EXHIBIT B
August 18, 2015

The following is the information that was provided to the Industrial Commission at their June 10, 2015 meeting as background for the Commission as they considered the Outdoor Heritage Fund Advisory Board's recommendation on the establishment of a six -person subcommittee:

The Outdoor Heritage Fund Advisory Board at their meeting on June 3 made the following motion which was approved on a vote of 9 to 2 with Moser and Wogsland voting no:

It was moved by Aasmundstad and seconded by Hutchens that the Board recommends to the Industrial Commission that a six-person subcommittee of the Outdoor Heritage Fund Advisory Board made up of equal parts from conservation and industry be appointed to develop a strategy to deal with statewide conservation needs in the future.

The issue of funding a statewide conservation program has been discussed at previous Advisory Board meetings as various concepts of what a statewide conservation program should look like were presented for funding. At this most recent meeting there were four applications that had different variations of what might be a statewide conservation program except on a more limited basis. Three of them were recommended for some level of funding (GR5-06 - Grassland Restoration and Retention Program submitted by Ransom County Soil Conservation District; GR5-21 - Beginning Farmer Enhancement submitted by North Dakota Natural Resources Trust and GR5-28 - Emmons County Grassland & Cropland Conservation Effort submitted by the Emmons County Soil Conservation District. The fourth application was GR5-02 - North Central Grass Planting Project submitted by North McHenry, South McHenry, Pierce County & Rolette County Soil Conservation Districts.

At the June 3 meeting some of the discussion was:

- This is a policy issue that the Legislature should deal with and nothing was presented during the last legislative session;
- The Board has an opportunity to identify some tools (best management practices) to producers/landowners and others that could be funded with Outdoor Heritage Fund dollars on a statewide basis that would benefit all parties interested in a more holistic approach to conservation;
- Land rental payments should not be funded from the Outdoor Heritage Fund; Best Management Practices could be funded;
- Maybe this type of effort should be done on a regional basis rather than administered on a statewide basis;
- Whatever is identified needs to benefit both the conservation of natural habitat (sportsmen) and the agriculture/ranching industries
- Need to include weed management;
- Producer needs to have some "skin in the game";
- The CREP Program which has already been funded for southwest North Dakota is a type of pilot project that may be an example;
- Are there agricultural groups and conservation groups interested in taking up this task and having the debate so something is ready for next legislative session or should this Board be stepping up to have this discussion?
- This Board has an opportunity to be more visionary and identify what role this Fund can play in conservation, agriculture and industry so there is a better understanding of all parties in this big picture of conservation.

- In regards to timelines, part of this Board's responsibility is to at least give the applicants of this type of projects some kind of direction on what the Board is looking for and it isn't clear at this time. It has be done quicker than the next legislative session

At the September 5, 2014 meeting here is an excerpt from the minutes:

GR3-022 - Conservation Cover Program (Pilot) - North Dakota Natural Resources Trust - $3,525,000

- Questions about starting a whole new program; this is more a policy decision of whether the State wants to get into a state CRP program;
- Lands would be held by an organization and not the State - there are a number of unanswered questions;
- Should be discussed at the legislative level;
- As the CRP goes away, there needs to be something done on a broader scale -- we need to have a wildlife habitat cover program in the state to replace what is being lost; this application may not be the one but there needs to be a discussion on what we can do;
- Questioned whether the Trust has sufficient staff to handle this program; wasn't clear who would be delivering it--Game and Fish, NRCS? Game and Fish would not deliver it;
- Intent is to provide an income to the landowner for land that is not the best for farming;
- Any program developed would need to have a strict interpretation regarding what land would be eligible for the program;
- Concern about the counties that were targeted in this application.

GR3-011 – North Dakota Pheasant Habitat Initiative - North Dakota Game and Fish Department - $3,000,000

- This is the type of program that was envisioned with the OHF was created;
- This is similar to the previous proposal;
- Good project - it really is: "farm the best, leave the rest;" takes out the irregular pieced lands - not the large blocks of lands;
- All these acres would allow public access;
- This program could give the competitive advantage to a young producer working with the landowner to not have to pay for those acres that are not farmable. This could make a piece of land that currently is in agriculture production more profitable for the owner and more profitable for the wildlife/conservation community;
- This is different from CRP--it is not a perpetual easement;
- If this isn't funded, that $34 million could go somewhere else but it has got to be used in conjunction with some program like this. Someone is going to have to step forward with some dollars in order to initiate that.
- This program has to go to a state agency.
- Implementation won't be until the spring or summer in 2015.

There was discussion regarding how to proceed with resolving the questions and issues discussed when consideration was given to the Natural Resources Trust application. Some points discussed included:

- Who should be defining what the issues are when discussing this topic--producers, wildlife interests, legislators?
- Should input be requested from the Industrial Commission?
- If this is to be a legislative policy issue should there be discussion with legislators?
- Is there a role for the Outdoor Heritage Fund Advisory Board in these discussions?

- Should we be waiting for something to happen or should we be asking people to weigh in on this issue?
- The sooner we have resolution as to whether the Outdoor Heritage Fund should be providing funding will determine if we will consider applications.

Mr. Moser said he would ask Representative Porter if he has any input he would like to provide.

An excerpt from the Outdoor Heritage Fund Advisory Board May 13, 2014 meeting minutes:
Mr. Moser said after he made his presentation at the Industrial Commission meeting, the Governor asked his personal opinion about what items he would like to see and that is what promoted him putting this topic on the agenda. Mr. Moser expressed his hope that some group--small or large--would come forward and identify those CRP tracts that are coming out of CRP and try to make contact with the landowners to encourage them to put grazing systems on and leave them in grass – not to plow them up. There is a lot of incentive to put high priced crops on those acres but at the same time now with the cattle prices the way they are, there is some incentive to leave it in grass and put in water, cross fences, etc. That was his suggestion.

The Commission adopted the OHF Advisory Board's recommendation and subsequently named the six-person subcommittee and established the Mission Statement for the Subcommittee. This information is being provided to the Model Policy Subcommittee as background for your discussions.