

NORTH DAKOTA NATURAL RESOURCES TRUST
Board Meeting
Williston, North Dakota
April 28-29, 2005

The spring meeting of the North Dakota Natural Resources Trust board of Directors started at 1:00 p.m. Thursday, April 28, 2005, at the El Rancho Motor Inn in Williston, North Dakota. Directors present were Bruce Adams, Dick Kroger, Duane Liffbrig, Jack Olin (absent the first day), Scott Peterson, Genevieve Thompson, and Roger Rostvet in Dean Hildebrand's absence. Trust employees attending were Merle Bennett, Sharon Clancy, Arnie Kruse, Keith Trego, Terry Allbee, and Linda Roeder. Merri Meridian, Garrison Diversion Conservancy District, was also present.

Thursday, April 28, 2005

Dick Kroger called the meeting to order at 1:00 p.m. and announced that Jack Olin would not be present for the first day of the meeting, and Genevieve Thompson would arrive later in the afternoon. Dick called for a motion to approve the agenda if there weren't any additions or changes. Scott Peterson moved and Bruce Adams seconded **"to approve the agenda."** A voice vote was called and the motion carried 4-0. Duane Liffbrig moved and Scott Peterson seconded **"to approve the minutes of the December 2004 board meeting."** A voice vote was called and the motion carried 4-0. (Jack Olin and Genevieve Thompson were absent.)

Recommendations/Special Reports

Terry Allbee reported on the Beginning Farmer program. One of two contracts available in the 2005 budget was signed. This lease involves 640 acres of native prairie to remain in grass with another 320 acres enrolled in the ND Game and Fish Department's PLOTS Program. This is a 20-year lease that we have recorded at the county courthouse, as required by the Trust Board. The remaining funds in the 2005 budget allow for one additional contract. There has been additional interest from Sheridan and Golden Valley Counties. Discussion followed.

Arnold (Arnie) Kruse handed out 'Dedicated Energy Crops for North Dakota', the PowerPoint he uses during his presentations to economic development groups. The program's updated budget was the first item covered. The project totals \$463,453 for the six experiment stations over a 10-year period. Arnie reviewed his fund-raising efforts and results to date. He mentioned the possibility of returning to the Board to request matching funds of other entities, total commitment to the project, and continuation to raise funds through grants. Seeding was scheduled to start this year, but because of lack of funding, seeding will begin in the spring of 2006. Discussion followed. Arnold asked the Board to pass a resolution for 1:1 match on future funding.

Sharon Clancy reviewed Jessica Gregory's poster she had presented to The Wildlife Society. Jessica is working on her final report to the Trust and the possibility of presenting it to

the *Prairie Naturalist* for publication and dissemination. It will be in the appendix of Conservation Agriculture's final report.

Sharon plans to put together a press/educational packet and distribute 500 of them. A review of the packet components was given. Sharon also reviewed the report outline for her final report. Discussion followed.

Susan Samson-Leibig is the first soil quality person in the nation and is located in the state NRCS office in Bismarck. Susan is going to co-author a report in the Journal for Soil and Water Conservation Society with Sharon. Their report will be policy and science related. Susan has attended the demonstration farms' resource analysis team meetings and has an ongoing three-year project with them. Sharon also wants to do an article on the resource analysis team concept for the Journal of Renewable Agriculture and Food Systems. A question and answer period followed.

Keith Trego reviewed the Wachter Easement. Funding was met and Phase II was closed with the American Foundation for Wildlife holding the lease. A proposal was submitted to the USDA Farm and Ranchland Protection Program for Phase III in the amount of \$357,192 or 50 percent. Local sponsor costs come to \$178,596 (25 percent) and another \$178,596 (25 percent) is landowner donation.

Keith gave an update on the Eberts Ranch. The project failed in the legislative process, and nothing new is happening at this time.

Merle Bennett updated the Board on the Robert L. Morgan (RLM) project. Sixty-three wetland restorations were completed. Seeding of 426 acres of former crop land to native grasses and forbs was done with excellent results. Preparations to seed 378 acres in May 2005 were completed. One hundred sixty-two (162) acres will be seeded in 2006. Transfer of lands and title to the ND Game and Fish Department is planned for late 2005 or early 2006.

The Walhalla WRP project is complete except for re-seeding disturbed areas resulting from construction of the water control structure, dikes, and ditch plugs last fall. We anticipate to transfer title to the ND Game and Fish Department later this summer or fall.

Confluence Project: The ND Game and Fish Department and the Natural Resources Conservation Service are restoring crop lands and wetlands on 1,465 acres purchased and enrolled in WRP. Ownership of Neu's Point has been transferred to the ND Game and Fish Department. The Ochs property was purchased in December 2004. The NAWCA funds applied for on the project have been received by the Trust and used to pay off a portion of the "bridge" loan provided by The Conservation Fund. The WRP cost-share reimbursement payment is still

in process and when received by the American Foundation for Wildlife will be used to pay off the balance of the “bridge” loan.

Other landowners in the confluence area, who are interested in selling their lands, have also contacted the Trust. Och’s Point borders one parcel of land that the owner is willing to sell. The parcel has 57 acres of crop land and roughly 35-40 acres of wetlands. Merle Bennett has spoken with the landowner several times. Keith asked the Board for their input/direction on pursuing the sale of the property. Genevieve Thompson moved and Bruce Adams seconded **“to give Keith and Merle authority to pursue the land with the landowner in the confluence area.”** A voice vote was called and the motion carried 6-0. Merle will also look into a triangle shaped parcel of land at the Confluence plus another 11 acres in the same area. This land is on the Neu’s Point side of the river.

Old Business

Terry Allbee presented an analysis on the Maple River and Kenner Marsh properties and what the Trust could do with them in the future. Terry reviewed the history of Maple River. The ND Game and Fish Department manages the lands for the Trust and their costs are offset by farm rental payments. The Trust receives the CRP payments and uses those payments to offset property taxes.

Four possibilities for the future of Maple River are 1. Continue to expand grass habitat on property and reduce agriculture use; 2. Explore WRP enrollment of property; 3. Explore transfer of property to the game and fish department, and 4. Continue to work on Canada thistle control. Discussion followed and staff was asked to check ag hearing records for any commitments/promises that could have been made at the time of purchase. Arnold suggested a motion be considered that the Trust look into what the possibilities of WRP are on these tracts and what the management options would be under WRP before going any further. Duane Liffbrig moved and Scott Peterson seconded **“to look into disposing of the Maple River project utilizing the WRP process as pointed out.”** A voice vote was called and the motion carried 6-0.

Keith Trego spoke to the Board about transferring these lands to the department. The Board should look at opportunities for the game and fish compensating the Trust for at least some percentage of the value of transferred properties because the Trust would have more flexibility with the dollars than the state, and the Trust could put that money into a separate account for other projects of mutual interest between the Trust and the ND Game and Fish Department. Discussion followed.

Terry Allbee reviewed the background of the Kenner Marsh project. This property is also managed by the ND Game and Fish Department, and the Trust pays property taxes. Future possibilities for Kenner Marsh include 1. Renew the management agreement; 2. Explore WRP

enrollment of the property; 3. Explore transfer of the property to the game and fish department. Sharon Clancy talked about the importance the Trust played by bringing all the sponsors together in this project and that the Trust should keep management as is. Duane Liffbrig moved and Scott Peterson seconded **“to look into disposing of Kenner Marsh property utilizing the WRP process as pointed out.”** A voice vote was called and the motion carried.

Keith Trego discussed easements and North Dakota law. He asked the Board how they would feel about the Trust’s involvement in current discussions weighing the pros and cons of trying to change North Dakota’s restrictive conservation easement and acquisition laws by initiated measure. Discussion followed. Keith asked the Board to clarify if staff would be allowed to attend meetings, etc., without leading the effort. The Board has no problem, at this time, for Trust staff to continue with meetings, discussions on this issue.

Friday, April 29, 2005

Old Business (continued)

The strategic plan was done in 2000 and updated after the passage of the Dakota Water Resources Act. The plan covers 2000-2005, so the question to the Board was how do they want to go about updating it. Duane Liffbrig moved and Genevieve Thompson seconded **“that all members review the strategic plan prior to the next meeting and revisit at the next meeting to review for updates.”** A voice vote was taken and the motion carried.

Terry Allbee updated the Board on the Bureau of Reclamation’s funding to the Trust in 2005. He presented the proposed Garrison Diversion Unit budget that was revised 12/06/04. \$307,000 is budgeted for the Trust. That is five percent of the Red River Study and the state MR&I. The Trust has completed the modification of agreement which places the money into the Bureau of Reclamation’s budget, and the invoice will be submitted in the next week. That will bring the nonspendable portion in our federal account to \$13,077,000.

Dick Kroger reviewed what happened with the letter to the Bureau of Reclamation (Bureau) concerning the Trust’s 2004 funding. After Keith and Terry met with the Bureau and Dick, it was decided not to send the letter. A shortfall of funding to the Trust in 2004 was a result of the Bureau needing those funds to correct the water problems at Standing Rock.

New Business

Scott Peterson passed the executive director’s accountability factors to the Board for review. He also talked about the Performance Evaluation Committee and how it was set up. He called for any Board members wanting to be on the committee to let the current committee members know. Jack Olin moved and Duane Liffbrig seconded **“to use the six accountability**

factors as the basis for the executive director's evaluation." A voice vote was called and the motion carried.

The Finance Committee was then discussed. The question to the Board was if they wanted to keep the committee. Genevieve Thompson moved and Jack Olin seconded **"to maintain the Finance Committee as it is and clarify the treasurer is an automatic member of the committee."** A voice vote was called and the motion carried.

Dan Devlin of SEI joined the meeting via conference call to discuss and review the Trust investments and to answer any questions the Board may have. Discussion followed Dan's presentation. This report is on file at the Bismarck office of the ND Natural Resources Trust.

Lynnell Rude of Senger, Mahlum and Goodhart, P.C. in Bismarck joined the Trust meeting via conference call. The 2004 audit report was reviewed and is on file at the Bismarck office of the ND Natural Resources Trust. Duane Liffriig suggested checking into a second checking account or money market account for transferring over-payment dollars into the checking account when necessary.

The next item on the agenda was the election of officers. Duane Liffriig moved and Genevieve Thompson seconded **"that the secretary cast a unanimous ballot and nominations cease; keep as is."** A voice vote was called and the motion carried.

Board Member Terms: The governor's three appointees are all up-to-date. Dick Kroger referred to a handout of information on the Trust and asked the other three members to get their letters of reappointment to the executive director as soon as possible.

For Good of the Order

July Meeting Dates and Location: Dates for the July meeting are Wednesday, July 20, and Thursday, July 21. Keith Trego and Bruce Adams will be working on the plans.

Arnie Kruse had requested the Board to consider a Trust match of 1:1 on biomass funding. The Board discussed Arnie's request. They asked Terry to figure what the Trust has spent to date on this project and have it available for discussion at the July meeting. Arnie will also be asked for clarification of his project at the July meeting.

Dick Kroger reminded the Board to read/review the strategic plan for discussion at the July meeting.

The Board stopped for lunch and attended the Ochs Dedication from 2:00-4:00 p.m. at the Missouri-Yellowstone Confluence Interpretive Center. The meeting adjourned after the dedication.

Submitted by /s/ Keith Trego Dated 8/01/2005
Keith Trego, Executive Director

Approved by /s/ Richard Kroger Dated July 22, 2005
Richard Kroger, President