Minutes of a Meeting of the Outdoor Heritage Fund Advisory Board
Held on December 20, 2016 at 8:30 a.m.
DMR Conference Room, 1000 E Calgary
Bismarck, ND

Present: Jim Melchior, OHF Advisory Board Chairman
Randy Bina, OHF Advisory Board
Carolyn Godfread, OHF Advisory Board
Jon Godfread, OHF Advisory Board
Paul Clarys, OHF Advisory Board
Tom Hutchens, OHF Advisory Board
Bob Kuylen, OHF Advisory Board
Daryl Lies, OHF Advisory Board
Wade Moser, OHF Advisory Board
Kent Reierson, OHF Advisory Board
Patricia Stockdill, OHF Advisory Board
Terry Steinwand, OHF Advisory Board
Rhonda Kelsch, OHF Advisory Board
Mark Zimmerman, OHF Advisory Board

Also Present: A complete list of attendees is available in the Commission files

Chairman Jim Melchior called the meeting of the Outdoor Heritage Fund Advisory Board (“Board”) to order at 8:30 a.m. with a quorum being present. He introduced two new Board members: Paul Clarys and Daryl Lies and stated Jay Elkin and Larry Kotchman were unable to attend.

Ms. Karlene Fine, Industrial Commission Executive Director, stated the meeting is being live audio broadcasted over the internet and encouraged the members to use their microphones. A roll call was taken.

There were no additions or deletions to the December 20, 2016 agenda.

The April 22, 2016 meeting minutes were presented. (Copies are available in the Commission/OHF files.)

*It was moved by Mr. Hutchens and seconded by Mr. Kuylen to approve the April 22, 2016 minutes as presented. The motion carried.*

Ms. Fine presented the financial report as follows: (A complete copy is available in the Commission files.)

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$28,497,374.00

Returned Commitments

| GR1 - 13 - Artificial Nesting Habitat Improvement | $5,565.00 |
| GR1 - 14 - Mapping of Tribal Land for Sportsmen | $8,568.00 |
| GR2 - 23 - Centennial Park Woodland Trail (Phase 1) | $128,244.86 |
GR2 - 32 - Conservation of Grasslands and Long-billed Curlews.... $15,528.00
GR3 - 36 - Graner Bank Stabilization $16,803.18
GR3 - 45 - Brown Ranch Habitat Enhancement $154.31
GR4 - 49 - Harmon Lake Campground Expansion $77,296.91
GR4 - 58 - Sheyenne River Bank Stability Restoration $197,550.00
GR4 - 61 - Fox Island Boat Ramp Bank Stabilization $48,543.93
GR7 - 95 - Madison Nature & Conservation Classroom ... $60,000.00

Total Awards less Returned Commitments $558,254.19

Actual Revenues 2013-2015 Biennium $18,650,154.64
Actual Revenues July 1, 2015 - December 9, 2016 $13,878,715.06
Total Actual Revenues July 1, 2013 - December 9, 2016 $32,528,869.70
Difference between Awards and Revenues $4,589,749.89

Administrative Expenses 2013-2015 $90,034.88
Administrative Expenses projected 2015-2017 $150,000.00
Total actual and estimated expenses 2013-2017 $240,034.88

Total of Difference between Awards and Revenues with Expenses $4,349,715.01

Estimated December 2016 Revenue Forecast for January 2017-July, 2017 $6,115,582.00

Available for Funding Awards $10,465,297.01

Outdoor Heritage Fund (294)
Financial Statement - Cash Balance
2013-2015 Biennium

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<td>July 1, 2013 Balance</td>
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<td>Interest Revenue through June 30, 2015</td>
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<td>Revenues through June 30, 2015</td>
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<td>Grant Expenditures through June 30, 2015</td>
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Outdoor Heritage Fund (294)
Financial Report - Cash Balance
2015-2017 Biennium
December 20, 2016 OHF Advisory Board Meeting

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<td>July 1, 2015 Balance</td>
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<td>Interest Revenue through October 31, 2016</td>
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<td>Revenues through December 16, 2016</td>
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<td>Grant Expenditures through December 16, 2016</td>
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<td>Administrative Expenditures through October 31, 2016</td>
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<td>Outstanding Administrative Expenses</td>
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<td>Outstanding Project Commitments as of December 16, 2016</td>
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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.
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: ...

(f) Credit eight percent of the amount available under this subsection to the North Dakota Outdoor Heritage Fund, but not in an amount exceeding twenty million dollars in a state fiscal year and not in an amount exceeding forty million dollars per biennium; ...

Mr. Melchior wanted the Board to be aware of the dollars available so they don’t commit dollars before the monies are received. Based on the financial information there is approximately $4.3 million that is available and is more than ample to fund the applications under consideration. If you see good projects fund them.

Mr. Melchior called on the first applicant to make their ten minute presentation.

GR8-01 - The Missouri River Landing Warehouse at the Port of Bismarck - Fort Abraham Lincoln Foundation - $91,769.25 - Directive D – Project summary: Request is for the public patio portion of the Missouri River Landing Warehouse. The Warehouse project includes a river warehouse, a free-entry heritage education museum and a public patio. The public patio is 3,307 square feet with a view that overlooks the Missouri River and riparian river bottom. (A handout and PowerPoint presentation are available in the Commission files.) Mr. Aaron Barth gave the presentation. They have an updated partner list and are at $657,700 in pledges and commitments stretching over one to five years. Their fundraising goal is $750,000. This project will increase access to a public space on the Missouri River. It continues and improves the ability to educate our residents and visitors regarding the stewardship that has enhanced farming and ranching on public lands. It provides and enhances public space for recreation. He said it would be an elevated patio to the 100 year flood mark. In response to questions he noted:

• They have not decided on a railing or fencing around the patio. There will be something for safety reasons – probably some type of minimal view shed impact railing.
• It will be a flat area patio; there will be seasonal benches and tables for lounging and rest.
• Interpretation will be integrated with it as well. Some pledges are committed for Northern Plains both heritage and ecological interpretation. This will be a place to rest and recreate but in addition will be a place for learning about what has happened here in the last 13,000 years and the arrival of farming and ranching.
• Flood of 2010 – the joists for the floor will be at an elevation of 1,640 feet and 1,638 is the elevation for flood stage. The preliminary paperwork has been submitted to the ND State Engineer’s Office for their consideration.
• The patio will be completely handicapped or ADA accessible.

GR8-04 - Trail Restoration and Improvement Program Part 2 - ND Parks & Recreation - $82,054 - Directive D – Project summary: Goal is to improve trail conditions on ND grasslands. There are three individual projects on two separate trails on the Little Missouri National Grasslands--Maah Daah Hey Trail and Buffalo Gap Trail. Includes surfacing and restoration on the trails. (A PowerPoint presentation is available in the Commission files.) Mr. Matt Gardner gave the presentation. He said Part 1 of the program went well and now they want to do the same thing in western North Dakota. In response to questions he noted:

• Surfacing material, depending on where it is at, will last four or five years -- there are a number of factors that impact that -- weather, usage, maintenance, etc.
• Spending authority – the Department manages federal grants and special funds – this specific project was not presented to the Legislature last session but the Department has spending authority to do projects like this. If they need to go to the Emergency Commission to get spending authority, they will do so.
• OHF money is the match for the Recreational Trails Program (RTC) federal funds and the match requirement for the Forest Service crew. The agency is putting in staff time to manage the grant and hire contractors and engineers to do that sort of work.
• There is no user fee on the majority of the Maah Daah Hey Trail – if you enter the Trail at the State Park you will pay a $5.00 entrance fee. At the park there are showers, electricity, water for horses and parking. The other entrances do not have those types of facilities available.

• Those fees come to the Parks and Recreation Department to be used for upkeep of the trails. Usually the fees they collect at Sully Creek are being used for upkeep on those facilities—the funds will go towards that park.

• The Maah Daah Hey Trail has been designated as a National Recreation Trail. It is not a park but does connect three different parks and parts lay inside of a park but it is a trail on public land open to public use.

• The Forest Service is charged with maintaining the Trail; there is a three-way MOU between North Dakota Parks and Recreation, U.S. Forest Service and the National Park Service for overall management and to promote the Trail, etc. The Department works closely with both those groups on the Maah Daah Hey Trail. Parks and Recreation built portions of the trail south of Sully Creek that connects directly to Bully Pulpit. Volunteers do a lot of work and help with maintenance.

GR8-09 - Grasslands Enhancement Pilot Project - Ducks Unlimited & Natural Resources Trust - $241,529.40 - Directive B – Project summary: Providing necessary infrastructure to improve grazing systems (rotational grazing systems) on school trust and public lands -- projected 4,000 acres to be enhanced -- while providing private lands with necessary rest recovery time. (A PowerPoint presentation is available in the Commission files.) Mr. Jesse Beckers gave the presentation. He said they, along with their partners, would like to promote rotational grazing systems and provide those opportunities on State Trust lands to improve the natural resources in these areas, providing wildlife habitat on Trust lands and providing a greater opportunity for the lessees of those lands to diversify their operations. They are focusing on the oil and gas counties in the northwest portion of North Dakota. Mr. Dane Buysse discussed the role of the partners. He said 99 percent of the areas are open to public hunting. Waterfowl production areas are also open to public hunting and public use which were established since 1958 for the enhancement of wetland and grassland habitats. Waterfowl production areas are typically leased for one year so ranchers can’t make long term plans but through the OHF Grassland Enhancement Pilot Project – they have agreed to provide ranchers with a five year grazing leases. He used the Riser Ranch as an example. They hope to increase habitat diversity, improve the lessee’s bottom line, improve water quality and cattle health out on the landscape. In response to questions he noted:

• Budget – landowner match $106,000 – the landowner would be the lessees.

• $74,000 in-kind is from the landowners putting in time to installing these practices; it takes material but also labor to put the practices on the ground.

• In terms of financing this in the future – Duck’s Unlimited is always doing grant writing. We are utilizing this project as a pilot project to look out on the landscape and see the returns the lessees are receiving – seeing if they are seeing it as benefit to their operation by putting clean water out there and these rotational grazing systems – it will be to see how these lessees are actually working with these.

During the discussion the following suggestions were made:

• the cross fencing should belong to the Trust Department and the fencing should be transferred to the new lessee under the same method used for wells, dams and pipelines—depreciated, amortized, over a ten year period.

• a requirement on subsequent leases that the lessee must enter into a similar best management practices plan.

• extend the terms of the lease agreements for tracts where OHF funding is expended on best management practices.

In response to a question, Mr. Beckers indicated that in 2015 there were only 12 percent of the leases that had competition on that tract. In 2016 there were only 9 percent that had competition. That doesn’t go to say that the lease was outbid by someone else, it could simply mean that the lessee did not want to lease the property anymore. He stated that Ducks Unlimited has done agreements on Trust lands since the 90’s
and the cross fencing that they have installed is still there after twenty years. That is one example that the
practices do have the potential to stay on the ground and benefit future lessees. Ranchers will likely sell
their fence to the next lessee, if the lease should change hands.

In response to a question of what happens if a rancher goes out of business mid-term and the tract is
leased to someone else – does the management requirement transfer? It was indicated that if the lessee
loses the lease after a few years it would be a new lease and the management requirement would have to
be agreed to by the new lessee.

It was noted by Mr. Humann from State Trust Lands that leases have to be for five years and have to be
offered at public auction. It would take a change in the State’s Constitution to revise those terms. The
issue of fence ownership would be a Board decision. He noted that State Trust Lands Department
inspects the tracts of land at least once every five years and they haven’t found that the tracts are
overgrazed.

Mr. Beckers stated that this pilot project would be with operators that are committed to using the fencing
to enhance the soil health and improve their operations. This project includes the wells and pipelines that
would be considered permanent structures and would remain with the tract of land no matter who leases
the tract.

There was discussion that with these best management practices being implemented and water
improvements along with the fencing the tracts of land will be more valuable and there could be more
competition for the five-year leases in the future. Mr. Beckers said the ranchers they are working with
did have that concern but the rotational grazing systems and providing clean water would benefit them for
those five years and studies have shown a twenty percent increase in cattle production if you implement
these best management practices.

GR8-010 - Crystal Springs Bank Stabilization Project - Stutsman County Soil Conservation District -
$226,752.90 - Directive B – Project summary: Repair erosional problems on Crystal Springs Lake and
Stink Lake. Reshaping and providing rock riprap where erosion has been occurring. Restore and
maintain water quality of Crystal Springs and Stink Lakes. Install boat ramp. (A PowerPoint presentation
is available in the Commission files.) Mr. Ryan Odenbach gave the presentation. He highlighted the value
of this project:

- Increase the recreational activities that take place on these lakes
- Allow more public access to Stink Lake
- Maintain the public access on Crystal Springs Lake
- The Camp will provide an easement allowing for a long-term boat ramp access on Stink Lake
- Maintain and restore water quality with riprapping – it prevents soil from moving back out into
  the waters of the lake. When wave action happens and hits the shore and removes sediment that is
carried back out into the center of the water body – this will help prevent that. There are a lot of
  different facets that go into water quality. It was pointed out that there is a lot of alkaline in the
  water.

Mr. Steinwand indicated that the Game and Fish Department has committed to provide cost share through
the Save Our Lakes Program with the guarantee that free public access will be made available.

In response to the question of whether this is a good fishery and does it have the desired public access to
justify the OHF putting in money to basically conserve private property in exchange for that public
access, Mr. Steinwand said it depends on your definition of desired. It is not the best fishery in the state;
it is a popular good, local fishery primarily because of the bible camp being located there. One of the
bigger issues at lakes like this is that there is a lot of development around the lake so shore fishing access
is relatively limited. Any kind of access to an area like this is an improvement.
It was noted that the $79,000 of other project sponsor match is $75,000 from the Game and Fish Department and $4,000 from the Baptist Camp. Mr. Odenbach said the Camp is a non-profit organization so they don’t have a huge funding pool for these types of projects.

In response to a question if the project has been submitted for any 319 funding, Mr. Odenbach said no and he doesn’t believe that 319 would provide funding. They have larger watershed projects and this is an individual bank stabilization project—not part of a wide watershed area.

GR8-011 - Stutsman County Grazing Systems - Stutsman County Soil Conservation District - $324,900 - Directive B – Project summary: Restore proper vegetative balance in riparian and associated upland rangeland - focus on proper rotation of grazing animals through the use of multi-celled grazing systems. Restore and maintain water quality of rivers, lakes and reservoirs. One system will be 23 cells, one will be 13 cells and one will have 8 cells. (A PowerPoint presentation is available in the Commission files.)

Mr. Ryan Odenbach gave the presentation. He noted that this application was similar to what the Board had seen previously—he has removed the manure management system request for funding and this request is just for grazing projects. He indicated that no 319 funding is available right now and the operators have been unable to obtain EQIP funding. This would provide cost share funding to operators who want to implement best management practices but are unable to receive funding assistance. In response to questions he noted:

- Fencing is half of the total costs and it does include boundary and cross fencing.
- This project includes the replacement of the entire boundary fence; the current fencing is very old. The cross fencing is barbed wire – these operators have had trouble maintaining cross fencing with electric single wire and indicated it is not easy to maintain—their preference is to use barbed wire. There was discussion as to whether four strand barbed wire cross fencing was necessary and that there could be some saving on fencing costs.
- He wasn’t certain if the private lands were enrolled in PLOTS. Mr. Steinwand indicated that some acreage owned by one of the operators is enrolled in PLOTS.
- Future 319 funding will be limited in his county because of the size of the county and the need to focus on certain watershed areas. He did not anticipate any 319 funding for this part of the county for 3 or 4 years.
- If the OHF would provide funding for just the cross fencing and require the operators to be responsible for the boundary fencing he thought only one of the three operators would go ahead with their project.
- The operator will be responsible for taking down the old boundary fencing—no OHF dollars are being requested for boundary fence removal.

Mr. Odenbach was complimented on the pilot programs showing a 50% increase in the herd size and providing benefits in terms of decreasing impacts on water and increasing utilization of the properties. It was suggested that the OHF dollars are being used to help improve a private producer’s property and to stop the negative impacts that they are having on water quality. It has now been shown that these best management practices work and producers want to get on board. So the question is at what point does the Board start reducing these matching funds? The matching funds have been used to encourage operators to implement the practices and to show that the practices work. How long should the OHF be subsidizing improvements on private property? Mr. Odenbach said he could not answer that question—there is a certain draw back in that you start to hurt smaller farmers because they can’t make such big investments in some of these projects to do these kinds of things.

There was discussion on whether the in-kind was in the form of cash or of labor. Mr. Odenbach indicated that the work of installing the fencing would probably be contracted out and the operator would be paying 40% of the cost of the labor.

There was discussion on the availability of EQIP dollars -- the ranking system that is used and the amount of dollars that is available overall and what is available in this area of the state. The application that was
submitted to EQIP mirrors what has been presented to the Outdoor Heritage Fund and it did not receive an award of EQIP dollars.

Mr. Steinwand complimented Mr. Odenbach on the tour that he had given earlier in the year.

**GR8-012 - The Bee Integrated Demonstration Project - Keystone Policy Center - $94,768 - Directive B –**

Project summary: *Demonstrate how effective best practices for bee forage and nutrition, crop pest control, varroa mite management, and farmer/beekeeper cooperation can be effectively combined and implemented into an integrated program.* (A PowerPoint presentation is available in the Commission files.) Mr. Zac Browning gave the presentation. In response to questions he noted:

- There were 600,000 hives in 2015 – in 2000 there were 300,000 so it has doubled in a little more than ten years.
- The drop in production is due to over saturation combined with the fact of a major shift in crop production allocation and conservation acres – that’s definitely part of the issue. Honey production is not the focus, honey is a component that is necessary to support the colony but the reason why those bees have come here is not necessarily to try to produce honey it is actually for good summer pasture. North Dakota is really the last best place in the country where you can find a rural neighborhood that will support the bees that are now required to support other crops. The way we are growing crops, especially considering large acreages, bee keeping operations have consolidated the same way other agriculture operations have; they are bigger so now their operations are not as easily housed in communities that are more urbanized. North Dakota is really the only place they can come.
- Their other grants are in the process. The National Honey Board grant will be looked at on the 30th. Nothing is secured at this point.
- This is not a research project; it is a demonstration project of already researched and developed technology. The bee keepers aren’t using it right now because a lot of it is new and there is a critical component lacking and that is a demonstration.
- Project Metrics – there will be evaluations taken as this unfolds to determine whether or not we have been able to make an improvement. It would be like sampling pollen collected from the hives and making sure that the pollen actually comes from the habitat enhancement that we have done.
- They will have new plantings of around seventeen acres per site on average and there will be twenty demonstration sites. The process would work like this: the biologist, the bee keeper and the potential farmer would look at a three year period and determine whether or not a site would be applicable for this and those enhancements would be planned and coordinated in communication with neighbors and all parties involved which is the outreach and education component. The Department of Agriculture’s Pollinator Plan that was developed in 2014 will be the basis for all of that networking.
- The project is for three years.

Following a break Chairman Melchior reconvened the Outdoor Heritage Fund Advisory Board meeting.

**GR8-02 - Cass County Cover Crop Project - Cass County Soil Conservation District - $60,000 - Directive B –**

Project summary: *Provide financial assistance and technical assistance for establishing conservation cover crops in Cass County. This is a pilot project on 2,500 acres for two years--$20 per acre for only seed costs. This program is designed to help promote conservation cover crops and provide cost share on a 60/40 basis to willing participants.* (A PowerPoint presentation is available in the Commission files.) Mr. Eric Dahl gave the presentation and highlighted the following points:

- The primary project directives are improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and supporting other practices of stewardship to enhance farming and ranching.
- This is still in its infancy—a little bit has been done in Cass County.
It is awesome for adding diversity into low diversity systems like corn/bean rotation and for the livestock people who are already out there grazing those corn stocks, a good added food source as well.

- They hold field tours and events to make the public aware of the projects they are working on.
- The cost share provided will be paid on the seed cost only, other associated costs of incorporating etc. will be the producers’ responsibility.
- The cost share will be available countywide for an open enrollment period on a first-come first-serve basis with no minimum acreage requirements with a maximum of 320 acres.
- The residue must be left standing throughout the winter months.
- The seeding method will be left up to the producers.

In response to questions he noted:

- The number of sites that could be grazed would be up to the producer if they have cattle and would probably be utilized for forage.
- They plan to advertise for producers to participate.
- The 319 program has funding for cover crop. Over the years of working with that program, the implementation was good and generally those that started are still doing it even though 319 dollars are no longer available. The purpose of this program is to get more producers started in using this practice.
- Currently in Cass County he did not have an estimate of how many acres they have in cover crops. The Buffalo watershed projects they are working on now is roughly a 90,000 acre watershed and there are a few hundred acres per year in that project, most of them have a grazing component because of where it is located in the county.
- The cost share – the people that have been doing it for five years, it is in their rotation - they are growing the seed and planting the seed they are growing. It becomes part of how they are managing their operation and that is what we would like to see all over.
- It is their intent that this would be for first time cover croppers. They could include a provision that if the producer has already received funding for cover crops from other sources they would not be eligible to receive these funds.
- Yes, there are some calculators for what a cover crop can harness in nutrients; NDSU has a nutrient credit for a cover crop. There is a moisture use component etc.
- Chances are most of the cover crops would be tilled come spring – the more times people use this practice they become more comfortable with the residue that is left. The more years you buy into this eventually you are going to have to feed the soil more so you will be double cropping on purpose and getting this cover crop in no matter what, even if it means planting and not getting adequate moisture – we want them to buy into the whole concept of soil health and this is step one.
- The heart of this is the soil conservation not necessarily habitat improvement. If this was adjacent to a large wildlife area there would be food out there in the winter for the wildlife.

**GR8-03 - Painted Woods Lake Area Habitat Enhancement and Flood Damage Reduction Project**

*McLean County Water Resources District - $508,227.87-Directive C – Project summary: Replacement of the existing aging lake level control structure. Included in the new structure is a rock ramp fish passage facility to allow fish passage from the Missouri River into Painted Woods Lake and Painted Woods Creek watershed. Funds would be used for construction costs, engineering design, engineering construction and geotechnical engineering. Funding is for the first year activities of a multi-year project. (A handout and PowerPoint are available in the Commission files.)*  
Mr. Roger Clay gave the presentation. He noted the directives that would be accomplished with this project. He stated that water management in the Painted Woods Lake is very complex - with two-thirds in Burleigh County and one-third in McLean County. This project will help manage that water in a positive beneficial way. The land surrounding Painted Woods Lake includes wildlife habitat; on the west side is a federal wildlife development area; on the east side (purchased this year for habitat enhancement and flood damage reduction purposes) is a
Game and Fish Wildlife Management Area, in the middle between them is Painted Wood Lake. A portion of the Lake is owned by North Dakota and managed by the State Water Commission. One of the drawbacks is that the existing lake level control structure blocks the fish passage from the Missouri River. The major directive for this project is restoring fish habitat by replacing the old, unsafe, hard-to-operate lake level control structure. This project will provide a fish passage and with the improved ability to manage water in the Lake and being able to temporarily flood wetland areas, be enhancing wildlife habitat. The fish passage will be a rock ramp made of large riprap and boulders on the downstream side of the new structure that fish can swim up and into the Lake and Painted Woods Creek reconnecting that diverse ecosystem. The project also includes funding to enlarge the parking area. Downstream the banks are eroding; this project includes funding to repair that and stop that erosion. The control structure will help manage flows improving the flow of flood waters through the Lake and help us flood back into wetland areas. By improving the flow of floodwaters through the Lake, the project will reduce erosion that is occurring at the north end of the Lake. Any restoration that will be done with vegetation enhances wildlife habitat. This area has management at the local, regional (Garrison Diversion District), state and federal levels. In response to questions he noted:

- The main reason for the purchase of the property was flood control and habitat.
- When the fish passage is done, one of the things they will be able to do every two or three years by controlling the water level in the Lake is drown the cat tails for a period of time. That will help keep the cat tails under control which is a significant issue right now.
- It is a big project – if you combine both the lake level control structure and the high flow or flood control channel – there is a channel that will connect Painted Woods Creek on the east side of the Lake and come into the east side of Painted Woods Lake. Because of the size of the project McLean County is breaking it into two parts. The first part--the lake level control structure would be done slightly ahead of the second part but in no way impede construction of the high flow channel. The plan right now is in May of next year to start pushing for funding of the high flow channel. Depending on how fast that goes the Water Board may be starting it next year as well. We would like to do the lake level control structure in 2017 and depending on the next round of funding how fast we can get that we might even be able to start later next year. Even if we had to start in 2018 that is not a hindrance to it, we can do it.
- Mr. Clay provided a description on how the fish passage works. Mr. Steinwand stated that there are a number of these types of structures on the Red River. Painted Woods Creek used to be a very popular fishing spot and this will enhance it. It will be a good local fishing spot.
- In response to a question of why the Water Commission had turned down funding for this project, Mr. Clay stated that one of the Water Commission member’s has the opinion that this is purely a recreational project so they said it did not have a high enough priority for them. He noted that the Governor and Agriculture Commissioner support this and believe it is flood control project. The Governor recommended that the Water District go back to the State Engineer and work that out with them. The staff thought it was flood control as well. We have more work to do there but we believe we will be successful.
- Phase 2 is the high flow channel. The costs for Phase 2 are still being worked on. Phase 2 would also be enhancing habitat so they are anticipating asking for additional OHF funding.
- They do not have an alternative source of funding to replace the Water Commission funding. They believe they will ultimately get the funding from the Water Commission as they will be able to prove that there is a substantial flood control aspect to the project.

There was discussion between Board members on the reasons why one part of the project was deemed Phase 1 and the other Phase 2. It was indicated that was partially driven by what funding became available first. Both phases of the project are important; the flood control is badly needed to prevent the significant erosion that is taking place. The desire of the Water Board is to do as much as they can as soon as they can. Funding from the Fish and Wildlife Service and the Bureau of Reclamation is available now for the lake level control structure so they wanted to move forward with that part of the project. They are also working with the Water Commission and the Game and Fish Department on getting the funding for
Phase 2. Mr. Clay said they would like to do as much as they can as soon as they can--both Phases of the project are important.

It was noted that the McLean County Water Resources District is also lining up a project that involves equipment being brought in that can reach out a long distance into the Lake and remove the sediment and the cat tails. It was pointed out that this is a big project with a number of aspects to it which are all interconnected. The goals include the reduction of the erosion which is destroying surrounding properties. The project proposed today is an important part of the larger project and will help deal with many of the issues being faced in that area. The problems with the existing control structure began in 2007 and need to be dealt with so the entire project gets completed.

**GR8-08 - Logan County Natural Resource Program - Logan County Soil Conservation District - $420,000 - Directive C** - Project summary: Providing technical and financial assistance for the implementation of conservation crop rotations with increased high residue crops, seeding fall crops to increase nesting cover over winter, planting season long cover crops with multi species, implementing prescribed grazing plans and converting cropland to grassland. Implementing conservation practices to address cropland and grassland resource needs for the benefit of livestock production, soil health and wildlife management. (A PowerPoint presentation is available in the Commission files.) Mr. Gabriel Erbele gave the presentation. He indicated that the NRCS has made changes in their Environmental Quality Incentive Program (EQIP) in recent years. The funding pool is now more competitive – funding used to be so many dollars allocated to each county now it is in six county funding pools and producers now have to compete in a larger funding pool which means fewer contracts in Logan County. In 2016 only two contracts of EQIP were funded compared to the average of ten contracts per year in previous years before the funding pool was established. He indicated that the program will be implemented with the Soil Conservation District Board receiving the applications, ranking the applications and signing agreements during the fall of 2017. Producers will install practices and office staff will provide technical assistance. The staff will monitor these projects and take inventory on acres that are positively impacted from the spring of 2018 through the end of the project in 2021. Grant dollars will be split into two groups – 70 percent to grassland practices and 30 percent to cropland practices. Grassland practices gets a higher percent of dollars because the District felt there is a more urgent need to keep grass in grass and to improve the grassland rangeland that we currently have. The estimated payment to an applicant for conservation practice will be 60 percent of the installation costs -- producers will not be over paid or profit from cost share funding – they will only receive 60 percent of the actual costs. Applicants will be responsible to pay their 40 percent of actual costs of their practice installation. Management practices will be incorporated into the contracts and will need to be followed for the life of the practice. Program participants will have to follow the NRCS standards and specifications.

**GR8-05 - Powers Lake Watershed Project - Lake Improvement Phase - Powers Lake Watershed Project (Administered under the City of Powers Lake) - $220,000 - Directive C** – Project summary: Primary goal of the Powers Lake Watershed Project (PLWP) is to protect and restore recreational and aquatic life beneficial uses. These grant dollars will be used to dredge the lake and remove at least 150,000 cubic yards of sediment over the next 10 years. (A PowerPoint presentation is available in the Commission files.) Mr. Dennis Dosch gave a few comments then Mr. Kenny MacDonald gave the presentation. He said this has been a 319 project as they have addressed the watershed issues of trying to reduce what is going into the lake first. They estimate there is about three to five feet of sediment in the lake and this lake is considered about seven to eight feet deep so about a third of it is in sediment. They have had water quality testing throughout the process of this project and one thing they are addressing is the phosphorus in the lake itself. The erosion has brought phosphorus into the lake – dissolved and particulate phosphorus. He pointed out that there was a mistake on his application on page four at the bottom – phosphorus amounts total removal estimated for ten years was 3,592 pounds – the mistake - when you add up the sediment (samples of the sediment removed are running about 32 to 33 parts per million of phosphorus) –the number should be over 11,000 pounds of phosphorus removed in the ten years. A feasibility study was done and it showed that they need to do some dredging in the lake. The City
purchased the dredge which is a one person operation and someone donated land to put the dredged material on for $1.00 per year. This is not an overnight project success, it is going to be long term and benefit future generations.

In response to questions he noted:

- They did get $170,000 through the 319 Program to help get us started and can be used for salary and they continue to look for additional funding sources to keep the project going.
- Powers Lake is about 1,600 acres.

Mr. Steinwand said given they will remove about 11,000 pounds of phosphorus in 200,000 acre feet what is the estimated phosphorus load in the sediment in Powers Lake right now. Mr. MacDonald said he didn’t have a total calculation.

GR8-06 - LaMoure County Dam Reparation Project - LaMoure County Water Resources District - $135,000 - Directive C – Project summary: Repair of three dams -- Schlenker Dam, Kulm-Edgeley Dam, Schlecht-Thom Dam. The objective of this project is to carry out the necessary reparations to these dams so they can continue to support viable fish populations and provide wildlife habitat and corresponding recreational opportunities. Mr. Marvin Schulz discussed the project. He stated that the Water Board is responsible for the maintenance of the dams within LaMoure County. The problem they face is that they have a limited budget of approximately $17,000. They are requesting a grant of $135,000 from the OHF with the total cost of the project to repair the three dams is $180,000. The project is shared by the Water Board, State Water Commission and the ND Game and Fish. All three dams are earth embankment dams constructed in the late 60’s to early 70’s and used heavily for fishing, boating and other recreational activities – camping and hunting. All the dams are essential to the local communities – Edgeley, Kulm, Ellendale, etc. If OHF funding is awarded, the State Water Commission will pay $25,800, ND Game and Fish will give $9,500 and the Water Board would pay $9,500. He reviewed what was wrong with each of the dams and what steps will need to be done to repair the dams.

In response to questions he noted:

- The dams are fisheries, there are some wildlife such as ducks, etc. boating takes place and a lot of fishing for Northern Pike, Walleyes and Perch. The Kulm-Edgeley Dam is about 100 acres, Schlecht-Thom is a little smaller at about 50 to 60 acres, he didn’t know about Schlenker. They are stocked fisheries.
- NRCS did help financially install the Kulm-Edgeley Dam. They have not approached NRCS in regards to a possible cost share.
- It is not clear if they have to completely drain the lakes for construction. The State Water Commission provides the engineering. Mr. Steinwand stated that they did not have to drain the lakes -- they have a process so they can do this without having to drain the lake.
- Typically when these dams are built they are eventually transferred over to the local water board for ownership.

Mr. Steinwand said these are very good local fisheries known statewide. He thought it was Schlenker where Game and Fish got a lot of phone calls from locals complaining about non-resident anglers coming in and fishing them so much. They are very good. Dakota Anglers is a fishing club out of Jamestown which is some distance away and they are providing $2,000 to help with the repairs. If these dams aren’t repaired then the only other option is to remove the dams because once you get that seepage going and you have a stream of water you will eventually lose the dam.

GR8-013 - Fargo Urban Woods and Prairies Initiative - Phase 2 - Audubon Dakota & Fargo Parks District - $524,600 - Directive D – Project summary: This project is focused on three components - common buckthorn removal, community orchard restoration and trail development (Orchard Glen, Forest River and Heritage Hills). (A PowerPoint presentation is available in the Commission files.) Ms. Sarah Hewitt gave the presentation. Phase 1 began in 2014 recognizing there wasn’t a lot of urban habitat for urban
birds and other wildlife species within Fargo. This project was aimed at enhancing and restoring habitat for those species, increasing recreational opportunities for Fargo residents and providing natural flood protection with those restored acres. It is a partnership between Audubon Dakota, Fargo Parks District, City of Fargo and Moorhead, Buffalo Red River Watershed District as well as Cass County – she thanked the Board for the 2014 funding for this project. Sam DeMarais, Fargo Park District Park Forester, continued the presentation explaining the community orchard restoration. In response to questions they noted:

- They have not applied for any of the community orchard grants through the ND Department of Agriculture.
- In referring to a map Ms. Hewitt indicated the areas that were part of Phase I. Orchard Glen was not scheduled for native restorations since it is an orchard. Forest River and Heritage Hills were two of the original five sites so those are fully restored. The kayak launch is at Forest River.
- The individual site trails will not interconnect at this time. Eventually all of the sites, 24 sites in total through this program, will be connected someway whether it be through crushed gravel, cemented or primitive trails but that is in the future.
- These were once residential areas but were flood buyout areas that have been idle for a few decades so are now natural areas.
- The project coordinator shows $62,500 – staffing for the Park District and Audubon Dakota – it is for both entities.
- Estimating today’s use of the trails at about 10,000 persons per year with the establishment of the trails and restoration of the orchard which will give us the opportunity to have more activities like a Blossom Fair or Apple Picking events and increase outreach events we are hoping to have 50,000 persons per year using these sites.
- Other funds for this project will come from the Fargo Park District and Audubon Dakota in the form of in-kind and cash.
- The Park District owns the three properties and will maintain them as they see fit – as nature parks.

Upon completion of all the presentations, Chairman Melchior opened the meeting for public comment on any of the projects. No comments were made.

Chairman Melchior thanked all the applicants for coming and making their presentations.

Following a lunch break Chairman Melchior reconvened the Outdoor Heritage Fund Advisory Board meeting at 1:00 p.m. There was general discussion by the OHF Advisory Board on the Grant Round 8 application as follows:

**GR8-01 - The Missouri River Landing Warehouse at the Port of Bismarck - Fort Abraham Lincoln Foundation**

There were questions as to whether this was the appropriate funding source for the project. Having a patio with public access didn’t seem to meet the directives of the program. The project has value but this isn’t the program to provide funding for it. The application is doing a good job in raising money for the project and gathering support but it isn’t a good fit for this grant program.

**GR8-04 - Trail Restoration and Improvement Program Part 2 - ND Parks & Recreation**

Several members stated their support for the project and noted that these trails get people outside, gets them between the North and South Units of the Theodore Roosevelt Park and the OHF should do its part to keep it in place. Trail development is a high priority with North Dakotans for outdoor recreation. The Maah Daah Hey Trail is one of the jewels of western North Dakota.

It was stated that Parks and Recreation should have signage indicating the Outdoor Heritage Fund has provided funding for the Trail. This Trail is used by people in and out of state and it is important to note that Outdoor Heritage Fund dollars are helping support the Trail.
There was discussion on having a requirement to make sure that the Department has the spending authority for this project. It was explained why a state agency needs to get that authority and the actions of the Legislature last session to specifically require that legislative authority has to be given for state agencies to use OHF funding.

**GR8-09 - Grasslands Enhancement Pilot Project - Ducks Unlimited & Natural Resources Trust**

Mr. Moser stated that the State Trust Lands staff had forwarded to him the section of the Constitution that addresses the five year requirement for leases. The Constitution states: “No such law shall authorize the leasing of said lands for a longer period than five years.” It must also be leased at a public auction.

The Board members discussed this project and noted the following:

1) This is a good project but it would be improved if the State Trust Lands owned the fencing.
2) There is the potential for abuse by the lessees in the fourth and fifth year of the lease.
3) The Grazing Lands Coalition is going to have grazing management plans for these areas.
4) This is a good project that combines habitat improvements on public lands, involves a private lessee, Grazing Lands Coalition is involved, the railroad is a partner. This is a good example of parties coming together to implement rotational grazing in areas that haven’t been implemented before and in the process will improve habitat for wildlife.
5) This is a pilot project and with pilot projects you see what the issues are and then you can deal with those issues.
6) This would allow public lands to be used to their full potential.
7) This may be a project that is ahead of its time -- there needs to be more buy-in by the State Trust Lands and they become a co-applicant. We need to explore ways to assure that the investment in these tracts of lands stay on the land. Need to have more clarification about how it the grazing management plans will be enforced.

It was moved by Mr. Moser and seconded by Mr. Lies that the Grasslands Enhancement Pilot Project submitted by Ducks Unlimited & Natural Resources Trust (Application GR8-09) be withdrawn and sent back so the Land Department can do further work on the issues discussed today.

8) The Board had approved a number of projects that aren’t perfect but with this project we have matching funds, groups committed to implementing this pilot project, the funding is relatively a small amount, so the timing is right to do it now.
9) Rather than delaying for a year perhaps this would be an opportunity to encourage the State Trust Lands to look at their policies regarding ownership of fencing.
10) There is value in enhancing public lands because public access is allowed on these lands.
11) The leases come due in October and November so a delay won’t impact any leasing.
12) Should these monies be made available for only five-year leases and not on tracts of land that are already two or three years into their lease?
13) This project is a win-win for the schools (the beneficiaries of the monies received by the State Trust Land from the leases), the outdoor recreation people, hunters, walkers, bird watchers--whoever uses these lands plus the agricultural community because we are investing in the land by implementing best management practices.

On a roll call vote Clarys, J. Godfread, Kuylen, Lies, Melchior and Moser voted yes, Bina, C. Godfread, Hutchens, Reierson and Stockdill voted nay and Elkin was absent and not voting. The motion carried.
There was discussion as to what happens now -- who has the responsibility to get these issues before the State Land Board? Who takes this project to the Land Board and presents the OHF Advisory Board issues to them?

Mr. Reierson challenged the procedural aspect of this vote. This is not the process we have followed. The Board gives direction through the scoring of applications and a vote on the funding. If they don’t receive a sufficient number of scores then they don’t get funded and then it goes back with comments. This is a procedure we have not seen before.

There was discussion regarding the application that was pulled at the last meeting -- the Crystal Spring project. It was clarified that in that instance the applicant requested that the application be withdrawn. The Board discussed tabling it but instead voted to withdraw the application for consideration at that time.

There was discussion on the value of this project and getting the Land Board to look at the policy regarding ownership of fencing. It was mentioned that there are some instances where State Lands has owned fencing. The ownership of the fencing by the Trust Lands is important because it is an added insurance that the best management practices will stay on the ground.

Mr. Reierson said he is against the motion and thinks procedurally this is so far out from how we have proceeded in the past that he would ask that the Chairman rule on the motion being out of order and proceed in our usual fashion on whether the project gets funded or not.

Chairman Melchior ruled that the motion was out of order and that the application should go through the same process the Board has previously used to determine if there should be any funding and if there should be any conditions if there is funding.

**GR8-010 - Crystal Springs Bank Stabilization Project - Stutsman County Soil Conservation District**
No discussion.

**GR8-011 - Stutsman County Grazing Systems - Stutsman County Soil Conservation District**
There was considerable discussion on the following points:

1) Should the Outdoor Heritage Fund pay for border (boundary fencing)? What is the responsibility of the landowner to protect and keep their cattle on their property? Installing a boundary fence does not have a conservation purpose like cross fencing or installation of water enhancements does.

2) Is there some stipulation that could be implemented assuring that the best practices will be maintained by a future landowner? When you go into CRP or some other programs there are conditions that if you sell the land the next buyer is bound by those terms. Enforcement might be tough but that is an option to be considered.

3) Is a four-strand barbed wire fence needed for cross fencing?

4) The cost for the barb wire fence was $2.35 per foot; the cost for the electric fence is $1.10 which includes labor costs.

5) Mr. Odenbach has a proven track record of getting projects on the ground and completed.

6) It sounded like the operators would not proceed with the cross fencing if they didn’t receive funding for the border fencing.

7) If a practice has been shown to be successful and is a proven practice should the Board consider a different level of cost sharing?

8) Public access should be a consideration in awarding of these funds.

9) What is the funding level if the Board wants to fund just the cross fencing? It was suggested that it was approximately 50% of the grant request.

**GR8-012 - The Bee Integrated Demonstration Project - Keystone Policy Center**
Board members expressed their support for the project and noted the following reasons why:
1) This demonstration project includes diversity for the bees to feed on which improves their diet and makes the bees more healthy and they will do better if they are healthy.
2) The plan for monitoring the bees is good -- checking the pollen to know exactly what the bees are eating will be valuable information.
3) This project includes a coalition of industry, commodity producers and the bee industry and conservation groups. Everyone will benefit from this project.
4) This project appears to be manageable with twenty 17-acre plots.
5) You can’t raise crops in North Dakota without bees. It is an important project.

GR8-02 - Cass County Cover Crop Project - Cass County Soil Conservation District
The Board members discussed the following points:
1) This funding should be limited to first time cover crop growers. The OHF funding should be used to make the producer aware of the benefits of the practice and then after that they should be able to proceed on their own with maintaining that practice.
2) There is a wildlife benefit if cover crops are grazed although it might be limited in certain areas.
3) Because it is the Red River Valley where they want to dry their land out, won’t the cover crops catch more snow and make it more difficult to get the moisture out of the land in the spring? The practice does fracture the ground which allows the water to leave the ground instead of staying in that top part of the clay. This would stop the dirt from blowing.

GR8-03 - Painted Woods Lake Area Habitat Enhancement and Flood Damage Reduction Project - McLean County Water Resources District
The Board members noted the following points about the project:
1) Overall it is a good project but there are a lot of unanswered questions.
2) Should the project go forward without knowing if the other funding is going to be available for Phase 2? When will they know if they have Water Commission funding?
3) There seems to be two focuses with the project -- fishing/recreation and flood control which can work together but it wasn’t clear how they are moving forward with both aspects of the project.
4) The project the Board is being asked to fund is an integral part of this effort.
5) There were questions about the dredging and why it wasn’t presented as part of the project being considered by the Board today. That seemed to be an important piece that wasn’t reflected in any of the materials. If funding is to be provided it should be conditioned on the dredging getting done at the same time as the fish crossing is constructed.
6) Because the dredging isn’t discussed in the application can it be a stipulation--when we don’t have any information on what they are proposing, who is paying for it, etc.
7) Perhaps this project should come back with different sequencing and additional information about all the aspects of it along with an update on the various funding sources.

GR8-08 - Logan County Natural Resource Program - Logan County Soil Conservation District
The Board members discussed the following points:
1) This is a good project; similar to other ones funded by the Board. It does not include funding for any border fences (boundary fences).
2) It is unclear of how many acres will be impacted with the $700,000 project.
3) What is normal for a prescribed grazing plan-- three years or five years? Wouldn’t it be better to have a minimum five-year plan to make sure the structures stay in place and are managed appropriately?
4) There was no information on how they would be implementing the program - weak on an implementation plan.

GR8-05 - Powers Lake Watershed Project - Lake Improvement Phase - Powers Lake Watershed Project (Administered under the City of Powers Lake)
The Board members discussed the following points:
1) Community support for the project is strong.
2) There are many lakes with this problem and this may serve as an example of how to correct this situation.

3) These local lakes are the heart of many communities so we need to find ways to help them resolve these issues.

4) Where are they going to get the remaining funds needed to complete this project? They need $350,000 and have only obtained $170,000 from the 319 program.

5) There is $20,000 of money being proposed for salary.

6) How the 319 funding works; what costs are eligible under that program; what is the duration of the practices that are funded with 319 dollars.

7) The applicants are to be congratulated for doing this correctly. They have worked to resolve the source of the phosphorous and reducing the nutrient load and now are taking the next step of dredging out what has accumulated in the lake.

8) This project is going to get done whether or not OHF funding is granted -- this is an example of how grant funding should be awarded--there is a commitment by the applicant to get the job done, and they are requesting a little bit of assistance because they are doing it.

GR8-06 - LaMoure County Dam Reparation Project - LaMoure County Water Resources District
Board members expressed support for the project -- a small fix now could resolve a huge problem within a couple of years. There was a question of whether the additional funding of approximately $3,100 that had been received since the application was submitted by the fishing club should be reduced from the amount requested from the Outdoor Heritage Fund. It was indicated that those dollars would be used to reduce the amount paid by the local Water Resource Board.

GR8-013 - Fargo Urban Woods and Prairies Initiative - Phase 2 - Audubon Dakota & Fargo Parks District
The Board discussed the following points regarding this project:

1) The costs for reclaiming and surfacing these trails seems high compared to the costs for the Maah Daah Hey Trail - Is there an average costs for reclaiming and surfacing trails? Mr. Zimmerman stated that the Maah Daah Hey Trail is a single track dirt trail that is quite narrow, city trails are 50 to 60 inches wide and are generally paved or concrete. A mile of trail when Parks and Recreation funds trails through the RPT program are usually a couple hundred thousand dollars a mile. There is a wide variance in costs depending on the types of trails. Generally the trails are bid out for the city projects and the final costs are the result of the bids.

2) The application shows a request of $519,600 and the summary sheet shows $524,600. Ms. Fine stated that the summary sheet amount is wrong. It should have been $519,600.

3) There is $15,000 being requested for project coordination which is not something that the Board has funded previously unless there is information indicating a need for that funding.

4) Another concern was not knowing how the Fargo Diversion project will be impacting this area--reluctant to spend $500,000 along the Red River to find out in a couple of years that part of this project is going to be demolished. This could be delayed until there is a clear understanding of the impact of the Flood Diversion on this area. It was indicated that the Diversion was not going to be running near the existing river -- that shouldn’t be an issue. There might be some flooding but nothing that would take out the trails.

5) These trails when they are connected will get a tremendous amount of use. Trail usage is close to the top if not the number one activity in community surveys.

6) The habitat restoration for the orchard is good in the amount of $34,400.

7) In this particular project being so close to an urban area it would get people from the urban environment to a natural setting--a lot of youth--it would be a valuable asset to the area. Although the costs may seem high this is an investment in the quality of life for our residents.

Chairman Melchior asked the voting Board members to complete their scoring sheets and turn them in to Ms. Fine. Ms. Fine noted two conflicts of interest -- Mr. Bina and Mr. Kuylen had conflicts on GR8-01 -
The Missouri River Landing Warehouse at the Port of Bismarck. The Board took a break while the scoring was compiled.

Chairman Melchior reconvened the Board. The summary of the scoring was distributed and Mr. Melchior asked each member to check their numbers to make sure they were correct. Ms. Fine listed the 3 projects that had received six or more zeros for funding. Chairman Melchior asked if any Board member wanted any of these three projects voted on separately.

It was moved by Mr. Moser and seconded by Mr. Godfread that the following applications not be recommended to the Industrial Commission for Grant Round 8 funding:

1. GR8-01 - The Missouri River Landing Warehouse at the Port of Bismarck - Fort Abraham Lincoln Foundation - $91,769.25
2. GR8-03 - Painted Woods Lake Area Habitat Enhancement and Flood Damage Reduction Project - McLean County Water Resources District - $508,227.87
3. GR8-010 - Crystal Springs Bank Stabilization Project - Stutsman County Soil Conservation District - $226,752.90

The Board discussed the GR8-003 Painted Wood Lake project and indicated that they would be interested in reviewing this project in the future if the applicant is willing to deal with the issues and concerns that the Board outlined -- such as the dredging of the problem area that currently exists.

The Board discussed GR8-010 Crystal Springs project with two of the members stating why they had supported some level of funding -- it was a growing recreation area and this project would provide some additional public access for this fishery.

On a roll call vote Bina, Clarys, C. Godfread, J. Godfread, Hutchens, Kuylen, Lies, Melchior, Moser, Reierson and Stockdill voted yes, no one voted nay and Elkin was absent and not voting. The motion carried unanimously.

Chairman Melchior stated there are nine projects remaining that have been recommended for funding and the Board will take them in the order that they were presented starting with GR8-004.

It was moved by Mr. J. Godfread and seconded by Mr. Bina that the Trail Restoration and Improvement Program Part 2 submitted by ND Parks & Recreation be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $82,054 (Application GR8-004) with the condition that the Parks and Recreation Department obtains legislative authority to spend the OHF funding.

Mr. Steinwand left the meeting at this time.

On a roll call vote Bina, Clarys, C. Godfread, J. Godfread, Hutchens, Kuylen, Lies, Melchior, Moser, Reierson and Stockdill voted yes, no one voted nay and Elkin was absent and not voting. The motion carried unanimously.

It was moved by Mr. Hutchens and seconded by Mr. Bina that the Grasslands Enhancement Pilot Project - Ducks Unlimited & Natural Resources Trust be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $241,529.40 (Application GR8-009) with the requirement that they ask the Land Department to take ownership of the fencing.

There was discussion clarifying the motion:

- Rather than ask the Land Board to take ownership of the fencing; they are required to take ownership of the fencing that is installed with OHF funding - Mr. Hutchens said he was okay with that change.
- The lessee would get amortization credit similar to the amortization credit that is allowed for water projects - treat the cross fencing as a permanent improvement similar to what is done for water wells and dams.
- Applies to cross fencing - no funding is being requested for border fencing.

It was moved by Mr. Lies to amend the motion at a funding level of $150,000. He indicated that since this is a pilot project a lower funding level might be more acceptable to the Land Board staff if they are required to take ownership of the fencing. There was discussion regarding the amount of acreage that would be impacted by the funding (4,000 acres); where the acreage was located; and the number of lessees that are involved. Chairman Melchior ruled that the motion to amend died for lack of a second.

It was moved by Mr. Moser and seconded by Mr. Reierson that the Grasslands Enhancement Pilot Project - Ducks Unlimited & Natural Resources Trust be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amended amount of $230,000 (Application GR8-009). He indicated that he did not believe the applicant had provided justification for the funding of staffing as required by law. On a roll call vote Bina, Clarys, C. Godfread, J. Godfread, Hutchens, Kuylen, Lies, Melchior, Moser, Reierson and Stockdill voted yes, no one voted nay and Elkin was absent and not voting. The amendment carried unanimously.

It was moved by Mr. Hutchens and seconded by Mr. Bina that the Grasslands Enhancement Pilot Project - Ducks Unlimited & Natural Resources Trust be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $230,000 (Application GR8-009) with the requirement that the Land Department take ownership of the cross fencing (no boundary fencing) that is funded with OHF dollars, the producer will receive amortization credit for their portion of the fencing costs and that no OHF dollars will be expended on salaries. On a roll call vote Bina, Clarys, C. Godfread, Hutchens, Melchior, Reierson and Stockdill voted yes, J. Godfread, Kuylen, Lies and Moser voted nay and Elkin was absent and not voting. The motion carried.

It was moved by Mr. Moser that the Stutsman County Grazing Systems - Stutsman County Soil Conservation District Project be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $95,000 with the condition that the monies be used only for installation of electric cross fencing (GR8-011). Mr. Moser explained how he had calculated the amount of $95,000. (Eliminated the perimeter fencing and used the per foot amount for electric fencing versus barbed wire fencing.) He noted that if this particular landowner did not want to proceed unless he got funding for the entire project then the applicant could use the funding for another cross fencing project that uses electric fencing. Chairman Melchior ruled that the motion died for a lack of a second.

In response to a question regarding cost share, Mr. Melchior stated that there has been considerable discussion over the past two years on what the appropriate cost share amount for the different types of projects should be. The only cost share that the Board has informally agreed to is that on fencing projects and 319 projects they are to be done on a 60/40 cost share basis. A greater match can be considered by the Board on each project and the applicant can decide if they will accept that level of cost share.

In response to a question regarding whether or not the project can move forward if the first motion is not accepted, Mr. Melchior said the project can receive funding if another motion is made. If no one makes another motion to determine the amount of funding then there will be no funding recommended to the Commission.

It was moved by Ms. Godfread and seconded by Mr. Hutchens that the Stutsman County Grazing Systems - Stutsman County Soil Conservation District be recommended to the
Industrial Commission for Outdoor Heritage Fund funding in the amount of $250,000 (Application GR8-011).

It was moved by Mr. Lies and seconded by Mr. Reierson that the motion for the Stutsman County Grazing Systems - Stutsman County Soil Conservation District project (Application GR8-011) be amended with the requirement that no OHF dollars be used for border fencing and have a required cost share of 50/50. On a roll call vote Bina, C. Godfread, J. Godfread, Hutchens, Kuylen, Lies, Reierson and Stockdill voted yes, Clarys, Melchior and Moser, voted nay and Elkin was absent and not voting. The amendment carried.

It was pointed out that the way the motion has been amended with the $250,000 level of funding the Board is doubling this project for cross fencing because we are taking out the border fencing and that is not what the applicant has requested. The question is if the $250,000 level of funding is the right amount. It was noted that Mr. Odenbach has been successful in getting these type of projects completed and the $250,000 level of funding would give him the flexibility to utilize these dollars for additional cross fencing projects.

There was discussion about the cost share amount. It was stated that for a majority of funding -- tree planting, grassland enhancements, etc. the Board has awarded the funding at the 60/40 cost share level. It was suggested that a different level of cost share such as the 50/50 level that is being proposed should be done up front instead of changing it after the projects have been submitted.

It was suggested that the cost share should be based on the type of project--for instance on the grasslands project just approved there is the involvement of government land, the cost share is being amortized over time, the government agency is taking ownership of the fencing so that project is considerably different than a project where the tax dollars are being used for an individual’s property.

Mr. Melchior stated the Board should discuss the cost share question separately and develop some recommendations going forward. We have applicants out there now that are basing projects on a 60/40 split because that is the indication the Board had previously given to the public. He personally did not have a problem with the 50/50 split. His concern is strictly the timing and how it is done.

It was moved by Ms. Godfread and seconded by Mr. Hutchens that the Stutsman County Grazing Systems - Stutsman County Soil Conservation District be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $250,000 (Application GR8-011) with the requirement that no OHF dollars be used for border fencing and have a required cost share of at least 50/50. On a roll call vote C. Godfread, Hutchens, Lies, Reierson and Stockdill voted yes, Clarys, J. Godfread, Kuylen, Melchior, and Moser voted nay and Elkin was absent and not voting. The motion failed.

In response to a question if there is an opportunity for another motion on this project, it was indicated that when you have a motion on something that is seconded and accepted and once that is denied that issue goes away. If someone wanted reconsideration for the project someone from the prevailing side has to ask for reconsideration. In this case someone that voted no has to ask for reconsideration.

With no further action, Chairman Melchior ruled that funding has failed for this project.

It was moved by Ms. Godfread and seconded by Mr. Bina that the Bee Integrated Demonstration Project - Keystone Policy Center be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $94,768 (Application GR8-012). On a roll call vote Bina, Clarys, C. Godfread, J. Godfread, Hutchens, Kuylen, Lies, Melchior, Reierson and Stockdill voted yes, Moser voted nay and Elkin was absent and not voting. The motion carried.
It was moved by Mr. Kuyl en and seconded by Mr. Godfread that the Cass County Cover Crop Project - Cass County Soil Conservation District be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $60,000 (Application GR8-002) with the requirement that the funding be used by only first time applicants.

In response to a question if we are at a 60/40 cost share, the response was yes--that is how the applicant had proposed it.

On a roll call vote Bina, C. Godfread, J. Godfread, Hutchens, Kuyle n, Lies, Melchior, Moser and Stockdill voted yes, Clarys and Reierson voted nay and Elkin was absent and not voting. The motion carried.

It was moved by Mr. Kuyl en and seconded by Mr. Bina that the Logan County Natural Resource Program - Logan County Soil Conservation District be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $210,000 (Application GR8-008).

Mr. Kuyl en explained his rationale for the lower funding amount. He stated that the Board is aware of all the work Stutsman County has done and how well they have done it. He is proposing that the Board give Logan County a trial run at half the funding and see how they do. If successful he would welcome them coming back to do more projects.

In response to a question regarding if there was any boundary fencing included in this project, Ms. Fine stated no.

On a roll call vote Bina, C. Godfread, J. Godfread, Hutchens, Kuyl en, Lies, Melchior, Moser, Reierson and Stockdill voted yes, Clarys voted nay and Elkin was absent and not voting. The motion carried.

It was moved by Mr. Godfread and seconded by Mr. Lies that the Powers Lake Watershed Project - Lake Improvement Phase - Powers Lake Watershed Project (Administered under the City of Powers Lake) be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $200,000 (Application GR8-005). Mr. Godfread indicated that his rationale for the $200,000 is that he eliminated the funding for salaries.

There was discussion of what was allowed under the law for the funding of salaries -- it was stated that the law provides up to 5 or 10 percent depending on the size of the project and the applicant must show a need for staff funding -- for example, in the case of engineers, the applicant has to state that they do not have engineering expertise on staff and must hire an engineering consultant.

Mr. Melchior said on this particular application they did not document any need for it but in listening to the presentation he thinks this one does because the work is being done primarily by volunteers.

It was moved by Ms. Stockdill and seconded by Mr. Clarys that the Powers Lake Watershed Project - Lake Improvement Phase - Powers Lake Watershed Project (Administered under the City of Powers Lake) be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amended amount of $220,000 (Application GR8-005). On a roll call vote Clarys C. Godfread, Hutchens, Kuyl en, Lies, Melchior, Reierson and Stockdill voted yes, Bina, J. Godfread and Moser voted nay and Elkin was absent and not voting. The amendment carried.

It was moved by Ms. Stockdill and seconded by Mr. Clarys that the Powers Lake Watershed Project - Lake Improvement Phase - Powers Lake Watershed Project (Administered under the City of Powers Lake) be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $220,000 (Application GR8-005). On a roll call vote Bina, Clarys, C.
Godfread, J. Godfread, Hutchens, Kuylen, Lies, Melchior, Reierson and Stockdill voted yes, Moser voted nay and Elkin was absent and not voting. The motion carried.

It was moved by Mr. Lies and seconded by Ms. Godfread that the LaMoure County Dam Reparation Project - LaMoure County Water Resources District be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $135,000 (Application GR8-006). On a roll call vote Bina, Clarys, C. Godfread, J. Godfread, Hutchens, Kuylen, Lies, Melchior, Moser, Reierson and Stockdill voted yes, no one voted nay and Elkin was absent and not voting. The motion carried unanimously.

It was moved by Mr. Bina and seconded by Mr. Lies that the Fargo Urban Woods and Prairies Initiative - Phase 2 - Audubon Dakota & Fargo Parks District be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $400,000 (Application GR8-013). Mr. Bina explained his rationale for the funding level of $400,000. Based on prior discussions he believed there were concerns about the costs of the trail and at the $400,000 funding level they should be able to get the work done at the lower amount. There was discussion and it was agreed by Mr. Bina and Mr. Lies that none of the $400,000 funding could be used for salary.

The motion was restated to be -- It was moved by Mr. Bina and seconded by Mr. Lies that the Fargo Urban Woods and Prairies Initiative - Phase 2 - Audubon Dakota & Fargo Parks District be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amount of $400,000 with the restriction that no OHF dollars be used for salaries (Application GR8-013).

It was moved by Mr. Reierson and seconded by Mr. Clarys that the Fargo Urban Woods and Prairies Initiative - Phase 2 - Audubon Dakota & Fargo Parks District be recommended to the Industrial Commission for Outdoor Heritage Fund funding at the amended amount of $34,400 (Application GR8-013) with the amended requirement of the orchard only and no trails. Mr. Reierson explained the reasons for his amendment by stating that he questioned spending nearly a half million dollars on the trail with the issues that are unresolved on the Red River and the Flood Diversion. The amendment would allow the applicant to proceed with the work on the orchard rehabilitation portion of the project and allow more time for the applicant to come back with a Phase 2 for the trail at the appropriate time.

On a roll call vote Clarys, J. Godfread, Kuylen, Melchior, Moser, Reierson and Stockdill voted yes, Bina, C. Godfread, Hutchens and Lies voted nay and Elkin was absent and not voting. The amendment carried.

It was moved by Mr. Bina and seconded by Mr. Lies that the Fargo Urban Woods and Prairies Initiative - Phase 2 - Audubon Dakota & Fargo Parks District be recommended to the Industrial Commission for Outdoor Heritage Fund funding in the amended amount of $34,400 (Application GR8-013) with the requirement that funding be used only for the orchard rehabilitation and no trails be funded and the restriction that no OHF dollars be used for salaries.

In discussion it was noted that at the lower amount of funding, the project funding can be defeated. The applicant can apply to the Department of Agriculture’s Orchard Program for funding of the orchard rehabilitation which includes the eradication of the buckthorn. The amended level of funding is less than a 10th of what the applicant had requested.

On a roll call vote Clarys, C. Godfread, Kuylen, Reierson and Stockdill voted yes, Bina, J. Godfread, Hutchens, Lies, Melchior and Moser voted nay and Elkin was absent and not voting. The motion failed.
Ms. Fine asked for the scoring sheets to be turned back in.

Ms. Fine reported that Governor Dalrymple’s Executive Budget proposes a limit on the funding for the OHF at the $10 million level for the biennium. That proposal will be going through the legislative process. That is the only legislation she is aware of that impacts the OHF.

In response to a question Ms. Fine indicated that the 2017-2019 OHF budget should be finalized by April, 2017.

It was moved by Mr. Reierson and seconded by Mr. Hutchens to express concern about the cap and request that Governor Burgum eliminate the cap and retain the funding for the OHF as presently designed.

There was discussion as to whether it was the role of the Outdoor Heritage Fund Advisory Board to advocate for funding or if their role was to serve as advisors on grant applications. It was noted that there is nothing in the law that precludes the Board from weighing in on the funding level but that may be some repercussions for doing that. Mr. Melchior indicated he, along with Ms. Fine, would be tracking legislation and would keep the Board informed if there was legislation introduced that would impact the Outdoor Heritage Fund program and keep the Board advised on the funding level being discussed by the legislators.

Mr. Reierson withdrew his motion with the consent of the second. Mr. Hutchens agreed. The motion was withdrawn.

Ms. Fine advised the Board that at the Technical Committee level there was some discussion about whether the OHF staff should participate in various activities that take place in Memorial Hall during the legislative session. Let’s say the conservation groups have a day, the park groups have a day, soil conservation people have a day and the recommendation from the Technical Committee is rather than the Board or staff going in and promoting the Fund we will let the entities that have been funded do the promoting for the Fund. The staff will provide some brochures but that is the extent to what we will be doing unless directed to do something else.

Mr. Melchior asked if the Industrial Commission would want a discussion on cost share percentages if the Board was looking at changing it. Ms. Fine noted that the law requires a 75/25% cost share but the Board has been primarily adopting a level of 60/40% and talked about a 50/50%. If the Board wants a specific percentage for certain practices they should provide a recommendation to the Commission. The important thing was to give guidance to potential applicants.

The Board discussed having the flexibility to determine what the cost share percentage should be along with determining the funding level for each specific project on a case-by-case basis. It was noted that there are some projects that are more critical than others so having one cost share for all projects doesn’t necessarily help move those more critical projects forward. It was pointed out that one of the main reasons for going with a 60/40% cost share was so the funding levels were consistent with other programs and everyone knew what the rules were for funding levels. If there isn’t consistency between programs there will be competition by the applicants of trying to find the program that offers the higher portion of cost share. It was stated that if the purpose for changing the cost share was to wean applicants from using State dollars then that could be done by reducing the funding for the program each biennium. What was important is letting applicants know up front what the Board’s expectations are so the applicants can plan accordingly. In response to a question, Ms. Kelsch indicated that the Soil Conservation Districts have worked with projects that have a 50/50% split and a 60/40% split. However, they have primarily been working with the 60/40% split because many Districts also have 319 program projects that have a 60/40%
split. No specific action was taken by the Board and Ms. Fine was directed to inform applicants of the Board’s discussion on this matter.

The Board then took up the election of a Vice Chairman as the current Vice Chairman has turned in his letter of resignation. Mr. Melchior thanked Mr. Godfread for his service on the Board.

Mr. Godfread said many of the organizations that are represented around this table were instrumental in developing this process and the OHF. He was fortunate as the Chamber’s representatives to be one of the leaders in the creation of this Fund. Based on his involvement that took place at the beginning of this program, the discussion the Board has had today on the grants is exactly what we were looking for when this was created. He thanked the Board members for being involved and being engaged in representing their organizations or positions so well and for believing in the process – not everybody gets everything they want; that means we are doing it pretty fair and accurate. He believes, from his and the Chamber’s standpoint, this is operating about as well as we could have envisioned and that is because of the Board that is here that’s been engaged in the process, reading applications, taking an entire day to listen to the applications and taking it very seriously. He thanked them for that and for letting him be a part of it.

Chairman Melchior called for nominations for Vice Chairman.

Mr. Reierson nominated Ms. Carolyn Godfread.

Mr. Moser nominated Mr. Bob Kuylen. Ms. Godfread stated her support for his nomination.

Chairman Melchior called for any other nominations.

Mr. Kuylen said just like Mr. Godfread it is an honor to serve on this Board and he thinks we do a lot of good and didn’t think we could be with a better group of people. We work well together; we speak our minds and when we leave we are friends and that is what a good Board is all about. It would be an honor if they chose him to be Vice Chairman.

Ms. Godfread said thank you for the nomination but at this point in her life Ernie and her are starting to travel a good deal more and if you are Vice Chairman you really should be available and she might not always be available.

It was moved by Mr. Reierson and seconded by Ms. Godfread to elect Mr. Bob Kuylen as Vice Chairman. By voice vote the motion carried unanimously.

Chairman Melchior said one of our technical experts is having his last meeting today, Mr. Mark Zimmerman.

Mr. Zimmerman said he would echo Mr. Godfread. He can remember sitting in Majority Leader Al Carlson’s office saying we are going to make this work. Coming from a recreation side I thought we were going to get steamrolled here but honestly it has been an honor to work on it, we have done some great projects again from the recreation side of it and he is sorry to go but looks forward to hearing of many more great projects and efforts of the OHF. He thanked the Board for the opportunity to serve.

Mr. Bina left the meeting at this time.

Ms. Fine distributed a summary on the projects. (A copy of the summary is available in the Commission files.) As of December 16 there was approximately $9 million that had been spent on the projects and there is currently approximately $1 million in requested payments to be paid before the end of the year. She stated that the Pheasant Habitat Initiative is very close to completing the paperwork with the federal government so there should be some activity in the near future on that project. She asked Ms. Kelsch to
give an update on the Tree Planting projects. Ms. Kelsch stated that the total footage for tree planting for
the 2015 and 2016 tree seasons was right at the 3.1 million feet of trees installed throughout the
landscape. She indicated that they have been working with the Game and Fish Department to bring a
wildlife component into these tree planting agreements--they are hopeful that collaboration will result in
individuals becoming interested in the PLOTS program, etc. For the 2017 tree season the first round of
applications were due in September. Those applications have to go through the SHPO process for
cultural screenings. Currently they are planning to plant 1.8 million feet of trees in 2017. In 2017 they
will be finishing out the last payment under first grant and then part of the 2017 tree plantings will be paid
from the second grant that was awarded for $2,050,000. Overall it has been a very successful program.

In response to questions, Ms. Kelsch said this will be their third planting season. She did not have
statistics on survivability – she would have to get that information from the individual districts because
they do have to do a status review the following year and 75 percent of the trees need to meet the
survivability test. She will follow up with the districts for that data. She also noted that they have planted
some trees with the tribal entities and have done some plantings with the parks. These plantings are not
just for the agricultural side; they are looking at some other areas that involve wildlife. Wildlife is one of
the top resource concerns when the applications are being ranked. Wildlife is a significant factor.

Ms. Fine highlighted the “Crooked Crane” project at Dickinson. The OHF provided $975,000 for the
project with total costs of approximately $1.8 million. She noted that updates on all the projects are
posted on the website so at any time the Board members can find out what the current status is of a
project.

Chairman Melchior asked for discussion on the calendar stating the next Industrial Commission meeting
is tentatively scheduled for either January 16 or 17. Mr. Melchior said the next grant round cut off is
May 1 so the next meeting will be mid- to late June. It was noted that the second grant round deadline for
2017 is still to be determined -- either October 1 or November 1.

It was moved by Mr. Lies and seconded by Mr. Moser to adjourn the meeting. The motion carried.

Being no further business, Chairman Melchior adjourned the meeting at 4:05 p.m.

Jim Melchior, Chairman

Recording Secretary