

**ND Natural Resources Trust
Board of Directors Meeting
ND Game and Fish Department
January 7, 2016**

The North Dakota Natural Resources Trust (Trust) Board of Directors winter meeting started at 9:00 a.m. Wednesday, at the North Dakota Game and Fish Department auditorium in Bismarck, North Dakota. Attending the meeting were Directors Randy Renner, Jerry Doan, Gary Melby, Marshall E. Johnson, chair. Jeb Williams of the ND Game and Fish Department also attended the meeting. Trust employees Terry Allbee, Jesse Beckers, Keith Trego, and Rick Warhurst also attended. Others present were Rod Backman, Covenant Consulting, Sarah Wilson, Audubon Dakota, and Mark Norcini, SEI Investments.

Wednesday, January 7, 2016

Chairman Johnson opened the meeting with roll call. He then called for a motion to approve the agenda. Marshall Johnson moved and Gary Melby seconded **“to approve the agenda.”** Motion carried. Minutes were not available from the previous meeting.

Keith Trego updated the board on staff changes since Karen Kreil retired. Rick Warhurst, who retired from Ducks Unlimited, has joined the Trust staff the beginning of the year. Rick will be filling the NAWCA staff role providing staff support for the ND Game and Fish Director Terry Steinwand, and he will work on Trust projects as time permits. Rick gave his background work history for the board.

Rod Backman of Covenant Consulting gave a comparison report on financial and investment management with other entities. Discussion followed. Marshall Johnson recommended the Trust continue investments with SEI, but continue to visit with other entities for comparison. Mark Norcini explained how SEI is set up and how investment management works.

Mark Norcini, SEI, presented the Investment Performance Report for the board. The Trust Consolidated Portfolio returns (gross) year-to-date in 2015 was 0.3 percent. The market value is \$24.7M. The Operating Portfolio returns year-to-date was 0.7 percent. The market value is \$972K. The global economy continues to expand, though at a slow pace. There are concerns about the implications to the rest of the world of a slowing Chinese economy. The Federal Reserve raised the target interest rate in December, and advised against expectations for continuous raises without improvement in the data.

Keith Trego talked about the Bird Friendly Beef project and introduced Sarah Wilson of Dakota Audubon. Sarah talked about Audubon’s Conservation Ranching Program. For Audubon the program will ensure that grasslands remain on the landscape, providing habitat for grassland birds and other wildlife. For ranchers this will allow them to navigate into a new market niche, and get higher market premiums, and learn more about sustainable management. Sarah gave a slide presentation showing the decline of grasslands over the years and the plans and goals of the project. Audubon’s approach to this is they are the voice for the birds and since

they are declining so rapidly, it is critical to do something. The plan is to have two production specialists with one in Fargo and one in Bismarck. Discussion followed.

Jesse Beckers gave an update on the Trust Small Grants.

Marshall asked for dates for the April meeting. Terry suggested that the summer meeting change to August instead of July. April 20 and 21 were the possible dates for the Spring Board meeting.

Terry Allbee gave the Trust's financial report. Terry reviewed the 2015 budget. The 2016 budget review was next. The Board talked about wind energy and renewable resources that were taken out of the budget categories. Marshall Johnson called for a motion to approve the 2016 budget." Gary Melby moved and Randy Renner seconded a motion **"to approve the 2016 budget.** Voice vote was called and motion carried.

Jesse Beckers gave an update on energy. \$2M-\$3M have been lost from flaring in the badlands. Jesse is also assisting the WWF with their project on communications that have taken place between the attorney general's office and the Industrial Commission. He will be working with NDSU Extension Service to study effects of brine spills also.

Terry Allbee talked about the OHF. Some of the Trust's grant proposals have been successful and some have not. He reviewed the Water Storage Piggyback program. Discussion of the Beginning Farmer Enhancement program took place. Maybe continue it by adding other enhancements. The Working Grassland Partnership proposal was not funded. It was approved by the board, but Chairman Wade Moser went to the Industrial Commission saying he could not vote for the project with all his concerns, so they pulled it out and voted to send it back to answer questions that were bothersome to him.

Terry Allbee talked about the Painted Woods project and had handouts in the board book. AFW will purchase the land and ND Game and Fish Department will own the land. The approval process has been met and we are currently awaiting the governor's decision.

Keith Trego talked about coalition building. The ND Consensus Council is granting the Trust \$10,000 in 2016. The Trust submitted another larger grant proposal for \$120,000 to the Bush Foundation. We will hear from the Bush Foundation in March if the proposal is funded or not.

Meeting adjourned.

Submitted by /s/ Keith Trego Dated 4-26-16
Keith Trego, Executive Director

Approved by /s/ Marshall E. Johnson Dated 4-26-16
Marshall E. Johnson, President