

ND NATURAL RESOURCES TRUST
Board of Directors Meeting
December 15-16, 2004
Expressway Suites, Bismarck, ND

Wednesday, December 15, 2004

Directors attending the fall meeting of the North Dakota Natural Resources Trust Board of Directors at the Expressway Suites in Bismarck were Bruce Adams, Dick Kroger, Jack Olin, Scott Peterson, Genevieve Thompson, Duane Liffbrig, and Dean Hildebrand. Trust employees attending were Keith Trego, Arnie Kruse, Sharon Clancy, Terry Allbee, and Linda Roeder. Others attending the meeting were Merri Meridian, Garrison Diversion Conservancy District; Daniel Devlin, SEI, Inc.; Julie Prescott, State Water Commission; Kevin Sedivec and Paul Nyren, NDSU; Ron Stromstad, Ducks Unlimited; Andrea Collin, Clearwater Communications; Craig Larson, Starion Financial; William Bicknell, Fish and Wildlife Service; Richard Knapp, ND Game & Fish Department; Todd Frerichs and Kevin Willis, Fish and Wildlife Service; Ken Sambor, ND Game and Fish Department; Jenny Heglund, USDA Natural Resources Conservation Service, and Mike and Pat Wachter, landowners.

Dick opened the meeting at 8:30 a.m. with roll call. Announcements were made and Dick asked for approval of the agenda. Jack Olin moved and Scott Peterson seconded **“to approve the agenda.”** A voice vote was called and the motion carried 5-0 (Genevieve Thompson was absent). Dick then asked for approval of the consent agenda consisting of the July 2004 board meeting minutes and minutes of the December 1 conference call board meeting. Scott Peterson moved and Duane Liffbrig seconded a motion **“to approve the consent agenda.”** A voice vote was called and the motion carried 5-0 (Genevieve Thompson was absent).

Recommendations/Special Reports

Terry Allbee and Arnie Kruse reported on the Beginning Farmer program. Discussion followed. Dick suggested the Trust pursue media efforts to promote this program's success as a pilot program. No further action was taken.

Terry also reported on the Midterm Easement program. The goal of the Trust was to offer easement contracts with multiple options to producers to find out if they were interested in less than perpetual easements. The choices were multiple payment options from lump sum annual to multi-year payments, and the length of the contracts either 30 or 50 years. Ten offers have been made with four easements signed. Each of the easements was reviewed. Discussion followed. Duane Liffbrig and Dick Kroger encouraged Trust withdrawal of any outstanding offers.

Arnold Kruse gave a power point presentation on energy facts and the potential of renewable (perennial) energy crops such as switchgrass. He also discussed a plan to set up experimental plots to study the potential benefits of various energy crops including switchgrass. To get the plots study off the ground this spring, funding is needed for the first and second years. Discussion followed the presentation. Duane Liffbrig suggested the economic development groups be asked for funds. Jack Olin volunteered the directors make the initial contacts in Dickinson, Williston, and Minot and forward that information to Arnie.

Arnie reported on the Whole Farm and Ranch program. Since the program is coming to an end, Dick Kroger asked Arnie to do a report on the program accomplishments, etc.

Sharon Clancy reported on the conservation agriculture program. Sharon reviewed the five outreach points developed and the progress on each. The National Fish and Wildlife Foundation has awarded \$50,000 in federal funds to support conservation agriculture.

A carbon sequestration update was also given by Sharon. On-the-ground research is going forward. NPWRC went back to approximately 500 wetlands throughout the Prairie Pothole Region and did gas and carbon analysis, as well as biological evaluations in terms of birds, bugs, and plants. Data are being entered for evaluation. EERC is working on terrestrial sequestration. Marketing research - not too much is happening right now. Plans are to apply for grants for a feasibility study on a co-op, hoping farmers would join the co-op and pool their carbon credits for marketing, etc. The REC wrote one article in their *Living Magazine* with a second one being worked on. Farmers Union has done one article.

Terry Allbee reported on the progress of the confluence project. At the time of this discussion, the closing was taking place on the Ochs property. Sixteen partners (largest partnership ever) leveraged \$2,028,048 in federal funds (FWS Section 6 grant, NAWCA grant, and the Wetland Reserve Program) for the acquisition of these properties. This project is protecting 1,487 acres of prime riparian, wetland, and woodland habitat, as well as preserving and protecting rich historical and cultural values of the area. A dedication of the property will take place April 29, 2005.

Work on the Robert L. Morgan WMA involved inventory and mapping of 69 small wetlands. Silt was removed on 63 of those wetlands. Grass seeding plans were completed for all uplands, and crop land areas were all chemically treated. Wetland creation work was done and seeding was completed by Pheasants Forever. A Rhizome Field Day was held to plant sedge/cordgrass. The area was formally dedicated on July 11, 2003.

Weed control, grass seeding, wetland creation, and small wetland restorations were done on the Walhalla WRP project this year. Work in 2005 will include seeding of wetland restoration sites, evaluation of the 2004 seeding, and transfer of the property to the ND Game and Fish Department.

Kevin Sedivec, rangeland specialist, and Paul Nyren, director, Central Grasslands Research Extension Center, NDSU, gave a progress report on the Sheridan and McIntosh Counties projects under NRT Grant #01-09, Enhancing the Wetlands of North Dakota's Coteau Region, to demonstrate the effects of intensive grazing management on livestock production and the natural resources, particularly grazed wetlands. Their intent is to use the remaining dollars of this grant and combine them with SARE dollars to fund a range/natural resources extension specialist to continue developing rangeland/natural resource monitoring systems and work with producers to set up these systems on their individual ranges. Discussion followed.

Keith Trego gave an update on farm bill programs. The CP23A practice is back as part of the continuous CRP program. The Trust will provide incentive payments in addition to DU's cost-share on wetland restorations. Payments will be made directly to landowners/producers when confirmed by FSA/NRCS field offices that the wetland restorations are completed.

Dan Devlin, SEI, presented a report on investment trends and what was happening in the market. Discussion followed. The report is on file at the Bismarck office of the Trust.

Terry Allbee presented the financial report for 2004 that involved an overview of the expenditures for Trust programs. The Trust's 2004 income authorized in the Dakota Water Resources Act of 2000 was not received. Discussion followed. Duane Liffbrig moved and Bruce

Adams seconded **“to have the Board of Directors write a letter to the Bureau of Reclamation, with copies to the congressional delegation, protesting the Bureau of Reclamation is not honoring their commitment to the Trust re: funding in 2004.”** A voice vote was called. Motion carried 6-0.

Keith Trego led discussion on fund raising issues relating to special projects. He reported on the status of the Farm and Ranchland Protection Program (FRPP) easement currently being implemented on the WW Ranch in Morton County. Phase I of the project needs approximately \$80,000 for completion. Phase II will need another \$80,000 for its completion.

A major partner in the FRPP project is the ND Conservation Fund. Board members Craig Larson and Bill Bicknell were present to share their thoughts and ideas of the project and fund raising. Ron Stromstad, senior director of Development, Ducks Unlimited, was present to talk about fund raising and answer questions of the Trust Board. Andrea Collin, Clearwater Communications, talked about the work she was involved with from the beginning of the project. Discussion followed.

Terry Allbee presented the draft 2005 budget to the board. Income and expenses were discussed.

Thursday, December 16, 2004

New Business - Grants

Richard Knapp of the Game Warden Museum Board of Directors presented his grant proposal for the North American Game Warden Museum and Education Center. The North American Wildlife Enforcement Officers Association and Game Warden Museum requested funding in the amount of \$20,000 to help furnish the museum's education center.

Kevin Willis and Todd Frerichs, US Fish and Wildlife Service, presented the Northern Coteau V project to the Trust board. They requested \$20,000 (over a two-year period) in funding to restore wetlands and crop land.

Special Budget Items

Keith Trego gave a background introduction on the Eberts property. Lance Gaebe, governor's office, reviewed the project developments to date. Lance asked the board if the \$50,000 (they had approved last year) could be used as an option with the sellers or as a down payment until legislative approval for spending state funds. Discussion followed Lance's presentation. Jenny Hegland, NRCS, was also present to answer questions concerning the Grassland Restoration Program funds. Duane Liffbrig moved and Jack Olin seconded **“to authorize Keith to negotiate an option with the seller, starting January 15, if things look favorable to him.”** A roll call vote was taken and the motion carried 6-0.

Mike and Pat Wachter then spoke to the Board about Phase II of the FRPP land protection project. The WW Ranch proposed a modification to the agreement in order to minimize Natural Resources Trust money outlay plus generate more time to raise money for Phase II and future projects. An updated appraisal would be done in January 2005 and the project size would be reduced based on the new appraisal. This would drop the local sponsor's obligation. The Wachter's recruitment of two additional sponsors for Phase II, who pledged another \$15,000 to be applied against the local sponsor's obligation, reduced that amount to \$64,000. Discussion

followed and Jenny Hegland, NRCS, assured the board the 2004 FRPP dollars are obligated to the Trust and are secure. She also reminded them more funds are available for 2005.

Review/Vote

The Board reviewed the 2005 draft budget and Trust programs and made the following decisions.

Conservation Agriculture – Duane Liffbrig moved and Bruce Adams seconded **“any expenses of the conservation ag program are contingent upon receiving matching funds, as indicated.”** A roll call vote was taken and the motion carried 6-0.

Kenner Marsh and Maple River – Dick Kroger asked for review of the agreements and further discussion at a future board meeting.

New Projects – Arnie Kruse asked the Board to approve \$40,000 to start the experimental plots study of various energy crops in the spring.

Missouri River Riparian – Jack Olin moved and Scott Peterson seconded **“to remove \$50,000 for fund raising that was in the draft budget.”** A roll call vote was taken and the motion carried 6-0. Further discussion followed to clarify the Board’s position on Phase II of the project. Duane Liffbrig moved and Bruce Adams seconded **“to fund a dollar-for-dollar-match up to \$32,000 on Phase II.”** A roll call vote was taken and the motion carried 6-0.

Grants – Scott Peterson moved and Genevieve Thompson seconded **“to approve the grant proposals as recommended by the executive director.”** A roll call vote was taken and the motion carried 6-0.

Genevieve Thompson moved and Jack Olin seconded **“to approve the 2005 Budget as amended.”** A roll call vote was taken and the motion carried 6-0.

The 2005 Board meeting dates were decided as follows: April 20-21, July 20-21, and December 14-15.

Meeting adjourned.

Submitted by /s/ Keith Trego Dated 5/4/05
Keith Trego, Executive Director

Approved by /s/ Richard L. Kroger Dated April 29, 2005
Richard Kroger, President