



INDUSTRIAL COMMISSION OF NORTH DAKOTA

Doug Burgum
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Tuesday, March 26th, 2024

Governor's Conference Room or Microsoft Teams – 2:00 pm

Meeting Coordinators:

Karen Tyler, Interim Executive Director

Reice Haase, Deputy Executive Director

Brenna Jessen, Recording Secretary

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 701-328-0950,,710012617#](#)

I. Roll Call and Pledge of Allegiance

II. Office of the Industrial Commission – Karen Tyler, Reice Haase

- A. **Consideration of February 27, 2024 Meeting Minutes** (Attachment 1)
- B. Update on Office Transition and Ongoing Projects (Attachment 2)
- C. Other Office of Industrial Commission Business

(approximately 2:30 pm)

III. North Dakota Public Finance Authority – DeAnn Ament

- A. **Consideration of Approval to Support Council of Infrastructure Financing Authorities' Efforts to Save the State Revolving Fund Program** (Attachment 3)
- B. **Consideration of Approval of State Revolving Fund Bond Series Resolution for up to \$315,000,000 issuance** (Attachment 4)
- C. **Consideration of Approval of Credit Policy Amendment** (Attachment 5)
- D. Other Public Finance Authority Business

(approximately 2:45 pm)

IV. North Dakota Transmission Authority – Claire Vigesaa, Reice Haase

- A. Report on Mercury and Toxic Air Standards (MATS) Study (Attachment 6)
- B. Report on IJJA Grid Resilience Grants (Attachment 7)
- C. **Consideration of joining Montana as a co-applicant for federal Grid Resilience and Innovative Partnerships grant funding** (Attachment 8)

(approximately 3:15 pm)

V. Bank of North Dakota – Todd Steinwand, Karen Tyler, Kirby Evanger

- A. **Consideration of Approval of Incentive Program Study Report for Submission to Legislative Management** – Todd Steinwand, Karen Tyler (Attachment 9)
- B. **Consideration of Approval of Amendments to General Loan Policy** – Kirby Evanger (Attachment 10)
- C. Presentation of January 17, 2024, Finance and Credit Committee Minutes (Attachment 11)
- D. Presentation of January 18, 2024, Audit and Risk Committee Minutes (Attachment 12)
- E. Presentation of January 18, 2024, Nonconfidential Advisory Board Committee Minutes (Attachment 13)
- F. Other Bank of North Dakota Non-Confidential Business

Meeting Closed to the Public for Executive Session Pursuant to NDCC 6-09-35, 44-04-18.4, 44-04-19.1 and 44-04-19.2

(approximately 3:30 pm)

VI. Bank of North Dakota Executive Session – Todd Steinwand, Craig Hanson

- A. **Consideration of Approval of One Loan** – Craig Hanson (Confidential Attachment 14)
- B. Report on One Advisory Board Loan Approval – Craig Hanson (Confidential Attachment 15)
- C. Presentation of January 17, 2024, Confidential Finance and Credit Committee Minutes (Confidential Attachment 16)
- D. Presentation of January 18, 2024, Confidential Audit and Risk Committee Minutes (Confidential Attachment 17)
- E. Presentation of January 18, 2024, Confidential Advisory Board Committee Minutes (Confidential Attachment 18)
- F. Other Bank of North Dakota Confidential Business

Meeting Returns to Public Session

(approximately 4:00 pm)

VII. Formal Action taken in Public Session

(approximately 4:15 pm)

VIII. Department of Mineral Resources – Lynn Helms, Mark Bohrer

A. Consideration of the following cases:

- i. Order 33453 issued in Case No. 29902 regarding an application of Petro-Hunt, L.L.C. related to the interpretation of production allocation for overlapping spacing units in Charlson and Keene Fields, McKenzie County, ND (Attachment 19)
- B. Presentation of Oil and Gas Division Quarterly Report (Attachment 20)
- C. Other Department of Mineral Resources business

(approximately 4:45 pm)

IX. Legal Update – Phil Axt, Lynn Helms

A. Litigation Update

- i. Northwest Landowners v. NDIC – Phil Axt
- ii. NDIC v. DOI Quarterly Federal Lease Sales – Lynn Helms
- iii. Northern Oil and Gas v. Continental Resources, NDIC et al – Lynn Helms

B. Federal Regulatory Update

- i. BLM Resource Management Plan
- ii. BLM Conservation and Landscape Rule
- iii. BLM Mineral Leases and Leasing Process Rule
- iv. Dakota Prairie Grasslands Travel Management Plan
- v. EPA Waste Emissions Charge for Petroleum and Natural Gas Systems Rule
- vi. PHMSA Pipeline Safety Methane Emissions Rule
- vii. DAPL Draft Environmental Impact Statement
- viii. BLM Venting and Flaring
- ix. SEC Climate Rule
- x. Federal Executive Order 14008

C. Other Industrial Commission Legal Updates

* Possible Executive Session under N.D.C.C. 44-04-19.1(9) & 44-04-19.2 for attorney consultation

X. Adjournment

Next Meeting – April 30th, 2024, 1:00 pm
Governor’s Conference Room, Bismarck, ND

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on February 27, 2024 beginning at 1:00 p.m.

Governor's Conference Room – State Capitol

Present: Governor Doug Burgum, Chairman
Attorney General Drew H. Wrigley
Agriculture Commissioner Doug Goehring

Also Present: This meeting was open through Microsoft Teams so not all attendees are known.
Agency representatives joined various portions of the meeting.

Governor Burgum called the meeting of the Industrial Commission to order at approximately 1:05 p.m.

Ms. Karen Tyler took roll call, and Governor Burgum, Attorney General Wrigley, and Commissioner Goehring were all present.

Governor Burgum invited the room to stand and join the Commission in the Pledge of Allegiance.

NORTH DAKOTA MILL AND ELEVATOR

Mr. Vance Taylor and Ms. Cathy Dub gave a presentation of 2nd Quarter FY 2024 Results. (The full report is available on the website).

Activities in the 2nd Quarter of the year resulted in a profit of \$4,293,278 compared to \$4,175,161 last year. Gross margins as a percent of gross sales for the quarter were 13.3% compared to 11.6% last year, an increase of 1.7%. For the six months ending December 2023, there was a profit of \$9,840,127 compared to \$6,505,357 last year. Gross margins as a percentage of gross sales for the year are 13.9% compared to 10.8% last year, an increase of 3.1%. Sales for the 2nd quarter were \$130,874,725 compared to \$141,753,635 last year. Sales for the six months ended in December 2023 were \$258,762,883 compared to \$278,707,295 last year, a decrease of 7.2%. Operating costs for the 2nd quarter were \$11,866,253 compared to \$10,934,550 last year, an increase of 8.5%. Year-to-date operating costs are \$23,508,124 compared to \$21,282,331 last year, an increase of 10.5%.

Mr. Vance Taylor and Ms. Cathy Dub gave an update on the Midds Facility Project Construction. This project is split up into three phases and each phase is well underway. The total cost of the projects is \$52 million and about 42% of the funds have been spent to date. Photos of the construction were shared with the Commission members, and these can also be found on the website.

DEPARTMENT OF MINERAL RESOURCES

Mr. Ed Murphy gave a presentation of the Geological Survey Quarterly report. (The full report is available on the website).

Wilson M. Laird Core and Sample Library

During the 4th quarter of 2023, geologists and engineers from two oil companies, DMR, EERC, an independent consultant, a NDSU professor, and UND graduate students, studied 4,086 feet of core. A

total of 7,815 feet of core was photographed, generating 11,683 standard photographs, and 1,179 feet of core was photographed with a tripod generating 126 photographs for the subscription site.

Madison Oil Fields in Burke County

During the 4th quarter, Ted Starns and Tim Nesheim completed a report on the effectiveness of fracture stimulations in the Madison oil fields in Burke County (Geologic Investigations no. 272). They studied 21 Madison cores, interpreted core analyses from 96 oil wells, and compared those results to wireline logs. They also gathered 65 years of production data from Burke County oil wells and compared it to the well completion information. Their results indicate that fracture stimulation appears to be an effective method in this area. They also noted a potential area of interest for future development to the southwest of the Rival Field.

2023 Geologic Reviews

In 2023, the Geological Survey conducted 323 geologic reviews of infrastructure projects, the highest number of reviews in the last twenty years. The majority of these reviews were water (149 reviews, 46%), road projects (66 reviews, 20%), oil and gas pipeline corridors and well pads (54 reviews, 17%), transmission line corridors and wind farms (33 reviews, 10%), and general construction projects (21 reviews, 7%). They are anticipating that this high level of activity will remain for at least the next four years due to the Infrastructure Investment and Jobs Act.

2024 Public Fossil Dig Registration

The Public Fossil Dig Program continues to be extremely popular. On February 3rd, they opened registration for the 2024 public dig program, and they quickly sold out. Of the 327 spots that were left after presale, 315 were sold in the first 16 minutes. The remaining 12 spots were sold out by 1:00pm that day. As it does every year, this resulted in a number of very disappointed people, some of whom have been trying for years to successfully register for a dig.

Phase III Landslide Project

During the 4th quarter of 2023, Survey Geologists Fred Anderson, Chris Maike, Benjamin York, and Levi Moxness completed 182 Phase III Landslide maps in eastern and central North Dakota. For the year, they completed 394 maps, and identified 17,661 landslides. Since the program began, they have identified a total of 67,998 landslides. Of these, 195 are within 100 feet of state or federal highways and 1,471 are within 30 feet of a county road. This year, they are shifting their focus to Williams, McKenzie, Billings, and Golden Valley counties where the second LiDAR coverage recently became available.

INDUSTRIAL COMMISSION LEGAL UPDATE

Mr. Reice Haase gave an update on the changes to the Renewable Energy Standard and the newly created Carbon Free Standard under Minn. Stat. 216B.1691. Eleven utilities have requested a comment letter extension, so Minnesota has extended the public comment period, and it is now closing June 14th, 2024.

CARBON CAPTURE AND UTILIZATION EDUCATION AND MARKETING PROJECT

Mr. Reice Haase gave a report on the joint meeting of the Lignite Research, Oil and Gas Research, and Renewable Energy Councils. There is a need for a carbon capture and utilization education and

marketing strategic plan, and North Dakota is uniquely positioned to capitalize on CO₂ opportunities as we are the first State with Class VI Primacy. North Dakota has over 252 billion tons of CO₂ storage capacity, can produce up to 10 billion additional barrels of oil using CO₂ for enhanced oil recovery, and it will allow for over \$70 billion in additional tax revenues. The sum of the \$300,000 for the project will consist of \$100,000 each from the Lignite Research fund, the Oil and Gas Research fund, and the Renewable Energy Development fund. This project is solely funded through oil and gas tax revenues.

The project criteria are as follows:

- Development of a Carbon Capture and Utilization Education and Marketing Strategic Plan
- Public outreach and stakeholder engagement as a component of plan development
- Development of educational materials
- Safety of carbon dioxide transportation and utilization
- Project sponsor must provide regular updates to the Commission

Mr. Haase presented for consideration of approval the council recommendation regarding the award of a Carbon Capture and Utilization Education and Marketing Project.

- i. **CO2-01-B – Carbon Capture and Utilization Education and Marketing;** submitted by AE2S Communications; Total Project Budget: \$420,000; Amount Requested: \$300,000. The objective of this project is to develop a strategic marketing and communications plan, create educational materials and templates for the State of North Dakota, and conduct public outreach and stakeholder engagement for the purpose of educating various audiences on the topic of carbon capture and utilization and emerging opportunities for the industry.

Governor Burgum emphasized that the State has been promoting carbon capture since the early 2000's, and that the general direction of the State has been to save the coal, oil and gas, and ethanol industries, which is the goal of this project.

In response to a question from Commissioner Goehring, Mr. Haase clarified that the project is not related to a particular project, but rather looks at the industry as a whole.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendations of the Lignite Research Council, the Oil and Gas Research Council and the Renewable Energy Council and approves funding pursuant to Section 10 of House Bill 1014 passed by the 68th Legislative Assembly for the following carbon capture and utilization education and marketing project:

1. **CO2-01-B – Carbon Capture and Utilization Education and Marketing; Submitted by AE2S Communications; Total Project Costs: \$420,000; Amount Awarded: \$300,000**

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

NORTH DAKOTA PUBLIC FINANCE AGENCY

Ms. DeAnn Ament presented for consideration of approval the following State Revolving Loan applications:

- i. Fargo – Clean Water - \$16,000,000 increase to previously approved \$10,500,000 construction loan. This is for the construction of a large regional stormwater facility to provide stormwater collection, rate-control detention and quality for approximately 2,300 acres. This will eliminate the need for on-site stormwater ponds in individual developments and results considerable cost savings as well as better utilization of the land within the individual developments. The proposed term of the loan is 30 years, with the average annual payment being approximately \$1,093,728. The City will issue revenue improvement bonds payable with special assessments.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the \$16,000,000 loan increase to the previously approved \$10,500,000 from the Clean Water State Revolving Fund to the City of Fargo.

Governor Burgum expressed his concerns regarding this plan as he is fundamentally opposed to building on the edge as a strategy for community development across the state. He explained that infill projects would be better for many reasons, including preservation of agricultural land, infrastructure costs, environment conservation, promotion of community connectivity, economic revitalization, and long-term sustainability.

Governor Burgum stated that he does realize that this project qualifies as the equivalency project for the SRF program, meaning it satisfies a number of federal requirements that projects funded by the SRF program are subjected to, such as Build America, Buy America and the Single Audit Act. Because the amount of the loan exceeds the amount expected for the Federal Capitalization Grant for the current grant period (Approximately \$15 million), approving a \$16 million SRF loan for this project will alleviate federal requirement burdens for many other communities with smaller projects. For this reason, he stated he will reluctantly vote yes.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

A RESOLUTION WAS MADE

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 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 Fargo (the “Political Subdivision”) has requested a \$16,000,000 loan increase to their previously approved \$10,500,000 loan (total \$26,500,000) from the Program for construction of a large regional stormwater facility to provide stormwater collection, rate-control detention, and quality for approximately 2,300 acres, which eliminates the need for on-site stormwater ponds in individual developments and results in considerable cost savings as well as better utilization of the land within the individual developments; 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 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: February 27, 2024

- ii. New Town – Clean Water - \$3,638,000. This is Phase I of the replacement of water mains, sanitary sewer mains and storm water infrastructure. The requested loan term is 30 years, and the City of New Town will issue revenue bonds payable with city sales tax fund revenues. The average annual payment for the revenue bonds will be \$152,698.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the \$3,638,000 loan from the Clean Water State Revolving Fund to the City of New Town.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

A RESOLUTION WAS MADE

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 New Town (the "Political Subdivision") has requested a loan in the amount of \$3,638,000 from the Program for phase I replacement of water mains, sanitary sewer mains and storm water infrastructure; 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: February 27, 2024

Ms. Ament presented memos of the State Revolving Fund Loans approved by the Advisory Committee:

- i. Aneta – Clean Water - \$930,000. The purpose of this project is to remove and replace cast iron water mains and services and install PVC pipes as well as replacing water services, gate valves, curb stops and rehabilitating manholes. The sanitary sewer mains will be relined. The City will issue revenue bonds payable with sewer user fees, and the average annual payment for the revenue bonds will be \$38,948.
- ii. Sawyer – Clean Water - \$480,000. The purpose of this project is to rehabilitate the sanitary sewer collection system by using cured-in-place-pipe technology for the sewer mains and manhole bench and invert rehabilitation. The requested term is for 30 years, and the City will issue improvement bonds payable with special assessments. The average annual 156payment for the improvement bonds will be \$20,156.
- iii. Aneta – Drinking Water - \$1,570,000. The purpose of this project is to remove and replace cast iron water mains and services and install PVC pipes as well as replacing water services, gate valves, curb stops and rehabilitating manholes. The sanitary sewer mains will be relined. The City will issue revenue bonds payable with water user fees, and the average annual payment for the revenue bonds will be \$65,774.
- iv. New Town – Drinking Water - \$1,437,000. This project is Phase 1 replacement of water mains, sanitary sewer mains and storm water infrastructure. The requested loan term is 30

years, and the City of New Town will issue revenue bonds payable with city sales tax fund revenues. The average annual payment for the revenue bonds will be \$60,194.

BANK OF NORTH DAKOTA EXAMINATION

Ms. Lise Kruse, Commissioner of Financial Institutions, presented plans for the upcoming Bank of North Dakota exam which will be conducted by the Department of Financial Institutions beginning in March. It will include a focus on the need for the bank to establish a formal capital plan and corresponding guidance for plan implementation.. Ms. Kruse stated that the Bank of North Dakota really needs to have a capital plan going forward, which would come from the Industrial Commission, and that the Industrial Commission should make sure that future decisions related to capital transfers align with that plan. BND is very important to both the economy of North Dakota and to all the other local banks and credit unions around the State. Governor Burgum said this is a positive, constructive step. Ms. Kruse will present exam results and recommendations at a future Industrial Commission meeting once the examination is complete.

BANK OF NORTH DAKOTA

Governor Burgum took a moment to remember and honor the previous President of Bank of North Dakota, Eric Hardmeyer, who passed away February 24. . Mr. Todd Steinwand also shared remarks in remembrance of Mr. Hardmeyer.

Mr. Todd Steinwand, Mr. Rob Pfennig, Mr. Kirby Evanger, Mr. Kelvin Hullet, and Mr. Craig Hanson gave a presentation of the 4th Quarter 2023 Performance Highlights. (The full financial report can be found on the website).

BND reported assets of \$10.1 billion for 2023. The loan portfolio grew to \$5.8 billion in 2023 with strong activity in commercial participation, flex pace, farm and ranch participation and the Livestock Rebuilder program exceeded budget expectations helping drive growth in the Commercial and Ag Portfolios. Changes in the Bank's Equity position are a result of net income, changes in unrealized gain/loss positions, allocations of capital to various legislative programs, and distributions to the State's General Fund.

Net income for 2023 was \$192.7 million. Interest Income exceeded budget by \$17.1 million primarily due to higher rates and volumes in commercial participation program, higher rates at the Federal Reserve, and higher rates on securities. A combination of increased rates and balances for the Bank's deposits, and higher rates for short-term borrowing, contributed to the higher interest expense. The Bank implemented CECL Accounting Standard in 2023. Non-Interest Expense is \$3.2 million under budget due largely to the timing of IT projects and hiring of approved FTEs.

Mr. Steinwand presented the Commission members with the following Non-confidential BND Advisory Board meeting minutes for their review:

- i. December 20, 2023 Nonconfidential Finance and Credit Committee Minutes
- ii. December 21, 2023 Nonconfidential Advisory Board Minutes

It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that under the authority of North Dakota Century Code Sections 6-09-35, 44-04-18.4, 44-04-19.1, 44-04-19.2, the

Industrial Commission enter into executive session for the purposes Bank of North Dakota confidential business..

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

The Commission is meeting in executive session regarding Bank of North Dakota confidential business pursuant to N.D.C.C. 6-09-35 to consider those items listed on the agenda under Bank of North Dakota confidential business. Only Commission members, their staff, Commission staff, and BND staff will participate in that executive session.

Any formal action taken by the Commission will occur after it reconvenes in open session.

Governor Burgum reminded the Commission members and those present in the executive sessions that the discussions must be limited to the announced purposes which is anticipated to last approximately 30 minutes.

The executive session began at 4:00 p.m.

The Meeting Closed to the Public for Executive Session Pursuant to NDCC 6-09-35, 44-04-18.4, 44-04-19.1, 44-04-19.2.

BANK OF NORTH DAKOTA EXECUTIVE SESSION

Industrial Commission Members Present

Governor Doug Burgum
Attorney General Drew H. Wrigley
Agriculture Commissioner Doug Goehring

BND Members Present

Todd Steinwand, BND
Kelvin Hullet, BND
Kirby Evanger, BND
Rob Pfennig, BND
Craig Hanson, BND

Others in attendance

John Reiten	Governor's Office
Zach Greenberg	Governor's Office
Dutch Bialke	Ag Department
Karen Tyler	Industrial Commission Office
Reice Haase	Industrial Commission Office
Brenna Jessen	Industrial Commission Office
Erin Stieg	Industrial Commission Office

The executive session ended at 4:49 p.m. and the Commission reconvened in open session.

During the Bank of North Dakota executive session, the Commission took no formal action.

OFFICE OF THE INDUSTRIAL COMMISSION

Ms. Tyler presented for consideration of approval the January 24, 2024 Industrial Commission meeting minutes.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the January 24, 2024 meeting minutes.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

Ms. Tyler presented for consideration of approval a Modification of Use of Litigation Funding guidance.

The memo reads as follows:

“The 68th Legislative Assembly included \$3 million in the 23-25 budget appropriation for the Office of the Industrial Commission to be utilized for lignite litigation related expenses. The authorizing language from HB 1014 is as follows:

SECTION 31. EMERGENCY. The following are declared to be an emergency measure:

- 1. The sum of \$3,000,000 from the general fund in the operating expenses line item included in subdivision 1 of section 1 of this Act and identified as one-time funding in section 2 of this Act for lignite litigation expenses.**

The Industrial Commission directs the Office of the Industrial Commission to work with the Attorney General, who is the attorney for the Industrial Commission pursuant to 54-17-03, to determine necessary and appropriate legal services and qualifying lignite litigation expenses to be funded from this appropriation. Such services and expenses may include:

- Payment to Special Assistant Attorney Generals engaged by the Industrial Commission and appointed by the Attorney General for lignite litigation services.
- Payment to Special Assistant Attorney Generals engaged by the Industrial Commission and appointed by the Attorney General for the production or review of comment letters necessary to support the administrative record in lignite related matters reasonably expected to result in litigation.
- Payment to Special Assistant Attorney Generals engaged by the Industrial Commission and appointed by the Attorney General for amicus curiae purposes.
- Payment for the development and implementation of litigation strategies, including but not limited to analysis of legal, technical, and economic aspects relevant to lignite litigation.

As of the date of this memorandum, lignite related matters reasonably expected to result in litigation include but are not limited to:

- The EPA Mercury and Air Toxics Standards (MATS) Rule
- The EPA Guidance on Regional Haze Plans
- The EPA Section 111 Greenhouse Gas Emissions/Carbon Rule

- Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under MN Stat § 216B.16191 “

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the updated guidance on the use of lignite litigation funds included in the Industrial Commission 23-25 budget as appropriated under HB 1014 to include payment for the development and implementation of litigation strategies, including but not limited to analysis of legal, technical, and economic aspects relevant to lignite litigation.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

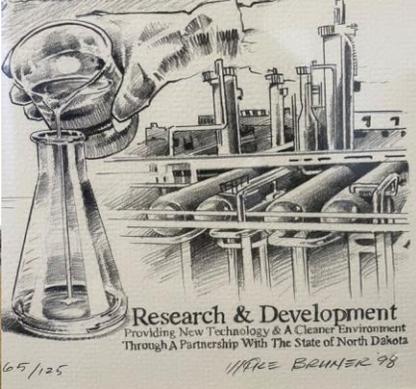
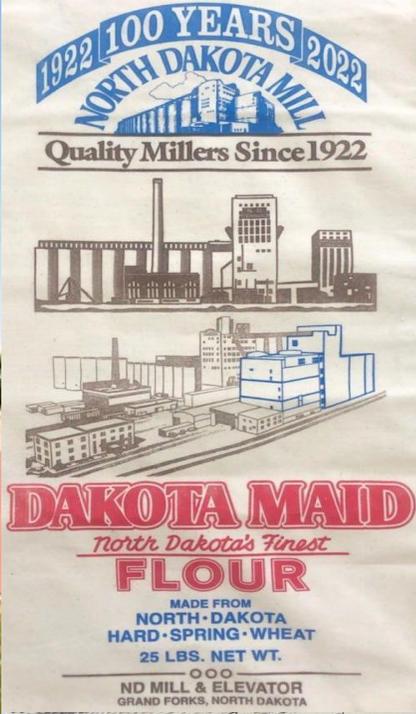
With no further business, Governor Burgum adjourned the meeting of the Industrial Commission at 4:52 p.m.

North Dakota Industrial Commission

Brenna Jessen, Recording Secretary

Reice Haase, Deputy Executive Director

Karen Tyler, Interim Executive Director

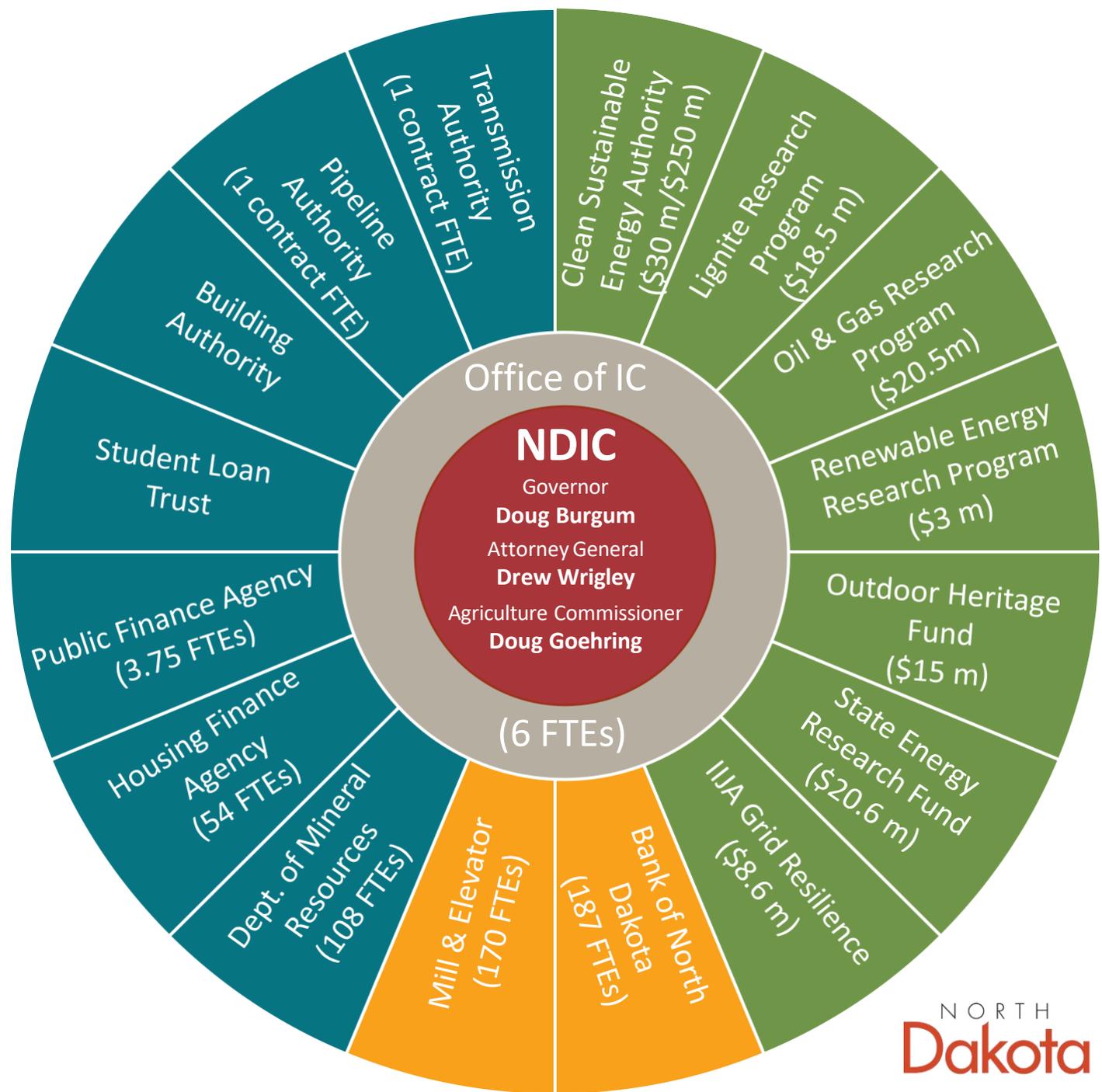


OFFICE OF INDUSTRIAL COMMISSION UPDATES

Industries, Agencies, and Programs

Legend

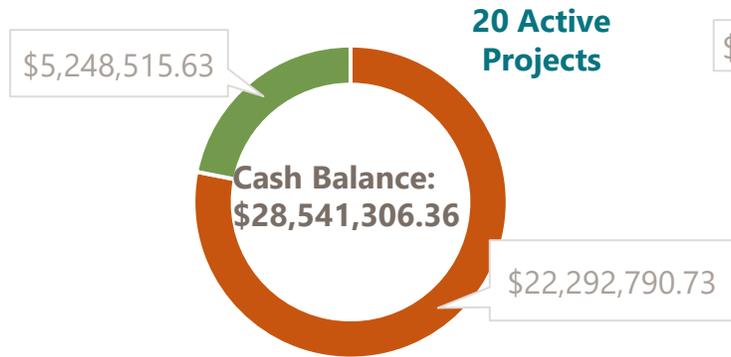
- Commission
- Office of IC
- Agency Role
- Grant Program
- State-Owned
- Enterprise



Updated to reflect 68th Legislative Assembly changes

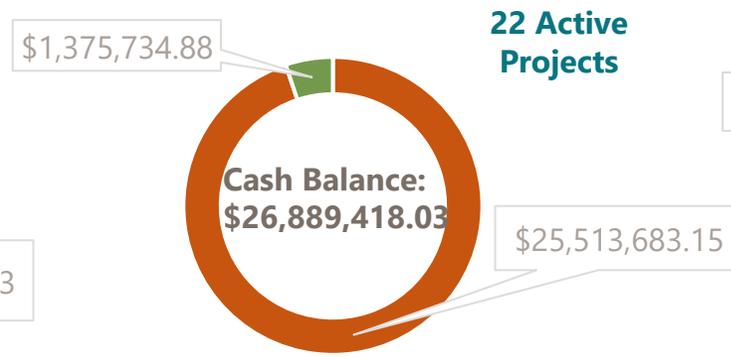
INDUSTRIAL COMMISSION-MANAGED FUNDS

Lignite Research Fund



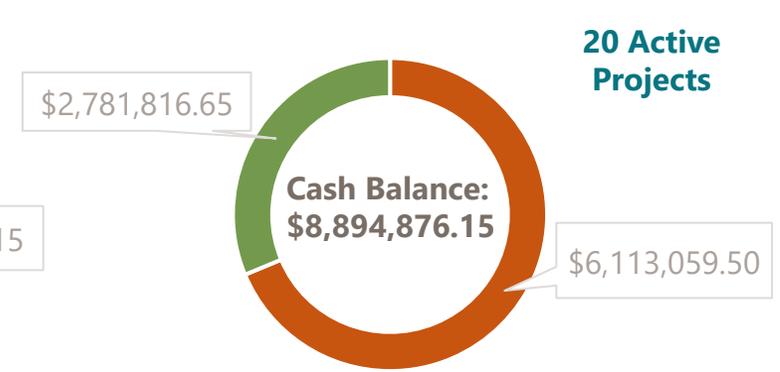
Committed Uncommitted

Oil and Gas Research Fund



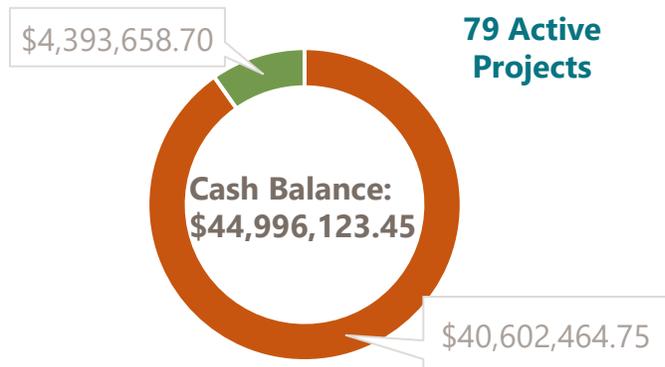
Committed Uncommitted

Renewable Energy Fund



Committed Uncommitted

Outdoor Heritage Fund



Committed Uncommitted

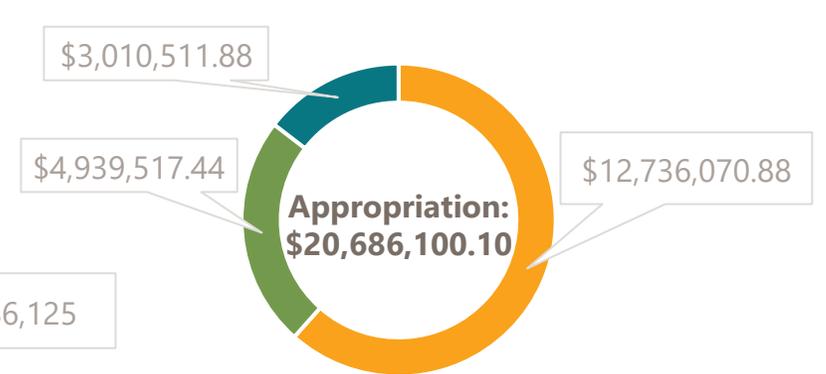
CSEA Fund*



*Does not include ARPA or Loans

Committed Uncommitted

SERC Fund



Leg. Directed Remaining Spent

INDUSTRIAL COMMISSION KEY STATISTICS



6 Full-time Employees
4 Contract Employees



536 Cumulative R&D Projects



Over 30 public meetings per year



110 current project sponsors



8 advisory boards, 88 members



Over 700 status and expense reports reviewed per year



177 active R&D projects totaling over \$175 million



Cumulative Value:

- \$382.6 million granted
- \$473 million loaned
- \$13.6 billion private investment

OFFICE OF INDUSTRIAL COMMISSION PROJECTS

Innovation

Legislative-Directed

Strategic



**Policy Reviews and
Red Tape Reductions**



**Gas Capture
Program**



R&D Outreach



**Website Migration and
Overhaul**



**Rare Earth &
Salt Cavern
Studies**



**Grid Resilience
and Innovation
Partnerships**



**Records Management
and Digitization**



**CO₂ Education and
Outreach Project**



**Leadership
Succession
(BND and DMR)**



**Grant Management and
GovDelivery Software**

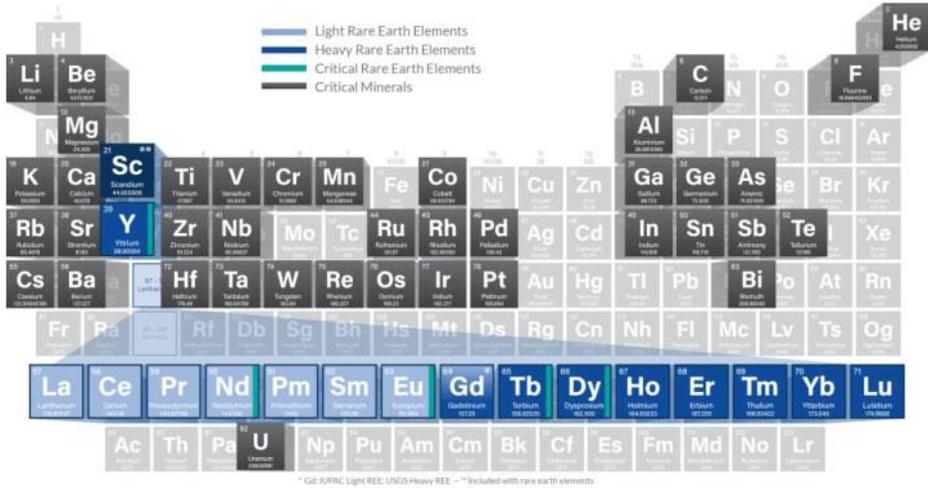


**BND
Recruitment &
Retention Study**

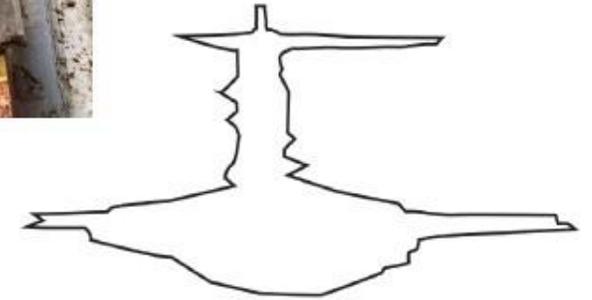


**2025 Legislative
Strategy**

RARE EARTH AND SALT CAVERN STATUS



Dunham Salt Core



Average Depth 5700 ft
 Average Height 120 ft
 Average Width 210 ft

\$1.5 million Rare-earth Element and Critical Minerals Project
 (In progress)

\$11.2 million Salt Cavern Demonstration Project
 (Securing private match)

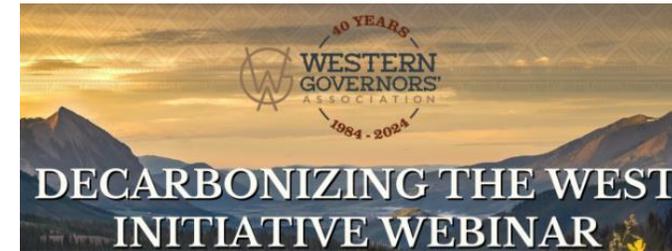
RECENT OFFICE OF IC OUTREACH EFFORTS



Greater North Dakota Chamber
Feb. 2024



NDGF Podcast Highlighting
Outdoor Heritage Fund
Feb. 2024

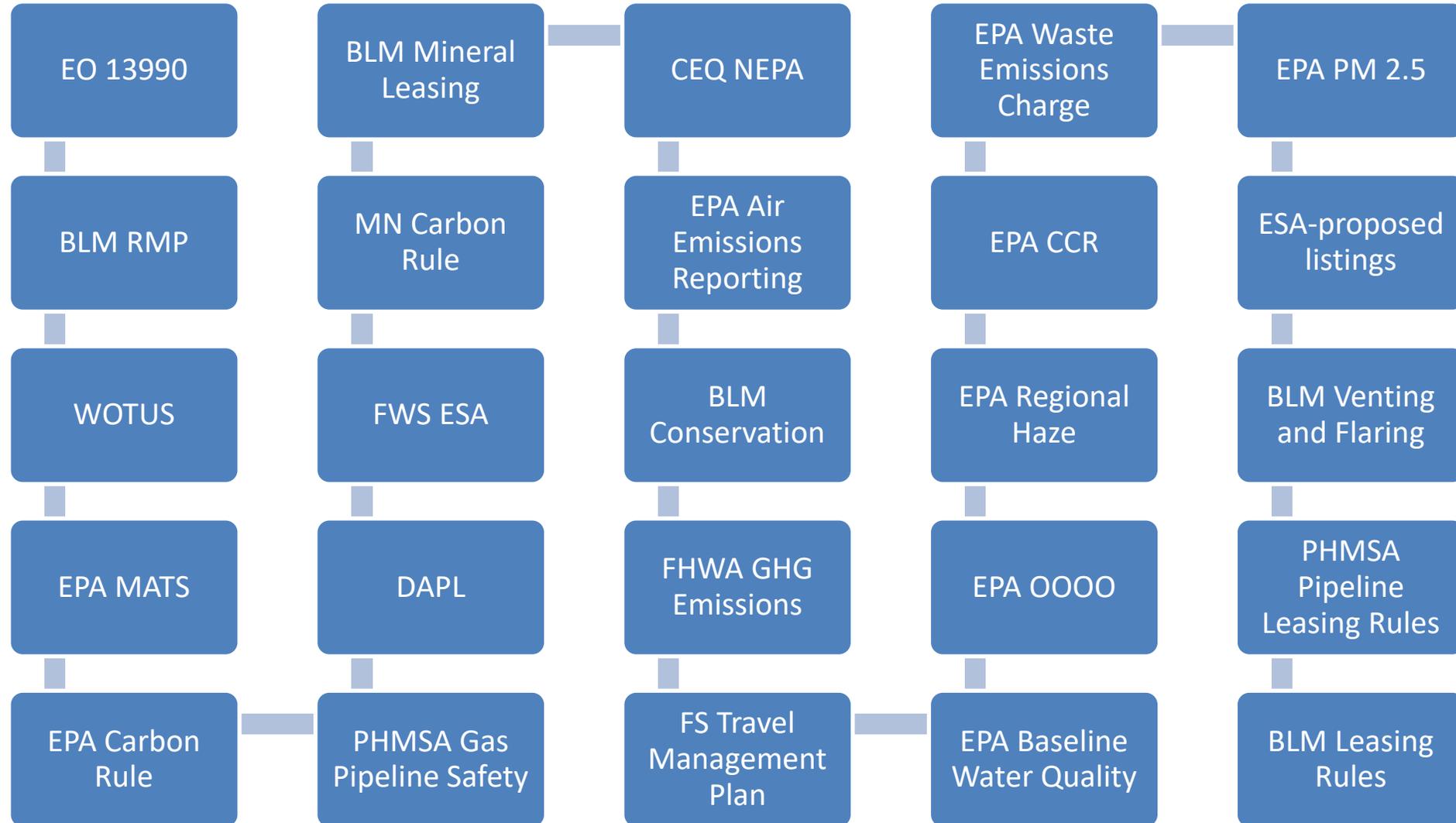


Western Governor's Association
March 2024



Interstate Oil and Gas Compact Commission
Legal & Regulatory Affairs and Public Lands Committees

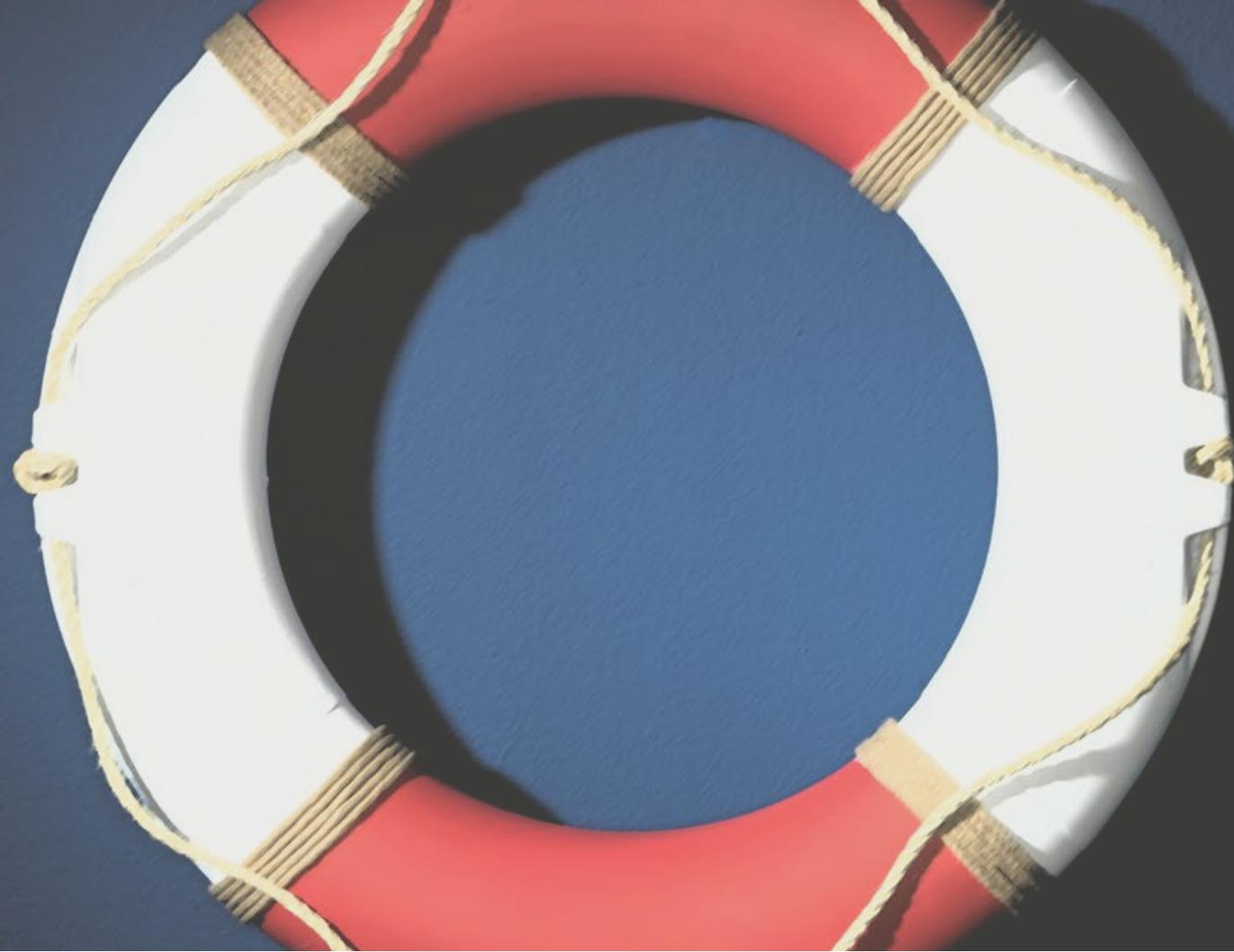
INDUSTRIAL COMMISSION PARTICIPATING IN COORDINATED STATEWIDE RESPONSE





NORTH
Dakota
Be Legendary.





SAVE THE SRFS

State Revolving Funds

SAVE THE SRFS FROM



Congressionally
Directed Spending



Community
Funded Projects



Earmarks



Clean Water State Revolving Fund

Federal Appropriations

	2018-2021	2022	2023	2024*
Federal Appropriation	\$1,642,920,000	\$1,638,861,000	\$1,638,861,000	\$1,638,861,000
Earmarks	0	(443,639,051)	(863,108,642)	(794,302,267)
States Allocation	\$1,642,920,000	\$1,195,221,949	\$ 775,752,358	\$844,558,733

* March 9, 2024, the President signed the “mini-bus” package (H.R. 4366) which maintains level funding for SRFs but continues to use the SRF capitalization grants to pay for congressional earmarks.

Drinking Water State Revolving Fund

Federal Appropriations

	2018-2021	2022	2023	2024*
Federal Appropriation	\$1,144,853,260	\$1,126,101,000	\$1,126,101,000	\$1,126,101,000
Earmarks	0	(397,766,044)	(609,255,899)	(638,309,905)
States Allocation	\$1,144,853,260	\$ 728,334,956	\$ 516,845,101	\$ 487,791,095

* March 9, 2024, the President signed the “mini-bus” package (H.R. 4366) which maintains level funding for SRFs but continues to use the SRF capitalization grants to pay for congressional earmarks.

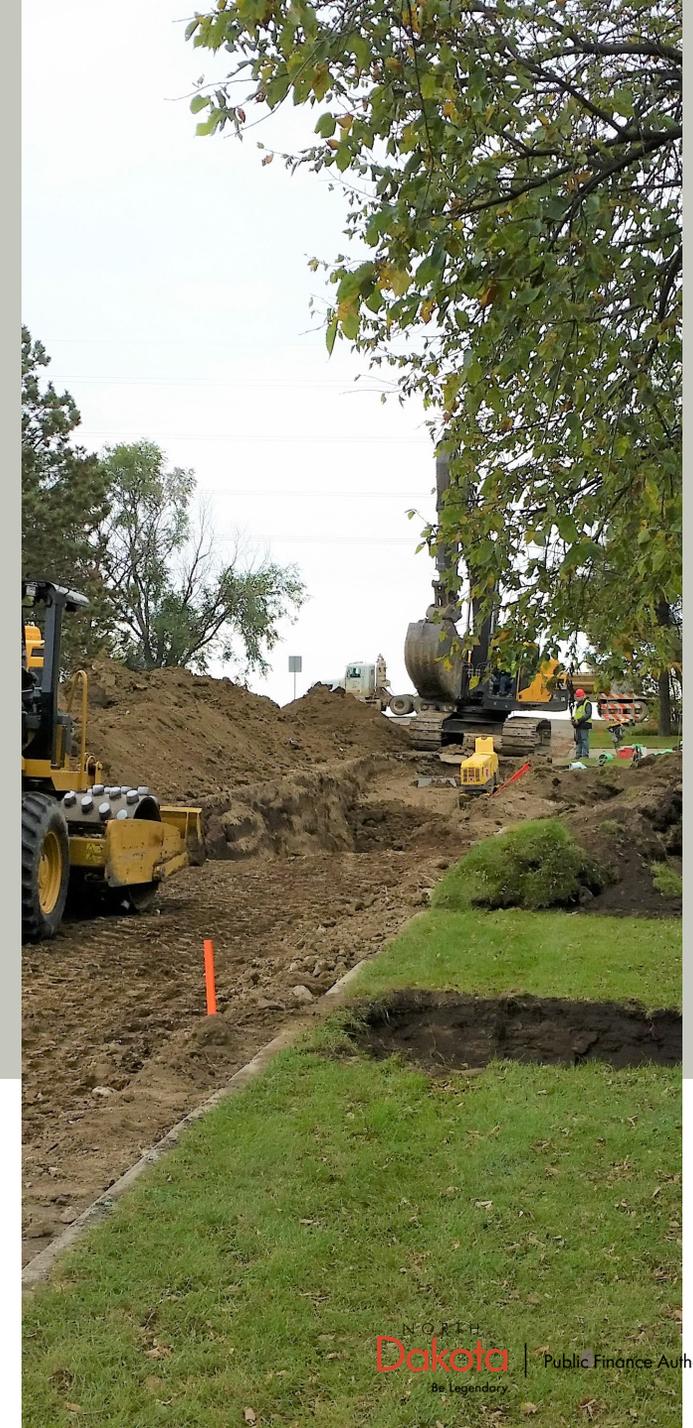
WHAT ARE THE IMPACTS TO ND?

Reduces no-cost funds available to combine with bond proceeds which keep the interest rate low

Reduces the loan forgiveness available to disadvantaged communities

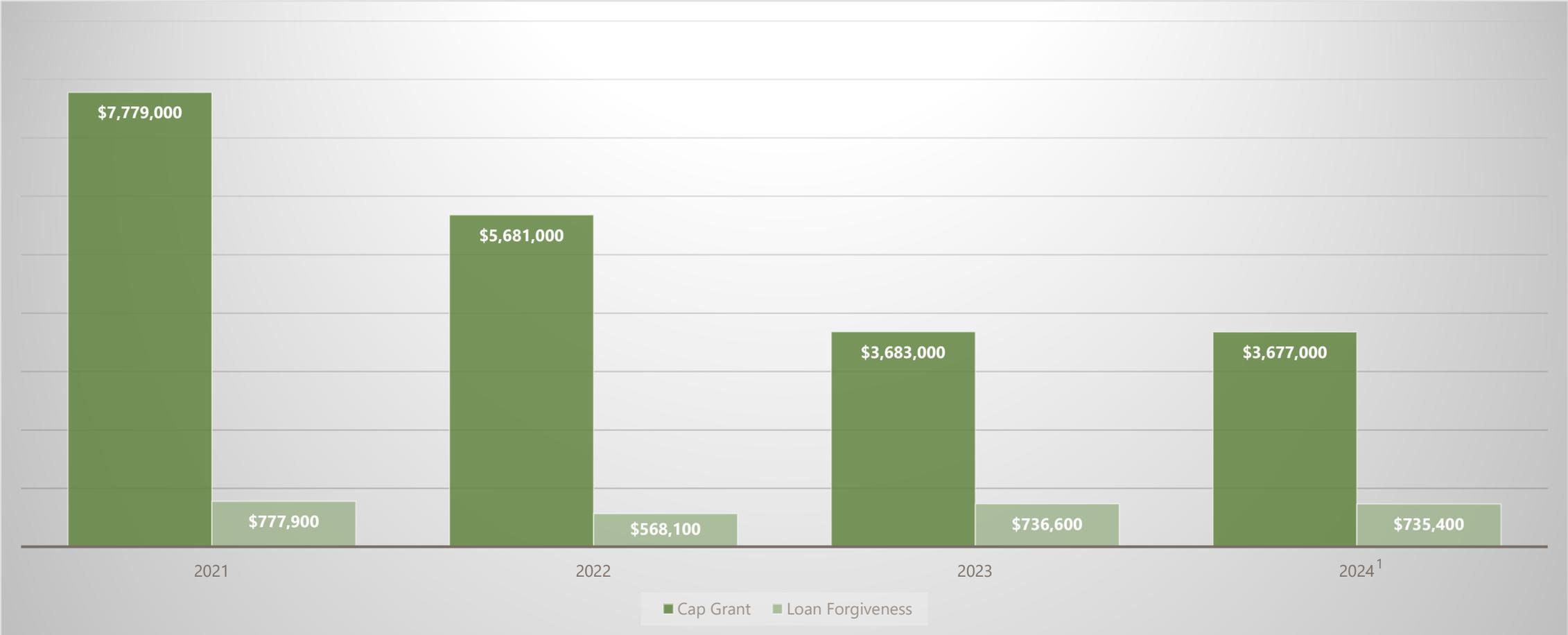
LOAN FORGIVENESS

Due to the limited availability of loan forgiveness, it is only offered to the highest ranked projects which are ready to proceed on the current Intended Use Plan.



Clean Water State Revolving Fund

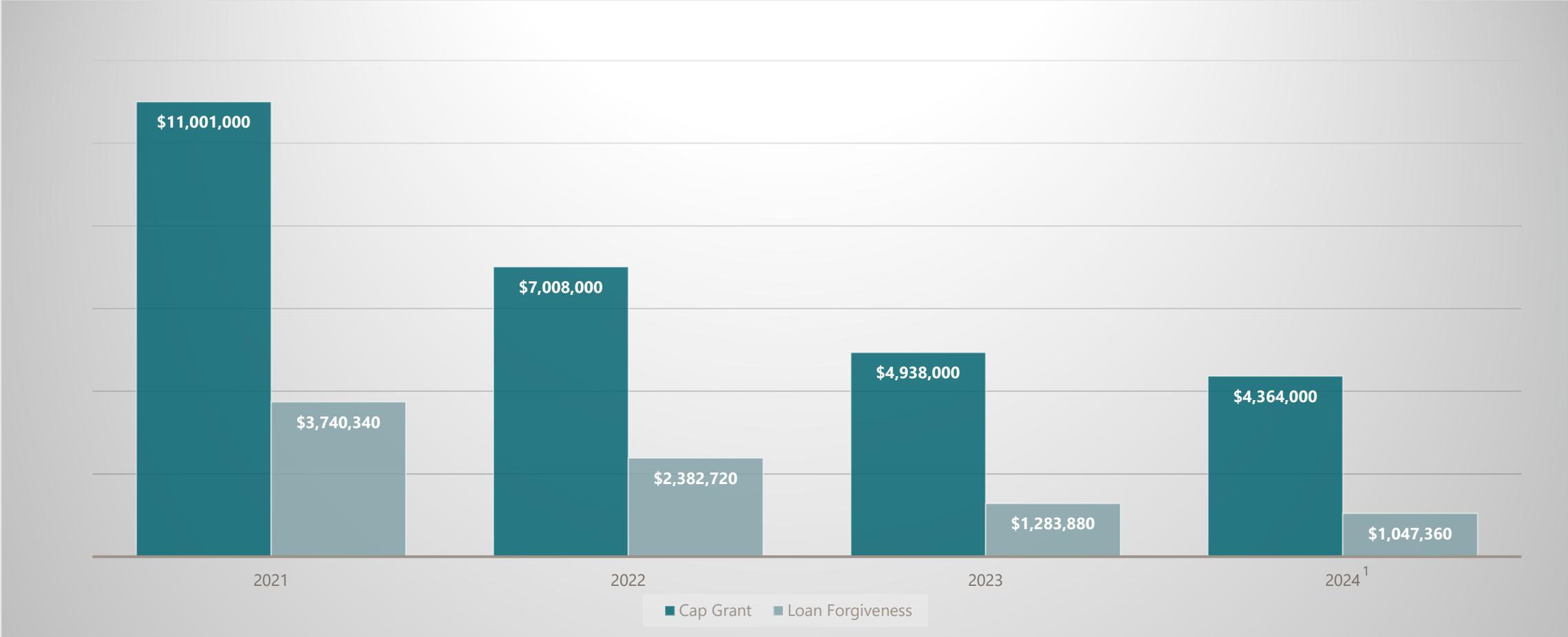
Capitalization Grant and Loan Forgiveness 2021 to 2024



¹ 2024 Capitalization grant amount is an estimate. Allocations will not be available several for months once the “mini-bus” is enacted. Loan forgiveness is a Congressionally mandated percentage of the grant.

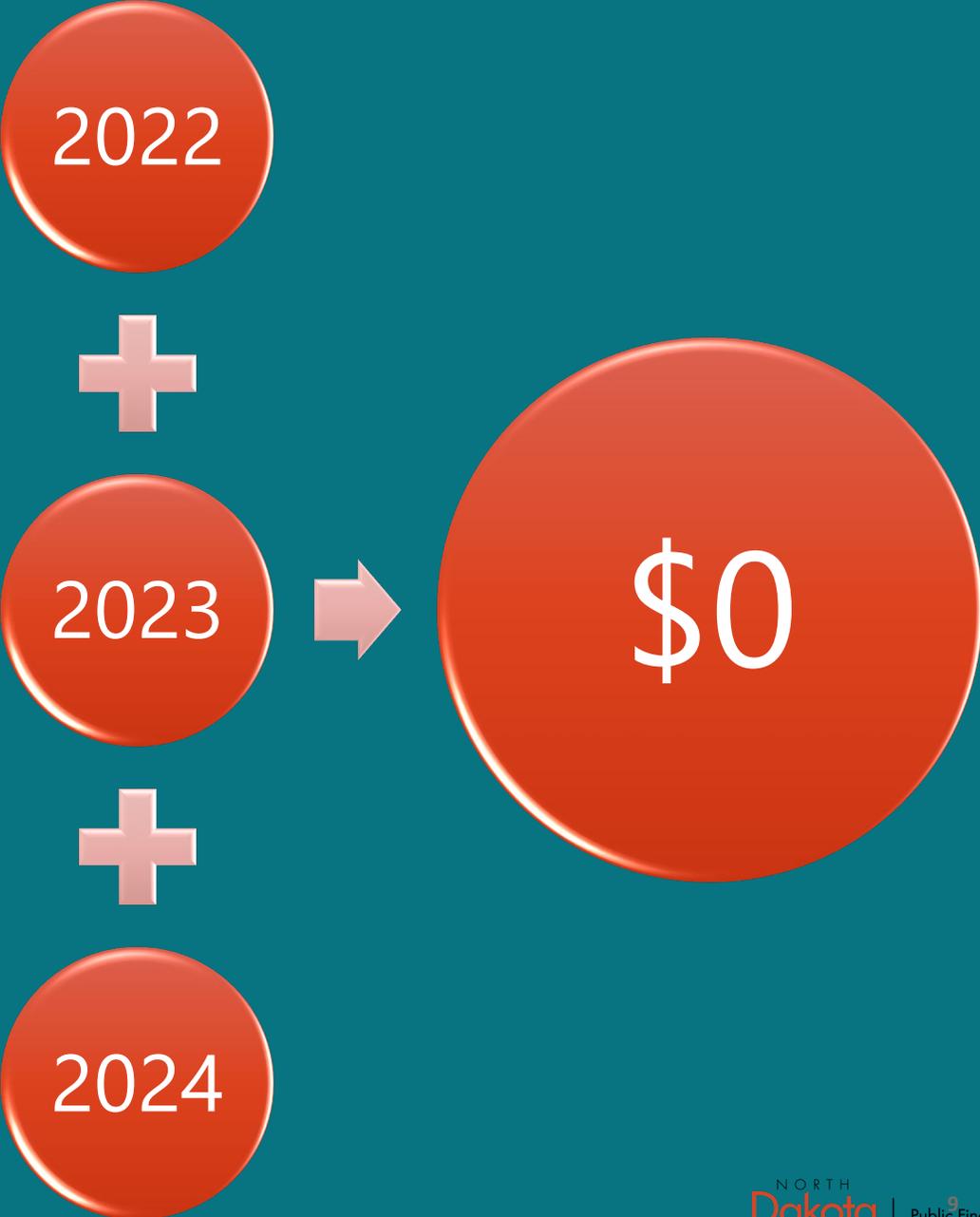
Drinking Water State Revolving Fund

Capitalization Grant and Loan Forgiveness 2021 to 2024



¹ 2024 Capitalization grant amount is an estimate. Allocations will not be available several for months once the “mini-bus” is enacted. Loan forgiveness is a Congressionally mandated percentage of the grant.

EARMARKS FOR NORTH DAKOTA PROJECTS



SUPPLEMENTAL SRF BIL

Estimated* State Funding Levels 2024-2026

Year	Clean Water SRF Any Eligible Project	Drinking Water SRF Any Eligible Project	Mandated Loan Forgiveness
2022	\$8.8 million	\$18 million	49%
2023	\$10.3 million	\$21 million	49%
2024	\$12 million	\$24 million	49%
2025	\$13 million	\$26 million	49%
2026	\$13 million	\$26 million	49%
TOTAL	\$57.1 million	\$115 million	

*Based on North Dakota's previous allocations

EMERGING CONTAMINANTS BIL

Estimated* State Funding Levels 2024-2026

Year	Clean Water SRF	Drinking Water SRF	Mandated Loan Forgiveness
2022	\$462,000	\$7.5 million	100%
2023	\$1.043 million	\$7.6 million	100%
2024	\$1.125 million	\$7.6 million	100%
2025	\$1.125 million	\$7.6 million	100%
2026	\$1.125 million	\$7.6 million	100%
TOTAL	\$4.88 million	\$37.9 million	

*Based on North Dakota's previous allocations

LEAD BIL

Estimated* State Funding Levels 2024-2026

Year	Drinking Water SRF	Mandated Loan Forgiveness
2022	\$28.2 million	49%
2023	\$28.7 million	49%
2024	\$28.2 million	49%
2025	\$28.2 million	49%
2026	\$28.2 million	49%
TOTAL	\$141.5 million	

*Based on North Dakota's previous allocations

WILL ND BE ABLE TO APPLY FOR 2024 LEAD

Estimated* State Funding Levels 2024-2026

Year	Drinking Water SRF	Mandated Loan Forgiveness
2022	\$28.2 million	49%
2023	\$28.7 million	49%
2024	\$28.2 million	49%
2025	\$28.2 million	49%
2026	\$28.2 million	49%
TOTAL	\$141.5 million	

*Based on North Dakota's previous allocations

CLEAN WATER 2024 INTENDED USE PLAN

- 284 Projects
- Estimated Cost \$1.438 Billion



DRINKING WATER 2024 INTENDED USE PLAN

- 393 Projects
- Estimated Cost \$1.472 Billion





DeAnn Leier Ament, CPA CGMA

Executive Director
North Dakota Public Finance Authority
1200 Memorial Hwy
Bismarck, ND 58506-5509
701-426-5723
dament@nd.gov
www.pfa.nd.gov



COUNCIL OF INFRASTRUCTURE FINANCING AUTHORITIES

2024 Estimated Impact of Federal Funding for Water Infrastructure Projects

(Amounts include estimated allotment of federal funding for the Clean Water and Drinking Water SRFs plus congressional earmarks. Estimates assume topline funding in the Senate appropriations bill and using the SRF capitalization grant to pay for all House and Senate congressional earmarks. Congressional earmarks don't impact short-term federal funding for the SRFs in the Infrastructure Investment and Jobs Act. Details in the footnotes.)

Net Increase or Cut in Federal Funding 2024 Compared to 2021 ¹		
State	Clean Water SRF ²	Drinking Water SRF ³
Alabama	4,310,986	918,462
Alaska	3,048,519	16,636,124
Arizona	(1,467,925)	5,889,480
Arkansas	16,441,308	1,773,549
California	(1,006,548)	6,339,376
Colorado	(1,920,468)	4,680,952
Connecticut	1,209,692	(1,404,367)
Delaware	2,427,573	(6,563,876)
Florida	7,511,135	(11,670,529)
Georgia	6,117,049	(5,847,612)
Hawaii	(1,180,115)	(324,853)
Idaho	2,953,116	(1,063,876)
Illinois	(13,513,864)	(203,290)
Indiana	(16,783,157)	(8,223,394)
Iowa	(6,765,859)	(5,271,313)
Kansas	(3,587,402)	(4,914,165)
Kentucky	4,838,841	1,986,292
Louisiana	(5,148,277)	7,561,612
Maine	43,455,159	10,073,881

¹ 2021 was the last year the full SRF capitalization grant was allotted to states.

² Funding includes SRF funding and congressional earmarks. 2024 estimated SRF allotment based on statutory formula. Includes estimated allotment for Tribes, deduction of \$1.5 million for the Clean Watershed Needs Survey and deduction of \$9.5 million for EPA administration of congressional earmarks, which is included in the Senate appropriations bill. Does not include state allotment for state 604(b) grants and deduction for EPA administration of American Iron and Steel mandates. All states receive a minimum of .5%.

³ Funding includes SRF funding and congressional earmarks. 2024 estimated SRF allotment based on the 7th Drinking Water Needs Survey. 2021 allotment based on the 6th Drinking Water Needs Survey. Includes estimated allotment for Tribes, deduction of \$12 million for monitoring of unregulated contaminants, and deduction of \$9.5 million for EPA administration of congressional earmarks, which is included in the Senate appropriations bill. Does not include deduction for EPA administration of American Iron and Steel mandates. All states receive a minimum of 1%.

Maryland	(2,465,278)	(4,121,609)
Massachusetts	(5,126,487)	271,430
Michigan	(991,622)	8,240,660
Minnesota	7,444,326	9,048,715
Mississippi	21,409,094	9,826,405
Missouri	(20,511,297)	(11,161,487)
Montana	(3,797,427)	(6,563,876)
Nebraska	6,622,076	11,750,764
Nevada	13,119,082	(4,742,391)
New Hampshire	(2,841,839)	(5,063,876)
New Jersey	1,458,048	3,434,479
New Mexico	3,391,581	(19,372)
New York	(33,259,675)	27,055,747
North Carolina	2,573,956	(13,817,273)
North Dakota	(3,797,427)	(6,563,876)
Ohio	1,580,935	16,879,286
Oklahoma	5,841,780	(1,037,170)
Oregon	11,288,122	4,036,687
Pennsylvania	(11,827,615)	4,936,392
Puerto Rico	(10,133,016)	(6,563,876)
Rhode Island	6,994,827	(4,463,876)
South Carolina	6,823,303	11,314,405
South Dakota	19,802,573	(6,563,876)
Tennessee	(10,296,544)	(2,891,007)
Texas	(5,521,477)	(36,863,354)
Utah	(3,306,901)	9,313,965
Vermont	1,242,325	(128,876)
Virginia	(411,012)	(523,885)
Washington	19,812,885	804,073
West Virginia	10,664,402	358,124
Wisconsin	(10,367,097)	2,157,987
Wyoming	(3,797,427)	(6,563,876)

Save the SRFs

Whereas, public health – the intentional prevention of disease – is the foundation of a productive, growing economy and a high standard of living;

Whereas, clean water and safe drinking water are cornerstones of public health;

Whereas, clean water saves lives by preventing exposure to dangerous chemicals, harmful contaminants and deadly pathogens;

Whereas, safe drinking water is essential for life and prevents deadly and debilitating illnesses, especially among the most vulnerable – babies, pregnant women, the immunocompromised and the elderly;

Whereas, water scarcity is as threatening to human health as poor water quality;

Whereas, a core function of government is the development and maintenance of physical infrastructure necessary for communities to function and prosper, such as roads, water systems and the electrical grid;

Whereas, federal, state and local governments share responsibility for funding, financing and incentivizing construction and maintenance of infrastructure that provides safe drinking water, wastewater services, recycled water and stormwater management;

Whereas, utilities face unprecedented costs for planning, engineering and construction of water infrastructure to maintain service and meet increasingly stringent water quality standards, which are compounded by higher financing costs from rising interest rates in the municipal market;

Whereas, availability of affordable financing for water infrastructure is inextricably linked to affordable household water and wastewater bills, which are fundamental to public health protection;

Whereas, the Clean Water and Drinking Water State Revolving Funds (SRFs) are the nation's most effective, efficient and responsive programs for providing affordable financing for water infrastructure that protects public health;

Whereas, the SRFs are state-federal partnerships developed under a broad federal framework and managed by the states to meet the unique public health needs of their communities;

Whereas, the SRFs provide subsidized loans for water infrastructure which deliver real savings to the bottom-line for utilities and, ultimately, ratepayers;

Whereas, the SRFs are fiscally responsible because loan repayments generate a permanent, recurring source of revenue to meet the never-ending need to rehabilitate, replace and modernize aging infrastructure for generations to come;

Whereas, the SRFs provide funding and technical assistance to small and rural communities, many of whom can't qualify for financing in the municipal market and don't have the professional staff to manage a capital improvement project for safe drinking water and wastewater services;

Whereas, defunding and underfunding the SRFs reduces investment and increases the cost of water infrastructure, which threatens the health of hundreds of millions of Americans;

Now therefore, the SRFs and our partners urge Congress to fund the SRFs at congressionally authorized levels of \$3.25 billion each for federal fiscal year 2025.

CIFA Policy Solutions

Water utilities face a funding cliff for affordable financing to build infrastructure that protects water quality and provides safe drinking water.

Since 2022, Congress has diverted \$3.65 billion in federal funding from the Clean Water and Drinking Water State Revolving Funds (SRFs) to pay for congressional earmarks. Thankfully, supplemental funding in the Infrastructure Investment and Jobs Act (IIJA) has mitigated the impact of these draconian cuts, providing a temporary safety net for utilities.

However, the one-time funding in the IIJA runs out in just two years, leaving utilities with limited access to affordable financing to rehabilitate, replace and modernize aging infrastructure. Without restoration of federal funding to the SRFs, water utilities will be forced to finance projects through the municipal market which have the highest interest rates in decades or delay investments until rates come down.

The higher costs of financing will be passed on to residents through higher household water bills, which increases the financial burden for basic services on many families who are already struggling to make ends meet.

Congress can prevent this looming public health crisis.

Policy Solution I: Close the gap between authorizations and appropriations.

Congress reauthorized the Clean Water and Drinking Water SRFs in the Infrastructure Investment and Jobs Act (IIJA). However, Congress has yet to fund the SRFs to these new levels. Compounding this persistent underfunding is the diversion of annual federal funding for the SRFs to pay for congressional priority projects which has further reduced funding for state priority water infrastructure projects.

Fully funding the Clean Water and Drinking Water SRFs to congressionally authorized levels of \$3.25 billion each for fiscal year 2025 will provide fiscally responsible, affordable financing for water infrastructure projects that protect public health in thousands of communities across the nation every year.

Year	SRF Authorizations	Capitalization Grants	SRF Funding*	Funding Gap**
2022	\$4.8 billion	\$2.76 billion	\$1.92 billion	(\$2.88) billion
2023	\$5.5 billion	\$2.76 billion	\$1.29 billion	(\$4.29) billion
2024	\$6 billion	\$2.76 billion	\$1.42 billion	(\$4.58) billion
Total	\$16.3 billion	\$8.28 billion	\$4.63 billion	(\$11.75) billion

*SRF capitalization grant minus congressional earmarks.

**Difference between the congressional authorization and annual SRF funding (not including congressional earmarks).

Policy Solution II: Establish a separate authorization for congressional priority projects (congressionally directed spending/community funded projects).

Congress should fund their priority projects without cutting funding to the SRFs for state priority projects, especially projects in small and rural communities. Establishing a separate authorization for congressional priority projects for water infrastructure will provide greater transparency and equity for funding water infrastructure projects.

SERIES RESOLUTION FOR UP TO
\$315,000,000
NORTH DAKOTA PUBLIC FINANCE AUTHORITY
STATE REVOLVING FUND PROGRAM BONDS

WHEREAS, the North Dakota Public Finance Authority (the “Authority”) is duly constituted as an instrumentality of the State of North Dakota exercising public and governmental functions under the operation, management and control of the Industrial Commission of North Dakota (the “Industrial Commission”), pursuant to Chapter 6-09.4, North Dakota Century Code (the “Act”);

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds and to make loans to political subdivisions of the State of North Dakota and certain other entities through the purchase of municipal securities and other obligations;

WHEREAS, the Legislative Assembly of North Dakota has established a revolving loan fund (the “Clean Water State Revolving Fund” or “Clean Water SRF”) pursuant to Chapter 61-28.2, North Dakota Century Code (the “Clean Water SRF Act”) to be maintained and operated by the North Dakota Department of Environmental Quality (the “Department”) to provide for loans for the design, construction and rehabilitation of wastewater treatment facilities and certain other activities in accordance with Title VI of the Clean Water Act (the “Clean Water Program”);

WHEREAS, the Legislative Assembly of North Dakota has established a revolving loan fund (the “Drinking Water State Revolving Fund” or “Drinking Water SRF”) pursuant to Chapter 61-28.1, North Dakota Century Code (the “Drinking Water SRF Act”) to be maintained and operated by the Department to provide for loans for expenditures on public water systems and certain other activities in accordance with the Safe Drinking Water Act (the “Drinking Water Program”);

WHEREAS, the Authority has previously issued and there are outstanding under the Drinking Water SRF and Clean Water SRF the State Revolving Fund Program Bonds, Series 2012A, Series 2015A, Series 2016A, Series 2018A and Series 2022A (together, the “Outstanding Bonds”);

WHEREAS, the Authority’s outstanding State Revolving Fund Program Bonds, Series 2015A (the “Series 2015A Bonds”) are subject to redemption and prior payment at the option of the Authority on any date on or after October 1, 2024 at par plus accrued interest;

WHEREAS, the Outstanding Bonds are secured by an Amended and Restated Master Trust Indenture dated as of July 1, 2011, as amended by a First Supplemental Master Trust Indenture dated as of July 1, 2015 (the “Master Trust Indenture”), each between the Authority and The Bank of North Dakota, as trustee (the “Trustee”), as provided therein;

WHEREAS, the Master Trust Indenture authorizes the issuance of bonds in one or more series pursuant to a Series Resolution authorizing each series;

WHEREAS, the Industrial Commission has determined that, subject to the conditions described herein, it is necessary and expedient that the Authority issue one or more series of tax-exempt bonds to be designated “North Dakota Public Finance Authority State Revolving Fund Program Bonds, Series 2024__” with such letter or other designation for each series as the Executive Director may determine (collectively, the “Series 2024 Bonds”) as follows: (i) in a principal amount not to exceed \$90,000,000 to refund all or a portion of the outstanding Series 2015A Bonds and (ii) in a principal amount not to exceed \$225,000,000 to provide additional funds for the Clean Water Program and Drinking Water Program to provide financing for loans made or to be made to various political subdivisions of the State of North Dakota and other eligible borrowers whose applications may be approved from time to time (together the “Borrowers”) through the purchase of debt obligations issued by such Borrowers (the “Municipal Securities”);

WHEREAS, the Series 2024 Bonds are sometimes referred to herein as the “Bonds”; and

WHEREAS, there have been presented to this Commission, or are on file in the office of the Executive Director of the Authority, copies of the following documents: (i) the Master Trust Indenture; (ii) the form of Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) to be executed by the Executive Director; and (iii) forms of Loan Agreements (the “Loan Agreements”) between the Authority and the Borrowers;

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

ARTICLE I

Authority and Definitions

Section 1.01. Series Resolution. This Series Resolution is adopted in accordance with the provisions of Sections 2.01 and 2.03 of the Master Trust Indenture and pursuant to the authority contained in the Act, the Clean Water SRF Act and the Drinking Water SRF Act. It is hereby determined pursuant to the Act that the reason for the issuance of the Series 2024 Bonds and the purposes thereof are to refund all or a portion of the Series 2015A Bonds and to provide financing for loans to Borrowers through the purchase of Municipal Securities for essential projects at borrowing costs substantially below the costs available to the Borrowers in the private bond markets, or to do a combination thereof.

Section 1.02. Definitions. All terms defined in Article I of the Master Trust Indenture or in the Act shall have the same meanings, respectively, in this Series Resolution and with respect to the Series 2024 Bonds, as such terms are given in said Article I of the Master Trust Indenture or the Act. References herein to the “Executive Director” are to the

Executive Director of the Authority and the attestation hereof is by the Interim Executive Director of the Commission.

ARTICLE II

Authorization of Series 2024 Bonds

Section 2.01. Authorization of Series 2024 Bonds. Pursuant to the Master Trust Indenture, one or more Series of State Revolving Fund Program Bonds to be designated as the “Series 2024__” is hereby created and authorized to be issued with such series letter or other designation and in such aggregate principal amount consistent with this Series Resolution as the Executive Director may determine, but not to exceed \$315,000,000.

Section 2.02. Purposes. The Series 2024 Bonds are being issued to (a) refund the Series 2015A Bonds, (b) provide funds to be loaned to Borrowers by purchasing the Municipal Securities issued or to be issued by Borrowers, (c) pay costs of issuance, and/or (d) reimburse funds previously allocated for the purpose of making loans.

Section 2.03. Date, Payment Dates and Series 2024 Maturities. The Series 2024 Bonds shall be dated as of the date of delivery, or such other date as the Executive Director may determine, except that Series 2024 Bonds issued on or subsequent to the first interest payment date shall be dated as of the most recent date to which interest has been duly paid or provided for.

The Series 2024 Bonds shall bear interest payable semiannually on April 1 and October 1 in each year, commencing October 1, 2024 or such other date as the Executive Director may determine, and shall have such regular record dates as the Executive Director may determine.

The Series 2024 Bonds shall mature on October 1 in each of the years and in the principal amounts as the Executive Director may determine, provided that the final maturity shall not be later than October 1, 2054.

Section 2.04. Sinking Fund Installments. The Series 2024 Bonds maturing on any date or dates (the “Term Bonds”) may be subject to mandatory redemption prior to their stated maturity by payment of Sinking Fund Installments, upon notice as provided in Article III of the Master Trust Indenture, on October 1 in each of the years and amounts as follows, in each case at a redemption price of 100% of the principal amount of such Term Bonds or portions thereof to be so redeemed, together with accrued interest to the redemption date on such mandatory redemption dates and in such amounts as the Executive Director may determine.

Section 2.05. Optional Redemption. The Series 2024 Bonds identified by the Executive Director shall be subject to redemption and prior payment at the option of the Authority on October 1 of the year designated by the Executive Director and on any date thereafter in whole or in part in such amounts from such maturities as the Authority may

determine and by lot within a maturity at the redemption prices determined by the Executive Director together with accrued interest to the redemption date.

Section 2.06. Interest Rates. The Series 2024 Bonds shall bear interest at the rates per annum determined by the Executive Director, but not to exceed a true interest cost of 5.00% for each series of Series 2024 Bonds.

Section 2.07. Denominations, Numbers and Letters. Each Series 2024 Bond of a series shall be in an integral multiple of \$5,000 and shall be numbered separately from R-1 consecutively upwards in order of issuance.

Section 2.08. Sale of Bonds; Acceptance of Offer. The Series 2024 Bonds shall be sold on the basis of competitive bids. Upon receipt of an offer for the purchase of Series 2024 Bonds which she determines to be acceptable, the Executive Director is authorized to execute the official bid form or other document to evidence acceptance of the successful bid.

Section 2.09. Official Statement. The Executive Director shall prepare a Preliminary Official Statement of the Authority in respect to the Series 2024 Bonds, in substantially the form of the program Preliminary Official Statements on file in the office of the Executive Director with all such changes as the Executive Director may approve, and a final Official Statement shall be distributed with such changes, omissions, insertions and revisions as the Executive Director shall deem advisable in order to make such Official Statement a complete and accurate disclosure of all necessary material information to prospective purchasers of the Series 2024 Bonds.

Section 2.10. Loan Agreements. The forms of Loan Agreements proposed to be entered into between the Authority and the Borrowers are hereby approved in substantially the forms on file in the office of the Executive Director and the Executive Director is hereby authorized to execute the same with all such changes and revisions therein as the Executive Director shall approve.

Section 2.11. Letter of Representations. The form of Blanket Letter of Representation heretofore executed by the Authority to Depository Trust Company is hereby confirmed and said Blanket Letter of Representation shall be applicable to the Series 2024 Bonds.

Section 2.12. Continuing Disclosure. The form of Continuing Disclosure Certificate in substantially the program form on file in the office of the Executive Director is approved and shall be executed by the Executive Director with all such changes as the Executive Director may approve, which approval shall be conclusively evidenced by the execution thereof. The Continuing Disclosure Certificate shall constitute a contractual obligation of the Authority as provided therein.

Section 2.13. Mandatory Redemption. The Series 2024 Bonds shall be subject to mandatory redemption to the extent that the Executive Director determines such a provision

to be necessary to comply with the provisions of Section 149(f) of the Internal Revenue Code.

Section 2.14. Other Documents. The Executive Director is authorized to execute such other documents, instruments and certificates and to take such action as may be necessary or convenient in connection with the issuance and sale of the Series 2024 Bonds and maintenance of the tax exempt status thereof and to take such further actions as may be necessary or convenient for the performance of the Trust Indenture.

ARTICLE III

Use of Proceeds of Bonds; Allocations

Section 3.01. Allocations. Pursuant to Section 4.01 of the Master Trust Indenture, the Commission specifies that the Clean Water Portions and the Drinking Water Portions of each scheduled payment of principal and interest on each maturity of the Series 2024 Bonds shall be as determined by the Executive Director to reflect (i) that the Series 2024 Bonds issued for the Clean Water Program loans are allocated to the Clean Water Portion as provided in the Master Trust Indenture, and (ii) that the Series 2024 Bonds issued for Drinking Water Program loans are allocated to the Drinking Water Portion as provided in the Master Trust Indenture. Within each of the Drinking Water Portions and Clean Water Portions of principal and interest payments on the Series 2024 Bonds, the Executive Director shall determine the State Match Portion and Leveraged Portion as provided in the Master Trust Indenture. The final percentages, based on the sale results and federal regulations, shall be certified by the Executive Director to the Trustee, subject to modification pursuant to an Allocation Order under the Master Trust Indenture.

Section 3.02. Application of Proceeds. The proceeds of the Series 2024 Bonds shall initially be deposited in the Funds and Accounts established under the Master Trust Indenture as follows:

(a) A portion of the accrued interest, if any, on the Series 2024 Bonds shall be deposited in the Leveraged Bond Accounts of the Drinking Water Bond Fund and Clean Water Bond Fund, and any remainder of the accrued interest on the Series 2024 Bonds shall be deposited as determined by the Executive Director. The amounts shall be determined by the Executive Director.

(b) The amount required to refund the Authority's outstanding Series 2015A Bonds as determined by the Executive Director shall be applied to such purpose.

(c) Amounts determined by the Executive Director shall be deposited in the Clean Water Administration Fund and Drinking Water Administration Fund for payment of the Costs of Issuance of the Series 2024 Bonds and other authorized purposes as allocated by the Executive Director.

(d) The remaining proceeds of the Series 2024 Bonds shall be deposited in the State Match and Leveraged Loan Accounts of the Drinking Water Loan Fund and the State Match and Leveraged Loan Accounts of the Clean Water Loan Fund and to reimburse other Funds and Accounts for amounts drawn to fund loans, all as determined by the Executive Director.

(e) The Executive Director may on behalf of the Authority issue such instructions to the Trustee as she may deem necessary or appropriate to adjust the balances on deposit in the Funds and Accounts under the Master Trust Indenture to reflect the proper loan sources and other accounting matters consistent with the Master Trust Indenture and federal regulations and to determine the appropriate amounts in each of the Funds and Accounts at the time of delivery of the Series 2024 Bonds. All such instructions shall be reported to this Commission.

It is hereby determined that, because a reserve fund is not reasonably required for the Series 2024 Bonds under Section 148 of the Internal Revenue Code, investment of additional deposits to the Reserve Funds under the Master Trust Indenture would be restricted as to yield, the Series 2024 Bonds shall not be Covered Bonds under the Master Trust Indenture and no deposits shall be made to the Clean Water Reserve Fund or Drinking Water Reserve Fund. The procedures for requesting funds from the Legislature under Sections 5.06 and 6.06 of the Master Trust Indenture do not apply to the Series 2024 Bonds.

ARTICLE IV

Form, Execution and Other Details of Bonds

Section 4.01. Form of Bond. The Series 2024 Bonds, the Registrar's Authentication Certificate, and the form of assignment shall be in substantially the form set forth in Exhibit A to the Master Trust Indenture, with all such insertions as may be consistent with this Series Resolution.

Section 4.02. Execution and Delivery. The Series 2024 Bonds shall be executed and delivered as provided in the Master Trust Indenture.

Section 4.03. Uses of Securities Depository; Book-Entry Only System. The provisions of this Section shall take precedence over the provisions of the Master Trust Indenture to the extent they are inconsistent therewith.

(a) The Depository Trust Company ("DTC") is expected to agree to act as securities depository for the Series 2024 Bonds, and to provide a Book-Entry Only System for registering the ownership interests of the financial institutions for which it holds the Series 2024 Bonds (the "DTC Participants"), and for distributing to such DTC Participants such amount of the principal and interest payments on the Series 2024 Bonds as they are entitled to receive, for redistribution to the beneficial owners of the Series 2024 Bonds as reflected in their records (the "Beneficial Owners").

(b) Initially, and so long as DTC or another qualified entity continues to act as securities depository, the Series 2024 Bonds shall be issued in typewritten form, one for each maturity in a principal amount equal to the aggregate principal amount of each maturity, shall be registered in the name of the securities depository or its nominee, and shall be subject to the provisions of this Section. While DTC is acting as the securities depository, the Series 2024 Bonds shall be registered in the name of DTC's nominee, CEDE & CO; provided that upon delivery by DTC to the Authority and the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of CEDE & CO., the words "CEDE & CO." in this Resolution shall refer to such new nominee of DTC.

With respect to Series 2024 Bonds registered in the name of a securities depository or its nominee, the Authority and the Trustee shall have no responsibility or obligation to any DTC Participant or other person with respect to the following: (1) the accuracy of the records of any securities depository or its nominee with respect to any ownership interest in the Series 2024 Bonds, (ii) the delivery to any DTC Participant or any other person, other than DTC, of any notice with respect to the Series 2024 Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than DTC, of any amount with respect to the principal of or interest on the Series 2024 Bonds. The Trustee shall pay all principal of and interest on the Series 2024 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal and interest on the Series 2024 Bonds to the extent of the sum or sums so paid. So long as the Book-Entry Only System described in this Section is in effect, no person other than DTC shall receive an authenticated Series 2024 Bond.

(c) Upon receipt by the Authority and the Trustee of written notice from the securities depository to the effect that it is unable or unwilling to discharge its responsibilities under the Book-Entry Only System, the Trustee shall issue, transfer and exchange Series 2024 Bonds of the initial series as requested by the securities depository in appropriate amounts, and whenever the securities depository requests the Authority and the Trustee to do so, the Authority and the Trustee shall cooperate with the securities depository in taking appropriate action after reasonable notice (i) to arrange for a substitute depository willing and able, upon reasonable and customary terms, to maintain custody of the Series 2024 Bonds, or (ii) to make available Series 2024 Bonds registered in whatever name or names the Beneficial Owner registering ownership, transferring or exchanging such Series 2024 Bonds shall designate, in accordance with clause (f) or clause (g) below, whichever is applicable.

(d) In the event the Authority determines that it is in the best interests of the Beneficial Owners that they be able to obtain printed Series 2024 Bonds, the Authority may so notify the securities depository and the Trustee, whereupon the securities depository shall notify the Beneficial Owners of the availability through the securities depository of such printed Series 2024 Bonds. In such event, the Authority

shall cause to be prepared and the Trustee shall issue, transfer and exchange printed Series 2024 Bonds, fully executed and authenticated, as requested by the securities depository in appropriate amounts and, whenever the securities depository requests, the Authority and the Trustee shall cooperate with the securities depository in taking appropriate action after reasonable notice to make available printed Series 2024 Bonds registered on the Bond Register in whatever name or names the Beneficial Owners entitled to receive Series 2024 Bonds shall designate, in accordance with clause (f) or clause (g) below, whichever is applicable.

(e) Notwithstanding any other provisions of this Resolution to the contrary, so long as any Series 2024 Bond is registered in the name of a securities depository or its nominee, all payments of principal and interest on the Series 2024 Bond and all notices with respect to the Series 2024 Bond shall be made and given, respectively, to the securities depository as provided in the Blanket Representation Letter given to it by the Authority.

(f) In the event that the Book-Entry Only System established pursuant to this Section is discontinued, except as provided in clause (g), the Series 2024 Bonds shall be issued through the securities depository to the Beneficial Owners.

(g) In the event of termination of the Book-Entry Only System, the Authority shall have the right to terminate, and shall take all steps necessary to terminate, all arrangements with the securities depository described herein, and thereafter shall issue, register ownership of, transfer and exchange all Series 2024 Bonds as provided in Article II hereof. Upon receipt by the securities depository of notice from the Authority, the securities depository shall take all actions necessary to assist the Authority and the Trustee in terminating all arrangements for the issuance of documents evidencing ownership interests in the Series 2024 Bonds through the securities depository. Nothing herein shall affect the securities depository's rights under clause (e) above.

ARTICLE V

Special Covenants

The Commission and the Authority covenant and agree with the persons who at any time are Holders and Owners of the Series 2024 Bonds that so long as any Series 2024 Bonds remain outstanding and unpaid:

Section 5.01. Observe Master Trust Indenture, Series Resolution and Loan Agreements. The Commission and the Authority will faithfully keep and observe all the terms, provisions and covenants contained in the Master Trust Indenture, this Series Resolution and the Loan Agreements.

Section 5.02. Maintenance of Tax-Exempt Status. Neither the Commission nor the Authority shall take, or permit a Political Subdivision (as defined in the Act) to take, any action that would cause the Series 2024 Bonds to be “private activity bonds” within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended. The Commission and the Authority shall comply with all the rebate requirements imposed under Section 148(f) of the Internal Revenue Code of 1986, as amended, and regulations thereunder, which are necessary to preserve the tax exempt status of the Series 2024 Bonds, including (if applicable) the requirement to make periodic calculations of the amount subject to rebate thereunder and the requirement to make all required rebates to the United States. The Authority agrees to use any moneys on deposit in any Fund or Account maintained under the Master Trust Indenture to pay any such rebate (or penalty in lieu thereof) when due to the extent permitted by the Master Trust Indenture. In addition, the Authority shall make no investment of funds or take or permit a Political Subdivision to take any action that would cause the Series 2024 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Executive Director is hereby authorized to make on behalf of the Authority any elections under the provisions of Section 148 of the Internal Revenue Code of 1986 and regulations thereunder as she may deem appropriate. All terms used in this Section 5.02 shall have the meanings provided in the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Executive Director shall execute any certificates and take such action as may be necessary or appropriate to establish and maintain the tax-exempt status of the Series 2024 Bonds.

Section 5.03. Redemption of Series 2015A Bonds. The Executive Director shall provide notice of the redemption of the Series 2015A Bonds, with such redemption to occur on such date as she shall determine not later than 90 days after issuance of a refunding series of Series 2024 Bonds and shall take such other action as may be necessary to effect the redemption of the Series 2015A Bonds.

ARTICLE VI

Miscellaneous

Section 6.01. Amendments. This Series Resolution may be amended as provided in the Master Trust Indenture.

Section 6.02. Determinations. All determinations of the Executive Director required or permitted to be made hereunder shall be in writing, and the Executive Director shall file a copy thereof with the Trustee and the Secretary or other officer of the Industrial Commission.

(Remainder of page intentionally left blank)

Section 6.03. Effective Date. This Series Resolution is effective immediately.

Adopted: March 26, 2024

Doug Burgum, Governor
Chairman

Attest:

Karen Tyler
Interim Executive Director

(Commission Seal)

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
NDPFA POLICY P-7 AMENDED

STATE REVOLVING FUND PROGRAM LOAN APPLICATION CREDIT REVIEW AND
ANALYSIS AND LOAN APPROVAL AND FUNDING POLICY

PURPOSE

To provide for the credit review and analysis of applications received from political subdivisions for loans from the state revolving fund program (the Program”), and for the approval and funding of Program loans, all as authorized and permitted under the federal Clean Water and Safe Drinking Water Acts (the “Acts”), and in accordance with N.D.C.C. chapters 61-28.1 (the “Drinking Water SRF Act”), 61-28.2 (the “Clean Water SRF Act”), and 6-09.4 (the “PFA Act”), and other applicable provisions of State law. Any provision of this policy which may be found to be inconsistent, or not in compliance, with federal or State law or the Master Trust Indenture is not binding or enforceable.

SRF PROGRAM DESCRIPTION

A. **The SRFs.** The State of North Dakota has established the Program as two revolving loan funds under the Clean Water SRF Act and the Drinking Water SRF Act to be operated and maintained by the State Department of Environmental Quality (the “Department”) (the loan funds are referred to together as the “SRFs” or individually as an “SRF”). The SRFs are funded in part through grants from the federal government through the United States Environmental Protection Agency (the “EPA”). The grants are allotted to the State for capitalization of the SRFs. As a condition to receiving the capitalization grants, the State must provide matching funds equal to twenty percent of each grant. A percentage of each Drinking Water SRF grant, currently four percent, is allocated to the State for administrative purposes. The grant for each SRF is made to the Department through the EPA Automated Clearing House Payment System (the “EPA-ACH”) as eligible costs funded under the Program are incurred. The Acts authorize and require the SRFs to provide loans, establish reserves, and fund certain other activities for wastewater treatment facilities and public water systems.

B. **Program Administration.** The Program is administered jointly by the PFA and the Department under separate administrative agreements for each SRF. The PFA and the Bank of North Dakota, as Trustee, have entered into a SRF Master Trust Indenture (the “Master Trust Indenture”) to provide for the issuance of bonds to provide state matching funds and other funds for each SRF, and to implement the administrative obligations and responsibilities of the PFA under each SRF administrative agreement. The capitalization grants, bond proceeds, loan repayments, and any other funds or property received under the Program are held in trust under the Master Trust Indenture for the benefit of the bondholders and the Program as described in the Master Trust Indenture.

C. **SRF Program Loan Funds.** The Master Trust Indenture establishes a Clean Water Loan Fund and a Drinking Water Loan Fund. There are three loan accounts within each loan fund. Each loan is funded from these accounts in the proportions designated by a bond series resolution or by the PFA.

1. *Federally Capitalized Loan Account (the “FCLA”).* Each SRF FCLA is funded from draws

under the EPA-ACH and any other amounts required to be deposited in the FCLA by the Master Trust Indenture or by direction of the PFA.

2. *State Match Loan Account.* Each SRF State Match Loan Account is funded from the net proceeds of each series of bonds which are specified as providing the state match requirement under the Acts and any other funds required to be deposited in the State Match Loan Account by the Master Trust Indenture or by direction of the PFA.

3. *Leveraged Loan Account.* Each SRF Leveraged Loan Account is funded from the net proceeds of each series of bonds which is specified as being other than for the state match requirement or for deposit in the Reserve Funds established under the Master Trust Indenture for each of the SRF Programs.

D. Intended Use Plans (the “IUPs”). Annually, the Department selects political subdivisions for loan eligibility under each SRF based upon each political subdivision’s need for new or improved wastewater treatment facilities, drinking water facility improvements or other eligible facilities, ability to commence construction of its facility within the time frame mandated by the Program, and ability to impose utility rates or levy special assessments or taxes at a level sufficient to pay the principal of and interest on a loan. The Department then prepares an IUP for each SRF which lists those political subdivisions currently eligible for financing under the Program.

E. Program Application. The Program application consists of two parts. The Department reviews the first part of the application for SRF Program technical and managerial capacity and the PFA reviews the second part of the application for financial capacity. Upon receipt of the loan application, the PFA prepares a preliminary debt service schedule based on the requested loan amount and loan term. The information on the preliminary debt service schedule is used in the PFA’s credit review of the political subdivision to analyze reserve requirements and repayment ability and is also used by the political subdivision to review its rate structure or calculate annual assessments or taxes.

ELEMENTS

A. Loan Review Process.

1. *Credit Review.* The PFA has established credit underwriting standards for reviewing a borrower’s financial capacity. The credit analysis includes review of three general areas affecting the political subdivision:

a. *Economic factors.* This may include a review of recent population trends and projections, tax revenues, future employment projections, future and historic economic development, the largest employers, and housing and employment figures.

b. *Debt analysis.* This includes a review of the type of municipal security to be issued for the loan, review of a five year capital improvement plan if available, overlapping debt from other taxing districts, and a five year history of property tax and special assessment levies and collections. The PFA also reviews the amount of all outstanding obligations, including revenue debt, special assessment debt, and general obligation debt, the history of previous debt service payments, and historic and projected enterprise fund rates and revenues.

c. *Administrative and fiscal review.* This includes an evaluation of financial management practices and a general review of current and recent financial statements and any trends in the budget operations and fund balances. Credible financial performance and the timely repayment of outstanding debt obligations along with the political subdivision's proven ability to adapt to budgetary changes will be reviewed periodically throughout the loan term.

2. *Additional Reviews.* Upon completion of the PFA's preliminary credit review, each application package for Program loans greater than \$1,000,000 is forwarded to the Bank of North Dakota for a final credit analysis report. In addition, all loan applications are reviewed by the PFA's Advisory Committee for the purpose of making a recommendation to the Industrial Commission on the suitability of making a loan to a political subdivision. The PFA reserves the right to analyze each loan application on a case-by-case basis and to waive or modify certain Program requirements which are not mandated by appropriate law, as determined appropriate by the PFA.

B. Loan Approval and Closing. After a loan application has been approved and the Department has confirmed its approval for the project, the political subdivision must execute and deliver all required loan closing documents within twelve months. All loan closing documents are subject to review and approval by the Office of the Attorney General or its' Special Appointed Assistant Attorney General. If a loan is not closed within twelve months of loan approval, a political subdivision may be required to provide current audited or unaudited financial statements or other information, as requested by the PFA, before the loan may be closed. Or the borrower may be required to reapply for a loan.

C. SRF Program Requirements.

1. Loans under the Program generally must be fully amortized within 30 years of the project's construction completion date or the useful life of the asset whichever is less.
2. Interest rates under the Programs are set by the Department in consultation with the PFA at or below current tax-exempt or taxable market rates, as appropriate.
3. An annual administrative fee may be charged to a political subdivision on the outstanding loan balance throughout the loan term. The annual fee is currently 0.5% of the outstanding loan balance, payable on each loan payment date.
4. Construction of a project funded under the Program must begin within 12 months after the loan closing.
5. Interest will be payable during the construction period on all loan amounts disbursed to a political subdivision.
6. The first principal payment must be made within 12 months after the completion of construction, generally September 1 of the same or following year. If the construction period will exceed two years, a principal payment may be required during the third year of the construction period.

7. All Program loans must be repaid from a dedicated source of revenue. A political subdivision must evidence its obligation under the loan agreement by issuing municipal securities which are approved by the Attorney General for purchase by the PFA. For revenue supported obligations, net operating revenue for the appropriate enterprise fund for the most recent audited fiscal year must be equal to or greater than 110% of the amount needed to pay the average annual debt service on the municipal securities and all other debt payable from and secured by the net revenues; provided that the PFA, in its sole discretion, may allow other revenues authorized by statute for payment of debt service on the municipal securities (for example retail sales and/or use tax) to be included by a political subdivision in calculating the 110% coverage test. The fees to be charged to users of the system or facility must be adjusted as needed to maintain the required net operating revenue coverage amount during the term of the loan. The PFA may require that a reserve fund be established by the political subdivision in the amount permitted under the federal tax laws as a reasonably required reserve or replacement fund. The PFA may also require that approval be requested from the PFA for the issuance of any additional debt supported by the pledged revenues, or that a political subdivision certify that the net operating revenue coverage requirement will continue to be met after the issuance of the additional bonds.

8. A political subdivision must be required to furnish to the PFA a copy of an annual or biennial audit or annual report, as appropriate, including all written comments and recommendations, within 150 days of the close of the fiscal year(s) being audited or reported upon. A copy of the annual financial statement required by N.D.C.C. 40-16-05(2) for cities must also be submitted to the PFA at the time it is submitted to the county auditor. For political subdivisions that currently have a combined enterprise fund, the PFA may require them to break out water and sewer funds.

9. It is a political subdivision's responsibility to notify the PFA in a timely manner of any material events having an adverse effect on the municipal securities, as more fully described in the loan agreement.

10. A loan agreement may set out additional requirements, as permitted by law and determined appropriate by the PFA to be in the best interests of the Program.

D. Project Payment Requests. When a loan has been closed, the PFA and the Department will disburse the loan upon compliance with the following:

1. Execution and delivery by the political subdivision of a loan agreement and other required closing documents and opinions.
2. Issuance and delivery to the PFA by the political subdivision of the municipal securities in the form approved by the Attorney General.
3. Submission to and approval by the Department and the PFA of payment requests in the form and manner approved by the Department.

E. Final debt service schedule. After a political subdivision has drawn the full loan amount or the project has been completed, a final debt service schedule for the loan will be prepared and provided to the political subdivision.

Reviewed by Industrial Commission: December 20, 2021
Reviewed by Advisory Committee: December 15, 2021
Reviewed by Advisory Committee: March 21, 2000
Approved by Industrial Commission: April 20, 2000
Reviewed by Advisory Committee: June 22, 2015
Approved by Industrial Commission: June 30, 2015

North Dakota Industrial Commission

Claire Vigesaa – Executive Director
ND Transmission Authority
March 28, 2024

MERCURY AND TOXIC AIR STANDARDS (MATS) STUDY

- Study Approved by the NDIC – January 2024
- Commissioned February - Completed March 14th
- As expected, dire consequences
 - Peak demand dependence on non dispatchable resources
 - Capacity shortfalls

- Three scenarios:
 - Status quo
 - Partial coal shutdown in ND (1151 MW)
 - Full coal shutdown in ND (2,264 MW)

HOW NORTH DAKOTA LIGNITE STACKS UP

Mercury Emissions Estimates by Sector 2018 vs U.S. and N.D. Coal Plant Emissions

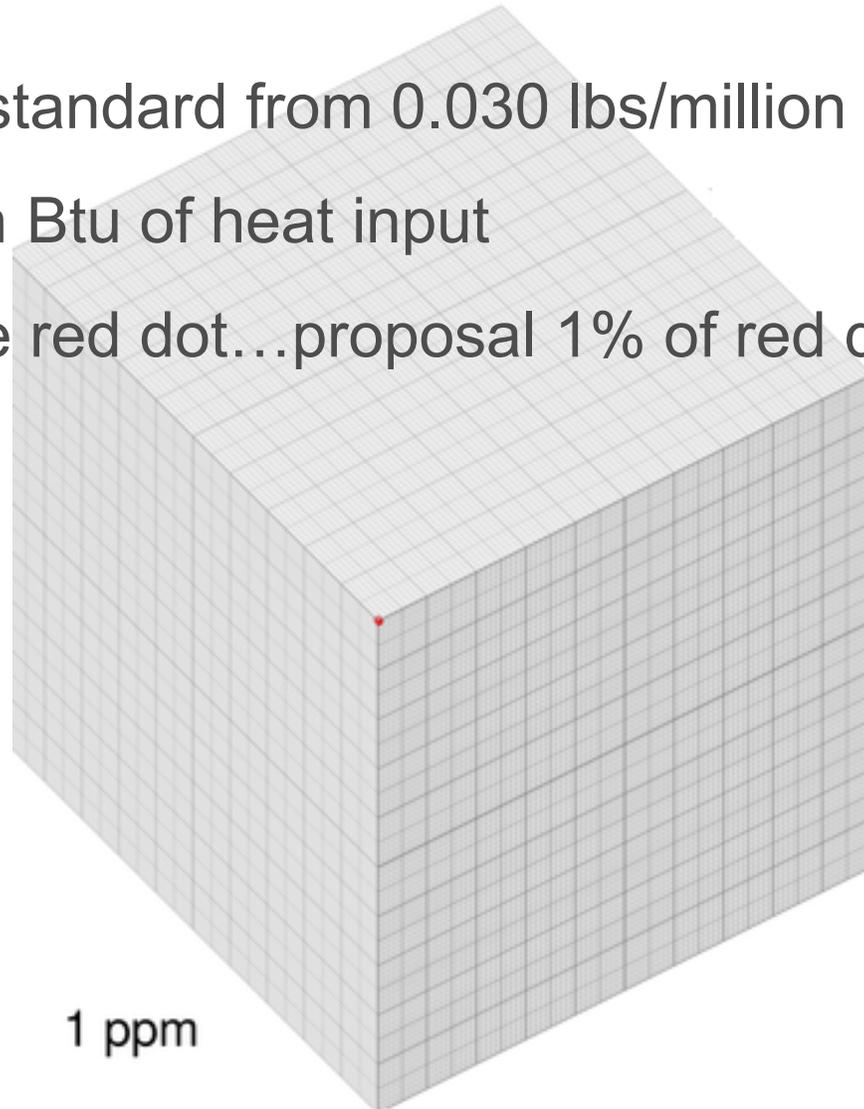
Category	US Tons	Percent of Global Emissions
Artisanal and small-scale mining	921.42	37.68
Global stationary combustion of coal	517.45	21.16
Non-ferrous metals production	359.32	14.69
Cement production	256.48	10.49
Waste from products	161.63	6.61
Vinyl chlorine monomer	64.09	2.62
Biomass burning	57.05	2.33
Ferrous metals production	43.89	1.79
Chlor alkali production	16.66	0.68
Waste incineration	16.44	0.67
Oil refining	15.81	0.65
Stationary combustion of oil and gas	7.84	0.32
Cremation	4.14	0.17
US stationary combustion of coal	2.90	0.12
North Dakota coal combustion	0.46	0.018

Cremation!



EPA FPM EMISSION STANDARD PROPOSAL

- ❑ Propose to revise standard from 0.030 lbs/million Btu of heat input
- ❑ To 0.010 lbs/million Btu of heat input
- ❑ Currently 3% of the red dot...proposal 1% of red dot!



TRACE MERCURY REMAINING...COSTLY TO CAPTURE

Hypothetical Example

- **Houston Astrodome filled with 30 billion ping-pong balls**
- **30 green "mercury" balls**
- **Find and remove 27 green balls for 90% Hg capture**

EPA has said "So, is technology capable of getting a 90-percent reduction of mercury from coal-fired power plants in the near future?"

EPA's answer is NO!



Houston Astrodome

CEED

MATS STUDY – RELIABILITY IMPACT

Scenario – North Dakota Lignite Generation	Failure to meet Targeted Reserve Margins with dispatchable generation (year)	Failure to meet Peak Demand with dispatchable generation (year)
Status Quo	2026	2030
Partial shutdown (1,151 MW)	2026	2029
Full Shutdown (2,264 MW)	2026	2029

IIJA Grid Resilience Grant Round 1 Highlights

Utility	Award (\$)	Project Description
Capital Electric Cooperative	\$321,930	Converting OVHD to URD State/Fed Hwy Crossings
Otter Tail Power Company	\$4,432,088	Next-Generation Grid Resiliency
Northern Plains Electric Cooperative	\$586,000	Electronic SCADA Recloser Installation
McKenzie Electric Cooperative	\$2,843,075	Capacitor Banks, Communications, SCADA Controls



\$21 invested for every state dollar appropriated



Over 750 miles of power line upgrades



54 overhead crossings converted to underground



Deployment of new technologies for inspections and vegetation management

FY24 IIJA Grid Resilience Grant Round 2

January 2024 ND Industrial Commission

Gave NDIC staff authority to Purse FY24 Formula Grant

DOE IIJA FY24 Formula Grant	\$3,885,295
State (15% Match required)	\$ 582,794

15% Match Requirement

Options

ND Emergency Commission (limited capacity now)

Lignite Energy Council?

Gap funding; acting like a Line of Credit

Coverage until a request can be made to the 69th
ND Legislative Session

Grid Resilience and Innovation Partnerships (GRIP)

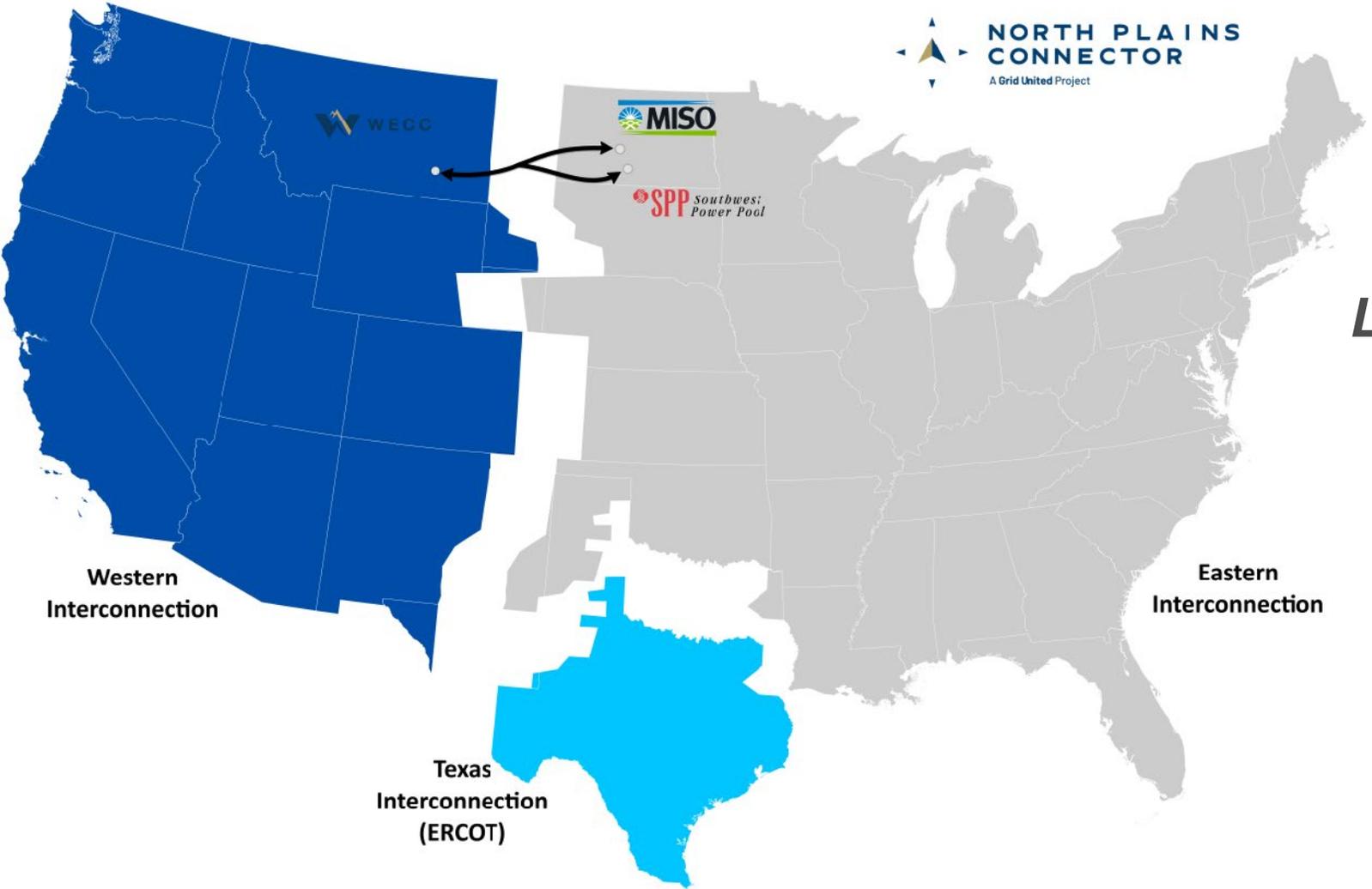
ND Association of Electric Cooperative's GRIP request

Discouraged by DOE (off the table)

Grid United's GRIP request

Encouraged by DOE

NORTH PLAINS CONNECTOR



Linking Together the US Grid
Increasing ND's Export Capacity

NORTH PLAINS CONNECTOR - OVERVIEW

Project Configuration

Route:

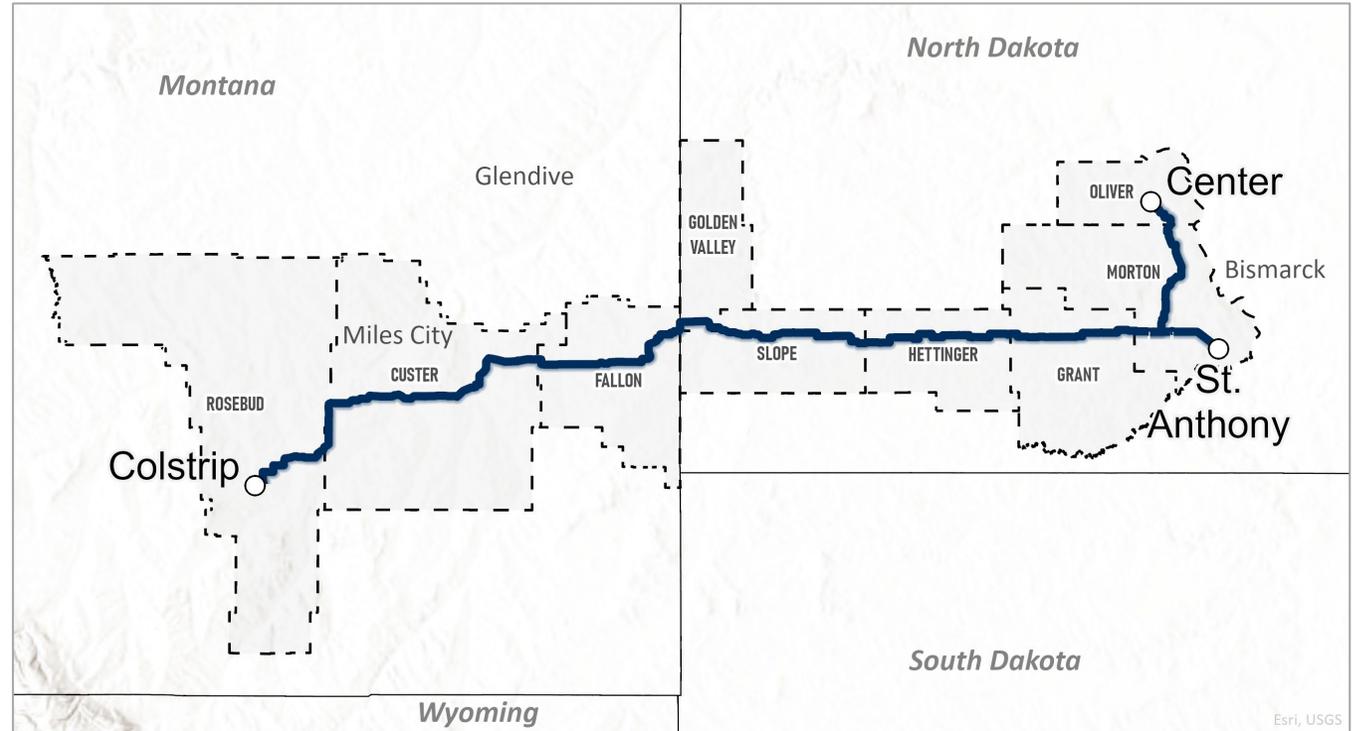
- Length: 400 miles
- Rating:
 - HVDC (VSC), 525kV, 3,000MW

Transmission

Interconnections:

- WECC – 3,000MW into Colstrip, MT 500kV system
- MISO – 1,500MW (AC) to Center, ND Substation
- SPP – 1,500MW (AC) to new substation near St. Anthony, ND

Overview Map



Project's route is under active development and is subject to change.

Grid Resilience and Innovation Partnerships (GRIP)

Montana Department of Commerce – Primary Applicant

Multi-state support valued

North Dakota a benefactor

- Transmission capacity

- Generation development

- Community – United Tribes Technical College/Bismarck State University

Requested Action

Requested Action: ND Industrial Commission acting as the ND Transmission Authority support collaboration & participation with the Montana Department of Commerce for Grid United's GRIP application.

N O R T H
Dakota
Be Legendary.



BANK OF NORTH DAKOTA
SMART Compensation
Study with
Recommendations

FEBRUARY 2024



Executive Summary

As directed by the 68th Legislative Assembly, Bank of North Dakota (BND) studied the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank.

BND is a \$10.1 billion financial institution, second only to Bell Bank in asset size in North Dakota. In addition to supporting local financial institutions, BND is the depository for most state revenues which averages over \$500 million per month, executes a loan portfolio of \$5.8 billion and an investment portfolio of \$3.9 billion. In addition, the Bank manages \$1.0 billion in off balance sheet legislatively directed loan programs for the State. The complexity of managing a financial institution of this size requires a highly sophisticated level of talent to ensure the safety and soundness of the Bank.

North Dakota Human Resources Management System (HRMS) leadership and the interim executive director of the North Dakota Industrial Commission met with BND leadership four times, August – December 2023. They engaged the Total Rewards Community of Practice (TRCoP) for review and input on this plan. Input was also obtained from a newly formed Bonus/Incentive Pay Task Force made up of leaders from multiple state agencies.

BND, in partnership with HRMS, concluded the state of North Dakota would benefit in attracting and retaining employees by providing more opportunities for variable compensation.

Key program requirements were drafted, and a funding strategy was established. The anticipated financial impact to BND if approved to implement the plan is projected to be less than 2.0% of earnings in any given year. When applied to BND's payroll line item from the years of 2017-2022, the average cost per year would be approximately \$1.7 million.

Background

BND and the North Dakota State Mill and Elevator are the only state-owned, for-profit enterprises in the United States. A challenge for these entities is to recruit and retain talent in a significantly competitive labor market.

One hundred percent of publicly traded banks offer a bonus/discretionary plan as noted in the most recent 2023 Salary & Compensation Survey conducted by Blanchard Consulting Group. While our recommendation is not to establish a true bonus plan, implementation of the proposed employee recruitment and retention strategy will get closer to evening the playing field by allowing BND employees the opportunity to earn additional compensation, while promoting employee continuity and Bank safety and soundness.

To facilitate the Bank's role in supporting economic growth and stability by partnering with local financial institutions, the Bank requires in-depth knowledge of significant federal and state regulations, complicated analysis and strategic decisions for money management, and a keen ability to assess risk to ensure the safety and soundness of the Bank.

On December 31, 2023, BND held \$10.1 billion in assets with a return on investment of 18.2%. The total loan portfolio was \$5.8 billion, and the Bank maintained an efficiency ratio of just over 14%. In 2023, BND managed the transfer of funds which included:

- ACH Origination for \$16.9 billion
- ACH Received for \$9.2 billion
- ACH Files in/out numbering 29,639 files with \$5.4 million in entries
- Incoming Wires: 18,595 wires for \$34.1 billion
- Outgoing Wires: 21,701 wires for \$40.1 billion
- Check Images: 18, 318,485 images for \$60.1 billion
- State Agency Credit Cards: 2.2 million transactions for \$203 million
- State Agency CDs: Average amount of \$5 billion

To help BND address its challenge of attracting and retaining talent, the 68th legislative assembly passed HB1014 directing the ND Industrial Commission and BND to undertake a feasibility study related to employee recruitment and retention and report to the Legislative Council by March 31, 2024.

SECTION 25. EMPLOYEE RECRUITMENT AND RETENTION INCENTIVE PROGRAM STUDY - REPORT TO LEGISLATIVE MANAGEMENT. During the 2023-24 interim, the Industrial Commission and Bank of North Dakota shall study the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank of North Dakota. The industrial commission shall report its findings and recommendations to the legislative management by March 31, 2024.

Study Process

Stakeholders

Multiple stakeholders provided input on this study:

- Bank of North Dakota Executive Committee
- North Dakota Human Resources Management Services
- Industrial Commission interim Executive Director
- Total Rewards Community of Practice whose purpose is to align compensation, benefits, well-being, development, recognition and rewards to attract, motivate, engage and retain talented team members. The agencies represented include Department of Water Resources, Human Resources Management Services, Tax Department, Parks and Recreation, Historical Society, Insurance Commission, Department of Transportation, Office of Management and Budget, Department of Corrections and Rehabilitation, NDPERS, Facility Management, ND University Systems, Protection and Advocacy, Highway Patrol, Health and Human Services, Department of Environmental Quality, and NDIT.
- Bonus/Incentive Pay Task Force whose purpose is to review and assess the effectiveness of current programs and to formulate recommendations for changes to those programs and/or possible new types of incentives. Agencies represented include Department of Water Resources, Office of Management and Budget, Housing Finance Agency, Public Service Commission, Department of Transportation, Retirement and Investment Office, Department of Corrections and Rehabilitation, Health and Human Services, and Human Resource Management Services.

Stakeholder Engagement

BND, HRMS leadership and the interim executive director of the ND Industrial Commission met four times between August and December 2023. During these discussions, it was determined that engaging the Total Rewards Community of Practice (TRCoP) for review and input on a BND recruitment and retention plan would be helpful. Engagement with the TRCoP began in December of 2023 and is ongoing, meeting monthly.

In January 2024, BND started meeting with the newly formed Bonus/Incentive Pay Taskforce on a biweekly basis and these meetings continue. The purpose of the meetings was to not only review and garner input on the BND plan proposal, but to consider the viability of a similar approach for other agencies in state government. The result from these meetings and discussions is included in the Addendum where Lynn Hart, Total Rewards Manager with ND HRMS, details the support of HRMS for BND moving forward with the proposed Recruitment and Retention Strategy.

Goals and Philosophy

These goals and philosophy were established.

Goals of plan implementation

1. Attract and retain the talent required to run a complex financial institution.
2. Limit risk and enhance the performance of the organization.
3. Motivate employees to achieve and maintain high performance.
4. Ensure competitive and consistent salary practices.
5. Engage employees in mission-based strategic priorities.

Philosophy: "SMART"

- S Strategically Based:** Align goals and future business direction while recognizing performance.
- M Market Driven:** Actively monitor the market to regularly attract and retain the best talent.
- A Analyze Thoroughly:** Analyze the jobs employees are currently performing and will be expected to perform in the future to maintain a competitive edge.
- R Reward Results:** Reward results and recognize potential. Integrating rewards with recognition strategies encourages employees to exceed performance expectations.
- T Transformative:** Total compensation must align with the current business environment.

SMART-integrated compensation provides the vehicle required for today's organizations to maintain a competitive edge and sustain growth.

Study Conclusion

The state of North Dakota would benefit by providing more opportunity for variable compensation. Key program requirements must be developed by individual agencies to address agency-specific goals. A common denominator for all agencies is to dedicate significant attention to the development of appropriate performance measures.

Funding a variable compensation program needs to be addressed. The current performance bonus program requires any additional compensation be paid out of the appropriation for salaries. Along with variability in agency funding and funding sources, this results in significant differences among the agencies. A more robust program would most likely require some dedicated funding if implemented across all state agencies.

Proposed Bank of North Dakota SMART Plan Parameters

- Performance categories, targets, and indicators will be developed and approved by the BND Advisory Board and the ND Industrial Commission on an annual basis. This is important as these are the governing entities for the Bank. It is not appropriate for management to establish the performance metrics.
- The plan is applied universally across the BND employee pool including management with no stratification of the performance and retention compensation. This is an intentional component which signifies the value each BND employee contributes to ensuring the Bank's safety and soundness.
- Additional compensation will be paid out over a three-year period to reinforce the critical importance of retention.
- Employees qualify on their start date (prorated for the first year).
- Employees must not be on a performance improvement plan in order to qualify.
- Employees must be employed on December 31 of each year.
- Any material findings in BND's Financial Accounting Standards Board (FASB) audit and safety and soundness audit will be subject to Advisory Board and Industrial Commission acceptance that findings were not due to negligence.
- Employees that leave BND lose any unpaid retention bonus unless the employee has reached the rule of 85/90 or the age of 62.

Conclusion

- As proposed, the plan put forward by Bank of North Dakota can serve to attract key talent and provides BND with an avenue to retain talent over an extended period.
- The plan is supported by ND HRMS. See Addendum.
- The plan is not stratified by organizational chart level. This is a unique feature and reinforces BND's philosophy that every employee is a key player in the Bank's success. All employees receive the same percentage award of their salary. This may not work for other state agencies that implement a recruitment and retention plan.
- BND has identified its goals and a "SMART" philosophy with definitions for plan implementation.
- BND has identified specific performance categories that highlight the essential components of safety and soundness for the institution and a high level of engagement for its employees.
- The evaluation of Bank performance is to be determined by the BND Advisory Board, not BND management. Plan oversight resides with the Industrial Commission which currently oversees the Mill and Elevators Gainshare Plan.
- The anticipated financial impact to BND for implementing the SMART Recruitment and Retention plan is projected to be less than 2.0% of earnings in any given year.

Addendum

The following notes were provided by Lynn Hart, Total Rewards Manager with HRMS.

HRMS has reviewed the draft Recruitment and Retention Incentive Plan both to provide comments and to consider the viability of a similar approach for other agencies of ND state government. HRMS also participated, along with BND staff, in a discussion on the plan with the Total Rewards Community of Practice (TR COP). The purpose of the review with the COP was largely informational, but also to seek further input on the viability of the concept for other agencies.

Considering viability for other agencies, our general assessment as well as the reaction from the COP was that more opportunity for variable compensation (i.e., bonuses or monetary incentive) would be highly desirable. However, it was also recognized such a program would require significant attention to the development of appropriate performance measures.

The other major concern is in regard to funding for such a program. The current, relatively modest performance bonus program requires that any bonuses be paid out of the appropriation for salaries. Along with variability in agency funding and funding sources, this results in significant differences among the agencies. A more robust program would most likely require some dedicated funding.

Related to concerns about appropriate performance measures, there was also some discussion about the pros and cons of an incentive program that features universal participation of all staff and that does not consider differences in performance or contribution in the incentive awards. Though BND has valid reasons for preferring those features in their proposed plan, more variable incentives may be more suitable for other agencies.

A couple of suggestions for the proposed Recruitment and Retention Incentive Plan were also provided for consideration. First, since the proposed plan provided for incentive payments spread over a three-year period, it may be appropriate to provide earnings or interest on the delayed payments.

Finally, though the plan provides that a team member is not eligible for an incentive award if they are on a performance improvement plan, it is not clear exactly how that would impact the awards. For instance, does the employee lose eligibility for the full plan year? Also, would an employee on a performance improvement plan still receive any delayed incentive awards?

In summary:

- HRMS supports moving forward with the proposed Recruitment and Retention Program.
- An opportunity to provide variable compensation in other agencies similar to that provided by the proposed Recruitment and Retention program would be highly desirable. Some considerations for application in other agencies include the following:
 - Performance measures suitable to other agencies would need to be determined.
 - Funding for other agencies would also need to be determined, and some dedicated funding may be needed for a robust incentive program.
 - More variable incentives than provided in the proposed plan may be suitable for other agencies.
- The following factors should be given further consideration in the proposed plan:
 - Whether earnings or interest should be provided for delayed incentive payments, and
 - How individual performance issues should impact incentive awards under the proposed plan.



Bank of North Dakota, 1200 Memorial Hwy, Bismarck, ND 58504
Local: 701.328.5600 Toll-free: 800.472.2166

GENERAL LOAN POLICY BANK OF NORTH DAKOTA GENERAL LOAN POLICY

split risk ratings exist for aggregated credits, the risk rating of the borrower must be used in determining if the aggregate exposure falls into the non-watchlist or watchlist column of the Loan Approval Table. It is not appropriate to use a weighted average risk rating for multiple aggregated credits in determining whether it is a non-watchlist or watchlist credit for approval level purposes.

The President, with the advice of the Chief Lending Officer, Chief Business Development Officer and Chief Credit Officer, shall establish lending authority for individual business bankers, residential, and student loan staff consistent with their experience, expertise and demonstrated lending judgment and will be reviewed annually. Commercial and agriculture authorities shall be distinguished between non-watchlist and watchlist classifications. Non-watchlist includes credits that are risk rated 1-4. Watchlist includes credits that are risk rated 5-8. The Bank's lending authorities are as follows:

	NON-WATCH LIST CREDITS Authorities for all credit actions except: extensions	WATCH LIST CREDITS Authorities for all credit actions except: extensions, charge offs and moves to and from non-accrual
Individual Loan Approval		
Business Bankers	Up to \$1,000,000	Up to \$500,000
Direct Farm RE Loan Specialist	Up to \$1,000,000	Up to \$500,000
E.D. & Govt Program Manager	Up to \$1,000,000	Up to \$500,000
Special Assets Manager	Up to \$1,500,000	Up to \$1,000,000
Sole Serial Sign-Off (requires any of the following to approve):		
President/CEO	Up to \$2,500,000	Up to \$1,250,000
Chief Credit Officer	Up to \$2,500,000	Up to \$1,250,000
Chief Business Development Officer	Up to \$2,500,000	Up to \$1,250,000
Chief Lending Officer	Up to \$2,500,000	Up to \$1,250,000
Dual Serial Sign-Off (requires any two of the following to approve):		
President/CEO	\$2,500,001 to \$10,000,000	\$1,250,001 to \$5,000,000
Chief Credit Officer	\$2,500,001 to \$10,000,000	\$1,250,001 to \$5,000,000
Chief Business Development Officer	\$2,500,001 to \$10,000,000	\$1,250,001 to \$5,000,000
Chief Lending Officer	\$2,500,001 to \$10,000,000	\$1,250,001 to \$5,000,000
Investment Committee	\$10,000,001 to \$25,000,000	\$5,000,001 to \$12,500,000
Advisory Board	\$25,000,001 to \$35,000,000	\$12,500,001 to \$17,500,000
Industrial Commission	Loans in excess of \$35,000,000	Loans in excess of \$17,500,000

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Special Assets Manager*	Up to \$1,500,000	Up to \$1,000,000
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Dual Serial Sign-Off (requires any two of the following to approve):		
President/CEO	\$2,500,001 to \$10,000,000	\$1,250,001 to \$5,000,000
Chief Credit Officer	\$2,500,001 to \$10,000,000	\$1,250,001 to \$5,000,000
Chief Business Development Officer	\$2,500,001 to \$10,000,000	\$1,250,001 to \$5,000,000
Chief Lending Officer	\$2,500,001 to \$10,000,000	\$1,250,001 to \$5,000,000
Investment Committee	\$10,000,001 to \$25,000,000	\$5,000,001 to \$12,500,000
Advisory Board	\$25,000,001 to \$35,000,000	\$12,500,001 to \$17,500,000
Industrial Commission	Loans in excess of \$35,000,000	Loans in excess of \$17,500,000

* Special Assets Manager authorities for non-accruals, charge-offs, OREO, and repossessed assets are outlined in a lending authorities memo approved by the President/CEO annually.

* All credit requests between \$25 million and \$35 million are required to be presented at the Industrial Commission meeting monthly; however, funding of these loans is not contingent upon Industrial Commission approval. Any credit request exceeding \$35 million in aggregate requires the approval of Industrial Commission prior to funding.

INVESTMENT COMMITTEE

Watchlist loans between \$5,000,001 and up to \$12,500,000 and non-watchlist loans between \$10,000,001 and up to \$25,000,000 require approval from the Investment Committee. The Investment Committee of the Bank shall consist of seven members appointed by the President with no more than three members combined from Business Development and Credit Administration. It is the responsibility of an absent voter to find a substitute to vote in their place. One-half or more of Committee members shall constitute a quorum. A majority of Committee members present must vote favorably to carry a motion.

For a credit relationship which exceeds \$25,000,000, the Investment Committee may renew the loan without further action by the Industrial Commission or Advisory Board provided: 1) the loan has a risk rating code of 4 or better; 2) the quality of the loan has not deteriorated; and 3) the Advisory Board and Industrial Commission have previously approved the loan. New monies for an existing credit relationship require the highest approval level up to and including Advisory Board and Industrial Commission unless the new monies are within discretionary lending thresholds established in this policy. All other loan modifications, pricing changes, maturity extensions, and restructures on previously approved existing exposure requires a maximum of Investments Committee approval regardless of exposure level.

For COVID-19 PACE Recovery (CPR) loans only, normal aggregation of exposure will be required to determine appropriate approval level for CPR requests (Business Banker, Sole, Dual, Investments

Committee); however, the highest approval level is limited to Investments Committee, even if aggregate exposure exceeds \$25 million non-watchlist (\$12.5 million watchlist).

Unless otherwise stated in Century code, Investment Committee will have full authority to set pricing, rates, and fees for all loans including loan programs.

DISCRETIONARY LENDING AUTHORITY FOR SOLE AUTHORITY AND INVESTMENT COMMITTEE

For a non-watchlist relationship which has the approval of the Investment Committee, Advisory Board, or Industrial Commission, it will be within Sole Authority to approve an increase in the Bank's exposure up to the Sole lending authority maximum without further action by the Investment Committee, Advisory Board, or Industrial Commission. For a credit relationship which has prior approval only at the Investment Committee level, this discretionary authority is subject to a cap of \$25,000,000 for overall exposure. This discretionary authority is not subject to a cap for overall exposure if it has the prior approval of Advisory Board or Industrial Commission. This discretionary lending authority is valid for one year after approval at the highest level. An approved annual review also qualifies for another year of discretionary lending authority as outlined above. Dual authority does not have any discretionary authority.

For a non-watchlist credit relationship which has the prior approval of the Advisory Board or Industrial Commission, it will be within the authority of the Investment Committee to approve an increase in the Bank's exposure not to exceed \$5,000,000 without further action by either the Advisory Board or Industrial Commission. The Investment Committee minutes will specifically note action taken under this rule.

For a credit relationship which has not previously required the approval of the Advisory Board or the Industrial Commission, it will be within the authority of the Investment Committee to approve an increase or renewal in the Bank's exposure not to exceed \$1,000,000 (\$500,000 for watch list credits) without further action by either the Advisory Board or Industrial Commission despite the fact that the additional exposure may exceed the loan approval level granted to Investment Committee. The Investment Committee minutes will specifically note action taken under this rule.

15% RULE- DISCRETIONARY LENDING AUTHORITY FOR BUSINESS BANKERS

The 15% rule is intended to give authority to bankers to grant interim loan requests or increased participation share to credits exceeding individual approval authorities. The Rule allows bankers the authority to grant multiple interim loans totaling up to a business banker's individual authority or 15% (whichever is less) of the combined aggregate credit exposure as shown on the most recently approved annual review/new request to any borrower, guarantor, or related entity, without prior approval subject to all of the following conditions:

- Current risk rating is 1, 2, 3, or 4.
- All 15% Rule loans in aggregate granted since the most recently approved annual review/new requests are limited to: a business banker's individual authority or 15% (whichever is less) of combined aggregate exposure as shown on the most recent Annual Review/new request.
- If exercising a 15% Rule results in moving to an Investment Committee approval level, at the time of the next credit request, approval at the Investment Committee will be required. If an attempt to

The Bank uses the allowance method in providing for credit losses in accordance with ASC 326 Current Expected Credit Losses (CECL). CECL replaces the incurred loss methodology for assets measured at amortized cost, net investments in leases, and certain off-balance sheet credit exposures.

Under CECL, the allowance for credit losses (ACL) is an estimate of the expected credit losses on financial assets measured at amortized cost. Approved CECL methodologies measure ACL using relevant information about past events, including historical credit loss experience on pools of loans with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the loan portfolio.

In concept, an allowance will be created upon the origination or acquisition of a financial asset measured at amortized cost. The measured Allowance for Credit Losses (ACL) will then be updated subsequently at quarterly reporting dates. ACL under CECL is a valuation account measured as the difference between the financial assets' amortized cost basis and the amount expected to be collected on the assets/loans (lifetime credit losses).

The allowance consists of general (collective pool) and specific (individually assessed) components of ACL reserve. The general ACL reserve is the calculation of homogenous loan pools against the assessed historic loss rates and adjusted for qualitative and quantitative factors. Each homogenous pool of loans represents a distinct risk profile. Additionally, the general ACL reserve includes an off-balance sheet component of reserve assessed as a percent of the estimated unfunded commitment utilization within the homogenous loan pools. Specific reserve is assessed to individual loans that are considered collateral dependent with a probable liquidation or foreclosure of collateral assets, which BND refers to internally as "impaired". Specific reserve would equal the expected losses measured at fair value of the collateral at the reporting date when the bank determines that liquidation or foreclosure is probable.

The (ACL) is increased by the current year's provision for credit losses charged to operations and reduced by net charge-offs. Credit losses are charged against the allowance when management believes the non-collectability of a full or partial loan balance is confirmed. Subsequent recoveries of previously charged off amounts, if any, are credited to the allowance.

NON-ACCRUAL

(Non-accrual of student loans is controlled under Student Loan Attachment)

The business banker is responsible for initiating action to place a loan in a non-accrual status. A loan which meets any of the following criteria must be placed in a non-accrual status:

1. The following loans on which the principal and interest is 90 or more days past due: unless it is well secured and in the process of collection. Unsecured loans, loans secured by other than real property, loans secured by a mortgage on commercial real estate, loans secured by a farm real estate mortgage, loans secured by a conventional residential real estate mortgage.
2. A loan where the borrower has filed for bankruptcy or where the originating lender or the Bank deems itself insecure due to the financial condition of the borrower.
3. A loan which the Department of Financial Institutions recommends being placed in a non-accrual status.

A recommendation by a business banker to place a loan in a non-accrual status must be presented to the Investment Committee for approval regardless of loan amount. —, Special Asset Manager authority for

non-accruals is reviewed annually. Any loans placed to non-accrual by Special Assets Manager are to be reported at the next Investment Committee.

A loan which meets the criteria for non-accrual status may be retained in an accrual status if it is supported by a loan file memo evidencing it is well secured and in the process of collection. The loan file memo must be initialed by the officer of the account and approved by the Financial Institutions Market Manager or the Chief Credit Officer. A debt is "well secured" if it is secured by (1) by collateral in the form of liens on or pledges of real or personal property, including securities, that have realizable value of sufficient amount to discharge the debt (including accrued interest) in full, or (2) by the guaranty of a financially responsible party or state of federal government agency such as USDA, VA, SBA, FHA, FSA, BIA etc. A debt is "in the process of collection" if collection of the debt is proceeding in due course with through legal action, including judgment enforcement procedures, or in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status in the near future.

When a loan or lease is placed on non-accrual, interest accrued in the current year is to be reversed against income. Any interest accrued in prior years (maximum 3 months' worth) shall be charged against the ALLL.

Payments received on loans or leases in non-accrual status should be applied to reduce principal to the extent necessary to eliminate doubt as to its collectability. Some or all of the cash interest payments received may be treated as interest income so long as the remaining book balance is deemed to be fully collectible.

A loan which has been placed in a non-accrual status may be returned to an accrual status only if principal and interest are no longer due and unpaid and if current principal and interest appear to be collectable. In addition, the loan must either be secured by collateral with a fair market value sufficient to discharge the outstanding principal and interest and the borrower must demonstrate through a documented repayment plan the ability to discharge the outstanding principal and interest. A recommendation to return a loan to an accrual status must be presented to the Investment Committee for approval.

CHARGE-OFF

(Charge-off of student loans is controlled under Student Loan attachment)

The business banker is responsible for initiating action on a loan to be charged off. A loan which meets the following criteria must be charged off:

- An unsecured loan that has principal or interest 120 or more days past due.
- A loan secured by other than real estate that has principal or interest 120 or more days past due must be charged down to the fair market value of the collateral net of costs of liquidation.
- A loan secured by a commercial real estate mortgage, farm real estate mortgage or Convention Residential Real Estate mortgage that is 120 or more days past due must be charged down to the fair market value of the real estate.
- A loan classified as a "loss" by the Department of Financial Institutions.
- A loan where there is a recognized loss in conjunction with the acquisition of real estate by the Bank must be charged down to the fair market value of the real estate.

- A loan where the Bank deems itself insecure due to the financial condition of the borrower
- A loan or a portion of a loan which has been forgiven.

A recommendation to charge-off a loan of any amount must be presented by the Special Assets Manager to the Investment Committee ~~for their approval~~ and an annual listing of charge-offs must be presented by the Special Assets Manager to the Advisory Board and Industrial Commission for approval. A recommendation for an exception to charge-off must be supported by reasoning evidenced by a loan file comment initialed by the business banker and approved in writing by the Financial Institutions Market Manager or the Chief Credit Officer. A decision to discontinue collection efforts on a charged off loan will be presented to the Problem Loan Committee for their approval.

Charged-off loans may be deemed to be uncollectible at the time the recommendation to charge off a loan is presented or at any point in the future, charged-off loans may be deemed to be uncollectible. Any farm or commercial loans deemed uncollectible during the calendar year must be reported to the Industrial Commission, typically at the first Industrial Commission meeting following year end at which time the listing is made available to the public. This listing is also reported to Investment Committee and Advisory Board in the form of a memo coming from the Bank of North Dakota CEO and is prepared by Credit Administration. Student and residential real estate loans are not reported due to the Gramm Leach Bliley Act. The reporting of uncollectible loans is dictated by subsection 7 of section 6-08.1-02 of the North Dakota Century Code.

OTHER REAL ESTATE OWNED

Other real estate owned (OREO) means real estate acquired by the Bank through one of the following

- Foreclosure by Bank of North Dakota or the originating lender where BND participates in a pro-rata share.
- A conveyance in satisfaction of a debt to BND or the originating lender where BND participates in a prorate share.
- A purchase in conjunction with either one or two for enhancing the value of the real property acquired by the Bank.

Real property must be placed in OREO at the time the Bank acquires legal title and should be disposed of as expeditiously as possible. Disposal must occur within five years unless approved otherwise by the Investment Committee and by the ND Department of Financial Institutions. Approval must be received before the 5-year anniversary of the property moving into OREO. Legal title is obtained through a Warranty Deed, Quit Claim Deed or a Sheriff's Deed.

The extinguishment of secondary liens is different for a deed-in-lieu of foreclosure compared to a foreclosure action. The deed-in-lieu will not extinguish secondary liens on property, a foreclosure action will extinguish secondary liens. In both foreclosure and deed-in-lieu transactions, the bank must be aware that any outstanding property taxes or, possibly, other statutory liens remain in a superior position to the bank. In order to gain a clear position on the property, the bank must pay delinquent property taxes and associated penalties and interest, as well as any other liens having a superior position by statute or risk the possibility of a foreclosure that eliminates any value to the bank. Updated title insurance or title opinions should be ordered.

- Attorneys/Accountants
- Commercial property owners

BND Lending and Participating in MRBs

- Tier I – The Bank will not directly lend to or participate in a lending transaction to a Tier I MRBs.
- Tier II – The Bank will not directly lend to any Tier II.
 - The Bank will only participate in a Tier II loan transaction if less than 25% of the entity's revenue comes from doing business with a Tier I.
- Tier III – The Bank will not directly lend to any Tier III
- The Bank will only participate in a Tier III loan transaction if less than 25% of the entity's revenue comes from doing business with a Tier I or Tier II.

ENVIRONMENTAL RISK

The Bank will not knowingly extend credit secured by real estate that is contaminated by hazardous substances unless proper environmental due diligence and analysis is conducted prior to loan funding. If environmental contamination is discovered during the environmental due diligence process, the Bank will need to determine whether to decline the loan request or proceed based on further analysis of the environmental remediation. Requests where remediation is complete, partially complete, or not yet started may be considered; however, the Bank must receive the appropriate assurances from the state's regulatory agency based on the stage of remediation (see guidelines for further details). If remediation is not complete prior to loan funding, the Bank will need to obtain a progress report from a third-party environmental expert detailing the extent of the environmental damage yet to be remediated, the estimated costs, and evidence that remediation funding plus a contingency (typically 30%) is in place to finish the clean-up work. Remediation funds plus contingency must be held in a bank-controlled account.

The goal of the bank is to utilize prudent procedures to evaluate potential environmental risk, balancing the interests of the Bank in protecting itself from potential liability against the need to avoid unnecessary expenditures of time and money. Because certain types of real estate collateral pose a higher degree of risk of environmental liability, the level of scrutiny given to real estate collateral will be commensurate with the Bank's perception of the degree of risk posed by the property at issue.

If the credit quality is such that the request would be approved as unsecured, it would be appropriate to still take a mortgage on the contaminated property; however, the Bank would not want to become a part of the chain of title or participate in the management of the property to avoid potential environmental liability. Credit risk is the primary risk of focus in this situation.

Deviations from the environmental due diligence described within policy or changes to the environmental requirements detailed in the credit presentation will require dual approval prior to funding regardless of exposure level to include the following:

- Waiver of standard environmental due diligence noted as conditions of approval in the original credit presentation
- Waiver of prior to funding conditions around necessary environmental documentation to collect in situations where environmental contamination is known
- Waiver of prior to funding conditions of Environmental Questionnaire, Phase I, or Phase II if lead bank is no longer willing to complete the suggested due diligence
- Adverse finding(s) on Phase I or Phase II with no additional due diligence being completed

An adverse answer on an Environmental Questionnaire may or may not require additional environmental due diligence depending on the nature of the issue. Proper discretion is required to determine if further due diligence is necessary. Contact the Credit Analysis Manager or Chief Credit Officer if uncertain how to handle an adverse answer on an Environmental Questionnaire when no additional environmental due diligence is being completed.

ENVIRONMENTAL QUESTIONNAIRES

Requirements for potential borrowers:

Potential borrowers are to complete an *Environmental Questionnaire* on any loan request exceeding \$100,000 to be secured by real estate except land that has never been previously developed, one- to four-family residential real estate, and agricultural land including farmsteads and farming-related improvements, or bare farm land or any land that has never previously been developed. The questionnaire is also to be completed by a customer if the banker or originating lender detected any potential contamination in the site inspection of a non-real estate secured loan request. The questionnaire is to be completed, dated, and signed by the customer or a party authorized by the customer (the customer may elect to contract with an outside expert to complete the questionnaire) and placed in the customer file. The questionnaire is to be reviewed by the banker prior to committing or funding these credit requests.

If answers on the questionnaire indicate any potential environmental contamination issues, a Transaction Screen Assessment (TSA) or Phase I or Phase II Assessment must be performed by a qualified third party with environmental expertise, at the customer's expense, before proceeding with the loan request, or the banker may need to decline the loan request. ~~For CPR loans only, BND will not require any environmental due diligence if the type of real estate is not in BND's Top 20 High Risk Industry List.~~ Real estate taken as collateral that is on the Top 20 High Risk Industry List automatically requires a Phase I Environmental Assessment.

The following table includes High Risk Industries for potential environmental contamination. An environmental questionnaire is not necessary for these high-risk industries, but they do require an automatic Phase I Assessment, with the exception of cattle feedlots. Cattle feedlots will require a copy of the most recent annual North Dakota Department of Health Environmental Quality NDPDES Inspection Report (NDPDES Inspection Report) in lieu of a Phase I Assessment. In the event the Phase I Assessment or the NDPDES Inspection Report identifies environmental concerns, further due diligence will be required.

TOP 20 ENVIRONMENTAL RISK INDUSTRIES

BEGINNING FARMER LOAN PROGRAMS

The Bank may make direct loans to beginning farmers for the purchase of farm real estate and may participate in loans to beginning farmers for the purchase of equipment and livestock.
N.D.C.C. § 6-09-15.5.

A beginning farmer is any person who meets all of the following:

- The borrower and co-borrower are a resident of North Dakota whose principal occupation is or will be the production of an agricultural commodity on a family farm if granted a loan under this program.
- The borrower and co-borrower intend to use the real estate, equipment or livestock to be purchased for agricultural purposes.
- The borrower and co-borrower have a combined net worth, of less than \$1,500,000.
- Real Estate Only – The borrower and co-borrower may not have previously owned any substantial farmland greater than 30 percent of the average farm size in the county where the parcel is located.

Chattel Only – The borrower may not have previously farmed for more than 15 years. This eligibility requirement will be determined by totaling the number of years the applicant has received federal farm program payments.

Beginning Farmer Real Estate Program – A loan may not exceed 75 percent of the current value of the farm real estate on which the Bank receives a first mortgage as security for the repayment of the loan. The maximum loan amount and lifetime cap is to be determined by the Bank's Investment Committee under this program.

Bank of North Dakota's valuation department will be performing evaluations in lieu of appraisals, which is allowed per federal regulations when the loan transaction amount for producing ag real estate is \$1,000,000 or less.

The term of a loan may not exceed 30 years. Payments may be based on amortization period not to exceed 30 years.

A loan made from the fund must have either a fixed rate at one percent below the Bank's then current base rate for 10 years or the interest rate fixed at one percent below the Bank's then current base rate for the first five years with a maximum rate of six percent per year and variable at one percent below the Bank's current base rate for the second five years. During the second five years, the variable rate must be adjusted annually on the anniversary date. The rate during the remaining term of the loan floats at the Bank's base rate as in effect at that time.

During the first ten years of a loan made under this program, the loan may be refinanced under the BND Established Farmer or State Land Department Loan programs with no cost to the borrower. The borrower must meet all other requirements of the program selected.

All fees and actual costs incurred by the Bank in connection with a loan application and loan closing must be paid by the borrower.

Beginning Farmer Chattel Program – A participation loan for the purchase of equipment or livestock may not exceed 80 percent of the agricultural collateral value on which the Bank receives a first security interest as collateral for the repayment of the loan. The Bank is required to participate in at least 50 percent of the total loan, and not more than 80 percent, with the balance to be retained by the lead lender.

The term of a chattel participation loan made from this fund may not exceed seven years.

The interest rate on the Bank's share of the chattel loan will be fixed at 1.00% below the Bank's then current Base Rate for the first five years with a maximum interest rate of 6.00% per year and variable at 1.00% below the Bank's then current Base Rate for the next two years adjusted annually.

~~The interest rate on the lead lender's share of the chattel loan will be set according to prevailing market rates. The rate on fixed rate loans may not exceed 3.50% over the corresponding Federal Home Loan Bank Advance Rate. The initial rate on variable rate loans may not exceed 2.00% over the Bank's Base Rate and a floor must be established. Interest buydown funds, to the extent they are available, will be used to reduce the lead lender's rate by up to 4.00% subject to a minimum rate of 1.00% to the borrower. The lead lender's share of the chattel loan will be set according to prevailing market rates but may in no event exceed 2.00% over the Bank's Base Rate on variable rate loans and 3.50% over the corresponding Federal Home Loan Bank Advance Rate on fixed rate loans. Interest buydown funds, to the extent they are available, will be used to reduce the lead lender's rate by up to 4.00% subject to a minimum rate of 1.00% to the borrower.~~

In the event of default by the borrower as described in the Bank's Interest buydown Agreement, the interest buydown may be suspended and the borrower will be responsible for the full interest expense until such time as the default is cured to the satisfaction of the Bank.

Adopted: July 16, 1987
Amended: January 24, 2023

**BANK OF NORTH DAKOTA
FINANCE AND CREDIT COMMITTEE TELECONFERENCE
NONCONFIDENTIAL MINUTES
Wednesday, January 17, 2024 – 1:00 p.m. CT**

MEMEBRS PRESENT

VIA PHONE: Brenda Foster, Chairman
Christy Obenauer
Bill Price

ALSO PRESENT

VIA PHONE: Todd Steinwand, BND
Sara Schumacher, BND
Rob Pfennig, BND
Kirby Evanger, BND
Kelvin Hullet, BND
Craig Hanson, BND

Chairman Foster called the meeting to order at 1:00 p.m.

Chairman Foster adjourned the nonconfidential portion of the meeting at 1:00 p.m. and the Advisory Board went into Executive Session pursuant to N.D.C.C. 6-09-35 to discuss those items on the agenda under Bank of North Dakota Confidential Business.

The Executive Session began at 1:00 p.m. and was attended by Brenda Foster, Christy Obenauer, Bill Price, Sara Schumacher, Rob Pfennig, Kirby Evanger, Kelvin Hullet, Craig Hanson, Kaylen Hausauer, Rod Heit, Joel Erickson, Gus Staahl, Jared Mosbrucker

The following items were considered during Executive Session:

- Recommendations of Loan Applications to the Advisory Board Committee
- Loan Charge-Offs and Recoveries Y.T.D. 12/31/2023
- Determination of Uncollectible Loans
- Problem Loans – Adversely Classified Quarterly Recap/Detail
- Fourth Quarter 2023 CECL Review
- 2023 Annual CECL Review
- Off-Balance Sheet Risk Quarterly Recap/Detail
- Non-Accrual Loans Quarterly Recap/Detail

The Executive Session adjourned at 2:17 p.m.

Chairman Foster reconvened the Nonconfidential portion of the meeting.

Summary of Recommendations (Confidential Session):

- A recommendation will be made to the Advisory Board Committee to approve the loan application 1 as presented.
- A recommendation will be made to the Advisory Board Committee to approve the loan application 2 as presented.
- A recommendation will be made to the Advisory Board Committee to approve the loan application 3 as presented.
- Loan Charge-offs and Recoveries Y.T.D. December 31, 2023. A recommendation will be made to the Advisory Board Committee to approve the loan charge-offs totaling \$3,417,508.83 and loan recoveries totaling \$3,013,290.01 for the period January 01, 2023, through December 31, 2023.
- Determination of Uncollectible Loans. A recommendation will be made to the Advisory Board

NONCONFIDENTIAL FINANCE AND CREDIT COMMITTEE MEETING MINUTES

Wednesday, January 17, 2024

Committee to approve the 2023 loan charge-offs deemed uncollectible in the amount of \$3,032,871.71 and previous year's loan charge-offs deemed uncollectible in the amount of \$8,932,530.30.

- A recommendation will be made to the Advisory Board Committee to approve the consent agenda as presented.

Rob Pfennig presented for approval the 2024 BND Annual Budget. A recommendation will be made to the Advisory Board Committee to approve the budget as presented.

Rob Pfennig presented for approval the Affordable Housing Grant. A recommendation will be made to the Advisory Board Committee to approve the grant as presented.

Service Area Managers presented the Fourth Quarter 2023 Performance Highlights. A recommendation was made for BND's Executive team present to the Advisory Board Committee.

Consent Agenda

- Fourth Quarter 2023 Swap Analysis

A recommendation will be made to the Advisory Board Committee to approve the confidential consent agenda as presented.

The next Advisory Board Finance and Credit Committee meeting will be held Wednesday, February 21, 2024.

Being no further Bank of North Dakota business, Chairman Foster adjourned the nonconfidential portion of the meeting at 3:05 p.m.

Sara Schumacher, Executive Assistant

**BANK OF NORTH DAKOTA
AUDIT AND RISK MANAGEMENT COMMITTEE
NONCONFIDENTIAL MINUTES
Thursday, January 18, 2024 – 10:00 a.m. CT**

MEMBERS PRESENT: Dennis Johnson, Acting Chairman
Jean Voorhees

**MEMBERS PRESENT
VIA PHONE:** Pat Clement

ALSO PRESENT: Sara Schumacher, BND
Alison Anderson, BND
Christy Steffenhagen, BND
Jenni Lang, BND
Nick Leintz, BND

Acting Chairman Johnson called the meeting to order at 10:00 a.m.

Acting Chairman Johnson adjourned the nonconfidential portion of the meeting at 10:00 a.m. and the Advisory Board went into Executive Session pursuant to N.D.C.C. 6-09-35, 44-04-27 & 44-04-24 to discuss those items on the agenda under Bank of North Dakota Confidential Business.

The Executive Session began at 10:00 a.m. and was attended by Pat Clement, Dennis Johnson, Jean Voorhees, Sara Schumacher, Alison Anderson, Christy Steffenhagen, Nick Leintz, Jimmy Durante, Jenni Lang, Charlie Tweet, Bonnie Schneider, Mehul Lalloobhai (Weaver & Tidwell, presented 2023 IT General Controls Audit), Neha Patel (Weaver & Tidwell, presented 2023 IT General Controls Audit), Sarah Hentges (UMACHA, presented 2023 ACH Audit), Jamie Berbert (UMACHA, presented 2023 ACH Audit)

The following items were considered during Executive Session:

- 2023 IT General Controls Audit
- 2023 ACH Audit
- Huds Post Claims Review
- 2023 Annual Information Security Program Report
- Fourth Quarter 2023 Outstanding Internal/External Audit Items
- Fourth Quarter 2023 Outstanding Internal/External Compliance Consulting Items

The Executive Session adjourned at 11:00 a.m.

Acting Chairman Johnson reconvened the Nonconfidential portion of the meeting.

Summary of Recommendations (Confidential Session):

- A recommendation will be made to the Advisory Board Committee to approve the audit as presented.
- A recommendation will be made to the Advisory Board Committee to approve the audit as presented.
- A recommendation will be made to the Advisory Board Committee to approve the review as presented.

Jenni Lang presented the 2023 Credit Review Annual Report/2024 Work Plan. A recommendation will be made to the Advisory Board Committee to approve the report as presented.

Jenni Lang presented the 2023 Compliance Annual Report/2024 Work Plan. A recommendation will be

made to the Advisory Board Committee to approve the report as presented.

Nick Leintz presented the 2023 Internal Audit Annual Report/2024 Work Plan. A recommendation will be made to the Advisory Board Committee to approve the report as presented.

Nick Leintz presented the 2023 Merchant Services Audit. A recommendation will be made to the Advisory Board Committee to approve the report as presented.

Nick Leintz presented the following item for review and discussion:

- Fourth Quarter 2023 Outstanding Internal/External Audit Items

Jenni Lang presented the following item for review and discussion:

- Fourth Quarter 2023 Credit Review Report

Audit Committee Consent Agenda:

- Annual BSA Officer Approval
- 2023 BND Advisory Board Audit Committee Annual Report
- 2023 Investment Portfolio Management Audit
- 2024 Bankwide Risk Assessment
- Review Internal Audit Policy

A recommendation will be made to the Advisory Board Committee to approve the Audit Committee Consent Agenda as presented.

A Risk Management, Quality Assurance Providers – Compliance Discussion was held.

The next Advisory Board Audit and Risk Management meeting will be held Thursday, April 18, 2024.

Being no further Bank of North Dakota business, Acting Chairman Johnson adjourned the nonconfidential portion of the meeting at 12:30 p.m.

Sara Schumacher, Administrative Assistant

**BANK OF NORTH DAKOTA
ADVISORY BOARD MEETING
NONCONFIDENTIAL MINUTES
Wednesday, January 18, 2024 – 1:00 p.m. CT**

MEMBERS PRESENT: Karl Bollingberg, Chairman
Dennis Johnson, Vice Chairman
Christie Obenauer
Jean Voorhees
Bill Price
Brenda Foster

MEMBERS ABSENT: Pat Clement

ALSO PRESENT: Todd Steinwand, BND
Sara Schumacher, BND
Rob Pfennig, BND
Alison Anderson, BND
Kirby Evanger, BND
Lori Leingang, BND
Christy Steffenhagen, BND
Kelvin Hullet, BND
Craig Hanson, BND
Kris Ahmann, BND

**ALSO PRESENT
VIA PHONE:** Karen Tyler, Industrial Commission

Chairman Bollingberg called the meeting to order at 1:00 p.m.

Chairman Bollingberg adjourned the nonconfidential portion of the meeting at 1:00 p.m. and the Advisory Board went into Executive Session pursuant to N.D.C.C. 6-09-35, 44-04-27 & 44-04-24 to discuss those items on the agenda under Bank of North Dakota Confidential Business.

The Executive Session began at 1:00 p.m. and was attended by Karl Bollingberg, Dennis Johnson, Christie Obenauer, Jean Voorhees, Bill Price, Brenda Foster, Todd Steinwand, Sara Schumacher, Rob Pfennig, Alison Anderson, Kirby Evanger, Lori Leingang, Christy Steffenhagen, Kelvin Hullet, Craig Hanson, Jenni Lang, Karen Tyler

The following items were considered during Executive Session:

- Loan Applications to the Bank of North Dakota
- Loan Charge-Offs and Recoveries Y.T.D. 12/31/2023
- Determination of Uncollectible Loans
- Consent Agenda (see Finance and Credit Committee agenda)
- Finance and Credit Committee Reports Recap
- 2023 IT General Controls Audit
- 2023 ACH Audit
- Huds Post Claims Review
- Audit and Risk Management Reports Recap
- Fourth Quarter 2023 Suspicious Activity Report
- Confidential Finance and Credit Committee Minutes (December 20, 2023)
- Confidential Advisory Board Minutes (December 21, 2023)
- Confidential Investment Committee Minutes (December 06, 13, 20, 27, 2023)

Wednesday, January 18, 2024

The Executive Session adjourned at 2:00 p.m.

Chairman Bollingberg reconvened the Nonconfidential portion of the meeting.

Summary of Recommendations (Confidential Session):

- A motion was made by Mr. Price to approve the application 1 as presented. Seconded by Ms. Obenauer. Members Bollingberg, Obenauer, Voorhees, Price, Foster voted aye. Johnson abstained. Motion carried.
- A motion was made by Ms. Obenauer to approve the application 2 as presented. Seconded by Mr. Price. Members Bollingberg, Johnson, Obenauer, Voorhees, Price voted aye. Forster abstained. Motion carried.
- A motion was made by Ms. Obenauer to approve the application 3 as presented. Seconded by Ms. Voorhees. Members Bollingberg, Johnson, Obenauer, Voorhees, Price, Foster voted aye. Motion carried.
- A motion was made by Mr. Price to approve the Finance and Credit Committee items as presented. Seconded by Ms. Foster. Members Bollingberg, Johnson, Obenauer, Voorhees, Price, Foster voted aye. Motion carried.
- A motion was made by Mr. Johnson to approve the Audit and Risk Committee items as presented. Seconded by Ms. Voorhees. Members Bollingberg, Johnson, Obenauer, Voorhees, Price, Foster voted aye. Motion carried.
- A motion was made by Ms. Foster to approve the consent agenda as presented. Seconded by Mr. Price. Members Bollingberg, Johnson, Obenauer, Voorhees, Price, Foster voted aye. Motion carried.

Finance and Credit Committee made a recommendation to approve the following:

- 2024 BND Annual Budget
 - Rob Pfennig gave a high-level summary.
- Affordable Housing Grant
- Consent Agenda (see Finance and Credit Committee agenda)

A motion was made by Ms. Foster to approve the items as presented. A separation motion was made for the Affordable Housing Grant by Ms. Obenauer and seconded by Mr. Price. Seconded by Ms. Obenauer. Members Bollingberg, Johnson, Obenauer, Voorhees, Price, Foster voted aye. Motion carried.

Brenda Foster provided a Finance and Credit Committee Reports Recap:

Advisory Board Audit and Risk Committee made a recommendation to approve the following:

- 2023 Credit Review Annual Report/2024 Work Plan
- 2023 Compliance Annual Report/2024 Work Plan
- 2023 Internal Audit Annual Report/2024 Work Plan
- 2023 Merchant Services Audit
- Consent Agenda (see Audit and Risk Committee agenda)

A motion was made by Mr. Johnson to approve the items as presented. Seconded by Mr. Price. Members Bollingberg, Johnson, Obenauer, Voorhees, Price, Foster voted aye. Motion carried.

Dennis Johnson provided an Audit and Risk Management Committee Reports Recap.

Kelvin Hullet presented BND Awareness Campaign Videos.

Kris Ahmann provided an Economic Forecasting Update.

BND Advisory Board Member regional activity updates was deferred to the February, 22, 2024, meeting.

BND Executive Members presented Service Area Updates.

NONCONFIDENTIAL ADVISORY BOARD MEETING MINUTES

Wednesday, January 18, 2024

Consent Agenda:

- Review Advisory Board of Directors to the Bank of North Dakota Policy
- Nonconfidential Finance and Credit Committee Minutes (December 20, 2023)
- Nonconfidential Advisory Board Minutes (December 21, 2023)
- Nonconfidential Investment Committee Minutes (December 06, 13, 20, 27, 2023)

A motion was made by Ms. Obenauer to approve the consent agenda as presented. Seconded by Mr. Price. Members Bollingberg, Johnson, Obenauer, Voorhees, Price, Foster voted aye. Motion carried.

An Advisory Board Discussion was held.

The next Advisory Board meetings will be held:

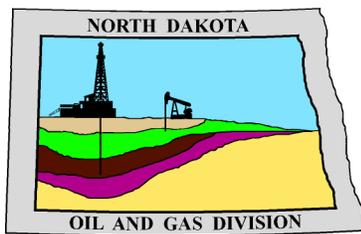
- Finance and Credit Committee Meeting – Wednesday, February 21, 2024, 1:00 p.m., Teleconference
- Leadership Development and Compensation Committee Meeting – Thursday, February 22, 2024, 8:30 a.m., Teleconference
- Group Advisory Meeting – Thursday, February 22, 2024, 10:00 a.m., Teleconference

Being no further Bank of North Dakota business, Chairman Bollingberg adjourned the nonconfidential portion of the meeting at 4:10 p.m.

Sara Schumacher, Executive Assistant

Docket for Hearing
Wednesday, March 22, 2023
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

Case No. 29902, Order No. 33453: Application of Petro-Hunt, L.L.C. for an order of the Commission construing and interpreting its past orders relating to the pooling and allocation of production from the USA 153-96-13A-24-1HS well (File No. 31793), drilled and completed on a spacing unit for the Charlson-Bakken Pool described as Sections 13 and 24, T.153N., R.96W. and Sections 18 and 19, T.153N., R.95W., McKenzie County, ND, Charlson and Keene Fields, including without limitation Order Nos. 30323 and 13922, or granting such other relief as may be appropriate.



Oil and Gas Division

Lynn D. Helms - Director

Mark F. Bohrer - Assistant Director

Department of Mineral Resources

Lynn D. Helms - Director

North Dakota Industrial Commission

www.oilgas.nd.gov

QUARTERLY REPORT JUL-AUG-SEP 2023

to the

NORTH DAKOTA INDUSTRIAL COMMISSION

Mark F. Bohrer
Assistant Director
Oil and Gas Division
Department of Mineral Resources
North Dakota Industrial Commission

March 26, 2024

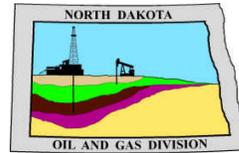
Table of Contents

STATISTICS.....	1
GAS FLARING.....	2-4
DRILLING PERMIT REVIEW.....	5
COMPLAINTS.....	6

2023 REPORT

3rd QUARTER

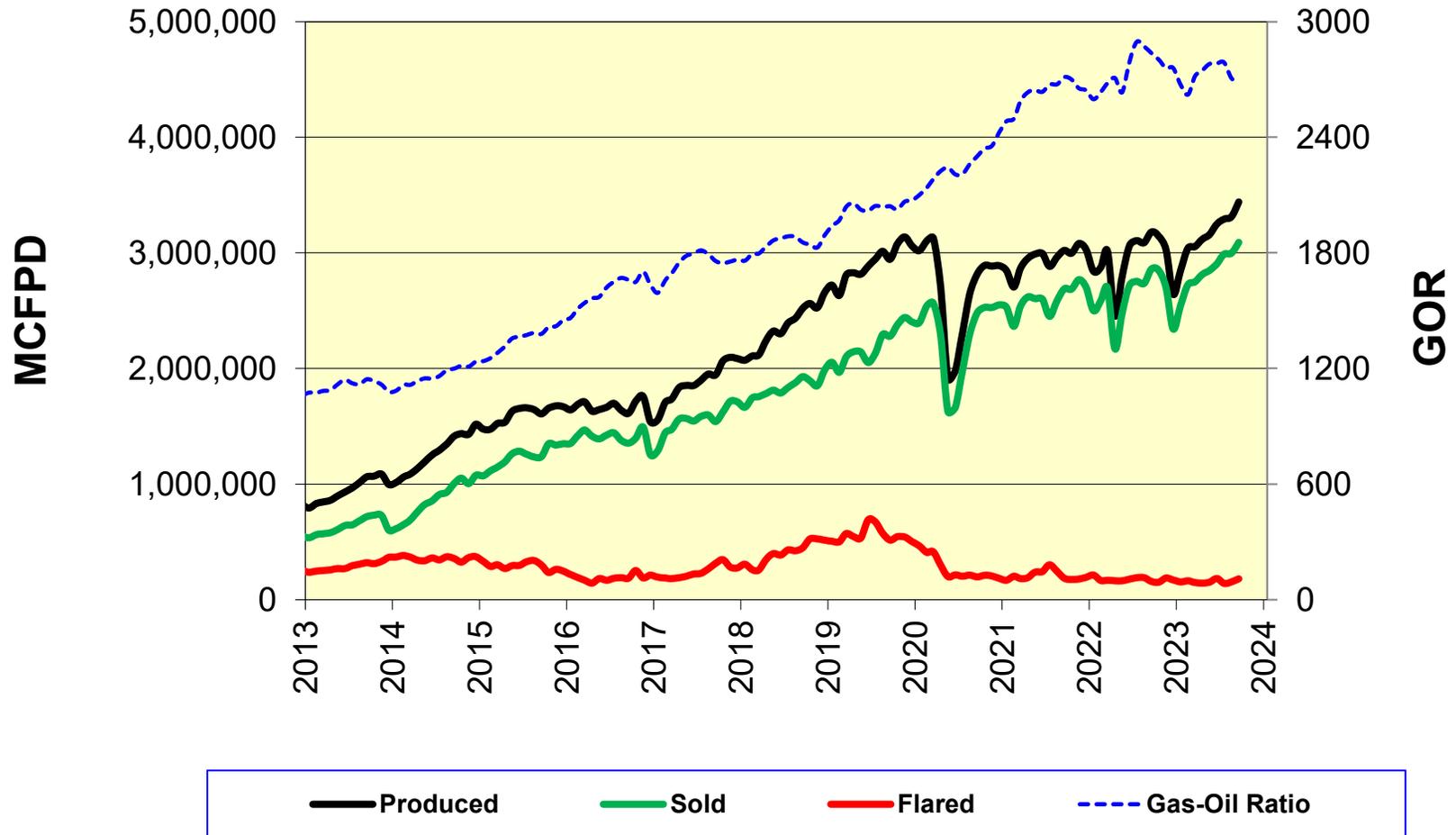
March 26, 2024



Statistics	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Permitting:					
Permit Applications Received	209	188	231	258	342
Rec'd in AOI: PP 2.01	0	0	0	0	0
Permits issued in PP 2.01	0	0	0	0	0
Denied/Relocated: PP 1.01	3	0	0	0	4
Stips: PP 1.02 (per well)	6.5	6.2	6.3	6.4	6.9
Permits Issued	213	252	227	230	206
YTD Permits (new permits only)	540	792	227	457	663
Approval Time (days)	35	44	42	40	35
Drilling:					
Rig Count	45	42	46	39	37
Well count:					
Producing	17,591	17,538	17,510	17,933	18,383
Newly Completed (Wells -- Wells/Rig)	221 -- 1.6	216 -- 1.7	225 -- 1.6	274 -- 2.3	303 -- 2.7
Enhanced Recovery	538	541	536	545	529
SWD	468	479	470	473	483
Waiting on Completion	422	462	480	456	387
Production:					
Barrels of Oil per Day	1,089,106	1,058,942	1,056,285	1,145,792	1,227,500
MCFD	3,123,025	2,940,478	2,944,176	3,174,619	3,349,171
Gas Capture (Bakken)	95%	95%	95%	96%	96%
Unit Oil	3%	3%	4%	5%	4%
Bakken Petroleum System Oil	96%	96%	97%	96%	97%
Prices:					
North Dakota Avg (\$/barrel)	\$89.59	\$79.64	\$71.49	\$69.47	\$77.44
Differential (WTI-ND avg)	\$2.25	\$2.90	\$4.33	\$4.29	\$4.62
ND Northern Border Gas (\$/MCF)	\$7.55	\$5.11	\$2.21	\$1.72	\$2.15
Geophysical:					
Water Well Complaints received	0	0	0	0	0
Inspection and Enforcement					
Inspections	34,466	31,749	40,189	39,911	36,298
Rigs-weekly goal	100%	100%	100%	100%	100%
UIC-monthly goal	87%	91%	92%	93%	93%
Well/Fac (Oct-Mar/mth: Apr-Sep/qtr)	70%	82%	82%	78%	88%
Problems Encountered	857	708	910	1,242	883
Resolved <30 days (verbal)	79%	85%	72%	74%	75%
Resolved <180 days (written)	5%	1%	2%	3%	2%
Complaints	0	0	2	9	7
Investigations Ongoing	0	0	0	0	0
Oil & Gas Research Fund	\$32,714,048	\$31,889,961	\$29,454,267	\$22,378,336	\$18,355,323
Reservoir Data Fund	\$431,048	\$469,218	\$495,956	\$546,989	\$577,904
Abandoned Well Restoration Fund	\$19,465,292	\$20,498,455	\$21,970,227	\$25,312,303	\$24,347,900
Cash Bond Restoration Fund	\$1,382,805	\$1,384,660	\$1,475,893	\$1,502,482	\$1,505,941
Cash Bond Total	\$11,020,340	\$10,290,478	\$9,530,478	\$9,355,478	\$8,955,478
Surety Bond Total	\$152,826,610	\$153,409,210	\$156,629,210	\$173,024,960	\$182,931,960

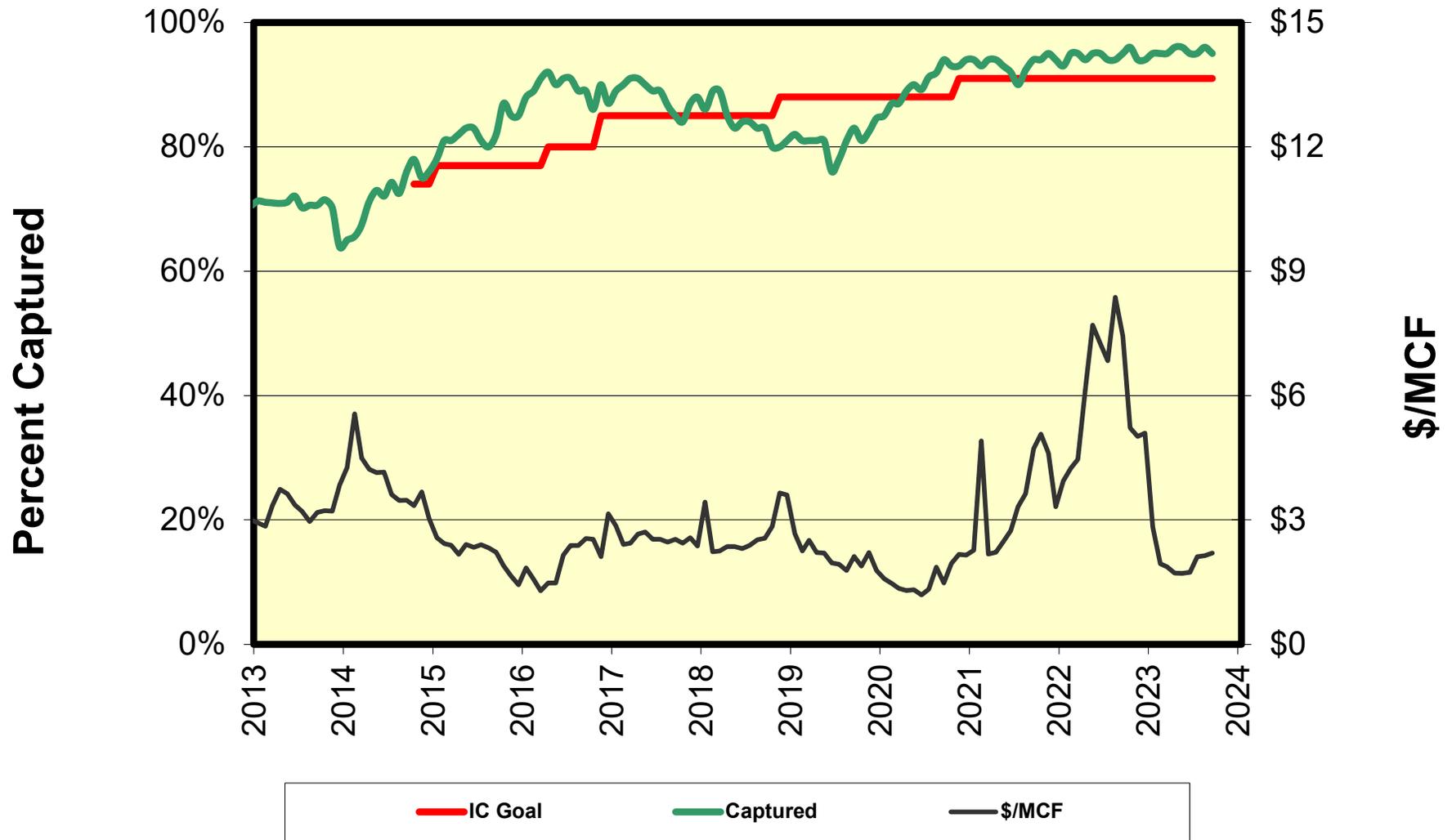


North Dakota Daily State Gas Volumes

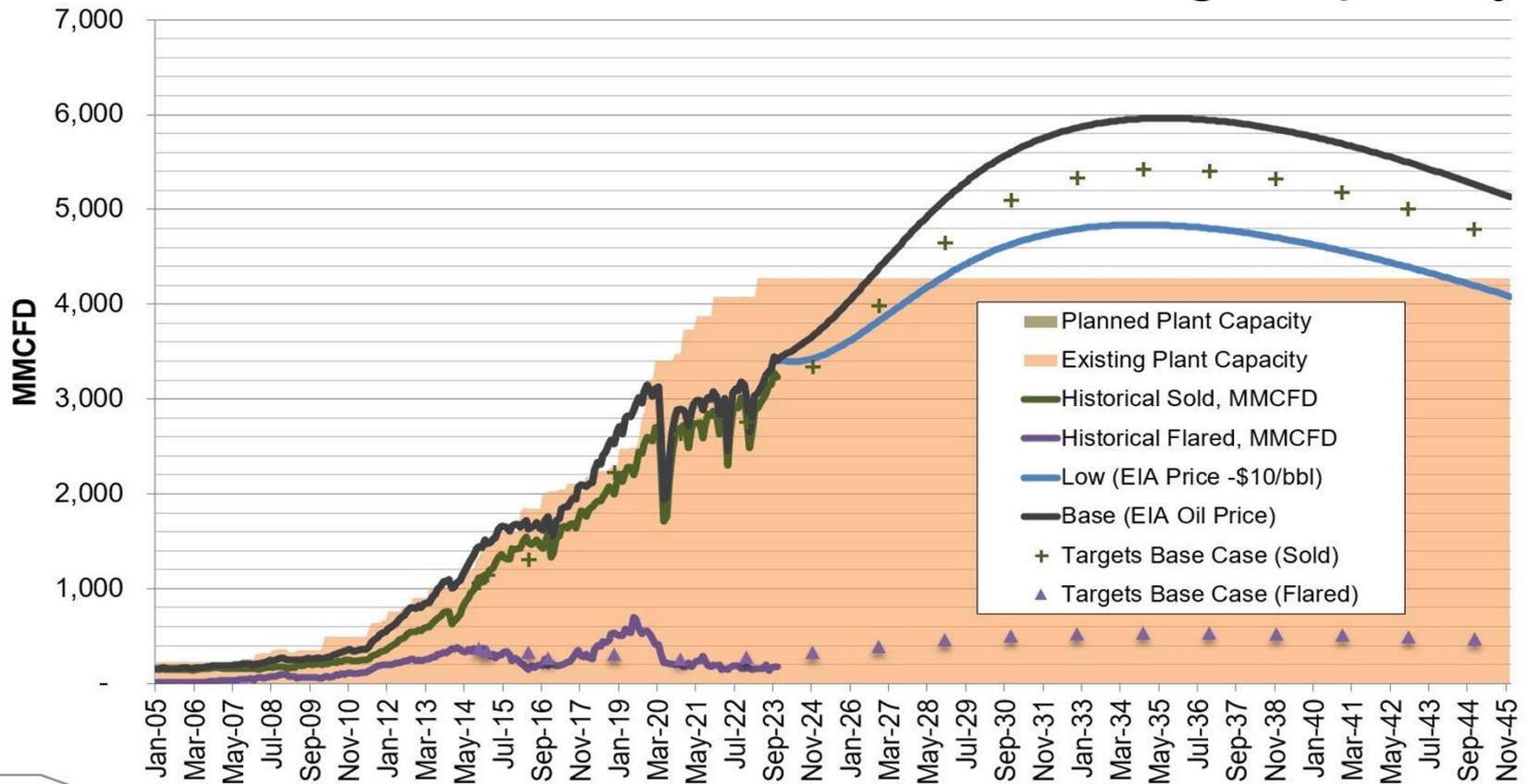




North Dakota Bakken Gas Captured



North Dakota Natural Gas Processing Capacity



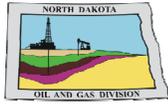


NDIC -- DRILLING PERMIT REVIEW POLICY

APD Rec'd	Operator	Area of Interest	Public Land (sur loc)	Review Distance	Distance to Area of Interest	Well Pad Name	Surface Loc	Field	Existing Pad	Work Planned	Comments Received	Stipulations Imposed
9/28/2021	CLR	Lake Sakakawea	National Grasslands	0.5 mile	0.4 mile	LCU Ralph and Reckitt 6 wells	22-153-99 12 mi NW Newtown	Long Creek Bakken Unit	yes	No pad extension	USFWS SHSND NDWR	Perimeter berm; Spill Contingency Plan; No drilling pit will be utilized; Remote or auto shutdown equip; Onsite inspection prior to construction
10/20/2021	CLR	Lake Sakakawea	National Grasslands	0.5 mile	0.4 mile	LCU Ralph 1 well	22-153-99 12 mi NW Newtown	Long Creek Bakken Unit	yes	No pad extension	USFWS SHSND NDWR	Perimeter berm; Spill Contingency Plan; No drilling pit will be utilized; Remote or auto shutdown equip; Onsite inspection prior to construction

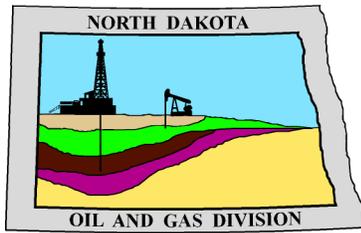
No 3Q 2023 changes

BCA	Badlands Conservation Alliance
NDCWS	North Dakota Chapter of The Wildlife Society
NDDOT	North Dakota Department of Transportation
NDDTL	North Dakota Department of Trust Lands
NDGFD	North Dakota Game and Fish Department
NDWR	North Dakota Water Resources
NPSTRNP	National Park Service-TR National Park
SHSND	State Historical Society of North Dakota
USACOE	United States Army Corps of Engineers
USFWS	United States Fish and Wildlife Service



COMPLAINTS

Case No.	Respondent	Complaint Served	Penalty Proposed	Reasonable Fees and Expenses Proposed	Collected	Suspended Penalty			Same or Similar Violation Committed
						Amount Suspended	Justification	Suspended Period	
29140	North Range Resources, LLC (signed CA 7/27/2022)	12/23/2021	\$80,695	\$52					No
29228	Noah Energy Inc. (signed CA 11/14/2022)	2/9/2022	\$224,039	\$283					No
29775	High Plains Operating, LLC	1/18/2023	Determine costs at administrative hearing	\$307					No
29834	Double AA, LLC	1/26/2023	Determine costs at administrative hearing	\$34					No
29835	WW Oilfield Services, LLC	4/12/2023, 8/17/2023	\$25,111	\$33					No
30121	Valkyrie Operating, LLC	6/26/2023	Determine costs at administrative hearing	\$713					No
30265	Freedom Energy Operating, LLC	8/23/2023	\$42,127	\$34					No



Oil and Gas Division

Lynn D. Helms - Director Bruce E. Hicks - Assistant Director

Department of Mineral Resources

Lynn D. Helms - Director

North Dakota Industrial Commission

www.oilgas.nd.gov

QUARTERLY REPORT **OCT-NOV-DEC 2023**

to the

NORTH DAKOTA **INDUSTRIAL COMMISSION**

Mark F. Bohrer
Assistant Director
Oil and Gas Division
Department of Mineral Resources
North Dakota Industrial Commission

March 26, 2024

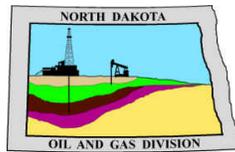
Table of Contents

STATISTICS.....	1
GAS FLARING.....	2-6
DRILLING PERMIT REVIEW.....	7
COMPLAINTS.....	8-9
PERFORMANCE MEASURES.....	10-12

2023 REPORT

3rd QUARTER

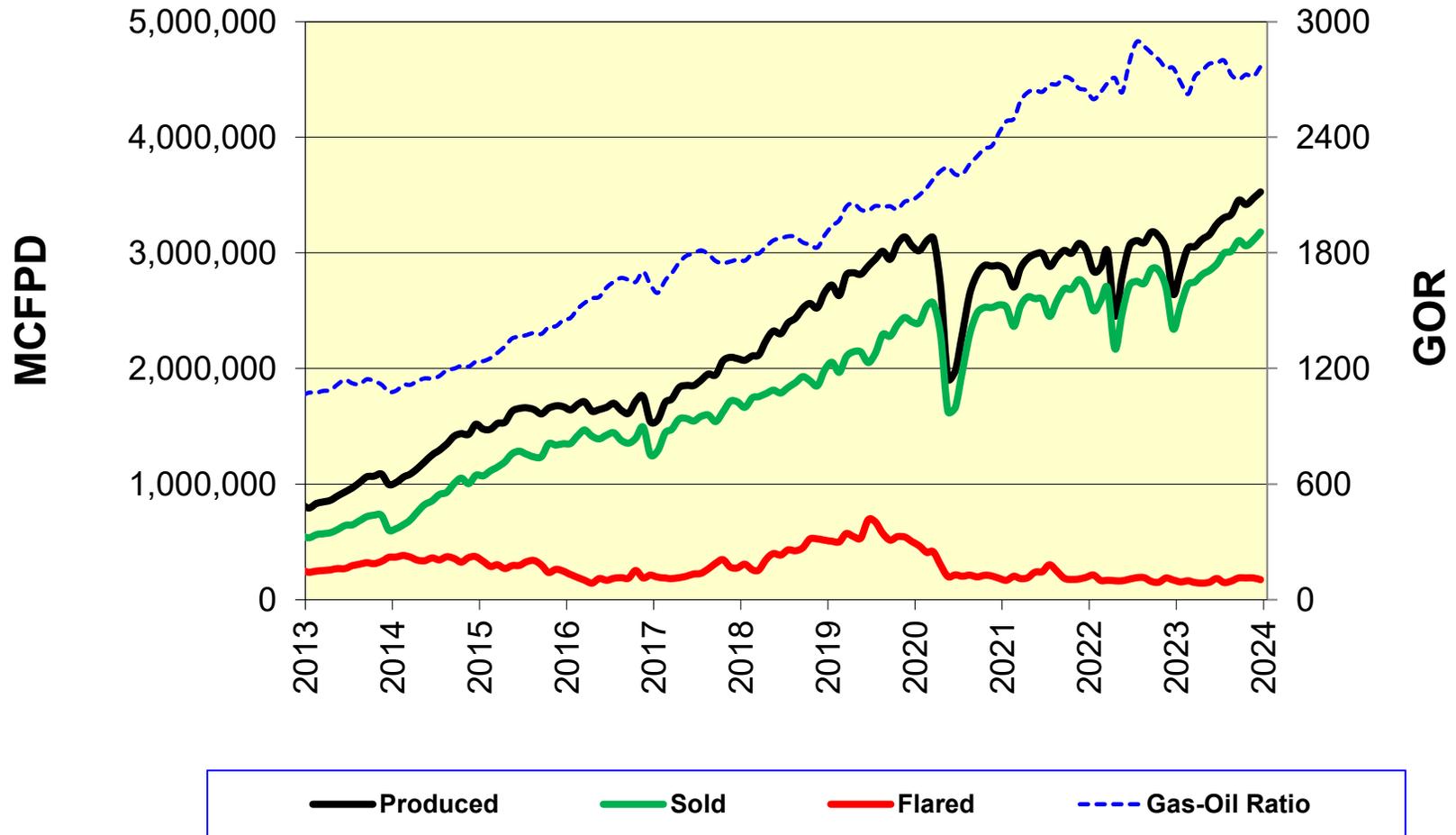
March 26, 2024



Statistics	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023
Permitting:					
Permit Applications Received	188	231	258	342	317
Rec'd in AOI: PP 2.01	0	0	0	0	0
Permits issued in PP 2.01	0	0	0	0	0
Denied/Relocated: PP 1.01	0	0	0	4	0
Stips: PP 1.02 (per well)	6.2	6.3	6.4	6.9	7.2
Permits Issued	252	227	230	206	181
YTD Permits (new permits only)	792	227	457	663	844
Approval Time (days)	44	42	40	35	38
Drilling:					
Rig Count	42	46	39	37	36
Well count:					
Producing	17,538	17,510	17,933	18,383	18,715
Newly Completed (Wells -- Wells/Rig)	216 -- 1.7	225 -- 1.6	274 -- 2.3	303 -- 2.7	282 -- 2.6
Enhanced Recovery	541	536	545	529	519
SWD	479	470	473	483	479
Waiting on Completion	462	480	456	387	343
Production:					
Barrels of Oil per Day	1,058,942	1,056,285	1,145,792	1,227,500	1,269,418
MCFD	2,940,478	2,944,176	3,174,619	3,349,171	3,473,505
Gas Capture (Bakken)	95%	95%	96%	96%	95%
Unit Oil	3%	4%	5%	4%	3%
Bakken Petroleum System Oil	96%	97%	96%	97%	98%
Prices:					
North Dakota Avg (\$/barrel)	\$79.64	\$71.49	\$69.47	\$77.44	\$72.57
Differential (WTI-ND avg)	\$2.90	\$4.33	\$4.29	\$4.62	\$5.90
ND Northern Border Gas (\$/MCF)	\$5.11	\$2.21	\$1.72	\$2.15	\$2.39
Geophysical:					
Water Well Complaints received	0	0	0	0	0
Inspection and Enforcement					
Inspections	31,749	40,189	39,911	36,298	39,298
Rigs-weekly goal	100%	100%	100%	100%	100%
UIC-monthly goal	91%	92%	93%	93%	90%
Well/Fac (Oct-Mar/mth: Apr-Sep/qtr)	82%	82%	78%	88%	85%
Problems Encountered	708	910	1,242	883	773
Resolved <30 days (verbal)	85%	72%	74%	75%	70%
Resolved <180 days (written)	1%	2%	3%	2%	5%
Complaints	0	2	9	7	14
Investigations Ongoing	0	0	0	0	0
Oil & Gas Research Fund	\$31,889,961	\$29,454,267	\$22,378,336	\$18,355,323	\$23,412,715
Reservoir Data Fund	\$469,218	\$495,956	\$546,989	\$577,904	\$622,240
Abandoned Well Restoration Fund	\$20,498,455	\$21,970,227	\$25,312,303	\$24,347,900	\$24,592,965
Cash Bond Restoration Fund	\$1,384,660	\$1,475,893	\$1,502,482	\$1,505,941	\$1,609,222
Cash Bond Total	\$10,290,478	\$9,530,478	\$9,355,478	\$8,955,478	\$8,705,478
Surety Bond Total	\$153,409,210	\$156,629,210	\$173,024,960	\$182,931,960	\$178,306,960

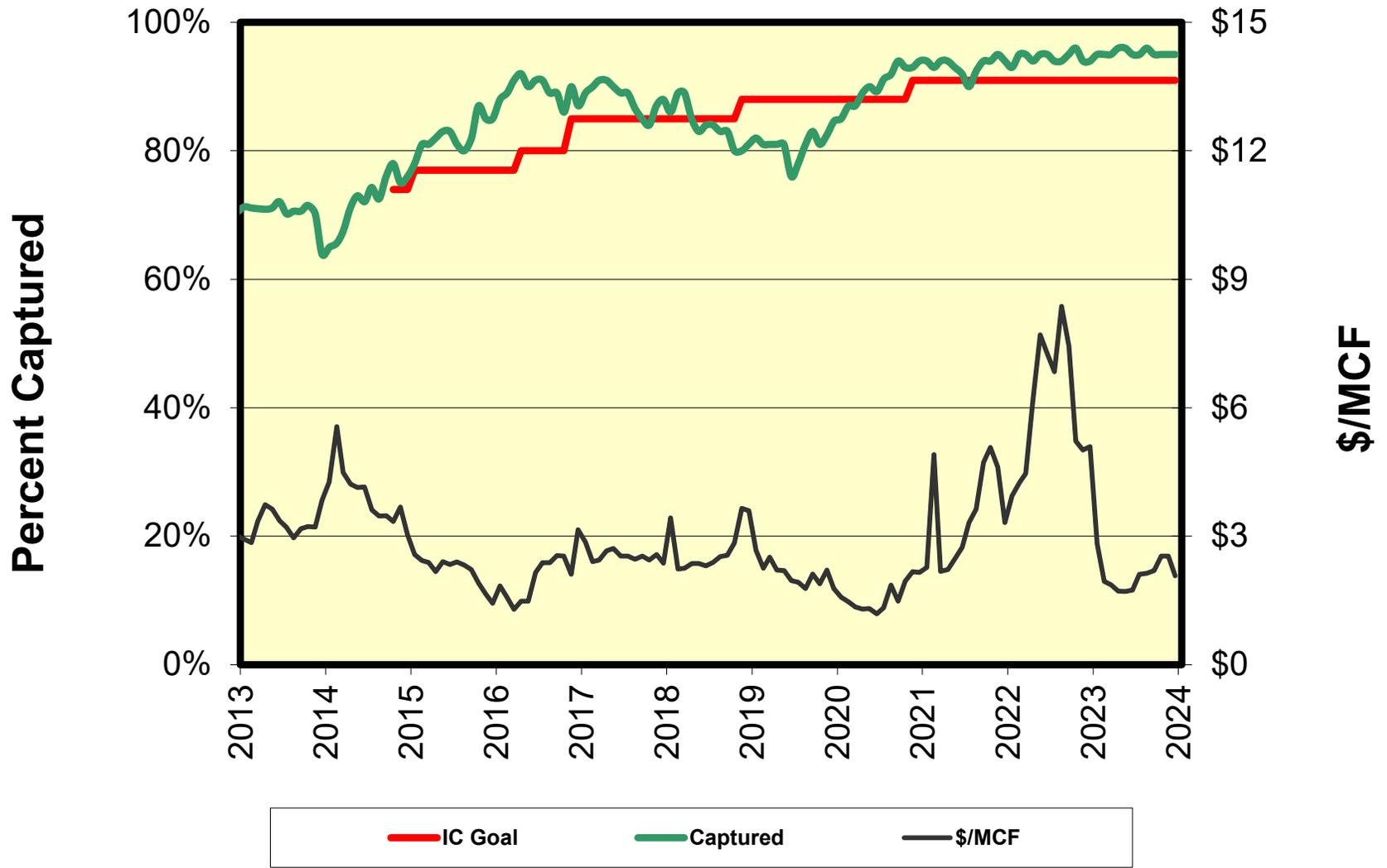


North Dakota Daily State Gas Volumes





North Dakota Bakken Gas Captured





Gas Processing Update Meetings

October 23, 2023

Outrigger Energy II LLC

Bill Sanderson Gas Plant 250 MMCFD

Expect 150 MMCFD from Chord Energy and XTO Energy Inc.

November 6, 2023

OneOK, Inc.

Grasslands Gas Plant 100 MMCFD

Acid gas injection; 3,011,477 barrels injected

Demecks Lake III – online Q1 2023 200 MMCFD

North Charlson Area – Two pipeline projects approved, installation in 2024

Will alleviate bulk of flaring

Activity moving out of core area

Another 50 MMCFD compression – two projects, online Q4 2023 and Q1-Q2 2024

250 MMCFD compression increase over last year

No plant expansions planned, optimize capacity by moving gas around

Refracs – need to know schedule, may come in middle of system – hydraulics

November 7, 2023

Targa Resources Corporation

Little Missouri I

Little Missouri II

Little Missouri III

Little Missouri IV 200 MMCFD

Little Missouri I-III approximately 90 MMCFD

Little Missouri IV – joint venture with Hess, Targa has 65 to 100 MMCFD excess capacity

Little Missouri IV interconnected to Little Missouri I, II, and III

Three interconnects

No plant expansions planned

November 8, 2023

SOGC, Inc.

South Lone Butte Area

3 pads connected to Petro-Hunt, LLC gas gathering pipeline

Crusoe flare mitigation

Lone Butte and West Lone Butte Area

Connected to OneOK

North area not connected – discussions to get connected – Little Missouri River, topo, big horn sheep, landslide terrain

Mountrail County Area

MPLX gathers majority, 150 MMCFD



Gas Processing Update Meetings

November 30, 2023

Petro-Hunt, LLC

Little Knife Gas Plant 24 MMCFD

Tied in SOGC

Some excess capacity

One interconnect

Acid gas injection Q2 2024

Charlson Area

Gas has difficulty getting uphill from Lake due to liquids

Loops and extensions in 2024

MRUs for flare mitigation

December 5, 2023

Liberty Midstream Solutions LLC

County Line Gas Plant 30 MMCFD

25 MMCFD now, were at 10 MMCFD last year

Only gather Liberty Resources Management Company, LLC gas

25 MMCFD expansion Q4 2024

December 5, 2023

Dakota Midstream

McKenzie County Low Rider Gathering System

10 MMCFD capacity

Only Petro-Hunt, LLC wells

Connects to True pipeline to Red Wing Creek Gas Plant

December 6, 2023

Kinder Morgan

Norse Gas Plant 175 MMCFD

Tier II and III acreage

Slight decline from last year but potential for dramatic increase in future

Watford City System

Plant effectively full

Plant expansion in 2027

Add 48 MMCFD compression systems wide in 2024

Several interconnects with other midstream operators

Attempt to offload gas during turnarounds

Working with SOGC and Burlington in Long X area, Burlington also

December 6, 2023

Flatirons Midstream

Springbrook Gas Plant 70 MMCFD

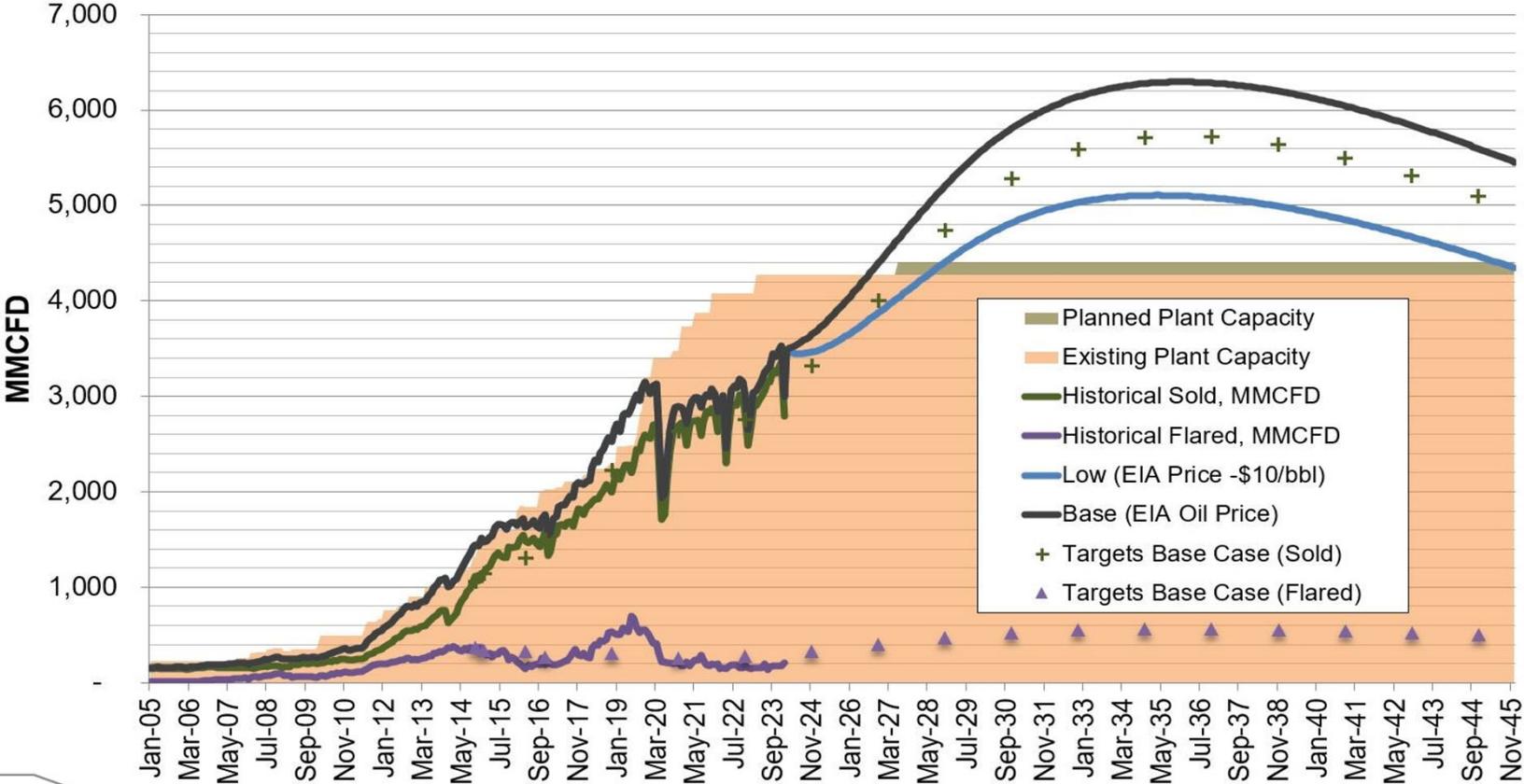
50 MMCFD currently

Self-generated power

Deliver residue gas for gas lift from plant tailgate

NGL Y-Grade sold primarily in local markets supporting local energy and agricultural industries

North Dakota Natural Gas Processing Capacity



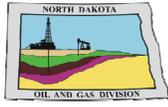


NDIC -- DRILLING PERMIT REVIEW POLICY

APD Rec'd	Operator	Area of Interest	Public Land (sur loc)	Review Distance	Distance to Area of Interest	Well Pad Name	Surface Loc	Field	Existing Pad	Work Planned	Comments Received	Stipulations Imposed
9/28/2021	CLR	Lake Sakakawea	National Grasslands	0.5 mile	0.4 mile	LCU Ralph and Reckitt 6 wells	22-153-99 12 mi NW Newtown	Long Creek Bakken Unit	yes	No pad extension	USFWS SHSND NDWR	Perimeter berm; Spill Contingency Plan; No drilling pit will be utilized; Remote or auto shutdown equip; Onsite inspection prior to construction
10/20/2021	CLR	Lake Sakakawea	National Grasslands	0.5 mile	0.4 mile	LCU Ralph 1 well	22-153-99 12 mi NW Newtown	Long Creek Bakken Unit	yes	No pad extension	USFWS SHSND NDWR	Perimeter berm; Spill Contingency Plan; No drilling pit will be utilized; Remote or auto shutdown equip; Onsite inspection prior to construction

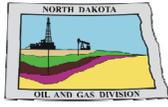
No 4Q 2023 changes

BCA	Badlands Conservation Alliance
NDCWS	North Dakota Chapter of The Wildlife Society
NDDOT	North Dakota Department of Transportation
NDDTL	North Dakota Department of Trust Lands
NDGFD	North Dakota Game and Fish Department
NDWR	North Dakota Water Resources
NPSTRNP	National Park Service-TR National Park
SHSND	State Historical Society of North Dakota
USACOE	United States Army Corps of Engineers
USFWS	United States Fish and Wildlife Service



COMPLAINTS

Case No.	Respondent	Complaint Served	Penalty Proposed	Reasonable Fees and Expenses Proposed	Collected	Suspended Penalty			
						Amount Suspended	Justification	Suspended Period	Same or Similar Violation Committed
29140	North Range Resources, LLC (signed CA 7/27/2022)	12/23/2021	\$80,695.00	\$52.00		Paid \$40,348 in 2 installments, Aug and Sep 2022; violated CA; AG letter 7/24/2023 immediately pay suspended \$40,348; letter received but no date (green card received by DMR 8/7/2023); Sent summons to appear and defend against civil complaint 1/16/2024. Failed to answer. Motion for default judgement filed 2/20/2024. Order for judgement entered 3/12/2024.			
29228	Noah Energy Inc. (signed CA 11/14/2022)	2/9/2022	\$224,039.00	\$283.00		Paid \$10,283; \$102,303 due 1/1/2023 Noah bankruptcy Default Order 32382 signed 1/24/2024 Bill of sale for equipment (\$10,000) signed by William Paddock 2/16/2024.			
29775	High Plains Operating, LLC	1/18/2023	\$17,609.00	\$307.36		Served upon Secretary of State 1/18/2023 Default order signed 1/24/2024. Filed with OAH 2/7/2024.			
29834	Double AA, LLC	1/26/2023	Determine costs at administrative hearing	\$34.44		Answer received 2/15/2023 Suggestion of chapter 7 bankruptcy 10/20/2023 Confiscated \$50,000 bond 12/18/2023 Confiscation of wells (10/26/2023 hearing) on hold under stay of bankruptcy court. Motion to abandon signed by bankruptcy court 3/13/2024.			
29835	WW Oilfield Services, LLC	4/12/2023, 8/17/2023	\$25,111.00	\$33.47		Served upon WW Oilfield by Bottineau County Sheriff on 4/12/2023 Served upon Secretary of State 8/17/2023 Default Order 10/4/2023 Order 33073 confiscated well 11/28/2023 Confiscated \$50,000 12/12/2023 Summons to appear and defend against civil complaint served 1/19/2024.			
30121	Valkyrie Operating, LLC CA signed 2/9/2024	6/26/2023	\$49,969.00	\$713.18	\$24,984	\$24,985	First offense	2 years	No
30264	Freedom Energy Operating, LLC	8/23/2023	\$42,127.00	\$34.47		Served upon Secretary of State 8/23/2023 Default Order No. 32874 signed 12/18/2023 Summons to appear and defend against civil complaint sent 1/25/2024. Failed to answer. Filed default judgement with court 3/2/2024.			

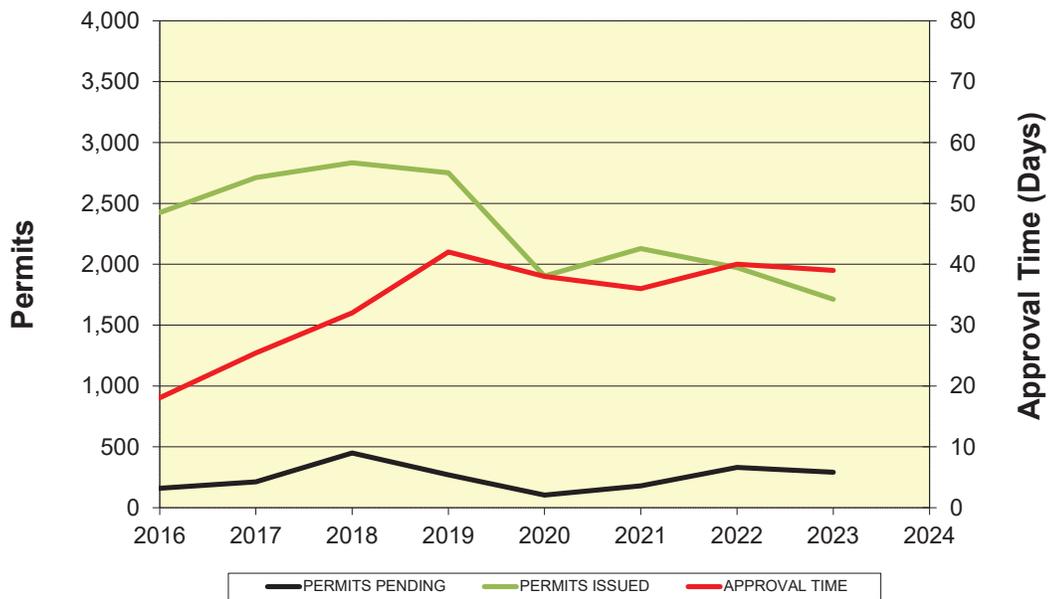


COMPLAINTS

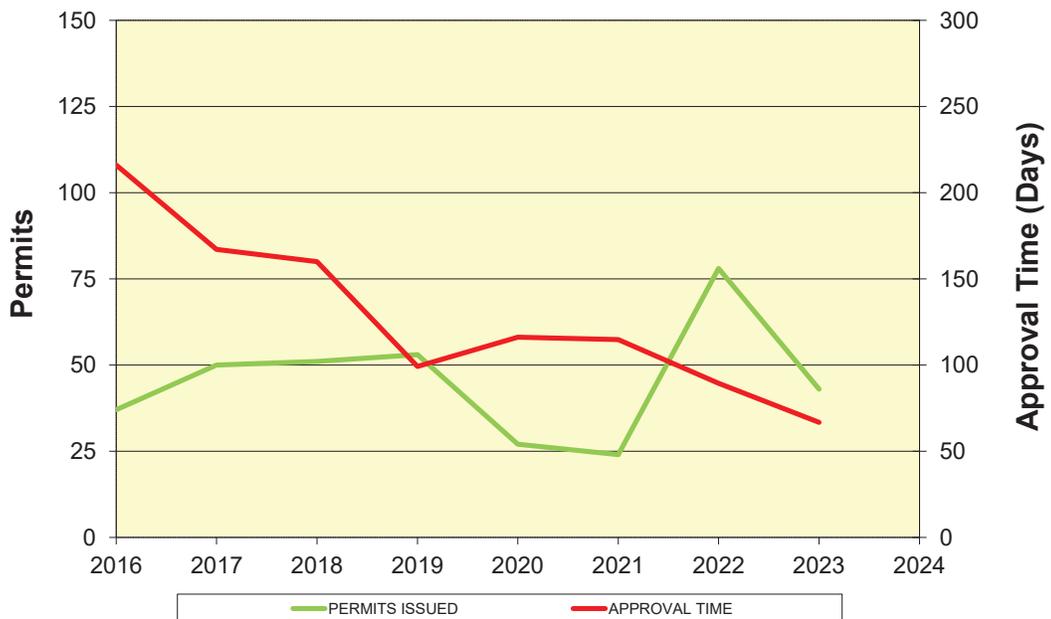
Case No.	Respondent	Complaint Served	Penalty Proposed	Reasonable Fees and Expenses Proposed	Collected	Suspended Penalty			
						Amount Suspended	Justification	Suspended Period	Same or Similar Violation Committed
30661	Whiting Oil and Gas Corporation CA signed 2/24/2024	1/22/2024	\$393,750.00	\$416.52	\$196,875	\$196,875	First offense	2 years	No
30662	SOGC, Inc. CA signed 3/6/2024	1/19/2024	\$225,000.00	\$1,024.42	\$115,000	\$110,000	First offense	1 year	No
30713	D90 Energy, LLC	2/12/2024	Determine costs at administrative hearing	\$294.77	Answer received 3/19/2024				No
30715	SOGC, Inc. CA signed 3/6/2024	2/15/2024	\$62,500.00	\$703.35	\$62,500	\$0	Second offense	1 year	Yes
30716	Abraxas Petroleum Corp.	2/15/2024	Determine costs at administrative hearing	\$157.46	Extension to Answer until 4/1/2024				No
30717	Oasis Petroleum North America LLC CA signed 3/8/2024	2/26/2024	\$50,000.00	\$905.81	\$50,000	\$0	First offense		Yes
30792	Henry Hill Oil Services. LLC	3/7/2024	Determine costs at administrative hearing	\$765.33	Counsel reached out for meeting				No



North Dakota Oil & Gas Permits Issued

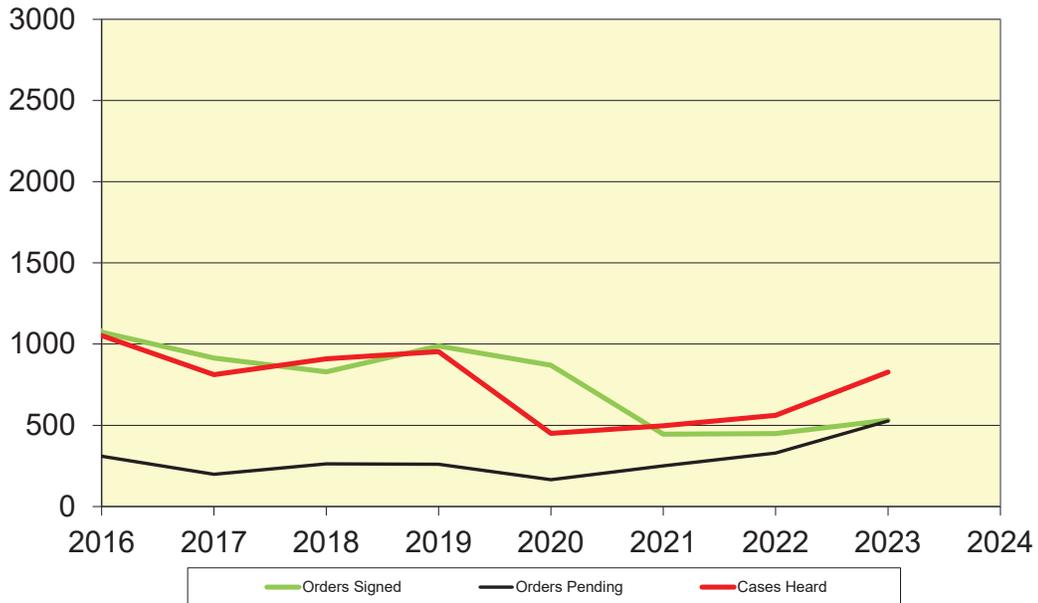


North Dakota UIC Permits Issued



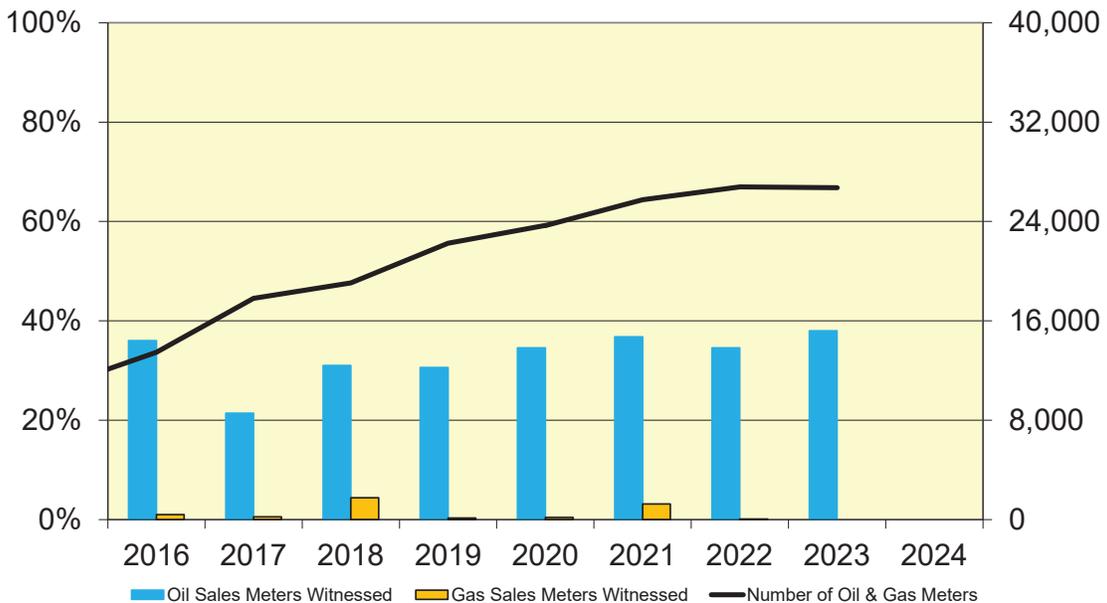


Orders Signed--Cases Heard



Sales Meter Tests

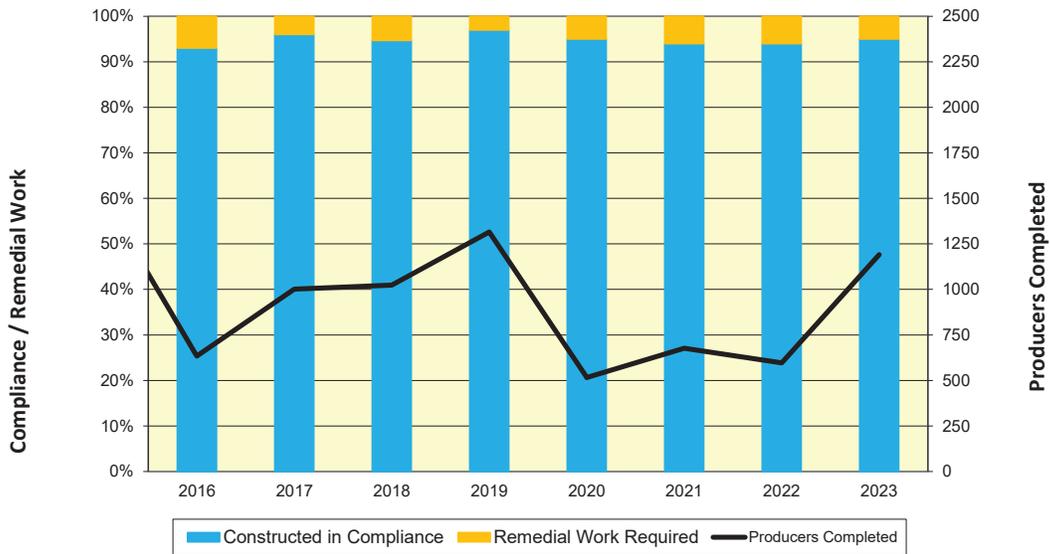
The Oil and Gas Division regulates oil and gas meter accuracy and royalty owner information. Decline in meter witness percentage reflects 2016 staff reduction due to mandatory budget allotments.





Well Construction

Well construction rules protect underground drinking water.
Without this program 5-10% of new wells could be leaking.



Mechanical Integrity Tests

The Oil and Gas Division witnesses nearly all mechanical integrity tests.
Without this program 1-10% of North Dakota injection and temporary abandoned wells could be leaking.

