

Minutes of a Meeting of the Outdoor Heritage Fund Advisory Board
Held on October 17, 2013 at 1:30 p.m.
Department of Mineral Resources Conference Room
1000 East Calgary, Bismarck, ND

Present: Wade Moser, OHF Advisory Board Chairman
Randy Bina, OHF Advisory Board
Carolyn Godfread, OHF Advisory Board
Jon Godfread, OHF Advisory Board
Blaine Hoffman, OHF Advisory Board
Tom Hutchens, OHF Advisory Board
Bob Kuylen, OHF Advisory Board
Jim Melchior, OHF Advisory Board
Kent Reiersen, OHF Advisory Board
Patricia Stockdill, OHF Advisory Board
Dan Wogsland, OHF Advisory Board
Larry Kotchman, OHF Advisory Board
Terry Steinwand, OHF Advisory Board
Rhonda Vetsch, OHF Advisory Board
Mark Zimmerman, OHF Advisory Board

Also

Present: Andrea Travnicek, Governor's Office
Scott Davis, ND Indian Affairs Commission
Stan Sitting Bear, Standing Rock ST
Jeff Kelly, Standing Rock Game & Fish
Dana Jahner, ND Recreation & Park Association
Craig Bihrlle, ND Game and Fish
Members of the Press

Chairman Moser called the meeting to order with a quorum being present.

Mr. Moser called for any additions or deletions to the October 17, 2013 agenda. None were requested.

Mr. Moser presented the October 7, 2013 meeting minutes. (A copy is available in the Commission/OHF files.)

It was moved by Bob Kuylen and seconded by Dan Wogsland to approve the October 7, 2013 minutes as presented. The motion carried unanimously.

Ms. Karlene Fine, Industrial Commission Executive Director, presented the financial report as follows:

Outdoor Heritage Fund (294)
Financial Statement
2013-2015 Biennium
October 17, 2013 Outdoor Heritage Fund Advisory Board Meeting

	<u>Cash Balance</u>
July 1, 2013 Balance	\$ 0.00
Interest Revenue through September 30, 2013	\$ 12.73
Revenues through September 30, 2013	\$ 1,554,790.68
Grant Expenditures through September 30, 2013	\$ (000,000.00)
Administrative Expenditures through September 30, 2013	\$ (47.55)
	\$ 1,554,755.86

Outstanding Project Commitments as of September 30, 2013	\$ (000,000.00)
Balance	<u>\$ 1,554,755.86</u>

Outdoor Heritage Fund
Continuing Appropriation Authority
2013-2015 Biennium

Uncommitted Balance July 1, 2013	\$ 000.00
Interest Revenue	\$ 20,000.00
Revenues Fiscal Year 2014	\$15,000,000.00
Revenues Fiscal Year 2015	<u>\$15,000,000.00</u>
	\$30,020,000.00
Administration Expenditures	\$ (300,000.00)
Project Commitments 2013-2015	<u>\$ (000.00)</u>
Available Funding	\$29,720,000.00

54-17.8-02 North Dakota Outdoor Heritage Fund – Continuing appropriation

There is created a North Dakota Outdoor Heritage Fund that is governed by the Commission. Any money deposited in the Fund is appropriated on a continuing basis to the Commission for the purposes of this chapter. Interest earned by the Fund must be credited to the Fund. The Commission shall keep accurate records of all financial transactions performed under this chapter.

57-51-15(d). Outdoor Heritage Fund - Deposits.

First the tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the State Treasurer who shall: ...

(d) Credit four percent of the amount available under this subsection to the North Dakota Outdoor Heritage Fund, but not in an amount exceeding fifteen million dollars in a state fiscal year and not in an amount exceeding thirty million dollars per biennium;

Mr. Moser thanked the Subcommittee--the ex-officio members and Dan Wogsland. They worked on almost all of the information that is being presented today. They had a couple of meetings and put a lot of time into it. He thanked Karlene Fine for all of her excellent work and extra hours.

Mr. Moser reviewed a white paper on Determination of Number of Annual Grant Rounds and asked for reconsideration of this issue. (A copy of the white paper is available in the Commission/OHF files.) He said the Advisory Board had previously discussed having four rounds per year but as the Subcommittee discussed the application process, they were recommending that the Advisory Board revisit the issue.

Ms. Fine noted that the white paper states what the dates would be if a quarterly schedule was adopted and what the dates would be for two grant rounds annually. She did make some adjustments on the grant round submission deadlines based on Advisory Board members previously stating that December 1 is too late in the year when you need to order trees for spring planting and also to try and work around the legislative session, etc.

Previously the discussion was on having four grant rounds which the Subcommittee felt was too many. The dates for having two rounds were discussed:

- It was indicated that having four rounds per year was pretty close to each other.
- There is a need to get projects funded and working.
- Some of this depends on the number of applications – is it better to get 30 proposals two times a year or 15 proposals four times a year?

- Want to error on the side of having too many opportunities to apply for grants rather than too few opportunities.
- Suggestion was made to have two rounds for “small grants” and two rounds for “large grants.”
- Stressed the importance of whatever option is determined that the submission deadlines be well advertised.
- It was noted that there is no restriction in the law on the number of times an applicant could apply.
- It was noted that the Industrial Commission meets every month so whether the Board stayed with 4 rounds a year or 2 rounds a year, the Advisory Board’s recommendations would be considered in a timely manner.
- The suggestion was made to go with three rounds for this first year—with new program two rounds aren’t enough. We could revisit this after we have gone through a couple of rounds.

It was moved by Bob Kuylen and seconded by Carolyn Godfread to approve three grant rounds per year.

There was discussion as to what the deadline dates would be if the Advisory Board went with a three grant rounds per year. Ms. Fine suggested the following dates (taking into consideration the legislative session) -- December 2, 2013; April 1, 2014; August 1, 2014, November 1, 2014 and April 1, 2015.

On a roll call vote Bina, C. Godfread, J. Godfread, Hoffman, Hutchens, Kuylen, Melchior, Moser, Stockdill and Wogsland voted yes with Aasmundstad and Reiersen not present and voting. The motion carried unanimously.

Mr. Moser discussed whether the Advisory Board should set a specific amount of funding to be available for the first grant round - application deadline of December 2, 2013.

- Could provide assurances for potential applicants that there will be money available for the next grant round- they don’t have the fear that all of the funding is gone on the first round.
- Even with setting a specific amount for each round you might want to leave some flexibility (perhaps a dollar amount or a percentage amount) so that you don’t have to reduce a funding amount for a good project just to get to a certain dollar amount.
- If all the money wasn’t awarded one round it would roll over to the next round.
- We may want a process where we have a certain dollar amount to work with in every grant period.
- Are we looking for a minimum award each round or a maximum award each round?
- Suggestion was that if we have \$30 million available for the biennium and we have four rounds this biennium then look at \$7.5 million for each round. If we have three rounds per year then the amount would be \$5 million for each round.
- Suggestion was not to set a specific amount for each round now but keep it in mind as the applications come in and then make a decision at that time knowing that we want to spread the funding over the entire biennium.
- Suggestion was made to make this determination at each meeting after the Advisory Board has had an opportunity to review the applications.

- A concern was expressed that if there is a set amount and the Advisory Board does not award the funding it would appear that the Board is just hanging on to the dollars.
- There was a concern that by setting a maximum amount for each round it might limit the submission of an application for a larger amount.

In response to a question on awarding grants for projects to be expended in the next biennium, Ms. Fine stated the funding is set up as a continuing appropriation so unless the Legislature would come in and change the law, there will be \$30 million each biennium. As currently proposed the last round would be in April, so the Advisory Board would have a pretty good sense of what the Legislature's intentions are so that last round could be adjusted. Generally the April round would be allocating dollars that will be coming in the next biennium. We would have to monitor it; we need to make sure we set up a schedule for disbursements based on the money actually being available.

There was some discussion on the amount of funding that the Fund would receive this biennium and whether the Advisory Board needed to wait for another forecast before awarding the full \$30 million? Ms. Fine stated the Office of Management and Budget will do another formal forecast next July. They discussed forecasts and the money coming in faster than anticipated and awarding money and what the spending authority is. It was noted that if there is a question we can have some legal research done but the law states that the spending authority is \$30 million per biennium.

In response to the question of funding a project for four years or longer – do we account for all of the costs over the four years in one instance or can we defer it to the next biennium and pay it as we go, Ms. Fine said it would show up on their financial statements under outstanding projects for the full amount even if the expenditures for the projects would not be made until future biennia. Because this is a new program it was her recommendation to error on the side of prudence until this Fund had gone through one legislative cycle and account for the entire funding award as part of the \$30 million spending authority for this biennium even though some of the dollars would be disbursed next biennium. She stated that for those Industrial Commission programs that have more maturity the Commission does approve projects even though the funds will not be received in the current biennium.

In response to a question Ms. Fine clarified that this did not mean that a project that would have funds disbursed over a period in excess of two years couldn't be approved. For accounting purposes the entire amount of the project (whether a two-year project or a twenty-year project) the entire amount of the award would be accounted for from the current \$30 million spending authority.

In response to a question, Ms. Fine stated that once the program has more maturity, she believes the Industrial Commission would be willing to have the accounting done on the basis of when the dollars would be spent.

Some examples were given of what other agencies had experienced in their grant programs when they set a limit and when they did not set a limit.

Mr. Moser said if someone wants a limit, then we need a motion. Otherwise, we will leave it as it is which is wide open.

It was moved by Tom Hutchens that we have an individual cap on a project of \$10 million. He amended his motion so it is \$10 million limit for the first round. The motion died for a lack of a second.

Ms. Fine presented the Subcommittee's recommended application form. (A copy is available in the Commission/OHF files.) She wanted to make it clear that when the Advisory Board is taking final action on this application form and the upcoming scoring form, they are setting forth criteria/policies. These include:

- Match funding is not required but a higher score will be awarded if the applicant shows match funding;
- In-kind costs can only be used for matching funds;
- The Outdoor Heritage Fund will not be paying for any indirect costs;
- Match funding can come from any source;
- In the scoring process points will be awarded in regards to sustainability, management, the identification of methods to measure success and whether it is a new program or is replacing funding that is no longer available.

She reviewed the process that the Subcommittee went through and then reviewed each page of the Application Form and the Budget Form.

There was discussion regarding in-kind costs and indirect costs and match:

- Can an applicant's indirect costs (or administrative costs) be considered as match?
- One option is not to allow indirect or in-kind costs to be considered for match at all.
- Clarification of indirect costs -- costs not directly associated with the project (heat, lights, etc.) are indirect costs. In-kind costs are direct expenditures that are contributed to the project.
- The Advisory Board has already stated that funds would not be awarded for indirect costs.
- It was noted in other programs the terminology that is often used is if the indirect costs are waived, then they are "waived for a source of a match".

There was further discussion regarding indirect, in-kind costs and matching funds. The consensus was that indirect and in-kind costs could be used as match. However, no funds will be awarded to pay for the in-kind or indirect costs.

Ms. Fine stated a sample budget would be developed and put on the website and the applicants will be advised that the more detail they provided the better chance they have for funding.

It was moved by Randy Bina and seconded by Jon Godfread to approve the application form as submitted by the subcommittee. On a roll call vote Bina, C. Godfread, J. Godfread, Hoffman, Hutchens, Kuylen, Melchior, Moser, Stockdill and Wogsland voted yes with Aasmundstad and Reierson not present and voting. The motion carried unanimously.

Ms. Fine discussed the proposed Application Process. (A copy is available in the Commission/OHF files.) She said the Advisory Board has seen this before and she has been revising it after each meeting to reflect suggestions made by the Advisory Board. After

discussions with the subcommittee she did make a revision that would allow an applicant to make some technical changes for a few days after the deadline. Because this is the first round, she thought they should allow a little flexibility.

There was discussion on the submission of the technical questions--conclusion was that the technical questions should be sent to the Industrial Commission staff and then provided to the Technical Committee members.

There was discussion on who the Advisory Board members could talk to about an application. It was indicated that the process allows the Technical Committee to seek information from others if they do not have the expertise to answer a technical question. As to Advisory Board members visiting with someone about a project, they can do so. Anyone can get advice on an application if they want. They just can't get a quorum of the Advisory Board together and discuss the application.

A question was asked that if an Advisory Board member is aware of a project before the Advisory Board has heard about it, can the Advisory Board member be asking questions about it? Ms. Fine said you could not talk to the other Advisory Board members but the Advisory Board member could talk to anyone else he/she wants.

Mr. Moser stated there will be instances where a potential applicant would ask an Advisory Board member about a concept and seek advice on whether to proceed with submitting an application, etc. That is fine to have those conversations.

It was moved by Bob Kuylen and seconded by Jon Godfread to approve the Application Process as amended. On a roll call vote Bina, C. Godfread, J. Godfread, Hoffman, Hutchens, Kuylen, Melchior, Moser, Stockdill and Wogsland voted yes with Aasmundstad and Reiersen not present and voting. The motion carried unanimously.

Ms. Fine presented the Subcommittee's recommended review, scoring and approval process including the Scoring Form and Funding Ranking Form. (A copy is available in the Commission/OHF files.) She reviewed the process and summarized the Subcommittee's discussion. When the Subcommittee was discussing this, they also talked about what would be happening at the January meeting. She walked through each step of the process. She noted that the Scoring Form is to be used to evaluate the application. The Ranking Form then is when the Advisory Board member determines how they would rank an application in comparison to the other applications.

The question was raised as to whether the final tabulation will be public. Ms. Fine indicated yes. All the scoring sheets, all the Advisory Board members' notes are public documents. The Scoring Form and the Ranking Form would be public documents. At this point she anticipates that the scoring summary and the ranking summary will be posted on the website so an applicant would be able to see how they scored and then how they were ranked against the other applications.

In response to a question, Mr. Moser stated that the scoring and the ranking would all be done at the meeting and the meeting is an open meeting. He anticipated the Advisory Board members completing their scoring -- turning in their Scoring Forms and then the scores are compiled and

everyone will be able to see how each of the applications scored. Then the Advisory Board members will do the ranking (dollar amounts) and once again the ranking numbers will be compiled and put on a spreadsheet so everyone can see how the Advisory Board members ranked the applications. He noted that it may take several rankings to get to a number that the Advisory Board is comfortable recommending to the Industrial Commission. He noted that any project that is not sent forward to the Commission can resubmit next time--maybe the project just needed to be fine-tuned.

It was noted that when Advisory Board members score and rank the applications, an application may not get the highest numerical score but the project will receive funding – there might be a question, if it is all publicly posted. The applicant might wonder why, with a score of 90, they didn't get full funding and another project got a score of 45 gets full funding. It could be a concern.

There was discussion noting that this body is a public entity and the Advisory Board members need to be prepared to explain how they scored a project; how they ranked the project and ultimately how they voted on the project. A project may not score as well as another project but the Advisory Board through this process could still vote to fund it. Because this process involves different Advisory Board members, they each may have a different way of looking at the scoring--some may be tougher than others in the scoring and ranking process.

The suggestion was made that a qualifier should be added to the Scoring Form noting that “the absolute score is not the absolute determinate” for projects. There was consensus that was a good suggestion.

There was discussion regarding whether or not the scores should be tabulated and an average score then reflected on the ranking sheet. The concern was that by determining an average score there may be the implication that those applications with the highest average score should be funded when it is really how the Advisory Board members rank the applications by stating the funding level that is the key.

Ms. Fine distributed a copy of the ranking form used in Minnesota which shows the funding level but does not show an average score. It is only the funding level that is depicted on the summary page.

After additional discussion it was clarified that the scoring process was a tool for each Advisory Board member to use in evaluating the application and to assist them when they are doing the ranking. It was not necessary to tabulate the scores and come up with an average score.

There was discussion regarding the wording on the scoring form -- it was noted that what was stated was what was in the law; the subcommittee decided rather than trying to restate or interpret the law, the form should just state what is in the law.

There was a question as to whether an Advisory Board member could ask a question of an applicant when the Advisory Board is in the discussion part of the process. Chairman Moser stated that, if the Advisory Board needed to get a clarification, the question could be asked. However, it is his intent to handle these matters similar to what is done in the legislative process. When we are at that stage of the Review Process it should be just for Advisory Board discussion

and not to bring the applicant back before the Board. However, it would be better to get an answer than to ignore the individual that has the answer.

The following question was asked about question #6 on the Scoring Form--We have five choices and two descriptors, are we supposed to do the math to figure out if it is a 6 if it is half of the "50% or better" or maybe I don't understand how that is to be scored. For example, if it was 25% match, then it would be the middle score of 6 and if it is "50% or better" then it is a 12? Mr. Moser stated that the intent is that the more match the higher the score. It is up to the Advisory Board member to determine if it is a 6 or a 9 or a 12.

It was moved by Randy Bina and seconded by Jon Godfread to approve the Scoring Form (with the qualifier language) and Funding Ranking Form and Process. On a roll call vote Bina, C. Godfread, J. Godfread, Hoffman, Hutchens, Kuylen, Melchior, Moser, Reiersen, Stockdill and Wogsland voted yes with Aasmundstad not present and voting. The motion carried unanimously.

Ms. Fine discussed the upcoming timetable. (A copy is available in the Commission/OHF files.) She noted the key dates for the Advisory Board members.

A question was asked as to whether the Advisory Board members are to attend the Industrial Commission meeting. Ms. Fine indicated that the Commission meeting is an open meeting and the Advisory Board members are welcome to attend but it is not mandatory. If more than seven members will be present then she will give public notice that a quorum of the Advisory Board may be in attendance. She asked the Advisory Board members to let her know if they would be attending. She stated the Chairman would be the individual presenting the Advisory Board's recommendations to the Commission.

Ms. Fine presented a handout that provided information on how disbursement of funds will be handled. She walked through the document and stated that it is an information sheet and will be posted on the website. No action is required by the Advisory Board. (A copy is available in the Commission/OHF files.)

Being no further business, Chairman Moser adjourned the meeting.



Wade Moser, Chairman



Recording Secretary