

NORTH DAKOTA NATURAL RESOURCES TRUST
Board Meeting
Ramkota Hotel, Bismarck, North Dakota
December 14, 2006

The fall meeting of the North Dakota Natural Resources Trust (Trust) Board of Directors started at 8:00 a.m., Thursday, December 14, at the Ramkota Hotel, Bismarck, North Dakota. Attending the meeting were Directors Dick Kroger, Duane Liffbrig, Jack Olin, Bruce Adams, Genevieve Thompson, and Scott Peterson. Roger Rostvet, ND Game and Fish Department, attended for Terry Steinwand, ex-officio member. Trust employees Keith Trego, Linda Roeder, Merle Bennett, Arnold Kruse, Karen Kreil, and Terry Allbee were present. Others attending were Merri Mooridian, Garrison Diversion Conservancy District; Laura Ackerman, State Water Commission; Becky Leonard, City of Saint John; Jill Haakenson, NRCS Northern Plains RCD; Colleen Bertsch, Rolette County; and Scott Collins, US Fish & Wildlife Service.

Thursday, December 14, 2006

Dick Kroger called the meeting to order at 8:00 a.m. and we took roll call. Dick called for a motion **“to approve the agenda.”** Jack Olin moved and Scott Peterson seconded. A voice vote was taken and the motion carried 5-0. Scott Peterson moved and Duane Liffbrig seconded **“to approve the consent agenda”** (July 2006 minutes, acceptance of the executive director’s performance evaluation, acceptance of the Finance Committee’s recommendation to approve the audit contract). A voice vote was taken and the motion carried 5-0. (Genevieve Thompson was absent during the voting.)

Recommendations/Special Reports

Keith Trego introduced Karen Kreil as the Trust’s newest employee. Karen also provides contractual North American Wetland Conservation Act (NAWCA) council staff support for Terry Steinwand, director, ND Game and Fish Department. Karen reviewed the purpose, work, and process of NAWCA.

Terry Allbee reported on the progress of the WRP application for the Maple River (Dickey County) property. Ducks Unlimited, Inc., completed the appraisal and an Option Agreement to Purchase was received in October. Trust abstracts have been sent to Dickey County Abstract for title search. A site visit was done and a management plan for WRP is being developed by NRCS. A land survey for all WRP offers is required and that is being completed. The easement agreement could be signed as early as the first quarter of 2007. The Kenner Marsh (Ramsey County) WRP application was submitted and Ducks Unlimited, Inc., is working on the appraisal.

The Wetland Restoration Incentive Program report followed. In the past, this program started with the larger CRP sign-ups in 1997. With the drop in CRP sign-ups, incentives are being offered to any individual landowner who will restore wetlands on their property. The majority of the incentives have been used through the US Fish and Wildlife Service’s Wildlife

Extension Agreements. The Trust has applied for grant dollars to continue this program and offer it through the CP37 program.

Terry gave the Whole Farm and Ranch Program update. There are nine landowners that will finish their projects in 2007 for a total of \$20,857. No new contracts are being offered.

Arnold Kruse reported on biomass. The grass seeding that was done this spring at the extension experiment stations appears to be doing well. Overall, there is a huge amount of information on biomass. With the emphasis on ethanol, corn production could become a serious problem for the state. More information and interest are centering on cellulosic ethanol. Discussion followed.

Keith Trego reported on the farm bill. Hearings will start in early 2007. The Northern Great Plains Working Group and other conservation entities have a draft set of position statements on the various programs. The focus is on continuing support of existing programs. The most important thing the conservation community can do for renewable energy is to help keep things in proper perspective of not having to relearn all lessons and lay the groundwork for the cellulosic potential. We continue encouragement of the energy aspect to be covered in either the energy title, perhaps the commodity title, but not in the conservation title of the farm bill. Discussion followed on the Conservation Security Program, grassland protection, CRP, and other farm bill issues.

Keith brought the Board up-to-date on the Missouri River land protection. The phase IV application has been submitted. The financial approach of this phase is similar to phase III. Other funding opportunities are ongoing. The phase IV easement will include 60+ acres at a cost of approximately \$800,000. The Trust will be putting \$15,000 into this easement.

Terry Allbee gave a brief financial report on phase I of the Missouri River land protection project. The original bridge loan amount was \$170,000. The Trust committed \$50,000, leaving a loan balance of \$120,000. The current loan balance is \$34,490, and there is a reasonable possibility the loan could be paid off in 2007.

Karen Kreil talked about the grant application to the National Fish and Wildlife Foundation to carry on the Missouri River work. We should know in late April if this grant will be funded. The Trust is budgeting \$22,000 as match, with a total request of \$50,000. A question and answer period followed.

Merle Bennett updated the Board on transferring the Walhalla project lands and the Robert L. Morgan WMA lands to the ND Game and Fish Department. In January of last year the Walhalla project was transferred in fee title. The R.L. Morgan project was transferred in July. The restoration work has been completed on both areas. Work continues on the Confluence Project with the Sullivan tract. We are hoping to close by the end of December. Discussion followed.

Old Business

The draft review of the strategic plan was discussed. Duane Liffriq moved and Genevieve Thompson seconded **“to approve the strategic plan as presented.”** A voice vote was taken and the motion carried 6-0.

Recommendations/Special Reports (continued)

Terry Allbee reviewed the Trust expenditures for January to November 2006 and the 2006 budget with the Board. Dick Kroger expressed concerns about protecting the Trust’s present and future spending dollars against inflation and stating that in the strategic plan’s Financial Overview, Investment Management. Discussion followed. Duane Liffriq moved to add to the last sentence after 2006 **“and provide protection against inflation by adhering to the Spending Policy previously adopted by the Board.”** Scott Peterson seconded the motion. A voice vote was called and the motion carried 6-0. Dick noted this motion is an amendment to the previous motion to accept the strategic plan as presented.

Dan Devlin of SEI, Inc., reviewed Trust investments. The report is on file at the Bismarck office of the Trust. SEI recommends to keep the investments at the current allocation of 40% equity:60% fixed.

Terry Allbee reviewed the 2007 budget summary. The Finance Investment Committee (Duane Liffriq and Scott Peterson) met with Terry and Keith in November to review the actual to budgeted 2006 numbers and to review the 2007 budget to help guide the process for this meeting. This report is on file at the Bismarck office.

Old Business (continued)

Dick Kroger reviewed the Finance Sub-Committee and Performance Evaluation Sub-Committees. Scott Peterson, Jack Olin, and Duane Liffriq were appointed to the Finance Sub-Committee. Scott Peterson, Genevieve Thompson, and Dick Kroger were appointed to the Performance Evaluation Sub-Committee. Scott Peterson will chair the Performance Evaluation Sub-committee for one more year.

The 2007 meeting dates were set for May 3-4, July 11-12, and December 13-14.

New Business

Grants

Becky Leonard, representing the city of Saint John, presented the Wakopa Trail Phases I and V grant proposals to the Board. Jill Haakenson, NRCS Northern Plains RCD, and Colleen Bertsch of Rolette County accompanied Becky. The presentation covered two phases of a six-

phase project to enhance the trail and construct interpretive signs along the trail. Total funds requested for the two phases was \$17,000. A question and answer period followed.

Scott Collins of the US Fish and Wildlife Service presented the Northern Coteau VI and Mouse River VI project proposals, requesting a total of \$40,000 for both projects. Each project would match Trust funds with NAWCA funds to restore a total of 160 prairie pothole wetlands totaling approximately 200 acres and to restore approximately 1,400 acres total of crop land to grassland habitat on private lands. Each project would total two years, starting in 2008. A question and answer period followed.

Review

Grant Proposals: Genevieve Thompson moved and Scott Peterson seconded **“to approve Northern Coteau VI grant submitted by Scott Collins as per Keith’s evaluation of funding as proposed by the applicant.”** A roll call vote was taken. Bruce Adams - yes; Dick Kroger - yes; Duane Liffbrig - yes; Jack Olin - yes; Scott Peterson - yes; and Genevieve Thompson - yes. The motion carried 6-0.

Scott Peterson moved **“that we approve the Mouse River VI proposal as requested.”** Jack Olin seconded. A roll call vote was taken. Duane Liffbrig moved the question. Dick called for a roll call vote. Genevieve Thompson - yes; Scott Peterson - yes; Jack Olin - yes; Duane Liffbrig - yes; Dick Kroger - yes; and Bruce Adams - yes. Motion carried 6-0.

Jack Olin moved and Bruce Adams seconded **“to disallow requests for Wakopa Trail (both phases).”** A roll call vote was taken. Dick Kroger - yes; Duane Liffbrig - yes; Jack Olin - yes; Scott Peterson - yes; Genevieve Thompson - yes; and Bruce Adams - yes. Motion carried 6-0.

Scott Peterson moved and Duane Liffbrig seconded **“to approve the 2007 budget as proposed.”** A roll call vote was taken. Scott Peterson - yes; Genevieve Thompson - yes; Jack Olin - yes; Duane Liffbrig - yes; Dick Kroger - yes; Bruce Adams - yes. Motion carried 6-0.

Genevieve Thompson moved and Scott Peterson seconded **“to adjourn.”** A voice vote was called. Motion carried 6-0.

Submitted by: /s/ Keith Trego
Keith Trego
Executive Director

Date: May 3, 2007

Approved by: /s/ Richard Kroger
Richard Kroger
Chairman

Date: May 3, 2007