

NORTH DAKOTA NATURAL RESOURCES TRUST
Board of Directors Meeting
Ducks Unlimited, Inc.
2525 River Road
Bismarck, North Dakota
April 15, 2010

The North Dakota Natural Resources Trust (Trust) Board of Directors spring meeting started at 8:00 a.m., Thursday, April 15, at Ducks Unlimited, Inc., Bismarck, North Dakota. Attending the meeting were Directors Gary Melby, Duane Liffbrig, Scott Peterson, Jack Olin, and Genevieve Thompson. Director Tom France and ex-officio member Terry Steinwand were absent. Trust employees Keith Trego, Terry Allbee, and Karen Kreil were present. Linda Roeder was absent. Also present were Dan Devlin, SEI, Inc.; Scott Hettinger of the Bureau of Reclamation; Steve Krentz, US Fish and Wildlife Service; Rhonda Mahlum and Lynnell Ussatis, Mahlum & Goodhart, Inc.

Thursday, April 15, 2010

Jim Ringelman of Ducks Unlimited welcomed the Board to their facility. Scott Peterson called the meeting to order at 8:00 a.m., and we took roll call. Scott called for a motion **“to approve the agenda.”** Duane Liffbrig moved and Jack Olin seconded. The chairman called for a voice vote and the motion carried 4-0. Gary Melby moved and Duane Liffbrig seconded **“to accept the minutes of the December meeting.”** The chairman called for a voice vote and the motion carried 5-0.

Recommendations/Special Reports

Lynnell Ussatis, Mahlum & Goodhart, Inc., reviewed the auditor’s report for 2009. Some adjustments were made, but no discrepancies were found. Some errors were noted on page 3 of the report that will be corrected. Jack Olin moved and Duane Liffbrig seconded **“to accept the audit as presented.”** A voice vote was called and the motion carried 5-0.

Steve Krentz, US Fish and Wildlife Service, gave background information on the National Fish Habitat Action Plan. The plan is an investment strategy to maximize the impact of conservation dollars on the ground. Under the Action Plan, federal, state, and privately-raised funds will be the foundation for building regional partnerships that address the nation’s biggest fish habitat problems. Currently there are 17 regional partnerships. The Great Plains Fish Habitat Partnership approached the Trust, asking if we would be interested in providing fiscal sponsorship for them. Discussion followed. Genevieve Thompson moved **“the Trust take on fiduciary management of the Great Plains Fish Habitat Partnership.”** Discussion continued and the initial motion was withdrawn. Genevieve Thompson moved **“the Trust become fiscal sponsor for the Great Plains Fish Habitat Partnership.”** Jack Olin seconded. A voice vote was called and the motion carried 5-0.

Dan Devlin, SEI, Inc., reviewed the investment portfolio with the Board. An updated investment policy will be available at the July Board meeting for review and approval. The investment report is on file at the Trust's Bismarck office.

Keith Trego discussed the changes to the Bureau of Reclamation (BOR) agreement reflecting changes in P.L. 111-85 allowing the Trust to spend federal contributions. He and Terry Allbee worked with BOR staff to change the agreement language. Currently, the changes are being reviewed at the BOR office in Billings, Montana. Many changes have been made, and the Trust wants to make sure all documents are consistent with the enabling language.

Terry Allbee reviewed the 2010 budget, the first quarter report, and an optional budget allowing for additional funds to the Missouri River project.

Gary Melby gave a report on the February 25, 2010, conference call meeting of the Finance Committee to increase the budget for the Big Oxbow project. Following the briefing and discussion of the conference call, Duane Liffbrig had moved and Jack Olin had seconded *"that the Finance Committee agreed and voiced their support for the Trust's current schedule and revised funding approach for the Big Oxbow project and encouraged staff to proceed."* (The minutes of this meeting are on file at the Bismarck office.) That motion had received a unanimous vote. Following the chairman's report today, Duane Liffbrig moved and Gary Melby seconded **"to accept the Finance Committee recommendation on the big oxbow project."** Motion carried 5-0.

Keith Trego gave a report on the Basin wind project. A parcel of land (320 acres) close to the Long Lake NWR was up for sale. Forty-three percent of the land was classified as wetlands. The appraised value was \$700/acre. The Trust was contacted and, after many discussions, a sale was agreed to. The land will become part of the refuge and be treated as a waterfowl production area. The sale could be finalized by the end of April. Discussion followed.

Keith reviewed the Big Oxbow project with the Board. Phase I includes the Maurer/Taylor tract with the remaining tracts under phase II. The approval process covered both phase I and phase II. A NAWCA small grant and Section 6 Endangered Species grant were approved for phase I. Karen Kreil wrote a NAWCA Standard grant for phase II. Partnership monies will also be used as match. Dave Campbell, Ducks Unlimited, is working on the appraisals for phase II landowners' properties.

Terry Allbee handed out the final report listing the activities the Trust participated in through the cooperative agreement with the Corps of Engineers and Fish and Wildlife Service. In 2009, Trust expenses were \$40,000. This agreement has been extended for four additional years, with a budget of \$37,735 in 2010 and a \$40,000 budget for the remaining three years.

Keith reported on the Farm Bill. The most significant programs from a conservation/wildlife standpoint are CRP and WRP. Last year North Dakota spent a little over \$21 million on WRP contracts. A lot of the money was spent in the eastern part of the state on wetland restorations and native grass seeding. It looks like a similar set of activities for 2010. There will be a general sign-up this summer for CRP. This will be the first CRP general sign-up since 2006. CP37 and CP38 have worked well for North Dakota.

Karen Kreil reported on the following: CIG Grant – The Trust partnered with North Dakota State University (NDSU) Research Extension Centers; NDSU Department of Agribusiness and Applied Economics; USDA-ARS Northern Great Plains Research Laboratory in Mandan, North Dakota; the ND Commerce Department; the North Dakota Game & Fish Department, and others on a dedicated bioenergy crop study to determine the appropriate grass species, harvest methods, and practices to maintain productive perennial biomass stands. The economics for production of a bioenergy crop will also be evaluated, as well as the impact on soil organic matter and carbon storage. This is a ten-year project and the Trust received a Natural Resources Conservation Innovation Grant (CIG) in 2006 for the first three years of the project or the biomass plot establishment and baseline data collection phase.

In 2008, the Trust received another CIG for the second phase of the project (years 4-6) which will focus on the economics of perennial bioenergy crop production. Fertilization, maintenance, and harvest of plots and chemical analysis of samples; collection and analysis of carbon samples; and annual field tours and reports will also continue. The Trust will request a one-year extension of the CIG to allow for collection of additional data on biomass yields and chemical composition, as well as collection of the second set of soil samples for comparison to baseline soil conditions.

North Dakota Industrial Commission Grant – In 2009, the ND Department of Commerce and Renewable Energy Council, through the ND Industrial Commission, awarded the Trust a grant for the perennial herbaceous biomass crop study. This grant provides funding to expand the CIG study to evaluate biomass crops for production of ethanol and other value-added products and for use in coal plant co-firing. A Communication Plan was developed as part of the grant requirements and nearly all items identified in the plan have been completed. Biomass harvested from the plots in the fall 2009 was sent to Microbeam Technology, Inc., for chemical analysis and a report is scheduled to be completed by the end of July 2010.

EmPower Commission Policy Initiative – EmPower held a meeting March 30, 2010, in Jamestown to review progress and evaluate the EmPower ND goals concerning ethanol and biomass/cellulosic ethanol. A summary of the meeting is attached. EmPower will hold Committee meetings to revise the current policy document to incorporate the Strengths-Weaknesses-Opportunities-Threats analyses and other information gathered through the policy review process. EmPower will meet in early June to finalize policies and develop a document for the legislature.

New Business

Election of officers – Jack Olin moved and Duane Liffbrig seconded **“that the current president be extended for two years.”** Genevieve Thompson made a friendly motion to **“retain slate of officers for one year.”** Duane Liffbrig seconded. Jack Olin withdrew his earlier motion. A voice vote was taken and motion carried 5-0.

For Good of the Order

Discussion centered on when to have the winter meeting–December or January–for budgeting purposes. The Trust’s full investment income would not be available until the end of 2010. The Board is willing to hold the normal December Board meeting the first week in January. Discussion of this option will continue at the July Board meeting.

Keith asked the Board to decide where they would like to have their July meeting, and if they would like to tour a project. The Board decided they would like to tour Basin’s wind farm.

Keith asked the Board if and how they wanted to update the Strategic Plan. Scott suggested the Board dedicate time to discuss the plan and update it to reflect new or expanded Trust activities that tie to our mission. Discussion followed. Genevieve suggested a smaller group review the plan and bring suggestions/comments to the July meeting. Scott, Genevieve, and Tom will make up the strategic plan review group.

Since the Trust has not had a grant cycle for a couple of years, Keith asked if the Board wanted to do grants in 2011. Genevieve suggested grants were more of a strategic plan decision. Keith suggested it might be more beneficial to tie grants into our strategic direction – identify areas we want to work in. Discussion on grants will continue at the July meeting.

Duane Liffbrig moved **“to adjourn the meeting.”** Jack Olin seconded. A voice vote was taken and motion carried 5-0.

Submitted by /s/ Keith Trego Dated 7/14/10
Keith Trego, Executive Director

Approved by /s/ Scott Peterson Dated July 14, 2010
Scott Peterson, President