

North Dakota Natural Resources Trust

Board of Directors Meeting

May 21st, 2024

Teams Video Conference Call/NDNRT Conference Room – Bismarck, ND

Attendees: Board members 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, Pete Carlson of Haga Kommer, and Kevin Kading and Nate Harling of the North Dakota Game and Fish Department.

9:00am

Randy called the meeting to order. Roll call was taken. Randy asked for any announcements. Hearing none, Randy called for any changes to the agenda. **Duane motioned “to approve the agenda.” Gene seconded. All were in favor, motion carried.** Randy asked for any additions or corrections to the January board meeting minutes and Finance Committee meeting minutes. Hearing none, Randy called for a motion. **Duane motioned “to approve the meeting minutes.” Gene seconded. All were in favor, motion carried.** Keith reviewed the action items list from previous meetings that was posted on the website. He noted which items were complete and which were still in progress.

Goal E: Trust Administration & Efficiencies

John Hagan of SEI Investments presented an investment review. He started off by asking if the Trust could provide SEI with potential future funding changes. He will include them in their modeling to run scenarios on potential investment income the Trust would earn from different funding circumstances. John next presented the Trust’s first quarter investment portfolio performance review and the overall market performance. The Trust’s Consolidated Portfolio was up 4.2% for the first quarter of 2024. The Trust is well diversified in equities and the current market is strong, which has helped with gains in the first quarter. The Trust’s asset allocations are right on track with the goals set when the asset allocation was revisited last year. John does not suggest any changes at this time, but SEI will continue to monitor them through the second quarter. The board will be notified if they foresee any changes. John indicated that 2024 investment income should be higher than 2023 total.

Peter Carlson from Haga Kommer presented the 2023 audit report. Pete reviewed the audit letter which states all material presented fairly and the audit was clean. He presented the audit report in detail to the board. Overall, no issues of noncompliance were found and there were no difficulties performing the audit. Pete reviewed the financial statements of the Trust and noted everything is in good standing and in accordance with generally accepted accounting principles. The concern of segregation of duties is always identified, due to the small size of the office. The Trust has several internal controls in place to address these concerns. **Gene moved “to approve the audit.” Duane seconded. All were in favor, motion carried.**

Terry next gave a financial review of the first four months of 2024. This year the Trust will again focus on processes and efficiencies. He gave an overview of the Trust’s current finances by reviewing the 2024 income and expenditures to date. Terry noted that the Trust’s income for 2024 was lower than the past few years, at only \$1 million, however no investment earnings have been used for 2024 expenditures

yet, as there has been enough grant reimbursement income received to cover monthly expenditures. Currently, the Trust is working with ND Industrial Commission to receive \$1.8 million in grant reimbursement requests from the Outdoor Heritage Fund and approximately \$150,000 from other grants. Terry noted that he is closely tracking grant reimbursements and cash flow throughout the year. The Trust plans to renew the line of credit with Starion Financial for potential cashflow issues in the second half of the year.

Goal A: New & Existing Programs

Jesse reviewed the OHF grant proposal he submitted for Round 24. Jesse submitted a proposal for the third phase of Bakken titled Bakken Development and Working Lands Program 3. This phase of Bakken will include grazing infrastructure with PLOTS incentives and reclamation projects for a total funding ask of \$3,125,000. Jesse is a little concerned because the total funding ask for this round was twice as much as funds available. He will think of different funding scenarios if the OHF Advisory Board wants to reduce his funding request. Eric also reviewed the OHF grant proposal he submitted this round. He is requesting \$77,000 for juniper removal projects in Western ND. His program is titled Badlands Restoration Project. The Outdoor Heritage Fund Advisory board will be meeting on June 4 in Dunseith, ND to make grant approval decisions.

Next, Eric reviewed the progress made on the Trust's State Wildlife Grant for mid-term easements. The program is moving into the outreach phase, to find up to three landowners willing to enter into a 30-50 year easement. The grant will end at the end of this year. Eric has been working with the NDGF on agreement language, since this grant is assisting with the groundwork for the North Dakota Game and Fish's mid-term easement program.

Terry and Eric presented the board with recent stewardship projects in North Dakota. Last year the USFWS approached the Trust about handling funds and contractors for tree removal projects on their fee title lands. The Trust was not comfortable handling the contractors so turned down the offer. The Trust was thankful that Pheasants Forever has agreed to handle the projects for the USFWS. Earlier this year, NRCS approached the Trust to help handle funding and coordination for WRE stewardship projects. Terry and Eric had several meetings with NRCS and NDGF to discuss location and coordination of projects. Most of the projects are located in northeast ND. Kevin Kading and Nate Harling from the NDGF explained that a technician out of the Devil's Lake office will handle activity management with contractors. The Trust will handle the funding and issue payments. If the board approves, the Trust will enter into a cooperative agreement with NRCS with the initial funding amount of \$400,000 for the first year. Kevin displayed a map of current WRE locations in PLOTS and the number of projects per county. Walsh, Pembina and Ramsey were the top three counties with the most WRE contracts in PLOTS. The board discussed how this scenario was a better fit for the Trust, since NDGF will be handling the contractor management. **Gene motioned "to approve the partnership with NRCS for WRE stewardship." Randy seconded. All were in favor, motioned carried.**

Goal B: Convene Stakeholders to Address Grassland Loss

Keith gave the board an update on the Farm Bill. It was expected that the farm bill wouldn't be introduced until the end of 2024, but this last week the Senate released a draft copy of the Farm Bill. He noted that most of the conservation programs are still included but he has not had a chance to review it in depth. The board discussed farm bill programs, their benefits and difficulties, and the best way to influence changes. Audubon may have the opportunity to meet with Sen. Hoeven's office in Washington, DC. The board discussed specific program changes that could be presented to Sen. Hoeven.

Kristal volunteered to review the draft farm bill language and provide the board with an information sheet of changes.

Jesse updated the board on the Oil and Gas Research Grant carbon study. He noted that he attended the Williston Basin Petroleum Conference with Rebecca Phillips. They were able to make connections with energy companies to gather support for the project. Jesse noted that he and Heather have been in several meetings to discuss the transfer of the study to NDSU, since the grant will be ending at the end of this year. Rebecca Phillips is currently working on the manuscript that will be produced as a result of the study. The board was interested in receiving any information and publications that result from this study. There will be a field tour at the study site on July 11th this summer.

Jesse next reported on his participation on the ESG Steering Committee, created from HB1429. Recently, the committee helped complete a report that is due to be released on June 1st. The report will summarize the committee's finding of what ND can and is doing for environmental sustainability to make the state more appealing for ESG based investing. Jesse helped ensure the report reflected the importance of grasslands and conservation practices.

Goal C: Financial Support of Natural Resource Education

Brenda presented an overview of the 2024 Small Grant Program budget and applications. In January, the board approved \$55,500 available to fund 2024 grants. There were 14 applications received with a total funding request for year-1 funding of \$107,417. Seven applications requested year-2 funding totaling \$49,788. Staff recommended funding 10 applications with a year-1 funding request of \$54,954, and one application with a year-2 funding request of \$9,980. The board agreed with the recommendation and **Duane moved "to approve the small grant program recommendation as presented." Gene seconded. There was no discussion. All were in favor, motion carried.**

Brenda updated the board on Jr. Duck Stamp Partnership activities. She was able to assist with the artwork contest judging event in March and the awards ceremony in May. She shared pictures of both events and noted there is a traveling exhibit of the winning artwork that moves around the state.

Goal D: Existing and New Partnerships

Rick reviewed ND Action Group and NAWCA activities. The ND Action Group met at the beginning of May for its annual meeting. It was a 2-day meeting in Bismarck of professional presentations on natural resource activities that are happening throughout the state. There was an exceptional turnout; over 120 people were in attendance. Rick reviewed his NAWCA activities. In March, the council approved 22 small grants for \$4.2 million, of the 40 submitted. In February, staff recommended 15 standard grant projects, 3 were PPJV, for \$41.9 million. The council will make their approvals in June.

Heather presented an update on the Meadowlark Initiative. Currently, the RCPP has funded \$5.4 million in EQIP contracts, and \$10.1 million in partner contributions has been reported. Between the EQIP and partner contribution activities, the Meadowlark Initiative has accomplished over 16,000 acres of planted grass. Native grass plantings made up 62% of activities and tame/native grass mix plantings made up the remaining 38% of activities. The Initiative has also enhanced almost 154,000 acres of existing grass since 2021. The NDGF applied for an RCPP renewal last October and are currently waiting for approval. The RCPP Renewal will provide \$10 million in EQIP financial assistance for grass plantings and enhancements.

Old Business

Keith updated the board on Garrison Legislation activities. Jerry and Keith recently met with Sen. Hoeven's staffers. The Trust's \$50 million authorization is in the new draft language. The staffers would like the Trust to collect letters of support from agricultural groups. Keith recently met with several organizations and the plan is to do one joint letter of support with agricultural and conservation groups together. Keith asked if Gene and Jesse could work on getting sign on support from the Stockman's Association. Jesse is also working on getting a letter of support from an energy organization. Keith was unsure of the timeline of the new legislation but will let the board know as soon as he does.

Terry informed the board of the Hecht land dedication that will be on June 14th. The land parcel will be an addition to the Painted Woods Creek WMA that is adjacent. The addition of the Hecht property will result in a management area of approximately 1,000 acres.

Keith notified the board on Trust activities to increase its cybersecurity. A new cybersecurity insurance policy has been executed. The Trust also entered into a contract with Bluemoon to increase IT security and monitoring. To compliment the new changes, staff have been working with SM Consulting on the creation of cybersecurity and IT policies. The board was in support of the new changes.


New Business

Brenda reviewed the board terms. All member terms will expire at the end of August. She reviewed the renewal procedures document that is posted in the Member Area of the website. Duane noted that he is not planning to renew his term, however he would be open to staying on until a replacement is appointed. Keith asked the board and staff to brainstorm candidates, so a list could be given to the governor's office, since the opening will be a gubernatorial appointed seat.

Dates for the summer board meeting were addressed. A field trip was discussed, but a 2-3 day time period that worked for all members could not be found. It was decided to have a 1-day meeting with a dinner the previous night. The dinner will be in Bismarck on September 3rd with a meeting the next day at the Trust office on September 4th. **Gene motioned "to adjourn the meeting at 4:13 pm." Duane seconded. All were in favor, motion carried.**

Submitted by 
Keith Trego, Executive Director

Dated 9/4/24

Approved by 
Randy Renner, President

Dated 9/4/24