

**North Dakota Natural Resources Trust
Board of Directors Meeting
September 9th, 2020 at 9:00am
Zoom Video Conference Call**

Attendees: Board members Jerry Doan, Randy Renner, Duane Hauck, Vawnita Best, Dave Dittloff and Marshall Johnson were present. 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, Rick Warhurst, and Eric Rosenquist. Guests include John Hagan and Erin Huber of SEI Investment Company and Billy Glascoyne of Duck's Unlimited.

9:00am

Jerry called the meeting to order. Roll call was taken. Jerry asked for any announcements or changes to the agenda. Jerry asked for a motion **"to approve the agenda."** **Randy moved and Dave seconded. Motion carried.** Jerry asked for any additions or corrections to the January and April 2020 Meeting Minutes. Jerry called for a motion **"to approve the minutes as mailed."** **Vawnita moved and Randy seconded. Motion carried.**

John Hagan presented SEI's performance review of the Trust's portfolio for the second quarter of 2020. The market experienced a black swan dive as a result of the COVID 19 pandemic in March and it still continues. John reported that the Trust's accounts have rebounded since market lows in March 2019. Erin Huber reviewed the status of the Trust's consolidated portfolio. Returns were down in the first quarter but increased in the second and have completely rebounded as of present. Erin presented on the new retained earnings account, which was approved by the board in January, established to hold excess investment earnings. To date, \$1.67 million has been transferred into the account and returns have been positive.

Keith discussed the status of the Trust's investment policy. John Hagan was asked to review the document and provide suggested changes. He reviewed those changes with the board. Fiduciary Duty and Conflict of Interest sections were added to the document. John also helped rewrite a portion of the Statement of Objective's section. Prior, the investment accounts were grouped together in one explanation. Now each is listed separately with details that provide definitions, objectives and goals for each account. John also helped broaden the scope of the Guidelines section of the document. Jerry asked for a motion **"to approve the updated Investment Policy."** **Randy moved to "approve as amended" and Dave seconded. Motion carried**

Terry reported on the first half of 2020, as well as July and August, for income and expenses. Expenses are tracking higher than our three-year average of \$2.5 million. This is mainly due to increased grant activity and we will see a higher reimbursed income as well. For the Paycheck Protection Program, we have met our qualified expenditures. The Trust plans to apply for the loan forgiveness.

Terry discussed the progress of the office remodel. He reviewed the floorplan with the board. This remodel will lend to a larger conference room to hold board meetings. The estimated total cost is \$100,000, with the Trust paying for half. The Trust has agreed to enter into a seven year lease with the building owner. There are plans to sublease some of the newly created office spaces to offset cost. The

contractor has an expected start date of the end of September or early October with a completion date sometime in November.

Terry gave the board an update of the Clairmont Park Project. A short video about the park was played. Terry reviewed the timeline and status of the project. Purchase of the property is planned for late September, early October. Management activities will start once DU holds ownership of the property. Once management activities are completed, the park will be transferred to the Bismarck Park Board for ownership.

Rick gave a review of NAWCA. There are about \$120 million available, which is up from a year ago. 50% of those funds are allocated for the US, 45% for Canada and 5% for Mexico. Available federal aid interest funding was up considerably this year. Thirty-five proposals were submitted for the first round and 7 were from the PPJV. New procedures were set up for proposals seeking more than \$100 million. The NAWCA council was set to meet in Bismarck in June, but due to the pandemic, the meeting was held virtually. There are plans to hold the meeting in Bismarck next June.

Keith presented on the Trust's grant strategies related to declining grasslands and declining grassland bird populations in North Dakota for this year. He reviewed the different types of grants the Trust is looking submitting proposals for. The USDA RCPP AFA and ACEP grants have opportunities for the Trust to apply for, that could address funding for conservation easements, especially west river. The Trust is also planning to help submit a large USDA RCPP grant with the ND Game and Fish Department and other partners involving conservation cover in November.

Eric reviewed the RCPP grant the ND Game and Fish will be submitting. The Trust will be providing matching contributions to the grant. Bakken II and some of the Trust's other grants can be used as matching contributions. This grant will offer a variety of conservation practices, which will be run through the EQUIP program.

Terry reviewed the status of the Outdoor Heritage Fund Round 16 from March. There were twelve proposals submitted, adding up to approximately \$32 Million in grant requests. The advisory board approved 5 grants, consisting of \$166,174. The Fund has funded \$47.3 Million in grant requests since its inception. There is \$19 Million available for funding requests for Round 17 in September 2020. Marshall suggested a grant opportunity for September, that would be a coordinated effort between conservation partners and the state. The board discussed the need for outreach to legislatures and outside partners for support prior to the next grant round. Keith went over the Trust's possible OHF proposals for Round 17 in September.

Keith talked about the OHF advisory board representation. Two conservation-at-large seats expired at the end of June. Conservation partners had strategy meeting on how to fill those seats. It was coordinated among the agencies to submit nominations in support of Randy Kreil and Dave Dewald. Both nominees were appointed to the advisory board, and will help lend a strong conservation representation. There are plans for all four conservation representatives on the board to meet and talk about the funding need for more conservation programs.

Jesse started the discussion for OHF Round 17 grants. The Trust submitted two grant applications for this round. There was such a large request from landowners for more need of the Bakken I, Bakken II was submitted for round 17, with a request of \$3.1 million. This grant is slightly larger than the first. All components were kept from the first grant with the addition of work with the Department of Mineral Resources to reclaim abandon well offsite areas. The grant will also partner with the ND Parks and Recreation Department for the Crow Flies High Recreation Area. Bakken II will partner with the ND Grazing Lands Coalition as well to utilize their mentors. Terry presented the second grant the Trust

submitted to the OHF. The grant name is ND Partners for Wildlife Program. The grant requested about \$700,000 from OHF. The program consists of wetland restoration, grass seeding, grazing systems and cover crops. Keith also discussed another OHF grant submission that the Trust supported. The ND Department of Environmental Quality and ND Game and Fish applied for a grant called the Red River Basin Wildlife and Water Quality Enhancement Pilot Program.

Marshall presented an overview of the ND Conservation Forage Program to the board. This idea came about through an OHF strategy meeting with several organizations, including the Trust. Audubon Dakota submitted the grant for \$7 Million that would convert about 18,000-25,000 cropland acres back to forage. Foregone revenue payments will be provided for three years and as well as 50% cost share on perimeter fencing to create grazing infrastructures. Contract lengths are for 10 years and livestock integration is encouraged. Enrollment will be available statewide but a ranking system will focus on the coteau and west river areas of the state. The preferred forage type is native prairie, but tame grass acres will be available for enrollment also.

Jesse presented an energy update on Dakota Skipper reintroduction. The skippers collected last year were propagated at the MN Zoo. The progeny from that population was reintroduced in June to a site that was only a mile from the collection site. Eric, Jesse and Brenda were able to visit the site during the reintroduction. The Trust also contracted Luke Toso to help survey the reintroduction site as well as other potential sites in the state. The Trust is working with the USFWS to release more progeny from the MN Zoo next summer.

Billy Glascoyne from Ducks Unlimited gave a presentation to the board on carbon markets. He talked about what a carbon offset is, what they are used for and experiences using them in the past. The board has some discussion about how expectations of results may not always be as planned and how to be cautious about going forward with a carbon offset program.

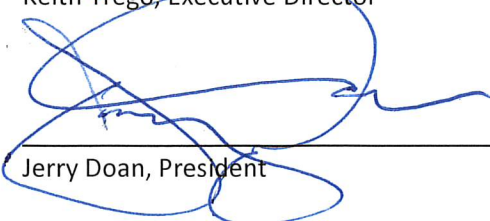
For old business, Keith reviewed board member term expiration dates and reminded individuals to make sure the needed information was submitted to the state. Scott Peterson reviewed the status of the NDGF posting study. The Department has committed to host the electronic posting site. Landowners could sign up to be part of the study by July 1st. The counties included in the study were Ransom, Richland and Slope. The study started August 1st and runs through the end of 2020-21 hunting season.

For new business the board talked about when to hold the January board meeting. Terry reminded the board that it was decided at the last January board meeting, to hold the first meeting of the year later in January, to ensure all financial numbers were in for preparing the budget. Keith suggested holding the Finance Committee meeting the week of January 11th and the board meeting the week of January 18th. All were in agreement.

Marshall moved "to adjourn the meeting at 12:30pm." Dave seconded, motion carried.

Submitted by 
Keith Trego, Executive Director

Dated 1/29/21

Approved by 
Jerry Doan, President

Dated 1-26-21