

NORTH DAKOTA NATURAL RESOURCES TRUST
Board of Directors Meeting
Doublewood Inn
Bismarck, North Dakota
May 2, 2008

The North Dakota Natural Resources Trust (Trust) Board of Directors spring meeting started at 8:00 a.m., Friday, May 2, at the Doublewood Inn, Bismarck, North Dakota. Attending the meeting were Directors Dick Kroger, Bruce Adams, Duane Liffbrig, Scott Peterson, Jack Olin, and Genevieve Thompson. Terry Steinwand, ex-officio member, North Dakota Game and Fish Department, also attended. Keith Trego, Terry Allbee, Merle Bennett, Karen Kreil, and Linda Roeder, Trust employees, were present. Others attending the meeting were Merri Mooridian, Garrison Diversion Conservancy District, and Laura Ackerman, State Water Commission.

Friday, May 2, 2008

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. Scott Peterson moved **“to approve the agenda”** and Bruce Adams seconded. A voice vote was taken and the motion carried 6-0. Dick then called for a motion **“to approve the minutes.”** Scott Peterson moved and Duane Liffbrig seconded. A voice vote was taken and the motion carried 6-0.

Recommendations/Special Reports

Karen Kreil gave an update on the Spiritwood facility. The Trust’s role is to figure out how to produce the biomass in a conservation-friendly way. The partners met in March for a strategic planning session. Great River Energy and Great Plains Institute submitted a grant proposal to the Renewable Energy Council, which was approved. More detail was submitted for the Bush Foundation grant. Their board meets July 9, and a decision will be made. Great River Energy will continue with the facility with or without the Bush grant.

Karen explained the state Conservation Innovation Grant (CIG) program funded by the Natural Resources Conservation Service (NRCS). This grant would fund Phase II of the biomass study that Arnie Kruse initiated at research centers throughout the state.

Merle Bennett briefed the Board on the Big Oxbow project. The sovereign land issue has been resolved. The state is not seeking ownership to any sovereign land. The Bureau of Land Management acreage is managed by the Bureau of Reclamation, and they will do a lifetime management agreement with the ND Game and Fish Department. There is no agricultural use on this land and should be cheaper than the other lands because of this fact. Discussions have taken place with the partners, and landowners have been contacted concerning continued interest in the sale of their lands and meeting to discuss the process. The landowners will maintain the mineral rights.

Keith Trego discussed the farm bill. All the major conservation programs seem to remain. CRP may be scaled back from an authorized 39.2 million acres to 32 million. The money and the authorization is embedded in the bill Congress is working on. There is an increase in dollars for conservation.

Discussion has taken place on a provision (inserted by the North Dakota delegation) called the Flooded Lands Program, which would provide more flexibility on lands that have lost their cropping history because of flooding to potentially go into a CRP practice. Another part in the Farm Bill is the Public Access - Open Fields legislation that Senator Conrad has promoted. A Sodsaver proposal for the current farm bill says if you break new ground that doesn't have a cropping history, you cannot get crop insurance or any government support. The last proposal would be limited to the Prairie Pothole states, but only mandatory for Iowa, Minnesota, and South Dakota. North Dakota and Montana would have an opt-in provision where the governors would have to request their state be included. Neither governors were consulted before it was proposed and somewhat settled on.

It appears the permanent disaster title of \$4 billion is going to be included in the farm bill. This makes Sodsaver all the more important because those lands would be eligible for permanent disaster assistance of various kinds. Discussion followed.

Dick Kroger spoke about the Trust's financial support (\$600,000) of the conservation agriculture and profitable farming project. This project was a success and Dick feels the Trust should continue working in that direction. He would like to see the Trust start working to push for the Conservation Security Program, or another program, that would provide profitable farming along with conservation on the land. Discussion followed.

Keith Trego briefed the Board on the Glen Smith property. This land is next to the Smith Grove WMA. It was Mr. Smith's wish for the ND Game and Fish Department to have first chance at buying this property. The Trust is facilitating the project and trying to find additional funding partners.

Karen Kreil talked about the Missouri River restoration project. The Corps of Engineers (COE) has entered an agreement with NRCS in Nebraska providing \$40,000 annually for restoration project ideas, and NRCS provides facilitation with the landowners. The COE also has an agreement with NRCS in Montana. The Trust was working on a similar agreement with them for North Dakota. However, the work stopped because the Water Resources Development Act was passed, and the COE said they couldn't enter into an agreement until their internal policy was developed and they had the appropriations. So we are on hold until the policy is finalized and appropriations are available.

Terry Allbee reviewed funding from the Bureau of Reclamation. We have received \$1,052,000 for FY 2008. The FY 2009 budget currently shows the Trust receiving \$311,000.

The ND Game and Fish Department completed payment of their portion of the state contribution to the Trust. This leaves contributions from the State Water Commission and Garrison Diversion remaining. Keith thanked Terry Steinwand, director of the ND Game and Fish Department, for completing their total contribution.

Scott Peterson gave the Board an overview of the SEI Global Symposium he and his wife attended in Scottsdale, AZ. There were approximately 250 SEI clients at the symposium. Scott felt it was a good experience to network with other SEI clients, and he reassured the Board the Trust made the right choice and “we are in good hands.”

Linda Roeder reviewed the Trust newsletter history to the current arrangement of articles in four issues of the *Water* magazine. One article remains under the current agreement. Discussion followed. Dick asked that Angela Magstadt be invited to the July meeting to answer any questions the Board has before any decision to renew the current agreement.

The Board discussed July meeting locations and tour possibilities.

Lynnell Rude Ussatis, Mahlum and Goodhart, PC, presented the 2007 Audit Report. The audit showed no discrepancies. This report is on file at the Bismarck office of the ND Natural Resources Trust.

Election of officers: Jack Olin moved “**to cast a unanimous ballot.**” Genevieve Thompson seconded. A voice vote was called and the motion carried 6-0.

Dan Devlon, SEI, Inc., joined the meeting via telephone conference. Dan reviewed the investment portfolio with the Board. This report is on file at the Trust’s Bismarck office.

Dick asked for a motion to adjourn. Jack Olin moved “**to adjourn.**” Duane Liffriig seconded the motion. A voice vote was called and the motion carried 6-0.

Submitted by /s/ Keith Trego Dated 7/29/2008
Keith Trego, Executive Director

Approved by /s/ Richard Kroger Dated July 29, 2008
Richard Kroger, President