, 3) put together a summary of requests for the legislation, 4) meet with Senator Hoeven's office to discuss draft language, and 5) check with the state on their plans.

Goal B: Convene Stakeholders to Address Grassland Loss

Keith updated the board on farm bill activities. He presented 2 documents listing priority asks for the 2023 Farm Bill and other non-Farm Bill priorities. The priorities were gathered after a series of meetings with other conservation policy advisors. The board discussed the best action to take. There is a meeting planned for the end of the month with several conservation organizations to discuss the 2023 Farm Bill. The board decided to wait and see what the results of meeting, then have Keith brief the board and come up with a strategy after.

Jesse gave a summary of the ESG Study activity, which was created by HB1429. His goal while on the committee is to help emphasize the role of grasslands and ranchers in carbon capture. He reviewed the history of the committee and the current workgroups. Jesse is on the Agriculture and Carbon Monetization workgroup. The goal of the workgroups is to provide suggestions on what to put in the study report that is due at the end of June. Jesse has also been working on an outline of a state cover program as suggestion for the report.

Jesse next updated the board on the Trust's carbon study. He presented the results of the first full year of data. So far, the managed grazed area is capturing more CO₂ than the unmanaged idle area. Chevron (formerly Hess), who has also provided funding for the study, plans to help model the results across the state. Jesse presented the results to the Industrial Commission Oil and Gas Research Council and received positive feedback. Media has also done stories on the study. Jesse plans to have a booth at the Williston Basin Petroleum Conference to promote the results to the energy industry. The Industrial commission is accepting proposals to develop a strategic plan for carbon capture outreach. The requested goal of the outreach is to unify a voice on CO₂ and the work being done by industries on the safety of CO₂. Jesse is working with VisionWest ND to put in a proposal.

Goal A: New & Existing Programs

Eric presented a map of the Trust's geodatabase. The geodatabase comprises information from each Trust project and displays it spatially. So far, four programs (WGP, NDPWP, GRB, and Bakken) have been entered into the geodatabase. Those four programs have conserved over 280,000 acres, encompassing 740 parcels, over 44 counties and working with 8 different delivery partners. The geodatabase information can help target new programs and areas of the state lacking in activity.

Next, Eric updated the board on Trust's OHF grant programs. He displayed a graph that shows the completeness of each program. The graph could be beneficial to show the OHF advisory board when asking for more grant funding.

Eric also presented the status of the Trust's State Wildlife Grant for mid-term easements. The easement agreement development is almost complete. Eric plans to target skipper habitat areas, using a model developed by the USFWS HAPET office. The plan is to sign 3 agreements this spring/summer. The grant will expire at the end of 2024.

Goal C: Financial Support of Natural Resource Education

Brenda updated the board on the Small Grant Program. In 2023, 7 grants were completed, one was cancelled and the Trust paid out \$62,099 in reimbursements. There is \$116,803 outstanding in obligations, with the majority being from 2023 grants, expected to be completed by the end of 2024. Brenda pointed out that two 2022 grants have had no activity and poor communication. She asked what the board would like to do with each grant. The board discussed and decided Duane will check with 4-H on the status of their grant. It was also decided, that due to poor communication and no activity, to cancel the McKenzie County grant. For the 2024 grant round, the staff recommended \$40,000 to award. There are also two grants approved for second-year funding in 2023 totaling \$16,326, creating a total obligation of \$56,326 for 2024. The board decided to add the 4-H and McKenzie Co. cancelled grant amount to the award once they are concluded. This would extend the available award amount to \$55,500 for 2024. Brenda next discussed the creation of a scoring sheet for grant applications and a committee to score them. Heather and Kristal volunteered to be on the committee. A program manual will also be developed to compile the grant instructions, award information and reimbursement process into one document.

Brenda then informed the board of the Jr. Duck Stamp Partnership progress. Several organizations have agreed to contribute funds to the partnership. There are plans to apply for a NDGF Education grant and a ND Arts on the Council grant for additional funds to support classroom instruction of the Jr. Duck Stamp Program.

Goal D: Existing & New Partnerships

Rick gave an update on NAWCA. For the first grant round, the council met in Bismarck last June, and approved 19 proposals totaling \$39 million, more than 50% of the allocation, which reduces the amount available for the second round. 36 proposals were submitted for the second round, \$31 million available to award. However, \$20 million more was made available through PR Interest funds. With the available funds, only about 18 projects will be able to be funded. The council will approve proposals in April. For small grants, \$4 million was available with 41 proposals submitted for \$8.4 million. They will be approved in March. Changes were made to technical assistance question one, to include two more geese species and two more swan species. Question seven, match funding, was also changed. Several new members have been added to the council staff.

Heather updated the board on the Meadowlark Initiative. In 2023, she attended 16 events. The NDGF is in the process of creating a customer relationship management system. This will help track inquiries and give the ability to pass them off to the right partner. It will also target outreach and identify where activities are happening. The NDGF also applied for a renewal of the Meadowlark Initiative RCPP. The renewal requests \$10 million in EQIP funding and includes \$10.3 million of partner contributions. For the current RCPP, the final batching period was last fall. NRCS will be getting Heather results of the sign up soon.

Old Business

Keith informed the board of how the staff have been using the new strategic plan. They have worked on matching their activities with each goal, giving the ability to track how much time is being spent on each goal. This has also helped with future planning, determining if future activities fit into a goal or not. This can strengthen the current goals and inform plan updates. The board was happy with how the staff have embraced the new plan and are using it as a living document.

Keith next discussed action items from previous board meetings. He reviewed each item to make sure they were followed up on. The board discussed a landowner support network and NDGLC mentorship.

There was discussion on holding several small events regionally vs one large event where landowners would have to travel far to. It was decided that staff explore new outreach techniques for this.

New Business

The Board moved on to the election of officers. Gene nominated Randy for president. No further nominations were made. Gene motioned **"to elect Randy as president." Duane seconded. All were in favor, motion carried.** Next, Jerry nominated Gene for vice-president. No more nominations were made. Jerry motioned **"to elect Gene as vice-president." Duane seconded. All were in favor, motion carried.** Kristal nominated Duane to continue as secretary/treasurer. No more nominations were made. Kristal motioned **"to elect Duane as secretary/treasurer." Randy seconded. All were in favor, motion carried.** The new board of director officers are as stated, Randy Renner as president, Gene Veeder as vice-president and Duane Hauck as secretary/treasurer.

Next, committee members for the finance and eval committees were decided. Duane as secretary/treasurer is chair of the Finance Committee. Duane noted that he will not be seeking term renewal at the end of August. Randy appointed Dave and Kristal to the Finance Committee. Randy as president is chair of the Eval Committee. Randy appointed Jerry, Gene and Scott to the Eval Committee.

It was noted that Randy and Jerry will continue with check signing authority. Staff are to verify that the authority named on Trust accounts is current.

The 2024 Budget approval was addressed next. Duane reiterated that this year's budget is lower than last year and the Finance Committee reviewed and approved the proposed budget the day prior. Dave called for a motion to approve the proposed budget. **Duane moved "to approve the 2024 proposed budget as presented." Kristal seconded.** Dave called for discussion. **All were in favor, motion carried.**


Brenda reviewed the annual Conflict of Interest form and reminded the board and staff to complete it and return to her. The board and staff are required to fill out the form each year to disclose any money received for services rendered.

Brenda next reminded the board to return travel expense forms to her, to be reimbursed for lodging, milage and per diem for meeting related expenses. She also noted that 2-year term renewals are expiring at the end of August. She will discuss the procedure to renew in more detail at the spring meeting.

Lastly, the board discussed a spring meeting date. It was decided to have a 1-day spring meeting on Tuesday, May 21st. It was noted that a land dedication for Painted Woods is tentatively set for May 22nd, if any board members would like to attend. Dave called for a motion to end the meeting. **Gene moved "to adjourn the meeting at 4:22pm." Kristal seconded. All were in favor, motion carried.**

Submitted by 
Keith Trego, Executive Director

Dated 5/21/24

Approved by 
Randy Renner, President

Dated 5/21/24