



INDUSTRIAL COMMISSION OF NORTH DAKOTA

Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Tuesday, September 22, 2026

Governor's Conference Room or Microsoft Teams – 9:00 am

[Join the meeting now](#)

Join on your computer or mobile app

Or call in (audio only)

[+1 701-328-0950,,961770618#](#)

I. Roll Call and Pledge of Allegiance

(approximately 9:00 am)

II. Renewable Energy Program – Jordan Kannianen

- A. Project Management and Financial Report (Attachment 1)
- B. **Consideration of Approval Grant Round 58 Applications as Recommended by the Renewable Energy Council** (Attachment 2A, 2C)
 - i. R-58-A – "Woody Biomass Utilization for Energy, Grid, and Manufacturing", Full Circle Innovations; Grant: \$260,020
 - ii. R-58-C – "Direct Ethanol Fuel Cell (DEFC) Full System Development and Application Design for Field-Ready Demonstration", 4H2, Inc.; Grant: \$351,842
- C. Other REP Business

(approximately 9:15 am)

III. North Dakota Transmission Authority – Claire Vigesaa

- A. **Consideration of Approval of Federal DOE IIJA Grant Re-Awards Resulting from Funding Turnback** (Attachment 3)
 - i. City of Hillsboro - \$612,750
 - ii. City of Lakota - \$212,595
- B. Other NDTA Business

(approximately 9:25 am)

IV. Department of Mineral Resources – Nathan Anderson, Mark Bohrer, Clint Boyd

- A. Geological Survey Quarterly Report (Attachment 4)

B. Consideration of Orders:

- i. Case No. 32730/Order No. 35656** – Application of Lime Rock Resources III-A, LP (Attachment 5)
 - ii. Case No 32925/Order No. 35854** – Application of Phoenix Operating LLC (Attachment 6)
 - iii. Case No. 32926/Order No. 35855** – Application of Phoenix Operating LLC (Attachment 7)
- C. Director's Update (Attachment 9)
- D. Other DMR Business

(approximately 9:50 am)

V. North Dakota Housing Finance Authority – Brandon Dettlaff, Kayla Axtman

- A. Pricing Report for NDHFA Home Mortgage Program Series 2026AB Bond Issuance – Series A \$200 Million Tax-Exempt Bonds, Series B \$65 Million Taxable Bonds (Attachment 10)
- B. Consideration of Approval of NDHFA Annual Resolution for Issuance of Tax-Exempt and Taxable Mortgage Revenue Bonds for Home Mortgage Finance Program** (Attachment 11)
- C. Other NDHFA Business

(approximately 10:00 am)

VI. North Dakota Public Finance Authority – DeAnn Ament

- A. Consideration of Approval of the following State Revolving Fund Loans:**
 - i.** City of Drayton – Clean Water - \$5,050,000 (Attachment 13)
 - ii.** City of Drayton – Drinking Water - \$8,300,000 (Attachment 14)
- B. Presentation of memo of State Revolving Fund Loans approved by PFA Advisory Committee Pursuant to Policy P-3B (Attachment 15)
 - i.** City of Cando – Drinking Water \$1,500,000 (Attachment 15A)
 - ii.** City of Harwood – Drinking Water - \$1,320,000 (Attachment 15B)
 - iii.** City of Washburn – Drinking Water - \$732,000 (Attachment 15C)
 - iv.** City of Williston – Clean Water - \$2,000,000 (Attachment 15D)
- C. Other NDPFA Business

(approximately 10:15 am)

VII. NDSU Research & Technology Park Inc. DBA NDeavor Barry D Batcheller Tech Park Grant Program – Brenda Wyland, Mike Zietz

- A. Presentation of Annual Report to Industrial Commission Pursuant to SB 2256 of the 69th Legislative Assembly (Attachment 16)
- B. Other NDeavor Grant Program Business

(approximately 10:30 am)

VIII. North Dakota Mill and Elevator – Cathy Dub, Julie Leake

- A. Report on Operations, 4th Quarter Ended June 30, 2026 (Attachment 17)
- B. **Consideration of Approval of FY 2027 Gain Share Plan** (Attachment 18)
- C. Other Mill and Elevator Business

**Meeting Closed to the Public for Executive Session
Pursuant to NDCC 6-09-35, 44-04-18.4, and 44-04-19.2**

(approximately 10:45 am)

IX. North Dakota Mill and Elevator – Cathy Dub, Julie Leake

- A. **Consideration of Approval of FY 2027 Strategic Plan** (Confidential Attachment 19)
- B. Other ND Mill Confidential Business

(approximately 11:00 am)

X. Bank of North Dakota – Don Morgan, Rick Geloff, Kirby Evanger

- A. CEO Report (Confidential Attachment 20)
 - i. Roughrider Coin Update
 - A> Contract Discussion – Fiserve and Associated Vendors
 - B> Beta Group Test Protocols Progress
 - ii. Material Credit Related Changes
 - A> Concentrations of Credit as of June 30, 2026 (Confidential Attachment 21)
 - B> Problem Loan Report July 31, 2026 (Confidential Attachment 22)
 - C> Problem Loan Report August 31, 2026 (Confidential Attachment 23)
- B. Confidential June and July 2026 Advisory Board and Committee Meeting Minutes (Confidential Attachment 24)
- C. Other BND Confidential Business

Meeting Returns to Public Session

XI. Action on Executive Session Topics

(approximately 11:20 am)

XII. Bank of North Dakota – Don Morgan, Rick Gelloff, Kirby Evanger

- A. CEO Report (Attachment 25)
 - i. Strategic – Traction EOS Q2 2026 Rock Review
 - ii. Financial – SMART Plan Dashboard Report
 - iii. Risk – Q2 2026 ERM Stifel Dashboard Report (Attachment 26)
 - iv. Policy/Program Update
- B. Non-Confidential June and July 2026 Advisory Board and Committee Meeting Minutes (Attachment 27)
- C. Other BND Business

(approximately 11:45 am)

XIII. NDIC Administrative Office – Karen Tyler, Jordan Kannianen

- A. **Consideration of Approval of August 25, 2026, Industrial Commission Meeting Minutes** (Attachment 28)
- B. **Consideration of Approval of LRP Technical Adviser Contract** (Attachment 29)
- C. Other Administrative Office Business

XIV. Adjournment

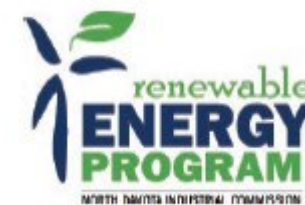
Next Regular Industrial Commission Meeting
Friday, October 30, 2026
9:00 am – 12:30 pm
Bank of North Dakota Executive Board Room
1200 Memorial Highway, Bismarck ND



RENEWABLE ENERGY PROGRAM PROJECT MANAGEMENT REPORT

Jordan Kannianen, Deputy Executive Director, NDIC

September 2026



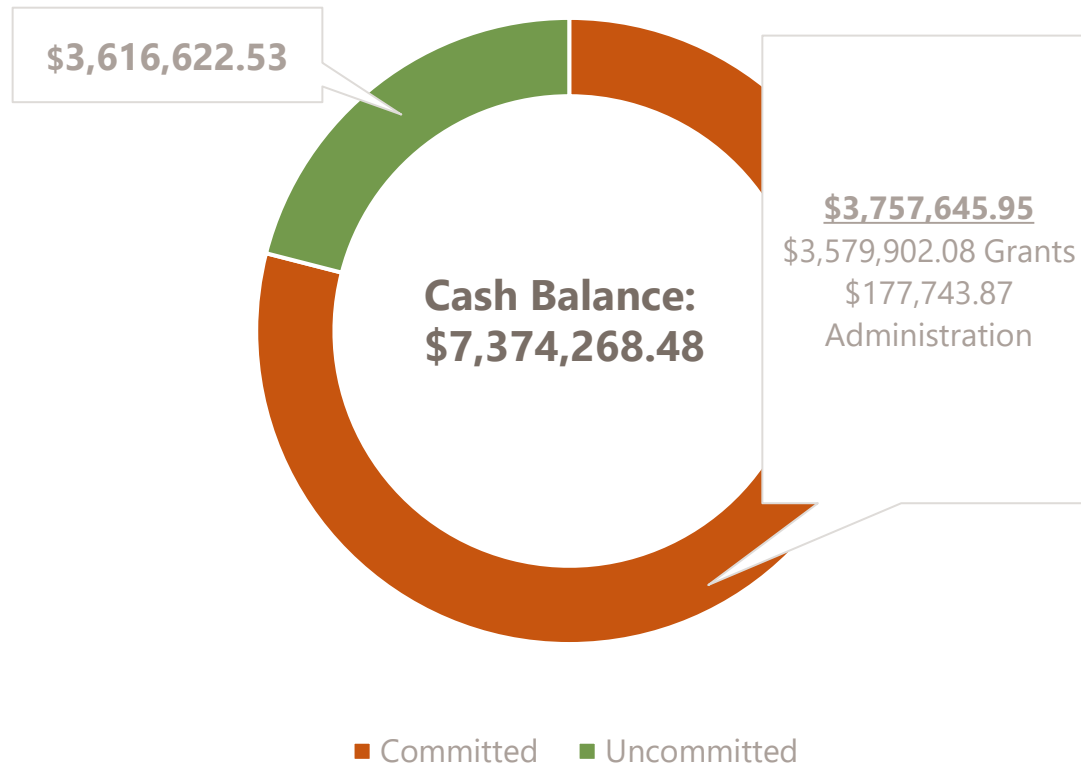
NORTH
Dakota

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RENEWABLE ENERGY FUND BALANCE

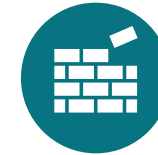
SEPTEMBER 2026

Renewable Energy Fund



Funding Source:

- \$3 million oil production taxes



82 Cumulative Projects



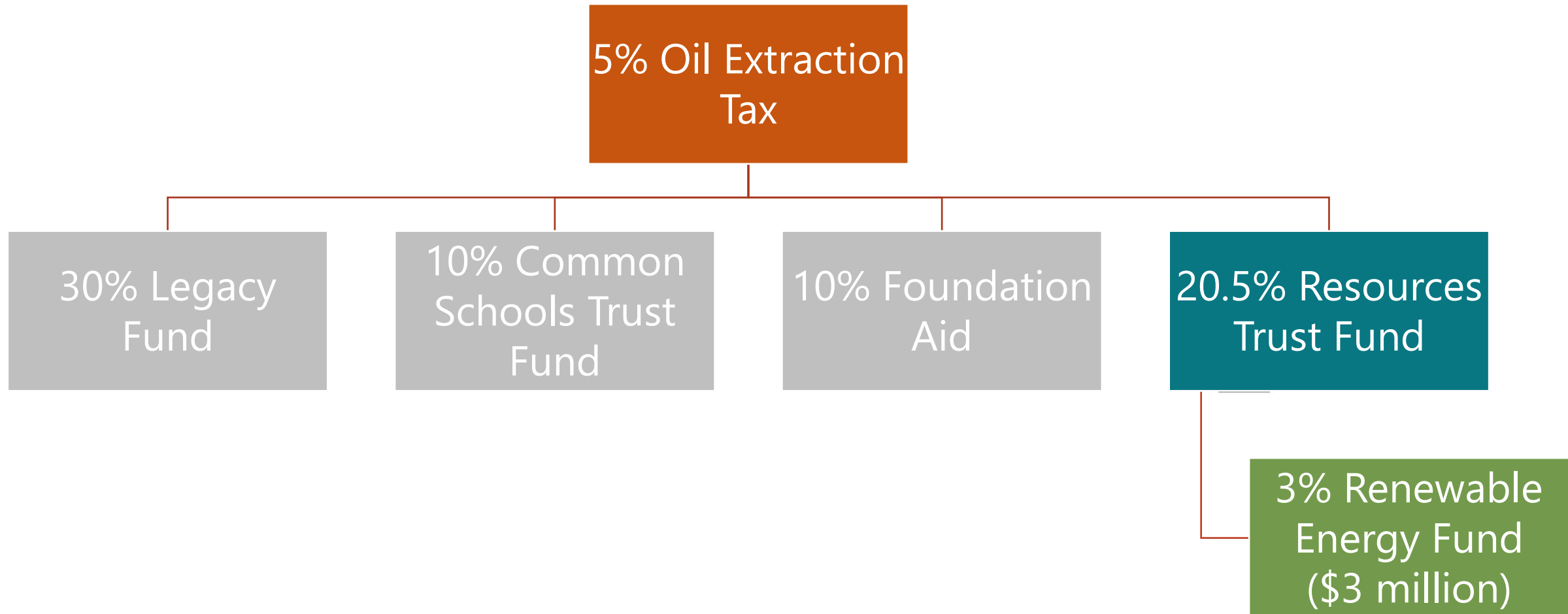
10 Active Projects



Cumulative Value:

- \$28.63 million granted
- \$175.24 million project value

2025-2027 BIENNIUM APPROPRIATION AND FORECASTED INCOME



Summary of Renewable Energy Program Application REP-58-A

Project Name: Woody Biomass Utilization for Energy, Grid, and Manufacturing

Grant Applicant: Full Circle Innovations

Primary Company Contact: Dave Gravdahl

Total Budget: \$520,040

Grant Request: \$260,020

Project Abstract / Overview

This project proposes the development of a renewable, biomass-based manufacturing operation designed to convert downed, diseased, storm-damaged, and underutilized woody biomass—along with complementary agricultural residues—into high-demand, value-added products using energy-efficient and renewable processes. The project aligns with the goals of the North Dakota Industrial Commission (NDIC) Renewable Energy Program and the USDA Wood Innovations program by addressing biomass waste management challenges, expanding renewable energy utilization, and strengthening rural economic development within North Dakota. This grant application is intended to serve as partnered match for the USDA Wood Innovations grant that will be submitted by April 22, 2026.

The operation will focus on the production of pallets, dimensional lumber, white oak electrical distribution cross arms, composite biomass heating pellets, and firewood. Pallet production will serve as the primary revenue source during early operations, providing consistent throughput and market stability while additional product lines are developed. White oak cross arms will be advanced through a pilot and development phase, with particular attention to controlled drying and refined design profiles intended to reduce weight while maintaining structural performance. Composite heating pellets will be formulated using a blend of woody biomass residues and agricultural byproducts, including distillers grain, to increase energy density and improve the value of low-BTU feedstocks such as Cottonwood. Firewood production will complete the system by utilizing remaining material streams and providing operational flexibility.

A central feature of the project is the integration of renewable energy with off-grid passive solar drying kiln technology. This system enables slower, controlled drying cycles that reduce lumber defects and can be used remotely. Outdoor processing and modular facility

design further reduce energy demand and infrastructure costs, supporting a closed-loop, waste-minimizing approach to biomass utilization.

The project will be implemented using a phased, two-site facility strategy. Initial operations will begin at a rural farmstead near Thompson, North Dakota, allowing early biomass processing, system testing, and workforce development. As operations develop, primary production will transition to a host site north of Harwood, North Dakota, featuring an insulated container-on-slab structure designed for year-round pallet manufacturing, secure storage, and future expansion. Extensive outdoor processing areas will support sawmilling, solar drying, firewood production, and material staging. Transportable equipment will allow processing near biomass sources, reducing hauling distances and improving storm response capability.

Feedstock will be sourced through partnerships with the City of Fargo Forestry Department, the Fargo Park District, other municipalities, and storm cleanup operations, addressing ongoing challenges associated with tree disposal and storm debris management in the Red River Valley. Commercial partnerships include pallet customers such as Crystal Sugar / United Sugars and a greenhouse partner, Prairie Petals, LLC, which will pilot the use of composite biomass heating pellets. Pellet formulation and performance testing will be supported by the Agricultural Utilization and Research Institute (AURI) in Wadena, Minnesota.

The project team combines expertise in industrial manufacturing, mechanical engineering, utility infrastructure, construction, and environmental education. All equipment purchased using NDIC Renewable Energy grant funds will be sourced exclusively from North Dakota manufacturers or vendors, ensuring that state funds are reinvested directly into the North Dakota economy.

R-58-A – Technical Reviewer Overview

Woody Biomass Utilization for Energy, Grid, and Manufacturing

Request for \$260,020; Total Project Costs \$520,040

- **Reviewer 1A**

- 172 / 250
- Technical Reviewer Recommends Funding

- **Reviewer 2A**

- 209 / 250
- Technical Reviewer Recommends Funding

- **Reviewer 3A**

- 192 / 250
- Technical Reviewer Recommends Funding

Overall Avg: 191 / 250 = Fund

Overall Recommendation:

If > 170	Fund
130 – 170	Funding May Be Considered
< 130	Do Not Fund

Summary of Renewable Energy Program Application REP-58-C

Project Name: Direct Ethanol Fuel Cell (DEFC) Full System Development and Application Design for Field-Ready Demonstration

Grant Applicant: 4H2, Inc.

Primary Company Contact: Jason LaPlante

Total Budget: \$703,684

Grant Request: \$351,842

Project Abstract / Overview

This project will transform the 1 kW direct alcohol fuel cell (DAFC) stack developed by 4H2 (*as shown in detailed appendix*), into a standalone power generation system capable of delivering regulated DC and AC electrical power. The work will focus on system-level design, circuit development, and prototype implementation. The goal is to establish a complete fuel cell system featuring an integrated balance-of-plant (BoP), intelligent control architecture, embedded instrumentation, auxiliary subsystems, and power electronics interface that collectively manage fuel delivery, electrolyte circulation, air supply, electrical power conditioning, thermal management, startup, shutdown, and system protection. The effort will deliver a prototype of standalone fuel-cell power generation system which can supply regulated DC and AC electrical power for portable, mobile, and off-grid applications.

The primary outcome of this project will be a fully integrated, standalone direct ethanol fuel cell prototype based on the previously developed 1 kW fuel cell stack. The prototype will incorporate a purpose-built enclosure, balance-of-plant components, power electronics, and an intelligent control module. It will use a battery-assisted startup process and subsequently transition to self-sustained operation, in which power generated by the fuel cell supports both the external load and the system's auxiliary components. A machine-learning-based control strategy will adjust system setpoints to achieve the desired voltage and current while maintaining stable, efficient, and reliable operation. The completed prototype will demonstrate the feasibility of converting the existing fuel cell stack into a practically deployable power-generation system.

R-58-C – Technical Reviewer Overview

Direct Ethanol Fuel Cell (DEFC) Full System Development and Application Design for Field-Ready Demonstration

Request for \$351,842; Total Project Costs \$703,684

- **Reviewer 2C**
 - 172 / 250
 - Technical Reviewer Recommends Funding
- **Reviewer 3C**
 - 223 / 250
 - Technical Reviewer Recommends Funding
- **Reviewer 5C**
 - 173 / 250
 - Technical Reviewer Recommends Funding

Overall Avg: 189.33 / 250 = Fund

Overall Recommendation:

If > 170	Fund
130 – 170	Funding May Be Considered
< 130	Do Not Fund

North Dakota Industrial Commission

**Claire Vigesaa – Executive Director
ND Transmission Authority
September 22, 2026**

Grant Awards FY22/FY23/FY24

❑ Capital Electric Cooperative	\$ 321,930
❑ Otter Tail Power Company	\$4,432,088
❑ Northern Plains Electric Cooperative	\$ 586,000
❑ McKenzie Electric Cooperative (returned)	(\$2,843,075)
❑ Burke-Divide Electric Cooperative (returned)	(\$ 550,000)
❑ City of Lakota	\$1,707,109
❑ Verendrye Electric Cooperative	\$ 314,250
❑ KEM Electric Cooperative	\$ 620,000
❑ City of Valley City	\$ 715,468
❑ McLean Electric Cooperative	\$ 515,900
❑ Montana Dakota Utilities	\$2,086,488
❑ City of Northwood	<u>\$ 240,917</u>
	\$11,540,150

FY25 & FY26 IIJA GRANT FUNDS

- ❑ Still Waiting on DOE-NDIC Pre-approved Hillsboro & Lakota Projects
 - ❑ FY25 \$3,611,012 + 15% State Match
 - ❑ FY26 \$3,600,000 + 15% State Match

Applicant	Project	Grant Request	Total Cost
City of Hillsboro	Electric System Upgrades	\$4,226,250	\$5,635,000
City of Lakota	Substation Transformer/controls	\$2,589,750	\$3,453,000
TOTAL		\$6,816,000	\$9,088,000

IIJA RE-AWARD \$\$\$

- ❑ Burke-Divide Electric Cooperative Project – Two Transmission Switches
Decided to decline grant of \$550,000
BABA – Build America, Buy America hurdles too burdensome
- ❑ Plus \$432,000 of unawarded IIJA funds
- ❑ Comfortable in awarding \$825,000 this round, leaving a buffer of \$157,000 for future administrative expense

OPPORTUNITY TO HELP

Identified Two Smaller Projects within Hillsboro and Lakota's full application

- ❑ Hillsboro – 12.5 kV Transmission Line to new water treatment facility \$817,000
- ❑ Lakota – Switchgear for sectionalizing distribution system \$300,880

AWARD RECOMMENDATION

City of Hillsboro (12.5kV transmission line project)	\$612,750
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City of Lakota (Sectionalizing switches)	<u>\$212,595</u>
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Total Award	\$825,345
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N O R T H
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North Dakota Transmission
Authority

North Dakota Industrial
Commission

BIL 40101(d) Application

Project Title: Phase 1 Electrical Upgrades

Applicant: City of Hillsboro

Date of Application: 06/02/2025

Date of Application Revision:
09/02/2026

Amount of Grant Request: \$612,750

Total Amount of Proposed Project:
\$817,000

Duration of Project: 3 Years (2026-2028)

Point of Contact (POC): Levi Reese

POC Telephone: 701-636-4620

POC Email: levi.reese@hillsboro-nd.us

POC Address:

19 South Main Street

Hillsboro, ND 58045

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Applicant Description

Located in Traill County, North Dakota, the City of Hillsboro has an estimated population of 1,649, based on the 2020 decennial census. The city was founded in 1880, incorporated in April of 1883, and lies between two of North Dakota's largest cities. Fargo, North Dakota, is 42 miles southwest of the City of Hillsboro, and Grand Forks, North Dakota, is located 40 miles north. Hillsboro is served by major transportation networks including Interstate 29, State Highway 200, the BNSF Rail line, and the Hillsboro Regional Airport.

The City of Hillsboro is led by a city commission, which includes a president and four commissioners:

- Levi Reese, President
- Paul Geray, Commissioner – Vice President
- Jon Myers, Commissioner
- Jason Pohlkamp, Commissioner
- Nicole Evans, Commissioner

The city provides municipal power, water, sewer, garbage and recycling services to its residents. The power transmission supply to the city consists of looped 69 kV transmission lines owned by Xcel Energy. Hillsboro Utilities distributes power through a system composed of both overhead and underground sections and is supported by two 69 kV to 4.16 kV load-serving substations. Approximately 56% of the distribution system is underground. In 2024 the City of Hillsboro provided power to 1,069 customers, with annual sales of approximately 32,000 MWh.

Project Description

Capital Improvement Plan – Phase 1

The scope of this project is the first of a four-phase capital improvement plan. These phase 1 improvements aim to eliminate or minimize system deficiencies and improve capacity to meet future demand. The improvements included within Phase 1 are discussed below:

Water Treatment Plant Mainline Project

The City partners with East Central Regional Water District to provide water service to the region. We are expanding our regional water treatment plant to increase treatment capacity, which will require additional power from our electrical system. We will install new underground circuitry and convert to a 12.5 kV system voltage on the west feeders. This will eliminate potential voltage and distribution system capacity violations once the treatment plant expansion is complete.

Northeast and Southeast Voltage Conversions

These improvements include the installation of new underground circuitry and conversion from a 4.16 kV to 12.5 kV system voltage via step-up transformers at the Traill substation. This will help eliminate voltage and capacity violations under system normal and contingency. Additionally, it eliminates old unjacketed 4.16 kV underground circuitry and provides more reliable service to the essential services within our community including our schools and medical facilities.

Need for Improvements

Back-feed capabilities under peak loading conditions are limited due to the use of 200 Amp load-break elbows on some 4/0 aluminum circuit mainlines – significantly reducing the overall capacity of the 4.16 kV system west of the interstate. Additionally, there are radial portions of the system with no back-feed capability whatsoever. The existing 4.16 kV system is limited in the amount of voltage it can provide while within the conductor's thermal limitations. Within each substation, critical equipment in the yard is on average over 40 years of age, with the transformer at Traill Substation operating on a rebuilt unit.

The physical condition of the existing 4.16 kV overhead distribution system is average in general, with the most concerning areas located on the downtown feeder. No obvious problems with recent construction methods were observed, however, areas of town with unjacketed concentric neutral type underground cable pose a risk of corroding away causing costly cable failures.

The City plans to convert older overhead segments of the system to new underground lines, which serves to increase the level of safety and reliability of service, especially during storms and other weather-related events. Improvements in construction methods of underground

lines have been made in recent years allowing for the sectionalizing of line. This process provides quicker fault detection and helps protect equipment.

As the primary utility providing power to the East Central Regional Water District treatment facility, maintaining a continuous power supply at water treatment plants is crucial for ensuring the delivery of safe and clean drinking water to our region. Any interruption in power can lead to significant public health risks, operational challenges, and environmental concerns. Alongside power interruptions, voltage concerns can damage treatment facility equipment leading to unpredictable down time and expenses.

The primary role of water treatment plants is to purify and deliver potable water to the public. A power outage can halt treatment processes, allowing contaminants to enter the water supply. This can lead to waterborne diseases, posing serious health risks, especially to vulnerable populations such as children, the elderly, and those with compromised immune systems. Ensuring stable power supply is essential for protecting public health.

Water treatment plants must operate continuously to meet the demands of the community and regions they serve. Power outages can disrupt the pumping, filtration, and disinfection processes necessary for treating water. Interruptions can result in inadequate water pressure, leading to supply shortages and potentially impacting firefighting capabilities and other critical services that depend on a reliable water supply.

Load Growth and Energy Projections

The maximum overall system peak of 8,322 kW was established in the winter of 2021. Over the past four (4) years, the City's system has experienced an average increase of approximately 4.8% for the summer peak demand loading levels while the winter peak has remained fairly flat.

To ensure the city retains the ability to provide power to the growing demands of its residents and businesses, replacing aged conductor is an important first step in the capital improvement process. Alongside reducing line loss, the improvement of the 4.16 kV system to a 12.5 kV system will remedy voltage violations experienced during heavy loading levels. Based on load growth projections conducted by DGR Engineering, by 2033 the City of Hillsboro will reach a peak system demand of nearly 12,764 kW.

Design and Engineering

The improvements outlined within the capital improvement plan are designed to increase system reliability, provide flexibility and expandability to meet the needs of projected growth, and ensure voltage levels are maintained at all times within ANSI limits for Class A service.

The City intends to adopt a formal policy to maintain "N-1" or "single contingency" design on all transmission, substation, and distribution facilities when feasible. "Single contingency" design is defined as the ability to operate the system peak load with the loss of any single major system

component. Electric consumers have undoubtedly come to expect that electric service be available at all times, except for minor weather-related outages.

Improving the system will help maintain voltage levels at the consumer's premises within ANSI limits for class A service. Voltage limits are defined as a maximum voltage of 126 volts, a minimum voltage of 110 volts, and a maximum daily voltage swing of eight (8) volts.

System improvements will be conducted in a manner that considers flexibility and adaptability allowing for a number of combinations of circuit configurations for serving existing loads as well as future system development. This will be accomplished by designing multiple tie and switching points between distribution circuits, as well as providing sufficient distribution circuits themselves. Alongside the improvement of cable, 600 Amp deadbreak elbows will replace the existing 200 Amp load-break elbows on the mainline system. This will create a more robust system and allow the ability to safely transfer critical loads from circuit to circuit.

The system will be designed such that new loads can be added without major upheaval to the existing system. This does not mean the system should be overbuilt, rather sufficient capacity must be available in substations and lines to handle the addition of a reasonably large load without scrambling to provide facilities for it and affecting consumer's rates.

Anticipated Results

The anticipated result of this capital improvement project is increased system capacity, improved reliability, and a hardening of systems that affect public health and safety. By improving the current distribution system to a 12.5 kV circuit, the new system will be well on its way to support the projected peak demand of 12,764 kW by 2033. Converting a portion of the current overhead spans to underground further insulates the system from weather-related damage typically caused by wind, ice, and lightning. Improvements will also reduce voltage violations and line losses further protecting consumer electronics within homes and businesses.

Proactively replacing aging overhead lines and unjacketed underground cables with modern underground systems will reduce the frequency and duration of outages. Sectionalizing allows for quicker fault isolation and restoration to the affected area, therefore increasing the availability of power while also providing the ability to reroute power around the problem area.

Technological and Economic Impacts

Modernizing the electrical infrastructure positions the City of Hillsboro for long-term economic growth by attracting new businesses and supporting the current and future population of the city. A reliable utility system is a key factor in economic development and community resilience. Technological improvements to the distribution system like voltage conversion and enhanced underground cabling increase operational efficiency and help reduce energy losses. In doing so, less maintenance costs translates to better financial stewardship for the city and may potentially fewer utility rate increases for residents.

Standards of Success

Objective 1: Eliminate system deficiencies

The City of Hillsboro plans to address critical system deficiencies in its aging electrical infrastructure throughout the first phase of the capital improvement plan. Currently, the use of 200 Amp load-break elbows on 4/0 aluminum circuit mainlines limits back-feed capabilities, especially under peak loading conditions. Additionally, restructuring the system to address radial portions of the system will provide additional back-feeding options during outage situations, decreasing the system's vulnerability. The existing 4.16 kV system also struggles to maintain voltage within thermal limits, and areas withunjacketed concentric neutral underground cables are at an increased risk of failure due to their age and state of corrosion. Upgrading to 600 Amp deadbreak elbows and replacing deteriorating cables will significantly enhance the system's robustness and operational flexibility during outage situations.

Objective 2: Increase capacity to meet future demand

A major procedure identified in the attached capital improvement plan is the voltage conversion from a 4.16 kV to 12.5 kV system, which will support the projected peak demand of 12,764 kW by 2033. This upgrade will reduce voltage violations and line losses, while also ensuring the system can handle growing residential and commercial loads. Improving the system to 12.5 kV introduces a system that's built for scalability and flexibility. Incorporating multiple tie and switching points alongside sufficient distribution circuits will help accommodate the introduction of new loads without major disruptions throughout the system. Adopting an "N-1" contingency design will allow the system to continue operating even if a major component fails, ensuring uninterrupted service during peak demand periods.

Objective 3: Improve reliability and safety of power distribution

The City aims to convert older overhead lines to modern underground systems, which are less susceptible to weather-related damage such as wind, ice, and lightning. The attached outage summary from 2021-2024 provides a breakdown of when outages typically occur within the city. Outages frequently appear throughout the system during the months of May through August. These outages correlate with the seasonality of electrical storms paired with high winds indicating the system's overhead lines are particularly vulnerable to weather-related events. Converting these lines to underground systems will improve overall system reliability and public safety.

Modern underground construction methods allow for sectionalizing, which enables quicker fault detection and isolation, reducing outage duration. Ensuring a stable power supply is especially critical for facilities like water treatment plants and medical facilities, where interruptions in electrical service can pose serious public health risks.

Maintaining voltage within ANSI Class A limits will protect sensitive equipment in homes and businesses, while proactive infrastructure upgrades will enhance overall system resilience and

reduce maintenance costs tied to unplanned major construction events. These improvements will also support economic development and future expansion by providing a reliable utility system that attracts new businesses and supports community growth.

Project Timeline

Activity	Start	Finish
NDIC Application Selection	May 2026	July 2026
DOE Approval	August 2026	October 2026
Engineering Design	September 2025	February 2026
Bid Opening	November 2026	March 2027
Bid Award	December 2026	April 2027
Construction	May 2027	October 2028

Project Budget

The City of Hillsboro is requesting a 75% grant through the North Dakota Transmission Authority for \$4,226,250. The City will fund the remaining 25% local match through a loan from the Bank of North Dakota's Infrastructure Revolving Loan Fund.

Project Associated Expense	NDIC Grant	Applicant's Share (Cash)	Total
12.5 kV WTP Mainline			
Construction Contract	\$147,750	\$49,250	\$197,000
Owner-Furnished Materials	\$342,000	\$114,000	\$456,000
Engineering & Contingencies	\$123,000	\$41,000	\$164,000
Total	\$612,750	\$204,250	\$817,000

North Dakota Transmission
Authority

North Dakota Industrial
Commission

BIL 40101(d) Application

Project Title:

Electrical Distribution Sectionalizing &
Reliability Improvement Project

Applicant:

City of Lakota/Lakota Municipal Utilities

Date of Application:

May 14, 2025

Date of Application Revision:

September 1, 2026

Amount of Grant Request:

\$212,595

Total Amount of Proposed Project:

\$300,880

Duration of Project:

6 months (Oct. 2026-March. 2027)

Point of Contact (POC):

Amie Vasichek

POC Telephone:

701-247-2454

POC Email:

laktact@polarcomm.com

POC Address:

PO Box 505

Lakota, ND 58344

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Applicant Description

The City of Lakota is in Nelson County, ND and is also the county seat. As such, the City of Lakota provides critical emergency response service and provides critical service to the Good Samaritan Home, an elderly care home. Reliable electric and water service is critical to the health and safety of those residents. The City of Lakota also serves a large agriculture trade area and is home to a large Cenex Harvest States Agronomy Facility. Given the northern tier climate, the planting, spraying, and harvest windows are short. Any interruption in providing service to the region's agriculture producers has a significant impact on food & energy production.

The City of Lakota has a population of 680 residents and continues to grow. The City of Lakota owns and operates its own utility, Lakota Municipal Utilities, which provides electricity, water, and sewer to our customers. The Lakota Municipal Utilities sold 14,936,673 kWh to its customers in 2024.

According to the Climate and Economic Justice Screening Tool, Lakota and Nelson County are rated 65th percentile for low median income. In 2024, Lakota Municipal Utilities had on average 25 households on fuel assistance with the state funded assistance program; each averaging 65% LIHEAP Cost Share. The Lakota Municipal Utilities makes every effort to assist its utility customers by seeking assistance during dire financial times; connecting them to resources such as Red River Community Action, Salvation Army and Red Cross. Lakota Public School has approximately 22% of the student population qualified for the free/reduced meal program. These are significant factors our utility considers when anticipating needed maintenance work and improvements to the utility system. Our utility has affordable rates for our customers, increasing rates to cover the actual cost of improvements would not be burdensome on our customer base.

Project Description

The City of Lakota will install five PME-9 and two PME-11 pad-mounted switchgear units, along with associated fuses, bushings, and fiberglass box pads, as part of its ongoing overhead-to-underground electrical conversion project.

The new equipment will allow the City to sectionalize its electrical distribution system, isolating problem areas while maintaining service to unaffected portions of the community. This project will improve system reliability, reduce the number of customers impacted by outages, and provide greater flexibility during repairs and maintenance.

Standards of Success

Success will be measured by the City's ability to sectionalize the electrical distribution system and isolate areas experiencing faults, equipment failures, or maintenance needs while maintaining service to unaffected portions of the community. The project will improve system reliability and operational flexibility, reduce the number of customers affected by individual outages, and support the City's continued transition from overhead to underground electrical infrastructure.

Key measures of success will include: installation and successful operation of all seven switchgear units; increased ability to isolate electrical system problems; reduced geographic impact of outages; improved ability to perform maintenance without disrupting larger portions of the community; and improved overall reliability and resiliency of Lakota's municipal electrical system.

Project Timeline

Upon grant funding approval, the City will order the five PME-9 and two PME-11 pad-mounted switchgear units and associated equipment. Once the equipment is received, the City will complete site preparation, installation, connection, and testing. The project is anticipated to be completed within approximately two months, depending on equipment availability, with a maximum project timeframe of six months.

Project Milestones:

October-December 2026 - Order equipment

December, 2026-March, 2027 - Installation & Completion

Project Budget

Please use the table below to provide an **itemized list** of the project's capital costs; direct operating costs, including salaries; and indirect costs; and an explanation of which of these costs will be supported by the financial assistance and in what amount. The budget should identify all other committed and prospective funding sources and the amount of funding from each source. **Please feel free to add columns and rows as needed.** Higher priority will be given to projects with a high degree of matching private industry investment.

Project Associated Expense	NDIC Grant	Applicant's Share (Cash)	Total
Switchs & equipment	\$169,966.50	\$56,655.50	\$226,622
North-Holt Installation	\$36,096	\$12,032	\$48,128
600 amp elbows & install	\$6,532.50	\$19,597.50	\$26,130
Total	\$212,595	\$88,285	\$300,880

GEOLOGICAL SURVEY QUARTERLY REPORT

TO THE
NORTH DAKOTA INDUSTRIAL COMMISSION

April 1, 2026 to June 30, 2026

Dr. Clint A. Boyd
State Geologist
Geological Survey
Department of Mineral Resources
North Dakota Industrial Commission

September 22, 2026



TABLE OF CONTENTS

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- QUARTERLY CORE LIBRARY USAGE
- GEOPHYSICAL INVESTIGATIONS IN EASTERN NORTH DAKOTA

PALEONTOLOGY SECTION - 8

- MAMMOTH FOSSIL DIG

REGULATORY PROGRAMS UPDATE - 10

PUBLICATIONS THIS QUARTER - 11

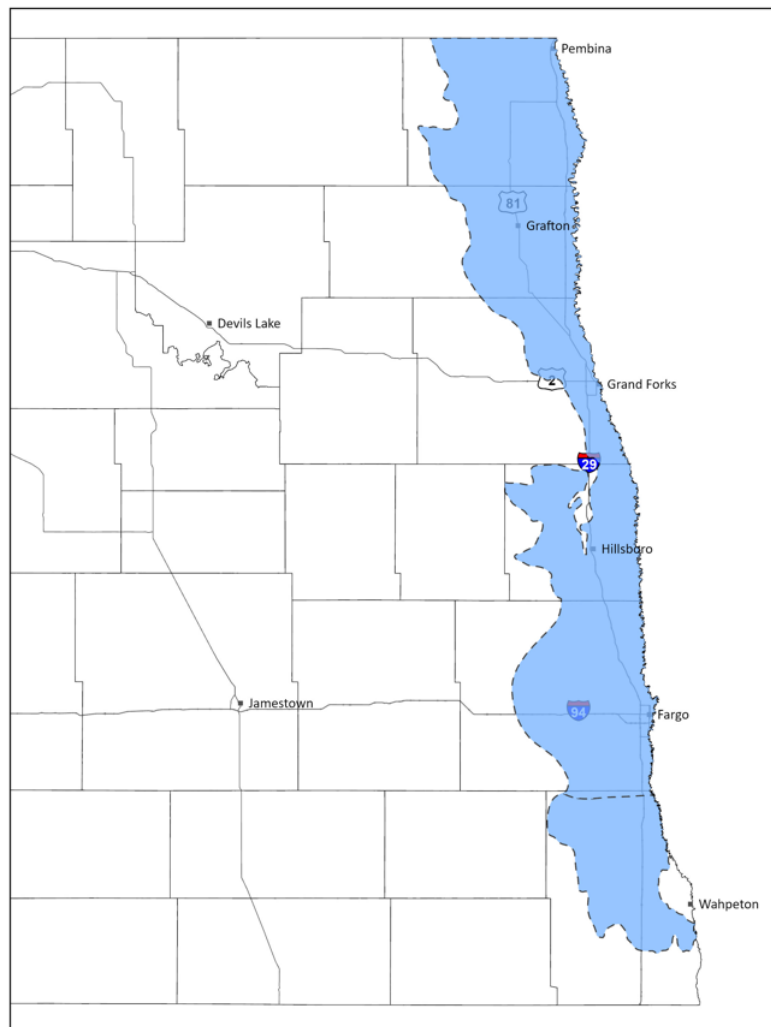
EDUCATION & OUTREACH THIS QUARTER - 12



The mission of the North Dakota Geological Survey is to Investigate the geology of North Dakota, provide Public Service, and administer Regulatory Programs while acting in an advisory capacity to other agencies.

SURFACE SECTION

GEOLOGIC MAPPING OF THE BRENNA FORMATION



The location and extent of the Brenna Formation in the Red River Valley and its equivalent in Richland County.

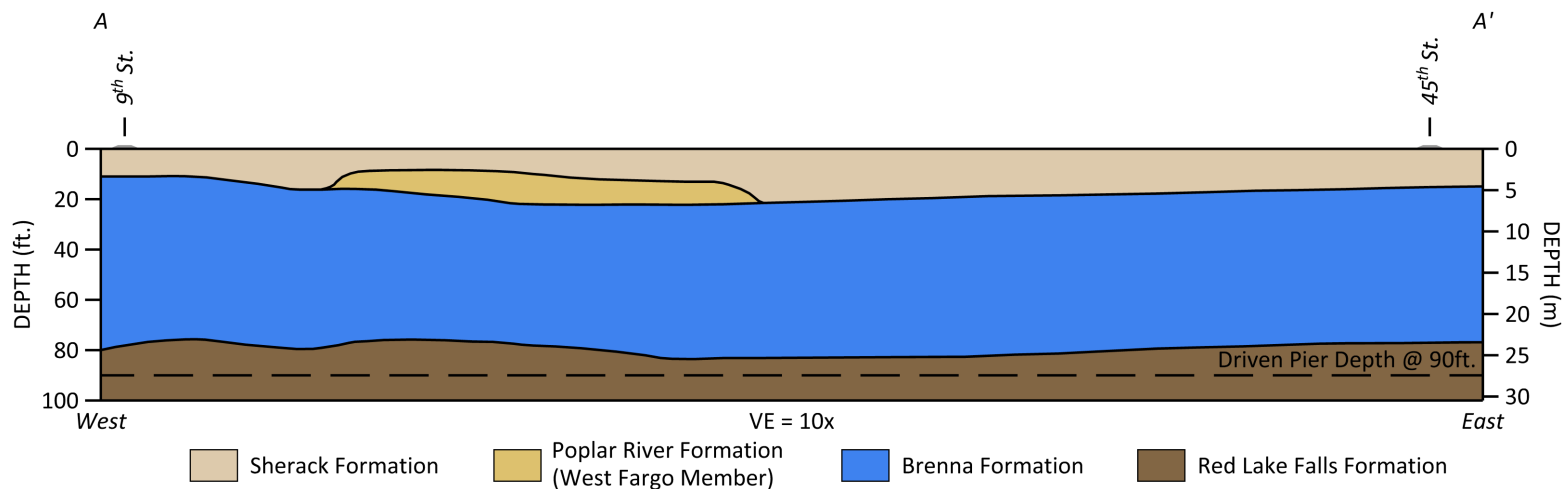
In the second quarter of 2026 we completed county scale mapping of the soft and expansive glacial lake clay of the Brenna Formation. The Brenna Formation is a gray smectite clay that was deposited in the shallow subsurface across the Red River Valley when glacial Lake Agassiz was present in this area around 10,000 years ago. Smectite is a hydrophilic clay mineral that has a large water adsorption capacity which results in a clay that is very soft when moisture contents are high and is easily deformable when placed under load.



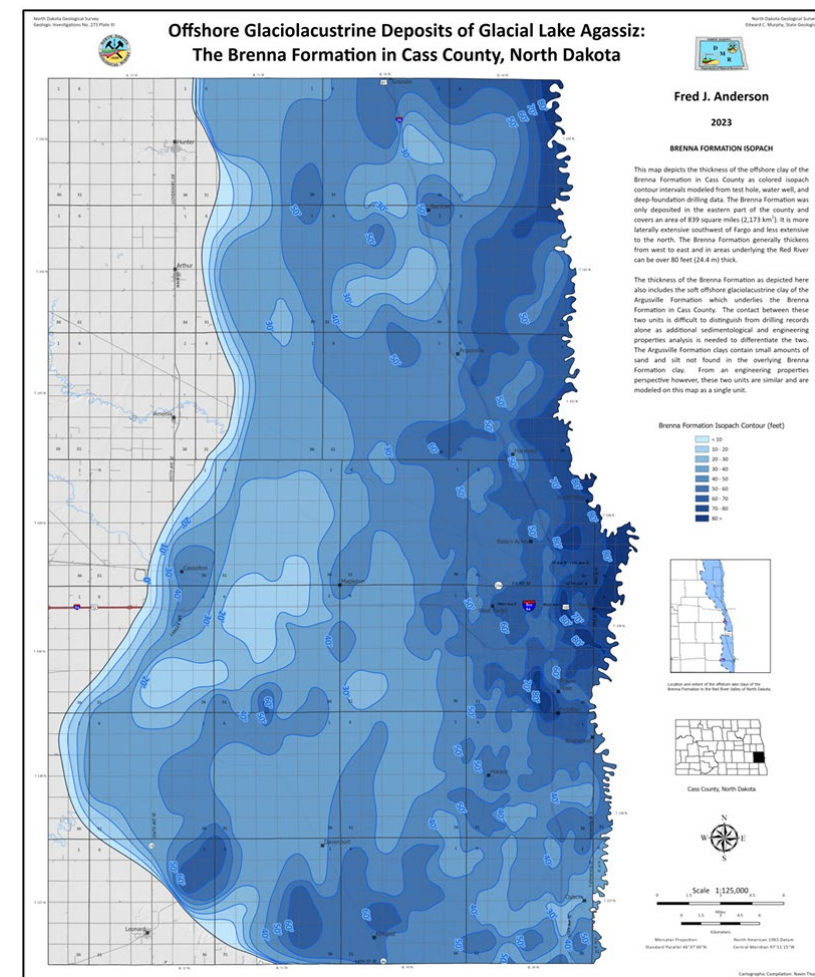
Photograph of the soft and expansive lake clay of the Brenna Formation found in the shallow subsurface of the Fargo area. The lineations on the face of the sample are called “slickensides” or “slicks” which shows how this clay can deform under pressure. This sample was photographed during construction of the Fargo landfill.

SURFACE SECTION

GEOLOGIC MAPPING OF THE BRENNA FORMATION



The Brenna Formation is found throughout the Red River Valley and is present in the shallow subsurface in Pembina, Walsh, Grand Forks, Traill, Cass, and Richland Counties covering a total of 3,492 square miles (2,234,880 acres). This geologic unit is commonly found at depths of 20-25 feet below land surface and can be as thick as 80 feet or more in the Fargo and Grand Forks areas and can be problematic for shallow construction. For large vertical construction projects, such as multi-story buildings, piers are often driven through the soft clays of the Brenna Formation and into the underlying denser and stronger units to garner a more stable footing. Maps like these aid environmental and geotechnical firms, county emergency managers, land use planners, and local governments when designing and planning new infrastructure projects. There are 15 county scale (1:125,000) maps in this recently completed series.

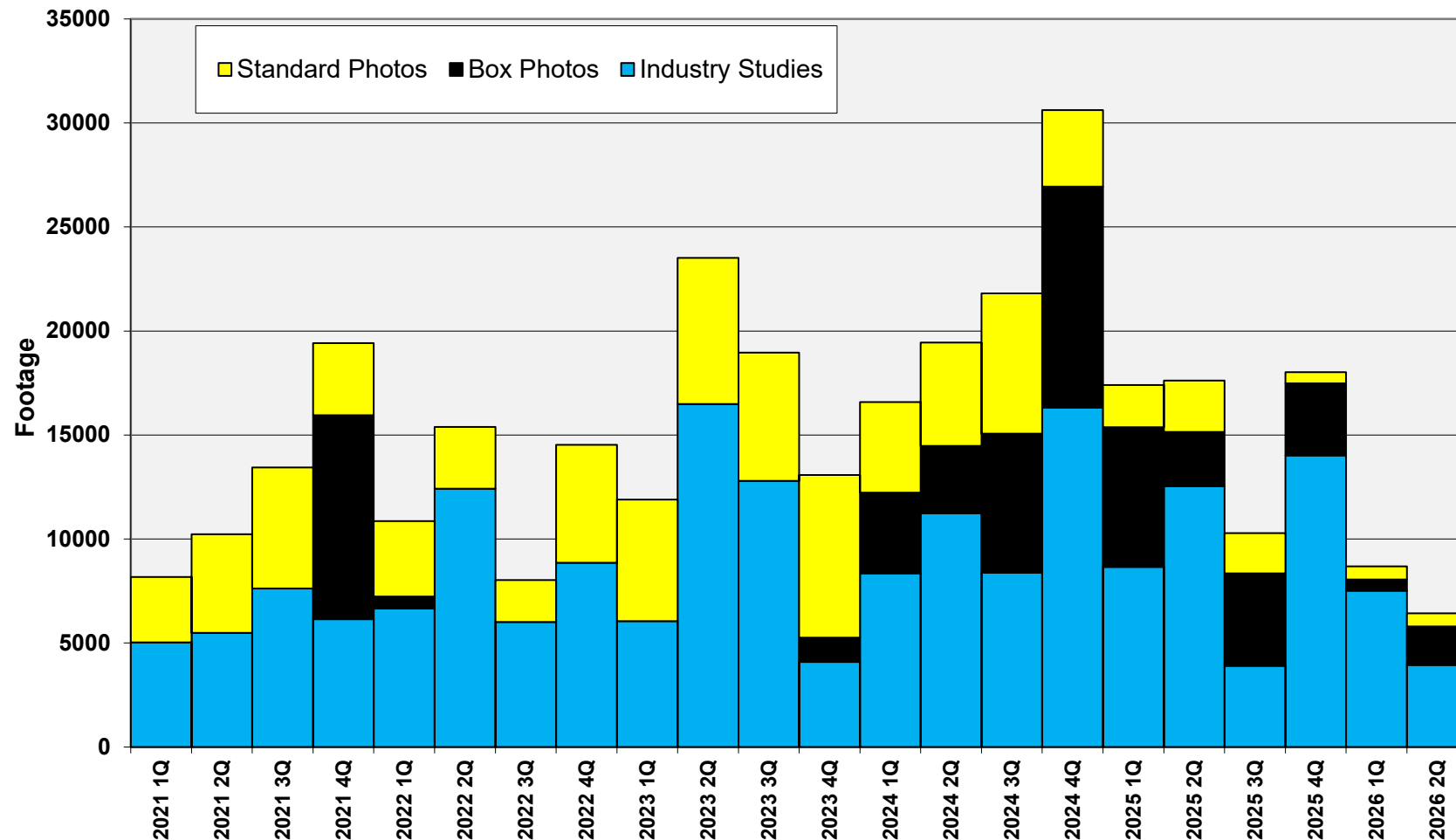


County scale maps like this depict the extent, depth, and thickness (isopach) of the Brenna Formation in Cass County.

WILSON M. LAIRD CORE LIBRARY

QUARTERLY CORE LIBRARY USAGE

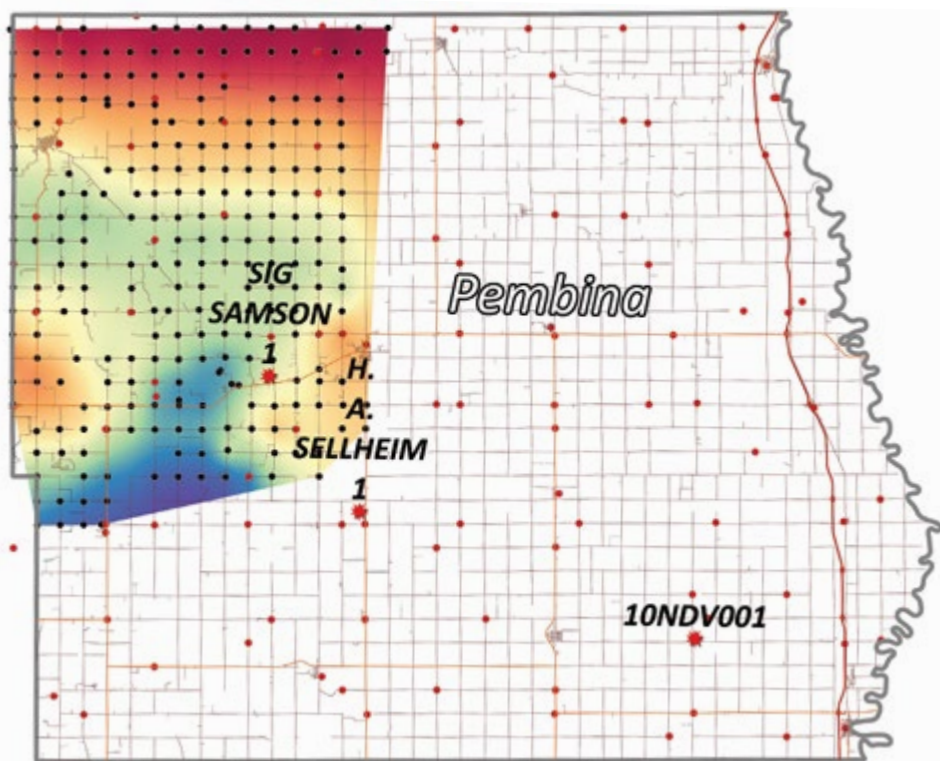
CORE PULLED FROM CORE LIBRARY SHELVES



Core usage at the Wilson M. Laird Core Library was down for this quarter. 6,423 feet of core were pulled for various uses, including 3,948 feet for industry use. 853 photographs were taken of 623 feet of core, and 1,850 feet of boxed core was tripod photographed. Factors impacting the numbers this quarter include fewer academic visitors in recent months as grant money to fund research trips has become more difficult to obtain and the fact that only two students are currently working on photographing core instead of the normal three at this time of year. Core usage so far in the third quarter is already surpassing these second quarter numbers and we should see better numbers in the next report.

SUBSURFACE SECTION

GEOPHYSICAL INVESTIGATIONS IN EASTERN NORTH DAKOTA



Ground-based gravity surveys on a tighter grid (black dots) than historical surveys (red dots) have been started across Pembina County to provide additional geophysical data to complement the ongoing Earth MRI aeromagnetic acquisition in eastern North Dakota.

In June, aeromagnetic flights began in eastern North Dakota under contract with the United States Geological Survey (USGS) under the Earth MRI project. A total of 1,757 line-kilometers (~1,090 line-miles) were flown which represents about 8% of the approximately \$1,750,000 survey that is being fully funded and coordinated by the USGS. Ground-based gravity data collection also began in June with 394 gravity data points acquired by the NDGS in Pembina County. The gravity data, in combination with aeromagnetic data gives us exploratory information about the composition and structure of the crystalline basement rocks in eastern North Dakota that may host economic deposits of metals and critical minerals.



Area in eastern North Dakota being flown for aeromagnetic data as part of the USGS Earth MRI project.



NDGS Paleontologist Alex Gardner sifting rock through a set of screens to search for any bone fragments or small rodent bones from the site.

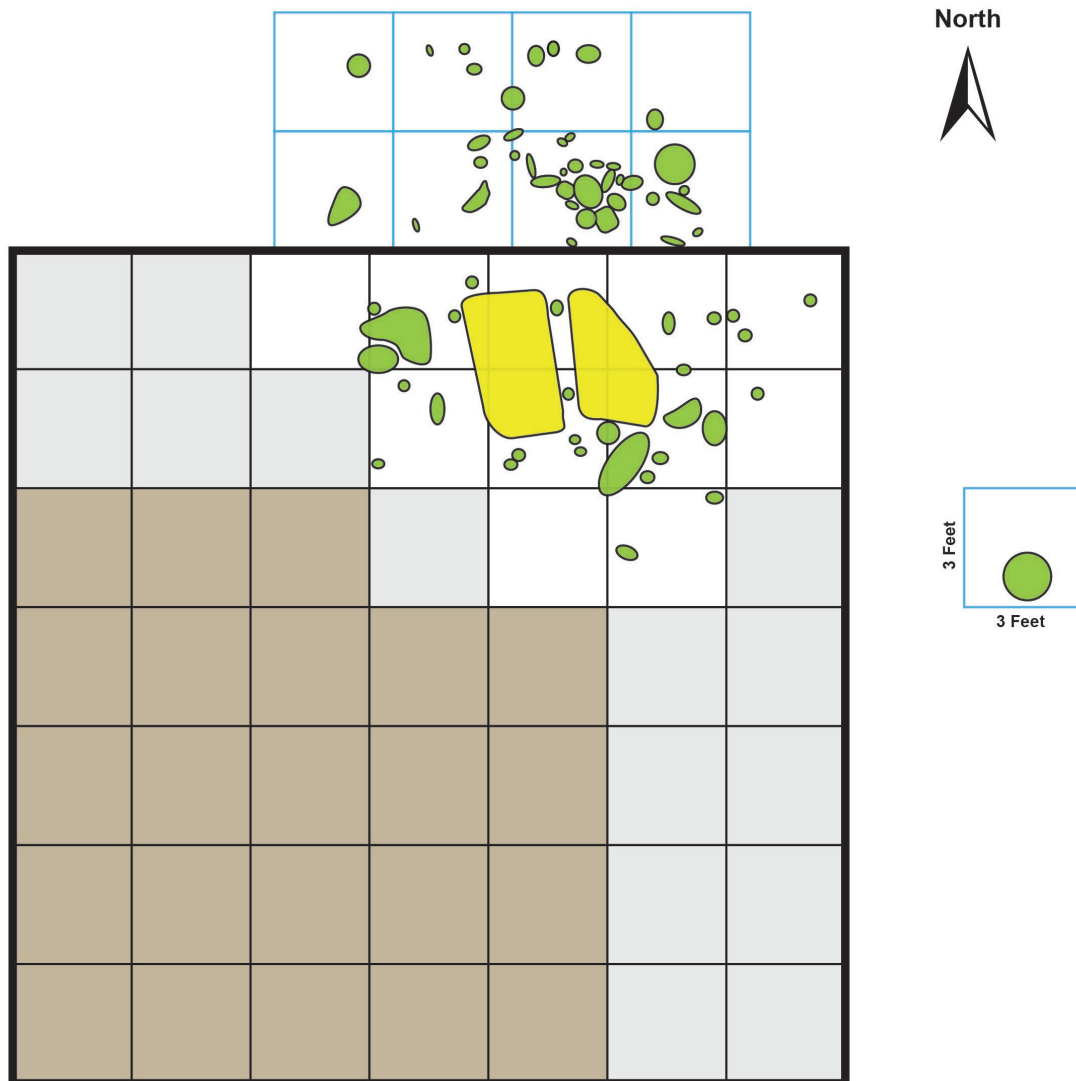
Burke County Mammoth

The Paleontology Section spent 26 days in June working to excavate the partial mammoth skeleton preserved under a garage floor. With the help of all four staff and five summer interns, the bone layer under the garage floor was excavated and dozens of bones were recovered. All rock removed from the basement was sifted through screens, resulting in the recovery of many bone fragments and small teeth and bones of rodents that lived with the mammoth. Evidence on the bones continues to indicate this was an immature individual.



NDGS staff excavate rock around the main pile of bones from the mammoth specimen within the northeast corner of the garage.

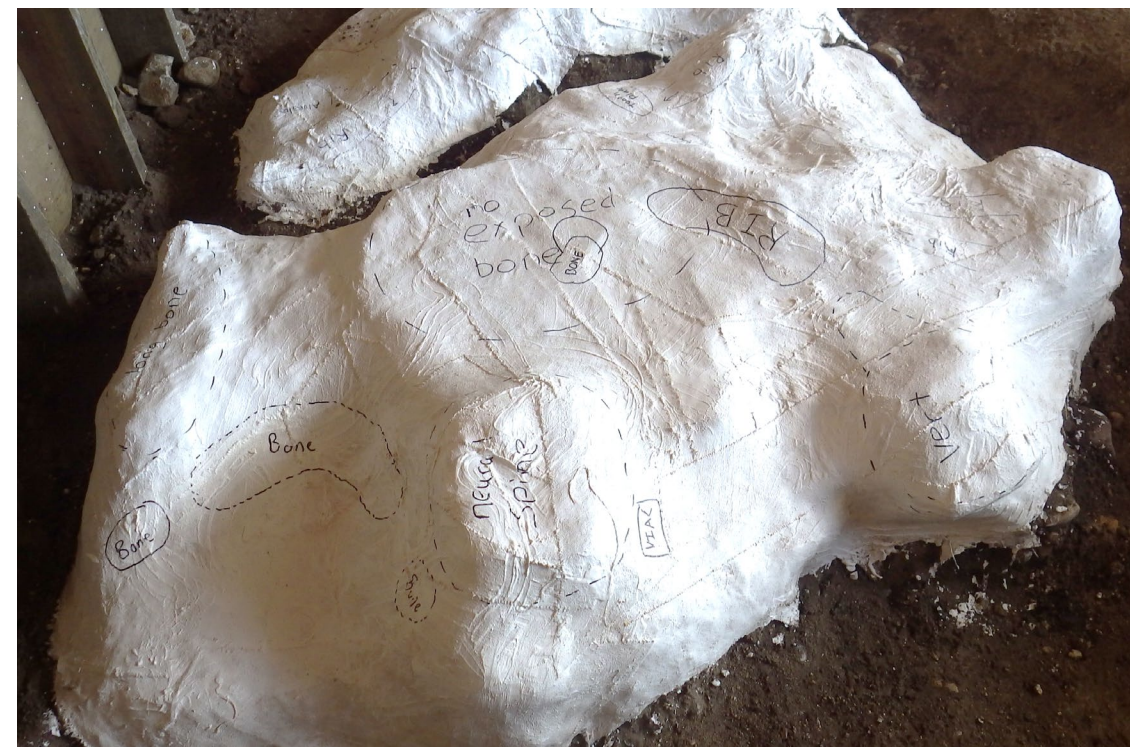
North



Grid map of the mammoth excavation so far. The dark black box is the outline of the garage. Green shapes are fossils and plaster jackets collected. Yellow shapes are jackets to be recovered in September. Brown area was not excavated.

Burke County Mammoth

31 plaster field jackets were recovered, all within the northeast portion of the garage. The bones were deposited in a seasonal stream channel, which is only present under the northeast portion of the garage. Additional work will be conducted next year north and east of the garage to recover more bones and find the edges of the stream.

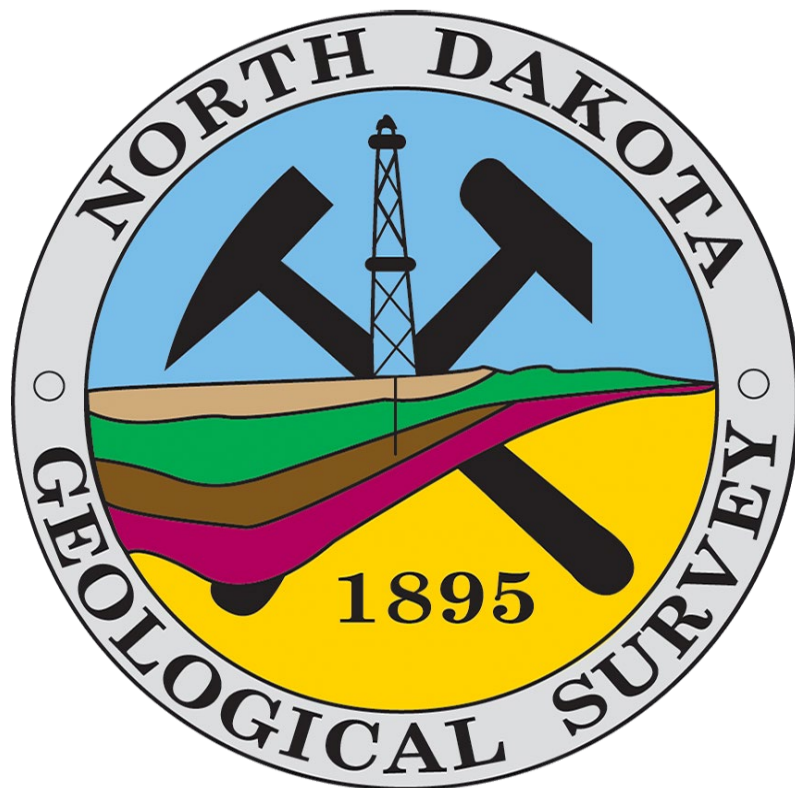


Close up of the plaster jackets to be collected in September. The location of bones within the jackets are sketched on the outside so nothing is damaged when opened.

REGULATORY PROGRAMS

April 1, 2026 to June 30, 2026

5 Permits



Permits Issued This Quarter

2



**COAL
EXPLORATION**

1



**PALEONTOLOGICAL
RESOURCES**

0



**SUBSURFACE
MINERALS**

2



GEOHERMAL

0



UIC CLASS III

PUBLICATIONS

April 1, 2026 to June 30, 2026

REPORTS (2)

THE 75TH ANNIVERSARY OF THE DISCOVERY OF OIL IN NORTH DAKOTA

Nathan D. Wilkens



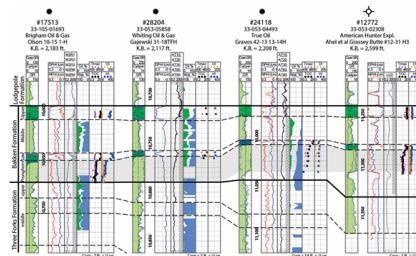
MISCELLANEOUS SERIES NO. 96
NORTH DAKOTA GEOLOGICAL SURVEY
Edward C. Murphy, State Geologist
Nathan D. Anderson, Director, Dept. of Mineral Resources
2026



Miscellaneous Series No. 96

PRELIMINARY GEOCHEMICAL CHARACTERIZATION OF THE PRONGHORN MEMBER AS A SOURCE ROCK IN THE BAKKEN FORMATION, WILLISTON BASIN, NORTH DAKOTA

by
Ismail H. Faruqi and Timothy O. Nesheim

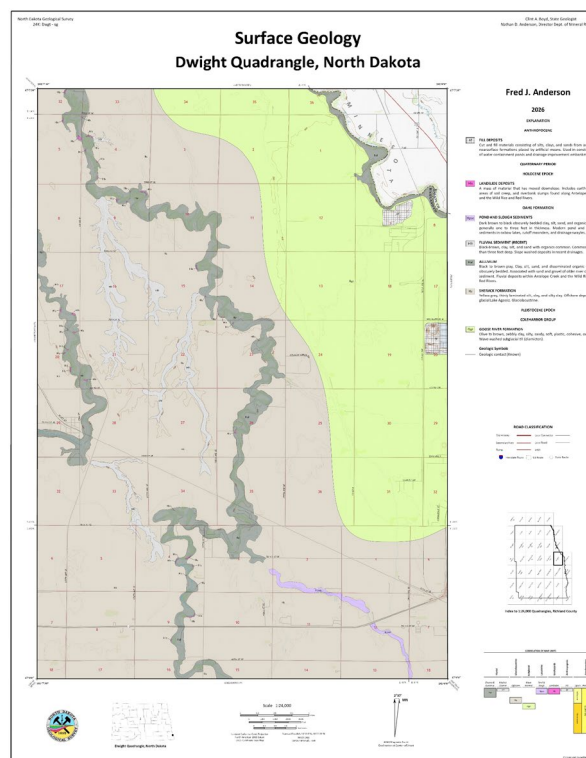


GEOLOGIC INVESTIGATION NO. 291
NORTH DAKOTA GEOLOGICAL SURVEY
Edward C. Murphy, State Geologist
Nathan D. Anderson, Director, Dept. of Mineral Resources
2026



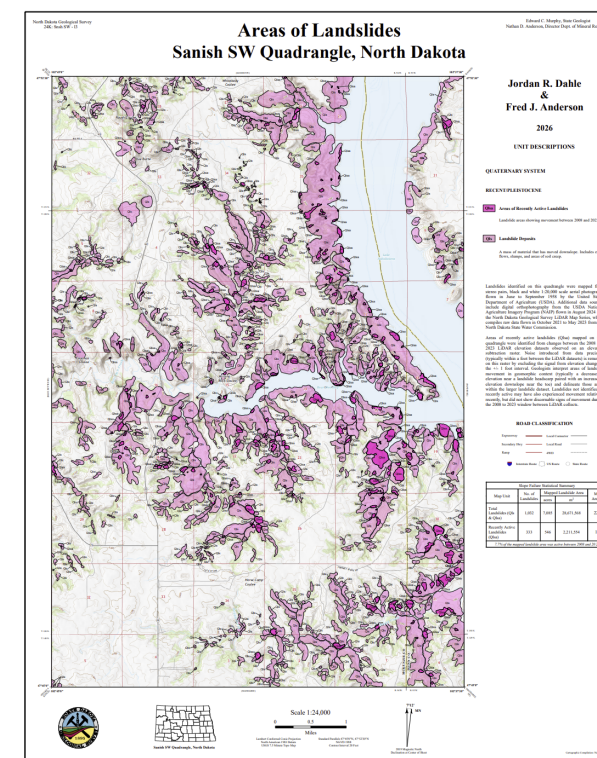
Geologic Investigation No. 291

SURFACE GEOLOGY (4)



Surface Geology of the Wahpeton
Area (24K Map)

LANDSLIDE MAPS (83)



Landslide Areas in Western North
Dakota (24K Map)

EDUCATION & OUTREACH

April 1, 2026 to June 30, 2026

38 Total Activities

Wilson M. Laird Core & Sample Library



6 Tours

AMMP Workshop at the ND Heritage Center



8 Workshops – 1 Field Trip

*Lignite Energy
Council
Teacher's
Workshop &
ND Energy
Education
Youth
Workforce
Development
In Watford City*



Paleontology at the North Dakota Heritage Center

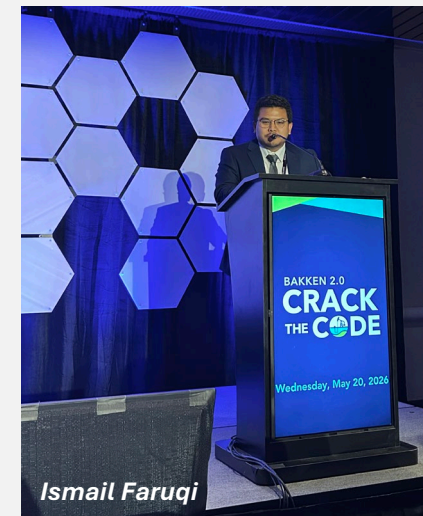


10 Tours

2026 Williston Basin Petroleum Conference



Nathan Wilkens



Ismail Faruqi

2 Presentations

Case No. 32730 / Order No. 35656

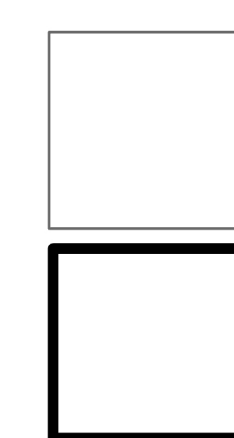
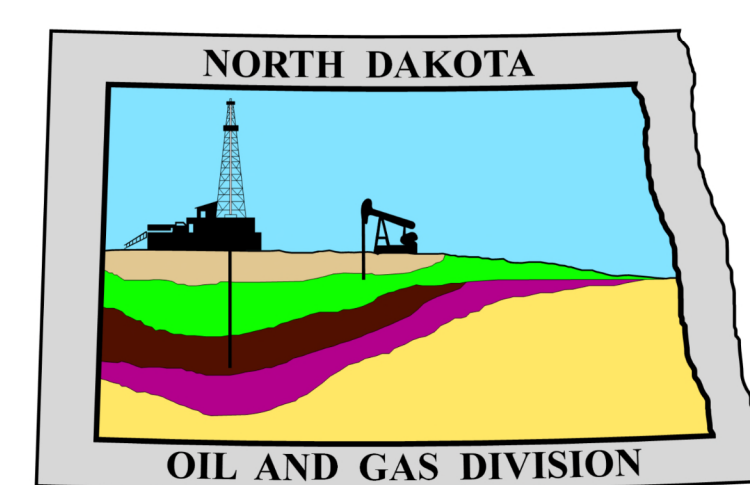
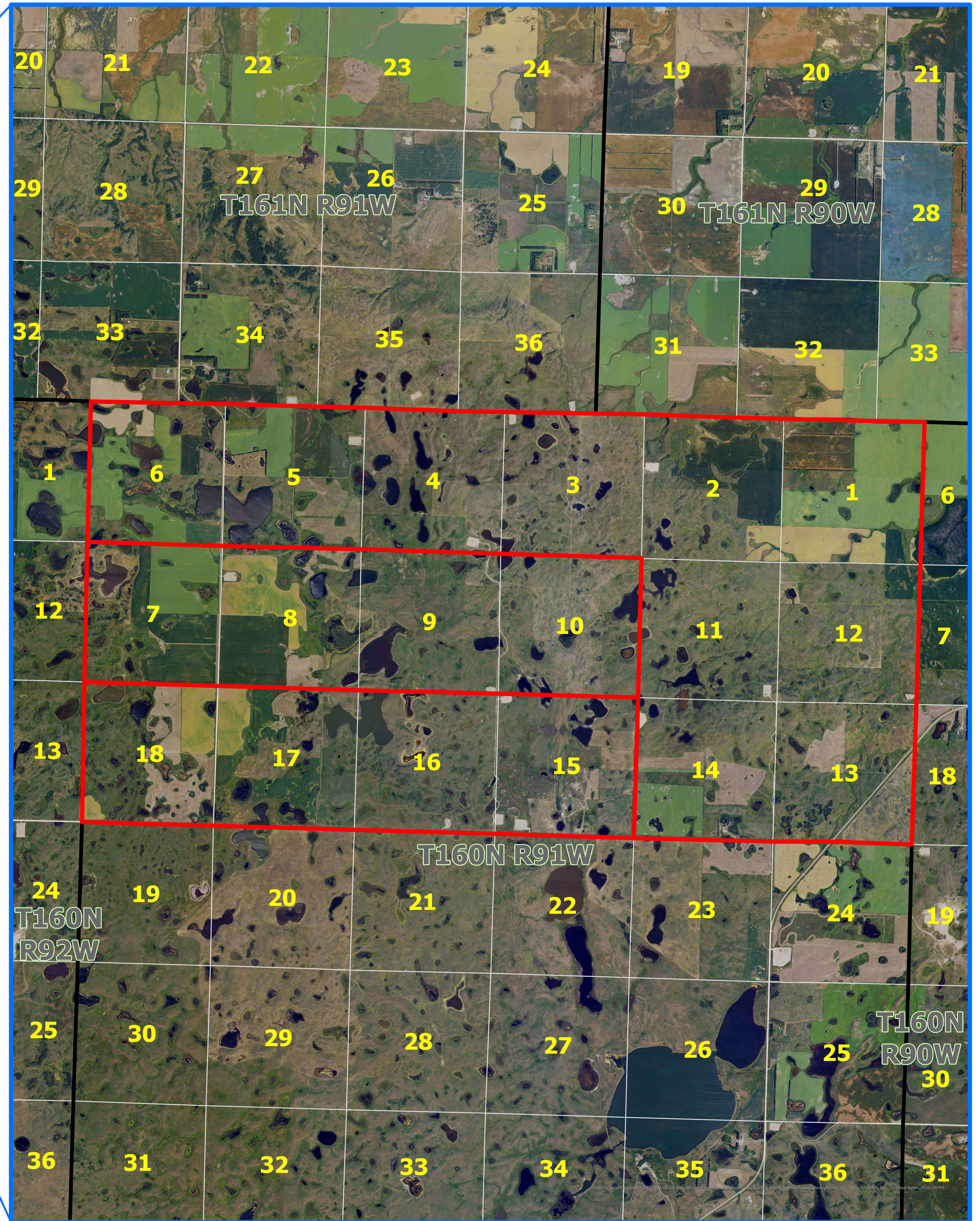
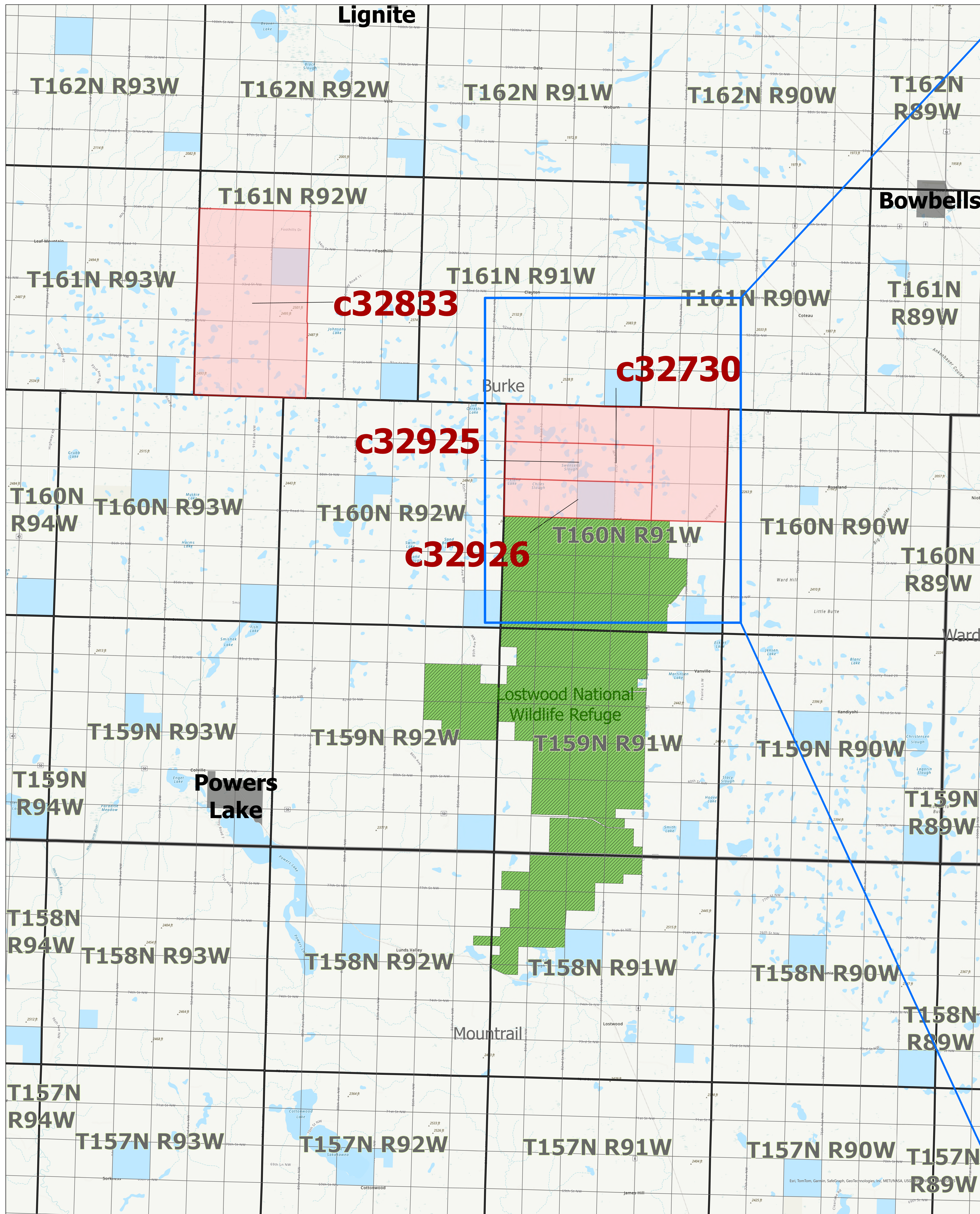
Application of Lime Rock Resources III-A, L.P. for an order amending the applicable orders for the Dimond-Bakken Pool to establish six overlapping standup 1920-acre spacing units described as Sections 1, 12 and 13; Sections 2, 11 and 14; Sections 3, 10 and 15; Sections 4, 9 and 16; Sections 5, 8 and 17; and Sections 6, 7 and 18, T.160N., R.91W., Burke County, ND, and authorize four horizontal wells to be drilled on each such unit, or granting such other relief as may be appropriate.

Case No. 32925 / Order No. 35854

Application of Phoenix Operating LLC for an order amending the applicable orders for the Dimond-Bakken Pool to establish a laydown 2560-acre spacing unit comprising Sections 7, 8, 9, and 10, T.160N., R.91W., Burke County, ND, and authorize up to four horizontal wells to be drilled in such unit, and/or granting such other relief as may be appropriate.

Case No. 32926 / Order No. 35855

Application of Phoenix Operating LLC for an order amending the applicable orders for the Dimond-Bakken Pool to establish a laydown 2560-acre spacing unit comprising Sections 15, 16, 17, and 18, T.160N., R.91W., Burke County, ND, and authorize up to four horizontal wells to be drilled in such unit, and/or granting such other relief as may be appropriate.



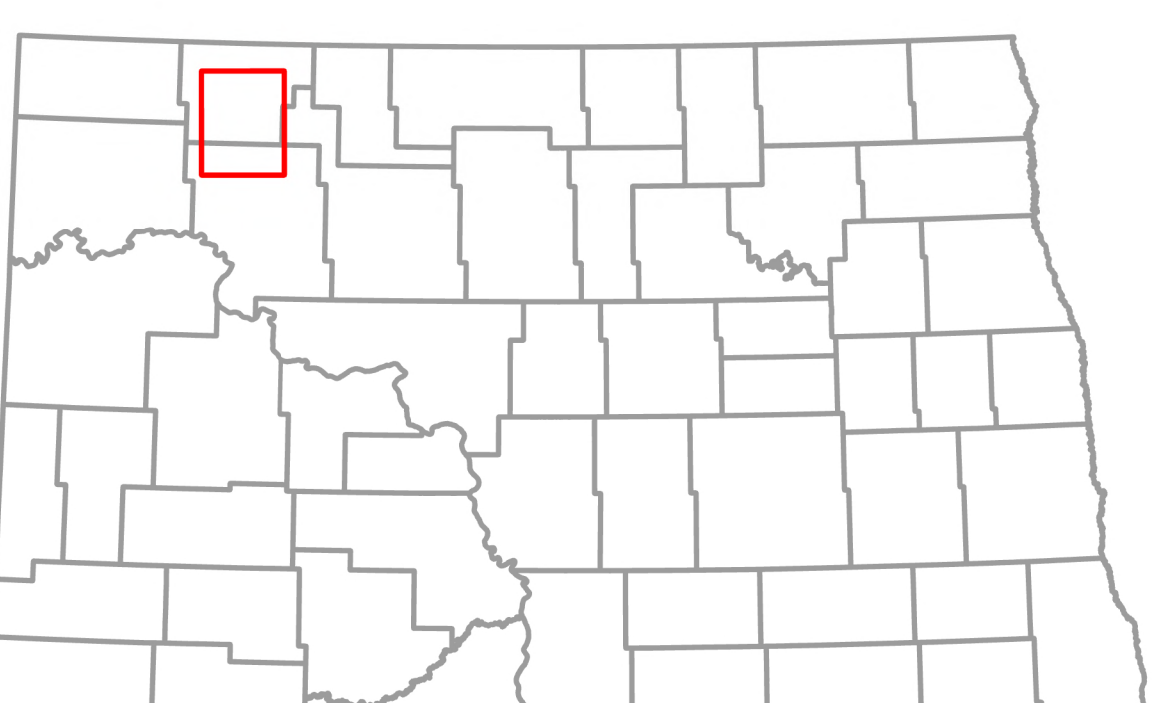
Sections
Townships



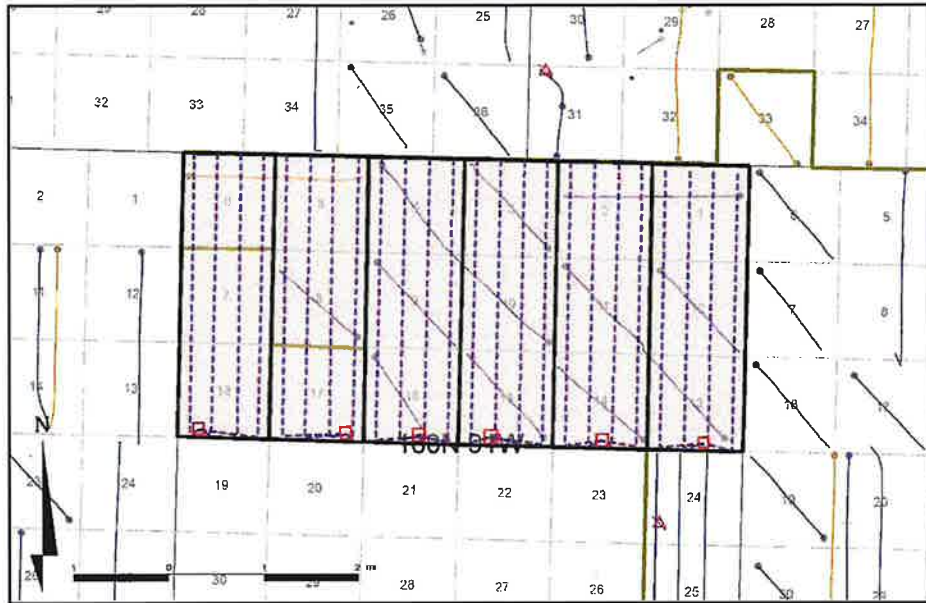
City Boundary
Surface Trust Land



National Wildlife Refuges



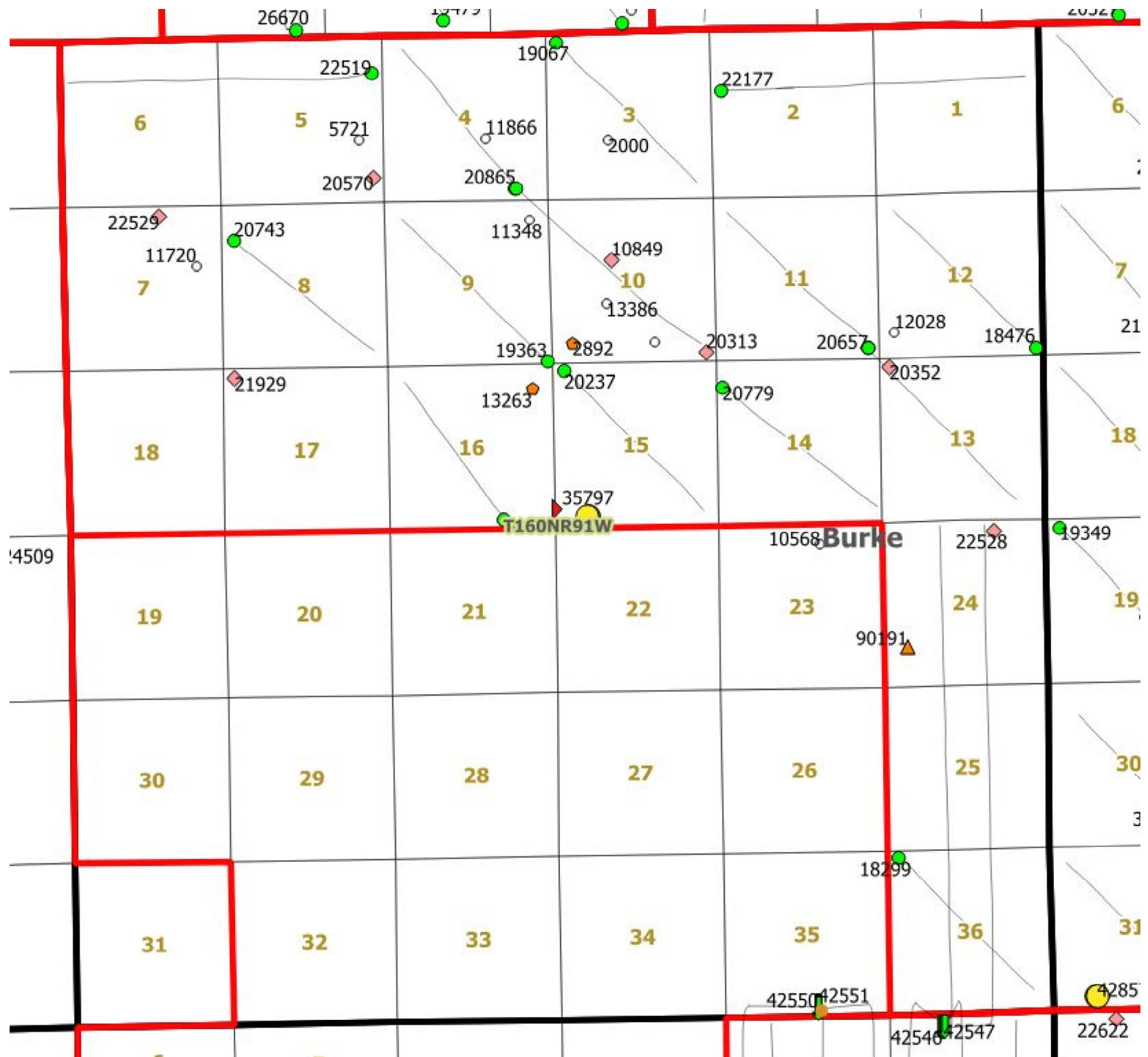
Lime Rock Resources Proposed Development



LEGEND	
Land	
	LRR Field Area
	LRR Proposed 1920 ac DSU
Wells	
	Middle Bakken Lateral
	Three Forks Lateral
LRR Development Plan	
	Middle Bakken Location
Phoenix Proposal	
	Proposed DSUs

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 6/26/26 CASE NO. 32730
Introduced By Lime Rock
Exhibit 12
Identified By Wunter

Lime Rock Resources III-A, L.P.
Case No. 32730
June 24, 2026
Exhibit #12



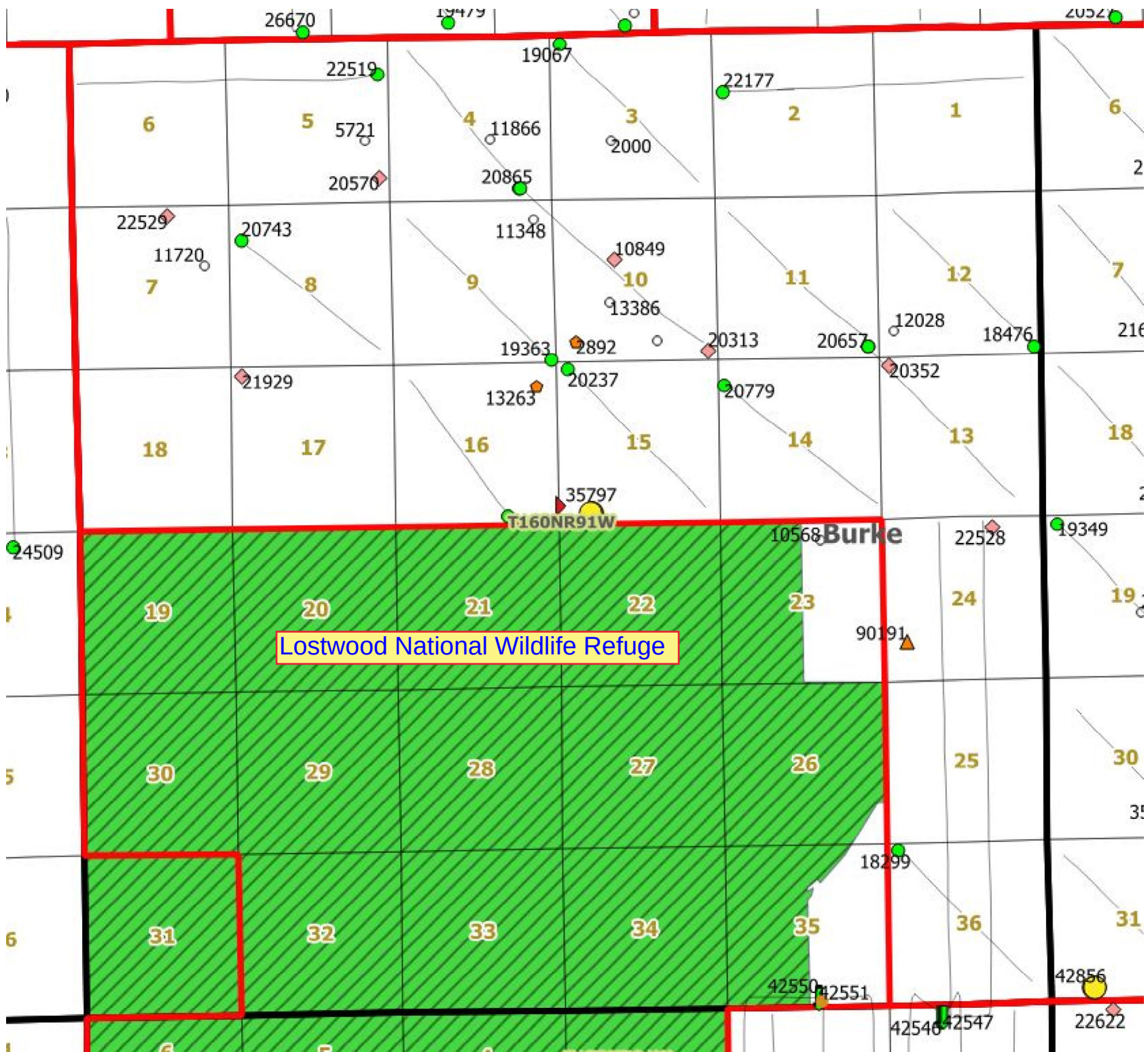


Exhibit E-2

Proposed Unit Development

**Erickson 160-91-8-D-1H**

33-013-10571

Lime Rock

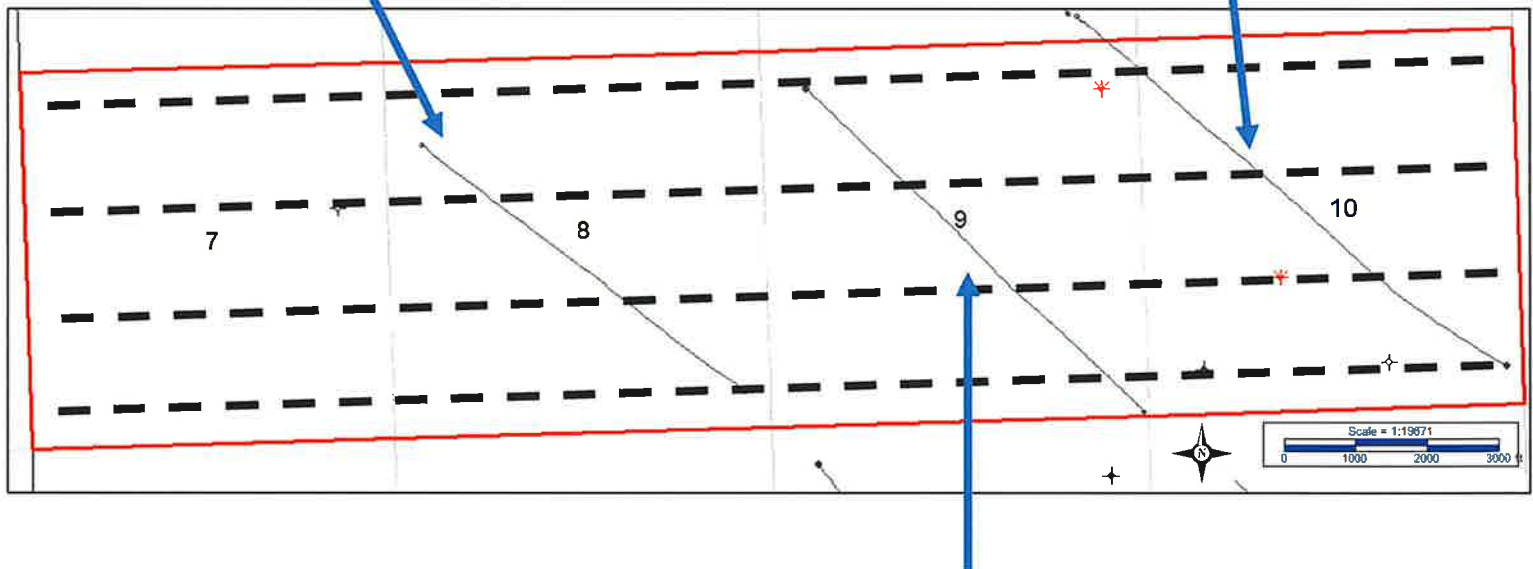
Total Oil: 134,034 BBL
Total Gas: 100,616 MCF
Water: 280,841 BBL

OXY 160-91-10-4-P-2H

33-013-01574

Lime Rock

Total Oil: 105,647 BBL
Total Gas: 103,722 MCF
Water: 369,564 BBL

**Moose Drool 9-16H**

33-013-01513

Lime rock

Total Oil: 105,447 BBL
Total Gas: 105,225 MCF
Water: 255,032 BBL

**Proposed 2,535.2-acre Spacing Unit****Proposed Horizontal Middle Bakken Well**

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 6/26/26 CASE NO. 32925
Introduced By Phoenix
Exhibit E-2
Identified By Shively

Exhibit E-2

Proposed Unit Development

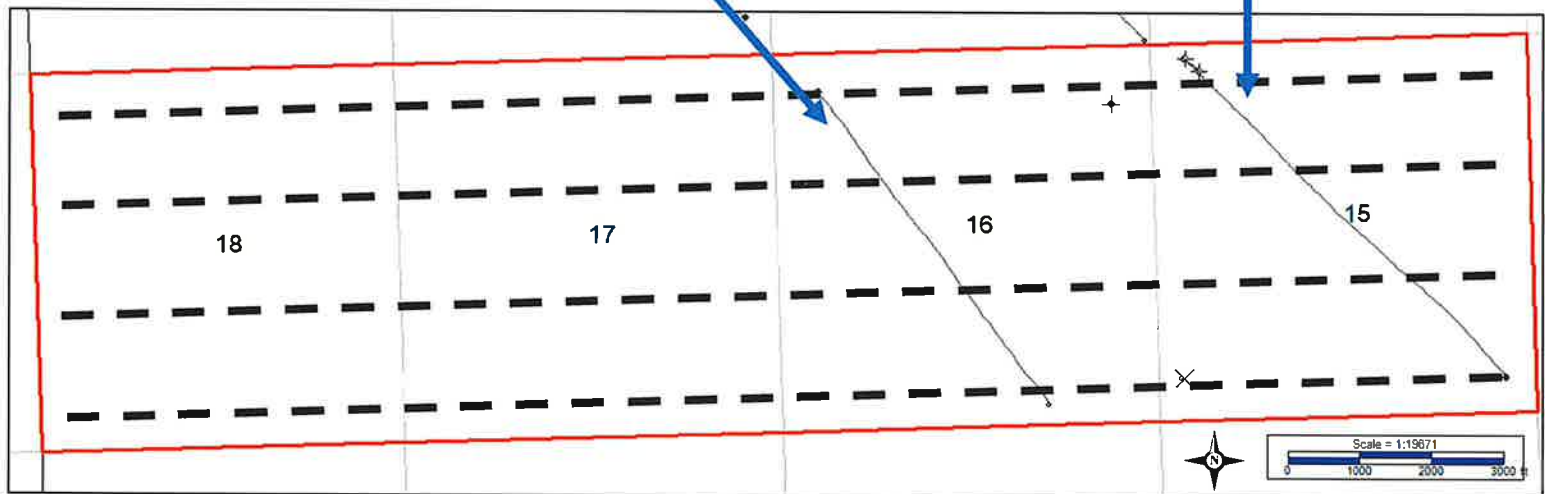


True Blonde 16-15H
33-013-01471
Lime Rock

Total Oil: 107,557 BBL
Total Gas: 92,040 MCF
Water: 169,957 BBL

Swenson 160-91-15-D-1H
33-013-10543
Lime Rock

Total Oil: 142,683 BBL
Total Gas: 135,297 MCF
Water: 488,329 BBL

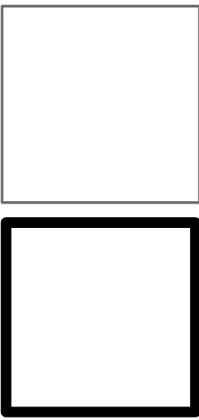
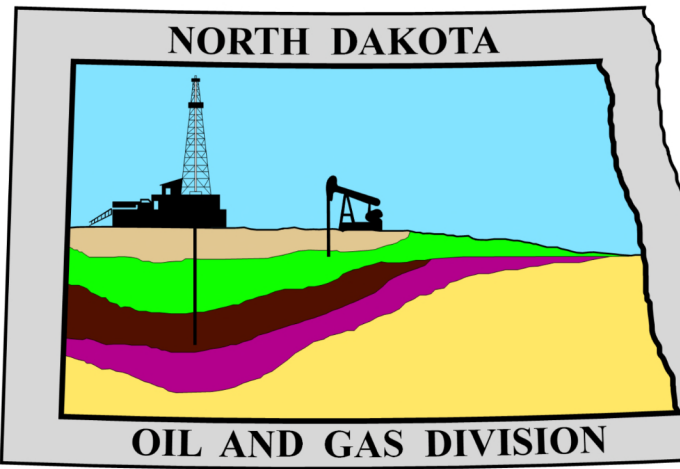
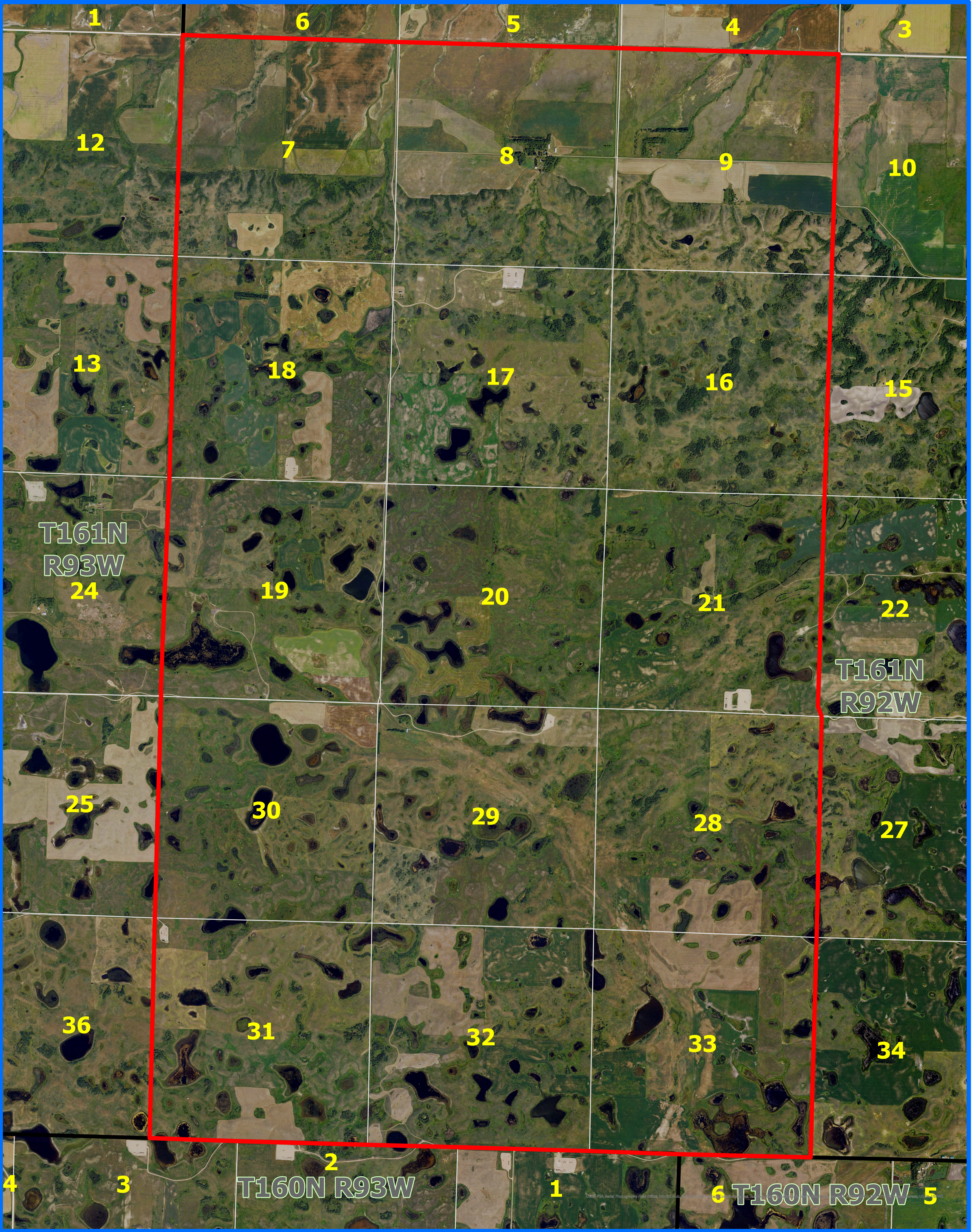
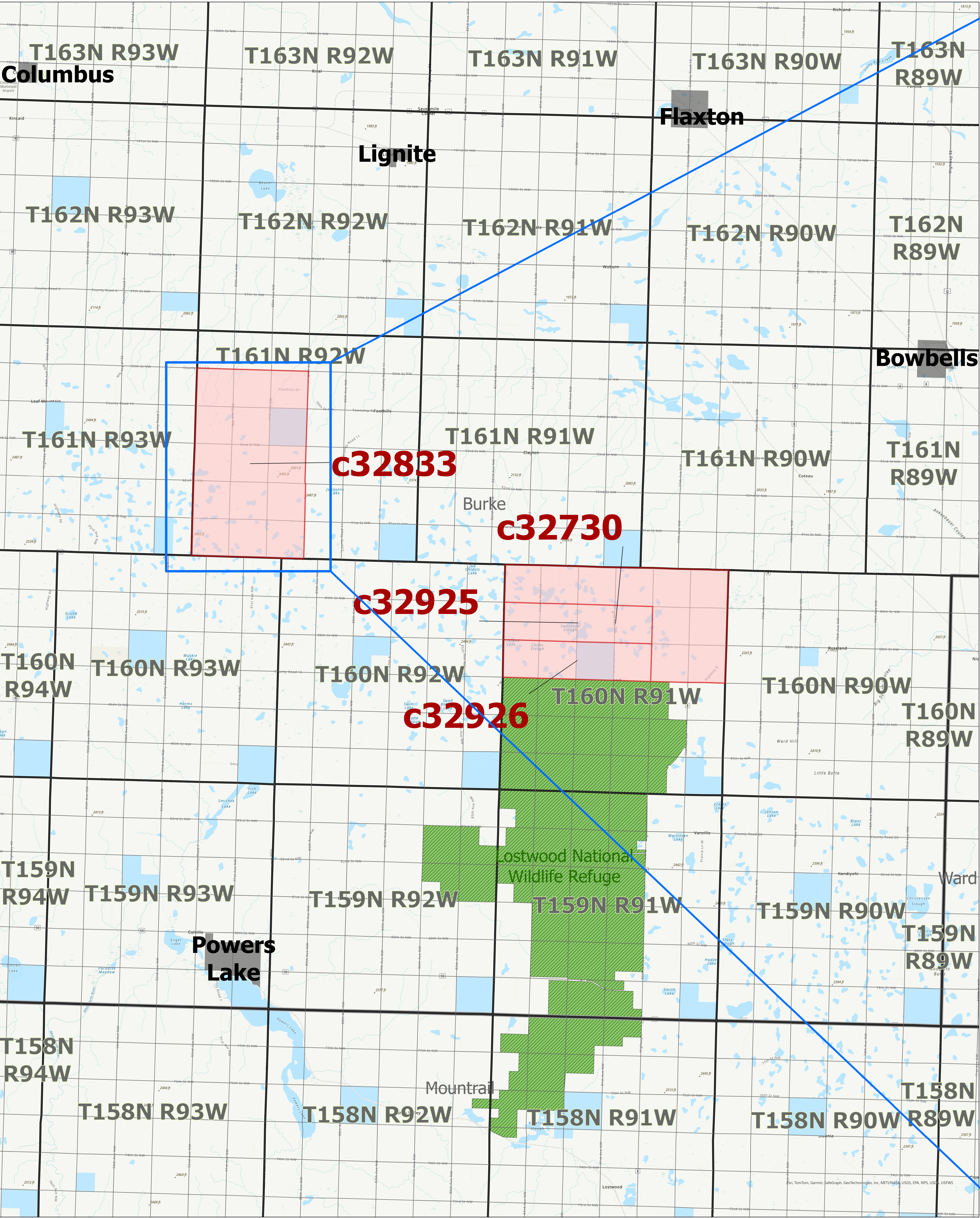


Proposed 2,534.4-acre Spacing Unit



Proposed Horizontal Middle Bakken Well

INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 6/26/26 CASE NO. 32926
Introduced By Phoenix
Exhibit E-2
Identified By Shively



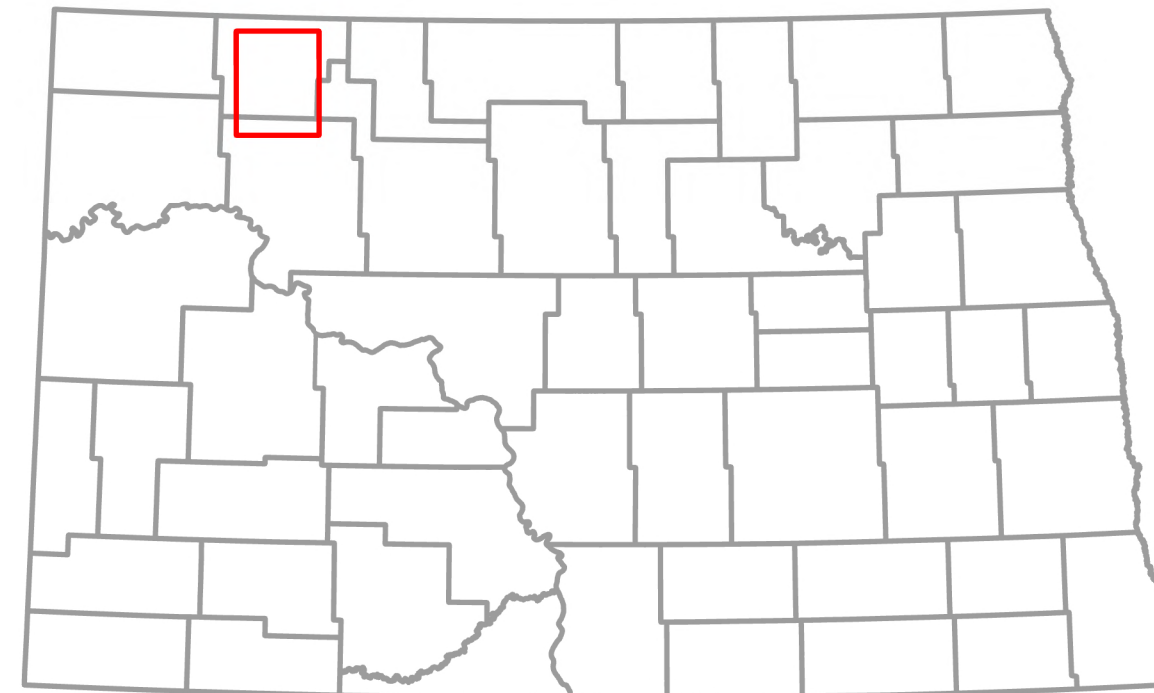
Sections
Townships



City Boundary
Surface Trust Land



National Wildlife Refuges



[illegible]

STATE OF NORTH CAROLINA
DATE 6/26/26 CASE NO. 32833
Introduced By Cass
Exhibit L-1
Identified By Roberts

Case 32833
June 26, 2026
Exhibit L-1

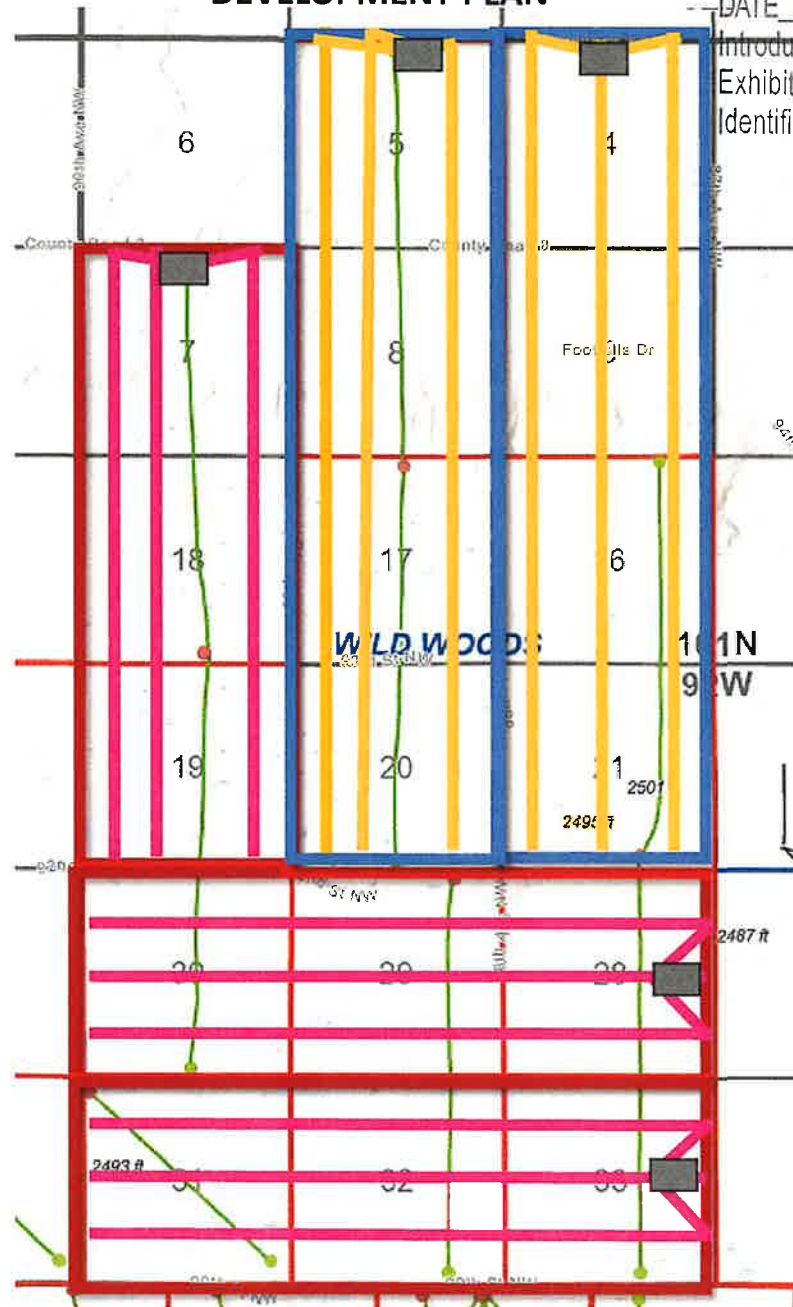
DEVELOPMENT PLAN

DATE 6/26/26 CASE NO. 32833

Introduced By Casus

Exhibit E-1

Identified By Smith



PROPOSED DEVELOPMENT



1920-acre spacing unit
T.161N., R.92W. Sections 7, 18, 19
T.161N., R.92W. Sections 28, 29, 30
T.161N., R.92W. Sections 31, 32, 33

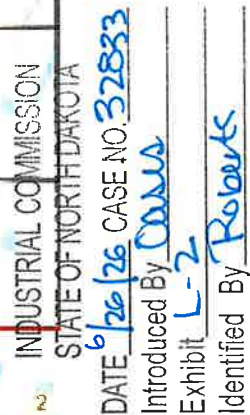


2560-acre spacing unit
T.161N., R.92W. Sections 4, 9, 16, 21
T.161N., R.92W. Sections 5, 8, 17, 18

 Proposed Middle Bakken 3MI wellbore
 Proposed Middle Bakken 4MI wellbore

 Existing Chord wellbores

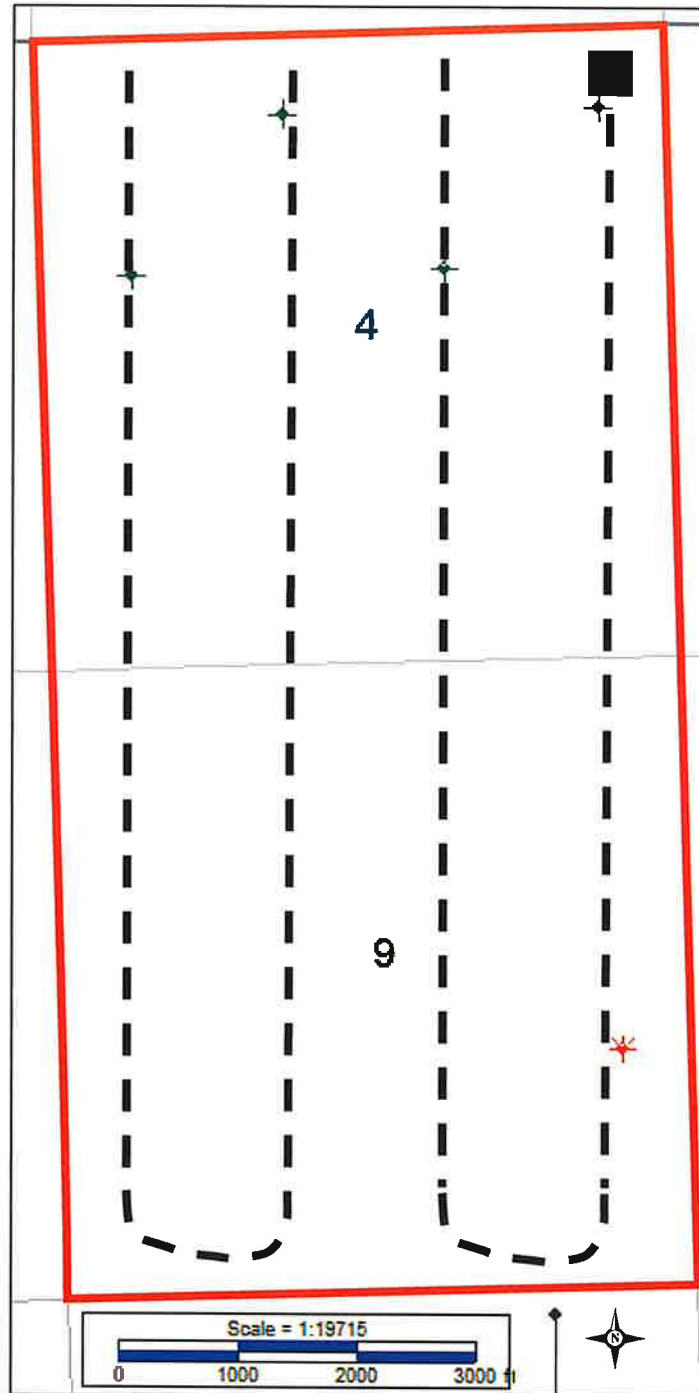
 Proposed Surface Locations



Requested Spacing Unit WI Summary			
Map Depiction	DSU	DSU Size	Chord WI%
	T161N-R92W - Sections 7/18/19	1920	78.08%
	T161N-R92W - Sections 5/8/17/20	2560	71.10%
	T161N-R92W - Sections 4/9/16/21	2560	41.75%
	T161N-R92W - Sections 28-30	1920	70.72%
	T161N-R92W - Sections 31-33	1920	70.55%

Exhibit E-2

Proposed Unit Development



- Proposed 1,280-acre Spacing Unit
- Proposed Horizontal Middle Bakken Well
- Proposed Well Pad Location
NENE Sec 4, T.161N., R.92W.

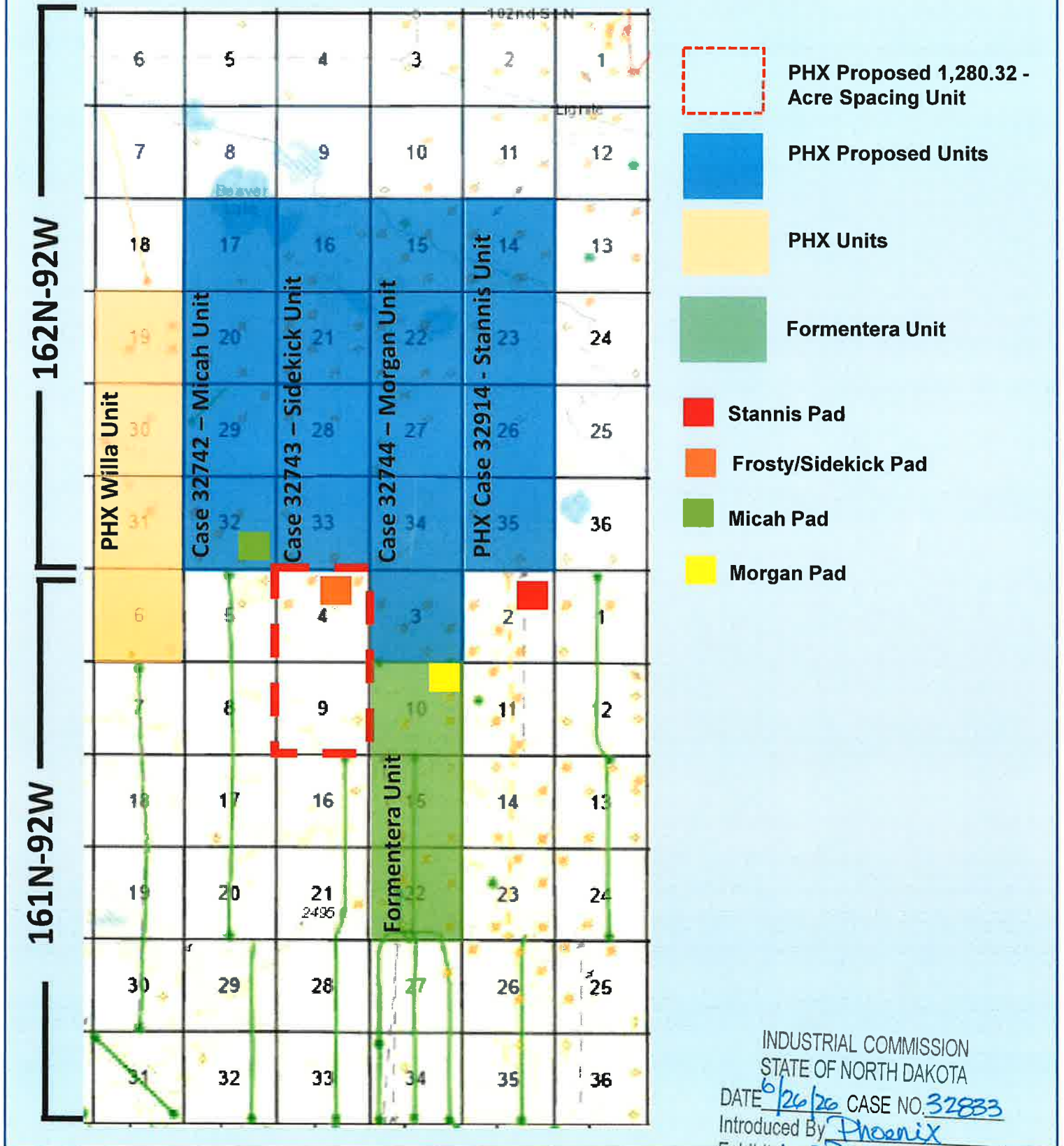
INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 9/24/26 CASE NO. 32833
Introduced By Phoenix
Exhibit E-2
Identified By Shivey

Exhibit L-2B

Proposed Plan Map



Proposed Development Plan Map



INDUSTRIAL COMMISSION
STATE OF NORTH DAKOTA
DATE 6/26/20 CASE NO. 32833
Introduced By Phoenix
Exhibit L-2B
Identified By Arn

Director's Update | September 22, 2026

Legislation

- The DMR is preparing for the 70th Legislative session. We see a need for a few minor updates consistent with industry growth and technology advancements. We plan to bring drafts before the commission in the coming months.

Budget

- The DMR has submitted our proposed bi-ennium budget per the Governor's budget outline. We recently presented the submitted budget to OMB.

Geological Survey

- Lithium Brine Potential of North Dakota Report: Results from 2025 Sampling Program
- Critical minerals drilling program kicked off this week in SW ND. Expect to drill ~25 holes & cores this fall.
- Defer to NDGS quarterly report

Succession Planning

- At the end of September our Finance Manager Robyn Loumer will be retiring after 31 years with the state of North Dakota. We will certainly miss Robyn. Amanda Westlake is our new Finance Manager, her first day with the DMR was September 1st.
- Backfill for Paleontology Manager is underway, as Dr. Clint Boyd was promoted to the State Geologist and leader of the NDGS

North Dakota Oil & Gas Production & Activity Level Summary

Activity:

- ND rig count has increased to 34 rigs. This is an increase of 1 rig from last month.
- The number of completions in May were 55, 65 in June and 75 in July. This is a leading indicator of more oil production possibly coming online.
- Currently 19 different operators are drilling in the state.
- The number of drilling permits issued in August was 84, a slight decrease from 93 in July.

Production:

- Oil production increased 0.16% from June to July. Since December 2025 production has been increasing overall.

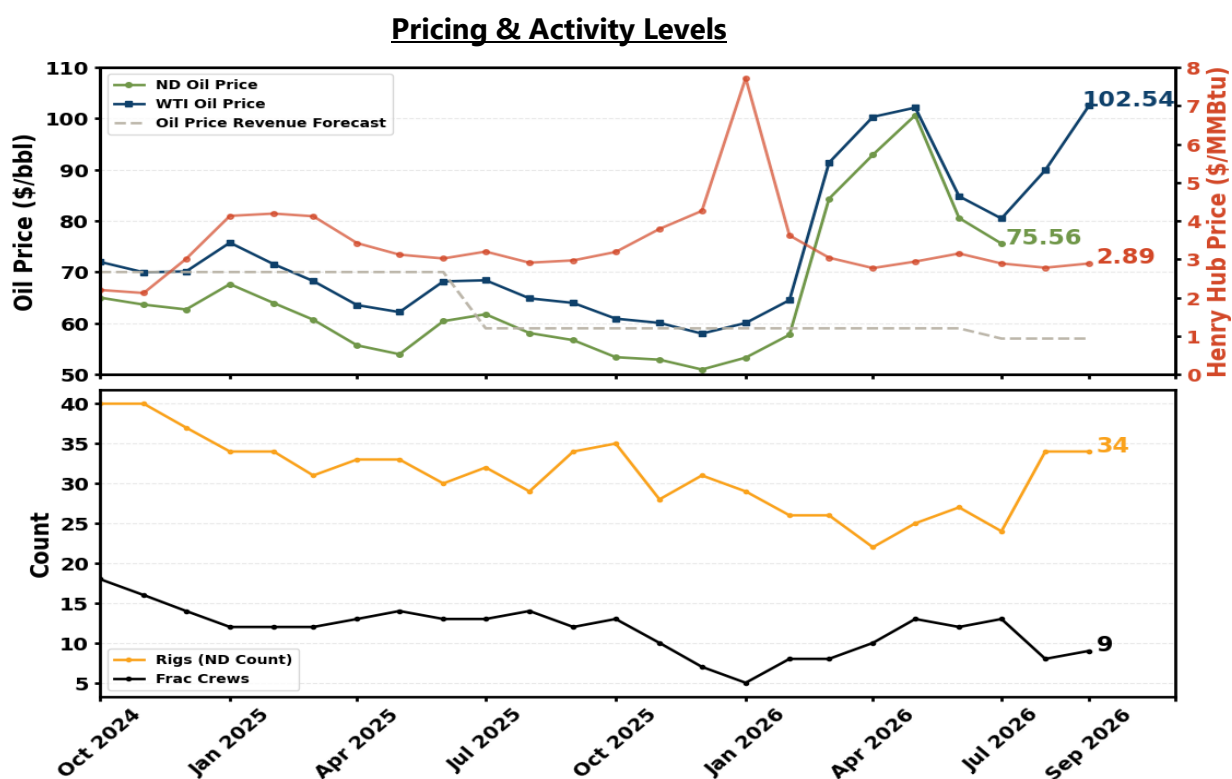
- July oil production was at 1,154,795 bbls/day, gas production at 3.621 BCF/d (all time high). Oil revenue forecast dropped in July from 1,150,000 to 1,100,000 bbls/day.
- Top oil producing counties in ND are (in order): McKenzie, Williams, Dunn, Mountrail, Divide. These counties produce 96.5% of ND oil statewide.

Operation Efficiencies:

- 46% of new wells are 2-mile laterals and 3-mile laterals increased to 46%, with 4-mile laterals at 8%.
- Estimated average producing lateral length is ~13,800' while just three years ago this number was 11,000'. This is a 2,800' increase in lateral length over that time.

Revenue:

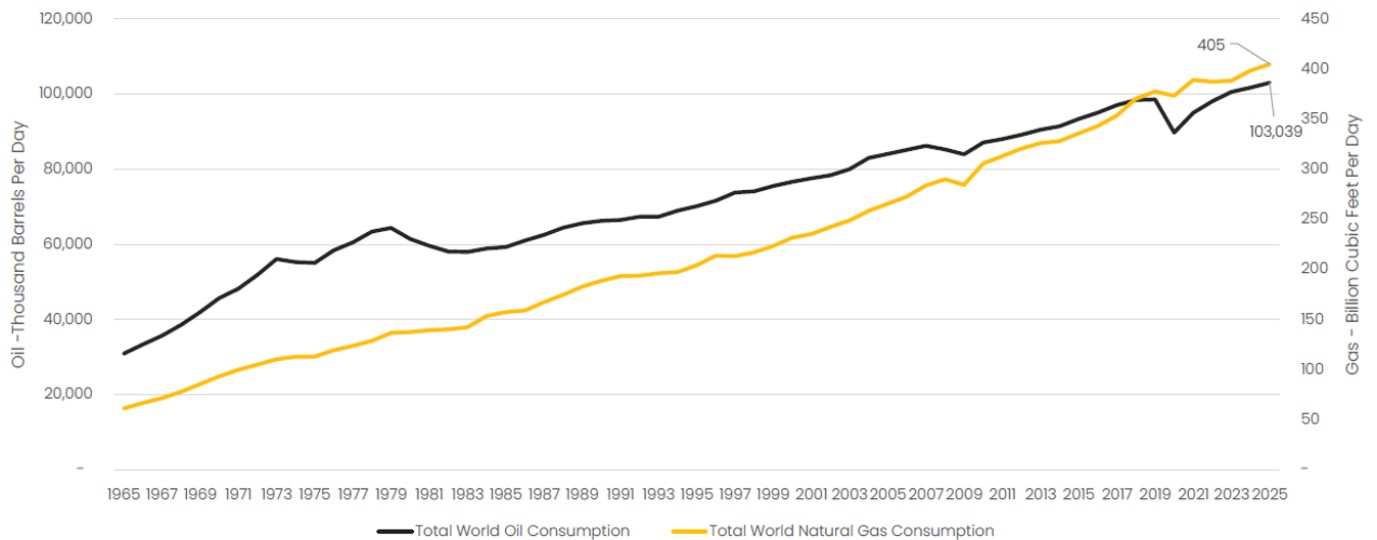
- ND Tax May oil price came in at \$75.56 (revenue forecast at \$59)



ND Rig Count Summary

Operator	8-18-2026	9-14-2026	Change
Chevron (Hess)	4	3	-1
Chord (Enerplus, Whiting & Oasis)	2	3	+1
Conoco (Burlington Resources)	3	3	0
Continental Resources	2	2	0
Devon Energy Williston, L.L.C	4	3	-1
Eben Operating	1	0	-1
EOG Resources	1	1	0
Firebird Services, LLC	1	0	-1
Formentera Operations	1	1	0
Hunt Oil	1	1	0
Iron Oil Operating	1	1	0
Koda Resources Operating	2	2	0
Murex Petroleum	1	0	-1
Murfin Drilling Company, Inc.	0	1	+1
Petro-Hunt	1	1	0
Phoenix Operating	3	5	+2
Rockport Energy Solutions Llc	0	1	+1
Silver Hill Energy Operating	1	1	0
Slawson Exploration Company	1	1	0
True Oil	0	1	+1
XTO Energy	3	2	-1
Zavanna Energy Operating	1	1	0
Total	34	34	0

GLOBAL OIL AND GAS CONSUMPTION



Source: PetroNerds-Trisha Curtis, Energy Institute 2026 (data from 2025 formerly BP)

HOME MORTGAGE FINANCE PROGRAM BONDS

NDHFA Bond Sale 2026ABC

	Priced Sept. 10, 2026		Priced 12/03/25	Priced 3/28/23
	Tax Exempt	Taxable	Tax Exempt	Taxable
	2026A	2026BC	2025C	2023BC
Bonds Issued	200,000,000	65,000,000	185,000,000	40,000,000
Bond Premium	3,598,547	654,930	3,263,759	450,072
Debt Service Reserve	0		(2,000,000)	(1,200,000)
Total Proceeds	203,598,547	65,654,930	186,263,759	39,250,072
Bond Yield	4.81%	5.67%	4.48%	4.96%
Cost of Issuance & Underwriters Discount (Agency)	1,350,364	324,444	1,582,276	321,340
Average Loan Amount	218,019	289,800	215,004	302,093
Estimated Number of Loans	934	227	866	130
Interest Rates Offered (30 Year Fixed rates adjusted daily):	FirstHome	Roots^	FirstHome	Roots^
Government (1.5 Points*)	6.000%	6.650%	5.450%	6.375%
Conventional (1.5 Points*)	6.250%	6.900%	5.700%	6.625%
^Includes refinances, borrowers purchasing for a second time				
Eligible Loans include: FHA Insured, Conventional Insured, USDA RD RHS Guaranteed, VA Guaranteed, Uninsured				
Home Sales Price Limits: (One Unit)				
All Counties 500,000				
Higher Limits applicable to 2 - 4 Unit Residences				
Borrower Income Limits: 105,730 to 121,590				
(Limits vary by county and household size)				
Loan Type Limits:				
Conventional 832,750				
FHA 541,287				
VA 832,750				
Underwriters Discount Components: \$/M Bonds				
Management 0.75				
Expense 0.35				
Take-Down 7.03				
TOTAL 8.13				
Miscellaneous :				
Annual (Basis Points on Loans Outstanding) 20				

Commentary: As of September 11, 2026, the Federal Reserve maintains a cautious monetary stance, closely monitoring inflation and economic activity, with recent communications signaling potential adjustments to interest rates in response to evolving economic conditions. The Federal Reserve is expected to maintain a cautious, data-dependent approach in 2026. The Fed's target federal funds rate currently sits at 3.50%–3.75%, with the prime rate around 6.75%. After several cuts in 2025, policymakers have signaled further reductions in 2026 will be gradual and contingent on economic data, including inflation trends and labor market conditions. Surveys and futures markets indicate a roughly 65% probability of one additional 25-basis-point cut in 2026, likely in September or October, potentially bringing the target range down to 3.25%–3.50% by year-end. The average 30 year FHA mortgage rate is 6.62% and the average 30 year conventional mortgage right now is 7.07%. For the past three months the Agency averaged just over \$44million a month in First Home (tax exempt) reservations and approximately \$3.7million a month in Roots (taxable) reservations. Currently, the average total payment (principal, interest, taxes and insurance) for a First Home borrower is \$1,311 and for a Roots borrower it is \$2,033.

NORTH DAKOTA HOUSING FINANCE AGENCY
HOUSING FINANCE PROGRAM BONDS
HOME MORTGAGE FINANCE PROGRAM

2027 ANNUAL SERIES RESOLUTION

WHEREAS, the Industrial Commission of North Dakota (the “**Commission**”) acting in its capacity as a state housing finance agency, i.e., the North Dakota Housing Finance Agency (the “**Agency**”), is empowered by the provisions of the North Dakota Century Code Chapter 54-17 (the “**Act**”) to establish, and has established, a home mortgage finance program to contract to purchase from lenders mortgage loans made to persons or families of low or moderate income to finance the purchase or substantial rehabilitation of owner-occupied, single-family residential dwelling units; and

WHEREAS, the Commission adopted the Housing Finance Program General Bond Resolution of 1994, on July 21, 1994, as amended (the “**1994 General Resolution**”), and the General Bond Resolution of 2009, on November 25, 2009 (the “**2009 General Bond Resolution**,” and together with the 1994 General Resolution, the “**General Resolutions**”), wherein Wilmington Trust, National Association, Minneapolis, Minnesota, was appointed successor trustee (the “**Trustee**”) under each of the General Resolutions, and which General Resolutions were each accepted by the Trustee, and which General Resolutions are hereby ratified and confirmed; and

WHEREAS, the Agency has previously issued certain bonds pursuant to each of the General Resolutions (collectively, the “**Housing Finance Program Bonds**”), both of which allow for the issuance of additional bonds thereunder and the refunding of certain bonds currently outstanding thereunder; and

WHEREAS, the General Resolutions authorize the issuance and sale of additional Housing Finance Program Bonds (the “**New Series Bonds**”), pursuant to the Act, the application of the proceeds of which will provide funding for the captioned Home Mortgage Finance Program, which may include the North Dakota Roots Program (the “**Program**”), contemplated by the Act in furtherance of the Program for the providing of decent, safe, and sanitary housing for persons and families of low or moderate income; and

WHEREAS, the Commission acting as the Agency has determined to appoint as its agents the Executive Director, the Director of Homeownership Programs and the Chief Financial Officer of the Agency (the “**Authorized Officers**”) for the negotiation of the terms of sale of the New Series Bonds, in one or more series, with fixed or floating interest rates, and with or without bondholder tender rights, and to sign such agreements on behalf of the Commission after such terms of sale have been negotiated, and such certificates and other documents as are necessary and customary to complete the sale of the New Series Bonds, and to enter into agreements for their sale by the Agency and purchase by the Underwriters described below, private entities or the U.S. Treasury and/or instrumentalities thereof, subject to the limitations herein established with regard to the New Series Bonds:

(a) a maximum principal amount of long-term bonds of \$750,000,000; provided that bonds may be issued pursuant hereto to refund any bond outstanding under the General Resolutions without regard to this maximum principal amount;

(b) a maximum principal amount of short-term bonds of \$100,000,000; provided that bonds may be issued pursuant hereto to refund any bond outstanding under the General Resolutions without regard to this maximum principal amount;

(c) a final maturity of not later than fifty years from the applicable date of issuance;

(d) a maximum average annual interest rate, on a per issue basis, of 9.00% for fixed rate bonds, and for variable rate bonds an initial rate of 8.00% with a maximum rate of 15% per annum, determined at the time of pricing any New Series Bonds; and

WHEREAS, the following documents (collectively, the “**Closing Financing Documents**”) may be prepared in connection with each issuance of the New Series Bonds:

(a) One or more Bond Certificates, (the “**Bond Certificates**”);

(b) Fixed Rate Bond Purchase Contract (the “**Fixed Rate Bond Purchase Contract**”) with respect to any New Series Bonds issued with fixed interest rates (the “**Fixed Rate Bonds**”), by and between the Commission and the representative of the underwriters selected by an Authorized Officer (collectively the “**Underwriters**”);

(c) Variable Rate Bond Purchase Contract (the “**Variable Rate Bond Purchase Contract**”) with respect to any New Series Bonds issued with variable interest rates (the “**Variable Rate Bonds**”), by and between the Commission and the sole underwriter of any Variable Rate Bonds selected by an Authorized Officer;

(d) Preliminary Official Statement, with respect to the New Series Bonds (the “**Preliminary Official Statement**”);

(e) Continuing Disclosure Agreement (the “**Continuing Disclosure Agreement**”) by and between the Agency and the Trustee;

(f) Remarketing Agreement (the “**Remarketing Agreement**”) with respect to any Variable Rate Bonds by and among the Commission, a remarketing agent selected by an Authorized Officer and Wilmington Trust, National Association, as tender agent (the “**Tender Agent**”); and

(g) Standby Bond Purchase Agreement (the “**Standby Bond Purchase Agreement**”) with respect to any Variable Rate Bonds by and among the Agency, the Trustee, the Tender Agent and a counterparty selected by an Authorized Officer; and

WHEREAS, Section 1.150-2 of the Internal Revenue Code regulations (the “**Tax Regulations**”) provides, if the Agency intends to finance mortgage loans with its own funds or

warehouse funds, and then reimburse itself with New Series Bond proceeds, that the Agency declare its intention to do so prior to so financing such mortgage loans.

NOW BE IT HERewith RESOLVED:

1. The Authorized Officers are appointed as agents of the Commission acting as the Agency for the purposes set forth in the preambles to this Annual Series Resolution and the Agency is hereby authorized to issue, execute, sell and deliver the New Series Bonds, in substance as provided in the final forms of the Closing Financing Documents as approved by an Authorized Officer, provided that the New Series Bonds meet the following conditions:

A. The New Series Bonds: (i) shall be sold, issued, executed and delivered at such time as an Authorized Officer shall determine during the period commencing January 1, 2027 and ending on January 31, 2028, in one or more series or sub-series, in an aggregate principal amount not to exceed the amounts set forth in the preambles to this Annual Series Resolution; (ii) shall be subject to redemption prior to maturity, at prices and otherwise as determined by an Authorized Officer to be in the best interests of the Agency; (iii) shall have long term ratings no lower than the long term rating on the bonds outstanding under the applicable General Resolution immediately prior to the issuance of the New Series Bonds; and (iv) shall be dated, mature in the years and in the principal amounts and be payable on the dates and at the respective rates of interest per annum determined by an Authorized Officer (subject in all cases to the limitations otherwise set forth in this Annual Series Resolution).

B. Any New Series Bonds issued as Fixed Rate Bonds shall bear interest at fixed rates determined by an Authorized Officer, provided, however that the weighted average of such rates, on a per issue basis, shall not exceed 9.0% per annum. Any New Series Bonds issued as Variable Rate Bonds shall bear interest at a variable rate that shall not initially exceed 8.0%.

C. An Authorized Officer shall determine whether the New Series Bonds shall be issued as bonds the interest on which is exempt from or subject to federal income taxation.

D. The New Series Bonds shall not constitute debt of the State or any political subdivision thereof. Neither the faith and credit nor the taxing powers of the State or any political subdivision thereof may be pledged to the payment of the principal of or interest on the New Series Bonds.

E. The New Series Bonds shall be special limited obligation revenue bonds of the State payable solely from the revenues and assets pledged therefore under the applicable General Resolution.

2. The form of one or more Bond Certificates, in substantially the forms of either the 2026 Series A/B Bond Certificate prepared in connection with the issuance of the Agency's Housing Finance Program Bonds, Home Mortgage Finance Program, 2026 Series A, and 2026 Series B (collectively, the "**2026 Series AB Bonds**") and on file with the Agency or the 2026 Series C Bond Certificate prepared in connection with the issuance of the Agency's Housing Finance Program Bonds, Home Mortgage Finance Program, 2026 Series C (the "**2026 Series C Bonds**") and, together with the 2026 Series AB Bonds, the "**2026 Series ABC Bonds**") and on file with the Agency are hereby approved with such changes, variations, omissions and insertions

as an Authorized Officer shall approve. The execution and delivery of such Bond Certificates by an Authorized Officer shall constitute conclusive evidence of such approval.

3. The form of the Fixed Rate Bond Purchase Contract, in substantially the form of the purchase contract prepared in connection with the issuance of the 2026 Series AB Bonds and on file with the Agency, and the form of the Variable Rate Bond Purchase Contract, in substantially the form of the purchase contract prepared in connection with the issuance of the 2026 Series C Bonds and on file with the Agency, are hereby approved with such changes, variations, omissions and insertions as an Authorized Officer shall approve. The execution and delivery of the respective Purchase Contracts by an Authorized Officer shall constitute conclusive evidence of such approvals.

4. The Preliminary Official Statement, in substantially the form of the Official Statement prepared in connection with the issuance of the 2026 Series ABC Bonds and on file with the Agency, with such changes, omissions, insertions and revisions as an Authorized Officer shall deem advisable, is hereby authorized, and the furnishing of the information in the Preliminary Official Statement and in a final Official Statement for each issuance of New Series Bonds, and the use of such Preliminary Official Statement and final Official Statement by the Underwriters in connection with the offering of such New Series Bonds to the public, are hereby approved. Any Authorized Officer is hereby authorized to execute and deliver to the Underwriters the final Official Statement for the applicable New Series Bonds in substantially the form of the Preliminary Official Statement with such changes therein as are approved by such Authorized Officer. The execution and delivery of one or more copies of the final Official Statement by an Authorized Officer shall constitute conclusive evidence of such approval.

5. The form of the Continuing Disclosure Agreement, in substantially the form of the Continuing Disclosure Agreement prepared in connection with the issuance of the 2026 Series ABC Bonds and on file with the Agency is hereby approved with such changes, variations, omissions, and insertions as an Authorized Officer shall approve. The execution and delivery of the Continuing Disclosure Agreement by such Authorized Officer shall constitute conclusive evidence of such approval.

6. The form of the Remarketing Agreement, in substantially the form of such agreement prepared in connection with the issuance of the 2026 Series C Bonds and on file with the Agency is hereby approved with such changes, variations, omissions, and insertions as an Authorized Officer shall approve. The execution and delivery of the Remarketing Agreement by such Authorized Officer shall constitute conclusive evidence of such approval.

7. The form of the Standby Bond Purchase Agreement, in substantially the form of such agreement prepared in connection with the issuance of the 2026 Series C Bonds and on file with the Agency if the counterparty specified by an Authorized Officer is the Federal Home Loan Bank of Des Moines or substantially in the form prepared in connection with the issuance of the Agency's Housing Finance Program Bonds, Home Mortgage Finance Program, 2023 Series C and on file with the Agency if any other counterparty is specified by an Authorized Officer, is hereby approved with such changes, variations, omissions, and insertions as an Authorized Officer shall approve. The execution and delivery of the Standby Bond Purchase Agreement by such Authorized Officer shall constitute conclusive evidence of such approval.

8. The Authorized Officers are hereby authorized, empowered and directed to do all acts and things required or provided for by the Closing Financing Documents and to execute and deliver all such additional certificates, instruments, agreements and documents, (including any tax certificate or forms) pay all such fees, charges and expenses and to do all such further acts and things as may be necessary, or in the reasonable discretion of an Authorized Officer, desirable and proper to effect the purposes of this Annual Series Resolution and to cause compliance by the Agency with all the terms, covenants and provisions of such documents binding upon the Agency.

9. The use of interest rate hedging agreements with such financial organizations as an Authorized Officer may specify (each, a “**Counterparty**”) is hereby approved (in particular financial organizations with whom the Agency already has such hedging agreements) and the form of the interest rate hedging agreements with such counterparties, consisting of an ISDA Master Agreement, including a Schedule and Credit Support Annex, and one or more Confirmations thereto, relating to the New Series Bonds (collectively, the “**Hedging Agreements**”) which Counterparties and form of agreements satisfy the provisions of the Commission’s Swap Management and Execution Policy (the “**Swap Policy**”) are hereby approved, and the Authorized Officers are authorized to negotiate the final terms of, approve and execute any such Hedging Agreements; and such execution and delivery shall constitute conclusive evidence of their approval of all changes thereto.

10. The New Series Bonds shall be executed by the manual or facsimile signatures of the Governor, the Attorney General, the Agriculture Commissioner and an Authorized Officer, and with the manual or a facsimile of the Official Seal of the Commission impressed, imprinted or otherwise reproduced thereon.

11. The terms of any sale of New Series Bonds shall be reported to the Commission at its next succeeding meeting, and any acts of the officers, agents and employees of the Commission and the Agency which are in conformity with the purpose and intent of this Annual Series Resolution and in furtherance of the sale of the New Series Bonds need not be submitted for approval, ratification and confirmation.

12. In addition to the authority otherwise granted herein, the Authorized Officers are authorized and empowered to enter into, amend or terminate interest rate hedging agreements with respect to any Housing Finance Program Bonds with a variable interest rate, including replacement of expiring hedging agreements, but only for the purposes and in accordance with the Swap Policy as then in effect, and in no case may the notional amount of any such agreement exceed the principal amount of variable interest rate Housing Finance Program Bonds whose interest rate is being hedged.

13. In addition to the authority otherwise granted herein, the Authorized Officers are authorized and empowered to enter into liquidity agreements, such as standby bond purchase agreements, including extension or replacement of expiring liquidity agreements, with financial institutions whereby such institutions are primarily obligated to purchase any tendered Housing Finance Program Bonds that are not successfully remarketed.

14. To the extent required for New Series Bonds to be issued as tax-exempt bonds, each Authorized Officer is hereby appointed to represent the Agency at public hearings held pursuant

to Section 147(f) of the Internal Revenue Code, to be held on the dates and at the times selected by such Authorized Officer regarding the proposed issuance of such New Series Bonds and will receive, on behalf of the Commission, public comments, oral or written, and advise the Chairman of the Commission of the substance of the testimony given at the public hearing prior to the date of issuance of such New Series Bonds

15. Moneys held by the Trustee pursuant to the General Resolutions may be invested in any investments permitted by the respective General Resolution, and in accordance with North Dakota laws.

16. Program Directive No. 83, adopted by the Commission on June 23, 2004, authorizing the changing of Mortgage Loan purchase price, fees and points and interest rate is still in effect and is hereby ratified and confirmed.

17. This Annual Series Resolution is intended to qualify as a reimbursement resolution pursuant to the Tax Regulations and, therefore permit proceeds from the sale of the New Series Bonds to be used to reimburse the Agency for its purchase of any Mortgage Loans in anticipation of the availability of the proceeds from the sale of the New Series Bonds; in particular, the Agency hereby declares its intention, within the meaning of the Tax Regulations, to facilitate continuous funding of the Program by, from time to time, financing Mortgage Loans and then issuing New Series Bonds in one or more series within 18 months thereof to reimburse itself for such financing, all in an amount presently expected to not exceed the amount of long-term New Series Bonds authorized by Section 1 hereof, and hereby confirms that any Authorized Officer is authorized to also so declare the intention of the Agency within the meaning of said Tax Regulations, provided that any such declaration does not authorize or obligate the Agency to issue any such New Series Bonds.

IN WITNESS WHEREOF, this Annual Series Resolution has been adopted and signed on September 22, 2026 and shall remain in full force and effect through January 31, 2028.

INDUSTRIAL COMMISSION OF NORTH DAKOTA
ACTING AS THE NORTH DAKOTA HOUSING FINANCE AGENCY

Kelly Armstrong, Governor and Chairman

Drew H. Wrigley, Attorney General

Doug Goehring, Agriculture Commissioner

Attest:

Karen Tyler
Executive Director and Secretary

[SEAL]

CERTIFICATION

I hereby certify that the Annual Series Resolution to which this Certification is affixed is a true copy of the original adopted by the Industrial Commission of North Dakota at a properly noticed meeting held in Bismarck, North Dakota, on September 22, 2026 with the motion for adoption of the foregoing made by _____ and seconded by _____, and the roll call vote on the motion was as follows:

Kelly Armstrong	"Aye"	"Nay"	Absent	Abstained
Drew H. Wrigley	"Aye"	"Nay"	Absent	Abstained
Doug Goehring	"Aye"	"Nay"	Absent	Abstained

Karen Tyler
Executive Director and Secretary

[SEAL]

Industrial Commission of North Dakota



Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

RESOLUTION APPROVING LOAN FROM CLEAN WATER STATE REVOLVING FUND

WHEREAS, the Industrial Commission has heretofore authorized the creation of a Clean Water State Revolving Fund Program (the "Program") pursuant to N.D.C.C. chs. 6-09.4 and 61-28.2; and

WHEREAS, the Clean Water State Revolving Fund is governed in part by the Master Trust Indenture dated as of July 1, 2011 (the "Indenture"), between the North Dakota Public Finance Authority (NDPFA) and the Bank of North Dakota (the Trustee); and

WHEREAS, the City of Drayton (the "Political Subdivision") has requested a loan in the amount of \$5,050,000 from the Program to replace sewer mains, water mains and streets which are at the end of their useful life; and

WHEREAS, the NDPFA's Advisory Committee is recommending approval of the Loan; and

WHEREAS, there has been presented to this Commission a form of Loan Agreement proposed to be adopted by the Political Subdivision and entered into with the NDPFA;

NOW, THEREFORE, BE IT RESOLVED by the Industrial Commission of North Dakota as follows:

1. The Loan is hereby approved, as recommended by the Advisory Committee.
2. The form of Loan Agreement to be entered into with the Political Subdivision is hereby approved in substantially the form on file and the Executive Director is hereby authorized to execute the same with all such changes and revisions therein as the Executive Director shall approve.
3. The Executive Director is authorized to fund the Loan from funds on hand in the Clean Water Loan Fund established under the Indenture upon receipt of the Municipal Securities described in the Political Subdivisions bond resolution, to submit to the Trustee a NDPFA Request pursuant to the Indenture, and to make such other determinations as are required under the Indenture.
4. The Commission declares its intent pursuant to Treasury Regulations '1.150-2 that any Loan funds advanced from the Federally Capitalized Loan Account shall be reimbursed from the proceeds of bonds issued by the NDPFA under the Indenture.

Adopted: September 22, 2026

Governor Kelly Armstrong, Chairman

Attest:

Karen Tyler, Executive Director
Industrial Commission of North Dakota

September 8, 2026

PUBLIC FINANCE AUTHORITY ADVISORY COMMITTEE

RECOMMENDATION TO THE INDUSTRIAL COMMISSION

The Advisory Committee, at its September 8, 2026 meeting, reviewed, discussed, and recommends approval of a \$5,050,000 Clean Water State Revolving Fund Program loan to the City of Drayton.

North Dakota Public Finance Authority
Advisory Committee

Keith Lund, Chairman
Linda Svihovec
John Phillips

Memorandum

To: Public Finance Authority Advisory Committee
 Miles Silbert, Public Financial Management LLC
 Kylee Merkel, Bank of North Dakota

From: DeAnn Ament, Executive Director

Date: August 24, 2026

Re: City of Drayton
 Clean Water State Revolving Fund

Purpose of the Project:

Replacement of sewer mains, water mains, and street Improvements that are at the end of their useful life.

Project Cost:

CWSRF Request	\$ 5,050,000
DWSRF Request	8,300,000
BND Infrastructure Loan	402,979
DWR Cost Share	168,000
Project Total	\$ 13,920,979

Population to Benefit from the Project: 757

The requested term for the Clean Water State Revolving Fund (CWSRF) loans is 30 years. The City will issue \$1,756,000 improvement bonds payable from special assessments. Accordingly, the average annual payment will be approximately \$73,880. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

In addition, the City of Drayton will issue \$3,294,000 revenue bonds payable with water and sewer revenue with a secondary pledge of city sales tax. The average annual payment for the revenue bonds will be \$138,631. The debt reserve requirement will be \$146,300 and the 110% coverage requirement will be \$152,494.

Water and Sewer Rates:

The City has 363 residential and 33 commercial water connections that pay a monthly base rate of \$40. The water usage charge per 1,000 gallons for residential is \$15 and commercial is \$19. The City has 363 sewer connections that pay a base rate of \$18 and a .00025/gallon.

Water and Sewer Fund Net Operating Coverage:

	2022	2023	2024	Unaudited 2025
Interest Revenue	\$ 275	\$ -	\$ -	\$ -
Operating Revenue	554,203	\$614,560	\$1,252,026	\$1,409,094
Operating Expenses	673,562	649,879	790,401	887,276
Net Operating Income (Loss)	(119,084)	(35,319)	461,625	521,808
Depreciation	106,575	108,176	96,334	-
Adjusted Net Operating Income (Loss)	\$(12,509)	\$72,857	\$557,959	\$521,818
Revenue Bond Payments	\$34,278	\$60,663	\$76,313	\$80,065
Net Operating Coverage	(36%)	120%	731%	652%
Proforma Revenue Bond Payment	\$368,596	\$368,596	\$368,596	\$368,596
Proforma Net Operating Coverage	(3%)	17%	125%	116%

The existing revenues will generate sufficient net operating revenue to meet the required net operating coverage requirement.

City Sales Tax

The City collects 2% city sales tax dedicated to fund city infrastructure projects and maintenance. The City plans to use City Sales Tax to secure the BND Infrastructure Loan and will serve as a secondary pledge the CWSRF loan.

City Sales Tax Collections:

	2025	2024	2023	2022	2021
2% City Sales Tax	\$261,604	\$229,498	\$257,207	\$255,534	\$205,296
Proforma BND Loan Payment	16,757	16,757	16,757	16,757	16,757
Excess Sales Tax Available for SRF Debt	\$244,847	\$212,741	\$240,450	\$238,777	\$188,539

Outstanding Indebtedness June 30, 2026:

	Original Amount	Outstanding Amount
Improvement Bonds ¹	\$1,857,066	\$153,000
Revenue Bonds¹	1,731,610	1,593,445
Total	\$3,588,676	\$1,746,445

¹ All payments have been made as agreed. The City has two CWSRF loans and two Capital Financing Programs with outstanding balances of \$555,000.

The average annual payment of all outstanding debt including this request, the Drinking Water State Revolving Fund, and Bank of North Dakota requests is \$704,975 which is \$931 per resident.

Population and Employment

The City of Drayton is located in Pembina County, 48 miles north of Grand Forks on Interstate 29. Based on the 2020 census, the total population is 757; this is a decrease of 67 from the 2010 census. The largest employers in the City are American Crystal Sugar employs 375, Drayton Public School employs 45, and Love's Travel Shop (truck stop/restaurant) has approximately 35 employees.

Drayton K-12 School Enrollment:

<i>Projected</i>				
2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
167	157	172	173	173

The City's 2025 taxable valuation was \$3,147,618. This is an increase of \$1,342,444 from the 2021 taxable valuation.

Property Tax Levies and Collections as of 6/30/2026:

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2025	\$339,052	\$337,143	99%
2024	\$329,332	\$326,568	99%
2023	\$325,375	\$306,570	95%

Special Assessments Certified for Collection as of 6/30/2026:

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected
2025	\$20,947	\$20,305	97%
2024	\$21,462	\$20,888	98%
2023	\$21,464	\$21,584	97%

City of Drayton Mill Levy History:

Year	City	School	Park District	State and County	Total for Each Year
2025	107.72	129.12	7.07	95.85	339.76
2024	107.41	128.32	6.52	82.31	324.56
2023	110.45	115.56	6.79	76.10	308.90
2022	106.46	119.16	7.99	73.99	307.60
2021	79.21	120.03	10.97	69.34	279.55



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Memorandum

TO: DeAnn Ament, Executive Director
North Dakota Public Finance Authority

FROM: PFM Financial Advisors LLC

DATE: September 10, 2026

RE: Marketplace Analysis - Clean Water State Revolving Fund Program
City of Drayton

The City of Drayton ("City") has presented a request to the Authority and the North Dakota Department of Environmental Quality ("Department") for a \$1,756,000 special assessment loan and \$3,294,000 revenue loan under the Clean Water State Revolving Fund Program ("CWSRF Program"). The CWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various wastewater treatment projects and landfill projects as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds for the replacement of sewer mains, water mains and street improvements that are at the end of their useful life.

The municipal securities to be acquired by the Authority for the \$1,756,000 loan will be improvement bonds of the City payable from special assessments levied against the benefited property. The proposed term of the loan is 30 years with a subsidized interest rate of 1.50%. The City's average annual payment under the proposed loan will be approximately \$73,880. The improvement bonds will be a contingent general obligation of the City, which will be required by law to levy a general deficiency tax if the revenues collected from the levy of special assessments are insufficient to make the debt service payments.

The municipal securities to be acquired by the Authority for the \$3,294,000 loan will be revenue bonds payable from water and sewer fund revenues, and a secondary pledge of City sales tax. The City's average annual payment under the proposed loan will be approximately \$138,631, indicating a 110% net revenue coverage requirement of approximately \$152,494. The City will be required to deposit \$146,300 into a reserve fund with payments of \$29,260 per year for the first five years of the loan. Proforma net operating coverage of the water and sewer fund was (0.03x), 0.17x, 1.25x and 1.16x for 2022-2025, respectively. The City collects a 2% city sales tax dedicated to funding city infrastructure projects and maintenance which will serve as a secondary pledge. The existing water and sewer fund revenues, and the excess sales tax will provide sufficient net revenues to meet the 110% coverage requirement.

As of June 30, 2026, the City has \$153,000 of Improvement Bonds and \$1,593,445 Revenue Bonds outstanding. The City has two CWSRF loans and two Capital Financing Programs with an outstanding total balance of \$555,000. The City is current in its payments for its outstanding Authority loans.

Funding for the construction of the City's projects has been included in a list of approved projects as prepared and updated by the Department. As an authorized participant in the CWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the CWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker
Bank of North Dakota

Date: September 1, 2026

RE: City of Drayton
Clean Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$5,050,000 loan to the City of Drayton under the Clean Water State Revolving Fund (CWSRF). The entire cost of the project is \$13,920,979, with Drinking Water State Revolving Fund (DWSRF) providing a \$8,300,000 loan, Infrastructure Revolving Loan Fund (IRLF) providing a \$402,979 loan and Department of Water Resources providing a \$168,000 state cost-share grant.

The project will replace sewer mains, water mains and street improvements throughout the City. The requested loan term is 30 years. The City will issue a \$1,756,000 improvement bond payable with special assessment collections. The annual payment will average \$73,880. In addition, the City will issue a revenue bond payable with sewer user fees. The City is also providing a secondary pledge of city sales tax collections. The annual payment will average \$138,631.

Water & Sewer Fund:

The City serves 363 sewer connections that pay a monthly base rate of \$18.00 and a volume charge of \$0.00025 per gallon of usage. The City serves 329 residential water connections and 33 commercial connections. All water connections pay a monthly base rate of \$40. Residential connections pay a volume charge of \$15 per 1,000 gallons and commercial connections pay a volume charge of \$19 per 1,000 gallons. The existing revenues will provide sufficient coverage to service the existing and proposed debt.

Water and Sewer Fund	2022	2023	2024	Projected
Operating Revenue	554,203	614,560	1,252,026	1,252,026
Interest Revenue	275	0	0	0
Operating Expenses	-673,562	-649,879	-790,401	-790,401
Net Operating Revenue	-119,084	-35,319	461,625	461,625
Plus: Depreciation	106,575	108,176	96,334	96,334
Adjusted Net Operating Income	-12,509	72,857	557,959	557,959
Current Debt Service	34,278	60,378	76,313	86,107
Proposed CW Debt Service				138,631
Proposed DW Debt Service				229,965
Total Debt Service				454,703
Debt Service Coverage	-36%	121%	731%	123%

Sales Tax Collections:

The City collects 2% city sales tax dedicated to fund city infrastructure projects and maintenance. The City intends to pledge city sales tax collections for a portion of the BND IRLF loan.

	2021	2022	2023	2024	2025
2% Sales Tax Collections	\$ 205,296	\$ 255,534	\$ 257,207	\$ 229,498	\$ 261,604
BND Debt Requirements	\$ 16,757	\$ 16,757	\$ 16,757	\$ 16,757	\$ 16,757
Excess Sales Tax Available for SRF	\$ 188,539	\$ 238,777	\$ 240,450	\$ 212,741	\$ 244,847

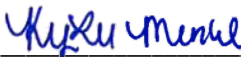
Outstanding Debt (as of June 30, 2026):

	Original Amount	Current Balance
Improvement Bonds	1,857,066	153,000
Revenue Bonds	1,731,610	1,593,445
	3,588,676	1,746,445

Average annual debt service requirements are estimated at \$704,974, which is an average of \$931.27 per resident.

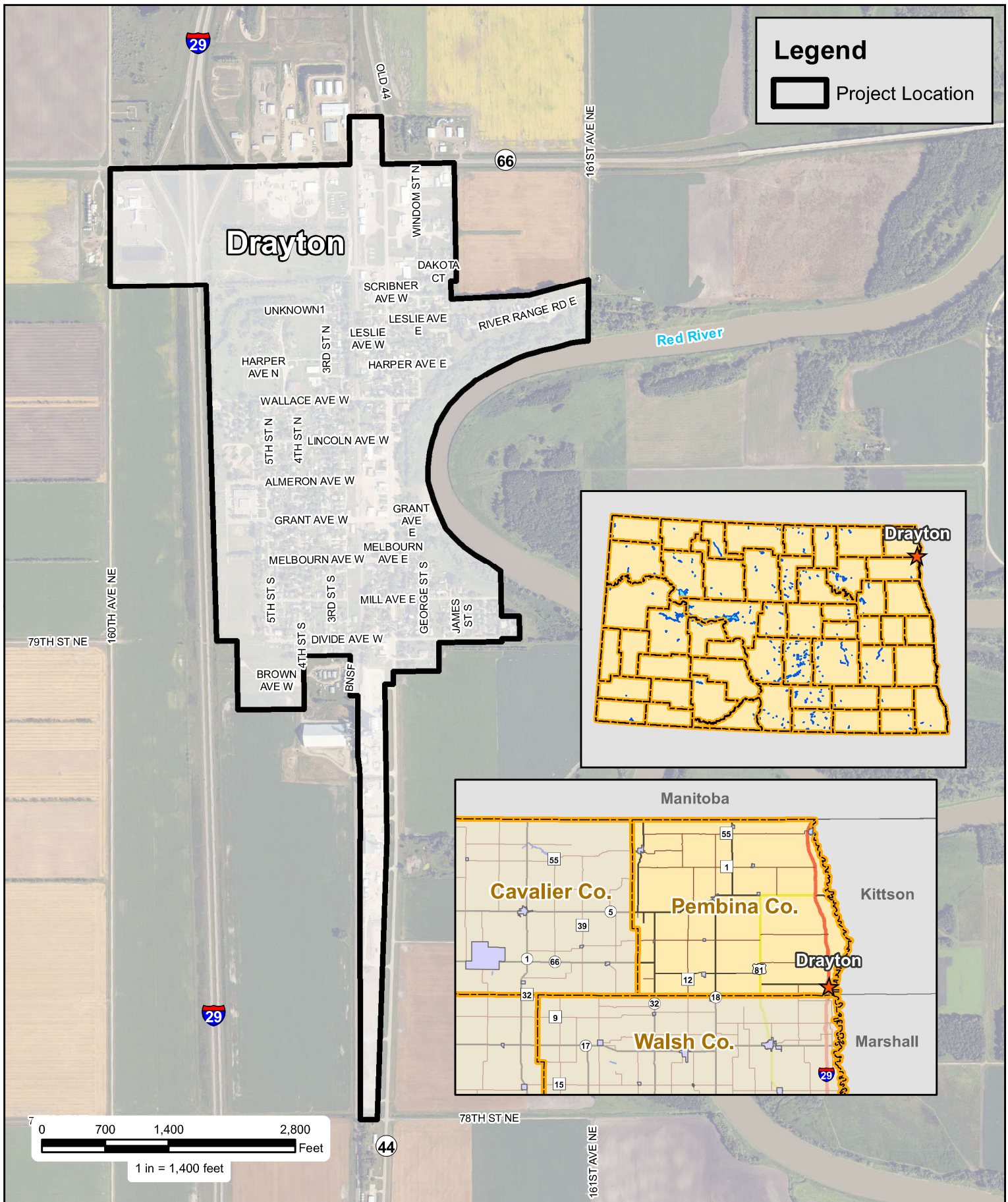
Historical census populations for the City of Drayton were 757 in 2020, 824 in 2010 and 909 in 2000. The largest employers in the City are American Crystal Sugar, Drayton Public Schools and Love’s Travel Shop.

Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.



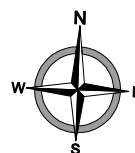
Kylee Merkel
Business Banker





**SANITARY, WATER, STORM, & STREET IMPROVEMENTS
PHASE 1
DRAYTON, NORTH DAKOTA**

Created By: TJS Date Created: 02/16/24 Date Saved: 12/10/24 Date Plotted: NEVER Date Exported: 12/10/24
 Plotted By: tanner.schmidt Parcel Date: N/A Aerial Image: 2023 County NAIP SIDS Elevation Data: Lidar
 Horizontal Datum: NAD 1983 StatePlane North Dakota North FIPS 3301 Feet Vertical Datum: NAVD1988
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moore
engineering, inc.

Industrial Commission of North Dakota



Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

RESOLUTION APPROVING LOAN FROM DRINKING WATER STATE REVOLVING FUND

WHEREAS, the Industrial Commission has heretofore authorized the creation of a Drinking Water State Revolving Fund Program (the "Program") pursuant to N.D.C.C. chs. 6-09.4, 61-28.1, and 61-28.2; and

WHEREAS, the State Revolving Fund is governed in part by the Master Trust Indenture dated as of July 1, 2011 (the "Indenture"), between the North Dakota Public Finance Authority (the "NDPFA") and the Bank of North Dakota (the "Trustee"); and

WHEREAS, the City of Drayton (the "Political Subdivision") has requested a loan in the amount of \$8,300,000 from the Program to replace sewer mains, water mains and streets which are at the end of their useful life; and

WHEREAS, NDPFA's Advisory Committee is recommending approval of the Loan; and

WHEREAS, there has been presented to this Commission a form of Loan Agreement proposed to be adopted by the Political Subdivision and entered into with the NDPFA;

NOW, THEREFORE, BE IT RESOLVED by the Industrial Commission of North Dakota as follows:

1. The Loan is hereby approved, as recommended by the Advisory Committee.
2. The form of Loan Agreement to be entered into with the Political Subdivision is hereby approved in substantially the form on file and the Executive Director is hereby authorized to execute the same with all such changes and revisions therein as the Executive Director shall approve.
3. The Executive Director is authorized to fund the Loan from funds on hand in the Drinking Water Loan Fund established under the Indenture upon receipt of the Municipal Securities described in the Political Subdivisions bond resolution, to submit to the Trustee a NDPFA Request pursuant to the Indenture, and to make such other determinations as are required under the Indenture.
4. The Commission declares its intent pursuant to Treasury Regulations '1.150-2 that any Loan funds advanced from the Federally Capitalized Loan Account shall be reimbursed from the proceeds of bonds issued by the NDPFA under the Indenture.

Adopted: September 22, 2026

Governor Kelly Armstrong, Chairman

Attest:

Karen Tyler, Executive Director
Industrial Commission of North Dakota

September 8, 2026

PUBLIC FINANCE AUTHORITY ADVISORY COMMITTEE

RECOMMENDATION TO THE INDUSTRIAL COMMISSION

The Advisory Committee, at its September 8, 2026 meeting, reviewed, discussed, and recommends approval of a \$8,300,000 Drinking Water State Revolving Fund Program loan to the City of Drayton.

North Dakota Public Finance Authority
Advisory Committee

Keith Lund, Chairman
Linda Svihovec
John Phillips

Memorandum

To: Public Finance Authority Advisory Committee
 Miles Silbert, Public Financial Management LLC
 Kylee Merkel, Bank of North Dakota

From: DeAnn Ament, Executive Director

Date: August 24, 2026

Re: City of Drayton
 Drinking Water State Revolving Fund

Purpose of the Project:

Replacement of sewer mains, water mains, and street Improvements that are at the end of their useful life.

Project Cost:

DWSRF Request	\$ 8,300,000
CWSRF Request	5,050,000
BND Infrastructure Loan	402,979
DWR Cost Share	168,000
Project Total	\$ 13,920,979

Population to Benefit from the Project: 690

The requested term for the Drinking Water State Revolving Fund (DWSRF) loans is 30 years. The City will issue \$2,838,000 improvement bonds payable from special assessments. Accordingly, the average annual payment will be approximately \$119,413. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

In addition, the City of Drayton will issue \$5,462,000 revenue bonds payable with water and sewer revenue with a secondary pledge of city sales tax. The average annual payment for the revenue bonds will be \$229,965. The debt reserve requirement will be \$245,630 and the 110% coverage requirement will be \$252,961.

Water and Sewer Rates:

The City has 329 residential and 33 commercial water connections that pay a monthly base rate of \$40. The water usage charge per 1,000 gallons for residential is \$15 and commercial is \$19. The City has 363 sewer connections that pay a base rate of \$18 and a .00025/gallon.

Water and Sewer Fund Net Operating Coverage:

	2022	2023	2024	Unaudited 2025
Interest Revenue	\$ 275	\$ -	\$ -	\$ -
Operating Revenue	554,203	614,560	1,252,026	1,409,094
Operating Expenses	673,562	649,879	790,401	887,276
Net Operating Income (Loss)	(119,084)	(35,319)	461,625	521,808
Depreciation	106,575	108,176	96,334	-
Adjusted Net Operating Income (Loss)	\$(12,509)	\$72,857	\$557,959	\$521,818
Revenue Bond Payments	\$34,278	\$60,663	\$76,313	\$80,065
Net Operating Coverage	(36%)	120%	731%	652%
Proforma Revenue Bond Payment	\$368,596	\$368,596	\$368,596	\$368,596
Proforma Net Operating Coverage	(3%)	17%	125%	116%

The existing revenues will generate sufficient net operating revenue to meet the required net operating coverage requirement.

City Sales Tax

The City collects 2% city sales tax dedicated to fund city infrastructure projects and maintenance. The City plans to use City Sales Tax to secure the BND Infrastructure Loan and will serve as a secondary pledge for the DWSRF loan.

City Sales Tax Collections:

	2025	2024	2023	2022	2021
2% City Sales Tax	\$261,604	\$229,498	\$257,207	\$255,534	\$205,296
Proforma BND Loan Payment	16,757	16,757	16,757	16,757	16,757
Excess Sales Tax Available for SRF Debt	\$244,847	\$212,741	\$240,450	\$238,777	\$188,539

Outstanding Indebtedness June 30, 2026:

	Original Amount	Outstanding Amount
Improvement Bonds ¹	\$1,857,066	\$153,000
Revenue Bonds¹	1,731,610	1,593,445
Total	\$3,588,676	\$1,746,445

¹ All payments have been made as agreed. The City has two Clean Water State Revolving Fund (CWSRF) loans and two Capital Financing Programs with outstanding balances of \$555,000.

The average annual payment of all outstanding debt including this request, the CWSRF, and Bank of North Dakota requests is \$704,975 which is \$931 per resident.

Population and Employment

The City of Drayton is located in Pembina County, 48 miles north of Grand Forks on Interstate 29. Based on the 2020 census, the total population is 757; this is a decrease of 67 from the 2010 census. The largest employers in the City are American Crystal Sugar employs 375, Drayton Public School employs 45, and Love's Travel Shop (truck stop/restaurant) has approximately 35 employees.

Drayton K-12 School Enrollment:

<i>Projected</i>				
2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
167	157	172	173	173

The City's 2025 taxable valuation was \$3,147,618. This is an increase of \$1,342,444 from the 2021 taxable valuation.

Property Tax Levies and Collections as of 6/30/2026:

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2025	\$339,052	\$337,143	99%
2024	\$329,332	\$326,568	99%
2023	\$325,375	\$306,570	95%

Special Assessments Certified for Collection as of 6/30/2026:

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected
2025	\$20,947	\$20,305	97%
2024	\$21,462	\$20,888	98%
2023	\$21,464	\$21,584	97%

City of Drayton Mill Levy History:

Year	City	School	Park District	State and County	Total for Each Year
2025	107.72	129.12	7.07	95.85	339.76
2024	107.41	128.32	6.52	82.31	324.56
2023	110.45	115.56	6.79	76.10	308.90
2022	106.46	119.16	7.99	73.99	307.60
2021	79.21	120.03	10.97	69.34	279.55



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Suite 2950
Minneapolis, MN 55402

612.338.3535
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www.pfm.com

Memorandum

TO: DeAnn Ament, Executive Director
North Dakota Public Finance Authority

FROM: PFM Financial Advisors LLC

DATE: September 10, 2026

RE: Marketplace Analysis - Drinking Water State Revolving Fund Program
City of Drayton

The City of Drayton (the “City”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$2,838,000 special assessment loan and \$5,462,000 revenue loan under the Drinking Water State Revolving Fund Program (“DWSRF Program”). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds for the replacement of sewer mains, water mains and street improvements that are at the end of their useful life.

The municipal securities to be acquired by the Authority for the \$2,838,000 loan will be improvement bonds of the City payable from special assessments levied against the benefited property. The proposed term of the loan is 30 years with a subsidized interest rate of 1.50%. The City's average annual payment under the proposed loan will be approximately \$119,413. The improvement bonds will be a contingent general obligation of the City, which will be required by law to levy a general deficiency tax if the revenues collected from the levy of special assessments are insufficient to make the debt service payments.

The municipal securities to be acquired by the Authority for the \$5,462,000 loan will be revenue bonds payable from water and sewer fund revenues, and a secondary pledge of City sales tax. The City's average annual payment under the proposed loan will be approximately \$229,965, indicating a 110% net revenue coverage requirement of approximately \$252,961. The City will be required to deposit \$245,630 into a reserve fund with payments of \$49,126 per year for the first five years of the loan. Proforma net operating coverage of the water and sewer fund was (0.03x), 0.17x, 1.25x and 1.16x for 2022-2025, respectively. The City collects a 2% city sales tax dedicated to funding city infrastructure projects and maintenance which will serve as a secondary pledge. The existing water and sewer fund revenues, and the excess sales tax will provide sufficient net revenues to meet the 110% coverage requirement.

As of June 30, 2026, the City has \$153,000 of Improvement Bonds and \$1,593,445 Revenue Bonds outstanding. The City has two CWSRF loans and two Capital Financing Programs with an outstanding total balance of \$555,000. The City is current in its payments for its outstanding Authority loans.

Funding the construction of the City's improvements has been included in a list of approved uses as prepared and updated by the Department. As an authorized participant in the DWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the DWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker
Bank of North Dakota

Date: September 1, 2026

RE: City of Drayton
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$8,300,000 loan to the City of Drayton under the Drinking Water State Revolving Fund (DWSRF). The entire cost of the project is \$13,920,979, with Clean Water State Revolving Fund (CWSRF) providing a \$5,050,000 loan, Infrastructure Revolving Loan Fund (IRLF) providing a \$402,979 loan and Department of Water Resources providing a \$168,000 state cost-share grant.

The project will replace water mains, sewer mains and street improvements throughout the City. The requested loan term is 30 years. The City will issue a \$2,838,000 improvement bond payable with special assessment collections. The annual payment will average \$119,413. In addition, the City will issue a revenue bond payable with water user fees. The City is also providing a secondary pledge of city sales tax collections. The annual payment will average \$229,965.

Water & Sewer Fund:

The City serves 329 residential water connections and 33 commercial connections. All water connections pay a monthly base rate of \$40. Residential connections pay a volume charge of \$15 per 1,000 gallons and commercial connections pay a volume charge of \$19 per 1,000 gallons. The City serves 363 sewer connections that pay a monthly base rate of \$18.00 and a volume charge of \$0.00025 per gallon of usage. The existing revenues will provide sufficient coverage to service the existing and proposed debt.

Water and Sewer Fund	2022	2023	2024	Projected
Operating Revenue	554,203	614,560	1,252,026	1,252,026
Interest Revenue	275	0	0	0
Operating Expenses	-673,562	-649,879	-790,401	-790,401
Net Operating Revenue	-119,084	-35,319	461,625	461,625
Plus: Depreciation	106,575	108,176	96,334	96,334
Adjusted Net Operating Income	-12,509	72,857	557,959	557,959
Current Debt Service	34,278	60,378	76,313	86,107
Proposed CW Debt Service				138,631
Proposed DW Debt Service				229,965
Total Debt Service				454,703
Debt Service Coverage	-36%	121%	731%	123%

Sales Tax Collections:

The City collects 2% city sales tax dedicated to fund city infrastructure projects and maintenance. The City intends to pledge city sales tax collections for a portion of the BND IRLF loan.

	2021	2022	2023	2024	2025
2% Sales Tax Collections	\$ 205,296	\$ 255,534	\$ 257,207	\$ 229,498	\$ 261,604
BND Debt Requirements	\$ 16,757	\$ 16,757	\$ 16,757	\$ 16,757	\$ 16,757
Excess Sales Tax Available for SRF	\$ 188,539	\$ 238,777	\$ 240,450	\$ 212,741	\$ 244,847

Outstanding Debt (as of June 30, 2026):

	Original Amount	Current Balance
Improvement Bonds	1,857,066	153,000
Revenue Bonds	1,731,610	1,593,445
	3,588,676	1,746,445

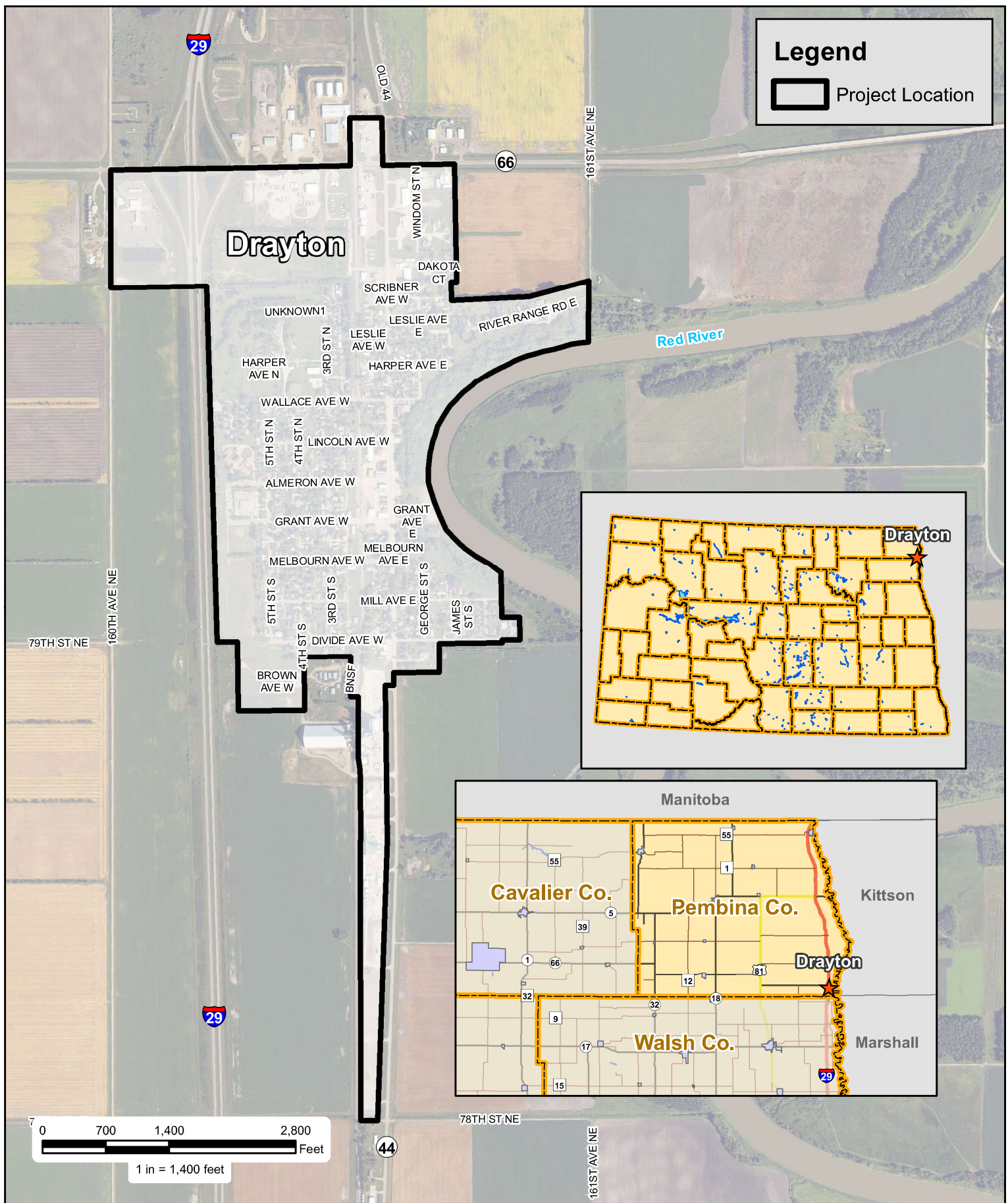
Average annual debt service requirements are estimated at \$704,974, which is an average of \$931.27 per resident.

Historical census populations for the City of Drayton were 757 in 2020, 824 in 2010 and 909 in 2000. The largest employers in the City are American Crystal Sugar, Drayton Public Schools and Love's Travel Shop.

Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.

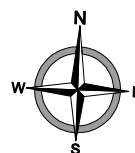
Kylee Merkel

Kylee Merkel
Business Banker



**SANITARY, WATER, STORM, & STREET IMPROVEMENTS
PHASE 1
DRAYTON, NORTH DAKOTA**

Created By: TJS Date Created: 02/16/24 Date Saved: 12/10/24 Date Plotted: NEVER Date Exported: 12/10/24
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moore
engineering, inc.

Memorandum

To: Industrial Commission: Governor Kelly Armstrong, Attorney General Drew H. Wrigley, Agriculture Commissioner Doug Goehring

From: DeAnn Ament, Executive Director

Date: September 8, 2026

Re: City of Cando, Drinking Water State Revolving Fund
City of Harwood, Drinking Water State Revolving Fund
City of Washburn, Drinking Water State Revolving Fund
City of Williston, Drinking Water State Revolving Fund

Under current policy, the Public Finance Authority can make loans under the State Revolving Fund Program in an amount not to exceed \$2,000,000 and under the Capital Financing Program in an amount not to exceed \$500,000 without seeking the final approval of the Industrial Commission. Within this policy, once the loan has been approved, the Public Finance Authority is required to provide the details of the loan to the Industrial Commission. Accordingly, the Public Finance Authority and its Advisory Committee used this policy to approve the following loans.

The committee reviewed the City of Cando's Drinking Water State Revolving Fund (DWSRF) application for a \$1,500,000 loan which is eligible for \$1,125,000 loan forgiveness. The net DWSRF loan will be \$375,000. The total project cost is \$2,422,592 with \$922,592 of Department of Water Resource's Cost Share providing the remaining funds. The project will identify, remove and replace any known lead service lines with PVC water mains. The requested term for the loan is 30 years. The City will issue revenue bonds payable with water user fees.

The committee reviewed the City of Harwood's DWSRF application for a \$1,320,000 loan towards a \$1,367,460 project. Department of Water Resource's Cost Share of \$47,460 will complete the funding. The project will reconstruct the north water main loop and construct a new section that connects the two dead ends. The requested term for the loan is 30 years. The City will issue revenue bonds payable with city sales tax.

The committee reviewed the City of Washburn's application for a \$732,000 DWSRF loan which is eligible for \$483,120 of loan forgiveness. The net DWSRF loan will be \$248,880. The project will identify, remove and replace any known lead service lines with PVC

water mains. The requested term for the loan is 20 years. The City will issue revenue bonds payable with water user fees.

The committee reviewed the City of Williston's application for a \$2,000,000 DWSRF loan which is eligible for \$1,320,000 of loan forgiveness. The net DWSRF loan will be \$680,000. The project will identify, remove and replace any known lead service lines with PVC water mains. The requested term for the loan is 30 years. The City will issue revenue bonds payable with water user fees.

The Public Finance Authority's Advisory Committee approved these loans at their September 8, 2026, meeting.

Memorandum

To: Public Finance Authority Advisory Committee
 Miles Silbert, Public Financial Management LLC
 Kylee Merkel, Bank of North Dakota

From: DeAnn Ament, Executive Director

Date: June 5, 2026

Re: City of Cando
 Drinking Water State Revolving Fund

Purpose of the Project:

Identify, remove and replace any known lead service lines with PVC water mains.

Project Cost:

DWSRF Request	\$ 1,500,000	DWSRF Request	\$ 1,500,000
DWSF Loan Forgiveness	(1,125,000)	DWR Cost Share	922,592
Net DWSR Loan	\$ 375,000	Total Project Cost	\$ 2,422,592

Population to Benefit from the Project: 1,117

Population Served by the System: 1,117

The City will issue revenue bonds payable with water user fees. The requested term for the loan is 30 years. The average net annual payment for the revenue bonds will be \$12,500. The reserve requirement will be \$15,000 and the 110% coverage requirement will be \$13,750.

Water Rates:

The City has 577 water connections which monthly pay a minimum of \$12 per connection and \$9.70/1,000 gallons. Effective May 1, 2026, the usage charge increased to \$9.95/1,000 gallons. Users also pay a debt retirement charge of \$5.50 and usage debt retirement charge of \$2.80/1,000 gallons. The City will raise the rates \$5.75 per user which will annually general \$39,813.

Water Fund Net Operating Coverage:

		Draft Audit	Draft Audit	Unaudited
	2022	2023	2024	2025
Interest Revenue	\$4,242	\$7,626	\$17,719	\$3,513
Operating Revenue	397,226	452,713	461,570	\$695,610
Operating Expenses	345,850	616,918	539,389 ¹	328,837
Net Operating Revenue	55,618	-156,580	-60,100	370,287
Depreciation	52,745	52,746	52,745	-
Adjust: CDs (Deposited)/Purchased	-	250,000	150,000	-259,368
Adjusted Net Operating Revenue	\$108,363	\$146,166	\$142,645	\$110,919
Bond Payments	\$125,800	\$124,000	\$127,200	\$125,300
Net Operating Coverage	86%	118%	112%	89%
Proforma Rate Increase	\$39,813	\$39,813	\$39,813	\$39,813
Proforma DWSRF Payment	\$35,916	\$35,916	\$35,916	\$35,916
Proforma Net Operating Coverage	92%	116%	112%	93%

¹ Removed \$90,305 of one-time expenses including engineering, meter purchases, water tower coating and true-up with rural water.

With the rate increase and existing net operating revenues, the City should meet the 110% net operating coverage.

Outstanding Indebtedness April 30, 2026:

	Original Debt	Outstanding Debt
Revenue Bonds ²	\$ 5,319,000	\$ 2,076,369
	\$ 5,319,000	\$ 2,076,369

² The bond has been paid as agreed. The City has two DWSRF bonds outstanding with a balance of \$2,076,369.

The average annual bond payment including this new issue is \$160,373 or \$144 per resident.

The City of Cando is located in Towner County approximately 124 miles northwest of Grand Forks. The total population according to the 2020 census is 1,117; this is an increase of 2 from the 2010 census. The largest employers are Enterprise – CP LLC (manufacturing) employs 75, Towner Medical Center with 72 employees and North Star Public Schools with 58 employees.

North Star K-12 School Enrollment:

<i>Projected</i>				
2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
279	284	283	268	270

The City's 2025 taxable valuation was \$2,799,278. This is an increase of \$378,611 over the 2021 taxable valuation.

Property Tax Levies and Collections as of 4/27/2026:

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2025	\$355,368	\$165,000	46%
2024	\$351,330	\$232,453	66%
2023	\$341,423	\$327,731	96%

Special Assessments Certified for Collection as of 4/27/2026:

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected
2025	\$14,045	\$2,765	20%
2024	\$9,152	\$3,579	39%
2023	\$6,757	\$4,832	72%

City of Cando Mill Levy History:

Year	City	School	Park District	State and County	Other	Total for Each Year
2025	126.95	81.00	36.16	107.09	15.87	367.07
2024	125.97	78.75	35.72	100.42	4.01	344.87
2023	126.10	65.35	34.90	98.77	3.75	328.87
2022	126.37	67.25	38.00	106.57	3.77	341.96
2021	124.01	66.17	37.73	104.79	3.80	336.50



TO: DeAnn Ament, Executive Director
North Dakota Public Finance Authority

FROM: PFM Financial Advisors LLC

DATE: September 10, 2026

RE: Marketplace Analysis - Drinking Water State Revolving Fund Program
City of Cando

The City of Cando ("City") has presented a request to the Authority and the North Dakota Department of Environmental Quality ("Department") for a \$1,500,000 loan of which \$1,125,000 is loan forgiveness for a total loan of \$375,000 under the Drinking Water State Revolving Fund Program ("DWSRF Program"). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to identify, remove and replace any known lead service lines with PVC water mains.

The municipal securities to be acquired by the Authority will be revenue bonds of the City payable with water user fees. The proposed term of the loan is 30 years with a 0% interest rate. Accordingly, the City's average annual payment under the proposed loan will be approximately \$12,500 indicating a 110% net revenue coverage requirement of approximately \$13,750. The City will be required to deposit \$15,000 into a reserve fund with payments of \$3,000 per year for the first five years of the loan. The current water connection monthly base rate is \$12 plus \$9.95/\$1,000 gallons and the City anticipates raising the rate by \$5.75, which will generate approximately \$39,813 of additional annual revenue. The anticipated monthly base and usage rate increases and existing water fund revenues are expected to provide sufficient net revenues to meet the 110% coverage requirement.

As of April 30, 2026, the City has \$2,076,369 of Revenue Bonds outstanding which are two Drinking Water SRF loans. The City is current in its payments for its outstanding Authority loans.

Funding for the construction of the City's projects has been included in a list of approved projects as prepared and updated by the Department. As an authorized participant in the DWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the DWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker
Bank of North Dakota

Date: June 8, 2026

RE: City of Cando
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$1,500,000 loan to the City of Cando under the Drinking Water State Revolving Fund (DWSRF). This project is eligible for \$1,125,000 of loan forgiveness under the DWSRF program, making the net loan \$375,000. The entire cost of the project is \$2,422,592, with Department of Water Resources providing a \$922,592 cost-share grant.

The project will identify, remove and replace any known lead service lines with PVC water mains. The requested loan term is 30 years. The City will issue a revenue bond payable with water user fees. The annual payment will average \$12,500.

Debt Service Coverage:

	Audit	Draft Audit	Draft Audit	
Water Fund	2022	2023	2024	Projected
Operating Revenue	397,226	452,713	461,570	461,570
Projected Rate Increase				39,813
Interest Revenue	4,242	7,626	17,719	17,719
Operating Expenses	-345,850	-616,918	-629,694	-629,694
Net Operating Revenue	55,618	-156,579	-150,405	-110,592
Plus: One-time items	0	250,000	240,305	240,305
Plus: Depreciation	52,745	52,746	52,745	52,745
Adjusted Net Operating Income	108,363	146,167	142,645	182,458
Current Debt Service	125,800	124,000	127,200	147,873
Proposed Debt Service				12,500
Total Debt Service				160,373
Debt Service Coverage	86%	118%	112%	114%

The City currently provides service to 577 connections which pay a monthly base rate of \$12.00 plus \$9.95 per 1,000 gallons of usage. In addition, all connections pay a monthly debt retirement fee of \$5.50 and \$2.80 per 1,000 gallons of usage. The City intends to raise the monthly base rate by \$5.75 per connection. The existing revenues, combined with the rate increase, will generate sufficient net operating revenues to service the existing debt and proposed debt.

Outstanding Debt (as of April 30, 2026):

	<u>Original Amount</u>	<u>Current Balance</u>
Revenue Bonds	5,319,000	2,076,369
	5,319,000	2,076,369

Average annual debt service requirements are estimated at \$160,373, which is an average of \$143.57 per resident.

Historical census populations for the City of Cando were 1,117 in 2020, 1,115 in 2010 and 1,342 in 2000. The largest employers in the City are Enterprise Manufacturing, Towner County Medical Center and North Star Public School.

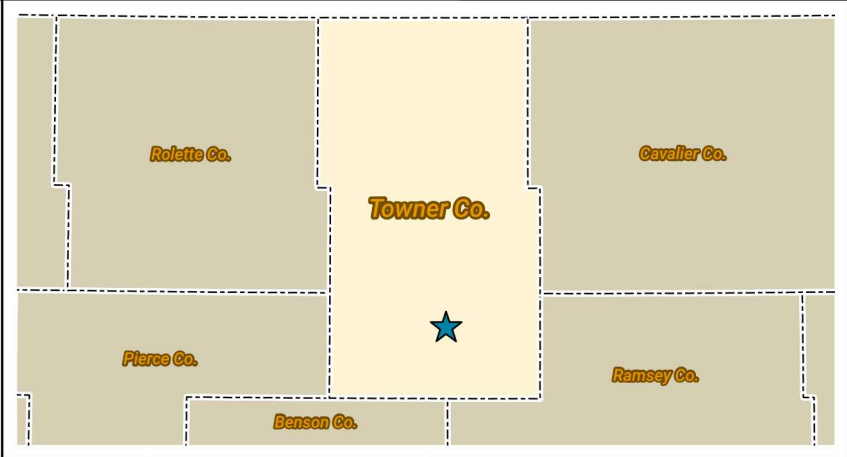
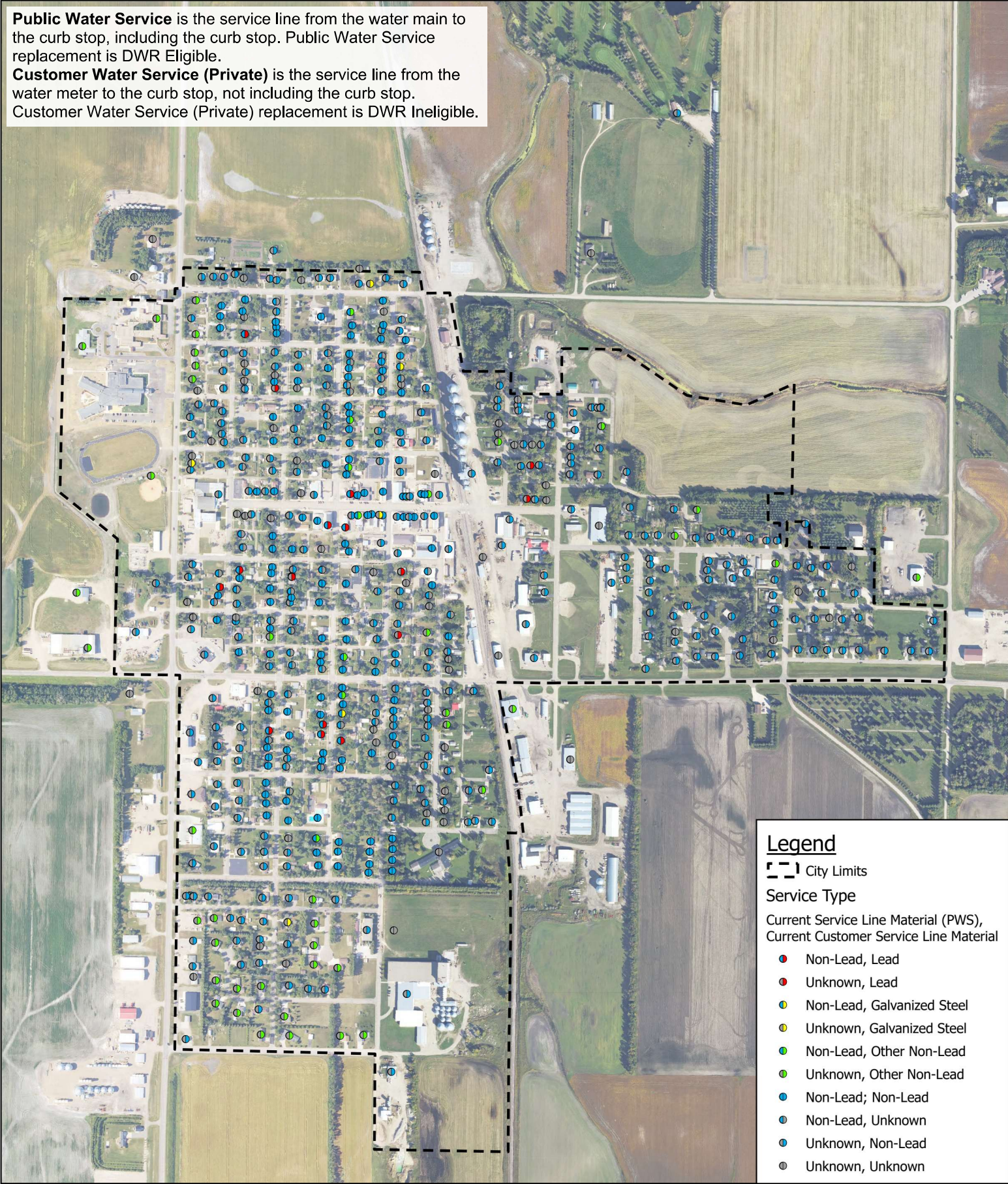
Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.



Kylee Merkel
Business Banker

Public Water Service is the service line from the water main to the curb stop, including the curb stop. Public Water Service replacement is DWR Eligible.

Customer Water Service (Private) is the service line from the water meter to the curb stop, not including the curb stop. Customer Water Service (Private) replacement is DWR Ineligible.



WATER SERVICE MATERIAL TYPE
CANDO, NORTH DAKOTA

Created By: BAS Date Created: 02/17/26 Date Saved: 02/17/26 Project Number: 24379-YYY
Map Name: DWR Main Map Exported By: brook.smith Date Exported: 02/18/26 Parcels: Aerial Image: 2024 County SIDS
Coordinate System: NAD 1983 StatePlane North Dakota North FIPS 3301 Feet Vertical Datum: NAVD1988
T:\Projects\24300\24379\10_ArcPro\DWR Maps\DWR_CandoLSI.aprx

a Vistal company

Memorandum

To: Public Finance Authority Advisory Committee

From: DeAnn Ament, Executive Director

Date: August 18, 2026

Re: City of Harwood
Drinking Water State Revolving Fund

Purpose of the Project:

Reconstruct the north water main loop and construct a new section that connects the two dead-ends.

Project Cost:

DWSRF Request	\$1,320,000
DWR Cost Share	47,460
Project Total	\$1,367,460

Population to Benefit from the Project: 794

The requested term for the Drinking Water State Revolving Fund (DWSRF) loans is 30 years. The City will issue city sales tax dedicated to infrastructure. The average annual payment for the revenue bonds will be \$55,008. The 110% coverage requirement will be \$60,508 and the required debt service reserve will be \$60,900.

City Sales Tax

The City collects 2% city sales tax dedicated for infrastructure improvements, including publicly owned utilities and buildings, job creation, business retention, expansion and recruitment. Currently, there are no bonds secured with the city sales tax and there are no other pledges of the 2% dedicated to infrastructure.

Excess City Sales Tax Collections:

	2025	2024	2023	2022	2021
2% City Sales Tax	\$370,435	\$324,146	\$299,609	\$266,297	\$206,261
Proforma SRF Payments	55,008	55,008	55,008	55,008	55,008
Excess Sales Tax	\$315,427	\$269,138	\$244,601	\$211,289	\$151,253

The current 2% city sales tax dedicated to infrastructure will be sufficient to meet the 110% net operating coverage requirement.

Water and Sewer Rates:

The City's monthly base water rate is \$14.28 for the 288 residential users which includes 2,000 gallons and \$23.75 for the 18 commercial users and all users pay a volume charge of \$9.50/1,000 gallons with residential users paying after the first 2,000 gallons. The monthly sewer base rate is \$46.50 for the 288 residential users and \$53.50 for the 15 commercial users.

Water and Sewer Fund Net Operating Coverage:

	2022	2023	Unaudited 2024	Unaudited 2025
Operating Revenue	\$296,716	\$309,453	\$460,287	\$380,092
Operating Expenses	273,994	296,230	320,211	336,526
Net Operating Income	22,722	13,223	140,076	43,566
Depreciation	25,556	23,825	-	-
Adjusted Net Operating Revenue	\$48,278	\$37,048	\$140,076	\$43,566

Outstanding Indebtedness June 30, 2026:

	Original Amount	Outstanding Amount
Improvement Bonds	\$3,471,290	\$2,539,045
Total	\$3,471,290	\$2,539,045

The average annual payment of all outstanding debts including this request is \$260,486 which is \$328 per resident.

Population and Employment

The City of Harwood is located in Cass County, 8 miles north of Fargo on Interstate 29. Based on the 2020 census, the total population is 794; this is an increase of 76 from the 2010 census. The largest employers in the City are Jet-Way (industrial) employs 30, Ellingson Companies (agriculture) 30, and CHS Dakota Plains Ag (agriculture) has approximately 20 employees.

West Fargo K-12 School Enrollment:

				<i>Projected</i>
2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
12,491	12,676	12,995	13,211	13,450

The City's 2025 taxable valuation was \$5,027,368. This is an increase of \$1,410,501 from the 2021 taxable valuation.

Property Tax Levies and Collections as of 7/31/2026:

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2025	\$225,657	\$207,179	92%
2024	\$258,017	\$239,492	93%
2023	\$290,192	\$271,725	94%

Special Assessments Certified for Collection as of 7/31/2026:

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected
2025	\$298,855	\$295,680	99%
2024	\$299,780	\$298,080	99%
2023	\$301,724	\$300,775	100%

City of Harwood Mill Levy History:

Year	City	School	Park District	State and County	Other	Total for Each Year
2025	58.01	144.68	9.88	46.73	2.76	262.06
2024	55.69	129.42	10.67	45.00	7.51	248.29
2023	62.11	129.53	10.19	45.00	9.14	255.97
2022	69.82	136.10	10.04	47.00	8.74	271.70
2021	76.38	143.16	10.04	47.75	9.13	286.46



Memorandum

TO: DeAnn Ament, Executive Director
North Dakota Public Finance Authority

FROM: PFM Financial Advisors LLC

DATE: September 10, 2026

RE: Marketplace Analysis - Drinking Water State Revolving Fund Program
City of Harwood

The City of Harwood (the “City”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$1,320,000 loan under the Drinking Water State Revolving Fund Program (“DWSRF Program”). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds for reconstruction of the north water main loop and construction of a new section that connects the two dead ends.

The municipal securities to be acquired by the Authority will be revenue bonds payable with city sales tax dedicated to the infrastructure. The proposed term of the loan is 30 years with a subsidized interest rate of 1.50%. The City’s average annual payment under the proposed loan will be approximately \$55,008, indicating a 110% net revenue coverage requirement of approximately \$60,508. The City will be required to deposit \$60,900 into a reserve fund with payments of \$12,180 per year for the first five years of the loan. The city sales tax dedicated to infrastructure has excess of approximately \$151,253, \$211,289, \$244,601, \$269,138 and \$315,427 for 2021-2025, respectively. The current 2% city sales tax dedicated to infrastructure will be sufficient to meet the 110% net operating coverage requirement.

As of June 30, 2026, the City has \$2,539,045 of Improvement Bonds outstanding.

Funding the construction of the City’s improvements has been included in a list of approved uses as prepared and updated by the Department. As an authorized participant in the DWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the DWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker
Bank of North Dakota

Date: August 21, 2026

RE: City of Harwood
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$1,320,000 loan to the City of Harwood under the Drinking Water State Revolving Fund (DWSRF). The entire cost of the project is \$1,367,460, with Department of Water Resources providing a \$47,460 state cost-share grant.

The project will reconstruct the north water main loop and construct a new section to connect two dead ends within the current system. The requested loan term is 30 years. The City will issue a revenue bond payable with city sales tax collections. The annual payment will average \$55,008.

Sales Tax Collections:

The City collects 2% city sales tax which is dedicated to infrastructure. The current 2% city sales tax collections will provide sufficient coverage for the proposed loan.

	2021	2022	2023	2024	2025
2% Sales Tax Collections	\$ 206,261	\$ 266,297	\$ 299,609	\$ 324,146	\$ 370,435
SRF Debt Requirements	\$ 55,008	\$ 55,008	\$ 55,008	\$ 55,008	\$ 55,008
Excess Sales Tax	\$ 151,253	\$ 211,289	\$ 244,601	\$ 269,138	\$ 315,427

Water & Sewer Fund:

The City currently provides service to 288 residential connections that pay a monthly water base rate of \$14.28 and a monthly sewer base rate of \$46.50. The City also provides service to 18 commercial water connections that pay a monthly water base rate of \$23.75 and 15 commercial sewer connections that pay a monthly sewer base rate of \$53.50. In addition, all water connections pay a volume charge of \$9.50 per 1,000 gallons, with residential connections paying the volume charge for usage in excess of 2,000 gallons.

Water and Sewer Fund	2021	2022	2023
Operating Revenue	306,028	296,716	309,453
Operating Expenses	-268,794	-273,994	-296,230
Net Operating Revenue	37,234	22,722	13,223
Plus: Depreciation	25,556	25,556	23,825
Adjusted Net Operating Income	62,791	48,278	37,048

Outstanding Debt (as of June 30, 2026):

	Original Amount	Current Balance
Improvement Bonds	3,471,290	2,539,045
	3,471,290	2,539,045

Average annual debt service requirements are estimated at \$260,486, which is an average of \$328.07 per resident.

Historical census populations for the City of Harwood were 794 in 2020, 718 in 2010 and 607 in 2000. The largest employers in the City are Jet-Way, Ellingson Companies and CHS Dakota Plains Ag.

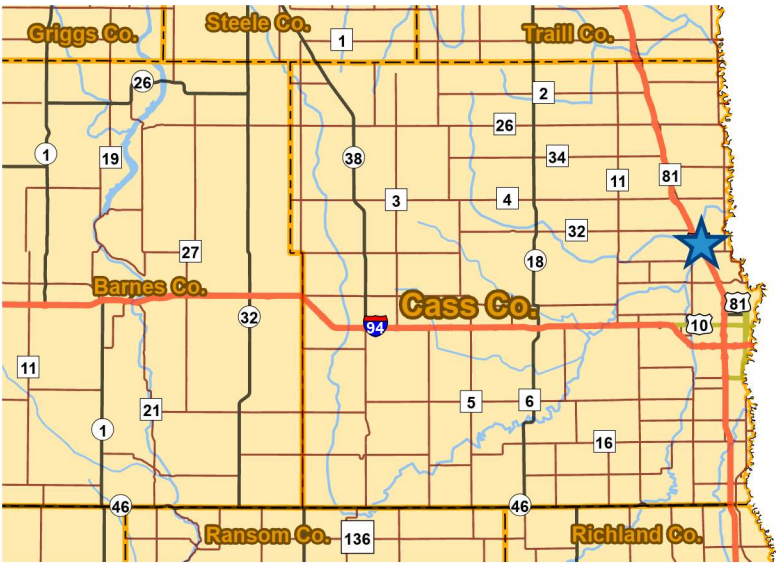
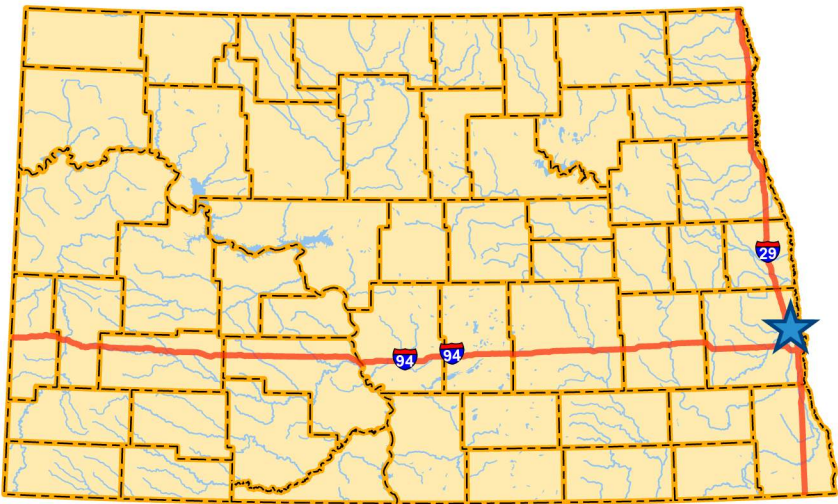
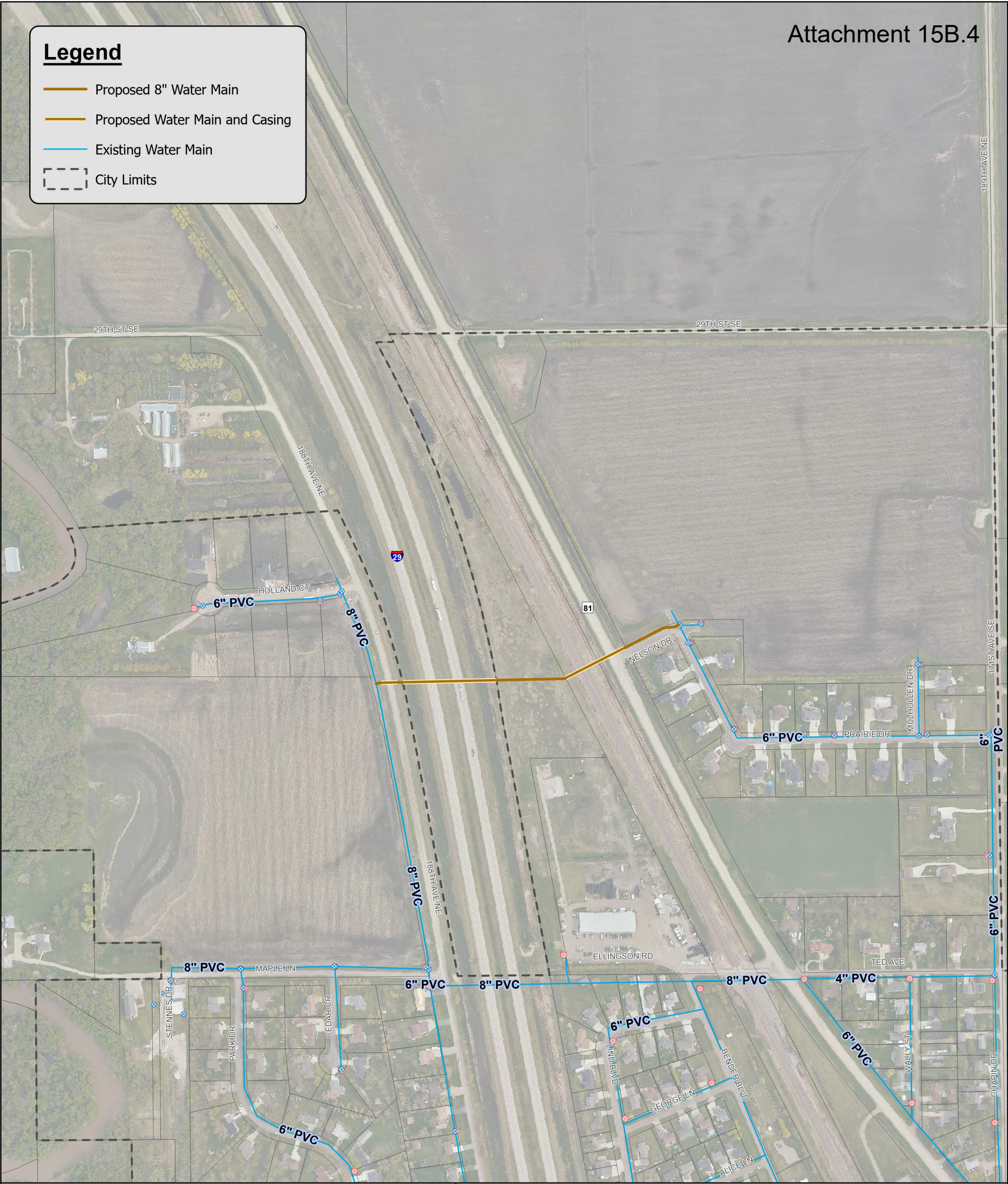
Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.

Kylee Merkel

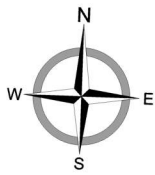
Kylee Merkel
Business Banker

Legend

- Proposed 8" Water Main
- Proposed Water Main and Casing
- Existing Water Main
- City Limits



NORTH WATER MAIN LOOP
HARWOOD, NORTH DAKOTA



Memorandum

To: Public Finance Authority Advisory Committee

From: DeAnn Ament, Executive Director

Date: August 14, 2026

Re: City of Washburn
Drinking Water State Revolving Fund

Purpose of the Project:

Identify, remove and replace any known lead service lines with PVC water mains.

Project Cost:

DWSRF Request	\$732,000
DWSF Loan Forgiveness	(483,120)
Net DWSRF Loan	\$248,880

Population to Benefit from the Project: 113

Population Served by the System: 1,300

The requested term for the Drinking Water State Revolving Fund (DWSRF) loan is 20 years. The City will issue \$248,880 revenue bonds payable with water revenues. The net average annual payment on the loan will be approximately \$12,444. The debt reserve requirement will be \$15,000 and the 110% coverage requirement will be \$13,688.

Water Rates:

The City has 531 residential and 69 commercial water users paying a fixed monthly water base rate of \$40.95 for the first 2,000 gallons and a volume charge of \$6.50/1,000 gallons thereafter.

Water Fund Net Operating Coverage:

			Unaudited	Proforma
	2023	2024	2025	2025
Operating Revenue	\$516,922	\$583,686	\$611,732	\$611,732
Operating Expenses	528,104	602,559	328,435	328,435
Net Operating Revenue (Expense)	(11,182)	(18,873)	283,297	283,297
Capital Improvement Expensed	-	80,000 ¹	-	-
Depreciation	274,500	279,093	-	-
Adjusted Net Operating Revenue	\$263,318	\$340,220	\$283,297	\$283,297
Revenue Bond Payments	\$264,500	\$259,425	\$254,450	\$135,500 ²
Net Operating Coverage	100%	131%	111%	209%
Proforma DWSRF Payment				\$ 12,444
Proforma Net Operating Coverage				191%

¹ The City expensed the removal of an old water tower.

² The DWSRF loan for the water treatment plant was paid off in 2025.

The existing revenues will generate sufficient net operating revenue to meet the required net operating coverage requirement.

Outstanding Indebtedness December 31, 2025:

	Initial Amount	Outstanding Balance
Improvement Bonds³	\$ 10,665,960	\$ 6,111,962
Revenue Bonds³	4,881,670	895,000
	\$ 15,547,630	\$ 7,006,962

³ All payments have been made as agreed. The City has one Clean Water State Revolving Fund (CWSRF) and two DWSRF loans with \$2,640,000 outstanding.

The average annual payment of all outstanding debt including this request is \$923,577 or \$710 per resident.

Population and Employment

The City of Washburn is located in McLean County 42 miles north of Bismarck on US Highway 83. Based on the 2020 census, the total population is 1,300; this is an increase of 54 from the 2010 census. The largest employers in the City are McLean County with 69 employees, Washburn School District employs 68 and RDO, Inc (agriculture sales) has approximately 27 employees.

Washburn K-12 School Enrollment:

<i>Projected</i>				
2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
321	331	348	357	350

The City's 2025 taxable valuation was \$5,609,080. This is an increase of \$781,980 over the 2021 taxable valuation.

Property Tax Levies and Collections as of 4/30/2026:

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2025	1,105,143	999,440	90%
2024	1,138,528	1,089,976	96%
2023	1,117,079	1,099,880	98%

Special Assessments Certified for Collection as of 4/30/2026:

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected
2025	\$714,197	\$630,015	88%
2024	\$725,044	\$689,066	95%
2023	\$732,845	\$719,786	98%

City of Washburn Mill Levy History:

Year	City	School	Park District	State and County	Other	Total for Each Year
2025	72.31	140.95	41.81	70.00	20.75	345.82
2024	88.93	135.54	42.80	70.44	20.00	357.71
2023	76.82	119.07	39.71	66.60	19.58	321.78
2022	78.00	86.00	37.12	69.33	14.53	284.98
2021	64.98	79.97	36.57	69.67	17.98	269.17

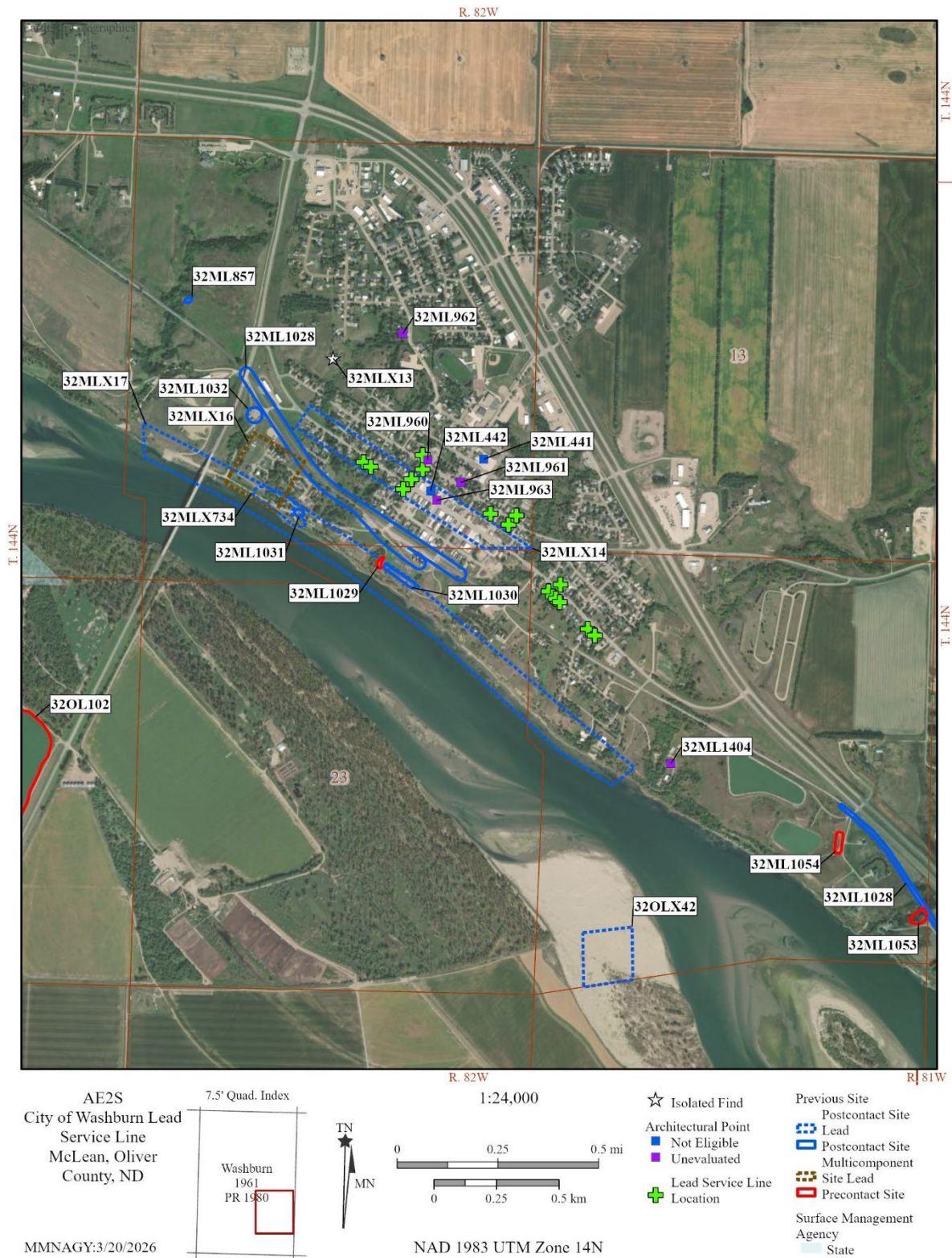


Figure 1: Recorded cultural resources, cultural resource investigations, and lead service line replacement locations (APE) depicted on aerial imagery at 1:24,000.



Memorandum

To: Public Finance Authority Advisory Committee
 Miles Silbert, Public Financial Management, LLC
 Kylee Merkel, Bank of North Dakota

From: DeAnn Ament, Executive Director

Date: August 25, 2026

Re: City of Williston
 Drinking Water State Revolving Fund

Purpose of the Project:

Identify, remove and replace any known lead service lines with PVC water mains.

Project Cost:

DWSRF Request	\$2,000,000
Loan Forgiveness	1,320,000
Net DWSRF Loan	\$ 680,000

Population to Benefit from the Project: 238

The requested term for the Drinking Water State Revolving Fund (DWSRF) loans is 30 years. The City will issue revenue bonds payable with water revenues. The net average annual payment for the revenue bonds will be \$22,667. The 110% coverage requirement will be \$24,933 and the required debt service reserve will be \$25,000.

Water Rates:

The City has 5,776 residential and 1,401 commercial water users. The monthly fixed rate for residential ranges from \$8 to \$16 and for commercials from \$8 to \$70 depending upon pipe size. The volume rate for residential is \$3.21/748 gallons and commercial is \$3.30/748 gallons except during summer months when both pay \$2.48/748 gallons.

Water Fund Net Operating Coverage:

	2022	2023	2024	Unaudited 2025
Operating Revenue	\$10,059,155	\$11,517,810	\$12,231,499	\$13,181,994
Operating Expenses	12,997,198	14,083,788	13,701,242	10,295,366
Net Operating Income (Loss)	(2,938,043)	(2,565,978)	(1,469,743)	2,886,628
Depreciation & Amortization	4,164,145	4,197,459	4,308,115	170,852
Adjusted Net Operating Revenue	\$1,226,102	\$1,631,481	\$2,838,372	\$3,057,480
Revenue Bond Payments	\$725,753	\$689,574	\$648,956	\$492,652
Net Operating Coverage	169%	237%	437%	621%
Proforma DWSRF Payment	\$22,667	\$22,667	\$22,667	\$22,667
Proforma Net Operating Coverage	164%	229%	423%	593%

The existing revenues will generate sufficient net operating revenue to meet the required net operating coverage requirement.

Outstanding Indebtedness December 31, 2025:

	Original Amount	Outstanding Amount
Revenue Bonds ¹	\$265,982,172	\$185,011,672
Lease Purchase	30,000,000	27,365,000
Improvement Bonds	60,970,000	33,475,000
Total	\$356,952,172	\$245,851,672

¹ All payments have been made as agreed. The City has one Clean Water State Revolving Fund (CWSRF) loan and one DWSRF loan with an outstanding balance of \$69,055,000.

The average annual payment of all outstanding debt including this request is \$21,943,359 which is \$753 per resident.

Population and Employment

The City of Williston is located in Williams County 18 miles from the Montana border and 60 miles from the Canadian border. Based on the 2020 census, the total population is 29,160; this is an increase of 14,444 from the 2010 census. The largest employers in the City are Halliburton, Nabors Drilling, and CalFrac Well Service.

Williston K-12 School Enrollment:

<i>Projected</i>				
2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
5,001	5,139	5,292	5,198	5,200

The City's 2025 taxable valuation was \$167,274,589. This is an increase of \$37,024,179 from the 2021 taxable valuation.

Property Tax Levies and Collections as of 8/17/2026:

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2025	\$6,413,180	\$6,397,874	100%
2024	\$6,210,652	\$6,171,915	99%
2023	\$5,944,442	\$5,556,271	93%

Special Assessments Certified for Collection as of 8/17/2026:

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected
2025	\$4,087,673	\$3,796,648	93%
2024	\$4,100,021	\$3,937,797	96%
2023	\$4,166,770	\$4,019,282	96%

City of Williston Mill Levy History:

Year	City	School	State and County	Other	Total for Each Year
2025	38.34	111.75	28.05	3.69	181.83
2024	41.67	103.67	29.52	3.84	178.70
2023	43.18	94.28	31.63	4.21	173.30
2022	42.91	95.09	33.21	2.78	173.99
2021	41.52	95.01	33.21	2.22	171.96



45 South 7th Street
Suite 2950
Minneapolis, MN 55402

612.338.3535
612.338.7264 Fax
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Memorandum

TO: DeAnn Ament, Executive Director
North Dakota Public Finance Authority

FROM: PFM Financial Advisors LLC

DATE: September 10, 2026

RE: Marketplace Analysis - Drinking Water State Revolving Fund Program
City of Williston

The City of Williston (the “City”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$2,000,000 loan of which \$1,320,000 is loan forgiveness, for a total loan of \$680,000 under the Drinking Water State Revolving Fund Program (“DWSRF Program”). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to identify, remove and replace any known lead service lines with PVC water mains.

The municipal securities to be acquired by the Authority will be revenue bonds payable from water fund revenues. The City’s average annual payment under the proposed loan will be approximately \$22,667 indicating a 110% net revenue coverage requirement of approximately \$24,933. The City will be required to deposit \$25,000 into a reserve fund with payments of \$5,000 per year for the first five years of the loan. Proforma net operating coverage of the water fund was 1.64x, 2.29x, 4.23x, and 5.93x for 2022-2025, respectively. The existing net operating revenues will be sufficient to meet the 110% coverage requirement.

As of December 31, 2025, the City has \$185,011,672 of Revenue Bonds, \$33,475,000 of Improvement Bonds and a \$27,365,000 Lease Purchase outstanding. The City has one CWSRF and one DWSRF loan with an outstanding total balance of \$69,055,000. The City is current in its payments for its outstanding Authority loans.

Funding the construction of the City’s improvements has been included in a list of approved uses as prepared and updated by the Department. As an authorized participant in the DWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the DWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker
Bank of North Dakota

Date: September 1, 2026

RE: City of Williston
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$2,000,000 loan to the City of Williston under the Drinking Water State Revolving Fund (DWSRF). The project is eligible for \$1,320,000 of DWSRF loan forgiveness, making the net loan amount \$680,000.

The project will identify, remove and replace lead service lines with PVC water mains. The requested loan term is 30 years. The City will issue a revenue bond payable with water user fees. The annual payment will average \$22,667.

Water Fund Net Operating Coverage:

Water Fund	2022	2023	2024	Projected
Operating Revenue	10,059,155	11,517,810	12,231,499	12,231,499
Operating Expenses	-12,997,198	-14,083,788	-13,701,242	-13,701,242
Net Operating Revenue	-2,938,043	-2,565,978	-1,469,743	-1,469,743
Plus: Depreciation	4,164,145	4,197,459	4,308,115	4,308,115
Adjusted Net Operating Income	1,226,102	1,631,481	2,838,372	2,838,372
Current Debt Service	725,753	689,574	648,956	648,956
Proposed Debt Service				22,667
Total Debt Service				671,623
Debt Service Coverage	169%	237%	437%	423%

The City currently serves 5,776 residential connections and 1,401 commercial connections. Monthly base rates range from \$8 to \$70 based on size of meter. In addition, the City assesses a volume charge of \$3.21 per 748 gallons for residential connections and \$3.30 per 748 gallons for commercial connections. The existing revenues will generate sufficient coverage to service the existing and proposed debt service requirements.

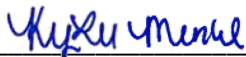
Outstanding Debt (as of December 31, 2025):

	<u>Original Amount</u>	<u>Current Balance</u>
Improvement Bonds	60,970,000	33,475,000
Lease Purchase	30,000,000	27,365,000
Revenue Bonds	265,982,172	185,011,672
	356,952,172	245,851,672

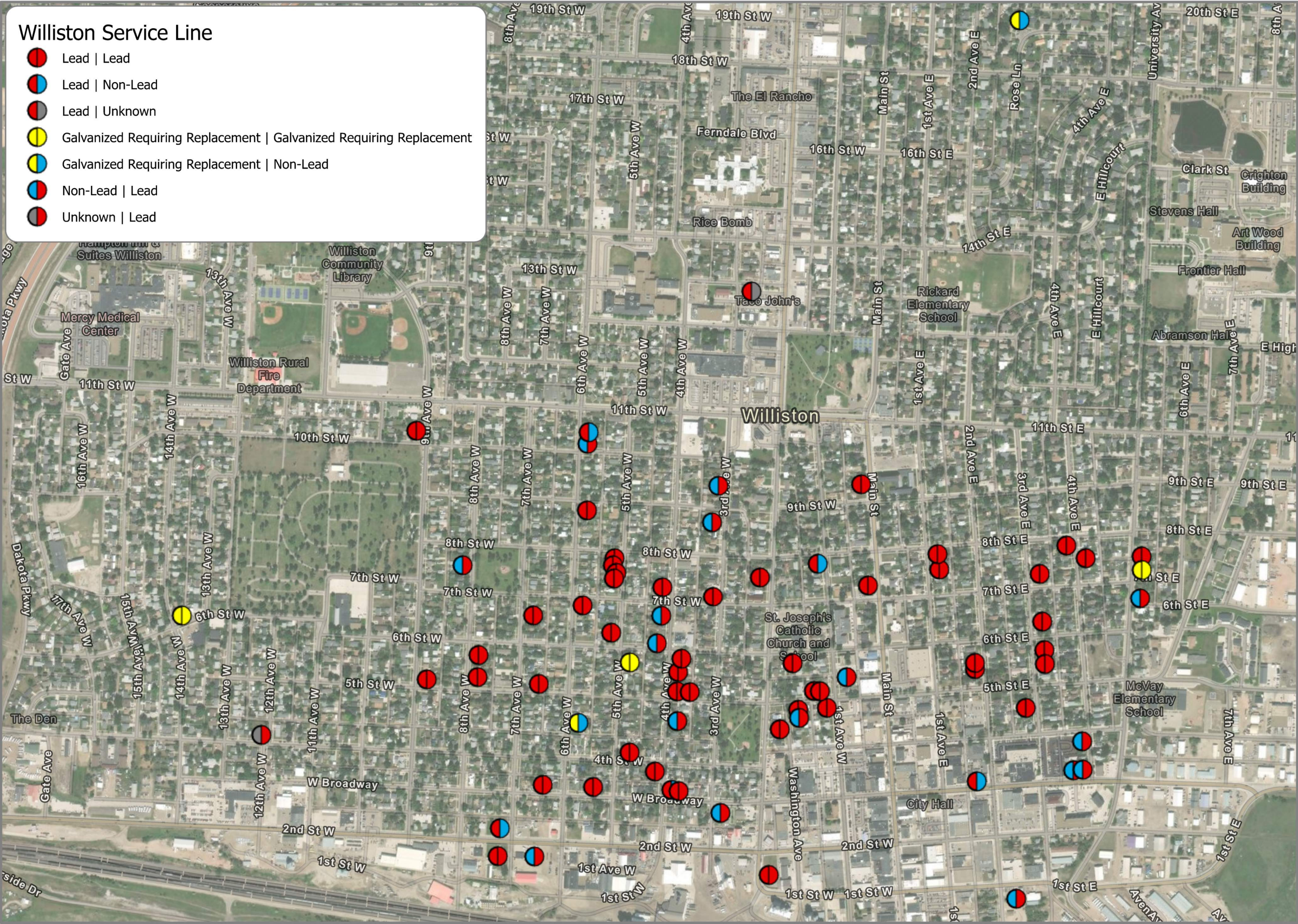
Average annual debt service requirements are estimated at \$21,943,359, which is an average of \$752.52 per resident.

Historical census populations for the City of Williston were 29,160 in 2020, 14,716 in 2010 and 12,512 in 2000. The largest employers in the City are Halliburton, Nabors Drilling and CalFrac Well Service.

Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.



Kylee Merkel
Business Banker



0 350 700
Feet
1 inch equals 700 feet

Locator Map Not to Scale

Williston
Williams County, ND

WILLISTON LEAD & GALVANIZED SERVICE LINES

WILLISTON

Date: 7/16/2026

CITY OF
WILLISTON

AES₂

Information depicted may include data unverified by AE2S. Any reliance upon such data is at the user's own risk. AE2S does not warrant this map or its features are either spatially or temporally accurate.
Coordinate System: NAD 1983 2011 Contiguous USA Albers | Edited by: Clidenberg | C:\Data\Projects\Nasuni\N\North Dakota\10651-2025-018\GIS\ND LCRR Compliance - Williston - Mapping and Analysis.aprx | Williston Lead Service Line Figure



Industrial Commission

QUARTERLY REPORT
9.22.2026





Our Vision

To bridge the gap between scientific discovery and social benefit.

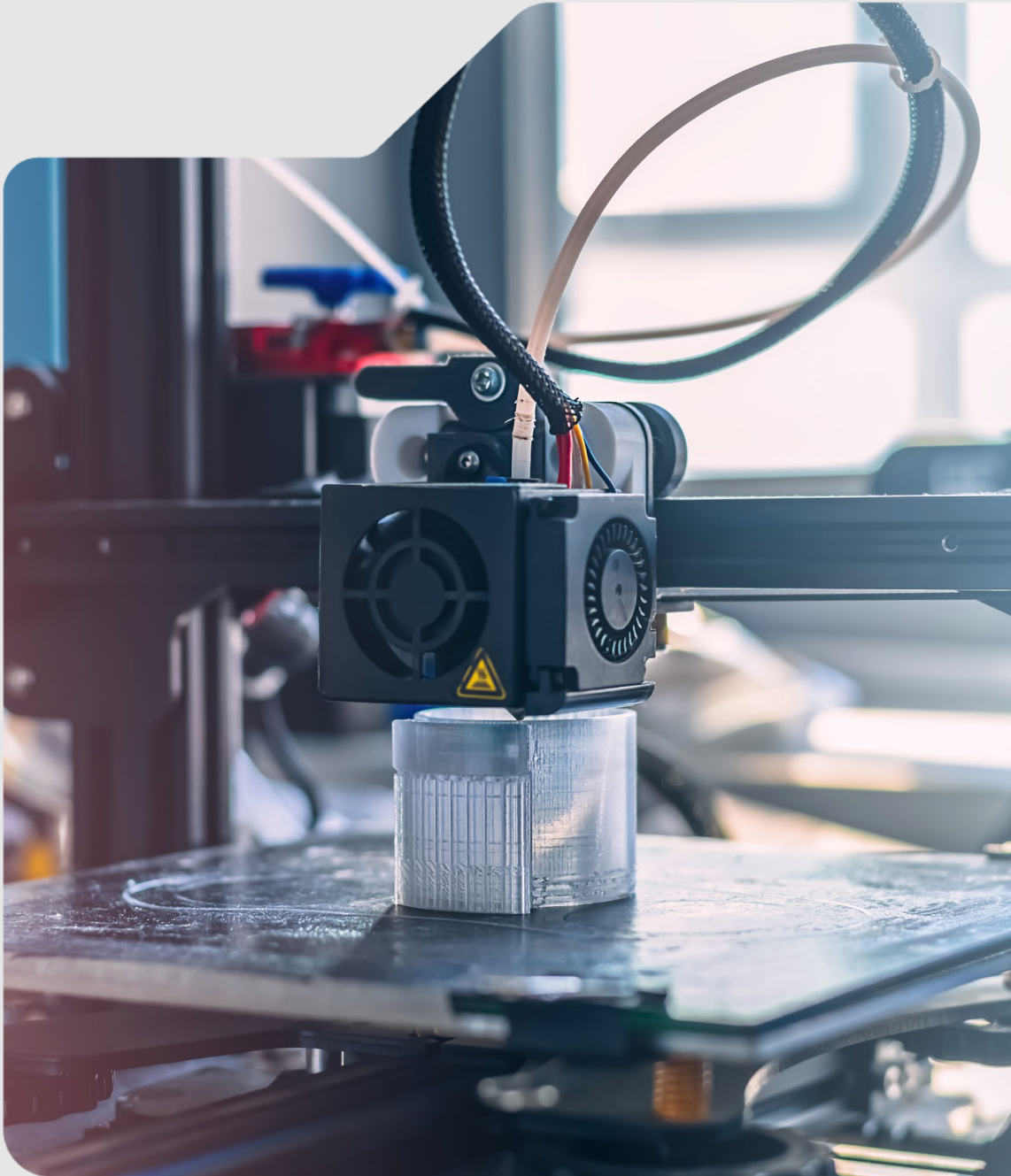
Our Mission

We deliver transformative technology solutions that secure our world and sustain our future.

Our Governance

As a 501 c (3) non-profit organization, NDeavor is governed by a board of directors.





SB2256

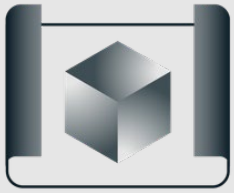
Established the Research Technology Park Grant Program to:

- Accelerate commercialization in precision agriculture, defense, and energy.
- Focus on Technical Readiness Levels 4–7 to ensure core components are accelerated and matured, validated, and evolve to market readiness of innovative technologies.
- Key outcomes: advanced technological capabilities, intellectual property (IP) generation, robust industry partnerships, economic growth, innovation, and workforce development.



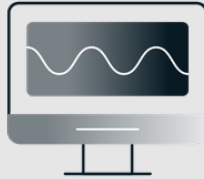
Project Plan Overview

Building production-grade capabilities around core technologies is essential to maintaining and growing North Dakota's competitive advantage.



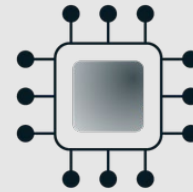
Agile Technology Acceleration

Rapidly advance prototypes into resilient, production-grade technologies.



Strategic Infrastructure & Operations

Build advanced labs and secure systems that support safe, compliant, and scalable technology development.



Talent Development

Recruit, train, and retain a robotics and AI-focused workforce prepared to lead in dual-use innovation.



Intellectual Property

Create and translate research into protected, market-ready products that drive new business creation and economic growth.

Organizational Goals

Three pillars guiding our work



01

People

Build the NDeavor team,
culture, and brand



02

Growth

Advance strategic opportunities
that scale the organization



03

Foundation

Align infrastructure and
systems to our mission



Impact

PROGRESS UPDATE

- Participated in Civic Leaders Day at Camp Grafton South, June 4
- Hosted Governor's School, June 8 – July 2
- Facilitated Robotics Camp for K-12 educators, August 12-14
- Hosted NDSU Honor's College for an Innovation Day, August 19
- Participated in the Lubrect Experimental Forest Testing and Demo near Missoula Montana, September 8-9
- Preparing for Western North Dakota Search and Rescue exercise participation at Louis and Clark State Park, September 29-30
- Product Development activities (ongoing)
- Hired and onboarded VP of Finance
- Hired and onboarded Program Manager, AgTech



Governor's School Students Move From STEM Concepts to Hands-On Prototyping

- NDeavor supported North Dakota Governor's School by giving high-achieving STEM students access to the Innovation Studio and hands-on guidance from our team.
- Over the course of a month, students used the Studio to move beyond classroom concepts and work through the practical process of building, testing, adjusting, and improving their projects.
- This engagement helped expose students to applied engineering, prototyping, and problem-solving in an environment designed to move ideas toward real-world use.



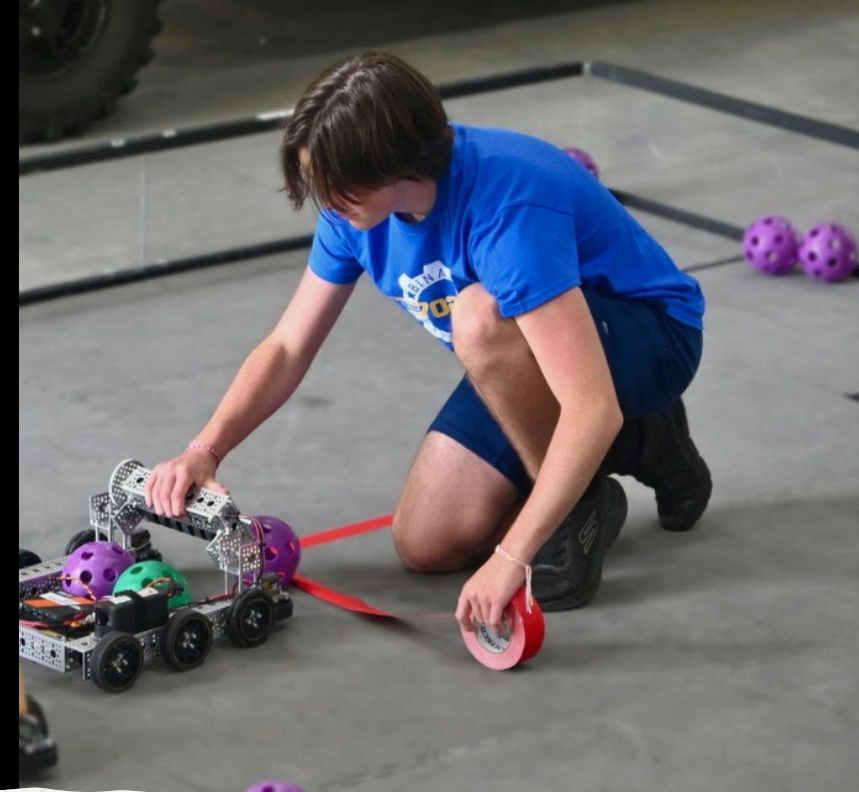
"Building up Bison" Workshop Stretches College of Business Students' Thinking

- During a day of programming at NDeavor, students were challenged to turn technical complexity into clear business value.
- The session gave students access to technical thinkers, emerging technologies, and a communication challenge that mirrors what happens inside modern organizations.
- NDeavor impact: helping students build workforce-relevant skills and strengthening the innovation ecosystem that supports the region's future.

Student remarks:

“Through thoughtful discussion and a hands-on activity, we gained valuable insight into the importance of adaptability, creativity, and problem-solving in today's business world.”





Goal

Building the Robotics capacity, resources, and infrastructure needed to drive enrollment at NDSU, create a future workforce, and solve industry/military problems.

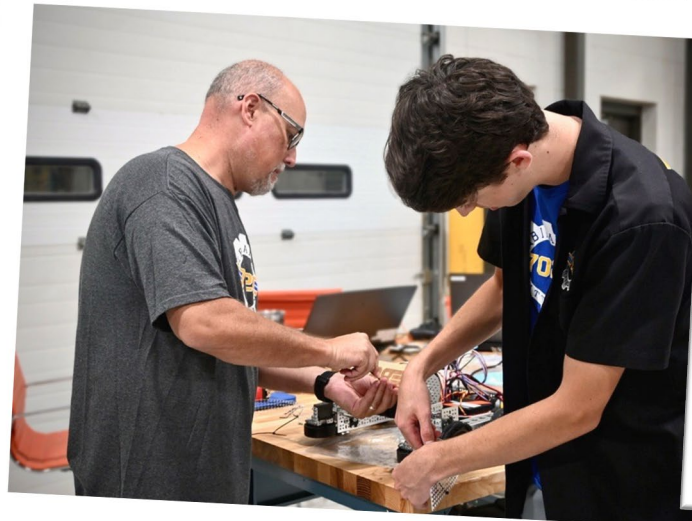
- On September 12, robotics kickoff events were hosted at both NDeavor and Offerdahl, with more than 100 students, parents, coaches, and team members expected to participate.
- Provide tours of the Studio to participating teams, introducing them to fabrication resources, equipment, and opportunities for future use.
- Host or support additional Robotics Learning Days on October 17 and November 14, creating recurring opportunities for teams, mentors, parents, and students to develop skills and work together.
- Participate in and support robotics scrimmages in December, providing another opportunity for teams to test, learn, compete, and prepare for the season.

Developing the Robotics Community



Robotics Camp for K-12 Educators

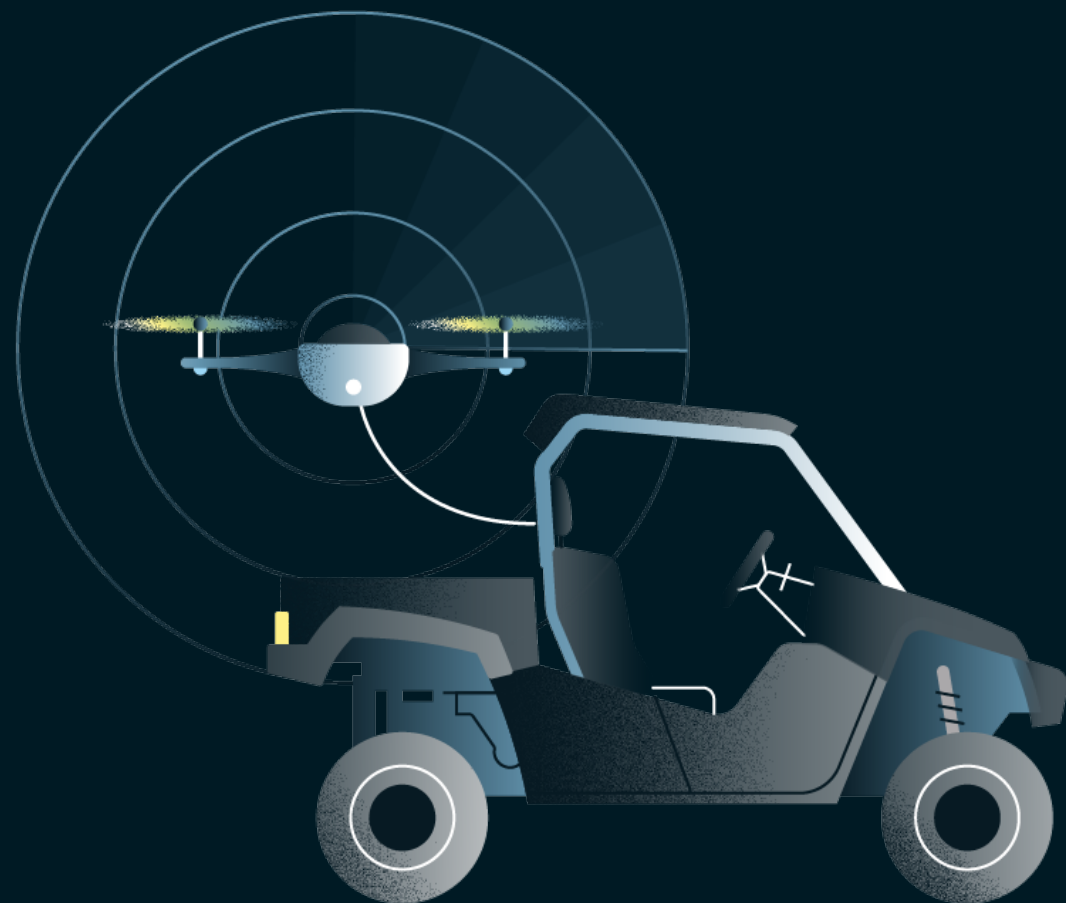
- NDeavor is addressing a critical gap in K-12 STEM education by expanding educator access to advanced tools, applied learning environments, and sustainable program models.
- Our workshops translate directly into stronger STEM instruction and clearer pathways from the classroom to technical careers.
- The program is expected to train 20-30 educators across North Dakota during FY26, with an estimated reach of more than 1,500 students through classroom implementation and robotics team participation.



Honors College Students Build Community Through Innovation at NDeavor

- The inaugural NDSU Honors College cohort is part of a new academic experience built around bold ideas, interdisciplinary collaboration, and a purposeful living-learning community.
- Students joined us for a day built around a question we think about often at NDeavor: **How do you turn an idea into something that solves a real problem?**
- What they left with was more than something they made. They experienced a process they can carry forward: **understand the problem, build something with purpose, put it to use, and keep learning from what happens next.**





From Prototype to
Advancing the TRL





ND	ND	ND/ID	ND	OK	ND	ND	ND
SAR Exercise	SAR Exercise	JTAC Exercise	DES/JOC Tour	SAR Exercise	SAR Exercise	Civic Leaders Day	SAR Exercise
September	October	December	December	April	April	June	September



Semi-Autonomous UTV

Alpha definition: get something into a customer's hands to learn if it solves a real, high-value problem in use without NDeavor.

Key Operations

Perform the operations our target markets require

Top 2-3 Use Cases

Validate over a several-month focus

Alpha Criteria

Customer value, feasibility, adoption path, business viability

OUTCOMES

01 Advance the Alpha toward Beta

02 Pivot features based on feedback

03 Pursue a new opportunity



NDeavor semi-autonomous UTV in field testing

Recall Capability Roadmap

APRIL 2026

- AI listens to radio traffic and converts speech to text transcriptions
- Users can perform audio play back
- AI generates alerts based on the transcripts
- AI can watch for TAK GPS locations of assets
- Asset table shows where people are and when they last spoke
- Users can ask questions about the operation

SEPTEMBER 2026

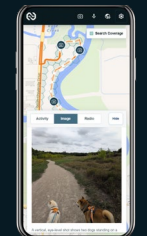
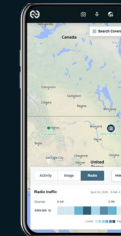
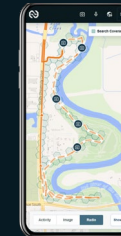
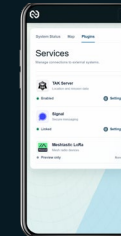
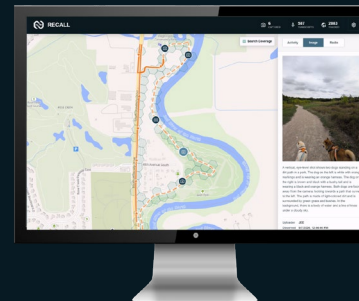
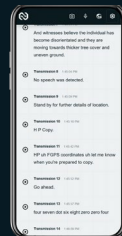
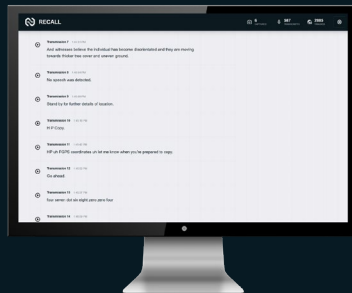
- April feature set is included
- AI watches drone and TAK video feeds
- AI looks at pictures sent over TAK
- AI can check weather and other search functions
- Digital "Common Operating Picture" to help AI make recommendations
- AI fills out FEMA Incident Command System forms
- Search video, images, audio, or transcripts in real time or after action

ASK THE OPERATION

What happened in the last 10 minutes?

Where is the NDeavor search team?

Where was the red hat found?





NDEAVOR

Bold vision, boundless impact

This report was prepared by the NDSU Research & Technology Park, Inc. DBA NDeavor Barry D. Batcheller Tech Park pursuant to an agreement partially funded by the Industrial Commission of North Dakota. Neither the NDSU Research & Technology Park, Inc., its subcontractors, the Industrial Commission of North Dakota, nor any person acting on behalf of them:

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**North Dakota Mill
Review of Operations
4th Quarter Ended June 30, 2026
Pre-Audit**

SUMMARY

Operations in the 4th Quarter led to a profit of \$8,969,843 compared to a profit of \$9,164,367 in last year's 4th Quarter. For the year we had a profit of \$26,341,857 compared to \$26,694,411 last year.

	<u>Quarter</u>		<u>Year to date</u>	
	<u>6/26</u>	<u>6/25</u>	<u>6/26</u>	<u>6/25</u>
Profits	\$8,969,843	\$9,164,367	\$26,341,857	\$26,694,411
Sales	110,990,314	118,201,365	456,681,029	476,072,638
Cwt. Shipped				
Spring	4,241,326	4,420,734	17,372,204	17,221,266
% to Total	93.3%	92.1%	92.5%	91.8%
Durum/Blends	<u>303,583</u>	<u>380,299</u>	<u>1,411,123</u>	<u>1,530,426</u>
Total	<u>4,544,909</u>	<u>4,801,033</u>	<u>18,783,327</u>	<u>18,751,692</u>
Bulk Shipments	3,756,818	3,991,547	15,443,442	15,567,868
% to Total	82.7%	83.1%	82.2%	83.0%
Bag Shipments	759,911	769,882	3,171,744	3,013,587
% to Total	16.7%	16.1%	16.9%	16.1%
Tote Shipments	28,180	39,604	168,141	170,237
% to Total	.6%	.8%	.9%	.9%
Family Flour Shipments	141,293	166,049	649,857	603,213
% to Total	3.1%	3.5%	3.5%	3.2%
Organic Flour Shipments	37,250	28,847	121,514	118,671
% to Total	.8%	.6%	.6%	.6%

Grain Purchased:

Spring	9,610,348	9,590,814	36,717,586	36,748,525
Durum	<u>707,458</u>	<u>927,417</u>	<u>3,125,940</u>	<u>3,598,822</u>
Total	<u>10,317,806</u>	<u>10,518,231</u>	<u>39,843,526</u>	<u>40,347,347</u>

SALES

4th Quarter

Sales for the 4th Quarter were \$110,990,314 compared to \$118,201,365 last year. Shipments of 4,544,909 cwts. are 256,125 cwts. less than last year's 4th Quarter. Bag shipments for the 4th Quarter are 759,911 cwts. compared to 769,882 cwts. last year. Tote shipments are 28,180 cwts. compared to 39,604 cwts. last year. Family flour shipments of 141,293 cwts. is 24,756 cwts. lower than last year's 4th Quarter. Organic flour shipments of 37,250 cwts. is 8,403 cwts. above last year.

Year-to-Date

Sales for the fiscal year came in at \$456,681,029. This is 4.1% less than last year. The price of grain settled is \$.37 per bushel less than last year. Shipments of 18,783,327 cwts. are 31,636 cwts. more than last year. Year-to-date bag shipments are 3,171,744 cwts. or 158,157 cwts. more than last year. Year-to-date tote shipments are 168,141 cwts. compared to 170,237 cwts. last year. Family flour shipments for the year are 649,857 cwts., which is a 7.7% increase from last year. Organic flour shipments are 121,514 cwts. compared to 118,671 cwts. last year.

OPERATING COSTS

4th Quarter

Operating costs for the 4th Quarter are \$11,645,459 compared to \$15,233,074 last year, a decrease of 23.6%. The mill experienced a pension gain of \$2,274,231 in the last fiscal year compared to a \$718,610 pension gain last fiscal year. Operating cost per cwt. of production is \$2.64 compared to \$3.20 last year, a decrease of 17.5%.

Year-to-Date

Year-to-date operating costs are \$53,740,197 compared to \$55,827,756 last year, a decrease of \$2,087,559. Operating costs per cwt. of production for the year are \$2.88 compared to \$2.99 last year.

PROFITS

4th Quarter

For the 4th Quarter we experienced a profit of \$8,969,843 compared to a profit of \$9,164,367 last year. Gross margins as a percentage of gross sales for the Quarter were 19.2% compared to 21.3% last year, a decrease of 2.1%.

Year-to-Date

For the year we had a profit of \$26,341,857 compared to profits of \$26,694,411 last year. Gross margins as a percentage of gross sales for the year were 18.3% compared to 18.2% last year, an increase of .1%.

Risk Management Position

The table below shows our hedge ratio by futures month going forward. A hedge ratio shows the relationship between our net cash position and our futures position. The mill does remain at risk for the basis.

Position Report 30-June-26

Period		Hedge Ratio
Sep-26		1.0
Dec-26		1.0
Mar-27		1.0
Net Position		1.0

cc: Cathy Dub, President & CEO



North Dakota Mill

Quarterly Income Statement Summary

For the Twelve Months Ending Tuesday, June 30, 2026

	4th Qtr				Fiscal Year				Fiscal Year			
	Jun 2026	Jun 2025	Change		2026	2025	Change		2026	2025	Change	
GROSS SALES	\$110,990,314	\$118,201,365	(\$7,211,051)		\$456,681,029	\$476,072,638	(\$19,391,610)					
SALES DEDUCTIONS	(24,659,575)	(25,814,030)	1,154,455		(99,471,638)	(100,114,382)	642,744					
NET SALES	\$86,330,738	\$92,387,335	(\$6,056,597)		\$357,209,391	\$375,958,256	(\$18,748,865)					
COGS	(\$65,056,198)	(\$67,226,816)	\$2,170,618		(\$273,807,479)	(\$289,413,324)	\$15,605,845					
GROSS MARGIN	\$21,274,540	\$25,160,519	(\$3,885,978)		\$83,401,912	\$86,544,932	(\$3,143,021)					
Gross Margin	19.2%	21.3%	-2.1%		18.3%	18.2%	0.1%					
OPERATING EXPENSES												
PRODUCTION	(\$11,262,309)	(\$13,030,218)	\$1,767,909		(\$45,139,008)	(\$45,559,299)	\$420,292					
QUALITY CONTROL	(386,159)	(466,181)	80,022		(1,636,311)	(1,628,504)	(7,807)					
MARKETING	(690,317)	(769,838)	79,521		(3,028,271)	(3,134,486)	106,215					
GENERAL & ADMIN	693,326	(966,837)	1,660,163		(3,936,607)	(5,505,467)	1,568,860					
TOTAL OPERATING EXPENSES	(\$11,645,459)	(\$15,233,074)	\$3,587,615		(\$53,740,197)	(\$55,827,756)	\$2,087,559					
per cwt production	\$2.64	\$3.20	-\$0.56		\$2.88	\$2.99	-\$0.11					
OPERATING INCOME	\$9,629,082	\$9,927,445	(\$298,363)		\$29,661,715	\$30,717,177	(\$1,055,461)					
OTHER INCOME	\$142,399	\$123,281	\$19,119		\$394,289	\$403,642	(\$9,354)					
OTHER EXPENSES	(801,638)	(886,358)	84,720		(3,714,147)	(4,426,408)	712,261					
NET INCOME	\$8,969,843	\$9,164,367	(\$194,524)		\$26,341,857	\$26,694,411	(\$352,554)					
PRODUCTION - CWTs.												
SPRING WHEAT FLOUR	4,121,467	4,383,972	(262,505)		17,252,909	17,167,692	85,218					
% to total	93.4%	92.1%	1.3%		92.4%	91.9%	0.5%					
DURUM FLOUR/SEMO	292,928	376,749	(83,821)		1,410,987	1,520,982	(109,995)					
% to total	6.6%	7.9%	(1.3)%		7.6%	8.1%	(0.5)%					
TOTAL CWTs.	4,414,395	4,760,721	(346,326)		18,663,896	18,688,674	(24,778)					
SALES - CWTs.												
SPRING WHEAT	4,241,326	4,420,734	(179,408)		17,372,204	17,221,266	150,938					
% to total	93.3%	92.1%	1.2%		92.5%	91.8%	0.7%					
DURUM & BLENDS	303,583	380,299	(76,716)		1,411,123	1,530,426	(119,302)					
% to total	6.7%	7.9%	(1.2)%		7.5%	8.2%	(0.7)%					
TOTAL CWTs.	4,544,909	4,801,033	(256,125)		18,783,327	18,751,692	31,636					
BY-PRODUCTS	64,724	70,036	(5,313)		270,650	274,857	(4,207)					
Price per ton	\$93.34	\$92.18	\$1.16		\$93.32	\$99.74	-\$6.42					

**NORTH DAKOTA MILL
GAIN SHARING PROGRAM
FY 2027**

- **Eligibility – all full-time employees on June 30, 2027, are eligible.**
- **No pay out of any bonuses if profit before gain sharing expense accrual and any unknown adjustments (Pension, etc.), positive or negative does not exceed \$5.0 million.**
- **No pay out on the profit part of the plan if profit before gain sharing expense accrual and any unknown adjustments (Pension, etc.), positive or negative do not exceed \$10.0 million.**
- **Pay out will be calculated as a percent of employee compensation from July 1, 2026, to June 30, 2027.**
- **Goal numbers were set to reflect current realities for the new plan year.**
- **Goal numbers were set by the President and CEO and are attainable with effort.**

The plan consists of two independent parts. 4% potential pay out is from exceeding gain sharing goals and an un-capped potential pay out is from profits.

For the year ending June 30, 2027, the goals are as follows:

Gain Sharing 1st Part – 4% Bonus Potential*

Goals

Cwt./man-hour (includes all hours)	43.0
Cost per cwt. (pre gain sharing exp. and pension adjust.)	\$2.90
Yield	77.8%
Safety Record	172 Points

*4% bonus potential if all numbers are met or exceeded. Each goal is worth 1% of the 4%.

Gain Sharing 2nd Part – Uncapped Bonus Potential

Profits (before gain sharing expense accrual and pension adjustments):

\$10.0 million = 0.0% bonus pay out
Each additional \$1.0 million in profits = 1.0% bonus pay out.

NOTE: The 1st Part of the gain sharing goals begin to pay out at a profit (before gain sharing expense accrual and any unknown adjustments - Pension, etc., positive or negative) level greater than \$5.0 million. The 2nd Part of the gain sharing goals begin to pay out at a profit (before gain sharing expense accrual) level greater than \$10.0 million.

EXAMPLE #1:

The mill makes \$5.0 million profit (before gain sharing expense accrual and any unknown adjustments - Pension, etc., positive or negative) and we exceed the goal for cwt./man-hour and cost/cwt. but not the safety record or yield. The total bonus received would be 2% for goals + 0% for profit = 2.0%.

EXAMPLE #2:

The mill makes \$11.0 million profit (before gain sharing expense accrual and any unknown adjustments - Pension, etc., positive or negative) and we exceed the goal for cwt./man-hour, cost/cwt., and the safety record but not the yield. The total bonus received would be 3% for goals + 1.0% for profit = 4.0%.

CONSULTING SERVICES AGREEMENT

LIGNITE RESEARCH DEVELOPMENT AND MARKETING PROGRAM

THIS AGREEMENT is made and entered into as of July 1, 2026, between the State of North Dakota (State) acting by and through its Industrial Commission ("Commission") and the Lignite Energy Council ("Contractor") whose address is 1016 E Owens Ave, Bismarck, ND 58501, North Dakota.

WHEREAS, the State through legislation adopted in 1987 has established the North Dakota Lignite Research, Development and Marketing Program (LRP) to assist with the development and wise use of North Dakota's vast lignite resources and to promote the economic, efficient, and clean uses of lignite and products derived from lignite in order to maintain and enhance development of North Dakota lignite and its products; support educational activities relating to the lignite industry; preserve and create jobs involved in the production and utilization of North Dakota lignite; ensure economic stability, growth, and opportunity in the lignite industry; and maintain a stable and competitive tax base for our state's lignite industry for the general welfare of North Dakota.

WHEREAS, the Commission is interested in contracting with Contractor to provide the professional services required by the Commission to implement the work of the LRP and Contractor agrees to provide the requested professional services.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained herein, and subject to the approval of the Commission as required below, the parties hereby agree as follows:

1.0 INDEPENDENT CONTRACTOR

Contractor shall perform the services specified in this Agreement as an independent contractor and not as an employee of the Commission. No part of this Agreement shall be construed as creating an employer/employee relationship between the Commission and the Contractor. As an independent contractor, Contractor shall be responsible for payroll related taxes and insurances and covenants that will be paid when due.

2.0 TERM

The effective date of this contract is July 1, 2026. The term of this contract ends June 30, 2027, or upon completion of the work required under the LRP, whichever first occurs.

3.0 SCOPE OF WORK

Contractor shall provide technical professional services required by the Commission for the successful administration of the LRP. Specific responsibilities include, but are not limited to, the following:

1. Assist with the development of strategy(ies) and implementation plan(s) to facilitate development of priority opportunities to enhance the development and use of North Dakota lignite as directed in the program.
2. Maintain knowledge of laws, regulations, policies and guidelines related to the program. Communicates accurate interpretations and requirements to project applicants, to the Lignite Research Council and to the Commission.
3. Perform administrative duties and is responsible for planning and program development to ensure a cost-effective program. Reviews regular and special reports related to projects and handles correspondence as necessary. Supplies prospective applicants with necessary application information, rules and regulations and any other pertinent information related to the application and review process.
4. Ensure compliance with program requirements and coordinates completeness review of all application submittals for the Lignite Research Council and the Commission. Ensures that all applications meet regulatory requirements and communicates with applicants as appropriate.
5. Recommend selection of and communicates with qualified Independent Technical Peer Reviewers and coordinates the recommendation and comments of the peer reviewers of projects, proposed projects and proposals. Establishes schedules for peer review, collects comments and establishes peer review committees as necessary to develop reports and recommendations to the Lignite Research Council and Commission. Ensures independent and credible analysis of potential projects and projects to insure:
 - a. Technical merit
 - b. Application to North Dakota lignite
 - c. Marketability
 - d. Economic feasibility
 - e. Prospect for rapid commercialization
 - f. Likelihood for attracting private matching funds

g. Potential for preserving existing lignite production and jobs or generating additional production and economic growth

6. Assist with negotiation of contracts with successful project applicants as needed and monitors contracts to ensure compliance with Commission policies and procedures.

Responsible for monitoring all funded projects. Reports on a regular basis to the Commission on the status of the funded projects.

7. Assist with development of financial recommendations for individual projects and with implementation of financing proposals by working with project partners, the state, and the federal government. Identifies specific sources of cost sharing revenue for potential projects. Works to maximize the availability of private, state, and federal funds for potential lignite research and development projects.

8. Ensure timely filing of all required reports and prepares and coordinates the preparation of regulatory or special reports as required by contract, laws, and rules or at the request of the Commission. Communicates with prospective and successful applicants about the requirements of reports.

9. Assist the Commission with promotion of lignite-based energy conversion projects through Advanced Energy Technology and related demonstration projects.

10. Assist the Commission with lignite-based Research and Development opportunities with the U.S. Department of Energy.

11. Perform other duties as assigned by the Commission.

4.0 COMPENSATION

For all services rendered by the Contractor pursuant to this Agreement, the Contractor shall be paid \$15,542 per month. This rate is intended to include all of the Contractor's general overhead expense, including, but not limited to, the following: rent; office equipment; postage; e-mail; home office secretarial service; local telephone and fax; local travel and meals; employment taxes; insurance; etc. The Commission shall make payment on a monthly basis upon receipt of the Contractor's invoice and report of work completed for the invoice period.

In addition to the above-specified monthly rate, Contractor shall be separately reimbursed for travel and other extraordinary expenses incurred in connection with the performance of this Agreement and as directed by the Commission. The Contractor shall itemize expenses

incurred during the invoice period. The Contractor shall be reimbursed at the same rate for meals and lodging as is paid to State employees.

5.0 REPORTING

Contractor shall provide a written report prior to a payment for professional services being made that outline what work activities were completed in the invoice period. The Contractor shall also provide such other oral and written reports as the Commission from time-to-time may require. Further, the Contractor shall regularly meet with the Office of the Industrial Commission, either in person or by phone, as the Office determines is necessary to discuss the project objectives, goals, and milestones and shall be available to meet and provide reports to the Lignite Research Council and the Commission.

6.0 LIMITED AUTHORITY

Contractor shall have no authority to bind the Commission to any contractual arrangements and is not an agent of the Commission for any purpose.

7.0 DATA AND WORK PRODUCT

All data, notes, memoranda, reports, and other work product, of any kind or nature, developed by Contractor pursuant to this Agreement shall be the exclusive property of the Commission. Contractor may not use the data, notes, memoranda, reports, or other work product developed by the Contractor for any purpose other than completion of the scope of work contemplated by this Agreement. Upon termination of this Agreement, all data, notes, memoranda, reports, and other work product remaining in the possession of the Contractor shall be turned over to the Commission.

From time-to-time, Contractor may be provided with confidential reports, data, and work product developed by others for the Commission and/or the State of North Dakota.

Contractor may not disclose this confidential work product to third parties without the written permission of the Commission and this work product shall at all times remain the exclusive work product of the Commission. At the termination of this Agreement, all such work product shall be returned to the Commission.

8.0 ASSIGNMENT AND SUBCONTRACTING

Contractor may not assign or otherwise transfer or delegate any right or duty without State's express written consent, provided, however, that Contractor may assign its rights and obligations hereunder in the event of a change of control or sale of all or substantially all of its assets related to this Contract, whether by merger, reorganization, operation of

law, or otherwise. Should Assignee be a business or entity with whom State is prohibited from conducting business, State shall have the right to terminate in accordance with the Termination for Cause section of this Contract.

Contractor may enter subcontracts provided that any subcontract acknowledges the binding nature of this Contract and incorporates this Contract, including any attachments. Contractor is solely responsible for the performance of any subcontractor with whom Contractor contracts. Contractor does not have authority to contract for or incur obligations on behalf of State.

9.0 CANCELLATION FOR CONVENIENCE

The Commission shall have the right to terminate this Agreement at any time and for any reason upon 30 days written notice to the Contractor, which notice shall set forth the effective date for the termination. On the termination date specified in the notice, Contractor shall discontinue all work pertaining to this Agreement. Upon termination, Contractor shall be entitled to payment for all earned services up to the termination date, and payment for all reimbursable expenses properly incurred in accordance with this Agreement. The Contractor shall have the right to terminate this Agreement at any time and for any reason upon 30 days written notice to the Commission, which notice shall set forth the effective date for the termination. On the termination date specified in the notice or such date mutually agreed upon by the Commission and Contractor if less than 30 days, the Contractor shall discontinue all work pertaining to this Agreement.

10.0 CONFLICTS OF INTEREST

Contractor may not engage in other work in North Dakota during the term of this Agreement that competes or creates a conflict-of-interest with the accomplishment of the goals and objectives of the North Dakota Lignite Research, Development and Marketing Program. The Industrial Commission may grant written approval of other work by the Contractor in North Dakota upon the written request of the Contractor. The Commission acknowledges and does not object to Contractor's position as the Vice President of the Lignite Energy Council (LEC), provided that it does not conflict with the Contractor's obligations under this contract to the Commission, that the Contractor declare a conflict to the Commission for all applications by the LEC to the LRP, and that the Contractor refrain from providing administrative and technical advisory services related to LEC applications to the LRP.

11.0 FORCE MAJEURE

Neither Party shall be held responsible for delay or default caused by fire, riot, terrorism, pandemic (excluding COVID-19), acts of God, or war if the event was not foreseeable through the exercise of reasonable diligence by the affected Party, the event is beyond the Party's reasonable control, and the affected Party gives notice to the other Party promptly upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default. If Contractor is the affected Party and does not resume performance within fifteen (15) days or another period agreed between the Parties, then State may seek all available remedies, up to and including termination of this Contract pursuant to its Termination Section, and State shall be entitled to a pro-rata refund of any amounts paid for which the full value has not been realized.

12.0 INDEMNIFICATION

Contractor agrees to defend, indemnify, and hold harmless the State of North Dakota, its agencies, officers and employees (State of ND), from and against claims based on the vicarious liability of State of ND or its agents, but not against claims based on the State of ND's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by Contractor to State of ND under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for State of ND is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. 54-12-08. Contractor also agrees to defend, indemnify, and hold State harmless for all costs, expenses and attorneys' fees incurred if State of ND prevails in an action against Contractor in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this Contract.

13.0 CONFIDENTIALITY

Contractor shall not use or disclose any information it receives from State under this Contract that State has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Contract or as authorized in advance by State. State shall not disclose any information it receives from Contractor that Contractor has previously identified as confidential and that State determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota public records law, N.D.C.C. ch. 44-04. The duty of

State and Contractor to maintain confidentiality of information under this section continues beyond the Term of this Contract.

14.0 COMPLIANCE WITH PUBLIC RECORDS LAWS

Under the North Dakota public records law and subject to the Confidentiality clause of this Contract, certain records may be open to the public upon request.

Public records may include: (a) records State receives from Contractor under this Contract, (b) records obtained by either Party under this Contract, and (c) records generated by either Party under this Contract.

Contractor agrees to contact State immediately upon receiving a request for information under the public records law and to comply with State's instructions on how to respond to such request.

15.0 INDEPENDENT ENTITY

Contractor is an independent entity under this Contract and is not a State employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. Contractor retains sole and absolute discretion in the manner and means of carrying out Contractor's activities and responsibilities under this Contract, except to the extent specified in this Contract.

16.0 SPOILIATION – PRESERVATION OF EVIDENCE

Contractor shall promptly notify State of all potential claims that arise or result from this Contract. Contractor shall also take all reasonable steps to preserve all physical evidence and information that may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and grants to State the opportunity to review and inspect such evidence, including the scene of an accident.

17.0 MERGER AND MODIFICATION, CONFLICT IN DOCUMENTS

This Contract, including the following documents, constitutes the entire agreement between the Parties. There are no understandings, agreements, or representations, oral or written, not specified within this Contract. This Contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by both Parties.

18.0 SEVERABILITY

If any term of this Contract is declared to be illegal or unenforceable by a court having competent jurisdiction, the validity of the remaining terms is unaffected and, if possible, the rights and obligations of the Parties are to be construed and enforced as if this Contract did not contain that term.

19.0 APPLICABLE LAW AND VENUE

This Contract is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this Contract must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. Each Party consents to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or *forum non conveniens*.

20.0 ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL

By entering this Contract, State does not agree to binding arbitration, mediation, or any other form of mandatory Alternative Dispute Resolution. The Parties may enforce the rights and remedies in judicial proceedings. State does not waive any right to a jury trial.

21.0 ATTORNEY FEES

In the event a lawsuit is instituted by State to obtain performance due under this Contract, and State is the prevailing Party, Contractor shall, except when prohibited by N.D.C.C. § 28-26-04, pay State's reasonable attorney fees and costs in connection with the lawsuit.

22.0 NONDISCRIMINATION AND COMPLIANCE WITH LAWS

Contractor agrees to comply with all applicable federal and state laws, rules, and policies, including those relating to nondiscrimination, accessibility, and civil rights. (See N.D.C.C. Title 34 – Labor and Employment, specifically N.D.C.C. ch. 34-06.1 Equal Pay for Men and Women.)

Contractor agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes, unemployment compensation and workers' compensation premiums.

Contractor shall have and keep current all licenses and permits required by law during the Term of this Contract.

Contractor is prohibited from boycotting Israel for the duration of this Contract. (See N.D.C.C. § 54-44.4-15.) Contractor represents that it does not and will not engage in a boycotting Israel during the term of this Contract. If State receives evidence that Contractor

boycotts Israel, State shall determine whether the company boycotts Israel. The foregoing does not apply to contracts with a total value of less than \$100,000 or if Contractor has fewer than ten (10) full-time employees.

Contractor's failure to comply with this section may be deemed a material breach by Contractor entitling State to terminate in accordance with the Termination for Cause section of this Contract.

23.0 STATE AUDIT

Pursuant to N.D.C.C. § 54-10-19, all records, regardless of physical form, and the accounting practices and procedures of Contractor relevant to this Contract are subject to examination by the North Dakota State Auditor, the Auditor's designee, or Federal auditors, if required. Contractor shall maintain these records for at least three (3) years following completion of this Contract and be able to provide them upon reasonable notice. State, State Auditor, or Auditor's designee shall provide reasonable notice to Contractor prior to conducting examination.

24.0 COUNTERPARTS

This Contract may be executed in multiple, identical counterparts, each of which is be deemed an original, and all of which taken together shall constitute one and the same contract.

25.0 EFFECTIVENESS OF CONTRACT

This Contract is not effective until fully executed by both Parties. If no start date is specified in the Term of Contract, the most recent date of the signatures of the Parties shall be deemed the Effective Date.

IN **WITNESS WHEREOF**, the parties have caused this Agreement to be entered into as of the date first above written.

LIGNITE ENERGY COUNCIL

NORTH DAKOTA INDUSTRIAL COMMISSION

By:_____

By:_____

Name:_____

Name:_____

Date:_____

Date:_____