

Montana Fish & Wildlife Conservation Trust
Minutes from Joint State Federal Board
Meeting – January 25, 2017

Attendees:

John Hagengruber, Chair (USFS) (jhagengruber@fs.fed.us)
David Allen (USFWS) david_allen@fws.gov
Roxanne Peterson (Bureau of Reclamation) (repeterson@usbr.gov)
Rick Hotaling, BLM, rhotaling@blm.gov
Sam Shepherd (MFWP) sshepherd@mt.gov
Bill Orsello, Chair, CAB (williamorsello@gmail.com)
Jane Ratzlaff, Montana's Outdoor Legacy Foundation (jratzlaff@gmail.com)
Deb Lane, Recorder (deb@mtoutdoorlegacy.org)
Rod Bullis (public)
Ryan Wyss – Forest Service
Andrew Davidson (DA Davidson)
Mike Kubus (DA Davidson)
Darlene Edge (MFWP)
Mary Hollow (Prickly Pear Land Trust)
Jim Utterback (Prickly Pear Land Trust)

John convened the meeting at 10:00 am.

Minutes from the June 20, 2016 were presented with an amendment. Motion by David to approve as amended; second by Roxanne; Vote to approve 5 – 0. The 9/14/16 minutes were presented. Motion by Rick to approve; Second by Sam; Vote to approve 5 – 0.

The Board thanked John for his two year service as Chair of the JB. John will stay on as the JB representative for the USFS. David is now chair of the JB for the next two years; Roxanne will serve as vice-chair.

Financial:

Andrew Davidson reviewed the 2016 Trust activity. As of 12/31/16 the balance of the Trust was \$23,024,636. He stated that DAD manages the Trust for growth – since 2004 with the corpus of \$14.9 million, the Trust has funded over \$8 million in projects and it is now worth \$23 million. In 2016 the balance was up 8.76% (net of fees) to the new blended benchmark of 9.0% growth. The equities produced double digit returns in 2016. The portfolio is still within the target range for diversity and no changes are recommended at this time. The Trust will be able to recover some lost revenue due to the Triple 8 project return. The funds were transferred into cash and were not in the stocks where it would have a much greater investment return. In addition, with the settlement in place, everyone is able to work more efficiently by being able to coordinate and inform each other of pending settlement dates for projects, thereby keeping the monies invested for a longer period of time before they are actually needed.

The election results certainly will have an impact. At this time, consumer confidence is running high as they are usually very pro-business. Small business confidence in the changes is also high. DAD is optimistic for 2017 even though Washington may be a bit more unpredictable in the coming years.

Trust Manager Update:

The settlement transition started in November 2016 and went pretty seamless. Next year Mike (DAD) will meet with the Trust Manager and JB board to review the investment policy since it has been several years since this review took place.

The funding recommendation from the TM is for a 4% distribution which is \$877,000. There are carryover funds (\$500,750) available also. DAD had suggested a 2% distribution but the TM believes a 4% is reasonable. **Motion by Rick to approve the 4% distribution of \$877,000; Second by John; Vote to approve the recommendation 5 – 0.**

Funding for already purchased properties:

Discussion regarding the Canyon Ferry Act statement “to acquire” projects. This has been interpreted as an actual transfer/purchase of land or land values and not a repayment for one that has already been purchased unless it was purchased thru a contract for deed (final title transfer has not taken place). This may get in the way of the Trust funding a very viable public access project.

Prickly Pear Land Trust stated that it’s getting more difficult to fund projects; most are requiring multiple funding sources and are much more complicated to pull together. At times, they have to move quickly or the project will be lost. An example is their Peaks to Creeks project in which they had to acquire a bridge loan in order to help them close on the property before it was gone.

There is a process for funding of projects which is the CAB recommends, the JB approves and the Trust Manager provides fiduciary responsibility to assure the Act is being fulfilled and the property can be protected in perpetuity. If the project is closed, how can or should the Trust modify the deed to protect the Trust’s investment? A legal opinion may be needed to clarify the Trust’s ability to provide this type of funding for a project. At this time, the Trust will wait until a project application is submitted with this criteria and let it go thru the process.

Grant Agreement Review/Section XIII:

Darlene Edge (FWP) presented their suggested changes to the Trust grant agreement from an agencies perspective. After some discussion, David offered to review the grant agreement in order to bring it up to date and provide consistency thru the document. This will be sent out for review prior to the next JB meeting at which time a final document can be ready for the 2017 project awards.

Trust Manager Invoice:

The 4th quarter 2016 TM invoice was reviewed. It had already been approved by the board chairs for payment. The amount of the invoice was for \$71,807.16.

Oyler CE fall hunting protocol:

Sam stated he had met with Peter and the owner of the Oyler property to review their hunting protocol for the 2016 archery season. They were prepared for more but only 3 people asked to hunt on the property. They did also allow for youth archery hunting on the property. Concerns were expressed about the lack of interest and it was noted that no advertising had been done to let the public know that this was available to them. It was suggested that a notice be published in the local paper regarding the hunting opportunities on the property each year. FWP was satisfied with the results of the hunting on the property but did support the need to notify the public.

2017 Funding Cycle:

This will begin on 1/29 and end on 4/7/17. The CAB will attempt to meet on April 26th to review the projects and the JB will have their next meeting on April 27th – both will be held in Helena. Deb will notify the board as to the official CAB meeting date. The JB confirmed the 27th and it will be at the conference room of USFWS on Shepherd's Way in Helena – starting time 10 am.

Settlement requirements:

The current documents do cover the responsibilities of each party. Bill noted the change in the Secretary of Interior's ability to direct the divestment of the Trust Funds –was removed from the new settlement agreement. The new agreement shows that role as advisory for the Boards now.

Conservation Easement language:

The application for funding will be reviewed to see if it contains appropriate requests for conservation easement requirements. It will be the boards responsibility to assure that the final document presented at closing for a CE project meets the original approved requirements. If substantially changed, the project may be reevaluated for funding.

Potential Projects:

Bill presented a 160 acre potential project within the target area. It is an inholding near a proposed Wilderness area. The CAB is proposing spending up to \$2500 to provide an appraisal on the property (conducted by Tim Moor) **Motion to approve up to \$2500 for an appraisal made by Rick; Seconded by Roxanne; John abstained as it would be a FS project; Vote to approve 5 – 0 in favor.**

Jim Watson (Foys to Blacktail Trails) called to see if the Trust would fund construction of an 11 mile trail across forest service land. They have already obtained the easement and Flathead County will maintain it. It would be for less than \$17,000. Jim later withdrew this request as the property had already been purchased and they were seeking funding for the trail infrastructure.

Meeting Adjourned.