

Montana Fish & Wildlife Conservation Trust
Minutes from Joint State Federal Board
Meeting – January 22, 2015

Attendees:

John Hagengruber, Chair (USFS) (jhagengruber@fs.fed.us)
David Allen, Co-Chair US Fish & Wildlife service david_allen@fws.gov
Roxanne Peterson (Bureau of Reclamation) (repeterson@usbr.gov)
Rick Hotaling; (rhotalin@blm.gov)
Sam Sheppard, Mt Fish, Wildlife & Parks ssheppard@mt.gov
Bill Orsello, Chair, CAB (williamorsello@gmail.com)
George Bettas, Montana's Outdoor Legacy Foundation (gbettas@mt.gov)
Andrew Davidson (DADavidson)
Andrea Silverman (PPLT representing Charles Van Hook Wetlands project)
Jeanne Holmgren; Forest Service
Deb Lane, Recorder (fwctrust@mtwf.org)

John convened the meeting at 9:00 am. The Board welcomed Sam Sheppard, FWP's appointment on the Joint Board.

Review Agenda Items and Minutes from Last Meeting

The minutes from the October 22, 2014 were presented for review. **John motioned to approve the minutes. Second by Sam. Vote: 5 – 0 to approve the minutes.**

Financials:

Andrew Davidson (DA Davidson) stated the balance of the Trust as of 12/31/14 was \$23,120,095. Both Equities and fixed income performed well in 2014. Currently, the US economy is growing and the European economy has been very sluggish. DA Davidson did underperform to the benchmark in fixed income but that was due to their investment strategy taking a more long term approach to investing. Also the Dow Jones does not take into account international stocks which the Trust portfolio does have some investment monies in. No changes in allocations were recommended at this time. DAD uses a long term approach to investing and does not get swayed by the markets day to day fluctuations.

DAD is looking at presenting a new reporting system using more graphical views and robust reporting. A few examples were included with this quarterly report. The full detail will still be sent to those who have requested such documents.

Trust Manager Update:

CMR Update: Closed on one new purchase and are waiting on the last sale. A total of \$6,707,500 has been released. The final transfer from the Corp should be approximately \$292,000. There is over \$2 million in administrative monies that have not been touched. The Conservation Fund is lobbying legislators to release those funds for additional land purchases.

The Sage Creek property is the final purchase. All funds are being kept in a money market account. There is some residual funds still being kept in the Pioneer account in order to keep that open for the final transfers or if any administrative funds can be released. The process went well, the Trust Manager made a little bit of money, and new properties were purchased.

Trust Update: Expenses/disbursements from the Trust for 2014 were: \$879,950 for projects; \$284,245 Trust manager fees; and \$24,960 administrative expenses. There is \$423,850 available in carryover funding most of which came from the Sixteenmile project (\$315,000). There is still a possibility this project may come thru at a later date but they will need to reapply at that time. FWP is still supportive of a fishing access site.

The recommendation from DA Davidson and the Trust Manager for 2015 funding levels is 4% of the net of fund balance of \$23,096,624 - (\$887,479). Discussion concerning several topics included: at what point should the Trust start adjusting how much is available for annual funding cycles; how large should the Trust grow without increasing annual funding for projects; and protecting a minimum level of the Trust to assure continued funding opportunities were covered. A final decision on 2015 funding will be made later in this meeting.

Special Procedures Review:

Dawn Wrigg presented the results of Rudd & Companies special procedures review. It was first necessary to separate the review into two separate pieces (and engagement letters). One covers the financial compilation with footnotes and the other review covers the procedures of the Trust. A copy of each review (financial & procedural) is included with these minutes. The financial templates presented are meant to assist in helping the Trust create their own updates on an annual basis. DAD will provide an annual summary of the transactions in order to facilitate the financial updates. There were no problems or out of the ordinary transactions that occurred throughout the ten years reviewed. There are no irregularities to report. Procedurally, the system is working well. The structure of the Trust boards and their responsibilities help to provide several layers of security for the funds.

Dawn stated that she spent about 15 hours of extra time into the template for the annual update and she requested \$2500 to cover that expense (in addition to the agreed upon fees of \$12,000). She will send over an invoice for the additional fees with a summary of how the time was spent. This will be emailed to the Joint Board for review. A decision will be made at that time for reimbursement of the additional expense.

Old Business:

Project Monitoring: Making good progress towards completing the first 10 years of “catchup” work. This does create a secondary issue with needing now to contact those entities that projects have been transferred to, i.e. RMEF purchased land but did a transfer to the Forest Service. The database is continuing to be refined and will provide good documentation of the projects and the monitoring. The last major section that needs to be completed are those that originated or transferred to the Forest Service or Mt Fish, Wildlife & Parks.

One concern is the Oyler Project which is a conservation easement. The property has been sold to another individual. The new owners are only providing one access point to the property rather than the two access points the project application and original owner allowed. The only access now is thru the creek due to the Stream Access Law. Closer monitoring of CE's will be a priority, especially with the annual review and their management plans.

Monitoring costs were approximately \$5,000 in 2014. It is anticipated to cost that much in 2015 as this first year's review of projects over the past 10 years finishes and the second year begins. By the end of this year, everything should be caught up and decisions can be made regarding frequency of phone monitoring, on-site visits, who should be responsible to complete the monitoring aspect of the Trust, etc.

Forgotten funds: Bill, John, George and Deb will work on a policy or language to guide the Trust when a project entity forgets to use grant funds and whether they can still be distributed to the project entity. Everyone agreed that it should be clear in the Trust Plan, Grant Agreement and Project instructions when funds are available and what is done if they are “forgotten”.

New Business:

2015 funding cycle. Discussion continued on the amount of funding available for the 2015 cycle. A recommendation of \$1,000,000 was discussed which is approximately 4.6% of the Trust balance. There is also a carryover of \$423,850. **Dave motioned to set the 2015 funding level at \$1,000,000. Second by Roxanne. Vote: 5 – 0 to approve the \$1,000,000 funding level.**

Sleeping Giant Trail. The appraisal was received by PPLT & Bill. It was not very realistic for what was appraised. Errors were made and a second one was received but the appraisal amount is not realistic price for the type of project easement. Bill will talk to the landowner to see what he thinks. The CAB does not agree with the appraised value of the easement. The costs of the appraisal was originally \$2500 but the final invoice came thru for \$3,000. **A motion was made by Roxanne to pay the additional \$500. Second by Rick; Vote: 5 – 0 to approve.**

Matching Funds: Roxanne asked whether/how it is determined if a project needs to have funds available to match those provided by the Trust. It was clarified that matching funds are not required. The legislation does encourage smaller projects which can potentially be completely funded with a Trust grant.

Signage: it was noted that several project recipients have requested a Trust sign to put on their project locations. We have one tentative sign that could use some updating. Deb will send over to Roxanne the current signage and she will see if she can get it updated.

Invoices: **MWF presented its 4th quarter 2014 invoice for \$4,867.60; Motion by Rick to approve; second by Dave. Vote 5 – 0 to approve.**

Trust Manager presented their 4th quarter 2014 invoice for \$72,176.95; Motion by Rick to approve; Second by Sam. Vote 4 – 0 to approve. David Allen abstained.

Rudd & Companies request for payment of additional time spent on the special procedures review will be circulated when received.

Lawsuit: A new legal document was filed by the Trust Manager. It requests 0 (zero) damages if accessed for their lawsuit with the Trust. They had to file as the deadline was approaching. This was considered a placeholder for damages if accessed.

Public Comments:

Jeanne Holmgren (Forest Service) wanted to update everyone on the York, Ray Creek, Rieck & Tiddy projects which were completed in 2014. She thanked the Trust for helping to make them all possible.

Meeting Dates:

The 2015 funding cycle ends on April 9th. On May 11 (Monday) the CAB will meet to discuss the 2015 projects. The Joint Board will meet on May 12th. Both meetings will be at Montana Wildlife Federation headquarters in Helena and will begin at 9 AM. The June Joint Board meeting was set for June 24th. Roxanne Peterson will check on a location to hold the meeting.