

**MINUTES**  
**NORTH DAKOTA ASSOCIATION OF SOIL CONSERVATION DISTRICTS**  
**BOARD OF DIRECTORS MEETING**  
**OCTOBER 6 AND 7, 2011**  
**LINCOLN/OAKES NURSERY**  
**Bismarck, ND**

President LeAnn Harner called the meeting to order at 1:10 pm at the Farm Credit Office in Mandan, ND.

**ATTENDANCE:** Dennis Haugen, Dennis Reich, Jim Cart, Richard Faught, Aaron Smestad, James Teigen, Donald O. Anderson, Curtiss Klein, LeAnn Harner  
Absent: Ed Hauf

Others attending: Greg Morgenson, Nurseries Manager  
Mary Heintz, Director of Business Operations  
Kathy Henriksen, NDASCD Secretary

Farm Credit Service Project Team Members present:  
Michael O'Keefe, CEO  
Rod Bachmeier, VP Customer Operation  
Dan Beyer, VP Financial Services  
Kathleen Wiese, Director Human Resources  
Aaron Vetter, Regional Manager AgriBusiness  
Todd Klee, Lead Accounting Specialist

Introductions of directors, staff and Project team members were made.

Michael O'Keefe, CEO reported the Project team thought it was an interesting project and a positive process working with the Board and staff. The FCS team went through the evaluation process with the Board. Their final report is a summarization of the assessment of strengths, weaknesses, and opportunities as viewed by the Farm Services Credit team with comments regarding business observations. The report was presented in the following segments:

Financial  
Staff  
Business and Nursery Operations  
Board

Some of their observations from the process are:

- Need a staff leader
- Have a strong balance sheet – viable business
- Marketing
- Labor costs are high as compared to some other conservation nurseries. There's a significant amount of overtime with permanent staff and high usage of part time/seasonal staff with all products.

- Decrease number of species offered - analyze sales – what species were left over? The cost of growing trees and destroying trees has an adverse financial impact.
- Excess trees – find ways to convert them to sales.
- When the Board voted to increase the price of trees by 15% - it was found that the pricing policy was not followed consistently.
- Look at LON and NDASCD as individual entities for budgeting so you understand how much of NDASCD is funded by LON.
- Set up new committees within the Board: audit, finance, human resources and business operations
- Work plan needs more emphasis on financial and business goals with Board involvement.
- Need back up for Director of Business Operations
- Update the job descriptions
- All positions report to CEO in the interim so that person understands the staff and entire operation.
- All need to be supportive and committed to the changes. – A positive attitude is needed to make the turn over. – Communication is key.
- Keep districts informed. - Communication both ways is important.
- Training of new board members – How do you bring new members up to speed quickly?
- Term limits of Directors – There’s a challenge ahead with a large turnover of directors in the next years due to term limits.

Michael reported during the interview process, the Board members voiced their appreciation for President LeAnn Harner to the Project team, for her hard work and dedication to this process.

4:04 pm – The meeting recessed to travel to Lincoln-Oakes Nursery to take a tour of the nursery and continue with the board meeting.

4:42 pm -The Board had a tour of the nursery given by Greg Morgenson.

5:22 pm - Board meeting reconvened after the tour

Absent: Aaron Smestad and Ed Hauf.

**Nursery Manager’s Report:**

Greg Morgenson reported the irrigation should be finished by next week using Cottonwood Park water. Fall harvest will start after more defoliation. It will be a late harvest in Bismarck and Oakes. Greg stated he is taking a few days off. He reported at this time the pump station is being cleaned up and he may hire a diver to check inlet on pump. Greg had a display at the NRD convention in Nebraska.

## **Convention Agenda**

The board discussed the Convention agenda. The committee meetings at the Convention were discussed. It was suggested that each chair send an agenda out before the annual meeting.

**James Teigen moved to add Nursery responsibilities to the District Operations Committee and move Research responsibilities to the Legislative Committee. The motion was seconded by Jim Cart. All board members present voted aye.**

**Absent: Aaron Smestad and Ed Hauf**

**Motion carried.**

The Award's Committee reported on the nominations and suggested winners. **Dennis Haugen moved to accept the Award Committee's report. Donald Anderson seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf and Aaron Smestad.**

**The motion carried.** Winners and their nominating districts will be notified.

The board recessed for supper and returned at 8:15 pm to frame the 2010 Achievement winner pictures under the supervision of Scott Hochhalter.

## **Friday, October 7, 2011**

8:06 am - LeAnn Harner reconvened the meeting.

**ATTENDANCE:** Dennis Haugen, Dennis Reich, Jim Cart, Richard Faught, James Teigen, Donald O. Anderson, Curtiss Klein, LeAnn Harner

Absent: Ed Hauf, Aaron Smestad.

Others Attending: Scott Hochhalter, NDSSCC/NDSU Extension  
Mary Podoll, NRCS State Conservationist  
Greg Morgenson, Lincoln/Oakes Nurseries Manager  
Mary Heintz, Director of Business Operations  
Kathy Henriksen, NDASCD Secretary

Greg Morgenson, Nurseries Manager announced his resignation effective November 2, 2011.

The board along with Greg discussed the nursery staff assisting in the interim. The Board will talk with nursery staff members Bill Elhard and Trish Jose this afternoon.

Mary Podoll, NRCS State Conservationist was introduced.

## **Financial Review Report**

Pat Brown, Brady Martz presented the financial review report. A full audit was not done this year. The Board discussed the need to list the reserve at \$1.25 million instead of the previous \$1.65 million and this should be reflected in the final report and on our balance sheet. It should

be listed as an asset. Pat reported investments are down, tree sales down, and the unemployment tax rate for 2011 is high. He will present the Review Report at the Annual Business Meeting. A copy of the Financial Review Report will be available to each district at the meeting.

**Dennis Reich moved approval of the 2011 Financial Review Report with the correction being made to change the reserve at \$1.25 million which was voted on at the March 2011 Board Meeting. Dennis Haugen seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf and Aaron Smestad.**

**The motion carried.**

### **Financial Report**

Mary Heintz distributed a corrected copy of the Budget Analysis Report for September, 2011 and reviewed with the Board. They discussed the capital expenses and the cost of repairing the irrigation system.

**Jim Cart moved approval of the financial statements. Dick Faught seconded the motion. All Board members present voted aye.**

**Absent: Ed Hauf and Aaron Smestad**

**The motion carried.**

### **Consideration of Minutes:**

**Dennis Reich moved approval of the June 27, 2011, July 9, 2011, July 21, 2011, August 3, 2011, August 19, 2011 and August 24, 2011 minutes with the one correction on the June 27, 2011 minutes as follows:**

**Page 5: the motion should read: to increase the price (not cost) of trees by 15%.**

**Donald Anderson seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf and Aaron Smestad**

**The motion carried.**

### **New State Rates**

The board discussed the increase in rates for meetings for directors.

**Dennis Reich moved to retain the current rates for this year. Dennis Haugen seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf and Aaron Smestad**

**The motion carried.**

### **NACD Report**

Dick Faught reported NACD has a new CEO - John Larson. He reported the NACD Annual Meeting is in Las Vegas on January 29-February 1, 2012. Resolutions are due at

NACD on December 28, 2011. The DVD "Salt of the Earth" was distributed. He reported the Salinity Outreach positions to be hired were discussed. James Teigen and Dick Faught serve on the interview committee. Should we suggest to NRCS that they have a salinity position?

Mary Podoll stated North Dakota NRCS recently hired a soil quality specialist who will have some of these duties. There's some emphasis nationally too.

The NRCS Salinity Position Resolution was discussed. (attached - see page 9)

**Dick Faught moved to propose the salinity resolution to the business meeting at the Convention. Dennis Reich seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf and Aaron Smestad.**

**The motion carried.**

### **Trust Funds**

James Teigen reported the North Dakota Natural Resources Conservation Trust (NDRCT) will transfer \$3212.30 from the 2011 interest income to NDASCD which was decided at the June 27, 2011 Trust meeting.

9:28 am - Break

9:45 am - Board reconvened

### **Agency Reports**

#### **NDSSCC** – Scott Hochhalter

Scott distributed handouts on the ND Soil Conservation District Assistance Program and allocations, and reimbursement instructions for the 2011-2013 Biennium. He reported on the new Area V member Julie Hoff from Richardton, ND. He stated 54 districts will receive Technical Assistance and all districts are allocated funds from NDFS. He reviewed Soil Conservation District Assistance Program history.

#### **NRCS** – Mary Podoll

Mary distributed a North Dakota Assistance Update handout that highlighted the activities of NRCS as of September 2011. She reviewed the Conservation Technical Assistance (CTA) and highlighted the 2011 Accomplishment of the ND NRCS. Mary reported on the PMCs and stated the North Dakota PMC is an excellent facility and is known nationwide for a good program.

### **Convention Planning**

District employees, Dawn Martin and Rhonda Vetsch joined the meeting for the discussion on the convention plans.

The draft agenda for the meeting was reviewed.

It was decided to show the DVD “The Salt of the Earth” at the Sunday Inspiration Service.

The Board discussed the “Two Minute Conservation Comments” at the General Session I. We will have a variety of speakers talking about conservation activities across the state. It was suggested to talk to various groups for the opportunity to participate in these two-minute comments. It was discussed when to introduce the summary from Farm Credit Services report. It was suggested to begin the report at the President’s report on Monday and then continue the discussion at the business meeting on Tuesday morning. Also, a summary of the Farm Credit Service report will be sent to the districts along with a note on Greg Morgenson’s resignation.

Rhonda and Dawn said the District Employee Association would be willing to pay for coffee on Monday, so that it can be available throughout the day. They will assist us at the registration table and with the AV.

The Board reviewed the mini-sessions. It was decided to have the following mini sessions and their hosts:

Session:	Host:
Mob Grazing	Curt Klein
Trees	Dennis Reich
Tile Drainage	Dennis Haugen
Locally Led	Jim Cart
Soil Health	Aaron Smestad
NRCS Agreements	District Employee
District Operations	District Employee
Shelterbelt Restoration	
Women in Ag	Ed Hauf

Noon – recess for lunch

1:08 pm – the board meeting reconvened

### **Nursery Evaluation**

The Board reviewed the Farm Credit Recommendations that the Board may wish to adopt and talked about what information to include in the October 11<sup>th</sup> mailing to SCDs. (attached see page 10)

The change of by-laws for term limits on the Board of Directors was discussed. Jim Cart, James Teigen and Dick Faught will review the by-laws and draft a clarification proposal for convention delegates.

Aaron Smestad joined the meeting.

## **NACD Annual Meeting**

The NACD Annual Meeting is in Las Vegas, NV on January 29 - February 1, 2012.

**Jim Cart moved to send two people to the NACD Annual Meeting. Curt Klein seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf**

**The motion carried.**

**James Teigen moved to purchase a North Dakota wheat weaving for the NACD Annual Meeting auction and spend up to \$150.00 for the auction item. Jim Cart seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf**

**The motion carried.**

Bill Elhard, Nursery Assistant joined the meeting. Trish Jose was unable to attend the meeting. The Board discussed with Bill the need to work together in the interim. LeAnn will visit the entire nursery staff next week. Bill suggested that the districts might be willing to provide workers at the nursery for a day or more throughout the year. Board thought it was a good idea and should consider the request for one of the two-minute conservation comments on Monday at the Convention.

2:50 pm - Break

3:04 pm - The board meeting reconvened.

**Jim Cart moved to adopt the recommendations from Farm Credit Service as determined at the Board meeting. Dick Faught seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf**

**The motion carried. Recommendation list is attached.**

The Board reviewed the CEO job description. It was decided to advertise nationally on the Internet, with applications into the Board by the Convention so they can be reviewed at the Convention with possibly a Conference Call interview as a Screening tool after the business meeting. In-person interviews could take place at our December Board meeting. The job announcement will be out by October 15<sup>th</sup>.

## **Administrative Policy**

**Aaron Smestad moved to delete the following effective November 2, 2011:**

**Travel (page 10-1)**

- 1) Mileage – E. The Nursery Manager and Executive Director can use the company vehicle they are provided for personal use. For this they are to pay 10 cents per mile plus gas and oil on those miles used for personal use.**

**Curt Klein seconded the motion. All board members present voted aye.**

**Absent: Ed Hauf**

**The motion carried.**

It was suggested to review all job descriptions after the CEO is hired.

The Board discussed compensation of nursery staff as responsibilities change. The Board would like a list of salaries of permanent staff.

### **Oakes Nursery**

LeAnn Harner reported on the request from Columbia Grain for railroad right-of-way and for us to sign a quit claim deed. The board would like more information for the December meeting.

**Dennis Haugen moved signature power for NDASCD and Lincoln/Oakes Nursery be given to President LeAnn Harner. Dennis Reich seconded the motion. All board members present voted aye.**

**Abstain: LeAnn Harner**

**Absent: Ed Hauf**

**The motion carried.**

James Teigen asked the Trust Board to include on the December agenda the appointment of a person to co-sign for the Trust accounts.

4:50 pm – President LeAnn Harner declared the meeting adjourned.

Curtiss Klein,  
Secretary

Recorded by  
Kathy Henriksen  
NDASCD Secretary

## NRCS SALINITY SPECIALIST

Agriculture is the number one industry in North Dakota and soil resources are important to the long-term vitality of the State.

The State of North Dakota is annually losing hundreds of millions of dollars in agricultural revenue due to the salinization of the soil resource and the losses will continue to worsen over the next few decades if no remedial action is taken.

An effective, sensible approach for the treatment of saline areas throughout North Dakota will have a profound positive impact on the state's economy by retaining many farm enterprises and farm related industries being affected by lost production due to soil salinization.

North Dakota producers are tile draining saline cropland as an effective treatment measure. Potential negative impacts to the tilled soil and related water resources must be thoroughly studied.

Partners of NRCS, including the North Dakota Legislature, Soil Conservation Districts, NDSU Extension Service, Institutions of Higher Education, multiple state and federal agencies, commodity groups and farm organizations have recognized the detrimental impacts to the state from soil salinization.

The Natural Resources Conservation Service mission statement is, "Helping People Help the Land.

The Natural Resources Conservation Service should be encouraged to employ a soil salinity specialist to coordinate the delivery of multiple programs involving soil salinity management in cooperation with the efforts of agency partners.

FCS RECOMMENDATIONS DISCUSSED and APPROVED – *unless there are notes behind the recommendation:*

Financial:

1. Production cost accounting – maybe track cost of tree per year?  
Costs per field? *Not adopted. We'll keep accumulating data and work towards this.*
2. Designate \$1.25 million in our books as asset.
3. Develop comfort level with one audit firm for multi-year period.
4. Utilize the Great Plains software for payroll reports, time sheets, etc. Could this be computer-generated timecards? *Will research.*
5. Change pay date to Friday afternoon
6. Review exempt versus hourly staff according to FLSA.
7. Use only 943 forms – not 941 – *Check with Pat Brown, CPA.*

General Nursery:

1. Reduce number of species. Combine several varieties under one heading? – Look at top sellers? - Look at sales for past three years? Maybe offer larger sizes within only 15 species? *Price lists are out for the spring sales season. We need more research and to discuss this prior to planting next year's crop.*
2. Consider equipment which could reduce labor cost if economically feasible.
3. Outlet sales – particularly for trees which would be destroyed otherwise. – Could SCDs offer this as an option? Could SCDs sell trees and buyers would need to come to LON to pick them up? Maybe develop this idea further at the Tree Promotion Meeting? Could this be something LON does after most trees have been shipped? Maybe one day a week? – *Needs more research.*

Staffing:

1. Look for ways to backup staff so more than one person can do any job. Do a business risk assessment of how important it is for more than one person to be able to do any particular job.
2. Chain of command should be in every job description.
3. Hold staff accountable.
4. Board needs to set standards for salary adjustments with seasonal workers.
5. Supervisors must check and sign time cards.
6. Need routine updates of job descriptions.

CEO:

1. CEO with business background, marketing
2. Good communicator
3. Should be someone able to make difficult decisions and carry them out
4. Job description should focus on LON
5. Have CEO do all performance appraisals on annual basis – all positions should report to CEO for time being.
6. Staff meetings.

Board:

1. Board needs to be more focused on LON.
2. New members will need an orientation session. How do we get them up to speed? Experienced area directors should help teach the new ones.
3. For convention – put together a bylaws change to clarify that only elected (not appointed) terms for area directors count for term limits.
4. Meet via conference call between meetings.
5. Work plan – needs to include more financial objectives and especially audit recommendations.
6. Staff needs to know our expectations.
7. New Committees: Audit & Finance, Human Resources, Business Operations *These are on a backburner for now until we get a CEO.*
8. Board or individual member(s) need to visit with staff one-on-one outside of the board room. Feel your way when CEO is hired. Probably need some Board communication as well as CEO.