

**ND Natural Resources Trust  
Board of Directors Meeting  
ND Game and Fish Department  
January 3, 2017**

The North Dakota Natural Resources Trust (Trust) Board of Directors winter meeting began at 9:00 a.m. Tuesday, January 3, 2017, 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, Dave Dittloff, and Duane Hauck, Chair. Scott Peterson, Deputy Director, of the ND Game and Fish Department also attended the meeting. Trust employees, Keith Trego, Terry Allbee, Jesse Beckers, Rick Warhurst and Mary Bandle. Others present were Mark Norcini and John Hagan, SEI Investments.

**Tuesday, January 3, 2017**

Chairman Hauck opened the meeting with roll call. Chairman Hauck called for any announcements or changes to the agenda. He then called for a motion to approve the agenda. Randy moved and Dave seconded **“to approve the agenda.”** Motion carried. Minutes were available for review from the July 2016 meeting. Chairman Hauck asked for a motion to approve the meeting minutes. Gary moved and Dave seconded **“to approve the July 2016 meeting minutes.”** Motion carried.

Keith Trego introduced Mary Bandle as the new Administrative Assistant/Biological Technician. Mary Bandle started with the Trust in September of 2016. Mary gave a brief background and work history for the Board of Directors (Board). Mary’s position will handle administration, Board activities, and biological responsibilities for the Trust.

Chairman Hauck and Mary discussed changes in distribution of Board meeting and reporting material. In the future Board and staff will have material available electronically on the Trust webpage. All Board and staff will have individual account access, which should reduce the need for paper handouts at future Board meetings.

Mark Norcini SEI Investments (SEI) informed the Board that he has accepted a new position within SEI investment handling new client sales and he introduced his replacement, John Hagan. John provided his background and his transition as the Trust investment advisor. John presented the Investment Performance Report for the Board, which included SEI’s latest research and perspectives, communication tools from SEI to clients, and capital market assumptions. John provided the Board the portfolio performance review through November 2016. John also proposed an increase in the allocation to equity. SEI proposes this adjustment based on the incoming Presidential Administration and expectation that interest rates will rise in 2017. Duane Hauck moved and Randy Renner seconded a motion **“to adjust the Trust’s asset allocation as proposed by SEI”** Motion carried.

Terry Allbee gave the 2016 actual to budget financial report through November. Terry gave highlights on income and expenditures throughout the year. These highlights included US Bureau of Reclamation contributions, small grants program, staffing, partnership cooperative agreement increases, NAWCA staffing support, continues partnerships with ND Association of Soil Conservation District and other conservation groups, Outdoor Heritage Fund (OHF) grant

projects, Painted Woods addition, and energy development coordination. The final 2016 financial report will be available at the end of January. Terry also presented the Trust's 2017 proposed budget. The 2017 budget was previously reviewed by the Board Finance Committee in December. The projected budget income is lower than 2016 and so are the projected budgeted expenses. The Board expressed concern about differences in the year end actuals compare to the budgeted totals. The 2016 actual to budget and 2017 Trust budget will be available to Board on the Trust's website.

Keith informed the Board that Prairie Pothole Joint Venture (PPJV) has approached the Trust wanting to create a financial partnership with donations from Conoco Phillips Company. The PPJV is interested in entering into a partnership cooperative agreement with the Trust to fund landscape assessments of grassland resources. The Board indicated a strong interest in this partnership and asked Keith move forward.

Jesse Beckers gave an update on the Trust's Small Grants. At the end of 2016 the small grant program had a number of outstanding grant liabilities from previous granting years. Jesse coordinated with grantees to receive reports and final invoices. The Board suggested the grant communication be increased to reduce additional grant liabilities in the future. Jesse will work with staff to formulate a plan. All small grant awards are for two years. Jesse also proposed the Board complete a spring 2017 small grant round with the focus on conservation education. The Board agreed to move forward with the budgeted \$50,000 for spring 2017.

Keith brought the group up to date on the connections we have made with Governor Burgum's staff and our continued efforts to stay connected. The group is optimistic about the way things will transition and new opportunities for the natural resources group.

Keith also brought up the OHF budget and Dalrymple cutting the budget for the next biennium. Discussed efforts on getting this changed back to where it was last biennium (2015-2017) at \$40M. During the 2013 – 2015 biennium \$18.6M were funded with the cap at \$30M. It would cut the program drastically with the new proposed budget of \$10M for the 2017-2019 biennium.

Jesse provided an updated on the most recent Round 8 OHF Advisory Board meeting. The Trust and DU were co-applicants on a grant titled "Grassland Enhancement Pilot Project." The grant was approved in Round 9, but with several conditions. OHF wanted the Land Department to be the owners of the fence and OHF would not fund staffing that was included in the grant proposal. The Trust will work with DU to figure out a way to satisfy the fence ownership condition.

Terry updated the Board on two prior OHF grants: Working Grassland Partnership (WGP) grant and the Water Storage Piggyback (WSP). The Trust has been working on partner coordination on the WGP and plans to increase landowner agreement activity in 2017. The WSP grant has all fund allocated and is very close to finalizing the grant obligations. The Trust will plan to submit a similar grant proposal to OHF for water storage in May 2017.

Keith provided a Farm Bill update. The group discussed partnerships with various groups and how it pertains to the upcoming bill.

Keith and Jesse provided an overview on wind energy. Greg Link with ND Game and Fish Department joined the meeting and presented his Power Point on Wind and Wildlife. Marshall

also provided comments on the meetings he had recently attended and his views on the outcomes of those meetings. Jerry Doan also mentioned some of his findings on wind power and how the Wind Energy Companies negotiate with landowners.

Keith reviewed with the group the Badlands Advisory Group (BAG) Habitat paper. BAG has been meeting on habitat issues and Rod Backman came to us and asked us for a concept paper for habitat and mitigation. Keith presented our concept to BAG several weeks ago. BAG is reviewing our proposal as well as several others. The group ultimately wants to visit with Governor Burgum and provide him with their proposal on habitat remediation and management.

Chairman Hauck brought up the 2012-2016 NDNRT Strategic Plan. This has expired and we should entertain ideas on updating or extending the current plan. Scott Peterson recommends that we set time aside just for the Strategic Plan. Chairman Hauck suggests that we dig into this at our next Board meeting. There are 5 main priorities currently identified in the Strategic Plan and we will focus on these when we start our review. Make sure the priorities are still current and should we implement new priorities. The Strategic Plan will be discussed and updated during the May meeting. The Trust Staff will provide a discussion paper to the Board prior the May meeting. It will be finalized and approved during the July Board meeting.

Keith spoke about the Leopold Award and our nominee and award winner Jerry Doan, Black Leg Ranch. The 2016 award video was shown during the meeting. Jerry spoke briefly about the award and appreciated the nomination from the Trust.

Chairman Hauck called for a motion to approve the 2017 Trust budget, including 5 year salary survey updates and adjusted pay plan recommendations. Randy Renner moved and Gary Melby seconded the motion **“to approve the 2017 Trust budget.** Motion carried.

Keith discussed the new employee policies and the drafts that were provided to the Board for review. Keith indicated we will have additional employee policies to review for the May Board meeting. Chairman Hauck asked for a motion **to approve the health insurance (Medicare) and inclement weather policies as drafted.** Jerry moved and Marshall seconded. Motion carried.

Chairman Hauck asked for suggestions on time for the spring Board meeting. Terry ask if Board would like the next Board meeting be scheduled around the Painted Woods Addition Dedication, which will likely be the 2<sup>nd</sup> week in May. Chairman Hauck offered the use of the 4-H Camp facilities near Washburn for the Board meeting. May 9<sup>th</sup> or 10<sup>th</sup> are the dates proposed.

Chairman Hauck asked for a **motion to adjourn.** Dave moved and Marshall seconded. Motion carried. Meeting adjourned at 4:15 p.m..

Submitted by \_\_\_\_\_ Dated \_\_\_\_\_  
Keith Trego, Executive Director

Approved by \_\_\_\_\_ Dated \_\_\_\_\_  
Duane Hauck, President