

**NORTH DAKOTA NATURAL RESOURCES TRUST**  
**Board of Directors Meeting**  
**December 17 and 18, 2003**  
**Ramkota Hotel**  
**Bismarck, North Dakota**

The fall meeting of the North Dakota Natural Resources Trust started at 8:00 a.m. Wednesday, December 17, 2003, at the Ramkota Hotel in Bismarck. Directors present were Bruce Adams, Dick Kroger, Duane Liffbrig, Jack Olin, and Scott Peterson. Genevieve Thompson arrived in the afternoon. Dean Hildebrand was absent. Trust employees attending were Keith Trego, Merle Bennett, Sharon Clancy, Arnie Kruse, and Terry Allbee. Also present were Judy Wagner; Dale Frink and Julie Prescott, State Water Department; LeAnn Harner, LAND; Scott Hettinger, Bureau of Reclamation; Doug Prchal, State Parks Department; Jackie Jacobson and Linda Knutson of the US Fish and Wildlife Service; Joe Cichy, Trust attorney; Ken Sambor, ND Game and Fish Department; Clark Lemley; Bryan Hoime, and Rod Backman.

**Wednesday, December 17, 2003**

Dick Kroger called the meeting to order at 8:00 a.m. Keith introduced Judy Wagner, who is filling in for Linda Roeder, who is on vacation. Roll call was taken. Dick asked for announcements, changes/additions to the current agenda. Scott Peterson moved and Bruce Adams seconded **“to approve the agenda.”** A voice vote was called and the motion carried 5-0. Jack Olin moved and Duane Liffbrig seconded **“to approve the consent agenda”** consisting of July 2003 minutes. A voice vote was called and the motion carried.

**Recommendations/Special Reports**

Terry Allbee and Arnie Kruse gave a report on the Beginning Farmer program. Discussion on recording of leases followed. The Board felt leases should be recorded and Dick called for a motion. Jack Olin moved and Duane Liffbrig seconded **“that leases be recorded.”** Keith questioned if the motion was limited to the Beginning Farmer program or to all leases. The motion was tabled until Joe Cichy, Trust attorney, could be questioned. Discussion continued.

Terry reported on the Midterm Easement program. A total of four contracts with 7,212 acres of wetlands and grasslands are under Trust easement. Two offers remain of the original 12 allowed by the governor.

Keith Trego reported on the progress of the web site. iNet is working on the design of the site and Linda is collecting information to include.

Sharon Clancy reported on the Conservation Agriculture program. Bryan Hoime, advisory board chair, and Clark Lemley, demonstration farmer, joined Sharon to answer any questions. Sharon reviewed the advisory board's survey sent to the conservation agriculture farmers. The advisory board's question to the Trust board was “What does the Trust board want to have done with the project?” Discussion turned to outreach goals, how and where the Trust board wants conservation agriculture to go. Dick Kroger gave an overview of the discussion concerning conservation agriculture, suggesting a completion project report as part of what the board originally envisioned. A vote will be taken later in the meeting to decide if a year's extension for data collection should be added to the project because the first year was used for preparation of the five-year demonstration farms study.

Joe Cichy, Trust attorney, joined the meeting and discussion on recording of leases resumed. His recommendation was to record all leases and easements. Keith asked the board for clarification on which documents to record. Jack Olin amended his motion and Duane Liffriag agreed **“to include recording for all leases and easements.”** A voice vote was called and the motion carried. Keith requested further clarification. The Board agreed incentive payment agreements need not be recorded. Retroactive recording, with staff discretion, on which documents (length of term remaining) need not be recorded.

Maria Effertz-Hanson with Garrison Diversion and Cathy Tweeten from ND State University Extension Service gave a presentation on nature-based tourism. A question and answer period followed.

Rod Backman, along with Doug Prchal, director of ND Parks and Recreation, talked about the acquisition of the Elkhorn Ranch (a.k.a. Eberts Ranch). This is the area where Theodore Roosevelt’s original cabin and ranch site were located. The National Park Service owns the actual cabin site, but they are restricted from further expansion of any boundary exceeding 200 acres without congressional approval. Discussion followed.

Keith Trego updated the board on the Missouri River fund raising project that comes under the Farm and Ranch Land Protection Program (FRPP) of the farm bill. The specific purpose of FRPP is to protect ag land from development--basically to purchase the development rights. This particular project covers a stretch of land along the Missouri River north of Mandan owned by Mike and Pat Wachter. The Wachter property is Phase I of a multi-phase river project. Keith’s proposal to the Trust Board was \$170,000 up-front funding toward this project with reimbursement of all but \$50,000 from the fund raising effort. Discussion followed.

Dan Devlin, SEI Investments, Inc., talked briefly about SEI for the new board members. They are the number one provider of a manager-of-managers type program, and were previously selected by the Trust Board to implement Trust investments. SEI is also the number one provider of trust and technology services to banks. Dan updated the Board on Trust investments. A question and answer period followed. The Board’s concern is to ensure investments are meeting the federal mandates. Currently investments are held in bond-type mutual funds and not individual bonds. Another concern is the percent invested in the foreign markets at this time. Dan noted that in the year-to-date performance, as well as in the third quarter, the international emergent combination has actually outperformed the domestic equity market. Dan went on to explain that SEI develops a structure based off an index, a very foundation-oriented, decision-making process. The emotional bias is missing. Dan will research paperwork between SEI and the Trust legal staff and Bruce Adams will continue researching documents to make certain that federal mandates are being followed. Discussion of necessary action for compliance will take place at the spring Board meeting.

Sharon Clancy reported on carbon sequestration. Jay Hestbeck, Northern Prairie Wildlife Research Center (NPWRC), and Dale Enerson, ND Farmers Union, began working with Columbia University graduate students in environmental science. The USDA grant failed so parts of that grant were presented to Northern Plains Electric in Cando, North Dakota. The three parts were the co-op feasibility study, the policy study, and the marketing legal study. That grant was also denied,

so funds are still needed for those three parts. NPWRC is willing to coordinate the research, donate \$5,000-\$10,000 plus staff time, and facilitate the research if \$65,000 is found to do two of the studies. Several articles on carbon sequestration will be appearing in different magazines throughout the state. In September a meeting was held and a carbon group was formed. An e-mail carbon group has also been formed to share information. Keith and Ned (Chip) Euliss (NPWRC) are now on the EERC's advisory board for research.

Merle Bennett gave a slide presentation on restoration work at the Robert L. Morgan WMA. The old farmstead buildings were burned and remains will be buried in the spring. The Natural Resources Conservation Service (NRCS) surveyed and mapped 69 small wetlands. Those needing restoration were staked, measured, and silt removed. Tree rows (over 1.75 miles) were removed to facilitate spurge control and grass seeding. Rock piles and old machinery in wetlands were removed and buried. Grass seeding plans were completed. Spurge and other weeds and grasses were killed. The ND Game and Fish Department burned former CRP lands that had been chemically treated. These areas will be treated in 2004 and native grass seed will be planted in 2005.

The Walhalla WRP restoration activities were hindered by excessive rainfall. NRCS is continuing to work on the control structure. Native grass will be planted in the spring.

The Neu property acquisition was completed around Thanksgiving. Restoration of this property will not start for another year. The Ochs brothers have signed a Letter of Intent to sell 997 acres. The Conservation Fund is working with the Ochs brothers. The deadline for completing the sale is October 15, 2004.

Arnie Kruse reported on the Whole Farm and Ranch Program. Seventy-two contracts were signed on 37,096 acres. Six to eight contracts may be canceled due to health and/or other reasons. The total cost for all signed contracts is \$544,645. Payments to date total \$369,450. Dick Kroger requested a summary report be written.

A report on renewable energy in North Dakota was given by Arnold Kruse. Arnie attended the ND Chapter of the Soil and Water Conservation Society's Renewable Energy Symposium in December. A meeting will be held in Grand Forks during the Marketplace of Ideas to develop a political action plan for North Dakota. This will involve all renewable energy options, such as wind power, bio-diesel, biomass, switchgrass to ethanol, etc. Hopefully this plan would be ready for the 2005 legislative session. Discussion followed.

Jackie Jacobson and Linda Knutson, US Fish and Wildlife Service Education Committee, reported on their Fourth Grade Habitat Handbook project, which the Trust co-sponsored. Every fourth grade classroom in the state of North Dakota has received the habitat handbook and wildlife trunk. A workshop was held for the educators before they received the trunks. Updates will be provided periodically. Total cost of the project was \$153,000.

Terry Allbee gave the financial report for 2003 that involved an overview of the expenditures for the sixteen programs of the Trust. Discussion followed. As part of the financial report, special budget considerations were then addressed.

Sharon Clancy presented her request to amend the motion that authorized the Conservation Agriculture project. The original motion committed up to \$100,000 per year for five years contingent upon matching funds. The amendment asks for extension of funding for one additional year for total project time of six years. The additional year would give staff time to prepare and present the data to the various stakeholders in the state, including all of the 30 partners who signed on to the project.

Keith Trego reviewed earlier discussions on the Wachter land protection easement project, asking the Trust to provide “up front” money of \$170,000 so the easement could close in early March, recapture \$120,000 through future fund raising, and ultimately leave \$50,000 in the project. The Ochs property acquisition at the Missouri/Yellowstone was also discussed, with a budget of \$300,000 with a 75 percent reimbursement from WRP, leaving \$75,000 in the project. He pointed out that the WRP money is secure.

Keith reviewed the Beginning Farmer program discussion from earlier and suggested that discussions with the remaining two farmers continue, then compile our results, go back to our partner groups, and explore opportunities to participate directly with them. Another major promotion was not recommended. Arnie suggested the Trust form an advisory team for technical assistance to help beginning farmers instead of funding the program.

### Old Business

Terry Allbee reported on the request for proposals to do the Trust auditing and tax returns. Bruce Adams moved and Genevieve Thompson seconded **“to accept the proposal from Senger, Mahlum and Goodhart for the next three years.”** A voice vote was taken and motion carried.

### New Business

Scott Peterson reported on committee actions relating to the executive director accountability factors. The ten current factors were combined and consolidated into six accountability factors. Jack Olin moved and Bruce Adams seconded **“to adopt six accountability factors for the executive director evaluation.”** A voice vote was called and the motion carried. (Duane Liffbrig was absent for the vote.) A position description was updated to reflect the new accountability factors. Scott requested a motion for approval of the executive director position description. The vote was postponed until Duane was able to review and comment on the updated description.

### Thursday, December 19, 2003

Dick Kroger called the meeting to order. Dean Hildebrand was absent. All other Board members were present.

Kevin Willis and Mick Erickson, US Fish and Wildlife Service, gave a presentation on the Chase Lake VI Wetland Project, requesting \$100,000 (\$50,000 a year for two years) from the Trust to be used with other partner funds toward habitat and wetland restoration. The Board asked if the Service recorded their easements and the answer was no. The only time they would record an

agreement is on a lease where payments are extremely high. Scott Peterson moved and Jack Olin seconded **“to fund the project at an alternative rate of \$12,000 a year for two years (\$24,000 total).”** A roll call vote was taken and motion carried 6-0.

Elisabeth Demke, Gateway to Science Center, Inc., gave a presentation on the Earth Wellness Environmental Festival. The festival is directed at fifth grade students in central and western North Dakota to learn about careers in various fields of environmental and applied science. The funding request was for \$15,000 at \$3,000 per year for five years. Bruce Adams moved and Duane Liffri seconded **“to fund at Keith’s recommended level of \$10,000 at \$2,000 a year for five years.”** A friendly amendment to the motion was added to inform them that they give specific emphasis to developing stations that address riparian and grassland habitat ecology. A roll call vote was taken and the motion carried 6-0.

Bob Flath, LaMoure County Soil Conservation District, presented a proposal on Lake LaMoure Wetland Creation, requiring construction of a low-head dam above the lake to help filter sediments and pollutants before reaching the lake. Bob requested \$25,000 from the Trust for this project. Duane Liffri moved and Bruce Adams seconded **“to fund at \$5,000 contingent on remaining funds being raised prior to the 2006 expiration of the 319 project.”** A roll call vote was taken and the motion failed 6-0.

Nedra Hoberg, E. Grand Forks County Soil Conservation District, and Steve Crandall, Turtle River State Park, gave a presentation on Observation Wetlands at Turtle River State Park, requesting \$4,000 from the Trust Board of Directors. Genevieve Thompson moved and Scott Peterson seconded **“to fund at requested and recommended amount of \$4,000.”** A roll call vote was taken and the motion carried 6-0.

Kim Stenehjem, Prairie Public Television, presented her proposal on the Water Documentary requesting \$15,000 from the Trust. Duane Liffri moved and Bruce Adams seconded **“to not fund the program.”** A roll call vote was taken. Bruce Adams, yes; Dick Kroger, no; Duane Liffri, yes; Jack Olin, yes; Scott Peterson, no, and Genevieve Thompson, no. Motion failed. President Dick Kroger then passed the gavel to Bruce Adams, vice-president, in order to make a motion. Dick Kroger moved **“the program be funded at \$5,000.”** There was no second so the motion failed. Dick Kroger again passed the gavel to Bruce Adams to make a second motion. Dick Kroger moved and Jack Olin seconded **“to fund the program at \$2,000.”** A roll call vote was taken. Bruce Adams, yes; Dick Kroger, yes; Duane Liffri, no; Jack Olin, yes; Scott Peterson, yes, and Genevieve Thompson, yes. The motion carried 5-1. The gavel was returned to Dick.

Susan Goplen, Hannaford Park District, presented the Clinton A. Brown Memorial Park Eco-Experience Project. Funding of \$15,000 was requested for this project. Jack Olin moved and Duane Liffri seconded **“not to fund the project.”** A roll call vote was taken and the motion carried 6-0.

Duane Liffri moved and Bruce Adams seconded **“approval of the executive director’s job description as presented.”** Discussion followed and a few suggestions for final wording changes were made. A voice vote was taken and motion carried 6-0.

Terry Allbee went over the draft 2004 budget with the Board. Discussion followed. Scott Peterson moved and Genevieve Thompson seconded **“the 2004 budget be approved as presented.”** A roll call vote was taken and the motion carried 6-0.

The Board discussed the Conservation Agriculture project and Sharon’s request for a year’s extension. Scott Peterson moved and Jack Olin seconded **“to fund the conservation ag program to 2005 at \$100,000 with stipulation that Sharon provide an interim report based on current available data by April 1, 2004.”** (Option 1 as Sharon presented it.) A roll call vote was called and the motion carried 6-0.

Board meeting dates were discussed and the following dates were set for 2004: Spring - April 21-22; Summer - July 13-14; and Fall - December 15-16.

Keith Trego presented an overview on the 2002 farm bill programs. Nothing is happening with the Conservation Security Program. Rules have not been finalized. North Dakota was one of the pilot states of the Grassland Restoration Program and submitted nearly 400 applications totaling \$35 million. Two projects were approved in Oliver County. The Elkhorn (Eberts) Ranch project was given a \$2.6 million allocation from funds not previously allocated to the states. Funding levels and activity involving the Wetlands Restoration Program will be similar to past years. The Ochs confluence project is currently the only project in North Dakota that the Trust is involved in. The Conservation Reserve Program is much less a factor due to fewer acres available until 2007. The scoring mechanisms and availability of other programs have undergone dramatic changes and are directed more at other states.

Meeting adjourned.

Submitted by /s/ Keith Trego Dated 4/21/04  
Keith Trego, Executive Director

Approved by /s/ Richard Kroger Dated April 21, 2004  
Richard Kroger, President