

Minutes of a Meeting of the Outdoor Heritage Fund Advisory Board (Board)
Held on Tuesday, March 15, 2016 at 3:35 p.m.
Department of Mineral Resources Conference Room, 1000 E Calgary Avenue

Members present: Jim Melchior, OHF Advisory Board Chairman
Jon Godfread, OHF Advisory Board Vice Chairman
Randy Bina, OHF Advisory Board Member
Jay Elkin, OHF Advisory Board Member
Tom Hutchens, OHF Advisory Board Member
Bob Kuylen, OHF Advisory Board Member
Wade Moser, OHF Advisory Board Member
Kent Reiersen, OHF Advisory Board Member
Patricia Stockdill, OHF Advisory Board Member
Rhonda, Kelsch, Ex-officio OHF Advisory Board Member
Larry Kotchman, Ex-Officio OHF Advisory Board Member
Terry Steinwand, Ex-Officio OHF Advisory Board Member
Mark Zimmerman, Ex-Officio OHF Advisory Board Member

DRAFT

Members absent: Carolyn Godfread, OHF Advisory Board Member
Blaine Hoffman, OHF Advisory Board Member

Also present: Terry Albee, North Dakota Natural Resources Trust
Matt Olson, Pheasants Forever
Jonas Davis, Ducks Unlimited
Brock Wahl, DMR technician

Chairman Melchior called the meeting to order at approximately 3:35 p.m. and a roll call was taken. (Some of the Board members joined the meeting by telephone.) It was noted that Eric Aasmundstad has resigned. Chairman Melchior declared a quorum was present.

It was stated that the purpose of this meeting was to review the additional information that had been provided by the North Dakota Natural Resources Trust (Trust) in regards to the Grant Round 006-17 application -- Working Grasslands Partnership. (A copy of the application is available in the Industrial Commission files.) This application has been submitted by the Trust in partnership with the ND Association of Soil Conservation Districts, Ducks Unlimited and Pheasants Forever. The application had been summarized as follows:

OHF funding will be used to provide land development assistance to landowners interested in livestock fencing and livestock water development on SAFE and adjacent acres with a project area focus that is important for grassland birds with declining populations (funding for fencing costs and water development costs). The application includes funding for project staff. Total cost of the project is \$1,707,250 (without Game and Fish PLOTS non-match it is \$1,467,250). OHF funding requested is \$1,097,250.

The Industrial Commission at their December 16, 2015 meeting had requested that:

The grant application "Working Grassland Partnership - \$1,097,250 be referred back to the Board to address the concerns on structure and delivery.

Mr. Melchior noted that Ms. Fine had prepared questions based on the discussion at the Industrial Commission meeting which had been submitted to the Trust and the Trust had provided their response. Mr. Melchior asked and it was confirmed that all the Board members had received that information. (Copies of the questions and the Trust's response are available in the Commission files.)

In response to a question, Mr. Allbee reviewed the purpose of the application and the additional information that had been provided.

In response to a specific question, Mr. Allbee reviewed the Working Grassland Partnership Agreement Form -- the Trust's agreement with the landowners and how the payments to the landowners are calculated. (A copy of the Working Grassland Partnership Agreement Form and the related Attachments A, B and C are available in the material that was provided to the Board in response to the Commission's questions and are available in the Commission files.) Mr. Allbee stated that this is a standard agreement that the Trust uses with landowners. The terms of the agreement basically spell out the funding amount, the location of the project, maps and the terms on which the specific agreement will address and in the case of the Working Grassland Partnership there will be three different components - a habitat lease with full funding provided by the Trust, livestock water development which could be tanks, water, pipeline, rural water hookups to develop a grazing system and then livestock fencing. Each item would have its own specified terms including maps of the locations so both the landowner and the Trust are in agreement on where the location of the items are going to be on the landowner's property and what the expectations are for those items that would be installed.

In response to a question, Mr. Allbee stated that if the landowner participates in the habitat lease, the Trustee's lease payment would be a one-time payment. In regards to the development items that the Outdoor Heritage Fund is being asked to participate in, those payments for water development and fencing would be paid on a reimbursement basis--when the items have been completed.

In response to a question about the term of the lease agreement and how that term is determined, Mr. Allbee stated that the lease would be consistent with the Declining Grassland Birds SAFE contract or CRP contracts--generally 10 years. He indicated that the habitat lease will refer to acres that didn't qualify for a CRP contract whether they are untillable acres which may include wetlands) that did not have the cropping history, or whether they were tree rows or untilled sites. He gave a description of how they would use this program to include the acres in the area into one unit so it is easier for the landowner to use with consistent management activities and it would be a 10-year agreement to match up with the CRP.

In response to a question regarding whether pasture land would qualify, Mr. Allbee stated that a small amount would qualify. He stated that if there is a half section that the landowner owns and he is putting a quarter section into a CRP contract and another quarter section into grass, it isn't the Trust's intent for the habitat lease to pay for that quarter section being put into grass. It is for the intermingled tracts of land that are located within the CRP contracted acres.

Mr. Allbee was asked in regards to the expiring CRP acreage contracts if by signing the habitat agreement the landowner will basically agree to primarily the same conditions that are currently in the CRP contract. Mr. Allbee stated that there are two components that they are looking at--the CRP SAFE program (which currently has not been allocated any acres this year) and the general CRP contracts. He stated that North Dakota is expecting a small acre allocation for the

CRP SAFE program. The amount of acres has not been determined at this time; FSA is saying that they need to assess how many acres are available nationally - we are on a declining CRP acre cap limitation right now. He noted that the SAFE CRP acres can come in small batches depending on what other states are doing with their allocation of SAFE CRP acres. The second component is the expiring CRP contracts. He noted that the general CRP signup has been going on from December to the end of February. At this point that might be the Trust's focus just because of the CRP acre allocation and the cap limitations right now. In this project area which is 31 counties in the next two years there is going to be over 200,000 expiring CRP acres. The Trust's goal would be to have some of those expiring CRP acres fenced with water development so the acres will be made into working grassland tracts after the CRP contracts expire. The time to do that is now because the majority of the CRP contracts are going to expire in 2017 for those acres.

Mr. Steinwand indicated that North Dakota has never failed to get some SAFE allocation of acres but at this time we don't know what that level is -- it depends on the CRP general sign-up; we will get some, it is just a matter of how many.

In response to a question regarding the 60%/40% cost share, Mr. Allbee stated that when they submitted the application they prepared it based on the criteria given by the Outdoor Heritage Fund Advisory Board/Industrial Commission which requires a 75%/25% cost share. He did note that in preparing their application they had looked at what other entities require for a cost share--USDA EQIP; Fish and Wildlife Service; Partnership with Fish and Wildlife and the EPA 319 program.

In response to a question as to whether the Trust would proceed with the project if a 40% costs share was required, Mr. Allbee said that the Trust wants to see this project move forward. If that was a requirement, the Trust would address the budget and see what it could do; they would be willing to entertain that, yes.

In response to a question, Ms. Fine stated that the funding for this application passed the Board with no stipulations or contingencies.

It was moved by Reiersen and seconded by Hutchens that the Board pass the responses to the questions raised regarding the Grant Round 6 Working Grassland Partnership application on to the Industrial Commission. On a roll call vote Bina, Elkin, J. Godfread, Hutchens, Kuylen, Moser, Reiersen, Stockdill, Melchior voted aye and no one voted no. The motion carried.

Mr. Allbee thanked the Advisory Board members for their time and their partnership on this application and expressed his appreciation for the opportunity to address the questions.

It was announced that the application with the additional information would be presented to the Industrial Commission at their March 28, 2016 meeting.

Everyone was reminded about the upcoming Outdoor Heritage Fund Advisory Board meeting on April 22, 2016. Ms. Stockdill asked that the agenda for that meeting include a request from an individual that had contacted her asking that the Outdoor Heritage Fund Advisory Board meetings be live streamed on the web. Ms. Fine was directed to include that request on the agenda and to include what the costs would be to live stream the meetings.

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Being no further business to come before the **Board it was moved by J. Godfreed and seconded by Elkin that the meeting be adjourned. The motion carried** and the meeting was adjourned at 4:00 p.m.

Jim Melchior, Chairman

Karlene Fine, Recording Secretary