

NORTH DAKOTA NATURAL RESOURCES TRUST
BOARD OF DIRECTORS MEETING
August 18th & 19th, 2019
Grand Forks, ND

The North Dakota Natural Resources Trust (Trust) Board of Directors meeting held its summer meeting by touring projects in the Grand Forks County Prairie Project area, in northeastern North Dakota, on Sunday, August 18th, 2019. A business meeting was held at the NRCS conference room in Grand Forks, North Dakota on Monday, August 19th, 2019. Attending the meeting were Directors Dave Dittloff, Randy Renner, Marshall Johnson, Vawnita Best, and Duane Hauck, Chair; ex-officio representative Scott Peterson, deputy director of the ND Game and Fish was also present. Jerry Doan was absent. Trust employees, Keith Trego, Terry Allbee, Jesse Beckers, Rick Warhurst, and Brenda Newton. John Hagan, SEI Investment Company (SEI) was present. Sara Hewitt (Audubon Dakota) was present to give a presentation. Guest Juli Bosmae (Audubon Dakota) was also present.

Sunday, August 18, 2019

A tour of projects in the Grand Forks County Project area was given by Marshall Johnson and Sara Hewitt of Audubon Dakota.

Monday, August 19, 2019

8:30am

Chairman Dittloff called the meeting to order and took roll call. He asked for any announcements or changes to the agenda. It was noted that there would be a conference call with Haga Krommer at 10am to review the audit report. It was then discussed if the financial report should be pushed back to after the break, due to late delivery of the financial report booklets. It was decided to push the financial report to after the break. Marshall noted that Sara will be giving a power point presentation on the RCPP toolbox.

Dave moved and Randy seconded **“to approve the August agenda.”** Motion carried.

The board reviewed the April 2019 spring board meeting minutes.

Randy moved and Marshall seconded **“to approve the April 2019 meeting minutes.”** Motion carried.

Keith gave a brief introduction of the Trust’s newest employee, Brenda Newton. He mentioned that Kathy Kirschman left the Trust a few months ago, but has been working part-time remotely until Brenda started in August. Brenda gave the board a brief overview of her background and interests.

Terry presented the first half of 2019 financial report. He highlighted the total income and expenditures. Overall, the budget is on track and the Trust is expecting higher second half expenditures.

Randy gave a brief overview of the current spending policy and that it was rescinded at April’s meeting. The finance committee was unable to meet and discuss new policy options prior to this board meeting. Randy questioned the need of a formal spending policy and opened that up for discussion. The board discussed the creation of a reserve fund. It was decided that when the finance committee meets in December, they will discuss the issue and present a proposal to the board at the January meeting.

Rick gave a NAWCA update. It is the 30th year of NAWCA and since it was established, there have been 2833 projects using NAWCA grants, totaling \$1.6 billion, 20 million acres of habitat have been impacted

and 6000 partners have contributed \$4.6 billion in matching funds. Funding in 2019 was 97.1 million. The NAWCA council will meet in Bismarck June 2021. Keith noted the concern over easements and made a request to Jerry, to have him and other ranchers meet with Senator Cramer and express support for the easement program.

10:05am – Conference call with Lynnell Rude Ussatis from Haga Krommer. Lynnell went through the 2018 audit report with the board. Overall, no issues of noncompliance were found. There was a small loss of assets due to the down market at the end of 2018. However, there is adequate cash on hand. The concern of segregation of duties was discussed. It was noted that all issued checks have two signatures. Randy suggested an addition review of all checks issued, at the end of each month.

Duane moved and Dave seconded **“to approve the 2018 Audit Report.”** Motion carried.

10:30 – Break. Reconvened at 10:55am.

Terry recapped the Clairmont Dedication from July 18th. The Trust aided in the purchase of 160 acres of land by American Foundation for Wildlife. In 2018, the land was transferred to the ND Forest Service and added to adjacent Forest Service land in the Pembina Gorge area. The Trust is working on another land acquisition of riparian/oxbow habitat in Williams County. Future updates will be made.

John Hagan presented SEI’s performance review for January thru June 2019. Despite the markets being slightly down, second quarter returns were up 2.9%, and the year to date returns are was up 10.5%. We are meeting all our investment goals and are ahead of expectations as of now. A recession is not anticipated in any near term. SEI suggests no changes on our consolidated asset allocation.

Terry reviewed the results for the OHF Grant Round 14. 23 grant applications were submitted and 11 were approved, totaling \$5.2 million in grants. This is the 4th highest round allocation since the OHF was created. The Trust applied and was approved for WGP IV. This round also boasted the highest grant ever awarded, at \$3 million and conservation applications did well this round. Jesse added that the BDWLP is getting a lot of interest from landowners. He met with the Petroleum Council to discuss how to make the connection between energy companies and landowners, in regards to this program. The Trust will be applying for phase II of the BDWLP.

Jesse began the energy update with Dakota Skippers in the Bakken. There is a Continental well site in McKenzie County that is impacting Skipper habitat. The Trust has helped fund the MN Zoo in relocating the Skipper population at that site. The Zoo came and collected over 40 females and will attempt to propagate a population. A release site has not been determined as of now. Keith then updated on a few possible energy grants. Oneok pipeline company is interested in giving money for Dakota Skipper and grassland conservation. Tradewind Energy is in talks with the Trust about granting money for grassland conservation to offset two of their wind farms. Keith noted that a company named Magnolia contacted the Trust about helping to calculate mitigation costs for wind projects. This prompted a discussion by the board about how viable it is to put a number on mitigation costs.

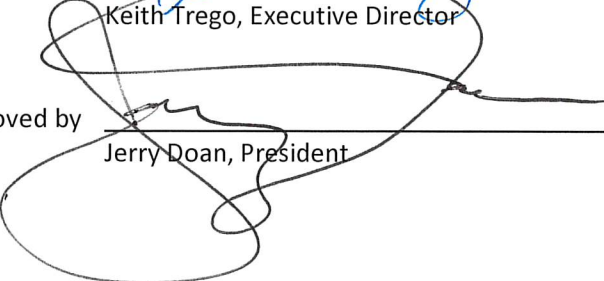
Sarah Hewitt from Audubon Dakota gave a power point presentation on the Prairie Management Toolbox. She reviewed the programs that are available to landowners. The toolbox is now being implemented in five counties. Next year, prescribed fire is going to be added to the toolbox. In the next two years, Audubon would like to expand the toolbox to the ND sandhills and include Tribal engagement. For OHF Round 14, the toolbox grant application was decline. Marshall suggested it may have been declined due to a public access concern by the OHF board. He then opened up discussion on how feasible it would be for Audubon to include public access in their toolbox agreements. After discussions, it was suggested that a

graduated scale for cost-share, depending on the landowner's willingness to allow public access, would be the best approach.

Next board meeting was tentatively approved for January 22th, pending it also works with Jerry's schedule—exact location to be determined. Randy made the motion **"to adjourn the meeting"**, Dave seconded—motion carried.

Submitted by 
Keith Trego, Executive Director

Dated 1/22/2020

Approved by 
Jerry Doan, President

Dated 1/22/2020