

**NORTH DAKOTA NATURAL RESOURCES TRUST**  
**Board of Directors Meeting**  
**ND Game and Fish Department**  
**Bismarck, ND**  
**August 4, 2011**

The North Dakota Natural Resources Trust (Trust) Board of Directors summer meeting started at 8:00 a.m., Thursday, August 4, at the North Dakota Game and Fish Department, Bismarck, North Dakota. Attending the meeting were Directors Gary Melby, Scott Peterson, Jack Olin, Tom France, Genevieve Thompson, and Duane Liffrig. Roger Rostvet of the ND Game and Fish Department attended the meeting in Terry Steinwand's absence. Trust employees Keith Trego, Terry Allbee, Karen Kreil, and Linda Roeder were present. Others present were Mark Norcini, SEI, Inc.; Dave Pearce, YESATS; and Merri Mooridian, Garrison Diversion Conservancy District.

**Thursday, August 4, 2011**

Scott Peterson called the meeting to order at 8:00 a.m., and we took roll call. Scott called for a motion to accept the agenda. Gary Melby moved and Tom France seconded the motion **“to approve the agenda.”** Motion carried. Scott then asked for a motion to approve the minutes. Tom France moved and Genevieve Thompson seconded the motion **“to approve the minutes of the April meeting.”** Motion carried.

**Recommendations/Special Reports**

Mark Norcini, SEI, reviewed the Trust's investment report. A copy of this report is on file at the Trust's Bismarck office.

Terry Allbee reviewed the first-half financial report with the Board.

Keith Trego reported on the Johnson Farms in the Devils Lake Basin – approximately 1,800 acres. The Johnsons applied for a WRP application with NRCS, who then approached us to put together a project to buy the property. The Johnsons would only do a WRP contract if a sales component was part of the process. A partnership was put together with other groups, a NAWCA grant was submitted, and partner funding was identified. Roger Rostvet was able to get the option agreement signed prior to June 30, 2011, so the Department is able to use hold over land acquisition funds from the 2009-2011 biennium. The State Water Commission is also a partner, and they are looking at a water storage payment of \$125,000. The Trust has put a cash match of \$75,000 toward the project.

Terry Allbee reviewed the oxbow project. Discussion followed. Keith discussed the idea of holding a dedication for Phase 2 at the time of our April board meeting.

Keith talked about the progress of three wind projects. Though nothing has finalized, the process continues. There are no other new projects at this point.

Karen Kreil reported on the biomass project. This year a second set of soil samples were taken. The draft final report is due November 30, 2011, and the final report is due December 31, 2011. Great River Energy has a proposed bio-refinery to be located at their Spiritwood Station. They completed a study with funding through an agricultural product utilization study where they looked at availability of biomass fuel stocks. Based on that study, the project has evolved from a 20 million gallons a year cellulosic ethanol plant into a 58 million gallons a year hybrid ethanol plant comprised of 50 million gallons a year dry mill corn ethanol plant (Phase 1) and an 8 million gallons a year cellulosic ethanol plant in Phase 2. Discussion followed.

Terry Allbee reported on the WRP monitoring work. NRCS asked the Trust to continue the monitoring work but in Pembina and Walsh Counties. The Trust was asked to monitor EWP contracts that are longer term, flood related along the riparian corridors. That involves roughly 130 contracts that require more time, logistics, and the possibility of a sub-contractor to do the work because of the Trust's small staff. Discussion followed.

Genevieve Thompson, evaluation committee chair, gave the executive director evaluation report. The Board's overall ranking was 3.8 out of 4. This report is on file. Scott called for a motion to accept the report. Gary Melby moved **"to accept the executive director's performance evaluation."** Jack Olin seconded. A voice vote was called and the motion carried 6-0.

Dave Pearce led the discussion on the Strategic Plan. The discussion focused on reviewing and clarifying the goals and revisiting their order. Wording edits were done. Dave will make the changes to the plan, Keith and staff will review, and the Board will review the plan at the January meeting. Specific work will be done on two priorities (1 and 5) involving growth of Trust funds and will be addressed at the January meeting.

Keith Trego reported on the farm bill. Accepted CRP acreage in North Dakota was low in the recently completed general signup. The new CP38 allocations are targeted to projects that protect endangered species, as such, North Dakota received no additional CP38 acres. It is anticipated that CP37 acres will be allocated this fall with North Dakota allocations less than we requested. These continuous practices have higher rental rates and additional incentives.

Keith briefed the board about the Conservation Trust Fund concept being explored that could result in an initiative process to allocate a portion of existing oil and gas tax revenue for conservation projects. He went over the independent survey and discussion followed.

Dates were discussed for the oxbow dedication on 16 or 23 April. Scott asked Linda to send different options to the Board and give them a short turnaround to respond. The January meeting date option will be in the same email as the April meeting options.

Scott asked for a motion **“to adjourn the meeting.”** Genevieve Thompson moved and Duane Liffbrig seconded. A voice vote was called and motion carried.

Submitted by       /s/ Keith Trego       Dated       1/10/12        
Keith Trego, Executive Director

Approved by       /s/ Scott A. Peterson       Dated       10 Jan. '12        
Scott Peterson, President