

**NORTH DAKOTA NATURAL RESOURCES TRUST BOARD
OF DIRECTORS MEETING – May 10, 2018
Halkirk Office Conference Room
1605 East Capitol Avenue – Bismarck ND 58501**

The North Dakota Natural Resources Trust (Trust) Board of Directors meeting was held Thursday, May 10, 2018, at the Halkirk Office Conference Room. Attending the meeting were Directors Randy Renner, Jerry Doan, Gary Melby, Marshall E. Johnson, Dave Dittloff, and Duane Hauck, Chair; ex-officio representative Scott Peterson was also present. Trust employees, Keith Trego, Terry Allbee, Jesse Beckers, Rick Warhurst, and Kathy Kirschman. Steve Dyke – ND Game & Fish joined later in the afternoon to present an update on wind energy.

9:00am

Chairman Hauck called the meeting to order and asked for any announcements or changes to the agenda. He then called for a motion to approve the agenda. Gary moved and Randy seconded **“to approve the agenda.”** Motion carried. Minutes were available for review from the January 2018 meeting. Randy moved and Dave seconded **“to approve the January 2018 meeting minutes.”** Motion carried.

Keith opened the discussion for potential changes to the organization audit for 2019 and beyond. Haga Kommer retains the contract for 2018. It was asked how many firms do audits and thoughts on the current firm—after the change to Haga Kommer. Recommendation was made to make a selective RFP, soliciting 3-4 proposals that would have a 1, 3, and 5 years contract rate, since Haga Kommer has already provided a quote with that timeframe option. Dave moved and Gary seconded **“to review the proposals at the next meeting and make a decision.”** Motion carried.

Rick had a PowerPoint presentation and update on the NAWCA funding/projects.

Terry provided a Randy moved and Marshall seconded **“to approve the 2018 budget.”** Motion carried.

John Hagan gave a brief history of SEI’s background and investing philosophies as it relates to the current political and global environment. He provided a brief summary of the Trust’s portfolio and returns. There has been a solid performance for four quarters now—with YTD return of 13.52%. Noting no negative performance for the year for any asset class, this was quite exceptional. Also gave a perspective on the approved tax cuts and potential impacts on investments/stock market performance. Randy commended the performance of the SEI team and what it is enabling the Trust to do as a result.

Jesse reviewed the existing Small Grant liability tracking. After a discussion about the US National Park Service project that has been outstanding for three years, which Jesse has made multiple attempts to contact without any reply, the recommendation was made to terminate their agreement and return the funds to be distributed to another applicant. Randy moved and Marshall seconded **“to terminate the agreement for the US Park Service Small Grant.”** As part of the 2018 budget, the funding for the Small Grants program was increased and approved to \$75,000. Further discussion was had about including language in the application process and agreements limiting the timeline available to use the funds to keep the outstanding liability under control—Kathy has already been working on that, in addition to a survey reporting form in hopes of reducing/eliminating necessary follow-up with grantees. Marshall asked about tracking a metric to see if a project happens more expeditiously if we are the primary (or sole) funding source as opposed to being one of multiple. Language reflecting a request of matching funds or in-kind partners will also be included in the 2018 applicant materials.

Applicants for 2018 Small Grant funding will be approved at the spring board meeting.

12:35pm - Chairman Hauck turned the meeting over to Vice-Chair Doan, leaving due to deteriorating weather conditions.

Steve Dyke from Game & Fish reviewed the wind energy projects and the resulting offset project funds that may be coming to the Trust for implementation. Discussion was had about instead of having offset packages, instead the conversation should start before the proposed wind farm gets that far and damage can be minimized upfront. That is the hopeful potential moving forward, several of these wind farms are too far along in the stages for that, so offsets are the next best option.

Keith provided information on voluntary conservation funds provided by PetroHarvester in reparation for a spill and Energy Transfer for reestablishing Dakota Skipper habitat disrupted by the DAPL pipeline. A separate checking account has been established to hold all energy offset funds

Rod Backman joined a few members the Badlands Advisory Group (BAG) to meet with Governor Burgum and Lieutenant Governor Sanford to discuss the progressing the mission of the BAG about 3.5 weeks prior to this meeting. He has not heard of any new actions from the Governor's office but felt confident the meeting went well and it would be taken under serious advisement. Also discussed that the oil company NP resources had expressed strong interest in being a pilot project for the BAG program should the opportunity arise.

Terry and Jesse provided an update on the Working Grassland Partnership programs success and announced the Trust had been approved for Phase II of that program by the Outdoor Heritage Fund (OHF), focusing on expired or expiring CRP acres from 2017 and 2018, also that the eligible territory had been expanded by four counties.

Keith discussed a couple of governance issues with the OHF Advisory Board. First, term for one the conservation representatives on the board is coming due and expressed concern that we need to recommend strong candidates to ensure the conversation remains balanced when it comes to the OHF funding allocations. Also noting that the last application round there were only 6 applicants, which is a very poor showing when there was approximately \$19 million in available funding. Suggested there should be considerations for marketing to improve the submission volume in the coming rounds or risk the ND legislature body suggesting the elimination of the fund altogether.

3:45pm - Dave left to catch his flight.

The revised Strategic Plan 2017-2022 was introduced for discussion. Hearing none, Gary moved and Marshall seconded **"to approve the Strategic Plan 2017-2022 as presented."** Motion carried.

Next board meeting was suggested after April 15th —exact date and location to be determined. Randy made the motion **"to adjourn the meeting"**, Marshall second—motion carried.

Submitted by 
Keith Trego, Executive Director

Dated 8/30/18

Approved by 
Duane Hauck, President

Dated 8-30-2018