

**North Dakota Natural Resources Trust
Board of Directors Meeting
May 26 & 27, 2021
ND Game & Fish Department, Auditorium**

Attendees: Board members Randy Renner, Duane Hauck, Dave Dittloff and Marshall Johnson were present; Jerry Doan was absent. Ex-officio representative Scott Peterson, Deputy Director of ND Game and Fish Department, was present for Terry Steinwand. Trust staff present were Keith Trego, Terry Allbee, Jesse Beckers, Eric Rosenquist, Rick Warhurst and Brenda Newton. Others in attendance include Lynnell Rude Ussatis from Haga Kommer, Greg Link of ND Game & fish Dept., Sarah Hewitt of Audubon Dakota, Rockey Bateman, LeAnn Harner, Jay Fuhrer and Fintan Dooley representing the Area IV Research Farm, Reice Haase of the ND Governor's office and John Bradley and Dave Dewald of ND Wildlife Federation. John Hagan of SEI Investment Company, Andrea Gue of the Bureau of Reclamation and Ryan Taylor of Duck's Unlimited attended through Zoom Video Conference.

May 26th – BOD Field Trip

The Board of Directors and the Trust staff traveled to Dunn and Mercer counties to tour projects from the Bakken Development and Working Lands Program.

May 27th – BOD Meeting

8:30am

Marshall called the meeting to order. Roll call was taken. Marshall asked for any announcements or changes to the agenda. He then asked for a motion **"to approve the agenda."** **Duane moved and Dave seconded. All were in favor, motion carried.** Marshall asked for any additions or corrections to the January 2021 Meeting Minutes. Marshall called for a motion **"to approve the minutes as mailed."** **Dave motioned and Randy seconded. All were in favor, motion carried.**

Lynnell Rude Ussatis from Haga Krommer presented the Audit Report for 2020. Overall, no issues of noncompliance were found and there were no difficulties performing the audit. Lynnell 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. Marshall called for a motion **"to approve the 2020 Audit Report."** **Randy as finance committee chair made the motion and Dave seconded. All were in favor, motion carried.**

Brenda reviewed the Small Grant Program proposals for this year. There were 10 proposals submitted, totaling \$87,603.81 requested for 2021. Brenda gave a brief overview of each proposal and the recommendation for each. In January, the board approved the distribution of \$49,500 for 2021 proposals, with \$9,500 already approved in 2020 as part of a 2-year grant, leaving \$40,000 for distribution in 2021. The Trust's recommendation for 2021 proposals was to accept 6 out of the 10 proposals, each receiving partial funding to stay within the approved funding amount. **Dave motioned "to approve the recommendation given by the Trust." Duane seconded.** The board discussed the staff's recommendations and decided to fully fund the six recommended proposals. The board decided to approve \$56,313.90 for 6 proposed grants for 2021 and \$9,500 for the second year funding for 1 grant, totaling \$65,813.90 in small grant distribution for 2021. Randy motioned **"to make an**

amendment to the original motion to approve full funding for the staff recommended small grants, exceeding the original budget by \$16,313.90.” Dave seconded. Marshall called for discussion on the amendment. Dave noted that the staff were following the boards directions for budget parameters. He stated that it should be noted at next year’s budget approval, that the board had this discussion about small grant funding. Marshall also commented that the board should think about small grants in a broader discussion of strategic planning and how we manage and administer them going into the future. Marshall called for a vote. **All were in favor of the amendment to the motion, amendment carried.** Marshall called for discussion on the original motion that now included the amendment. No further discussion was given. **All were in favor. Motion carried.**

John Hagan presented SEI’s performance review of the Trust’s investment portfolio for the first quarter of 2021. U.S. equities had a favorable quarter and the Trust saw good returns because of this. John reported the Trust’s consolidated portfolio was up 5% YTD, with a one-year return of almost 25%. The retained earnings account was up 3.6% YTD and the federal account was up 2.2% YTD. John recommended no changes to the Trust’s investments at this time.

Andrea Gue, the Trust’s contact at the Bureau of Reclamation, present through zoom. She reported the Trust and BOR are in the process of entering into a new 5-year agreement. The agreement is being reviewed at the regional level and should be ready in the next month or two. The new agreement will be a total of \$5,125,000 million with allocation amount for 2021 of \$1.25 million. The Trust’s calculation is based on 5% of the BOR’s state MRI budget.

Terry reported on the first four months of 2021 for income and expenses. The Trust’s project income has increased compared to the previous year. This is due to the Trust having more active grants and project activities. Cash liquidity has been replenished since the end of 2020 due to significant grant reimbursements. Terry noted that the Trust plans to continually assess the amount of cash liquidity that is on hand and address reinvestment of excess cash as needed. Income and expenditures were next reviewed for this year to date. The Trust has received another Paycheck Protection Program loan that is expected to be forgiven later this year. Terry noted the office remodel has started, and expenditures are starting to occur.

Greg Link, of the ND Game and Fish Department, gave a presentation on their Meadowlark Initiative. The program was granted through the USDA RCPP grant program for \$7.1M. The Meadowlark Initiative is a statewide strategy to combine the efforts of conservation, agriculture and industry partners to enhance, restore and sustain native grasslands in North Dakota. The ND Game & Fish has 13 contributing partners, including the Trust, on this grant.

Ryan Taylor, from Duck’s Unlimited, presented through zoom on legislative outcomes related to a few conservation issues. House Bill 1215 was presented as a way to direct a portion of the Outdoor Heritage Funds to the park district. It did not pass. Senate Bill 2014 directed \$15M of oil production tax, for the next biennium, to the Industrial Commission for the OHF. This bill passed. House Bill 1004 passed, which provides \$700k of one-time funding to the Dept. of Agriculture to institute a soil health program. The Dept may also apply for a \$400K grant through the OHF to offset the soil health program. This bill also established a one-time \$5M grant based fund to provide the National Grassland grazing infrastructure.

Sarah Hewitt, from Audubon Dakota, presented on the Conservation Forage Program (CFP), introduced spring 2021. CFP works with North Dakota’s producers to restore marginal crop lands back to grasslands to improve forage availability and quality. By providing support through financial and technical assistance to landowners, CFP aims to accelerate grassland restoration and recover overall soil health and grassland bird habitat across the state. The Trust is a supporting partner of the program.

After a short break, Reice Haase, from the Governor's office, spoke to the board on conveying the Governor's support of the importance and history of the Area 4 Farm. Rocky Bateman, LeAnn Harner then presented a funding opportunity for the Area 4 SCD Cooperative Research Farm land purchase. The farm is run by the Morton County SCD. The land is used to conduct large-scale, long-term research on conservation tillage and dryland cropping systems. The group is seeking funding partners to raise \$2.7M to purchase 270 acres of land for continued research use. If the land is not purchased, the current landowner will put it on the market at the end of August. The current Area 4 land is located 3 miles away from the USDA research lab. Jay Fuhrur then presented on Menoken Farm, located in Burleigh Co. He explained how it is a demonstration farm that has many years of experience with cover crops. The board decided to discuss their amount of involvement in the land purchase during New Business.

The Trust staff presented an update on their current Outdoor Heritage Fund grants. Jesse reviewed the status of Bakken Development Working Lands Program I & II. The board was able to tour a site from each grant the previous day during the field trip. Jesse noted the status of the interpretive sites grazing systems, cover crops and grass seeding projects. The board was interested in how we could showcase how these programs have enhanced landowners' practices. Rick reviewed the status of his Livestock and Wildlife Dams grant which was completed in December 2020. The grant restored 14 wetlands covering 72.78 acres. Terry gave an update on the progress of his Working Grassland Partnership (WGP) grants I-IV. WGP I & III are planned to be completed this year. The board adjourned for lunch at 12:20pm.

At 1:45pm, the meeting resumed. John Bradley and Dave Dewald, from the ND Wildlife Federation, presented the status of two land access bills. Senate Bill 2036 is an act to provide for a legislative management study regarding access to lands and electronic posting during the 2019-2020 interim. The legislature approved continuing the study for another year. Senate Bill 2144 addressed criminal trespass on maintained fenced land and statewide electronic posting. The bill passed and electronic posting information can be found on the Explorer app or Game and Fish website in the electronic plots guide. Dave reviewed the electronic posting site and on issues that may be brought up next legislative session.

Eric presented an update on the Trust's energy offset funds. The Trust developed a gis model to help determine where to use the offset funds. Some of the funds will be used for Dakota skipper surveys, recovery efforts and habitat. The rest of the funds are mainly designated for grassland habitat improvement.

Marshall reviewed old business. The first item was strategic discussion planning. Marshall proposed to strike the discussion from the meeting and instead have the board meet prior to the next board meeting to have discussions. Next, Brenda presented a power point to show the board the progress of the remodel. The timeline is behind schedule due to some changes in the scope of work. It was decided by the building owner to update the HVAC system, which delayed parts of the remodel in the Trust's office space. It is now estimated that the remodel will be finished in August or September. The Trust is planning to hold their next board meeting in the new conference room. Terry also informed the board about donations from Dick Monson for US Fish & Wildlife Service management in Barnes County. Dick also purchased a parcel of land along Eckleson Lake and donated it to American Foundation for Wildlife for sportsman's access to the lake.

Trust staff updated the board on recent OHF Round 18 grant submissions. Rick submitted the Wildlife & Livestock Dams proposal, for a request of \$250,000. It proposes to restore approximately 20 dams and 20 wetlands containing 112 acres. About half of the sites have been identified. Jesse submitted grant proposal Grazing Resiliency in the Bakken. This is in response to the Bakken II grazing system dollars being exhausted in just four months. The request is for \$1.2M. Terry noted that OHF has a little over \$8M left in their budget for the

biennium and Round 18 had \$7.2M in grant requests. Presentations and approvals for Round 18 will be in June & July. Keith noted that a group of partners are having discussions regarding candidates for the new conservation-at-large OHF Advisory board seat. Kent Reiersen's term ends at the end of June.

Next, new business was addressed. The board discussed the Area 4 Farm funding request. Marshall asked Keith to give his recommendation, since he has talked with the Area 4 group more. Keith said he would let the board decide what a funding amount could be, but mentioned the Trust could offer a challenge grant and help facilitate discussions for potential funding partnerships. Dave mentioned that purchasing cropland and agriculture research does not fit into the Trust's mission. Duane noted that the cover crop educational component of the Farm may fit the Trust and suggested to offer of some level of funding contingent on them achieving their total goal. The board agreed that the fit of this funding is a stretch of the Trust's mission, but they are supportive of some level of funding. Keith feels that helping the Farm group find potential agriculture funding partnerships and suggesting a business plan would be valuable. After more discussion, Duane motioned **"to pledge \$100K, with the latitude of coming back to the board for maybe a little bit more, towards the proposal request, contingent on closing and on them having a solid path forward in terms that it is maintained as a research entity and the Trust having the latitude to help them pursue partnerships to make it happen."** Randy seconded. All were in favor, motion carried.

The board discussed the board vacancy and empty finance committee seat. Keith noted that Gene Veeder has applied, but no decision by the governor has been made yet. Having more diversity on the board was discussed. Marshall suggested to come up with a "floating process" at the executive follow up committee meeting and to come up with a short list of names before the next board meeting. Dave volunteered to help develop the process in the interim. It was decided that if Gene Veeder is appointed before the next board meeting, no more action needs to be taken searching for candidates. Keith will check with the governor's office on the status of Gene's application and ask if they need feedback from the board.

Planning the summer meeting was last on the agenda. It was decided to send out a Doodle poll later to determine the next board meeting date, sometime early August. In lieu of a field trip, the board decided to have a day of strategic discussions prior to the board meeting. If the next board meeting could be planned around another tour, that would be taken into consideration. Marshall let the board know that although his job portfolio at Audubon has changed, and he will continue to serve out his term as chairman. Marshall called for a motion to adjourn the meeting. **Duane moved "to adjourn the meeting at 3:20pm."** Randy seconded. All were in favor, motion carried.

Submitted by 
Keith Trego, Executive Director

Dated 9/24/21

Approved by 
Marshall Johnson, President

Dated 9/22/21