

**NORTH DAKOTA NATURAL RESOURCES TRUST
FINANCE COMMITTEE MEETING
JANUARY 10TH, 2024
NDNRT CONFERENCE 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: John Hagan, SEI Investments.

11:00 AM

Randy called the meeting to order. Roll call was taken. **Randy motioned “to approve the agenda with stated changes.” Kristal seconded. All were in favor, motion carried.** Terry reviewed the agenda.

Terry noted that Haga Kommer is getting ready to perform the 2023 audit and tax filing. A signature is needed to approve this year’s services. **Kristal motioned “to accept the audit engagement letter for Haga-Kommer’s services.” Randy seconded. All were in favor, motion carried.**

Terry reviewed the 2023 Budget to Actuals. Last year’s budget proposed \$11 million in expenditures. Actual expenditures were \$7.1 million. This was higher than 2022. Keith gave a recap of 2023 activities. He noted that each year the Trust is able to accomplish more on-the-ground activities using less Trust investment funds, largely due to grants. The committee was shown a graph that displayed the Trust’s expenditures for the last 5 years. Pursuing a federal indirect rate was discussed. Staff will start looking into what the process involves. Keith discussed how the staff is using the new strategic plan, matching up activities with the plan goals. There have been some challenges as some activities don’t fit neatly into a goal. The committee discussed how to plan for the future and if a business or action plan is necessary with the Trust being a small organization. Keith also noted that a line of credit was established last year with Starion Bank, due to cash flow issues with not receiving timely grant reimbursements. The Trust was also able to get a better interest rate on their cash holdings of investment earnings.

Terry presented an overview of the 2024 proposed budget. He noted that investment earnings were lower than recent years. \$350,000 was pulled early in October to alleviate cash flow issues that arose in the second half of the year. Due to lower earnings and having to pull funds early, the Trust was only able to sweep \$1 million for 2024 income. Terry reviewed the Trust’s spending sequence with the committee and noted that cash flow issues may arise again in the second half of the year, and the committee may have to decide what spending pathway to utilize. He also reported that the Bureau of Reclamation annual contribution will be lower than previous years, as the DWRA is near the funding ceiling.

Terry next went over each budget category. The administration category is higher than previous years due to increased accounting and insurance costs and cost of living increases which are reflected in salaries. The committee also discussed the 2024 small grant program allocation. Staff recommended a smaller amount than recent years due to lower income availability. Terry noted that the Kenner Marsh CRP, a small source of income, will be expiring in 2027 and may not be eligible for reenrollment. Future grants were also discussed. With lower investment income, the Trust will be more strategic in what grant it will apply for in 2024. The Committee agreed with the overall budget and didn’t suggest any changes.

John Hagan gave an investment performance review. The Trust’s Consolidated Portfolio ended the year with a balance of \$36.3 million, up 12.8% YTD. The majority of the Trust’s earnings were driven by

equities. Asset allocation changes were made in early 2023 and SEI will review them again in the second quarter of 2024, notifying the Finance Committee if they determine changes need to be made. A copy of the current investment policy will be sent to SEI and the Committee for annual review.

Lastly, the ConserveND account was discussed. It was determined that 5% of the account was acceptable to be spent annually. The Committee needs to set up spending rules. It was determined that staff will investigate state and federal spending rules and put together a draft recommendation for the committee, including the total account balance and available spending balance.

Randy motioned **“to adjourn the meeting at 2:40 PM.”** Kristal seconded; motion carried.



Keith Trego, Executive Director

5/21/24
Date



Duane Hauck, Finance Committee Chair

May 21, 2024
Date