



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

Kelly Armstrong  
Governor

Drew H. Wrigley  
Attorney General

Doug Goehring  
Agriculture Commissioner

Wednesday, December 17, 2025

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

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## **I. Roll Call and Pledge of Allegiance**

(approximately 9:00 am)

## **II. Department of Mineral Resources – Nathan Anderson, Mark Bohrer, David Garner, Ed Murphy, Ned Kruger**

### **A. Consideration of approval of the following orders:**

- i. Reconsideration of Order 34956 in Case 32201** – In the matter of a hearing called on a motion of the Commission to consider amendments to the "General Rules and Regulations for the Conservation of Crude Oil and Natural Gas" and "Geological Storage of Carbon Dioxide" codified as articles 43-02-03 and 43-05-01 of the North Dakota Administrative Code. (Attachment 1)
- ii. Order 35230 in Case 32456** – relating to a motion of the Commission to consider the creation of the "Rules and Regulations for Exploration and Production of Critical Minerals in Coal-Bearing Formations" codified as Article 43-02 of the North Dakota Administrative Code. (Attachment 2)

### **B. Other DMR Business**

(approximately 9:30 am)

## **III. North Dakota Public Finance Authority – DeAnn Ament**

### **A. Consideration of Approval of the Following State Revolving Fund Loans:**

- i. South Central Regional Water District – Drinking Water - \$5,625,000** (Attachment 3A-F)

- ii. Western Area Water Supply Authority – Drinking Water - \$16,000,000 (Attachment 4A-F)
  - B. Presentation of Memo of State Revolving Fund Loans Approved by PFA Advisory Committee Pursuant to Policy P-3B (Attachment 5)
    - i. City of Page – Clean Water - \$1,545,000 (Attachment 5A)
    - ii. City of Mott – Clean Water - \$1,118,000 (Attachment 5B)
    - iii. City of Mott – Drinking Water - \$523,000 (Attachment 5C)
    - iv. City of Grand Forks – Drinking Water - \$1,191,000 (Attachment 5D)
    - v. City of Valley City – Drinking Water - \$1,500,000 (Attachment 5E)
    - vi. City of Wilton – Drinking Water - \$350,000 increase to previously approved \$2,119,000 loan (Attachment 5F)
    - vii. City of Wilton – Clean Water - \$150,000 increase to previously approved \$1,520,000 loan (Attachment 5G)
  - C. Other Public Finance Authority Business

(approximately 9:40 am)

**IV. Lignite Research, Development and Marketing Program, Grant Round 108 – Jordan Kannianen, Mike Holmes**

- A. Presentation of Lignite Research Program Project Management and Financial Report – Jordan Kannianen (Attachment 6)
- B. **Consideration of Approval of the Following Grant Applications as Recommended by the Lignite Research Council:**
  - i. **LRP-108A: “Enhance, Preserve, Protect the North Dakota Coal Industry” Lignite Energy Council, \$3,316,695** (Attachment 7)
  - ii. **LRP-108B “Pilot Expansion and Testing for Improving Lignite Fuels and REE Processing” UND, \$1,100,000** (Attachment 8)
  - iii. **LRP-108C “Efficient Refining of Germanium Metal from Fly Ash-Derived Concentrates” Microbeam, \$400,000** (Attachment 9)
- C. Other Lignite Research Program Business

(approximately 10:00 am)

**V. State Energy Research Center (SERC) – Jordan Kannianen, Tom Erickson (EERC)**

- A. Contract Task 2 Budget and Project Update – Jordan Kannianen
- B. Annual Report – Tom Erickson (Attachment 10)
- C. **Consideration of Approval of Proposed Project under SERC Task 2: Research and Production of Energy Atlas – Navigating North Dakota’s**

**Energy Future: A Road Map for Resource Recovery, Infrastructure, and Industrial Synergy - \$250,000 (Attachment 10)**

D. Other SERC Business

(approximately 10:15 am)

**VI. Outdoor Heritage Fund Grant Round 27 – Brenna Jessen, David Dewald**

- A. Presentation of OHF Project Management and Financial Report (Attachment 11)
- B. **Consideration of Approval of the Following Grant Applications as Recommended by the OHF Advisory Board**
  - i. **27-2: Private Forest Improvement and Protection Program, ND Game and Fish Department; \$600,000 (Attachment 12)**
  - ii. **27-4: Planting for the Future, ND Petroleum Foundation; \$510,000 (Attachment 13)**
  - iii. **27-5: Accessible Kayak Launch at Nickeus Park, Jamestown Parks and Recreation District; \$41,873 (Attachment 14)**
  - iv. **27-7: ND Prairie Management Toolbox, Audubon Great Plains; \$1,050,000 (Attachment 15)**
  - v. **27-8: MAYSA Cross Country Trails, Minot Park District; \$61,958 (Attachment 16)**
  - vi. **27-9: Big Stick Conversion Well Pipeline, Medora Grazing Association; \$300,584 (Attachment 17)**
  - vii. **27-10: Governor’s LEGACY Soil Health and Habitat Program, ND Association of Soil Conservation Districts; \$4,310,000 (Attachment 18)**
  - viii. **27-11: ND Wetland Access and Restoration Project, Ducks Unlimited; \$570,000 (Attachment 19)**
  - ix. **27-14: Grasslands Enhancement Project Phase III, Ducks Unlimited; \$555,852 (Attachment 20)**
  - x. **27-16: Educational Prairie Trails, United Prairie Foundation; \$113,700 (Attachment 21)**
- C. Other OHF Business

(approximately 10:30 am)

**VII. North Dakota Mill and Elevator – Vance Taylor, Cathy Dub**

- A. Presentation of FY '25 Audit - Robyn Hoffmann of the State Auditor’s Office via Teams (Attachment 22)
- B. Presentation of the 1<sup>st</sup> Quarter FY '26 Results (Attachment 23)
- C. Other North Dakota Mill business

(approximately 10:45 am)

**VIII. Legal Update – Phil Axt, Matt Sagsveen**

- A. Defenses of State Law
  - i. Pore Space Amalgamation (executive session)
- B. Defenses of Federal Actions:
  - i. DAPL Operation
  - ii. Unleashing American Energy EO
- C. Challenges to Federal Actions:
  - i. EPA - Mercury and Air Toxics Rule
  - ii. EPA - Carbon Rule
  - iii. EPA - WOTUS Rule
  - iv. EPA – Regional Haze Rule
  - v. BLM - ND Resource Management Plan
- D. Challenges to Other States' Laws
  - i. MN Carbon-Free Power Law
  - ii. NY Climate Superfund Law
  - iii. VT Climate Superfund Law

**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, and 54-63.1-06**

(approximately 11:00 am)

**IX. Attorney Consultation Related to Pore Space Litigation – Phil Axt, Matt Sagsveen**

(approximately 11:30 am)

**X. Consideration of Approval of Confidentiality Requests by Applicants in Grant Round 6 of the Clean Sustainable Energy Authority Grant Program Pursuant to Requirements of NDCC 54-63.1-06 – Jordan Kannianen**  
(Confidential Attachment 24)

(approximately 11:40 am)

**XI. Bank of North Dakota Executive Session – Don Morgan**

- A. CEO Report (Confidential Attachment 25)
  - i. Executive Summary
  - ii. Material Credit Related Changes
  - iii. Problem Loan Report (Confidential Attachment 26)
- B. Presentation of October 15 and 27, 2025, Confidential Advisory Board and Committee Minutes (Confidential Attachment 27)
- C. Other BND Confidential Business



## Meeting Returns to Public Session

(approximately 12:00 am)

### **XII. Bank of North Dakota – Don Morgan**

- A. CEO Report – Don Morgan (Attachment 28)
  - i. Executive Summary
  - ii. Strategic Discussion
  - iii. Financials
  - iv. Risk
    - 1. Problem Loan General Discussion
  - v. Policy and Program Approvals and Updates
- B. Presentation of Oct 15 and 27, 2025, Nonconfidential Advisory Board and Committee Minutes (Attachment 29)
- C. Other BND Business

(approximately 12:15 pm)

### **XIII. Industrial Commission Administrative Office – Karen Tyler, Jordan Kannianen**

- A. **Consideration of Approval of October and November Industrial Commission Meeting Minutes** (Attachment 30)
- B. **Consideration of Approval of Commerce Department Technical Support Contract for Renewable Energy Program Pursuant to NDCC 54-63-03(2)** (Attachment 31)
- C. Other Administrative Office Business

### **XIV. Adjournment**

Special Industrial Commission Meeting – Tuesday, January 6, 2026  
9:00 am – 11:00 am  
Governor's Conference Room

Next Regular Industrial Commission Meeting – Tuesday, January 20, 2026  
9:00 am – 12:30 pm  
Governor's Conference Room

North Dakota Industrial Commission  
Department of Mineral Resources - Geological Survey Rule Changes  
Edward C. Murphy  
December 17, 2025

**NDAC 43-02-02.5. Exploration and Production of Critical Minerals in Coal-Bearing Formations (NEW)**

Changes to North Dakota Century Code 38-12 in House Bill 1459 (69<sup>th</sup> Legislative Assembly) went into effect on August 1, 2025. These changes required the creation of critical minerals rules. These rules were drafted between August and November and then reviewed by Assistant Attorney General David Garner from mid-November to early December.

The new rule:

- 1) The rules are organized primarily by the permit requirements for critical minerals exploration and critical minerals processing facilities.
- 2) The exploration permit language borrows heavily from the coal exploration program (NDAC 43-02-02); it requires a permit application, a permit application fee, a performance and reclamation bond, and an approved hole plugging and site reclamation program.
- 3) The facility permit language largely came from the subsurface minerals solution mining permit program (NDAC 43-02-02.4); it requires a permit application fee that reimburses the agency for the review time and a facility bond that is set to the estimated cost of facility and site reclamation.
- 4) The facility bond will be periodically reviewed and the bond amount adjusted as necessary.
- 5) The mined coal must be comingled during critical minerals processing due to the variability of the critical minerals concentrations as well as the variable processability of those critical minerals.



*The UND College of Engineering & Mining Research Institute's rare earth pilot plant.*

**2025 GEOLOGICAL SURVEY RULE MAKING PROCESS (HB 1459)**  
**August 1, 2025 (effective date)    May 1 (9 month deadline)**

	<b><u>2025</u></b>
Rules drafted.....	August 4 – November 10
Rule draft reviewed by Asst. AG.....	November 10 – December 2
Attorney’s comments incorporated.....	December 2
Legal notice sent to ND newspapers.....	December 4
Regulatory Analysis completed.....	December 5

Anticipated Dates:

Legal Notices run in ND newspapers.....	December 6 – 18
NDIC approves rule making moving forward.....	December 17
File full notice and rules with Legislative Council via email.....	December 18
Send Notice to sponsors of HB 1459.....	December 18

	<b><u>2026</u></b>
Small entity reg analysis and economic impact completed.....	January 9
Fiscal note and takings assessment completed.....	January 9
Rules Hearing(Case 32456) 33 days after the last notice ran.....	January 20
Ten-day comment period .....	January 20 - 30
Finalize responses to all oral and written comments received.....	February 7
NDIC Meeting – seek approval of new rules ICO 35230 (Case 32456).....	February 24
Submit final rules for Attorney General opinion.....	February 27
<i>Receive AG opinion.....</i>	<i>March 13</i>
<i>File rules and AG opinion with Legislative Council.....</i>	<i>March 17</i>
<i>Notify all interested parties and post on web the Administrative Rules Committee hearing date.....</i>	<i>May 1</i>
<i>Administrative Rules Committee Hearing.....</i>	<i>June ??</i>
<i>Rules adopted.....</i>	<i>July 1</i>

## **NDAC 43-02-02.5**

### **Exploration and Production of Critical Minerals in Coal-Bearing Formations**

- 43-02-02.5-01. Definitions.
- 43-02-02.5-02. Scope of chapter.
- 43-02-02.5-03. Enforcement of laws, rules, and regulations.
- 43-02-02.5-04. United States government leases.
- 43-02-02.5-05. Forms upon request.
- 43-02-02.5-06. Authority to cooperate with other agencies.
- 43-02-02.5-07. Organization reports.
- 43-02-02.5-08. Record of permits.
- 43-02-02.5-09. Exploration permit.
- 43-02-02.5-10. Exploration bond.
- 43-02-02.5-11. Processing facility permit.
- 43-02-02.5-12. Processing facility bond.
- 43-02-02.5-13. Mining permit.
- 43-02-02.5-14. Public availability of permit application information.
- 43-02-02.5-15. Confining of water to their original strata.
- 43-02-02.5-16. Method of plugging.
- 43-02-02.5-17. Testholes to be used for freshwater.
- 43-02-02.5-18. Inspections.
- 43-02-02.5-19. Basic data.
- 43-02-02.5-20. Exploration reports.
- 43-02-02.5-21. Report of Production.
- 43-02-02.5-22. Commingled Production.
- 43-02-02.5-23. Investigative powers.
- 43-02-02.5-24. Additional information may be required.
- 43-02-02.5-25. Books and records to be kept to substantiate reports.
- 43-02-02.5-26. Application for hearing.
- 43-02-02.5-27. Hearings - Proceedings.
- 43-02-02.5-28. Investigatory hearings.
- 43-02-02.5-29. Official record.
- 43-02-02.5-30. Petitions and oral arguments prohibited.
- 43-02-02.5-31. Notice of order by mail.
- 43-02-02.5-32. Service and filing.
- 43-02-02.5-33. Designation of examiners.
- 43-02-02.5-34. Powers and duties of examiner.
- 43-02-02.5-35. Report of examiner.
- 43-02-02.5-36. Commission order from examiner hearing.
- 43-02-02.5-37. Prehearing motion practice.

#### **43-02-02.5-01. Definitions.**

The terms used throughout this chapter have the same meaning as in North Dakota Century Code chapter 38-12, except:

1. "Certified mail" means any form of service by the United States postal service, federal express, Pitney Bowes, and any other commercial nationwide delivery service that provides the mailer with a document showing the date of delivery or refusal to accept delivery.
2. "Director" means the director of the department of mineral resources of the industrial commission.
3. "Gross proceeds" means the gross receipts received by an operator from any sale of critical minerals which constitutes an arms-length transaction.
4. "Log or well log" means a systematic, detailed, and accurate record of one or more properties as a function of depth in an open or cased well bore. This includes but is not limited to geophysical, petrophysical, image, or engineered/composite logs, or other well bore measurements acquired while drilling or by wireline operations recorded in paper or digital format.
5. "Mined area" means the area where coal has been mined for its critical mineral content from within the boundaries of a Public Service Commission approved mine permit.
6. "Processing facility" means a facility that extracts critical minerals from coal-bearing formations.
7. "Testhole" means any hole drilled for the purpose of gathering information on subsurface minerals.
8. "Waste" means:
  - a. Physical waste;
  - b. Operations which cause or tend to cause unnecessary or excessive surface loss; or
  - c. Operations that do not recover all of the mineral being mined that is technically and economically possible.

#### **History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-02. Scope of chapter.**

This chapter contains general rules of statewide application which have been adopted by the industrial commission to conserve the natural resources of North Dakota, to prevent waste, and to provide for operation in a manner as to protect correlative rights of all owners of subsurface minerals. Special rules, regulations and orders have been and will be issued when required and shall prevail as against general rules, regulations, and orders if in conflict therewith. However, wherever this chapter does not conflict with special rules heretofore or hereafter adopted, this chapter will apply in each case. The commission may grant exceptions to this chapter, after due notice and hearing, when such exceptions will result in the prevention of waste and operation in a

manner to protect correlative rights.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-03. Enforcement of laws, rules, and regulations.**

The commission, its agents, representatives, and employees are charged with the duty and obligation of enforcing all rules and statutes of North Dakota relating to the exploration, development, and production of critical minerals. However, it shall be the responsibility of all owners or operators to obtain information pertaining to the regulation of subsurface minerals before operations have begun.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-04. United States government leases.**

The commission recognizes that all persons exploring for, producing, or processing critical minerals on United States government land or for United States government minerals shall comply with the federal regulations. Such persons shall also comply with all applicable state rules and regulations.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-05. Forms upon request.**

Forms for written notices, requests, and reports required by the commission will be furnished upon request. These forms shall be of such nature as prescribed by the commission covering proposed work, work in progress, and the results of completed work.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-06. Authority to cooperate with other agencies.**

The commission may from time to time enter into arrangements with state and federal government agencies, industry committees, and individuals with respect to special projects, services, and studies relating to critical minerals.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-07. Organization reports.**

Every person acting as principal or agent for another or independently engaged in the drilling for, or in the production, storage, transportation, refining, reclaiming, treating, marketing, or processing of critical minerals in North Dakota shall immediately file with the state geologist the name under which such business is being conducted and operated; the name and post-office address of such person; the business or businesses in which the person is engaged; the plan of organization, and in case of a corporation, the law under which it is chartered; and the names and post-office addresses of any person acting as trustee, together with the names and post-office addresses of any officials on an organization report. If such business is conducted under an assumed name, such organization report shall show the names and post-office addresses of all owners in addition to the other information required. A new organization report shall be filed when and if there is a change in any of the information contained in the report.

##### **History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-08. Record of permits.**

The state geologist shall maintain an official permit list in which shall be entered:

1. The name of the permitholder.
2. The permit number.
3. The date the permit was issued, and
4. The location (county) of the permit.

##### **History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-09. Exploration permit.**

A permit shall be required prior to commencement of operations for the exploration and evaluation of critical minerals. A permit shall be granted for one year upon receipt of a permit application, on a form provided by the commission, and the furnishing of a bond, as set out in this chapter, and the payment of a fee of one hundred dollars per permit. A permit shall be valid for one permit area only.

A permit is not required within a coal mine permit boundary, however ownership and all exploratory data used to determine critical mineral concentrations shall be provided upon request.

No coal shall be extracted for commercial sale during a critical mineral exploration operation. No other coal shall be extracted except for cores and samples necessary for testing and analysis. The removal of more than two hundred fifty tons [226.80 metric tons] of coal from an area shall be considered a surface coal mining operation and shall be subject to the requirements of North Dakota Century Code chapter 38-14.1 and the regulations of the public service commission promulgated thereunder.

The permit application shall include:

1. The name, address, and telephone number of the person seeking to explore.

2. The name, address, and telephone number of the representative who will be present at and responsible for conducting the exploration activities.
3. A precise description of the exploration area.
4. A statement of the period of intended exploration.
5. A description of the practices proposed to be followed to protect the environment from adverse impacts as a result of the exploration activities.
6. Any other information required by the commission.

**History:**

**General Authority:** NDCC 38-12-03

**Law Implemented:** NDCC 38-12-03

**43-02-02.5-10. Exploration bond.**

Any person engaged in critical mineral exploration and evaluation, or who proposes to do so, shall submit to the commission and obtain its approval of a surety bond or cash bond. An alternate form of security may be approved by the commission after notice and hearing, as provided by law, and such bond shall be required for each permit area. The bond shall be in the amount of one hundred dollars for each testhole drilled in the permit area. Each such surety bond shall be executed by a responsible surety company, authorized to transact business in the state of North Dakota. A blanket bond in the amount of ten thousand dollars, conditioned as above provided, may be submitted to cover any number of testholes drilled in one or more permit areas. The blanket bond shall cover all permits issued in one year commencing on the date the first permit covered by the bond is issued.

Any person providing a blanket bond in lieu of several individual bonds is required to comply with the rules, regulations, and orders of the commission in the same manner as if the person had provided several individual bonds. Violation shall result in forfeiture of the blanket bond in its entirety, if the violation would have resulted in forfeiture had the action in question been covered by an individual bond.

For the purposes of the commission the bond required is a performance bond, as well as a plugging bond, and is to endure up to and including receipt by the state geologist of all basic exploration data required by law and approved plugging of all holes drilled.

The commission will in writing advise the principal and sureties on any surety bond as to whether the provisions of statutes and rules have been satisfied, and that liability under the bond may be formally terminated.

The state geologist is vested with the power to act for the commission as to all matters within this section.

Any state or federal agency engaged in critical mineral exploration or evaluation shall be exempt from providing the bond.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02



#### **43-02-02.5-11. Processing facility permit.**

A processing facility permit application is required prior to commencement of operations to create or construct a processing facility. The application for a processing facility permit must be filed with the director, together with a permit fee. The amount of the permit fee is determined by the state geologist based upon the cost for the commission to review, investigate, and process the application. No activity may commence until such application is approved and a permit is issued by the director. Upon successful review of the application, the amount of the facility bond will be determined. The permit application will not be approved until the facility bond is in effect.

Permit applications for a processing facility shall address the following:

1. Identification of interests to include:
  - a. The name and address of the operator responsible for the processing facility operations and reclamation of the site.
  - b. The name and address of the surface landowners of all land within the permit boundary of the processing facility.
2. Project location description and maps plotted at a scale to accurately identify locational landmarks and operational details, to include:
  - a. A legal description of the proposed processing facility permit area.
  - b. The general location as shown on a topographic map which gives the location the following: perennial, intermittent and ephemeral streams; springs and seeps; wetlands, riparian areas, lakes and other water bodies; residences, businesses, and other structures; existing and proposed roads; other access routes; support facilities; cemeteries; burial grounds; cultural resources listed on the national register of historic places; electrical transmission and communication lines; pipelines; and oil, gas, and water wells on and within one-half mile of the permit area.
  - c. An operations map that identifies:
    - (1) All buildings, structures, tanks, pits, vats, pipelines, access roads, and other types of infrastructure; a surface facilities map which identifies the locations of buildings; processing equipment; roads; underground utilities; power lines; proposed drainage control structures; the location of topsoil and subsoil storage areas, if warranted; tailings or processed waste facilities; and solid and liquid wastes and wastewater discharge treatment and containment facilities;
    - (2) Any dikes or berms or other structures that are meant to contain processing fluids onsite.
3. Operation plan. A brief narrative description of the proposed processing facility plan of operation. The description must include the following information:
  - a. A general description and list of the critical minerals sought and the methods of extraction. Any chemicals to be used onsite must be identified, where and how they will be stored, and where and how they will be disposed. Any forms of disposal will need to comply with the rules and regulations of the North Dakota Department of Environmental Quality.

- b. A geological cross-section across the permit application area to a depth of 100 feet.
  - c. An estimate of depth to ground water and general water chemistry.
  - d. Estimated width and length of any new roads to be constructed.
  - e. An estimate of the total number of surface acres to be disturbed by the processing facility.
  - f. A description of the plans for any structures that will be used for managing runoff from the site, if warranted.
  - g. A contingency plan to mitigate impacts to wildlife when there has been an emergency or accidental discharge of toxic substances that may impact wildlife.
  - h. A description of measures which will be undertaken to control sedimentation from the permit area and a plan for the monitoring of nonpoint source sediment pollution from the disturbed area.
4. Impact assessment. The operator shall provide a general narrative description identifying potential surface and subsurface impacts. At a minimum, this description is to include:
- a. Projected impacts to surface and groundwater systems; and
  - b. Actions which are proposed to mitigate any of the above referenced impacts.
  - c. A plan for the management of waste streams in accordance with chapters 33.1-25-01, 33.1-20-01.1, 33.1-20-09, and 33.1-16-01, as applicable.

All persons controlling or operating any processing facility shall verbally notify the director within twenty-four hours after discovery of any fire, leak, spill, or release of fluid. If any such incident occurs or travels offsite of a facility, the persons, as named above, responsible for proper notification shall within a reasonable time also notify the surface owners upon whose land the incident occurred or traveled.

5. Reclamation plan. Each application shall include a reclamation plan, including maps or drawings as necessary, consisting of a narrative description of the proposed reclamation, including:
- a. A detailed description of any surface facilities that are proposed to be left at closure, including buildings, utilities, roads, pads, ponds, pits, and surface equipment.
  - b. A description of the treatment, location, and disposition of any toxic-forming or acid-forming materials generated and left onsite, including a map showing the location of such materials upon the completion of reclamation.
  - c. A statement by the permit applicant that the applicant will comply with all of the critical mineral performance standards of article 43-02 for all processing, mining and reclamation which substantially disturbs the natural land surface.

The reclamation plan shall be updated as necessary and submitted for approval prior to the commencement of final reclamation activities.

Unless otherwise approved in the reclamation plan, all buildings and infrastructure must be removed. All disturbed lands must be reclaimed to a condition consistent with prior land use and productive capacity.

The commission shall review the facility permit at least once every five years to determine whether it should be amended, modified, or revoked.

**History:**

**General Authority:** NDCC 38-12-03

**Law Implemented:** NDCC 38-12-03

**43-02-02.5-12. Processing facility bond.**

Before any person receives a permit to conduct processing facility operations for critical minerals, the person shall submit to the commission, and obtain its approval of a surety bond, executed by a responsible surety company authorized to transact business in North Dakota, or a cash bond. An alternate form of security may be approved by the commission after notice and hearing, as provided by law. The operator of a processing facility shall be the principal on the bond covering such activity. The amount of the bond shall be specified by the commission and will be based upon the estimated reclamation costs.

Processing facility bond requirements.

1. Bond terms. Bonds shall be conditioned upon full compliance with North Dakota Century Code chapter 38-12, and all administrative rules and orders of the commission, and continues until any of the following occurs:
  - a. The lands disturbed by any method of processing of critical minerals have been restored and approved by the director.
  - b. The liability on the bond has been transferred to another bond and such transfer approved by the commission.
2. Transfer of property under bond. Transfer of property does not release the bond. In case of transfer of property or other interest in a processing facility and the principal desires to be released from the bond covering the facility, the principal must proceed as follows:
  - a. The principal must notify the director in writing of all proposed transfers of property at least thirty days before the closing date of the transfer. The director may, for good cause, waive this requirement.

The principal shall submit to the commission on a transfer form reciting that a certain property, or properties, describing each by quarter-quarter, section, township, and range, is to be transferred to a certain transferee, naming such transferee, for the purpose of ownership or operation. The date of assignment or transfer must be stated and the form signed by a party duly authorized to sign on behalf of the principal.

On said transfer form the transferee shall recite the following: "The transferee has read the foregoing statement and accepts such transfer and the responsibility of such property under the transferee's processing facility bond". Such acceptance must be signed by a party authorized to sign on behalf of the transferee and the transferee's surety.

- b. When the commission has approved the transfer and acceptance and accepted it under the transferee's bond, the transferor shall be released from the responsibility of site reclamation.

- c. The transferee (new operator) of any processing facility shall be responsible for the site reclamation of any such property. For that purpose, the transferee shall submit a new bond or, in the case of a surety bond, produce the written consent of the surety of the original or prior bond that the latter's responsibility shall continue. The original or prior bond shall not be released as to the reclamation responsibility of any such transferor until the transferee submits to the commission an acceptable bond to cover such facility. All liability on bonds shall continue until all structures are removed and the reclamation of such property is completed and approved.
3. Bond review. The director shall periodically review the amount of bond and, with the commission's approval, may require adjustments to the amount of bond to reflect inflationary increases or increases in the anticipated costs of reclamation. An operator may request a hearing to dispute an adjustment.
4. Bond termination. The commission shall, in writing, advise the principal and any sureties on any bond as to whether the reclamation is approved. If approved, liability under such bond may be formally terminated upon receipt of a written request by the principal. The request must be signed by an officer of the principal or a person authorized to sign for the principal.
5. Director's authority. The director is vested with the power to act for the commission as to all matters within this section, except requests for alternative forms of security, which may only be approved by the commission.

The commission may refuse to accept a bond if the operator or surety company has failed in the past to comply with statutes, rules, or orders; if a civil or administrative action brought by the commission is pending against the operator or surety company; or for other good cause.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-13. Mining permit.**

Mining of non-coal rock for its critical mineral content will need to follow North Dakota Administrative Code chapters 43-02-02.2, 43-02-02.3 or 43-02-02.4, as applicable.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-14. Public availability of permit application information.**

1. Except as provided in subdivisions a, b, and c, all information submitted to the commission with a permit application for critical mineral exploration shall be made available for public inspection and copying at the office of the state geologist.
  - a. The state geologist shall not make information submitted with a critical mineral exploration permit application available for public inspection, if the person submitting it requests in writing, at the time of permit application submission, that it not be disclosed and the state geologist determines that the information is confidential. However, such information shall remain confidential only for the time period

specified in North Dakota Century Code section 38-12-02.

- b. The state geologist shall determine that permit application information is confidential only if it concerns trade secrets or is privileged commercial or financial information which relates to the competitive rights of the person intending to conduct critical mineral exploration.
  - c. Information requested to be held as confidential under this subsection shall not be made publicly available until after proper notice and hearing before the commission.
2. The director can withhold specific information in a processing facility application if releasing the information would reveal trade secrets or in other ways cause the applicant financial harm.
3. The permitholder may waive the holder's right to confidentiality by providing written notice of the waiver to the state geologist.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-15. Confining of water to their original strata**

During the drilling of any testhole, all freshwaters and waters of present or probable value for domestic, commercial, or stock purposes encountered shall be confined to their respective strata and shall be adequately protected by methods approved by the state geologist. Special precautions shall be taken in drilling and abandoning of testholes to guard against any loss of artesian water from the strata in which it occurs, and to prevent contamination of artesian water by objectionable water.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-16. Method of plugging.**

Before any testhole is abandoned, all of the cuttings possible must be returned to the testhole, and it shall be plugged in such a manner as to prevent the intrusion of any foreign material. Any cuttings not returned to the hole must be spread at the surface, if approved by the landowner, or properly disposed of off the testhole site, if approved by the owner of the disposal site. The plugging shall be accomplished immediately when all desired information has been obtained.

If a testhole penetrates water bearing sands it shall be plugged with cement or some other method approved by the state geologist, in such a manner as to permanently confine the water to its original stratum.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-17. Testholes to be used for freshwater.**

When a testhole to be plugged may safely be used as a freshwater well, and such utilization is desired by the landowner, the testhole need not be filled above a sealing plug set below the freshwater aquifer; provided, that written authority and assumption of liability for such use and plugging shall be secured from the landowner and filed with the state geologist. The person conducting the critical mineral exploration shall be relieved of that person's responsibility under this chapter.

The landowner assuming ownership and liability for the testhole shall comply with the rules for water well construction and water well pump installation pursuant to North Dakota Century Code chapter 43-35.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-18. Inspections.**

The state geologist or the state geologist's representative shall have access to all drilling or exploration sites, mines, and processing facilities regulated under this chapter for the purpose of inspection and sampling. The state geologist may require the aid of the permitholder if the state geologist finds such aid necessary, and if the state geologist requests such aid.

If samples are to be collected by the state geologist, details relating to the starting date of the collection of such samples and the drill site locations shall be worked out between the state geologist or the state geologist's agents and the permitholder or the permitholder's agents prior to the starting date of such collection.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-19. Basic data.**

Basic data developed by or for the person conducting critical mineral exploration or evaluation, consisting of testhole locations, testhole elevations, total depths, driller's logs, radioactivity, resistivity, or other types of electrical or mechanical logs, as well as laboratory analyses, or any other pertinent data collected during the project shall be delivered free of charge to the state geologist.

When requested by the operator, the data submitted shall be confidential for a period of one year commencing on the expiration date of the permit. Such period may be further extended upon approval of the commission. As long as the operator is exploring, developing, or producing critical minerals, the basic data may remain confidential. The industrial commission and the state geologist shall have access to all confidential data. The director may release such confidential completion and production data to health care professionals, emergency responders, and state, federal, or tribal environmental and public health regulators if the state geologist deems it necessary to protect the public's health, safety, and welfare.

Sample cuts, portions of cores not required for analysis, and core analyses developed by or for the person conducting the critical mineral exploration or evaluation shall also be submitted free

of cost to the state geologist if requested.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-20. Exploration Reports.**

Quarterly progress reports, listing locations of testholes completed and plugged, shall be filed by the twenty-fifth day of January, April, July, and October by all permit holders. If no drilling occurred during the quarter, a report so stating shall be filed.

Completion reports shall also be filed upon completion of the exploration or evaluation, or upon the expiration of the permit, whichever occurs first, by all permit holders. The completion reports shall include all progress on exploration and evaluation and any other information requested by the state geologist.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

**43-02-02.5-21. Report of production.**

The operator of a processing facility shall, on or before the first day of the second month succeeding the month in which production occurs, file with the state geologist a report containing the following information.

1. The volume of coal that is processed.
2. The volume and chemical makeup of the critical mineral concentrate.
3. The volume of the concentrate shipped, and
4. The shipping destination.

The report shall be signed by both the person responsible for the report and the person witnessing the signature. The printed name and title of both the person signing the report and the person witnessing the signature shall be included.

Production data submitted to the state geologist shall be kept confidential for a period of one year when so requested by the operator. Such period may be further extended upon approval by the commission.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-22. Commingled production.**

After coal from differing mineral ownership parcels has been mined, the coal must be commingled prior to processing provided the volume produced has been recorded.

When two or more separately owned tracts are embraced within a mined area, or when there are separately owned interests in all or a part of the mined area, then the critical minerals therefrom must be commingled by the operator for the purpose of allocating production and payment of royalties. Each such mined area must afford to the owner of each tract or interest within the mined area the opportunity to recover or receive, without unnecessary expense, that owner's equitable share.

**History:**

**General Authority:** NDCC 38-12-06

**Law Implemented:** NDCC 38-12-06

#### **43-02-02.5-23. Investigative powers.**

Upon receipt of a written complaint from any surface owner or lessee, royalty owner, mineral owner, local, state, or federal official, alleging a violation of the subsurface mineral conservation statutes or any rule, regulation, or order of the commission, the director shall within reasonable time reply in writing to the person who submitted the complaint stating that an investigation of such complaint will be made or the reason such investigation will not be made. The person who submitted the complaint may appeal the decision of the director to the commission. The director may also conduct such investigations on the director's own initiative or at the direction of the commission. If, after such investigation, the director affirms that cause for complaint exists, the director shall report the results of the investigation to the person who submitted the complaint, if any, to the person who was the subject of the complaint and to the commission. The commission shall institute such legal proceedings as, in its discretion, it believes necessary to enjoin further violations.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-24. Additional information may be required.**

This chapter shall not be taken or construed to limit or restrict the authority of the commission to require the furnishing of such additional reports, data, or other information relative to exploration, production, or processing as may appear to be necessary or desirable, either generally or specifically, for the prevention of waste, protection of correlative rights, and the conservation of natural resources.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02



#### **43-02-02.5-25. Books and records to be kept to substantiate reports.**

All producers within North Dakota shall make and keep appropriate books and records for a period not less than six years, covering their operations in North Dakota from which they may be able to make and substantiate the reports required by this chapter.

**History:**

**General Authority:** NDCC 38-12-02

**Law Implemented:** NDCC 38-12-02

#### **43-02-02.5-26. Application for hearing.**

In any proceeding instituted upon application, the application shall be signed by the applicant or by the applicant's attorney. An application shall state (1) the name and general description of the common source or sources of supply affected by the order, rule, or regulation sought, if any, unless same is intended to apply to and affect the entire state, in which event the application shall so state, and such statement shall constitute sufficient description; and (2) briefly the general nature of the order, rule, or regulation sought in the proceedings.

**History:**

**General Authority:** NDCC 38-12-04

**Law Implemented:** NDCC 38-12-04

#### **43-02-02.5-27. Hearings - Proceedings.**

1. Except as more specifically provided in North Dakota Century Code section 38-12-04, the rules of procedure established in subsection 1 of North Dakota Century Code section 28-32-21 apply to proceedings involving a complaint and a specific-named respondent.
2. For proceedings that do not involve a complaint and a specific-named respondent, the commission shall give at least fifteen days' notice (except in an emergency) of the time and place of hearing thereon by one publication of such notice in a newspaper of general circulation in Bismarck, North Dakota, and in a newspaper of general circulation in the county where the land affected or some part thereof is situated, unless in some particular proceeding a longer period of time or a different method of publication is required by law, in which event such period of time and method of publication shall prevail. The notice shall issue in the name of the commission and shall conform to the other requirements provided by law.
3. In case an emergency is found to exist by the commission which in its judgement requires the making of a rule or order without first having a hearing, the emergency rule or order shall have the same validity as if a hearing with respect to the same had been held after notice. The emergency rule or order permitted by this section shall remain in force no longer than fifteen days from its effective date, and in any event, it shall expire when the rule or order made after due notice and hearing with respect to the subject matter of such emergency rule or order becomes effective.
4. Any person moving for a continuance of a hearing, and who is granted a continuance, shall submit a twenty-five dollar fee to the commission, or if the cost or republication exceeds fifty dollars the commission may bill the applicant, to pay the cost of republication of notice of the hearing.

**History:**

**General Authority:** NDCC 38-12-04

**Law Implemented:** NDCC 38-12-04

**43-02-02.5-28. Investigatory hearings.**

The commission may hold investigatory hearings upon the institution of a proceeding by application or by a motion of the commission. Notice of the hearing must be served upon all parties personally or by certified mail at least five days before the hearing.

**History:**

**General Authority:** NDCC 38-12-04

**Law Implemented:** NDCC 38-12-04

**43-02-02.5-29. Official record.**

The evidence in each case heard by the commission, unless specifically excluded by the hearing examiner, includes all subsurface mineral basic data and production records on file with the commission.

Any interested party may submit written comments on or objections to the application prior to the hearing date. Such submissions must be received no later than five p.m. on the last business day prior to the hearing date and may be part of the record in the case if allowed by the hearing examiner. Settlement negotiations between parties to a contested case are only admissible as governed by North Dakota Century Code section 28-32-24, although the hearing examiner may strike such testimony from the record for good cause.

**History:**

**General Authority:** NDCC 28-32-06

**Law Implemented:** NDCC 28-32-06

**43-02-02.5-30. Petitions and oral arguments prohibited.**

Neither petitions for review of a recommended order nor oral arguments following issuance of a recommended order and pending issuance of a final order are allowed.

**History:**

**General Authority:** NDCC 28-32-13

**Law Implemented:** NDCC 28-32-13

**43-02-02.5-31. Notice of order.**

The commission may give notice of an order, and findings and conclusions upon which it is based, to all parties provided it files an affidavit of service indicating upon whom the order was served.

**History:**

**General Authority:** NDCC 28-32-13

**Law Implemented:** NDCC 28-32-13

**43-02-02.5-32. Service and filing.**

All pleadings, notices, written motions, requests, petitions, briefs, and correspondence to the commission or commission employees from a party (or vice versa) relating to a proceeding after its commencement, must be filed with the director and entered into the commission's official record of the procedure provided the record is open at the time of receipt. All parties shall receive copies upon request of any or all of the evidence in the record of the proceedings. The commission may charge for the actual cost of providing copies of evidence in the record. Unless otherwise provided by law, filing shall be complete when the material is entered into the record of the proceeding.

**History:**

**General Authority:** NDCC 28-32-13

**Law Implemented:** NDCC 28-32-13

**43-02-02.5-33. Designation of examiners.**

The commission may by motion designate and appoint qualified individuals to serve as examiners. The commission may refer any matter or proceeding to any legally designated and appointed examiner or examiners.

**History:**

**General Authority:** NDCC 38-12-04

**Law Implemented:** NDCC 38-12-04

**43-02-02.5-34. Powers and duties of examiner.**

The commission may, by motion, limit the powers and duties of any examiner in any particular case to such issues or to the performance of such acts as the commission deems expedient; however, subject only to such limitation as may be ordered by the commission, the examiner or examiners to whom any matter or proceeding is referred under this chapter shall have full authority to hold hearings on such matter or proceeding in accordance with and pursuant to this chapter. The examiner shall have the power to regulate all proceedings before the examiner and to perform all acts and take all measures necessary or proper for the efficient and orderly conduct of such hearing, including ruling on prehearing motions, the swearing of witnesses, receiving of testimony and exhibits offered in evidence, subject to such objections as may be imposed, and shall cause a complete record of the proceedings to be made and retained.

**History:**

**General Authority:** NDCC 38-12-04

**Law Implemented:** NDCC 38-12-04

**43-02-02.5-35. Report of examiner.**

Upon the conclusion of any hearing before an examiner, the examiner shall promptly consider the proceedings in such hearings, and based upon the record of such hearing, the examiner shall prepare a report and recommendations for the disposition of the matter or proceeding by the commission. The report and recommendations shall either be accompanied by a proposed order or shall be in the form of a proposed order, and shall be submitted to the commission.

**History:**

**General Authority:** NDCC 38-12-04

**Law Implemented:** NDCC 38-12-04

**43-02-02.5-36. Commission order from examiner hearing.**

After receipt of the report and recommendation of the examiner, the commission shall enter its order disposing of the matter or proceeding.

**History:**

**General Authority:** NDCC 38-12-04

**Law Implemented:** NDCC 38-12-04

**43-02-02.5-37. Prehearing motion practice.**

In a matter pending before the commission, all prehearing motions must be served by the moving party upon all parties affected by the motion. Service must be upon a party unless a party is represented by an attorney, in which case service must be upon the attorney. Service must be made by delivering a copy of the motion and all supporting papers in conformance with one of the means of service provided for in rule 5(b) of the North Dakota Rules of Civil Procedure. Proof of service must be made as provided in rule 4 of the North Dakota Rules of Civil Procedure or by certificate of an attorney showing that service has been made. Proof of service must accompany the filing of a motion. Any motion filed without proof of service is not properly before the commission.

**History:**

**General Authority:** NDCC 38-12-04

**Law Implemented:** NDCC 38-12-04

November 12, 2025

PUBLIC FINANCE AUTHORITY ADVISORY COMMITTEE

RECOMMENDATION TO THE INDUSTRIAL COMMISSION

The Advisory Committee, at its November 12, 2025 meeting, reviewed, discussed, and recommends approval of a \$5,625,000 Drinking Water State Revolving Fund Program loan to South Central Regional Water District.

North Dakota Public Finance Authority  
Advisory Committee

Keith Lund, Chairman  
Linda Svihovec  
John Phillips

Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



Public Finance Authority

## Memorandum

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

**From:** DeAnn Ament, Executive Director

**Date:** November 5, 2025

**Re:** South Central Regional Water District  
Drinking Water State Revolving Fund

**Purpose of the Project:** Connecting the City of Napoleon to South Central Regional Water District (District).

### Project Amount:

<b>DWSRF Request</b>	\$ 5,625,000
<b>DWSRF Loan Forgiveness</b>	(4,218,750)
<b>Net DWSRF Loan</b>	\$1,406,250

<b>DWSRF Request</b>	\$ 5,625,000
<b>DWR Cost Share</b>	992,610
<b>Project Total</b>	\$ 6,617,610

**Users to Benefit from the Project:** 745

**Users Served by the System:** 8,692 connections plus 13 bulk users which include 5 cities serving a total population of 4,335

The requested term for the Drinking Water State Revolving Fund (DWSRF) loan is 30 years. The District will issue revenue bonds payable with water user fees. The net average annual payment for the revenue bonds will be \$59,256. The reserve requirement will be \$63,600 and the 110% coverage requirement will be \$65,182.

The District currently provides water services to 8,692 rural connections and 5 cities in Burleigh, Kidder, Emmons, McIntosh and Logan Counties. Burleigh County users pay a monthly base rate of \$34 and \$7.50/1,000 gallons up to 10,000 gallons and \$7.90/1,000 gallons over 10,000 gallons. All other users' monthly base rate is \$40 and \$6.00/1,000 gallons. The number of connections is anticipated to grow by 178 over the next two years. Annual operations and maintenance expenses are anticipated to increase by \$45,000.

**Net Operating Coverage:**

	2021	2022	2023	2024
Interest Revenue	\$28,911	\$114,640	\$441,430	\$557,651
Operating Revenue	9,198,369	8,557,714	8,222,376	8,752,727
Operating Expenses	6,893,303	6,588,252	7,029,452	7,076,528
Net Operating Revenue	2,333,977	2,084,102	1,634,354	2,233,850
Depreciation	2,066,549	2,066,497	2,051,560	2,015,188
Adjusted Net Operating Revenue	\$4,400,526	\$4,150,599	\$3,685,914	\$4,249,038
Revenue Bond Payments	\$2,404,872	\$2,411,345	\$2,408,864	\$2,410,114
Net Operating Coverage	183%	172%	153%	176%
Proforma DWSRF Payments <sup>1</sup>	\$165,005	\$165,005	\$165,005	\$165,005
Proforma Net Operating Coverage	171%	161%	143%	165%

<sup>1</sup> Includes the \$105,749 average annual bond payment for the DWSRF loan approved in December 2023 that began drawing in September 2024.

Net operating revenue should be sufficient to meet the 110% net operating coverage requirement.

Total outstanding debt of the District as of October 31, 2025:

	Original Debt	Outstanding Debt
<b>Total Revenue Bond Debt <sup>2</sup></b>	<b>\$44,581,750</b>	<b>\$20,877,260</b>

<sup>2</sup> All payments have been made as agreed. The District has five DWSRF loans outstanding totaling \$7,298,709. A debt service reserve of \$2,415,016 is held by the District.

The current estimated population of the District is 31,604 which is an increase of 776 since the 2010 census. Major employers in the service area are Linton Hospital, Ashley Medical Center, Strasburg Care Center, Wisher Living Center (Healthcare) with 576 employees, Emmons County has 95 employees and Linton, Ashley & Wishek Public Schools employ 80.

**District-Wide School Enrollment for K-12:**

2021-2022	2022-2023	2023-2024	2024-2025
1,636	1,668	1,660	1,607



## Memorandum

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

**FROM:** PFM Financial Advisors LLC

**DATE:** November 12, 2025

**RE:** Marketplace Analysis - Drinking Water State Revolving Fund Program  
South Central Regional Water District

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The South Central Regional Water District (“District”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$5,625,000 loan of which \$4,218,750 will be loan forgiveness for a total net loan of \$1,406,250 under the Drinking Water State Revolving Fund Program (“DWSRF Program”). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution, and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The District intends to use the proceeds to connect the City of Napoleon to the District.

The municipal securities to be acquired by the Authority will be revenue bonds payable with water user fees. The District’s average annual payment under the proposed loan will be approximately \$59,256 indicating a 110% net revenue coverage requirement of approximately \$65,182. The District will be required to deposit \$63,600 into a reserve fund with payments of \$12,720 per year for the first five years of the loan. Proforma net operating coverage of the Water Fund was 1.71x, 1.61x, 1.43x and 1.65x for 2021-2024, respectively. The existing net operating revenues will provide sufficient coverage to meet the 110% coverage requirement.

As of October 31, 2025, the District has outstanding Revenue Bonds of \$20,877,260. The District currently has five Drinking Water SRF loans outstanding with a balance of \$7,298,709. The District is current in its payments for its outstanding Authority loans.

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



Attachment 3E

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 6, 2025

RE: South Central Regional Water District  
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$5,625,000 loan to South Central Regional Water District under the Drinking Water State Revolving Fund (DWSRF). This project is eligible for \$4,218,750 of DWSRF loan forgiveness, making the net loan \$1,406,250. The total cost of the project is \$6,617,610, with \$992,610 coming from a Department of Water Resources cost-share grant.

The project will connect the City of Napoleon to the system. The requested loan term is 30 years. The District will issue revenue bonds payable from water user fees. The annual payment will average \$59,256.

**Debt Service Coverage:**

	2022	2023	2024	Projected
Operating Revenue	8,557,714	8,222,376	8,752,727	8,752,727
Interest Revenue	114,640	441,430	557,651	557,651
Operating Expenses	-6,588,252	-7,040,212	-7,076,528	-7,076,528
Net Operating Revenue	2,084,102	1,623,594	2,233,850	2,233,850
Add: Depreciation	2,066,497	2,051,560	2,015,188	2,015,188
Adjusted Operating Income	4,150,599	3,675,154	4,249,038	4,249,038
Current Debt Service	2,411,345	2,408,864	2,410,114	2,515,863
Proposed Debt Service				59,256
Current Debt Service	2,411,345	2,408,864	2,410,114	2,575,119
Debt Service Coverage	172.13%	152.57%	176.30%	165.00%

Connections in Burleigh County pay a monthly base rate of \$34.00 plus a volume charge of \$7.50 per 1,000 gallons, up to 10,000 gallons, and \$7.90 per 1,000 gallons in excess of 10,000 gallons. All other connections pay a monthly base rate of \$40.00 and a volume charge of \$6.00 per 1,000 gallons. The existing user fees will generate sufficient net operating revenues to service both the new and existing debt.

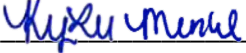
**Outstanding Debt (as of October 31, 2025):**

	<b><u>Original Amount</u></b>	<b><u>Amount Outstanding</u></b>
Revenue Bonds	44,581,750	20,877,260
	<b>\$44,581,750</b>	<b>\$20,877,260</b>

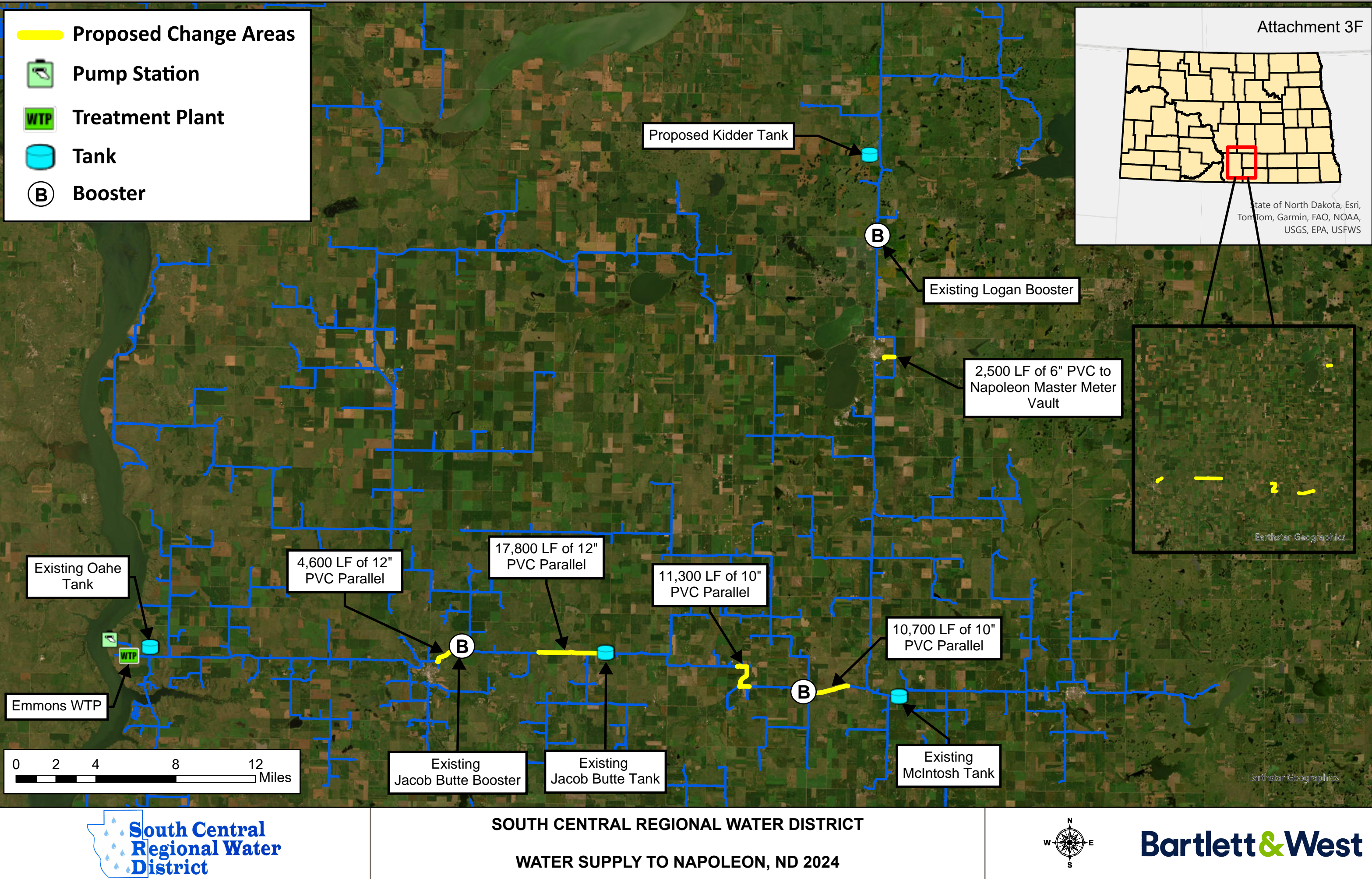
Average annual debt service requirements are estimated at \$2,575,119, which is an average of \$81.48 per resident of the District.

The District currently provides water services to 8,692 rural residential connections and 5 bulk City connections. The District provides services in Burleigh, Kidder, Emmons, McIntosh and Logan Counties. The District's estimated population is 31,604.

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

  
\_\_\_\_\_  
Kylee Merkel  
Business Banker







December 1, 2025

PUBLIC FINANCE AUTHORITY ADVISORY COMMITTEE

RECOMMENDATION TO THE INDUSTRIAL COMMISSION

The Advisory Committee, at its December 1, 2025 meeting, reviewed, discussed, and recommends approval of a \$16,000,000 Drinking Water State Revolving Fund Program loan to Western Area Water Supply Authority.

North Dakota Public Finance Authority  
Advisory Committee

Keith Lund, Chairman  
Linda Svihovec  
John Phillips

Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



## Memorandum

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

**From:** DeAnn Ament, Executive Director

**Date:** November 24, 2025

**Re:** Western Area Water Supply Authority  
Drinking Water State Revolving Fund Loan

**Phase IX Expansion Projects:** Williston water treatment plant intake remediation, NWRWD Trenton Rural & Marley Crossing service area transmission and distribution, R & T Water District Stanley distribution part 2, alternate 2, Little Knife Bay cottage site, Battleview and McGregor Phase I alternate.

<b>Project Amount:</b>	<b>DWSRF Request</b>	\$16,000,000
	<b>DWR Cost Share</b>	47,412,000
	<b>Project Total</b>	\$63,412,000

**Users to Benefit from the Project:** 67,552

**Users Served by the System:** Five bulk users serving a population of 67,552 which includes the Cities of Williston, Watford City, Ray, Tioga, Stanley, Wildrose, Crosby, Fortuna, Noonan, Columbus and Ross

The requested loan term is 30 years. The Authority will issue revenue bonds payable with user fees for this loan. The average annual payment will be \$673,370. The required debt service reserve is \$730,800 and the 110% net operating coverage requirement is \$740,707.

### Domestic Water Rate Charges to Members (per thousand gallons):

	2023	2024	2025	2026	2027
City of Williston	\$ 2.26	\$ 2.28	\$ 2.36	\$ 2.39	\$ 2.41
<b>North System</b>					
NWRWD	\$ 3.90	\$ 3.98	\$ 4.12	\$ 4.17	\$ 4.22
R&T WD	\$ 3.90	\$ 3.98	\$ 4.12	\$ 4.17	\$ 4.22
<b>South System</b>					
MCWRD	\$ 4.12	\$ 4.18	\$ 4.18	\$ 4.19	\$ 4.21

**WAWSA Member Domestic User Rates:**

	<b>Base Rate</b>	<b>Volume Charge/Gallons</b>
MCWRD	\$ 45.90	\$7.19/1000
NWRWD	\$ 45.00	\$8.80/1,000
R & T	\$ 55.00	\$8.17/1,000
Williston	\$ 7.00	\$3.06/748

**WAWSA Domestic Net Revenue<sup>1</sup>:**

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Proforma</b>
Interest Revenue	\$63,943	\$774,985	\$1,660,469	\$1,660,469
Operating Revenue	12,035,169	13,611,589	13,087,695	13,087,695
Operating Expenses	17,382,379	18,642,058	18,976,363	18,976,363
Net Operating Expense	-5,283,267	-4,255,484	-4,228,199	-4,228,199
Depreciation	7,240,488	7,342,073	7,544,585	7,544,585
Adjusted Net Operating Revenue	\$1,957,221	\$3,086,589	\$3,316,386	\$3,316,386
Revenue Bond Payments	\$1,327,520	\$2,589,805	\$2,296,639	\$2,296,639
Proforma New Customer Revenue				\$51,906
Proforma CWSRF Payments				\$673,370
Proforma Net Operating Revenue	147%	119%	144%	113%

<sup>1</sup> The four Member entities are responsible for making the bond domestic bond payments including this new bond payment.

**Member's Recent Net Operating Coverage:**

<b>Member</b>	<b>Audit Year</b>	<b>Net Operating Coverage</b>	<b>Required Reserve Fund</b>
McKenzie County WRD <sup>2</sup>	<b>2023</b>	197%	Yes
NWRWD	<b>2024</b>	288%	Yes
R & T Water Supply	<b>2024</b>	232%	Yes
Williston	<b>2024</b>	437%	Yes

<sup>2</sup> Information from the 2023 McKenzie County audit which McKenzie County WRD is a discretely presented component unit.

With current excess net operating coverage, they should be able to continue to meet their 110% net operating coverage requirements.

Total outstanding debt as of December 31, 2024:

	<b><u>Original Amount</u></b>	<b><u>Outstanding Amount</u></b>
<b>Paid by Domestic Revenue:</b>		
Member Debt <sup>2</sup>	\$10,000,000	\$7,280,000
State Loans <sup>2</sup>	43,000,000	27,110,305
	<u>53,000,000</u>	<u>34,390,305</u>
<b>Paid by Industrial Revenue:</b>		
Member Debt <sup>2</sup>	40,888,017	13,605,679
State Loans	87,748,012	40,490,095
	<u>128,636,029</u>	<u>54,095,774</u>
	<u>\$181,636,029</u>	<u>\$88,486,079</u>

<sup>2</sup> Payments to the NDPFA have been made as agreed. For the District's debt paid by domestic revenue, there are two DWSRF bonds with \$21,479,159 outstanding and two District members each have a DWSRF bond with a total of \$7,280,000 outstanding. There are three District members that have four DWSRF bonds that are paid by industrial revenues with outstanding balances of \$8,530,000.

The average annual debt payments are \$7,610,975 which is approximately \$113 per user served.

#### **Population Served:**

County	<b>2023</b>	<b>2020</b>	<b>2010</b>	<b>2000</b>
<b>Burke</b>	2,163	2,201	1,968	2,242
<b>Divide</b>	2,174	2,195	2,071	2,283
<b>McKenzie</b>	14,280	14,704	6,360	5,737
<b>Mountrail</b>	9,567	9,809	7,673	6,631
<b>Williams</b>	39,368	40,950	22,398	19,761
<b>Total</b>	67,552	69,859	40,470	36,654

#### **School Enrollment:**

<b>2025-2026</b>	<b>2024-2025</b>	<b>2023-2024</b>	<b>2022-2023</b>	<b>2021-2022</b>
12,962	12,562	12,172	12,088	11,536



## Memorandum

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

**FROM:** PFM Financial Advisors LLC

**DATE:** December 5, 2025

**RE:** Marketplace Analysis - Drinking Water State Revolving Fund Program  
Western Area Water Supply Authority

The Western Area Water Supply Authority (“Authority”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$16,000,000 loan under the Drinking Water State Revolving Fund Program (“DWSRF Program”). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The Authority intends to use the proceeds for a myriad of Phase IX expansion projects that include: Williston water treatment plant intake remediation, NWRWD Trenton Rural & Marley Crossing service area transmission and distribution, R&T Water District Stanley distribution part 2, alternate 2, Little Knife Bay cottage site, Battleview, and McGregor Phase I alternate.

The municipal securities to be acquired by the Authority will be revenue bonds payable from user fees. The Authority’s average annual payment under the proposed net loan amount will be approximately \$673,370 indicating a 110% net revenue coverage requirement of approximately \$740,707. The Authority will be required to deposit \$730,800 into a reserve fund with payments of \$146,160 per year over the first five years of the loan. The net operating coverage of the Authority’s members in 2024 was 1.97x<sup>1</sup> for McKenzie County Water Resource District, 2.88x for Northwest Rural Water District, 2.32x for R&T Water Supply, and 4.37x for Williston. All members have a reserve fund. The current net operating coverages of the members will provide sufficient net revenues to meet the 110% coverage requirement.

As of December 31, 2024, the Authority has \$34,390,305 of outstanding domestic revenue debt and \$54,095,774 of outstanding industrial revenue debt. For debt paid by domestic revenues, the Authority has two DWSRF loans with \$21,479,159 outstanding and two loans from two members within the Authority totaling \$7,280,000 outstanding. For debt paid by industrial revenues, the Authority has four loans from three members within the Authority totaling \$8,530,000 outstanding. The Authority and its members are current in its payments for its outstanding Authority loans.

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

<sup>1</sup> 2023 net operating coverage



Total outstanding debt as of December 31, 2024:

	<b><u>Original Amount</u></b>	<b><u>Outstanding Amount</u></b>
<b>Paid by Domestic Revenue:</b>		
Member Debt <sup>2</sup>	\$10,000,000	\$7,280,000
State Loans <sup>2</sup>	43,000,000	27,110,305
	<u>53,000,000</u>	<u>34,390,305</u>
<b>Paid by Industrial Revenue:</b>		
Member Debt <sup>2</sup>	40,888,017	13,605,679
State Loans	87,748,012	40,490,095
	<u>128,636,029</u>	<u>54,095,774</u>
	<u>\$181,636,029</u>	<u>\$88,486,079</u>

<sup>2</sup> Payments to the NDPFA have been made as agreed. For the District's debt paid by domestic revenue, there are two DWSRF bonds with \$21,479,159 outstanding and two District members each have a DWSRF bond with a total of \$7,280,000 outstanding. There are three District members that have four DWSRF bonds that are paid by industrial revenues with outstanding balances of \$8,530,000.

The average annual debt payments are \$7,610,975 which is approximately \$113 per user served.

#### Population Served:

County	2023	2020	2010	2000
<b>Burke</b>	2,163	2,201	1,968	2,242
<b>Divide</b>	2,174	2,195	2,071	2,283
<b>McKenzie</b>	14,280	14,704	6,360	5,737
<b>Mountrail</b>	9,567	9,809	7,673	6,631
<b>Williams</b>	39,368	40,950	22,398	19,761
<b>Total</b>	67,552	69,859	40,470	36,654

#### School Enrollment:

2025-2026	2024-2025	2023-2024	2022-2023	2024-2022
12,962	12,562	12,172	12,088	11,536

Memorandum

Attachment 4E

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 24, 2025

RE: Western Area Water Supply Authority  
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$16,000,000 loan to Western Area Water Supply Authority under the Drinking Water State Revolving Fund (DWSRF). The total cost of the project is \$63,412,000 with State Water Commission providing a \$47,412,000 state cost-share grant.

The proceeds from the loan will be used to complete remediation at the Williston water treatment plant intake and transmission and distribution extensions. The requested loan term is 30 years. The Authority will issue revenue bonds payable from user fees. The annual payment will average \$673,370.

**Domestic Debt Service Coverage:**

Unaudited Domestic	2022	2023	2024	Projected
Water Sales	8,106,974	9,086,372	9,460,819	9,460,819
New Connection Revenues				51,906
Industrial Water Reimbursement	3,730,320	4,251,397	3,341,702	3,341,702
Other Water Income	197,875	273,820	285,174	285,174
Interest Income	63,943	774,985	1,660,469	1,660,469
Operating Expenses	-17,382,379	-18,642,058	-18,976,363	-18,976,363
Net Operating Revenue	-5,283,267	-4,255,484	-4,228,199	-4,176,293
Add: Depreciation & Amortization	7,240,488	7,342,073	7,544,585	7,544,585
Adjusted Operating Income	1,957,221	3,086,589	3,316,386	3,368,292
Existing Domestic Debt Service	1,327,520	2,589,805	2,456,648	2,296,639
Proposed Domestic Debt Service				673,370
Total Domestic Debt Service	1,327,520	2,589,805	2,456,648	2,970,009
Projected Debt Service Coverage	147.43%	119.18%	135.00%	113.41%

The table above presents the domestic debt service coverage for the Authority. The table does not include industrial revenues, expenditures or debt service requirements. The domestic and industrial water reimbursement, combined with the projected revenues for the additional user connections, will provide sufficient net operating revenue to service the existing and increased domestic debt service requirements of the Authority.

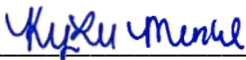
**Outstanding Domestic Debt (as of December 31, 2024):**

	<b>Original Amount</b>	<b>Amount Outstanding</b>
State Domestic Revenue Bonds	\$10,000,000	\$5,631,146
DWSRF Domestic Revenue Bonds	43,000,000	28,759,159
	<b>\$53,000,000</b>	<b>\$34,390,305</b>

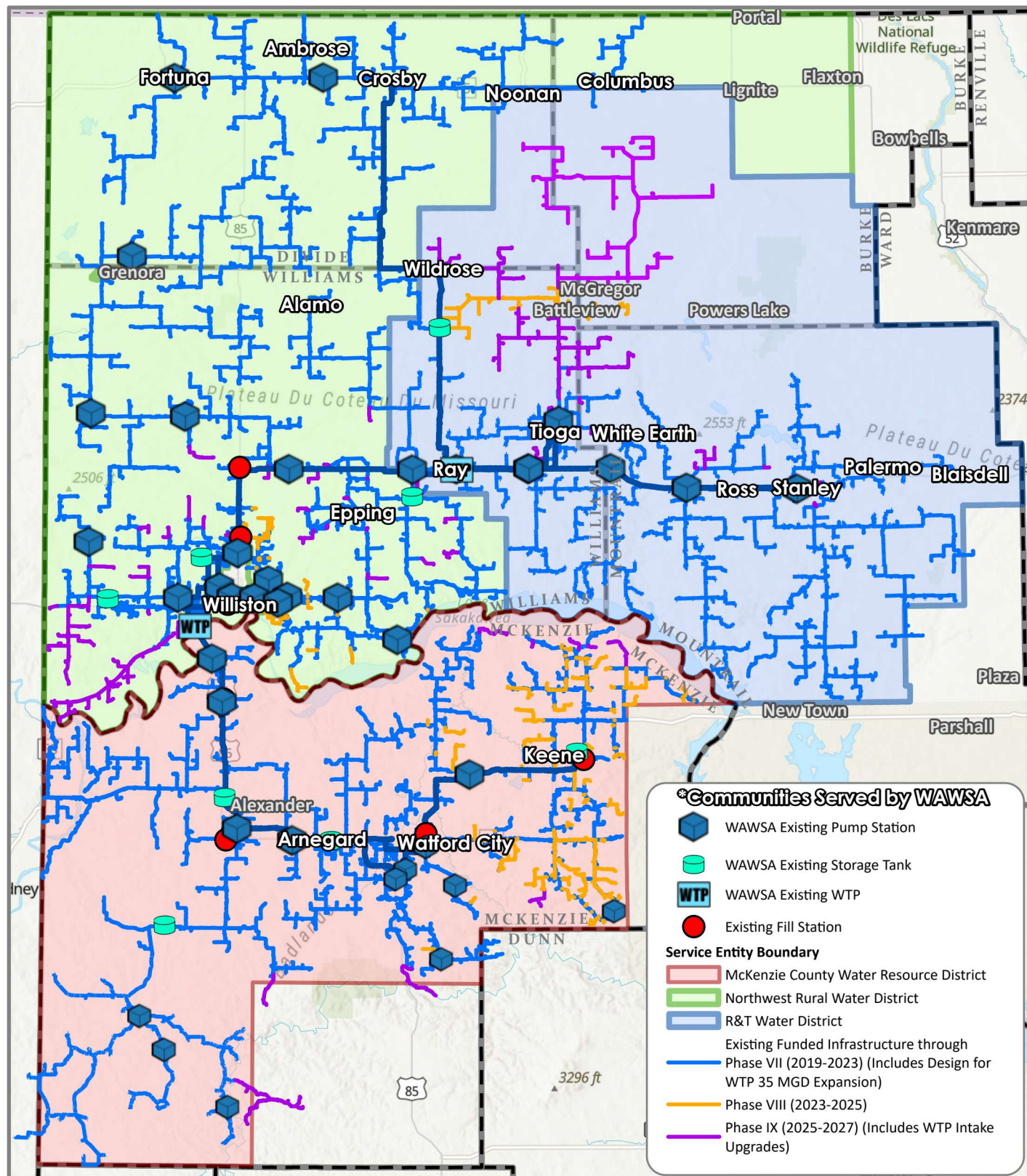
Average annual domestic debt service requirements are estimated at \$3,130,018, which is an average of \$46.33 per resident served by the authority.

The Authority currently provides bulk service to the five member entities of McKenzie County Water Resource District, Northwest Regional Water District, R & T Water District and the cities of Williston and Watford City. The estimated population serviced is 67,552 which includes the Cities of Williston, Watford City, Ray, Tioga, Stanley, Wildrose, Crosby, Fortuna, Noonan, Columbus and Ross.

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

  
\_\_\_\_\_  
Kylee Merkel  
Business Banker

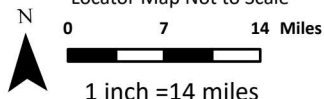




Information depicted may include data unverified by AE2S. Any reliance upon such data is at the user's own risk. AE2S does not warrant this map or its features are either spatially or temporally accurate.  
 Coordinate System: NAD 1983 StatePlane North Dakota North FIPS 3301 Feet | Edited by: dlissick | W:\WAWSA\GIS\_General\GIS\WAWSA GIS General - Mapping and Analysis.aprx | WAWSA Rural Water System Phase Map



Locator Map Not to Scale



## WESTERN AREA WATER SUPPLY PROJECT RURAL WATER DISTRICT MAP WAWSA



Date: 12/4/2024



Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



## Memorandum

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

**From:** DeAnn Ament, Executive Director

**Date:** December 1, 2025

**Re:** Mott, Drinking Water State Revolving Fund  
Mott, Clean Water State Revolving Fund  
Page, Clean Water State Revolving Fund  
Grand Forks, Drinking Water State Revolving Fund  
Valley City, Drinking Water State Revolving Fund  
Wilton, Drinking Water State Revolving Fund  
Wilton, Clean Water State Revolving Fund

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

The committee reviewed the City of Mott's Drinking Water State Revolving Fund (DWSRF) application for a \$523,000 loan towards a \$4,491,00 project. Clean Water State Revolving Fund (CWSRF) will lend \$1,118,000 and US Army Corp of Engineers will provide a \$2,850,000 grant. The City will replace sanitary sewer, manholes, water mains, valves, hydrants and service lines. The requested term for the loan is 30 years. The City will issue improvement bonds payable with special assessments. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

The committee reviewed the City of Page's CWSRF application for a \$1,545,000 loan which is eligible for \$1,158,00 of loan forgiveness. The net loan will be \$387,000. The project will replace or reline the existing vitrified clay pipe sewer mains and also stabilize the banks and replace rip rap at the wastewater lagoons. The requested term for the loan is 30 years. The City will issue revenue bonds payable with sewer user fees.



The committee reviewed the City of Grand Forks's DWSRF application for a \$1,191,000 loan towards a \$2,329,000 project. The remaining \$1,138,000 will be provided with local funds. This project will expand potable water service to the commercial and residential users in the recently annexed area served by Agassiz Water Users District. Existing water mains do not meet municipal code or water demands. The requested term for the loan is 30 years. The City will issue improvement bonds payable with special assessments. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

The committee reviewed the City of Valley City's DWSRF application for a \$1,500,000 loan towards a \$4,729,214 project. The other funds are provided by Department of Water Resources (DWR) Cost Share with \$2,729,214 and local funds of \$500,000. The project will resolve issues with the northwest standpipe that has a significant water leak. They will design and install a new pumping system for the standpipe. The requested loan term is 20 years. The City will issue revenue bonds payable with water user fees.

The committee reviewed the City of Wilton's DWSRF application for a \$350,000 increase to a previously approved \$2,119,000 loan (total \$2,469,000 loan) towards a \$11,657,037 project. Other funding sources are: CWSRF \$1,670,000 loan, US Army Corp of Engineers \$3,300,000 Sec 594 Grant, DWR Cost Share \$3,136,800 grant, Burleigh County ARPA \$770,025 grant and \$311,212 of local sales tax and Prairie Dog funds. With this project, the City will replace water mains, valves and hydrants. The requested term for the loan is 30 years. The City will issue revenue bonds payable with water user fees.

The committee reviewed the City of Wilton's CWSRF application for a \$150,000 increase to a previously approved \$1,520,000 loan (total \$1,670,000 loan) towards a \$11,657,037 project. Other sources are DWSRF \$2,469,000 loan, US Army Corp of Engineers \$3,300,000 Sec 594 Grant, DWR Cost Share \$3,136,800 grant, Burleigh County ARPA \$770,025 grant and \$311,212 of local sales tax and Prairie Dog funds. With this project, the City will replace sanitary sewer mains and manholes. The requested term for the loan is 30 years. The City will issue revenue bonds payable with sewer user fees.

The Public Finance Authority's Advisory Committee approved the first three loans at their November 12, 2025, meeting and the last four loans were approved at their December 1, 2025, meeting.

Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



## Memorandum

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

**From:** DeAnn Ament, Executive Director

**Date:** November 6, 2025

**Re:** City of Page  
Clean Water State Revolving Fund Program Loan

**Purpose of the Project:** Replace or reline the existing vitrified clay pipe sewer mains. Also, stabilize the banks and replace rip rap at the wastewater lagoons.

**Project Amount:**

<b>CWSRF Request/Project Total</b>	\$ 1,545,000
<b>CWSRF Loan Forgiveness</b>	-1,158,000
<b>Net CWSRF Loan</b>	\$ 387,000

**Population to Benefit from the Project:** 190

**Population Served by the System:** 190

The requested term for the Clean Water State Revolving Fund (CWSRF) loan is 30 years. The City will issue revenue bonds payable with sewer user fees. The average annual payment for the revenue bonds will be \$16,286. The 110% coverage requirement will be \$17,915 and the required debt service reserve will be \$17,495.

The City has 118 sewer connections which pay a base rate of \$30 per connection. The City intends to increase its sewer user rate by \$15, which would generate approximately \$21,240 annually.

**Sewer Fund:**

	<b>Unaudited</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Operating Revenue	\$59,626	\$41,701	\$40,723	\$41,634
Operating Expenses	11,087	10,872	9,681	15,267
Net Operating Revenue	\$48,539	\$30,830	\$31,041	\$26,368
Revenue Bond Payments	\$27,072	\$26,822	\$26,572	\$26,322
Net Operating Coverage	179%	115%	117%	100%
Proforma User Rate Increase	\$21,240	\$21,240	\$21,240	\$21,240
Proforma CWSRF Bond Payment	\$16,286	\$16,286	\$16,286	\$16,286
Proforma Net Operating Coverage	161%	121%	122%	112%

Existing revenues combined with the proposed rate increase will generate sufficient revenue to meet the net operating coverage requirement.

**Outstanding Debt October 31, 2025:**

	<b>Original Amount</b>	<b>Outstanding Amount</b>
Improvement Bonds	\$2,620,929	\$1,414,006
Revenue Bonds <sup>1</sup>	369,439	128,000
	<u>\$2,990,368</u>	<u>\$1,542,006</u>

<sup>1</sup> Payments have been made as agreed. The City has one CWSRF and two Drinking Water SRF loans with total outstanding balances of \$128,000.

The average annual payment of all bond debt is \$253,845 or \$1,336 per person.

The City of Page is located in Cass County 54 miles northwest of Fargo. Based on the 2020 census, the total population was 190; this is a decrease of 42 from the 2010 census. The largest employers in the City are Hope-Page School with 30 employees, Arthur Companies (agriculture) with 10 employees and Page Cafe (restaurant) which employs 8.

**Hope-Page School Enrollment:**

				<b>Projected</b>
<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>
155	152	149	149	150



The City's 2024 taxable valuation was \$638,068. This is an increase of \$132,136 from the 2020 taxable valuation.

**Property Taxes Levied & Collected 9/30/2025:**

<b>Levy Year</b>	<b>Dollar Amount of Levy</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	\$19,585	\$16,992	87%
<b>2023</b>	21,532	19,342	90%
<b>2022</b>	21,676	20,646	95%

**Special Assessments Levied & Collected 9/30/2025**

<b>Year</b>	<b>Dollar Amount</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	\$205,538	\$190,323	93%
<b>2023</b>	205,538	195,106	95%
<b>2022</b>	206,991	204,062	99%

**City of Page Mill Levy History:**

<b>Year</b>	<b>City</b>	<b>School</b>	<b>Park District</b>	<b>State and County</b>	<b>Other</b>	<b>Total for Each Year</b>
<b>2024</b>	36.01	84.00	5.80	50.17	10.52	186.50
<b>2023</b>	37.70	82.00	6.07	49.69	10.00	185.46
<b>2022</b>	40.51	80.05	6.48	51.54	10.52	189.10
<b>2021</b>	43.55	74.54	6.95	52.29	10.50	187.83
<b>2020</b>	43.98	70.00	6.91	52.51	10.26	183.66



## Memorandum

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

**FROM:** PFM Financial Advisors LLC

**DATE:** November 12, 2025

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

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The City of Page ("City") has presented a request to the Authority and the North Dakota Department of Environmental Quality ("Department") for a \$1,545,000 loan of which \$1,158,000 will be loan forgiveness, for a total of \$387,000 under the Clean Water State Revolving Fund Program ("CWSRF Program"). The CWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various wastewater treatment projects and landfill projects as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to replace or reline the existing vitrified clay pipe sewer mains and stabilize the banks and replace rip rap at the wastewater lagoons.

The municipal securities to be acquired by the Authority will be revenue bonds payable with sewer user fees. The City's average annual payment under the proposed loan will be approximately \$16,286 indicating a 110% net revenue coverage requirement of approximately \$17,915. The City will be required to deposit \$17,495 into a reserve fund with payments of \$3,499 per year for the first five years of the loan. The current sewer connection monthly base rate is \$30 and the City anticipates raising the rate by \$15, which will generate approximately \$21,240 of annual revenue. Pro forma net operating coverage of the sewer fund was 1.61x, 1.21x, 1.22x and 1.12x for 2021-2024, respectively. The anticipated monthly base rate increase and existing sewer fund revenues will provide sufficient net revenues to meet the 110% coverage requirement.

As of October 31, 2025, the City has outstanding \$1,414,000 of Improvement Bonds. The City currently has one CWSRF and two DWSRF loans outstanding with a combined total balance of \$128,000. The City is current in its payments for its outstanding Authority loan.

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

Memorandum

Attachment 5A.2

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 7, 2025

RE: City of Page  
Clean Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$1,545,000 loan to the City of Page under the Clean Water State Revolving Fund (CWSRF). This project is eligible for \$1,158,000 of CWSRF loan forgiveness, making the net loan amount \$387,000. CWSRF is financing the entire cost of the project. The project will replace or reline the sewer mains and complete lagoon improvements.

The City will issue revenue bonds payable with sewer user fees. The requested loan term is 30 years. The annual payment will average \$16,286. The City currently serves 118 residential connections that pay a monthly base rate of \$30.00. The City anticipates raising the monthly base rate by \$15 per connection. Existing revenues, combined with the rate increase, will generate sufficient coverage to service both the existing and proposed debt service requirements.

**Debt Service Coverage:**

Sewer Fund	2022	2023	2024	Projected
Operating Revenue	41,702	40,723	41,634	41,634
Rate Increase				21,240
Operating Expenses	-10,872	-9,681	-15,267	-15,267
Net Operating Revenue	30,830	31,042	26,368	47,608
Current Debt Service	26,822	26,572	26,322	26,322
Proposed Debt Service				16,286
Total Debt Service	26,822	26,572	26,322	42,608
Debt Service Coverage	115%	117%	100%	112%

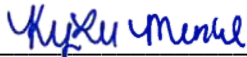
**Current Debt Outstanding (as of October 31, 2025):**

	<b><u>Original Amount</u></b>	<b><u>Current Balance</u></b>
Improvement Bonds	2,620,929	1,414,006
Revenue Bonds	369,439	128,000
	2,990,368	1,542,006

Average annual debt service requirements are estimated at \$253,845, which is an average of \$1,336.02 per resident.

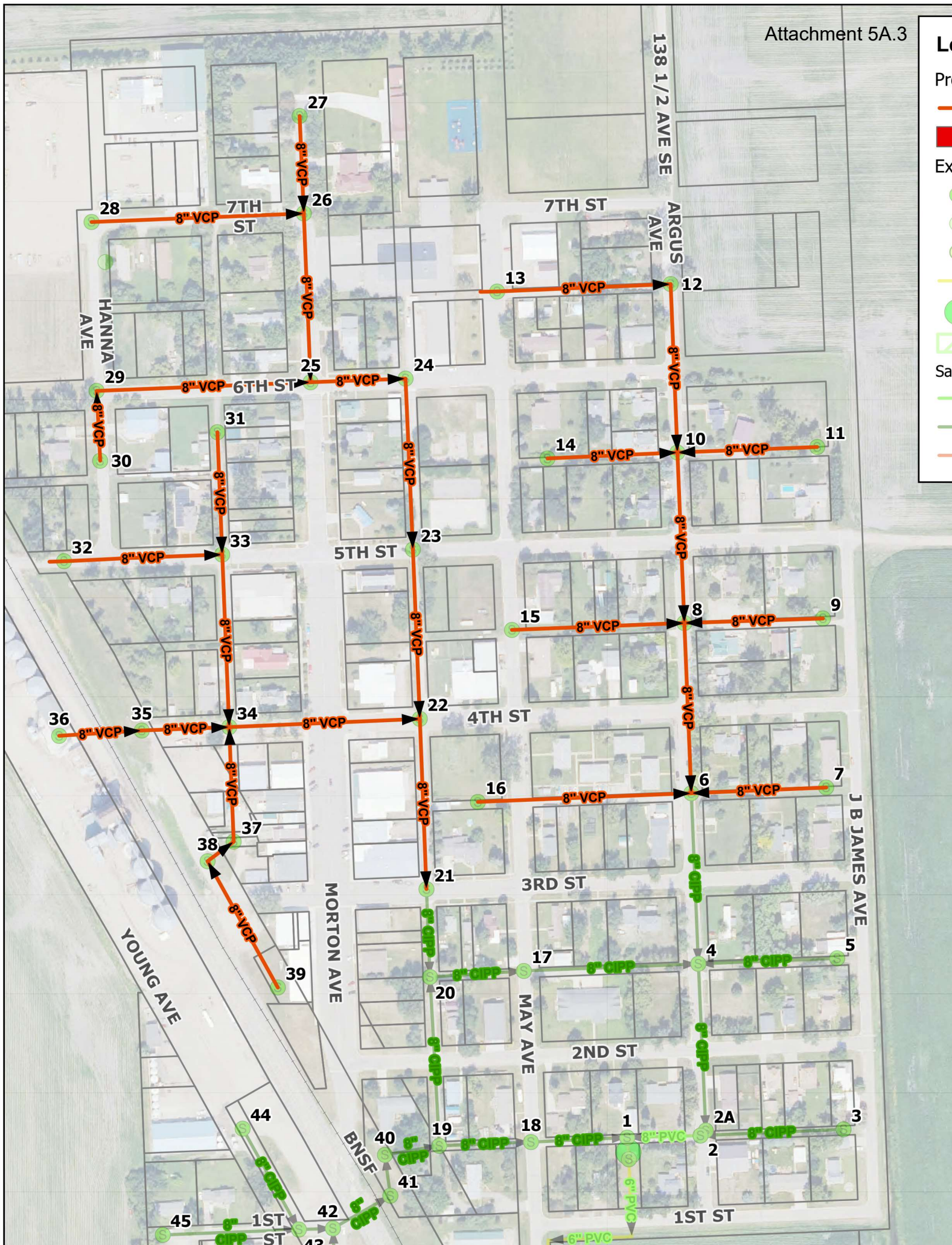
Historical census populations for the City of Page were 190 in 2020, 232 in 2010 and 225 in 2000. The largest employers in the City are Page Public School, Arthur Companies and Page Café.

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



Kylee Merkel  
Business Banker





Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



## Memorandum

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

**From:** DeAnn Ament, Executive Director

**Date:** October 28, 2025

**Re:** City of Mott  
Clean Water State Revolving Fund Program Loan

**Purpose of the Project:** Replace sanitary sewer, manholes, water mains, valves, hydrants and service lines. Install water main to provide looping.

### Project Amount:

<b>CWSRF Request</b>	\$1,118,000
<b>DWSRF Request</b>	523,000
<b>USACE Grant</b>	2,850,000
<b>Project Total</b>	\$4,491,000

**Population to Benefit from the Project:** 653

**Population Served by the System:** 653

The requested term for both bonds is 30 years. The City will issue improvement bonds payable with special assessments. The average annual payment for the improvement bonds will be \$46,500. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

**Sewer Fund:**

	<b>Unaudited</b>			
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Operating Revenue	\$46,344	\$41,386	\$41,745	\$41,093
Operating Expenses	32,370	34,783	36,051	41,875
Net Operating Revenue (Expense)	\$13,975	\$6,603	\$5,693	-\$783

**Outstanding Debt as of September 30, 2025:**

	<b>Original Amount</b>	<b>Outstanding Amount</b>
Street Improvement Bonds	\$4,500,000	\$3,552,045
Total Bonds	\$4,500,000	\$3,552,045

The current average annual debt payment is \$355,186 or \$544 per resident. The 555 parcels assessed for the CWSRF project will have an average annual payment of \$83.78. Combined with the DWSRF payment the average annual payment will be \$123.

The City of Mott is located in 56 miles southeast of Dickinson. Based on the 2020 census, the total population was 653; this is a decrease of 68 from the 2000 census. The largest employers in the City are Mott-Regent Public Schools with 40 employees, Mott Health Care Center with 15 employees, and Hettinger County with 15 employees.

**Mott-Regent School Enrollment:**

				<b>Projected</b>
<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>
233	228	225	225	225

The City's 2024 taxable valuation was \$1,319,080. This is an increase of \$103,714 from the 2020 taxable valuation.

**Property Taxes Levied & Collected 6/30/2025:**

<b>Levy Year</b>	<b>Dollar Amount of Levy</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	\$123,200	\$114,914	93%
<b>2023</b>	\$124,480	\$118,973	96%
<b>2022</b>	\$124,463	\$123,434	99%

**Special Assessments Levied & Collected 6/30/2025:**

<b>Year</b>	<b>Dollar Amount</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	\$2,416	\$132	5%
<b>2023</b>	\$4,984	\$4,565	92%
<b>2022</b>	\$686	\$375	55%

**City of Mott Mill Levy History:**

<b>Year</b>	<b>City</b>	<b>School</b>	<b>Park District</b>	<b>State and County</b>	<b>Other</b>	<b>Total for Each Year</b>
<b>2024</b>	94.38	115.01	50.06	91.46	15.78	366.69
<b>2023</b>	94.71	112.91	50.07	89.97	14.76	362.42
<b>2022</b>	98.76	114.03	48.67	79.98	14.74	356.18
<b>2021</b>	94.67	112.01	46.64	83.25	5.00	341.57
<b>2020</b>	99.02	112.14	46.76	81.87	5.00	344.79





## Memorandum

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

**FROM:** PFM Financial Advisors LLC

**DATE:** November 12, 2025

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

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The City of Mott ("City") has presented a request to the Authority and the North Dakota Department of Environmental Quality ("Department") for a \$1,118,000 loan under the Clean Water State Revolving Fund Program ("CWSRF Program"). The CWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various wastewater treatment projects and landfill projects as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to replace sanitary sewer, manholes, water mains, valves, hydrants, service lines, and install water main to provide looping.

The municipal securities to be acquired by the Authority will be improvement bonds of the City payable from special assessments levied against the benefited property. The proposed term of the loan is 30 years with a subsidized interest rate of 1.50%. The City's average annual payment under the proposed loan will be approximately \$46,500. The improvement bonds will be a contingent general obligation of the City, which will be required by law to levy a general deficiency tax if the revenues collected from the levy of special assessments are insufficient to make the debt service payments.

As of September 30, 2025, the City has \$3,552,045 of Street Improvement Bonds outstanding.

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

Memorandum

Attachment 5B.2

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: October 29, 2025

RE: City of Mott  
Clean Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$1,118,000 loan to the City of Mott under the Clean Water State Revolving Fund (CWSRF). The entire cost of the project is \$4,491,000, with Drinking Water State Revolving Fund providing a \$523,000 loan and US Army Corp of Engineers providing a \$2,850,000 grant.

The project consists of sanitary sewer and water system replacements. The requested loan term is 30 years. The City will issue an improvement bond payable with special assessment collections. The annual payment will average \$46,500.

**Sewer Fund:**

Sewer Fund	2021	2022	2023
Operating Revenue	46,344	41,386	41,745
Operating Expenses	-32,370	-34,783	-36,052
Net Operating Revenue	13,975	6,603	5,693


**Outstanding Debt (as of September 30, 2025):**

	Original Amount	Current Balance
Improvement Bonds	4,500,000	3,552,045
	4,500,000	3,552,045

Average annual debt service requirements are estimated at \$355,186, which is an average of \$543.93 per resident.

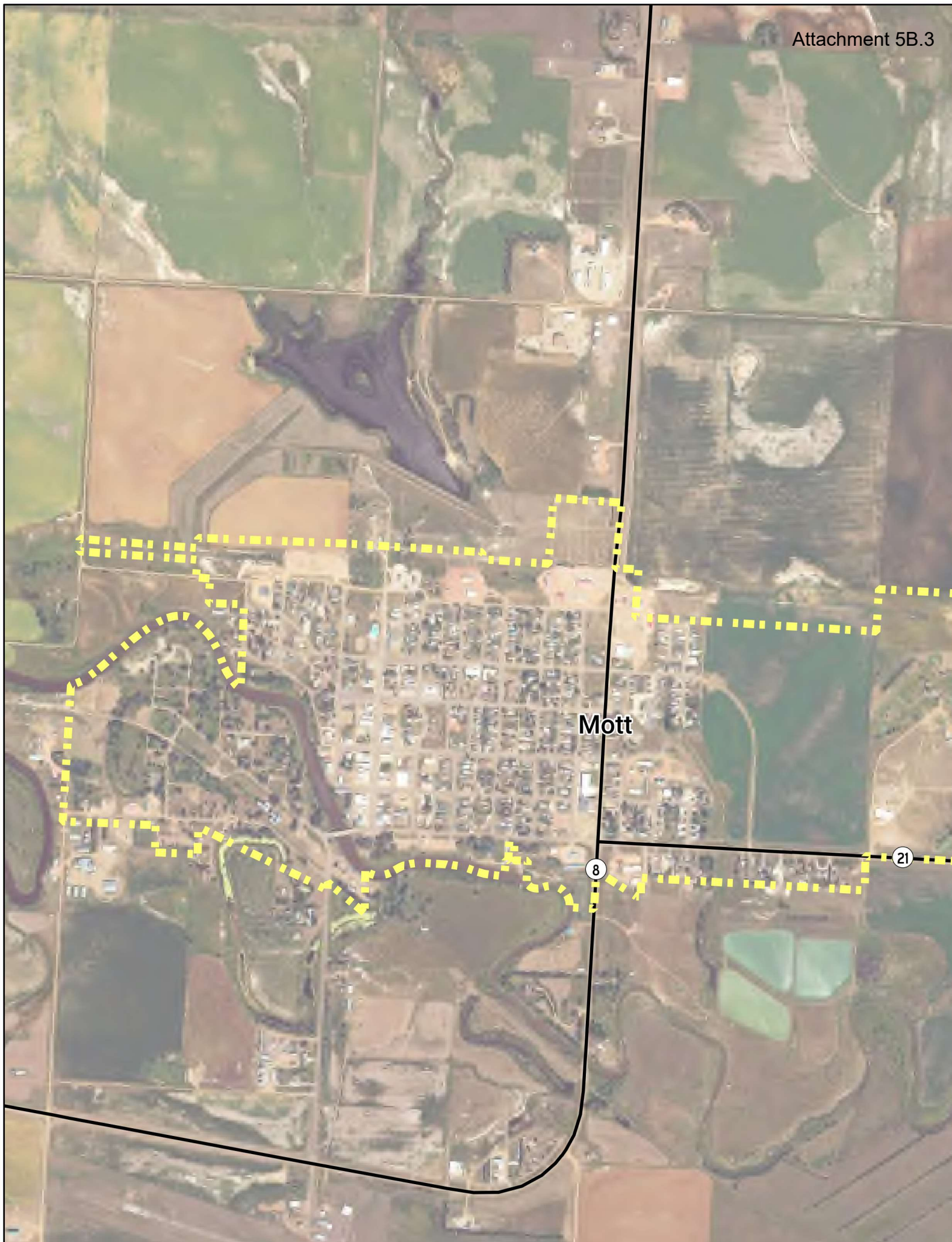
Historical census populations for the City of Mott were 653 in 2020, 721 in 2010 and 808 in 2000. The largest employers in the City are Mott-Regent Public Schools, Mott Health Care Center and Hettinger County.

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



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Kylee Merkel  
Business Banker



Mott

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Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



Public Finance Authority

## Memorandum

**To:** Public Finance Authority Advisory Committee

**From:** DeAnn Ament, Executive Director

**Date:** October 28, 2025

**Re:** City of Mott  
Drinking Water State Revolving Fund Program Loan

**Purpose of the Project:** Replace water mains, valves, hydrants, service lines, sanitary sewer and manholes. Install water main to provide looping.

**Project Amount:**

<b>DWSRF Request</b>	\$ 523,000
<b>CWSRF Request</b>	1,118,000
<b>USACE Grant</b>	2,850,000
<b>Project Total</b>	\$ 4,491,000

**Population to Benefit from the Project:** 653

**Population Served by the System:** 653

The requested term for both bonds is 30 years. The City will issue improvement bonds payable with special assessments. The average annual payment for the improvement bonds will be \$21,681. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

**Water Fund:**

	Unaudited			
	2021	2022	2023	2024
Operating Revenue	\$259,473	\$233,547	\$235,697	\$234,212
Operating Expenses	202,407	202,231	214,498	284,334
Net Operating Revenue (Expense)	\$57,066	\$31,317	\$21,199	-\$50,122

**Outstanding Debt as of September 30, 2025:**

	Original Amount	Outstanding Amount
Street Improvement Bonds	\$4,500,000	\$3,552,045

The average annual debt payment, including these two requests, will be \$355,186 or \$544 per resident. The 555 parcels assessed for the DWSRF project will have an average annual payment of \$39.06. Combined with the CWSRF payment the average annual payment will be \$123.

The City of Mott is located in 56 miles southeast of Dickinson. Based on the 2020 census, the total population was 653; this is a decrease of 68 from the 2000 census. The largest employers in the City are Mott-Regent Public Schools with 40 employees, Mott Health Care Center with 15 employees, and Hettinger County with 15 employees.

#### **Mott-Regent School Enrollment:**

				<b>Projected</b>
<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>
233	228	225	225	225

The City's 2024 taxable valuation was \$1,319,080. This is an increase of \$103,714 from the 2020 taxable valuation.

#### **Property Taxes Levied & Collected 6/30/2025:**

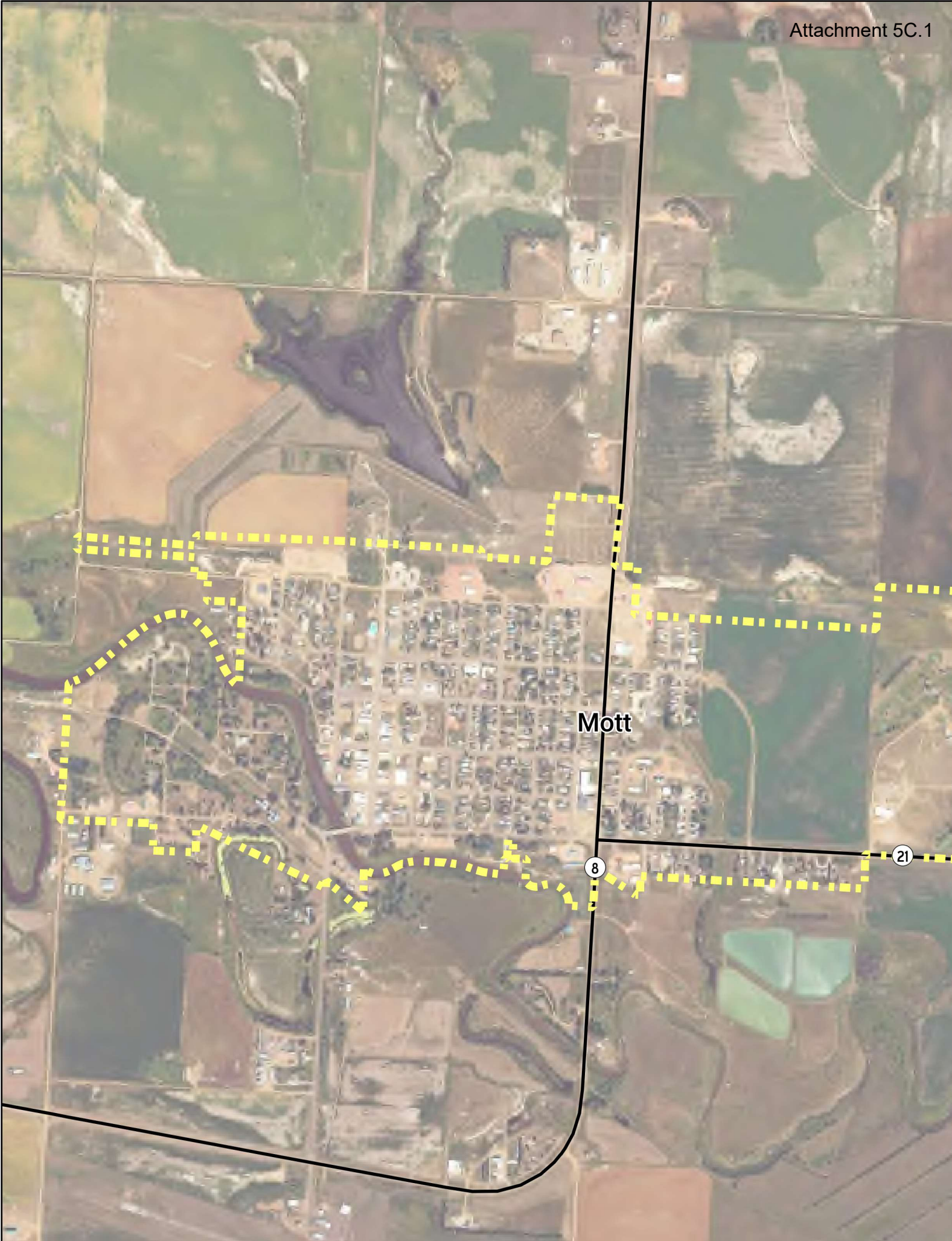
<b>Levy Year</b>	<b>Dollar Amount of Levy</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	\$123,200	\$114,914	93%
<b>2023</b>	\$124,480	\$118,973	96%
<b>2022</b>	\$124,463	\$123,434	99%

#### **Special Assessments Levied & Collected 6/30/2025:**

<b>Year</b>	<b>Dollar Amount</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	\$2,416	\$132	5%
<b>2023</b>	\$4,984	\$4,565	92%
<b>2022</b>	\$686	\$375	55%

#### **City of Mott Mill Levy History:**

<b>Year</b>	<b>City</b>	<b>School</b>	<b>Park District</b>	<b>State and County</b>	<b>Other</b>	<b>Total for Each Year</b>
<b>2024</b>	94.38	115.01	50.06	91.46	15.78	366.69
<b>2023</b>	94.71	112.91	50.07	89.97	14.76	362.42
<b>2022</b>	98.76	114.03	48.67	79.98	14.74	356.18
<b>2021</b>	94.67	112.01	46.64	83.25	5.00	341.57
<b>2020</b>	99.02	112.14	46.76	81.87	5.00	344.79



Mott

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Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



## Public Finance Authority

### Memorandum

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

**From:** DeAnn Ament, Executive Director

**Date:** November 21, 2025

**Re:** City of Grand Forks  
Drinking Water State Revolving Fund

**Purpose of the Project:** Expand potable water service to the commercial and residential users in the recently annexed area served by Agassiz Water Users District. Existing water mains do not meet municipal code or water demands.

**Project Amount:**

<b>DWSRF Request</b>	\$ 1,191,000
<b>Local Funds</b>	1,138,000
<b>Project Total</b>	\$ 2,329,000

**Population to Benefit from the Project:** 40

**Population Served by the System:** 59,166

The requested term for the Drinking Water State Revolving Fund (DWSRF) loan is 30 years. The average annual payment for the improvement bonds will be \$50,197. The City will issue improvement bonds payable with special assessments. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

The City monthly water base charge for the 14,167 residential users is \$9.26 and \$4.78/1,000 gallons. The 1,844 commercial users pay a wastewater base charge of \$10.16 and \$4.68/1,000 gallons. The City annually reviews and adjusts the rates.



**Water Fund:**

	2021	2022	2023	2024
Interest Revenue	\$48,996	\$69,846	\$587,637	\$ 771,050
Operating Revenue	13,212,174	12,915,729	13,684,826	14,250,144
Operating Expenses	9,319,609	11,356,989	11,694,756	12,598,807
Net Operating Revenue	3,941,561	1,628,586	2,577,707	2,422,387
Infrastructure Sales Tax Transfer	1,810,836	2,138,360	2,030,000	2,854,599
Noncash: Pension Adjustment	-	193,078	-	-
Adjusted Net Operating Revenue	\$5,752,397	\$3,960,024	\$4,607,707	5,276,986
Revenue Bond Payments	\$3,150,298	\$3,277,856	\$3,091,806	3,228,637
Net Operating Coverage	183%	121%	149%	163%

The City outstanding indebtedness as of August 31, 2025:

	<b>Original Amount</b>	<b>Outstanding Amount</b>
General Obligation Bonds	\$ 2,735,000	\$ 565,000
Special Assessment Bonds <sup>1</sup>	171,466,989	120,966,734
Water/Sewer Revenue Bonds <sup>1</sup>	175,848,141	152,435,123
Sales Tax Revenue Bonds	140,380,000	26,420,000
	<u>\$ 490,430,130</u>	<u>\$300,386,857</u>

<sup>1</sup> All payments have been made as agreed. The City has three DWSRF and eight Clean Water SRF loans with outstanding balances of \$139,059,230 as of August 31, 2025. There also are three additional SRF loans for \$65,191,000, which include two loan increases, which have been approved in 2025 but have not yet closed.

The average annual debt payments including this new request is \$25,263,846 which is \$427 per resident.

The City of Grand Forks is located in Grand Forks County 82 miles north of Fargo on Interstate 29. Based on the 2020 census, the total population is 59,166; this is an increase of 6,328 from the 2010 census. The largest employers in the City are University of North Dakota which has 5,562 employees, Altru Health Services with 3,400 employees, and Grand Forks Air Force Base employs 2,897.

**K-12 School Enrollment:**

			Current	Estimated
2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
7,407	7,440	7,428	7,679	7,700

The City's 2024 taxable valuation was \$285,657,667. This is an increase of \$51,148,346 over the 2020 taxable valuation.

**Property Tax Collections 5/31/2025:**

<b>Levy Year</b>	<b>Dollar Amount of Levy</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	25,195,471	22,805,709	91%
<b>2023</b>	25,847,192	24,561,187	95%
<b>2022</b>	24,347,205	23,250,265	95%

**Special Assessment Collections 5/31/2025:**

<b>Year</b>	<b>Dollar Amount</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	10,161,885	9,423,991	93%
<b>2023</b>	9,286,257	8,857,595	95%
<b>2022</b>	9,270,607	9,265,636	100%

**Mill Levy History:**

<b>Year</b>	<b>City</b>	<b>School</b>	<b>Park District</b>	<b>State and County</b>	<b>Total for Each Year</b>
<b>2024</b>	92.25	130.50	36.79	87.00	346.54
<b>2023</b>	96.37	131.69	37.31	87.16	352.53
<b>2022</b>	96.84	110.79	37.80	82.63	328.06
<b>2021</b>	97.02	111.00	37.88	79.29	325.19
<b>2020</b>	97.87	100.94	38.19	80.82	317.82



## Memorandum

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

**FROM:** PFM Financial Advisors LLC

**DATE:** December 5, 2025

**RE:** Marketplace Analysis - Drinking Water State Revolving Fund Program  
City of Grand Forks

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The City of Grand Forks (the “City”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$1,191,000 loan under the Drinking Water State Revolving Fund Program (“DWSRF Program”). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use proceeds to expand potable water service to the commercial and residential users in the recently annexed area served by Agassiz Water User District due to existing water mains no meeting municipal code or water demands.

The municipal securities to be acquired by the Authority will be improvement bonds of the City payable from special assessments levied against the benefited property. The proposed term of the loan is 30 years with a subsidized interest rate of 1.50%. The City’s average annual payment under the proposed loan will be approximately \$50,197. The improvement bonds will be a contingent general obligation of the City, which will be required by law to levy a general deficiency tax if the revenues collected from the levy of special assessments are insufficient to make the debt service payments.

As of August 31, 2025, the City has \$565,000 of General Obligation Bonds, \$120,966,734 of Special Assessment Bonds, \$26,420,000 of Sales Tax Revenue Bonds and \$152,435,123 of Water/Sewer Revenue Bonds outstanding. The City currently has eight Clean Water and three Drinking Water loans outstanding totaling \$139,059,230. Additionally, there are three SRF loans, of which two are loan increases, totaling \$65,191,000 that have been approved in 2025 but have not closed. The City is current in its payments for its outstanding Authority loans.

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

Memorandum

Attachment 5D.2

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 24, 2025

RE: City of Grand Forks  
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$1,191,000 loan to the City of Grand Forks under the Drinking Water State Revolving Fund (DWSRF). The total cost of the project is \$2,329,000 which includes a local contribution of \$1,138,000. The project will expand potable water service to users in a recently annexed area.

The City will issue improvement bonds payable with special assessment collections. The annual payment will average \$50,197. The requested loan term is 30 years. The City currently serves 14,167 residential connections which pay a monthly base rate of \$9.26 and a usage charge of \$4.78 per 1,000 gallons. The City currently serves 1,844 commercial connections which pay a monthly base rate of \$10.16 and a usage charge of \$4.68 per 1,000 gallons. The City annually reviews and adjusts both the base rate and usage charge.

**Debt Service Coverage:**

Water Fund	2022	2023	2024
Operating Revenue	12,915,729	13,684,826	14,250,144
Interest Revenue	69,846	587,637	771,050
Operating Expenses	-11,356,989	-11,694,756	-12,598,807
Net Operating Revenue	1,628,586	2,577,707	2,422,387
Infrastructure Sales Tax Transfer	2,138,360	2,030,000	2,854,599
Plus: Pension Adjustment	193,078	0	0
Adjusted Net Operating Income	3,960,024	4,607,707	5,276,986
Current Debt Service	3,277,856	3,091,806	3,228,637
Debt Service Coverage	121%	149%	163%

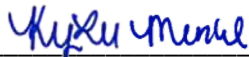
**Outstanding Debt (as of August 31, 2025):**

	<b><u>Original Amount</u></b>	<b><u>Current Balance</u></b>
General Obligation Bonds	2,735,000	565,000
Special Assessment Bonds	171,466,989	120,966,734
Sales Tax Revenue Bonds	140,380,000	26,420,000
Water & Sewer Revenue Bonds	175,848,141	152,435,123
	490,430,130	300,386,857

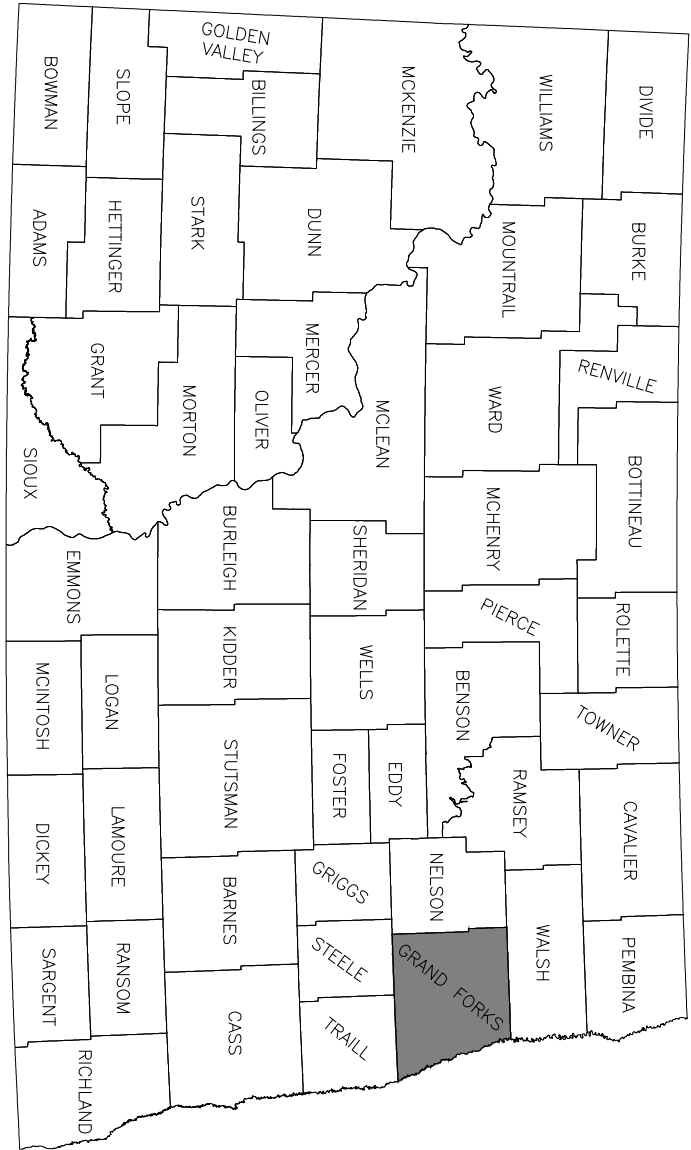
Average annual debt service requirements are estimated at \$25,263,846, which is an average of \$427 per resident.

The water system currently serves 58,882 people. Historical census populations for the City of Grand Forks were 59,166 in 2020, 52,838 in 2010 and 49,342 in 2000. The largest employers in the City are University of North Dakota, Altru Health System and Grand Forks Air Force Base.

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



Kylee Merkel  
Business Banker



STATE OF NORTH DAKOTA

1 PROJECT LOCATION MAP  
02 GRAND FORKS COUNTY



2 PROJECT VICINITY MAP  
02 GRAND FORKS COUNTY





Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



## Memorandum

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

**From:** DeAnn Ament, Executive Director

**Date:** November 21, 2025

**Re:** City of Valley City  
Drinking Water State Revolving Fund

**Purpose of the Project:** Northwest standpipe has a significant water leak. Design and install a new pumping system for the standpipe.

### Project Amount:

<b>DWSRF Request</b>	\$ 1,500,000
<b>DWSR Cost Share</b>	2,729,214
<b>City Funds</b>	500,000
<b>Project Total</b>	\$ 4,729,214

**Population to Benefit from the Project:** 6,575

**Population Served by the System:** 6,575

The requested term for the Drinking Water State Revolving Fund (DWSRF) loan is 20 years. The City will issue revenue bonds payable with water user fees. Accordingly, the annual payment to the Public Finance Authority will average approximately \$87,963. The reserve requirement will be \$92,700 and the 110% coverage requirement will be \$96,759.

The City's monthly water base rate is \$22 for residential and \$27.50 for commercial users and the consumption charge for all users is \$4.57 per 100 cubic feet.



**Water Fund:**

	2021	2022	2023	2024
Interest Revenue	\$-	\$799	\$348	\$7,746
Operating Revenue	1,660,752	1,573,543	1,644,446	1,796,123
Operating Expenses	2,555,797	2,679,752	2,613,980	2,678,275
Net Operating Expense	-895,045	-1,105,410	-969,186	-874,406
Depreciation	1,402,288	1,396,494	1,292,572	1,278,974
Adjusted Net Operating Revenue	\$507,243	\$291,084	\$323,386	\$404,568
Revenue Bond Payments	\$208,004	\$125,839	\$112,550	\$110,589
Net Operating Coverage	244%	231%	287%	366%
Proforma DWSRF Bond Payment	\$87,963	\$87,963	\$87,963	\$87,963
Proforma Net Operating Coverage	171%	136%	161%	204%

With current excess net operating revenue, they will be able to meet the 110% net operating coverage requirements.

The City outstanding indebtedness as of September 1, 2025:

	Original Debt Amount	Outstanding Debt Amount
Certificate of Indebtedness	\$ 500,000	\$ 422,902
Improvement Bonds <sup>1</sup>	14,413,675	7,864,271
Sales Tax Revenue Bond	9,542,514	5,375,248
Tax Increment Revenue Bond	2,557,742	1,094,815
Water & Wastewater Revenue Bonds <sup>1</sup>	15,124,241	13,333,229
<b>Total</b>	<b>\$42,138,172</b>	<b>\$28,090,465</b>

<sup>1</sup> All payments have been made as agreed. The City has three DWSRF and four Clean Water SRF (CWSRF) loans with outstanding balances of \$2,110,000. There also was a \$600,000 CWSRF loan approved in September that has not closed.

The average annual payment of all debt, including this request, is \$2,529,550 which is \$385 per person. The City has debt service reserves of \$941,658.

The City of Valley City is in Barnes County, on Interstate 94, 60 miles west of Fargo. The total population according to the 2020 census is 6,575; this is a decrease of 10 from the 2010 census. The largest employers in the City are Valley City State University with 372 employees, Open Door Center (social assistance/support) employs 350 and John Deere Seeding Group (manufacturing) has 275 employees.

**K-12 School Enrollment:**

				Projected
2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
1,044	1,027	969	940	910

The City's 2024 taxable valuation was \$22,039,851. This is an increase of \$3,901,086 over the 2020 taxable valuation.

**Property Tax Collections as of July 1, 2025:**

Levy Year	Dollar Amount of Levy	Amount Collected to Date of Application	Percentage Collected
2024	\$1,647,038	\$1,421,540	86%
2023	\$1,599,242	\$1,571,698	98%
2022	\$1,542,587	\$1,517,298	98%

**Special Assessment Collections as of July 1, 2025:**

Year	Dollar Amount	Amount Collected to Date of Application	Percentage Collected
2024	\$928,417	\$848,144	91%
2023	\$904,138	\$889,604	98%
2022	\$945,562	\$922,534	98%

**Mill Levy History:**

Year	City	School	Park District	State and County	Total for Each Year
2024	74.73	97.92	43.20	117.88	333.73
2023	76.95	96.32	43.93	118.00	335.20
2022	76.74	104.95	42.88	115.28	339.85
2021	76.83	98.41	42.85	115.33	333.42
2020	72.39	100.36	39.56	110.98	323.29



## Memorandum

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

**FROM:** PFM Financial Advisors LLC

**DATE:** December 5, 2025

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

---

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

The City intends to use the proceeds to design and install a new pumping system for the damaged Northwest standpipe.

The municipal securities to be acquired by the Authority will be revenue bonds payable from water user fees. The City's average annual payment under the proposed loan will be approximately \$87,963 indicating a 110% net revenue coverage requirement of approximately \$96,759. The City will be required to deposit \$92,700 into a reserve fund with payments of \$18,540 per year for the first five years of the loan. Pro forma net operating coverage of the Water Fund was 1.71x, 1.36x, 1.61x and 2.04x for 2021-2024, respectively. The existing net operating revenue will provide sufficient net revenues to meet the 110% coverage requirement.

As of September 1, 2025, the City has \$422,902 of Certificates of Indebtedness, \$7,864,271 of Improvement Bonds, \$5,375,248 of Sale Tax Revenue Bonds, \$1,094,815 of Tax Increment Revenue Bonds, and \$13,333,229 of Water & Wastewater Revenue Bonds outstanding. The City has four Clean Water SRF loans and three Drinking Water SRF loans with a total outstanding balance of \$2,110,000. An additional \$600,000 Clean Water SRF loan was approved in September that has not closed. The City is current in its payments for its outstanding Authority loan.

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

## Attachment 5E.2

### Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 24, 2025

RE: City of Valley City  
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$1,500,000 loan to the City of Valley City under the Drinking Water State Revolving Fund (DWSRF). The entire cost of the project is \$4,129,214, with Department of Water Resources providing a \$2,729,214 cost-share grant and the City contributing funds of \$500,000.

The project will design and install a new pumping system for the Northwest standpipe. The requested loan term is 20 years. The City will issue a revenue bond payable with water user fees. The annual payment will average \$87,963.

#### Debt Service Coverage:

Water Fund	2022	2023	2024	Projected
Operating Revenue	1,573,543	1,644,446	1,796,123	1,796,123
Interest Revenue	799	348	7,746	7,746
Operating Expenses	-2,679,752	-2,613,980	-2,678,275	-2,678,275
Net Operating Revenue	-1,105,410	-969,186	-874,406	-874,406
Plus: Depreciation	1,396,494	1,292,572	1,278,974	1,278,974
Adjusted Net Operating Income	291,084	323,386	404,568	404,568
Current Debt Service	125,839	112,550	110,589	110,589
Proposed Debt Service				87,963
Total Debt Service				198,552
Debt Service Coverage	231%	287%	366%	204%

The City's current monthly base water rates are \$22 for residential connections and \$27.50 for commercial connections. All connections also pay a volume charge of \$4.57 per 100 cubic feet. The existing revenues will generate sufficient net operating revenues to service both the new and existing debt.

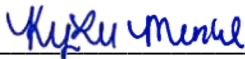
**Outstanding Debt (as of September 1, 2025):**

	<b><u>Original Amount</u></b>	<b><u>Current Balance</u></b>
Certificate of Indebtedness	500,000	422,902
Improvement Bonds	14,413,675	7,864,271
Sales Tax Revenue Bond	9,542,514	5,375,248
Tax Increment Revenue Bond	2,557,742	1,094,815
Water & Wastewater Revenue Bonds	15,124,241	13,333,229
	42,138,172	28,090,465

Average annual debt service requirements are estimated at \$2,529,550, which is an average of \$384.72 per resident.

Historical census populations for the City of Valley were 6,575 in 2020, 6,585 in 2010 and 6,826 in 2000. The largest employers in the City are Valley City State University, Open Door Center and John Deere Seeding Group.

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

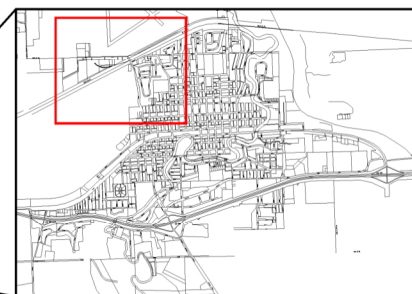
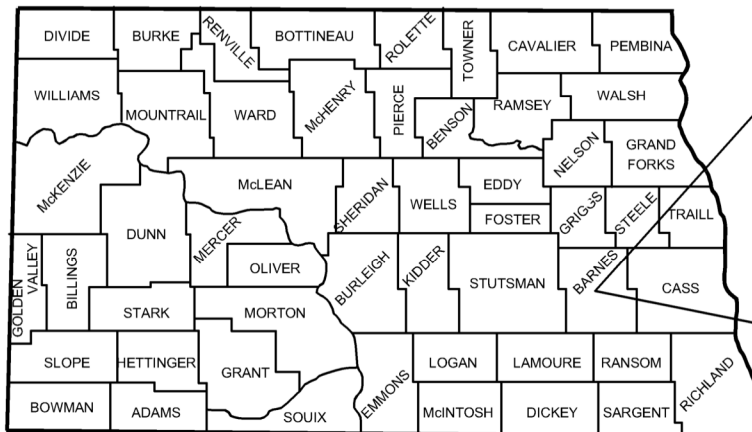
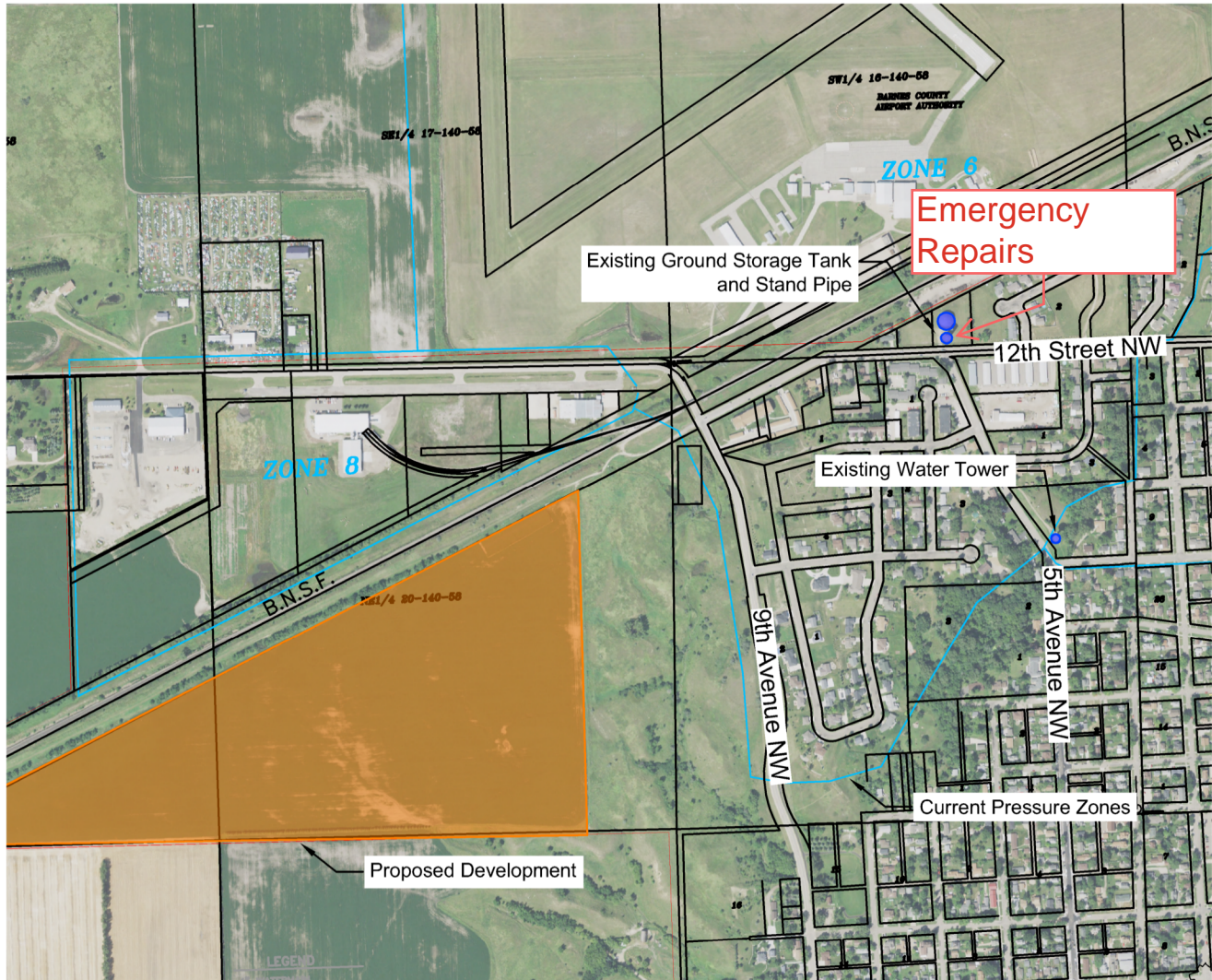


Kylee Merkel  
Business Banker



# Northwest Water Distribution Project City of Valley City, North Dakota

Attachment 5E.3



Valley City, ND



Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



## Memorandum

**To:** Public Finance Authority Advisory Committee

**From:** DeAnn Ament, Executive Director

**Date:** November 26, 2025

**Re:** City of Wilton  
Drinking Water State Revolving Fund Program Loan

**Purpose of the Project:** Replacement of water mains and related appurtenances.

### Project Amount:

<b>DWSRF Increase Request</b>	\$ 350,000	<b>Total CWSRF and DWSRF</b>	\$ 4,139,000
<b>DWSRF Original Requests</b>	2,119,000	<b>DWR Cost-Share</b>	3,136,800
<b>Total CWSRF</b>	\$ 2,469,000	<b>Burleigh County ARPA Funds</b>	770,025
<b>CWSRF Increase Request</b>	\$ 150,000	<b>USACE Sec 594 Grant</b>	3,300,000
<b>CWSRF Original Requests</b>	1,520,000	<b>Local Sales Tax &amp; Prairie Dog</b>	311,212
<b>Total DWSRF</b>	\$ 1,670,000	<b>Project Total</b>	\$11,657,037

**Population to Benefit from the Project:** 718  
**Population Served by the System:** 718

The requested term is 30 years. The City will issue revenue bonds payable with water user fees. Accordingly, the annual payment to the Public Finance Authority will average approximately \$99,053. The reserve requirement will be \$106,575 and the 110% coverage requirement will be \$108,959.

The monthly water base rate is \$30.12 per connection for the City's 332 users. In June 2022, a water improvement fee of \$13.38 was added to pay for this project. It annually generates water revenue of approximately \$53,300. The City intends to raise the monthly water improvement fee \$10 per user which will annually generate additional revenue of \$39,840.



**Water Fund:**

	2022	2023	2024
Interest Revenue	\$557	\$1,378	\$5,405
Operating Revenue	273,631	274,249	279,415
Operating Expenses	212,965	176,303	196,006
Net Operating Revenue	\$61,223	\$99,324	\$88,814
Revenue Bond Payments	\$13,120	\$13,080	12,220
Net Operating Coverage	467%	759%	727%
Proforma Revenue Increase	\$39,840	\$39,840	\$39,840
Proforma DW Bond Payment	\$99,053	\$99,053	\$99,053
Proforma Net Operating Coverage	90%	124%	116%

The existing net operating revenue coupled with the rate increase will be sufficient to meet the 110% net operating coverage.

**Outstanding Debt October 31, 2025:**

	Original Amount	Outstanding Amount
Improvement Bonds	\$2,030,000	\$ 290,000
Water & Sewer Revenue Bonds <sup>1</sup>	3,789,000	3,480,000
Total Bonds	\$5,819,000	\$3,770,000

<sup>1</sup> Payments have been as agreed. Includes the original DWSRF and Clean Water SRF bond requests of \$3,639,000.

The average annual payment of all debt will be \$354,083 which is \$493 per resident. In 2027, the average annual payments will be reduced to \$165,984 when all but the SRF bonds are paid off.

The City of Wilton is located in Burleigh County 25 miles north of Bismarck on US Highway 83. Based on the 2020 census, the total population was 718; this is an increase of 7 from the 2010 census. The largest employers in the City are Wilton Public Schools with 45 employees, Farmers Union Oil (gas station) with 30 employees and The Union Bank with 9 employees.

**School Enrollment:**

				Projected
2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
258	259	271	262	265

The City's 2024 taxable valuation was \$2,548,823. This is an increase of \$261,453 from the 2020 taxable valuation.

**Property Taxes Levied & Collected 10/31/2025:**

<b>Levy Year</b>	<b>Dollar Amount of Levy</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	\$298,719	\$295,146	99%
<b>2023</b>	\$276,501	\$275,228	100%
<b>2022</b>	\$282,387	\$282,387	100%

**Special Assessments Levied & Collected 10/31/2025:**

<b>Year</b>	<b>Dollar Amount</b>	<b>Amount Collected to Date of Application</b>	<b>Percentage Collected</b>
<b>2024</b>	\$115,302	\$107,023	93%
<b>2023</b>	\$109,801	\$109,801	100%
<b>2022</b>	\$115,741	\$115,741	100%

**City of Wilton Mill Levy History:**

**Burleigh County:**

<b>Year</b>	<b>City</b>	<b>School</b>	<b>Park District</b>	<b>State and County</b>	<b>Other</b>	<b>Total for Each Year</b>
<b>2024</b>	93.21	136.73	9.45	40.62	18.96	298.97
<b>2023</b>	76.35	134.36	10.66	42.17	19.76	283.30
<b>2022</b>	79.89	87.88	10.82	35.26	20.50	234.35
<b>2021</b>	82.11	87.38	10.34	35.40	17.06	232.29
<b>2020</b>	79.18	86.15	10.36	35.36	18.98	230.03

**McLean County:**

<b>Year</b>	<b>City</b>	<b>School</b>	<b>Park District</b>	<b>State and County</b>	<b>Other</b>	<b>Total for Each Year</b>
<b>2024</b>	93.21	136.73	9.45	83.04	18.36	340.79
<b>2023</b>	76.35	134.36	10.66	79.96	19.00	320.33
<b>2022</b>	79.89	87.88	10.82	81.36	19.80	279.75
<b>2021</b>	82.11	87.38	10.34	81.67	18.69	280.19
<b>220</b>	79.18	86.15	10.36	83.82	17.59	277.10

## Legend

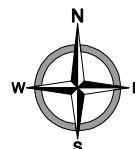
- Project Location
- City Limits

Attachment 5F.1



## 2022 STREET AND UTILITY IMPROVEMENTS WILTON, NORTH DAKOTA

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**moore**  
engineering, inc.

Industrial Commission  
of North Dakota

Kelly Armstrong  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



## Memorandum

**To:** Public Finance Authority Advisory Committee

**From:** DeAnn Ament, Executive Director

**Date:** November 26, 2025

**Re:** City of Wilton  
Clean Water State Revolving Fund Program Loan

**Purpose of the Project:** Replacement of sanitary sewer mains and related appurtenances.

### Project Amount:

<b>CWSRF Increase Request</b>	\$ 150,000	<b>Total CWSRF and DWSRF</b>	\$ 4,139,000
<b>CWSRF Original Requests</b>	1,520,000	<b>DWR Cost-Share</b>	3,136,800
<b>Total CWSRF</b>	\$ 1,670,000	<b>Burleigh County ARPA Funds</b>	770,025
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<b>Total DWSRF</b>	\$ 2,469,000	<b>Project Total</b>	\$11,657,037

**Population to Benefit from the Project:** 718

**Population Served by the System:** 718

The requested term is 30 years. The City will issue revenue bonds payable with sewer user fees. Accordingly, the annual payment to the Public Finance Authority will average approximately \$66,931. The reserve requirement will be \$76,125 and the 110% coverage requirement will be \$73,624.

The monthly water base rate is \$30.12 per connection for the City's 325 users. In June 2022, a sewer improvement fee of \$15 was added to pay for this project. It annually generates sewer revenue of approximately \$58,500.

**Sewer Fund:**

	2022	2023	2024
Interest Revenue	\$ -	\$-	\$918
Operating Revenue	86,151	113,358	116,418
Operating Expenses	18,120	15,494	16,920
Net Operating Revenue	\$68,031	\$97,864	\$100,416
Proforma CW Bond Payment	\$66,931	\$66,931	\$66,931
Proforma Net Operating Coverage	102%	146%	150%

The existing net operating revenue will be sufficient to meet the 110% net operating coverage.

**Outstanding Debt October 31, 2025:**

	Original Amount	Outstanding Amount
Improvement Bonds	\$2,030,000	\$ 290,000
Water & Sewer Revenue Bonds <sup>1</sup>	3,789,000	3,480,000
Total Bonds	\$5,819,000	\$3,770,000

<sup>1</sup> Payments have been as agreed. Includes the original CWSRF and Drinking Water SRF bond requests of \$3,639,000.

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<b>2022</b>	\$115,741	\$115,741	100%

**City of Wilton Mill Levy History:****Burleigh County:**

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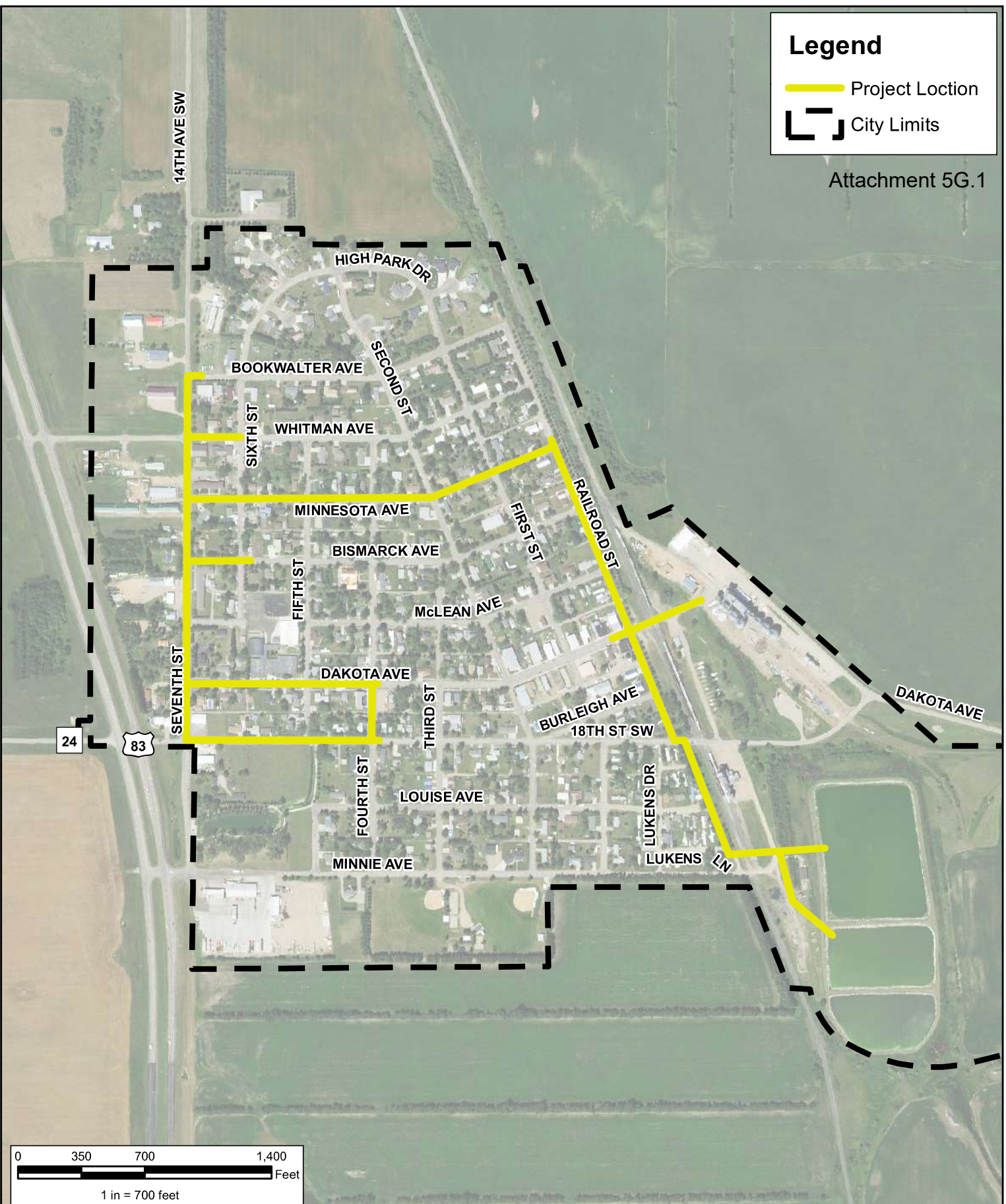
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## Legend

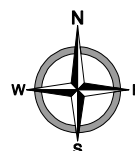
- Project Location
- City Limits

Attachment 5G.1



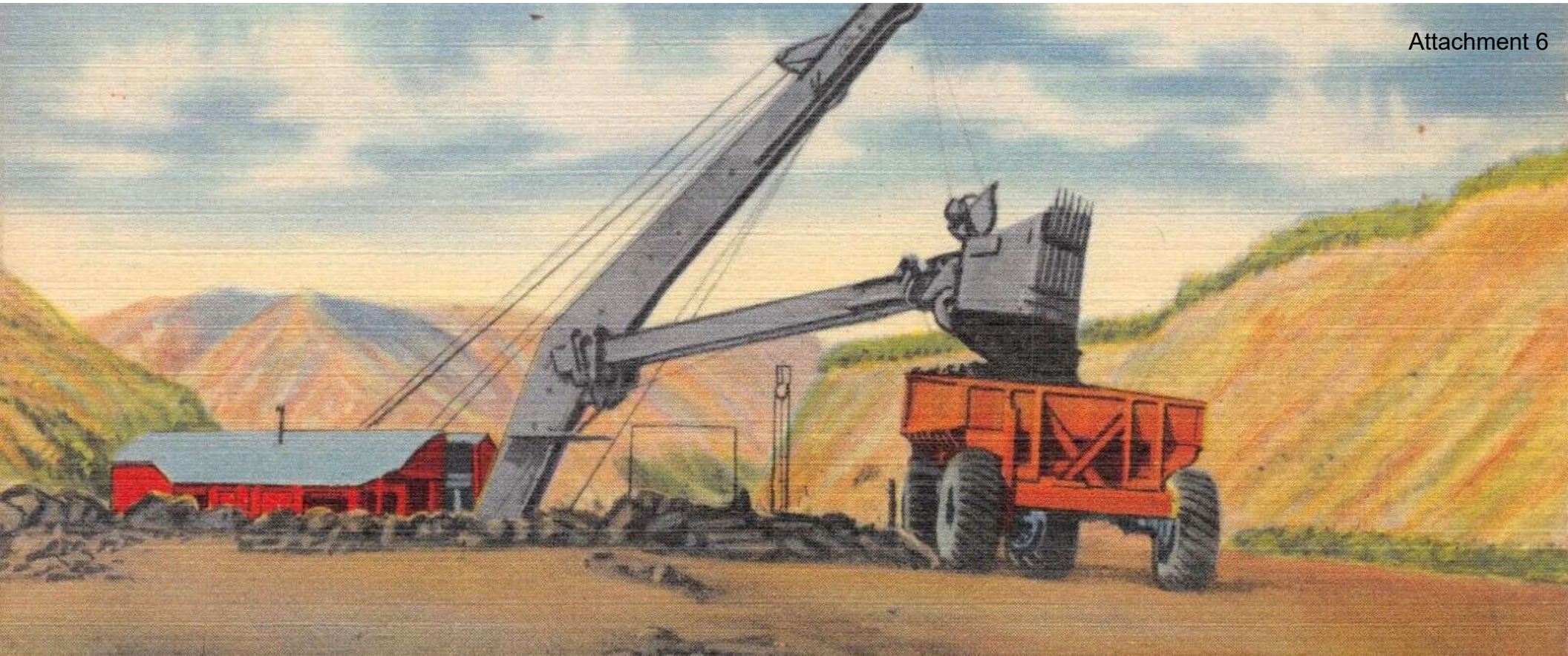
## 2022 STREET AND UTILITY IMPROVEMENTS WILTON, NORTH DAKOTA

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**moore**  
engineering, inc.





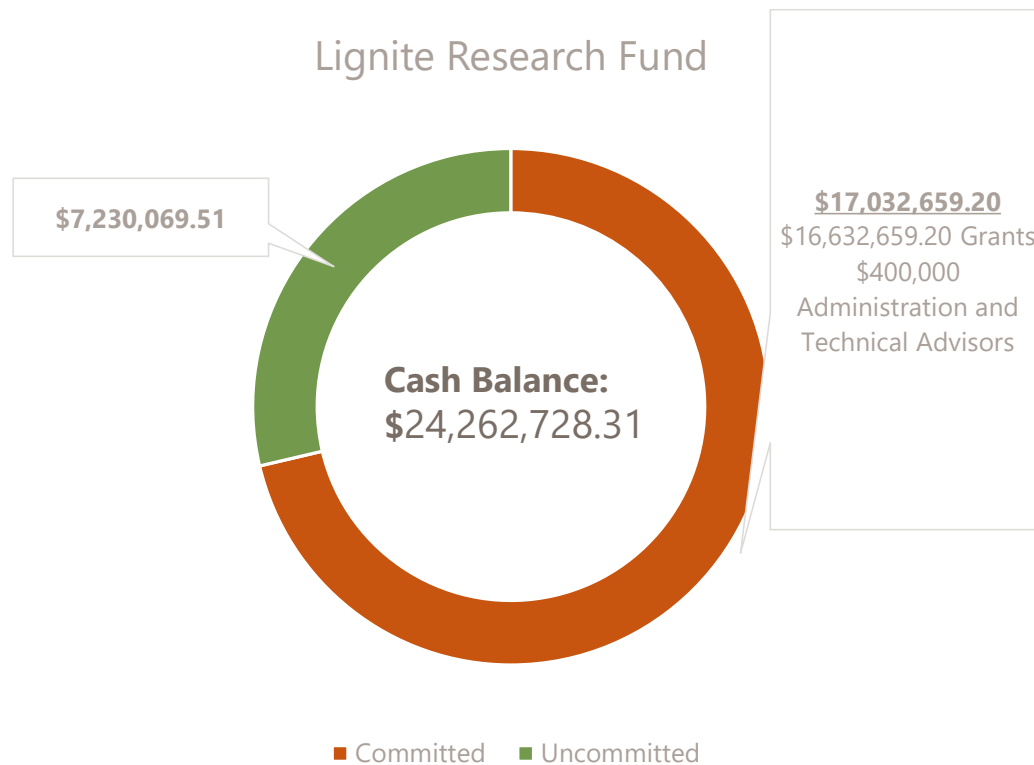
# LIGNITE RESEARCH PROGRAM PROJECT MANAGEMENT REPORT

Jordan Kannianen, Deputy Executive Director, NDIC

December 2025

NORTH  
**Dakota**  
Be Legendary.™

# LIGNITE RESEARCH FUND BALANCE DECEMBER 2025



## Funding Source:

- \$8.5 million coal severance and conversion taxes
- \$10 million oil and gas taxes



**261 Cumulative Projects**



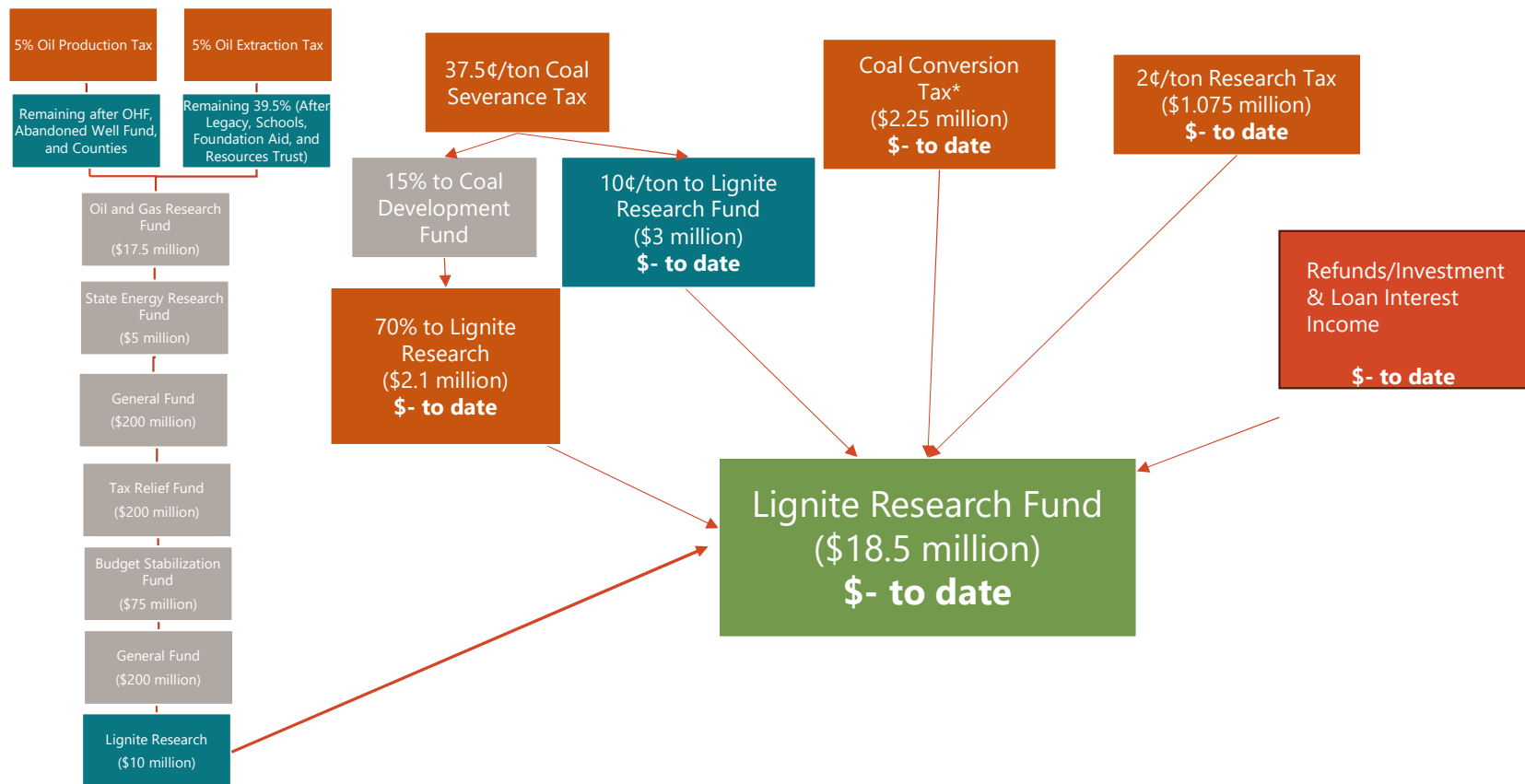
**16 Active Projects**



## Cumulative Value:

- \$183.1 million granted
- \$2.8 billion project value

# 2025-2027 BIENNIUM APPROPRIATION AND FORECASTED INCOME



LRC-108A

**Title:** “Enhance, Preserve, and Protect the North Dakota Coal Industry”

**Submitted By:** Lignite Energy Council

**PM/PI:** Angie Hegre PM & Michael Holmes PI

**Duration:** 36 Months

**Purpose:** The Enhance, Preserve and Protect project continues to build on ongoing commitment and cooperation among government agencies, elected leadership and the lignite industry to ensure the long-term viability of the ND lignite industry.

**Objectives include:**

- Build on previous work to preserve and protect the existing lignite fleet in ND.
- Employ and update Advanced Energy Technology (AET) Program.
- Identify opportunities to enhance the future of the state’s lignite resources.
- Monitor regulatory policy that could jeopardize the future of lignite.
- Be flexible and timely, working with industry and regulators to make the best use of lignite.

**Opportunities already identified include:**

- Rare Earth Elements and Critical minerals
- Developing carbon materials from lignite
- Using CO<sub>2</sub> for Carbon Capture Utilization and Storage (CCUS)
- Evaluating next generation lignite conversion systems

**Funding:** NDIC: \$3,316,695 (Non-matched funding)

**NDIC Deputy Executive Director’s Recommendation:**

**Fund** – It is my recommendation to fund with contingencies. Because this is non-match funding my recommendation includes the following conditions:

- 1) Semi-annual reporting will be provided to the Industrial Commission,
- 2) At a minimum, an annual presentation be made to the Lignite Research Council and the Industrial Commission, and
- 3) Funding of studies in excess of \$100,000 to be approved by the Office of the Industrial Commission unless already identified in the proposal

**Conflicts of Interest:** Lignite Energy Council

**Reviewers:** Fund - 2; Consider Funding - 0; Do Not Fund – 0

**LRC:** Fund: Yes - 22; No – 0

## **LIGNITE ENERGY COUNCIL GRANT APPLICATION**

### **Enhance, Preserve and Protect Project Project Management, Research & Development, Environmental & Legal Support, Power Markets & Transmission Strategies**

#### **ABSTRACT**

The Enhance, Preserve and Protect Project (EPP) continues to build on the ongoing commitment and cooperation among government agencies, elected leadership and the lignite industry to ensure the long-term viability of the North Dakota lignite industry. The project began as the result of an extensive analysis by leaders of the Lignite industry focused on the state of the industry in North Dakota, as well as the coal industry nationwide. Early analysis concluded that federal legislative and regulatory policy moved in a direction which jeopardized the future development of North Dakota's vast lignite resources and created great uncertainty regarding the viability of existing lignite generation plants. The regulatory environment continues to be dynamic, and the EPP project will continue to work with industry and regulators so that North Dakota can make the best use of our vast lignite resource into the future.

Early project work included development of a technology development roadmap under the guidance of the lignite industry. This roadmap will continue to be updated as needed to guide technology development required for lignite conversion systems. The EPP Project will focus on preserving and enhancing the existing lignite industry while at the same time providing continued technical support to activities under the Advanced Energy Technology Program which focuses on new opportunities to capitalize on North Dakota vast lignite resources. The State of North Dakota and lignite industry continue to benefit from the EPP project, as they supply energy to regional residents and industry, while strengthening the economy through creating and sustaining jobs and clean, low-cost reliable electricity.

#### **Project Objectives**

One of the primary objectives of the EPP Project is to preserve and protect the existing lignite fleet in North Dakota. The Project also continues to look to the future and assist the state and industry in understanding where the "new" opportunities are for this abundant resource in the future. Finally, the Project will continue to explore new avenues to develop value-added opportunities for lignite and its combustion byproducts. Options include rare earth elements and critical minerals that exist in significant quantities in the lignite found in North Dakota, using excess process heat within the plant and to add value to adjacent industry, development of building materials and carbon materials from lignite, and carbon dioxide used for enhanced oil recovery, to name a few. Value-added opportunities will also include demand side technologies that can consume off-peak electricity, such as electric vehicles and data centers.

To achieve the EPP Project objectives the EPP Project team will develop and implement research & development, environmental and legal support, and power markets and transmission strategies. These strategies will include addressing technology challenges for existing plants to achieve compliance with regulations and to discover new and innovative ways to use lignite and its byproducts in order to ensure the future of lignite in North Dakota for years to come. Additionally, the EPP Project team will enhance the partnership with the state by working with state agencies



and officials to understand the legal and economic implications of legislative and regulatory initiatives on the lignite industry, one of North Dakota's largest industries. The Project team will also monitor the progress of current and future Advanced Energy Technology projects and eliminate any potential duplication of efforts among these activities, thereby maximizing value for the State of North Dakota. Strategic studies will be performed to better understand the value of technology developments, provide critical information for the State on the commercial potential of emerging markets, evaluate the economics associated with technologies and the lignite industry, and the impacts of outside factors on the industry and North Dakota.

Key personnel involved in the management of the Enhance, Preserve and Protect Project are Angie Hegre, LEC Research and Development Program Manager and EPP Project Manager; Mike Holmes, LEC Executive Vice President of Research and Development, EPP Principal Investigator, lead of EPP R&D and strategic study efforts, and Technical Advisor to the NDIC; and Jonathan Fortner, LEC President, EPP Project Policy Advisor and Environmental management and power markets lead for the EPP project. The EPP Project team will work together with consultants who have research & development, environmental, legal, power markets, and transmission technical expertise to complete the project activities.

The EPP Project is seeking \$3,316,695 from the North Dakota Industrial Commission (NDIC) over a period of 36 months (January 1, 2026 – December 31, 2028).

## LONG APPLICATION RATING FORM

Reviewer's Identification Number: **108A-01**

Date: **November 2025**

Proposal Number: **LRC (108A)**

Grant Application Title: **"Enhance, Preserve, and Protect the North Dakota Lignite Industry"**

### Section A. Summary of Ratings:

Please **complete the questions below**, then return to this table to fill in the **yellow section** of this summary.

	Question	Rating (Enter # Circled)		Set Factor		Sub-rating
1	Objectives	4	x	9	=	36
2	Achievability	3	x	9	=	27
3	Methodology	4	x	7	=	28
4	Contribution	4	x	7	=	28
5	Awareness	5	x	5	=	25
6	Background	4	x	5	=	20
7	Project Management	4	x	2	=	8
8	Equipment Purchase	5	x	2	=	10
9	Facilities	5	x	2	=	10
10	Budget	4	x	2	=	8

50

**200**

**Total  
Possible  
Points**

**250**

Note: While points are necessary to establish an overall rating, comments on the various criteria are critical to truly understanding the value of a proposed project. Please elaborate in the comment sections to the maximum extent possible.

**Overall Recommendation**

X

FUND

FUNDING MAY BE CONSIDERED

DO NOT FUND

(Select one)



## Section B. Ratings and Comments:

Please circle your response to each statement and transfer the number circled to the column entitled "Circled Number" on the first page of this form. Also, please comment on each criterion.

1. The objectives or goals of the proposed project with respect to clarity and consistency with North Dakota Industrial Commission/Lignite Research Council goals are:

*Circle Answer: 1 – very unclear; 2 – unclear; 3 – clear; 4 – very clear; or 5 – exceptionally clear*

Please comment: The main objectives outlined in the application meet the criteria required by providing assistance to the lignite industry that will help overcome existing challenges and ensure long-term feasibility of ND's lignite resources.

2. With the approach suggested and time and budget available, the objectives are:

*Circle Answer: 1 – not achievable; 2 – possibly achievable; 3 – likely achievable; 4 – most likely achievable; or 5 – certainly achievable.*

Please comment: The four tasks to be completed over the three-year period will provide valuable information that can be used by the lignite industry to improve existing operations, create additional economic opportunities, and prepare for the future by through studies related to forecasting long-term power demand.

3. The quality of the methodology displayed in the proposal is: *Circle Answer: 1 – well below average; 2 – below average; 3 – average; 4 – above average; or 5 – well above average.*

Please comment: The methodology in the application is clear and concise with targeted milestones and deliverables to help ensure successful outcome.

4. The scientific and/or technical contribution of the proposed work to specifically address North Dakota Industrial Commission/Lignite Research Council goals will likely be:

*Circle Answer: 1 – extremely small; 2 – small; 3 – significant; 4 – very significant; or 5 – extremely significant.*

Please comment: The application directly aligns with the lignite research council to preserve existing jobs and production and has potential to create new jobs and additional economic growth potential.

5. The principal investigator's awareness of current research activity and published literature as evidenced by literature referenced and its interpretation and by the reference to unpublished research related to the proposal is: *Circle Answer: 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.*

Please comment: The principal investigator has great expertise with a proven track record working to support and advance the lignite industry.

6. The background of the investigator(s) as related to the proposed work is:

*Circle Answer:* 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.

Please comment: Each of the key personnel identified in the application have experience working with the North Dakota lignite industry ranging from technical to legal expertise.

7. The project management plan, including a well-defined milestone chart, schedule, financial plan, and plan for communications among the investigators and subcontractors, if any, is:

*Circle Answer:* 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – very good; or 5 – exceptionally good.

Please comment: Each of the above items are addressed in the application with clearly defined milestones and deliverables throughout the duration of the three year period.

8. The proposed purchase of equipment is: *Circle Answer:* 1 – extremely poorly justified; 2 – poorly justified; 3 – justified; 4 – well justified; or 5 – extremely well justified. (Circle 5 if no equipment is to be purchased)

Please comment: No equipment is specified for purchase.

9. The facilities and equipment available and to be purchased for the proposed research are:

*Circle Answer:* 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – notably good; or 5 – exceptionally good.

Please comment: No additional facilities are needed. *Similar to above, selecting 5 as a result.*

10. The proposed budget “value”<sup>1</sup> relative to the outlined work and the financial commitment from other sources is of: *Circle Answer:* 1 – very low value; 2 – low value; 3 – average value; 4 – high value; or 5 – very high value. (See below)

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<sup>1</sup> “Value” – The value of the projected work and technical outcome for the budgeted amount of the project, based on your estimate of what the work might cost in research settings with which you are familiar.

Please comment: The key personnel have direct experience with North Dakota and the lignite industry, and, as a result, the proposed budget appears very reasonable given the potential significant value of the deliverables.

### **Section C. Overall Comments and Recommendations:**

Please comment in a general way about the merits and flaws of the proposed project and make a recommendation whether or not to fund.

General comments: The application is well written, it aligns with the lignite research, development, and marketing goals, and the project would be executed by personnel with a successful record in this area. The Research & Development Studies and Activities, Environmental Strategies and Legal Support and Activities, and Power Markets and Transmission Strategies tasks will each play a unique role in helping to protect and preserve the lignite industry.

# LONG APPLICATION RATING FORM

Reviewer's Identification Number: **108A-02**

Date: **October 2025**

Proposal Number: **LRC (108A)**

Grant Application Title: **"Enhance, Preserve, and Protect the North Dakota Lignite Industry"**

## Section A. Summary of Ratings:

Please **complete the questions below**, then return to this table to fill in the **yellow section** of this summary.

	Question	Rating (Enter # Circled)		Set Factor		Sub-rating
1	Objectives	4	x	9	=	36
2	Achievability	4	x	9	=	36
3	Methodology	5	x	7	=	35
4	Contribution	4	x	7	=	28
5	Awareness	5	x	5	=	25
6	Background	5	x	5	=	25
7	Project Management	4	x	2	=	8
8	Equipment Purchase	5	x	2	=	10
9	Facilities	4	x	2	=	8
10	Budget	5	x	2	=	10

50

<b>221</b>	<b>Total</b>
<b>250</b>	<b>Possible Points</b>

Note: While points are necessary to establish an overall rating, comments on the various criteria are critical to truly understanding the value of a proposed project. Please elaborate in the comment sections to the maximum extent possible.

### Overall Recommendation

X	FUND
	FUNDING MAY BE CONSIDERED
	DO NOT FUND

(Select one)

## Section B. Ratings and Comments:

Please circle your response to each statement and transfer the number circled to the column entitled “Circled Number” on the first page of this form. Also, please comment on each criterion.

1. The objectives or goals of the proposed project with respect to clarity and consistency with North Dakota Industrial Commission/Lignite Research Council goals are:  
*Circle Answer: 1 – very unclear; 2 – unclear; 3 – clear; 4 – very clear; or 5 – exceptionally clear*

Please comment: The goals are very consistent as stated in the policy section to promote wise use of our lignite resources and support research, development, and marketing strategies.

2. With the approach suggested and time and budget available, the objectives are:  
*Circle Answer: 1 – not achievable; 2 – possibly achievable; 3 – likely achievable; 4 – most likely achievable; or 5 – certainly achievable.*

Please comment: The approach and timeline seem reasonable. Though there may be some concern with estimating need over 3 years. This may change over time, especially with the legal and policy challenges that are unknown in the future.

3. The quality of the methodology displayed in the proposal is: *Circle Answer: 1 – well below average; 2 – below average; 3 – average; 4 – above average; or 5 – well above average.*

Please comment:

4. The scientific and/or technical contribution of the proposed work to specifically address North Dakota Industrial Commission/Lignite Research Council goals will likely be:

*Circle Answer: 1 – extremely small; 2 – small; 3 – significant; 4 – very significant; or 5 – extremely significant.*

Please comment: Research in new opportunities for lignite use, along with marketing to help alter the “anti-coal” campaign, both specifically assist in the goals of NDIC/LRC.

5. The principal investigator’s awareness of current research activity and published literature, as evidenced by literature referenced and its interpretation and by the reference to unpublished research related to the proposal is: *Circle Answer: 1 – very*

limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.

Please comment: The principal investigator has a high level of awareness and experience with over 40 years in the field, many of which focused on coal technology directly.

6. The background of the investigator(s) as related to the proposed work is:

*Circle Answer: 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.*

Please comment: Significant experience in this type of work as stated above.

7. The project management plan, including a well-defined milestone chart, schedule, financial plan, and plan for communications among the investigators and subcontractors, if any, is: *Circle Answer: 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – very good; or 5 – exceptionally good.*

Please comment: The Plan appears to be achievable with routine reporting being the consistent milestones across the schedule.

8. The proposed purchase of equipment is: *Circle Answer: 1 – extremely poorly justified; 2 – poorly justified; 3 – justified; 4 – well justified; or 5 – extremely well justified. (Circle 5 if no equipment is to be purchased)*

Please comment: N/A

9. The facilities and equipment available and to be purchased for the proposed research are:

*Circle Answer: 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – notably good; or 5 – exceptionally good.*

Please comment: N/A

10. The proposed budget “value”<sup>1</sup> relative to the outlined work and the financial commitment from other sources is of: *Circle Answer: 1 – very low value; 2 – low value; 3 – average value; 4 – high value; or 5 – very high value. (See below)*

Please comment: Considering the ROI of this industry in ND, the proposed cost over the three years is reasonable given the impact of this industry to the ND economy.



## Section C. Overall Comments and Recommendations:

Please comment in a general way about the merits and flaws of the proposed project and make a recommendation whether or not to fund.

General comments: I recommend to fund this proposal as the work of the EPP directly and positively impacts the lignite industry across ND. The ND lignite industry fuels not only the local residents but also neighboring states across the Midwest. In a time when coal is targeted on regulatory and policy grounds, continued support for efficient, clean operations, along with research into new opportunities, will help sustain the responsible use of ND lignite resources.

One area for clarification in the EPP cost plan is the flexibility of the various cost allocations. Task 3.0, environmental strategies, legal support, and activities are listed as a set dollar amount throughout the 3-year plan. This area in particular may require flexibility as future legal challenges are unknown. Will this proposal allow flexibility in sharing costs across the 4 tasks if adjustment is needed?

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<sup>1</sup> “Value” – The value of the projected work and technical outcome for the budgeted amount of the project, based on your estimate of what the work might cost in research settings with which you are familiar.

LRC-108B

**Title:** “Pilot Expansion and Testing for Improving Lignite Fuels and REE Processing”

**Submitted By:** University of North Dakota

**PM/PI:** Nolan Theaker

**Duration:** 24 Months

**Purpose:** The proposed work has four overarching objectives: i) pilot-scale demonstration and economic evaluation of a dedicated coal cleaning approach to generating a premium fuel with reduced boiler fouling potential, ii) testing, validating and scaling approaches to improving UND’s process for extracting and concentrating rare earth elements and critical minerals from lignite, iii) expanding the scope and improving the capabilities of UND’s existing rare earths pilot plant to enable scaled testing of process/product improvements, and iv) preparing UND and partners for near-term commercialization using U.S. Dept. of Energy funding that is expected to be released in late 2025 (under contract in late 2026 / early 2027).

**Funding:** NDIC: \$1,100,000; Total Project Costs: \$2,200,000

#### **Technical Advisor’s Recommendation:**

**Fund** – The proposed project is the next step for the UND IES pursuit of REE’s and CM’s from North Dakota lignite. The project would provide performance data on fuel and combustion properties of physically and chemically beneficiated lignite and economic improvements to existing state-of-the-art REE/CM processing techniques. This will directly position UND and partners to pursue commercial opportunities. All three of the technical reviewers recommended funding the project. The proposal received an average score of 229 out of 250. The project provides leverage to state funding by obtaining funding from the DOE and lignite industry partners (50%).

#### **Funding would be subject to:**

- Technical advisor participates in project reviews
- Technical advisor reviews the project management plan with the project team

**Conflicts of Interest:** Minnkota Power Cooperative, North American Coal, and BNI Energy.

**Reviewers:** Fund - 3; Consider Funding - 0; Do Not Fund – 0

**LRC:** Fund: Yes - 22; No – 0

## UND GRANT APPLICATION

### Pilot Expansion and Testing for Improving Lignite Fuels and REE Processing

#### PROJECT DESCRIPTION

##### Objectives:

The proposed 24-month project involves four overarching objectives:

**1. Premium Lignite Demonstration:** Leveraging UND's existing facility, we will complete a pilot-scale demonstration of a lignite coal cleaning approach to generate a low-to-zero alkali (e.g., sodium) premium fuel from "coal cleanings", which are those higher ash materials at the top margins of the coal seams that are currently discarded in current mining practices. This work will build from engineering design and economic assessments completed in previous efforts that will be updated based upon results from this project, leading to fast commercial implementation if proven technically and economically feasible.

**2. Rare Earths Process Improvements:** During our decade of developing our lignite-based rare earths extraction technology, we have identified multiple opportunities for process improvements that have not yet been fully tested/optimized. We will perform laboratory-scale R&D around multiple process pathways, aimed at: 1) reducing chemical consumption, 2) improving the yield of high value elements (Sc, Ge, Ga), and 3) improving product purity/quality. These findings will then be implemented in the pilot testing proposed in the project.

**3. Rare Earths Pilot Expansion and Testing:** Improving and expanding the capabilities of UND's existing 12 ton/day (lignite feed) rare earth elements and critical minerals (REE/CM) pilot plant, with the goals of demonstrating process improvements and installing and commissioning new equipment that will provide for higher-quality upgraded lignite for use in carbon products manufacturing. The original pilot plant was designed in 2019 and since that time, we have learned a great deal about the overall process, including certain methods to reduce processing costs or increase product qualities. However, these methods have only been investigated at smaller scales or in limited efforts at the pilot scale and their full testing is limited or

prohibited by the current capabilities of the plant. Further, the plant's coal cleaning (spirals) system is installed, but it was never able to be commissioned, and the upgraded lignite water washing system as designed/installed was discovered to be inefficient in generating the high-quality lignite that we will need at commercial scale. This proposed project will provide the opportunity to implement these improvements.

**4. Preparing for Commercial Demonstration:** Finally, UND is planning to pursue a commercial project through upcoming U.S. Dept. of Energy (DOE) funding that is anticipated to be released in late 2025 (DE-FOA-0003582). The project proposed here is essential in fully preparing our design basis for ready implementation in the commercial project (anticipated to start in early/mid 2027) and for making the pilot plant ready to generate products in sufficient quantity/quality to support offtake agreements with customers.

## TECHNICAL REVIEWER RATING SUMMARY

**LRC (108B):** “Pilot Expansion and Testing for Improving Lignite Fuels and REE Processing”

**Submitted by:** University of North Dakota

**Principal Investigator:** Nolan Theaker

**Project Duration:** 24 months

**Request for:** \$1,100,000

**Total Project Costs:** \$2,200,000

Rating Category	Weighting Factor	Technical Reviewer Rating			Average Weighted Score
		39-01	39-02	39-03	
Objective	9	5	4	5	
Achievability	9	4	4	4	
Methodology	7	5	4	5	
Contribution	7	5	5	5	
Awareness	5	5	4	5	
Background	5	5	5	5	
Project Management	2	5	4	5	
Equipment Purchase	2	4	4	4	
Facilities	2	5	5	5	
Budget	2	4	4	4	
<b>Average Weighted Score:</b>		<b>237</b>	<b>214</b>	<b>237</b>	<b>229.3</b>

**Maximum Weighted Score:**

**250**

### OVERALL RECOMMENDATION:

FUND

FUNDING MAY BE CONSIDERED

DO NOT FUND

	X	X	X	

## TECHNICAL REVIEWERS' COMMENTS

### 1. **OBJECTIVES**

*The objectives or goals of the proposed project with respect to clarity and consistency with North Dakota Industrial Commission/Lignite Research Council goals are: 1 – very unclear; 2 – unclear; 3 – clear; 4 – very clear; or 5 – exceptionally clear.*

**Reviewer 39-01 (Rating: 5)** The proposed project will lead to enhancements to the existing technology for REE/CM extraction from ND lignite that has been developed at UND. This work will address all three goals of the NDIC/LRC program, namely the development of new jobs, protection of existing lignite jobs and higher value-added options for the ND lignite resource.

**Reviewer 39-02 (Rating: 4)** This project directly relates to NDIC/LRC goals for continued and efficient use of lignite resources.

**Reviewer 39-03 (Rating: 5)** Removal of sodium from discarded coal and further development and maturation of a Rare Earth Element technology both meets all North Dakota lignite industry goals and answers a National Security goal as well.

### 2. **ACHIEVABILITY**

*With the approach suggested and time and budget available, the objectives are: 1 – not achievable; 2 – possibly achievable; 3 – likely achievable; 4 – most likely achievable; or 5 – certainly achievable.*

**Reviewer 39-01 (Rating: 4)** The information given presents a well thought out approach to achieving the stated goals. Based on the experience of the team, I believe the time and budget estimated will result in achieving the stated goals.

**Reviewer 39-02 (Rating: 4)** The two-year time frame seems sufficient with the various phases listed in project plan. One concern that is brought up in proposal is the DOE cost share of \$475k which is still unknown. However, the plan does have contingency plans if this portion of the cost is not available, through scope changes or additional investment from other sources. For reference, the report does state, “our team is very confident that enough of the DOE funding will ultimately make it to the contract”.

**Reviewer 39-03 (Rating: 4)** A 24-month project estimated to cost \$2.2 million is detailed in the report. The DOE has promised a 50% cost share. An experienced team has submitted detailed budget table and timeline; there is no good reason to doubt their estimates.



### 3. **METHODOLOGY**

*The quality of the methodology displayed in the proposal is: 1 – well below average; 2 – below average; 3 – average; 4 – above average; or 5 – well above average.*

**Reviewer 39-01 (Rating: 5)** The methodology noted that includes both laboratory and pilot scale work is well thought out and should lead to a positive outcome for significant enhancements to this critically important technology.

**Reviewer 39-02 (Rating: 4)** No comment

**Reviewer 39-03 (Rating: 5)** The methods planned were detailed as well as objectives, tasks, responsible party, and milestones based on prior experience with existing equipment. Tables, lists and charts were also given with the detailed descriptions.

### 4. **CONTRIBUTION**

*The scientific and/or technical contribution of the proposed work to specifically address North Dakota Industrial Commission/Lignite Research Council goals will likely be: 1 – extremely small; 2 – small; 3 – significant; 4 – very significant; or 5 – extremely significant.*

**Reviewer 39-01 (Rating: 5)** The proposed work has the potential to significantly enhance the current and future opportunities for the ND Lignite Resource. In addition, the potential strategic value to the US is very significant, leading to a domestic REE/CM supply chain.

**Reviewer 39-02 (Rating: 5)** No comment

**Reviewer 39-03 (Rating: 5)** Successful removal of sodium from discarded coal will increase the mined per ton value and the REE technology development will also create added value, develop a new industry, create additional technical jobs and answer an important national security need.

### 5. **AWARENESS**

*The principal investigator's awareness of other current research activity and published literature as evidenced by literature referenced and its interpretation and by the reference to unpublished research related to the proposal is: 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.*

**Reviewer 39-01 (Rating: 5)** The team assembled is very well published in this area.

**Reviewer 39-02 (Rating: 4)** The team at UND along with EERC references nearly 10 years of research directly related to the REE/CM field and has a very qualified team continuing in various research activities sponsored by private industry, state programs, and US DOE.

**Reviewer 39-03 (Rating: 5)** Dr. Theaker has a great deal of experience with coal cleaning and REE extraction as well the specific issues associated with that technology. The DOE refer to him as the most highly respected REE development expert.

6. **BACKGROUND**

*The background of the investigator(s) as related to the proposed work is: 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.*

**Reviewer 39-01 (Rating: 5)** The Team assembled is world recognized as leaders in developing a US based supply chain for REE/CM resources!

**Reviewer 39-02 (Rating: 5)** The lead researchers are highly qualified and reference multiple previous studies in this field.

**Reviewer 39-03 (Rating: 5)** Director Laumb has worked at EERC for 25 years on many lignite projects. He is very familiar with lignite mining and coal analytical methods. He has managed many projects and has written many professional publications. Mr. Dyrstad-Cincotta has operated the existing coal cleaning equipment and aware of it's current capabilities & areas to improve.

7. **PROJECT MANAGEMENT**

*The project management plan, including a well-defined milestone chart, schedule, financial plan, and plan for communications among the parties involved in the project, is: 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – very good; or 5 – exceptionally good.*

**Reviewer 39-01 (Rating: 5)** The proposal includes a well-defined set of milestones that will allow the project sponsors to monitor progress toward the stated goals.

**Reviewer 39-02 (Rating: 4)** Overall time table is well laid out with quarterly reporting standards planned along with detailed deliverables as per the task completed.

**Reviewer 39-03 (Rating: 5)** This proposal does include all the afore mentioned elements. Of particular note also was a milestones list containing a detailed description of the expected result.

8. **EQUIPMENT PURCHASE**

*The proposed purchase of equipment is: 1 – extremely poorly justified; 2 – poorly justified; 3 – justified; 4 – well justified; or 5 – extremely well justified. (Circle 5 if no equipment is to be purchased.)*

**Reviewer 39-01 (Rating: 4)** The equipment to be purchased includes items that have been identified and justified as critical to successful completion of the proposed work.

**Reviewer 39-02 (Rating: 4)** Much of the costs listed are for upgrades, maintenance, and enhancements of the existing pilot system. The new equipment list is clearly laid out with specific equipment items listed.

**Reviewer 39-03 (Rating: 4)** On page 26 of the proposal equipment totaling \$320,000 was listed. Based on prior experience with the existing equipment, this list addresses what's needed to improve the coal cleaning and segregation improvements.

9. **FACILITIES**

*The facilities and equipment available and to be purchased for the proposed research are: 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – notably good; or 5 – exceptionally good.*

**Reviewer 39-01 (Rating: 5)** The equipment identified as available, and the proposed additions noted in the proposal are exceptional.

**Reviewer 39-02 (Rating: 5)** Facility costs are listed definitively with a breakdown for rent, utilities, and maintenance costs for the pilot research facility.

**Reviewer 39-03 (Rating: 5)** UND and EERC are poised to take this technology to the next level. Their experience and recommendation for that next level also have the DOE's endorsement.

10. **BUDGET**

*The proposed budget value relative to the outlined work and the financial commitment from other sources is of: 1 – very low value; 2 – low value; 3 – average value; 4 – high value; or 5 – very high value.*

**Reviewer 39-01 (Rating: 5)** The proposed work has the potential to move the work on recovering REE/CM from ND Lignite from the pilot scale activity that shows significant

promise to technology that identifies a financially viable pathway to accomplish the goal of a domestic supply chain. The proposal not only discusses the enhancements that are anticipated but also identifies funding mechanisms that can be used to fund a commercial-scale demonstration of this technology soon. The large contributions by private companies currently operating lignite-based facilities are also a big plus helping to ensure commercial entities have a significant interest in seeing this work move to a commercial project. The work also focuses on near term technology that could significantly enhance the economics of current uses of ND lignite, namely the operation of lignite-fired boilers. The value to the state of North Dakota of this work is very high

**Reviewer 39-02 (Rating: 4)** Value is high relative to the potential impact of the results. The project is teamed up with both operating coal mining companies in ND, along with utilities that operate coal plants in ND.

**Reviewer 39-03 (Rating: 4)** Improving the value of severed lignite by removing sodium in a discarded portion and commercial development of the REE extraction technology will benefit ND and potentially provide very high value: NAC, BNI, and the DOE recognize that importance and will provide a 50% cost share.

#### **OVERALL COMMENTS AND RECOMMENDATIONS:**

*Please comment in a general way about the merits and flaws of the proposed project and make a recommendation whether or not to fund.*

**Reviewer 39-01 (Rating: FUND)** The project as outlined is one this reviewer strongly supports. The work clearly meets the objectives of the NDIC/Lignite Research Council. Not only does the project develop enhancements to technology already being developed for application to ND Lignite it identifies funding sources that could be used to complete the decisive step that would be required to move this technology from a development activity to a commercial project. It also includes a time line to accomplish that goal. As with any development activity there are significant risks with this activity, but this work will take the first steps with a plan that mitigates the risk in moving forward. The milestone chart has identified a number of key milestones that can be used to monitor progress to the goal and therefore allow for corrections to the plan if warranted.

I strongly recommend funding for this activity provided UND is successful at obtaining the funding noted from the US Department of Energy. If that does not occur and the proposers are able to identify additional sponsors to fully fund the proposed work, I would be supportive of that as well. If less than full funding from sponsors is obtained and the NDIC technical representative is comfortable with a reduced scope that still moves this technology forward I would support that option as well.

**Reviewer 39-02 (Rating: FUND)** I recommend funding the pilot expansion for REE processing. This project continues valuable research in the lignite field for REE/CM's. However, this project also adds additional value for fuel quality and mining efficiency. Task 4 discusses the possibility of sodium removal to allow for higher mining production, meaning more tons/acre with less waste in the segregated stream. The project team has the experience and expertise to continue the next phase to enable commercialization. I also want to highlight the proposal references the correlation with HB 1459 in the past legislative session. This bill enables the regulatory framework for REE/CM extraction and commercialization. The pilot expansion project is a crucial step to using lignite for such production.

**Reviewer 39-03 (Rating: FUND)** Building on previous REE and sodium cleaning work with ND lignite, UND and EERC plans to increase the value of the severed tons and make ND a leader in domestic REE production (an issue that also has strong National Security implications). This represents a good plan/proposal and experienced approach that also leverages DOE dollars. Therefore, I recommend Funding the project!

**LRC-108C**

**Title:** “Efficient Refining of Germanium Metal from Fly Ash-Derived Concentrates”

**Submitted By:** Microbeam Technologies, Inc.

**PM/PI:** Alex Benson

**Duration:** 24 Months

**Purpose:** The objective of this project is to demonstrate the ability to efficiently refine germanium-rich concentrates derived from lignite fly ash materials. This project builds on Microbeam’s demonstrated ability to produce >60% Ge concentrates from lignite-derived fly ash. To achieve the project objective, Ge concentrate will be exposed to a direct reduction process to produce Ge metal (>90% purity). The Ge metal will be further refined to 99.999% pure Ge metal (5N Ge) using zone refining. This process significantly decreases the cost of the production of 5N Ge and reduces the environmental impact by bypassing extensive hydrometallurgical steps.

**Funding:** NDIC: \$400,000; Total Project Costs: \$1,200,000

**Technical Advisor’s Recommendation:**

The proposed project would provide information on the ability to produce 5N Ge from lignite-derived Ge concentrates at a lower cost and environmental impact. The project will involve the production of concentrates using Microbeam’s pyrometallurgical process. Two of the technical reviewers recommended funding while the third reviewer recommended funding may be considered pending more information on the experimental setup and the rationale for why they believe it will work. The proposal received an average score of 212.3 out of 250. The project provides good leverage of state funding by obtaining two-thirds of the funding from AmeriCOM.

**Fund – Funding would be subject to:**

- Technical advisor participates in project reviews
- Technical advisor reviews the project management plan with the project team

**Conflicts of Interest:** North American Coal

**Reviewers:** Fund - 2; Consider Funding - 1; Do Not Fund – 0  
**LRC:** Fund: Yes - 22; No – 0



## **MICROBEAM GRANT APPLICATION**

### **Efficient Refining of Germanium Metal from Fly Ash-Derived Concentrates**

#### **ABSTRACT**

##### **Objective:**

The objective of this project is to demonstrate the ability to efficiently refine germanium-rich concentrates derived from lignite fly ash materials. This project builds on Microbeam's demonstrated ability to produce >60% Ge concentrates from lignite-derived fly ash. To achieve the project objective, Ge concentrate will be exposed to a direct reduction process to produce Ge metal (>90% purity). The Ge metal will be further refined to 99.999% pure Ge metal (5N Ge) using zone refining. This process significantly decreases the cost of the production of 5N Ge and reduces the environmental impact by bypassing extensive hydrometallurgical steps.

##### **Expected Results:**

The testing results will provide information on the ability to produce 5N Ge from lignite-derived Ge concentrates at a lower cost and environmental impact. The project will involve the production of concentrates using Microbeam's pyrometallurgical process for use in the direct reduction process. Efforts will focus on the following: 1) production of concentrates while acquiring and setting up the direct reduction equipment, 2) assessment/management of the impacts of the impurities on the properties of the direct reduction Ge metal, 3) identification of all impurities in process streams and evaluation of any environmental issues associated with disposal, and 4) technical and economic evaluation of the integration production of 5N Ge. The project will determine the feasibility of the direct reduction process for scale-up.

##### **Duration:**

The duration of the project will be 24 months.

##### **Total Project Cost:**

\$1,200,000 including \$400,000 from NDIC and \$800,000 from AmeriCOM.

##### **Participants:**

Funding support will come from AmeriCOM who provides support to the optics industry that supplies optical components for commercial and government entities through AmeriCOM's Defense Precision Optics Consortium (DPOC). AmeriCOM released a Request for Proposal # ACOM-25-01 for laboratory-scale projects to recover and refine germanium. This proposed effort is submitted in response to the RFP and builds on past projects with the Army to develop a domestic source of high purity germanium.

Subrecipient includes: IR Power Systems, LLC.

Stakeholders include: North American Coal and Great River Energy.

# TECHNICAL REVIEWER RATING SUMMARY

**LRC (108C):** “Efficient Refining of Germanium Metal from Fly Ash-Derived Concentrates”

**Submitted by:** Microbeam Technologies, Inc.

**Principal Investigator:** Alex Benson

**Project Duration:** 24 months

**Request for:** \$400,000

**Total Project Costs:** \$1,200,000

Rating Category	Weighting Factor	Technical Reviewer Rating			Average Weighted Score
		39-04	39-05	39-06	
Objective	9	5	5	4	
Achievability	9	4	4	2	
Methodology	7	4	5	3	
Contribution	7	5	4	4	
Awareness	5	5	4	4	
Background	5	5	5	5	
Project Management	2	5	5	3	
Equipment Purchase	2	5	5	3	
Facilities	2	4	5	4	
Budget	2	5	5	4	
<b>Average Weighted Score:</b>		<b>232</b>	<b>229</b>	<b>176</b>	<b>212.3</b>

**Maximum Weighted Score:**

**250**

## OVERALL RECOMMENDATION:

FUND

FUNDING MAY BE CONSIDERED

DO NOT FUND

	<b>X</b>	<b>X</b>		
			<b>X</b>	

## TECHNICAL REVIEWERS' COMMENTS

### 1. **OBJECTIVES**

*The objectives or goals of the proposed project with respect to clarity and consistency with North Dakota Industrial Commission/Lignite Research Council goals are: 1 – very unclear; 2 – unclear; 3 – clear; 4 – very clear; or 5 – exceptionally clear.*

#### **Reviewer 39-04 (Rating: 5)**

Please comment: This project is focused on demonstrating a path to producing 99.999% pure Ge metal from ND Lignite fly ash. This would demonstrate a domestic supply chain for a critically needed element for a number of defense applications and other high technology applications. Currently the US imports a large portion of this metal. It is high value and could provide additional economic activity based on ND's Lignite resource. Thus, providing additional value add options from Lignite resources. This clearly meets the goals of the NDIV/LRC.

**Reviewer 39-05 (Rating: 5)** The project goals are clearly defined and in direct alignment with NDIC goals. The ability to produce pure germanium metal at low cost and with minimal environmental impact will directly benefit the lignite industry in the State.

**Reviewer 39-06 (Rating: 4)** The goal of the project is to build upon past NDIC funded work to produce 5 nine germanium from germanium rich concentrates that were produced from lignite-derived fly ash.

### 2. **ACHIEVABILITY**

*With the approach suggested and time and budget available, the objectives are: 1 – not achievable; 2 – possibly achievable; 3 – likely achievable; 4 – most likely achievable; or 5 – certainly achievable.*

**Reviewer 39-04 (Rating: 4)** The approach, time and budget are likely sufficient to meet the objectives identified in this proposal. The work outlined should be able to completed with the resources noted. It is a challenging question being addressed and a positive outcome, although possible it is not guaranteed.

**Reviewer 39-05 (Rating: 4)** This project will build on extensive work already done in the area by MTI. While it is not guaranteed that they can reach the proposed 99.999% purity level, based upon their previous record of success and the proposed approach,

it is highly likely that they can achieve the proposed goals. The budget and timeframe seem reasonable for the proposed work scope.

**Reviewer 39-06 (Rating: 2)** The authors indicated that a reduction furnace will be designed to purify the Ge, but do not provide supporting information as to why this system is expected to work. The fact that the system is yet to be designed is concerning, suggesting the authors may not know exactly how to achieve the desired result. Additionally, the scope of work references selected additives to bond with impurities, but it implies that the proper additives to use for the separation of impurities are unknown and will be determined during the process testing. Hence between the potential for the yet to be designed process to be inadequate to achieve the results and not knowing which additives are needed, it is not clear if the work will be successful in achieving the results.

### 3. **METHODOLOGY**

*The quality of the methodology displayed in the proposal is: 1 – well below average; 2 – below average; 3 – average; 4 – above average; or 5 – well above average.*

**Reviewer 39-04 (Rating: 4)** The methodology laid out in the proposal is logical offers a very good chance for success.

**Reviewer 39-05 (Rating: 5)** This is a well thought out project that builds on extensive work already performed by MTI. The proposed tasks are logical and needed to accomplish their objectives.

**Reviewer 39-06 (Rating: 3)** The overall plan to get to the final objective is clear, but the specific methodology to achieve the goals of each subtask is unclear. Additional detail is needed regarding the experimental setup to help understand if the methodology is sound.

### 4. **CONTRIBUTION**

*The scientific and/or technical contribution of the proposed work to specifically address North Dakota Industrial Commission/Lignite Research Council goals will likely be: 1 – extremely small; 2 – small; 3 – significant; 4 – very significant; or 5 – extremely significant.*

**Reviewer 39-04 (Rating: 5)** The proposed work is focused on demonstrating a significant new value-added product based on ND Lignite. This would represent an

additional revenue generating strategy that I believe a very important to the long term economic success of the Lignite industry.



**Reviewer 39-05 (Rating: 4)** This project has the potential to provide the pathway for the production and sale of a new value-added product from North Dakota lignite, which is in direct alignment with NDIC/LRC goals. The technical components of the proposal will demonstrate the ability of the process to meet the 99.999% purity goal, while the preliminary TEA will provide insights into the potential profitability of the process.

**Reviewer 39-06 (Rating: 4)** If successful, this project would meet the NDIC/LEC goals of developing processes for extraction of rare earth elements from lignite and lignite-derived fly ash.

5. **AWARENESS**

*The principal investigator's awareness of other current research activity and published literature as evidenced by literature referenced and its interpretation and by the reference to unpublished research related to the proposal is: 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.*

**Reviewer 39-04 (Rating: 5)** The cited literature demonstrates a exceptional awareness of current research and literature in this field

**Reviewer 39-05 (Rating: 4)** The proposal references key literature in the topic area, and provides a brief review of competing technologies. In addition, a look at the participants resumes indicate they have a broad and deep background in this area.

**Reviewer 39-06 (Rating: 4)** The principal investigator has provided several references to groundbreaking research in the field of germanium concentration and is aware of the work performed to date in the field.

6. **BACKGROUND**

*The background of the investigator(s) as related to the proposed work is: 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.*

**Reviewer 39-04 (Rating: 5)** The experience cited and success in earlier projects demonstrate exception background that will be critical to successful completion of the proposed work.

**Reviewer 39-05 (Rating: 5)** This teams brings a wealth of experience related to this work as indicated both by the strength of their resumes, and more importantly, through

the various other research projects related to this work that have already been completed.

**Reviewer 39-06 (Rating: 5)** The investigators have been performing research in the concentration of Ge for nearly 20 years and have significant recent experience in similar projects.

## 7. **PROJECT MANAGEMENT**

*The project management plan, including a well-defined milestone chart, schedule, financial plan, and plan for communications among the parties involved in the project, is: 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – very good; or 5 – exceptionally good.*

**Reviewer 39-04 (Rating: 5)** The proposal included a detailed milestone chart and a clear plan for communication with the participants in the project.

**Reviewer 39-05 (Rating: 5)** The project management structure including roles and responsibilities is well laid out. The tasks are logically structured including their timing and the proposed milestones.

**Reviewer 39-06 (Rating: 3)** The project management plan does not discuss risk mitigation and contingency plans if initial designs or additives are not adequate to produce the desired results. The timeline and milestones are reasonable for the project. The proposal indicates there will be regular communications between the investigators and subcontractor, though does not provide specific communication plans.

## 8. **EQUIPMENT PURCHASE**

*The proposed purchase of equipment is: 1 – extremely poorly justified; 2 – poorly justified; 3 – justified; 4 – well justified; or 5 – extremely well justified. (Circle 5 if no equipment is to be purchased.)*

**Reviewer 39-04 (Rating: 5)** All of the equipment identified is critically needed to complete the proposed work.

**Reviewer 39-05 (Rating: 5)** MTI will purchase the equipment required to construct the processing equipment for the reduction and micro-zone refining process. These are the key elements of the proposed effort, and therefore essential for the project. MTI will also be using equipment that is already operational in support of this effort.

**Reviewer 39-06 (Rating: 3)** Equipment purchases including the reduction reactor system and micro-zone refining equipment are needed to complete the project. However, no specifics are given as to the expected costs for each system, and considering the reduction reactor has not been designed, it is unknown how the costs were derived.

9. **FACILITIES**

*The facilities and equipment available and to be purchased for the proposed research are: 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – notably good; or 5 – exceptionally good.*

**Reviewer 39-04 (Rating: 4)** The facilities noted in the proposal are very good. The equipment to be purchased is required for completion of the proposed work.

**Reviewer 39-05 (Rating: 5)** With the addition of the equipment to be purchased under this grant, MTI will have the facilities and equipment required to complete the proposed work. From the descriptions provided in the text, it appears that MTI has been able to maintain state-of-the-art equipment while simultaneously building up the required software/AI capabilities including experienced personnel required to perform the proposed scope of work.

**Reviewer 39-06 (Rating: 4)** MTI has existing equipment for the concentration of germanium from fly ash as well as existing analytical equipment for the characterization of samples produced.

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10. **BUDGET**

*The proposed budget value relative to the outlined work and the financial commitment from other sources is of: 1 – very low value; 2 – low value; 3 – average value; 4 – high value; or 5 – very high value.*

**Reviewer 39-04 (Rating: 5)** The budget for the proposed activities includes a cost share of 67% and additional contributions including raw materials and consultation with key personnel at two companies currently operate concerns that could be the source of the required raw materials. Their interest and willingness to participate assures that the necessary partners to achieve the goal of a commercially viable domestic supply for Ge metal is possible.

**Reviewer 39-05 (Rating: 5)** MTI is proposing to leverage this project with two dollars cash contributions to each dollar from the NDIC. It also appears that additional in-kind

contributions (not shown in the budget) will be made by North American Coal in terms providing germanium rich coal to use as a part of this project, and both North American coal and Great River Energy will provide, at no cost to the project, personnel to provide input into the technical and economic feasibility of the project, and time and travel to project related meetings.

**Reviewer 39-06 (Rating: 4)** The project is 2/3 funded from another source. The applicant references that AmeriCOM has issued an RFP for the work but does not indicate if the funding has been secured. Cost share funding status should be verified. The budget table references consultants which is presumably for IR Power Systems who was previously described as a subrecipient. It should be verified if there are other consultants on the project.

#### **OVERALL COMMENTS AND RECOMMENDATIONS:**

*Please comment in a general way about the merits and flaws of the proposed project and make a recommendation whether or not to fund.*

**Reviewer 39-04 (Rating: FUND)** I believe the proposed project on Germanium refining from North Dakota fly ash is a very good candidate for funding under the Lignite Research Council program. The only shortcoming noted, is that the cost share funding has been applied for but not approved for funding at the time of submission. I assume that this cost share will be approved and available prior to the start date and therefore would be a condition for funding.

The work focuses on what this reviewer believes is a critical opportunity for the ND Lignite Resource which is identifying additional revenue streams based on new products that can be produced from Lignite. This work will provide the data necessary to move this technology to the next scale and result in significant investment in North Dakota. The developers believe the logical location would be adjacent to the plant generating the fly ash which would result in additional capital investment in the state.

With the availability of the cost share funding, I strongly support this proposal.

**Reviewer 39-05 (Rating: FUND)** This is a well written proposal that demonstrates MTI will be able to advance their current technology to the point where 99.999% germanium can be produced from lignite fly ash materials. Their objective of producing a value-added product from lignite aligns with NDIC/LRC goals. Germanium has significant commercial

value and is needed by industries in support of the Department of Defense and other industries needing high quality optics. Americom has expressed interest in building a pilot and eventually a commercial facility in North Dakota which would add jobs and revenue to the lignite regions of the state. This project builds upon the success of previous projects funded through NSF, DoD, NDIC and others. The project is leveraged 2:1 making it a good value the NDIC, and includes letters of support from North American Coal and Great River Energy.



**Reviewer 39-06 (Rating: FUNDING MAY BE CONSIDERED)**

The proposed project builds on prior work conducted by the PI and organization in developing Ge rich concentrates from lignite fly ash. The project is focused on further purifying the Ge to 5 nine purity.

This meets the goals and objectives of the LEC as well as current national security goals. The systems to further purify the Ge have not yet been designed and the specific additives needed to separate the impurities either have not been selected or not specified in the proposal. This creates risk that the investigators may not be able to achieve the desired results. Further justification for equipment costs is also needed. Funding may be considered if the team can provide more information on the experimental setup and the rationale for why they believe it will work.



# Industrial Commission of North Dakota

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Kelly Armstrong  
Governor

Drew H. Wrigley  
Attorney General

Doug Goehring  
Agriculture Commissioner

## Memo for Attachment 10

### SERC Request – Task 2

With the creation of the State Energy Research Center (SERC) within the Energy and Environmental Research Center (EERC) in 2019 (SB 2249), one of the tasks formalized in statute was to give “greater access to energy experts for timely scientific and engineering studies to support the state’s interests” (NDCC 15-11-40.1(b)). This is Task 2 in the contract between the NDIC and the EERC.

The appropriation to SERC for the 2025-2027 biennium is \$7.5 million. The current SERC contract maintains that \$750,000 of the biennium appropriation is to be dedicated to Task 2.

In the current biennium, \$250,000 has been approved by the NDIC for a study on the feasibility of geothermal energy in North Dakota.

The current request is for \$250,000 for the creation of an Energy Atlas, and if approved there would be \$250,000 remaining under Task 2 funding for the biennium.

Jordan Kannianen

Deputy Executive Director



**EERC**



UNIVERSITY OF  
**NORTH DAKOTA**



Critical Challenges. Practical Solutions.



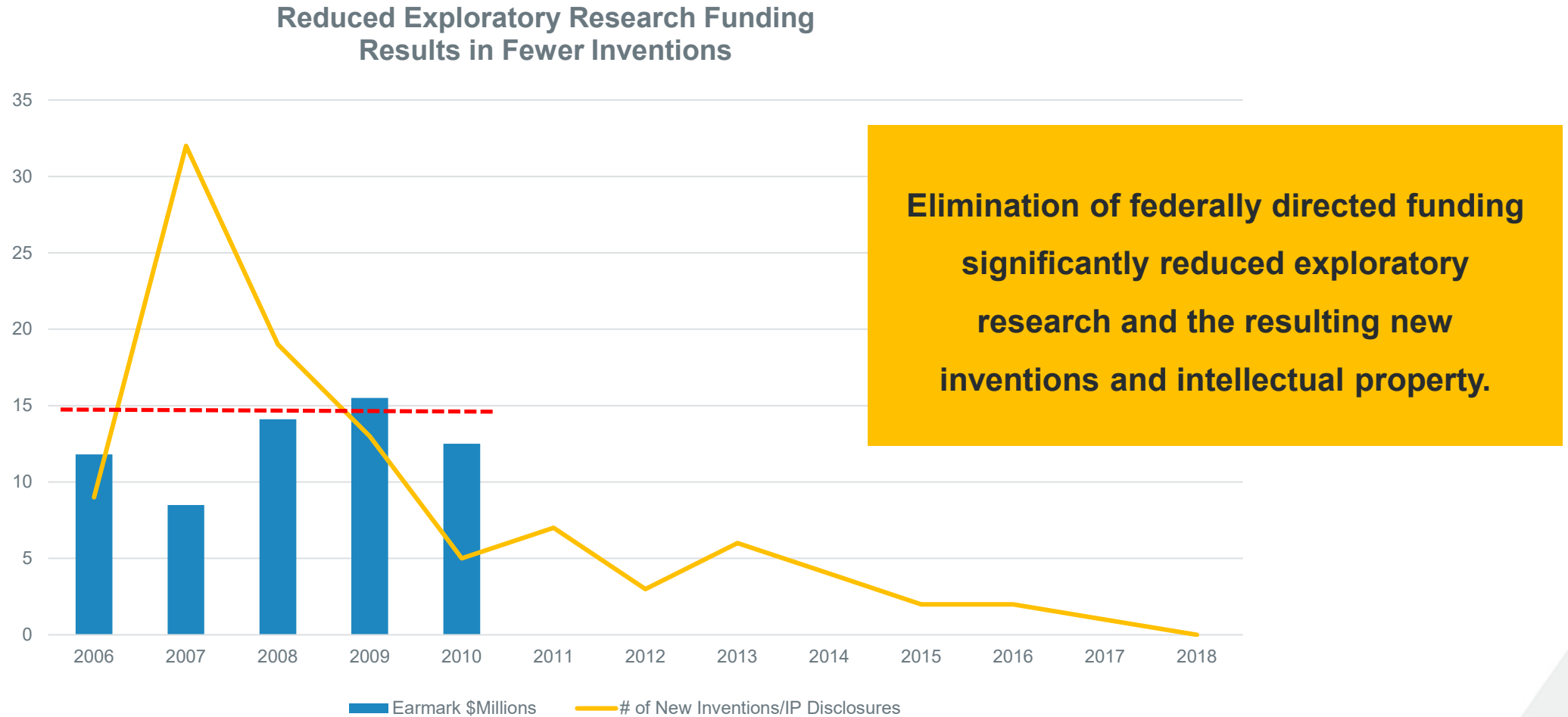
# State Energy Research Center Annual Report

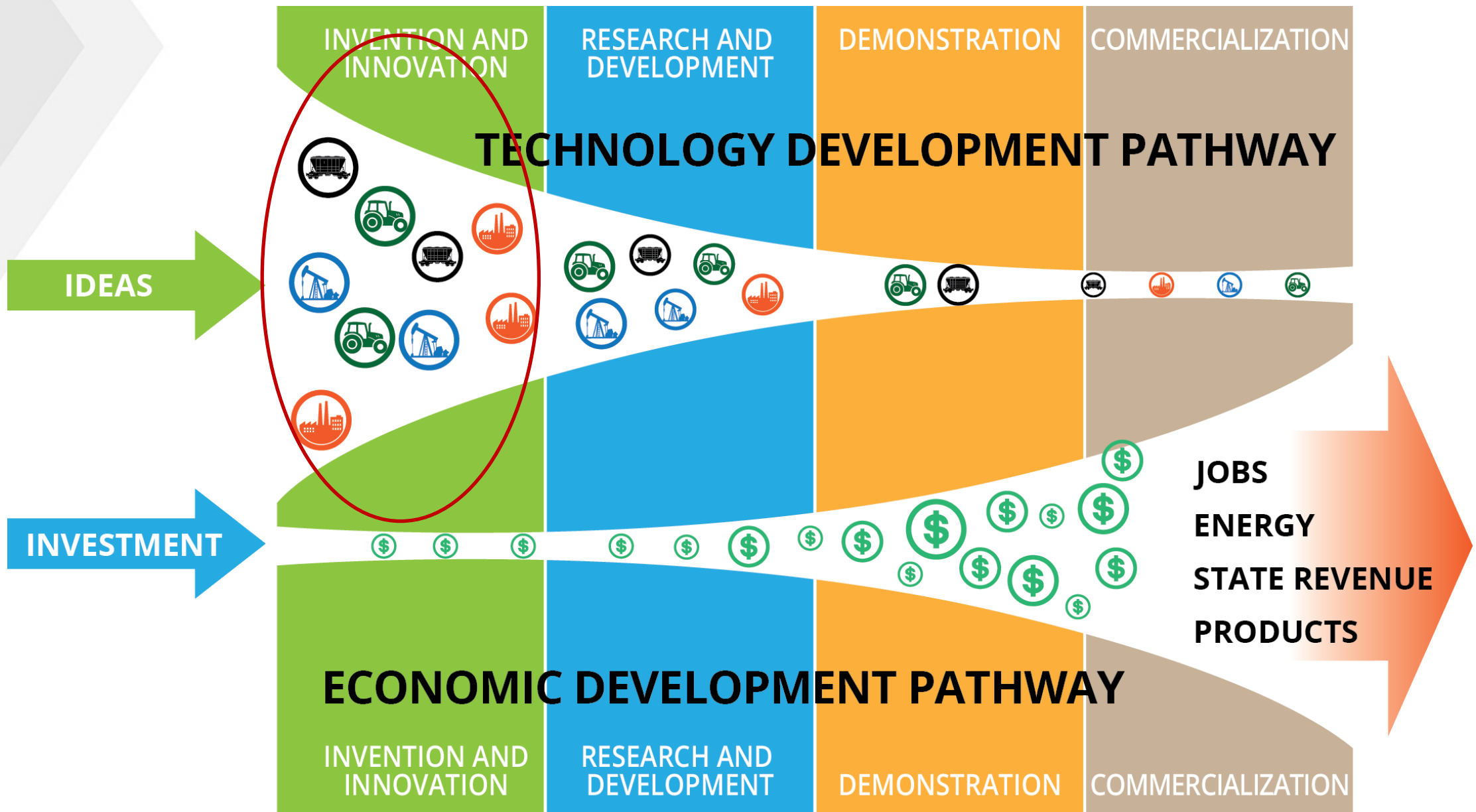
Presented to the North Dakota  
Industrial Commission

Thomas A. Erickson, EERC COO  
December 17, 2024



# Driven by Significant Reduction in New EERC Innovation and Invention





“ This funding would support North Dakota through 1) exploratory research, 2) ready access to EERC experts to address critical state needs in a timely manner, and 3) education and outreach throughout the state to advance North Dakota’s critical role.”

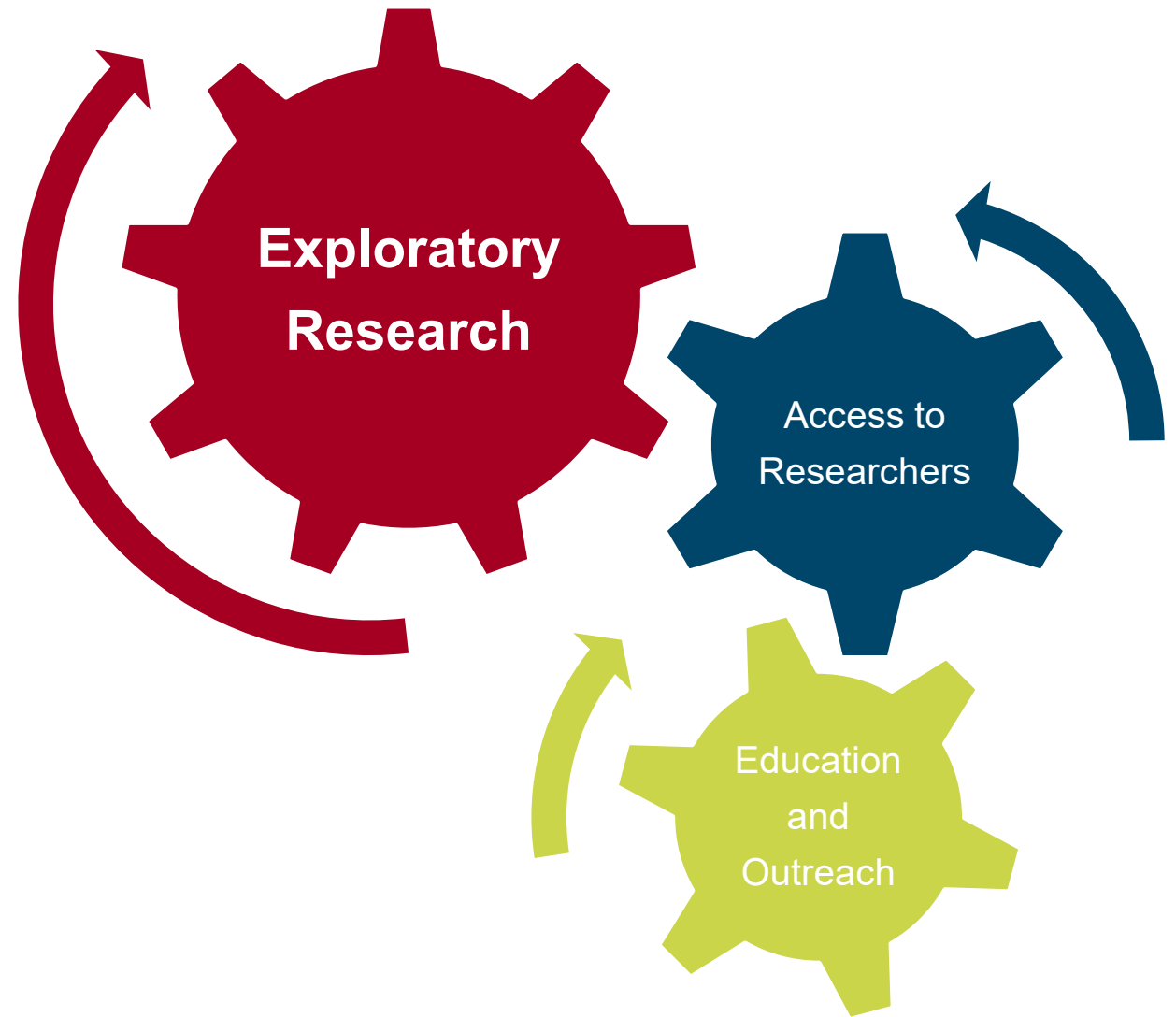
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“ Although the return on investment of this funding may be difficult to quantify, as evidenced by past performance, the benefits of these efforts will be orders of magnitude greater than the investment.”

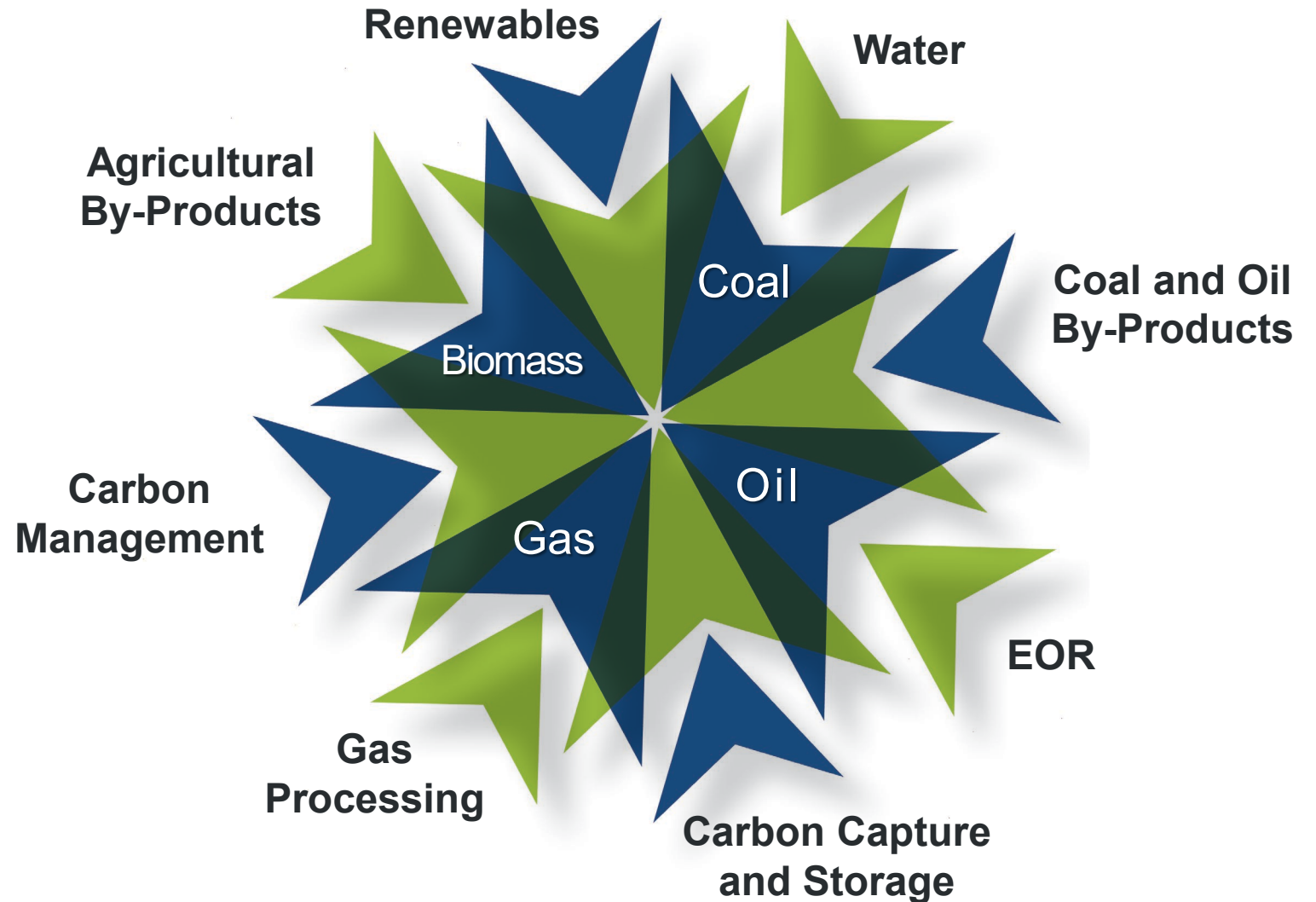
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# Exploratory Research



# Invention and Innovation

**Funded over  
80 projects/strategic  
initiatives across all  
North Dakota energy  
platforms!**



# Energy and Ag Optimization



**Exploratory research focused on North Dakota's energy and agriculture industries:**



Alternative methods of ammonia fertilizer production using proton exchange electrolytes (2023)



Electrical methods to improve assessment of well casing integrity (2023)



Low-density proppants from North Dakota clays and lignite fly ash as an alternative to frac sand (2023)



Advanced geothermal energy extraction in decommissioned wells (2024)



Optimization of hydraulic and natural fractures to improve Bakken oil production (2025)



Numerous studies relating to REE/CM characterization and extraction methods, as well as CCUS development

# Research and Development

**SERC exploratory projects lead to larger research and development (R&D) projects resulting in greater opportunities for North Dakota.**

- \$77 million on proposed follow-on R&D
- \$43 million in awarded R&D to date
- \$8 million in pending awards





# Demonstration

**Several SERC-supported technologies have begun demonstration/application testing already.**

- One technology in field demonstrations
- One technology nearing field demonstration
- Several technologies being tested for application-specific uses
- Several technologies seeking funding opportunities to advance to demonstration/specific use evaluations



# Commercialization

**SERC technologies are being protected and already commercialized to serve North Dakota.**

- 14 U.S. patent applications submitted to date (22 additional continuation, CIP, divisional, or foreign applications)
- 8 U.S. patents received to date (8 additional continuation or CIP patents received)
- Two commercial licenses finalized
- Other conversations occurring about licensing opportunities





# Polar Bear™

## Invention and Innovation

- SERC award to advance the compressor technology.

## R&D

- \$1,000,000 federal award.
- Significant in-kind support from Steffes.
- \$2,000,000 federal award.

## Demonstration

- Manufacturers developed specific compressor models.
- Several commercial demonstration units in the field.
- Up to 30 demonstration units to be deployed in near future.

## Commercialization

- Multiple patents already received.
- Commercial license with Steffes.



# Steffes Agreement Signing



# Ready Access to EERC Experts

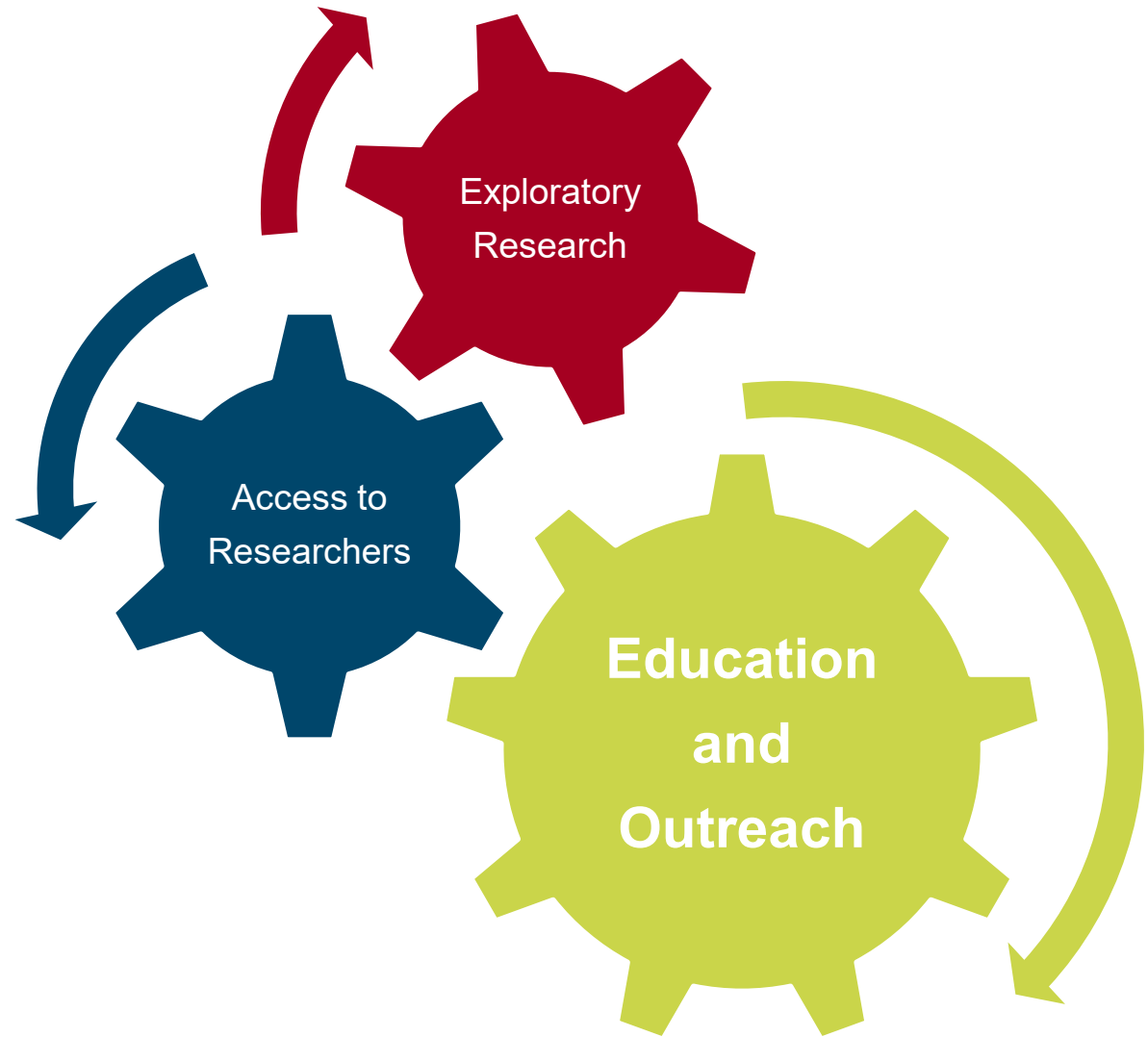


# Summary of Activities

**North Dakota Industrial Commission-chosen projects are focused on serving a critical and timely need for North Dakota.**

- Proposal for the state of North Dakota was ghostwritten (transmission grant).
- Study to estimate North Dakota tax revenue from potential Bakken EOR.
- Supported North Dakota Transmission Authority's grid resiliency planning.
- Feasibility of geothermal energy in North Dakota.

# Education and Outreach





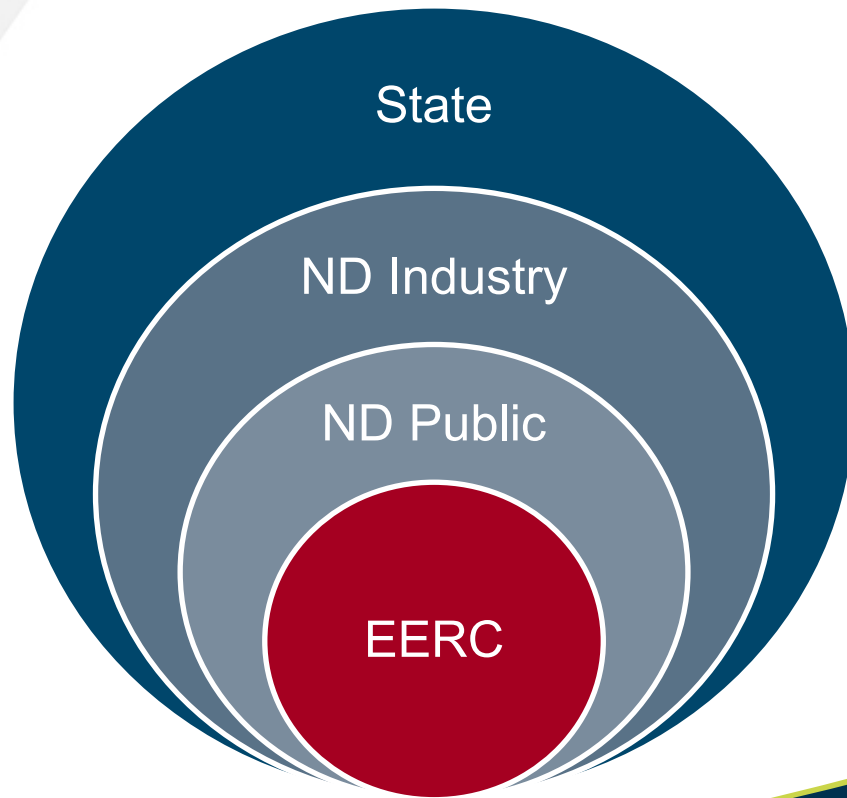
# Energy Hawks

The Energy Hawks program provides an opportunity for college students to learn about North Dakota's wide range of energy technologies to enhance their ability to serve North Dakota as employees, leaders, taxpayers, and voters in the future.

- Approximately 100 university students from throughout North Dakota.
- Students come from varied academic backgrounds.
- Energy Hawks learn about all aspects of North Dakota energy.
- Program includes a weeklong tour in western North Dakota visiting with state and industry leaders and touring facilities.
- Students are then tasked with identifying new opportunities.



# Qualifying and Quantifying the Impact



2019

2020

2021

2022

2023

2024

and BEYOND!



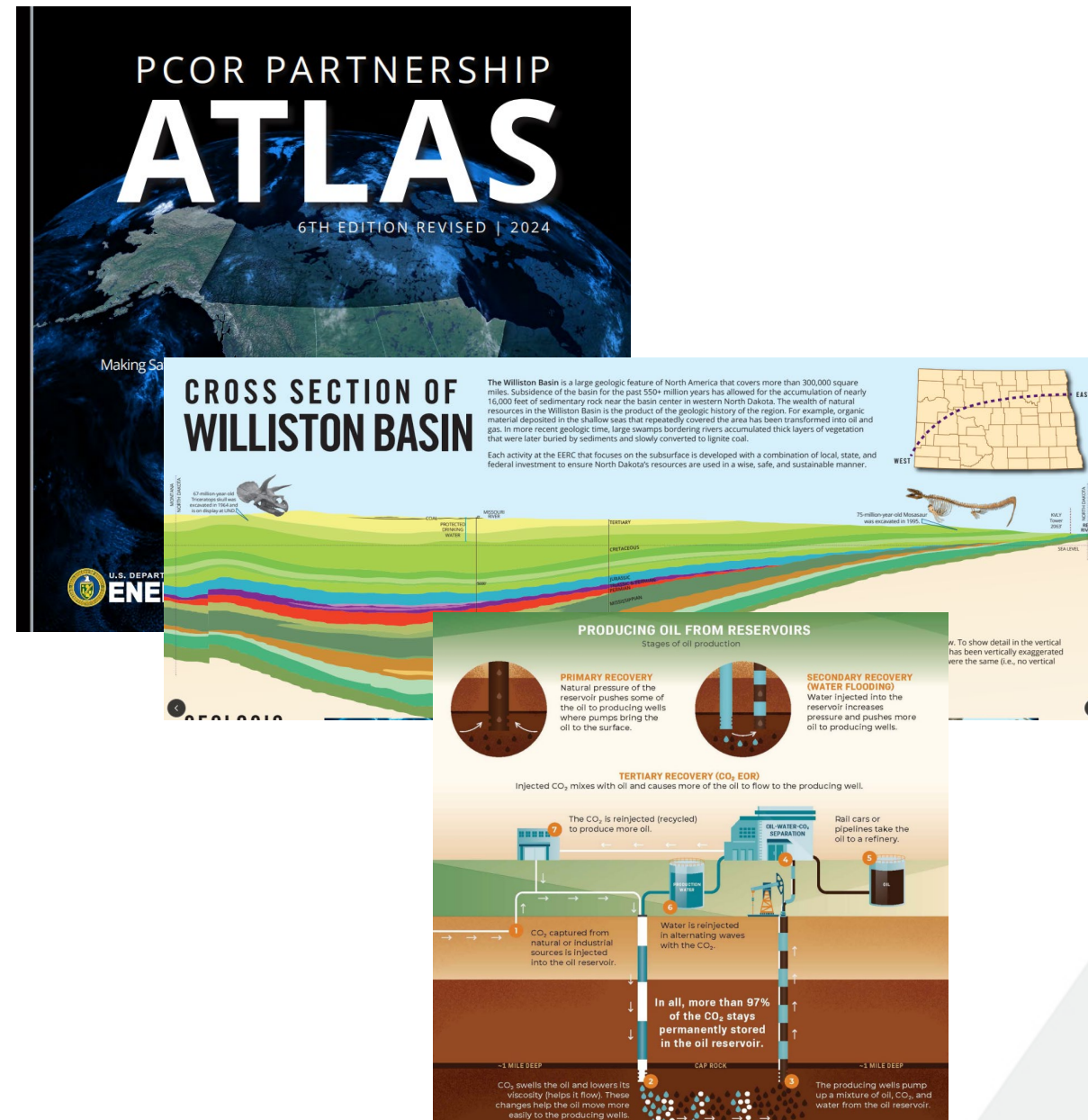


# North Dakota “Energy Atlas”

North Dakota Industrial Commission  
November 25, 2025

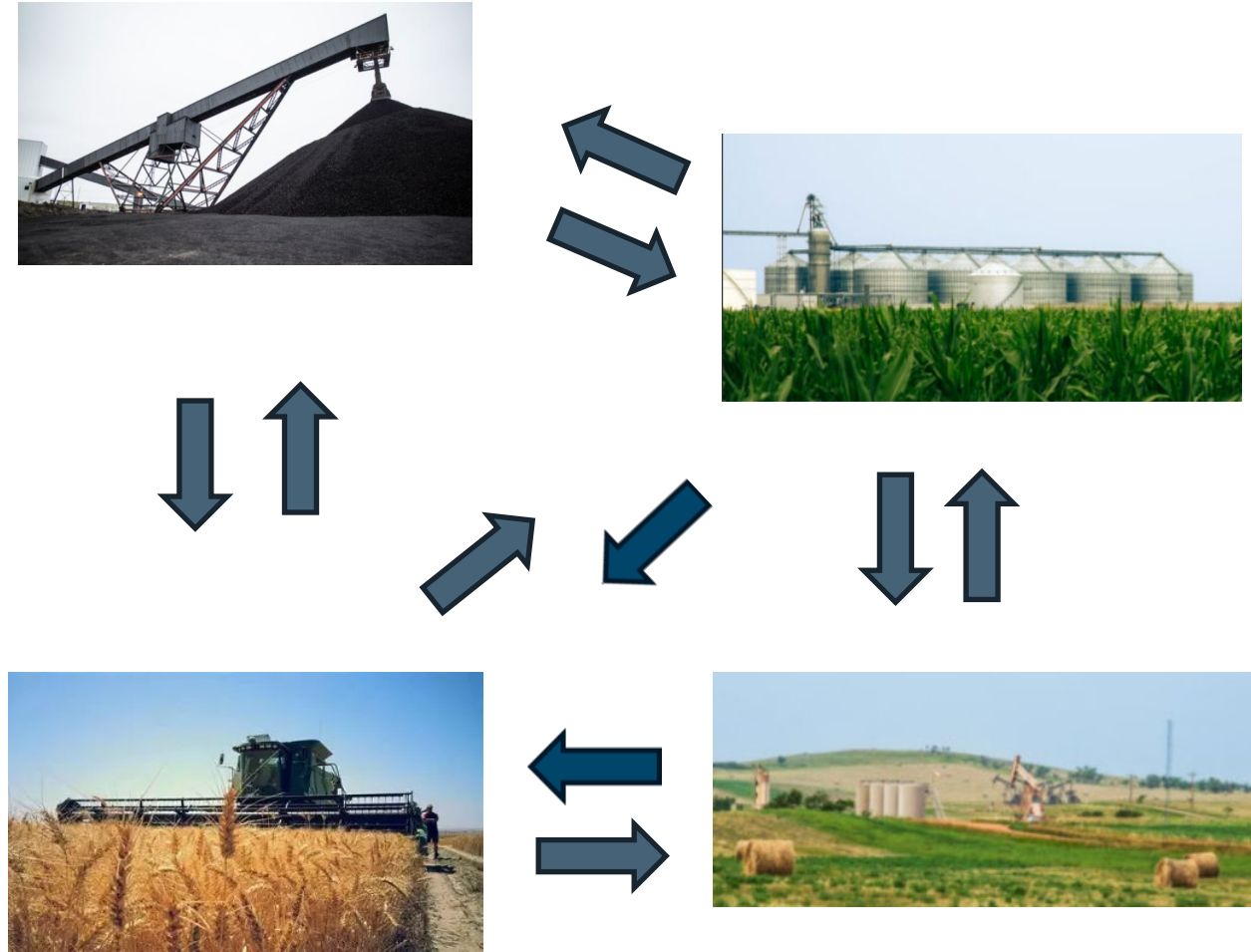
# Overview

- **Objective**
  - Develop an open-source educational guide that will provide a basic overview of North Dakota's energy industries, as well as explain the connected nature of those industries and overall impacts/benefits to the State of North Dakota in a single cohesive document.
- **Audience**
  - General public, educators, policymakers, industry representatives, other stakeholders.
- **Need**
  - Market and resource dynamics are driving diversification and adaptation within North Dakota's energy industries.
  - Issues impacting North Dakota are becoming more multi-faceted, and interconnectedness between oil and gas, coal, and agriculture continues to increase.
- **Energy Atlas will provide information, *context*, and information on technological solutions being pursued to address challenges.**
- Final Report available in 2026



# Outline

- **Mapping the Connections Between Oil, Coal, Power, and Agriculture**
  - Oil and Gas Production Overview
  - Coal Industry
  - Electric Generation and Transmission 101
  - Ag-Energy Nexus
- **Enhanced Oil Recovery: Unlocking the Next Frontier**
- **Infrastructure Challenges and Opportunities**
- **Policy Background**
  - Tax policy, revenues and distribution, workforce development and infrastructure support
- **Research Priorities and Emerging Opportunities**
  - Value-added energy
  - Strategic Partnerships/State R&D Programs







**Tom Erickson**  
**COO**  
**[terickson@undeerc.org](mailto:terickson@undeerc.org)**  
**701.777.5153**

**Energy & Environmental  
Research Center**  
University of North Dakota  
15 North 23rd Street, Stop 9018  
Grand Forks, ND 58202-9018

**[www.undeerc.org](http://www.undeerc.org)**  
**701.777.5000**

A wide-angle photograph of a university campus at sunset. The sun is low on the left, casting a warm glow over the scene. In the foreground, there are large trees with yellowing leaves. In the background, there are several large, multi-story brick buildings, some with white accents. A parking lot with many cars is visible in front of the buildings. The sky is a mix of orange, yellow, and blue.

**THANK YOU**

**Critical Challenges. Practical Solutions.**



# Outdoor Heritage Fund Budget Update

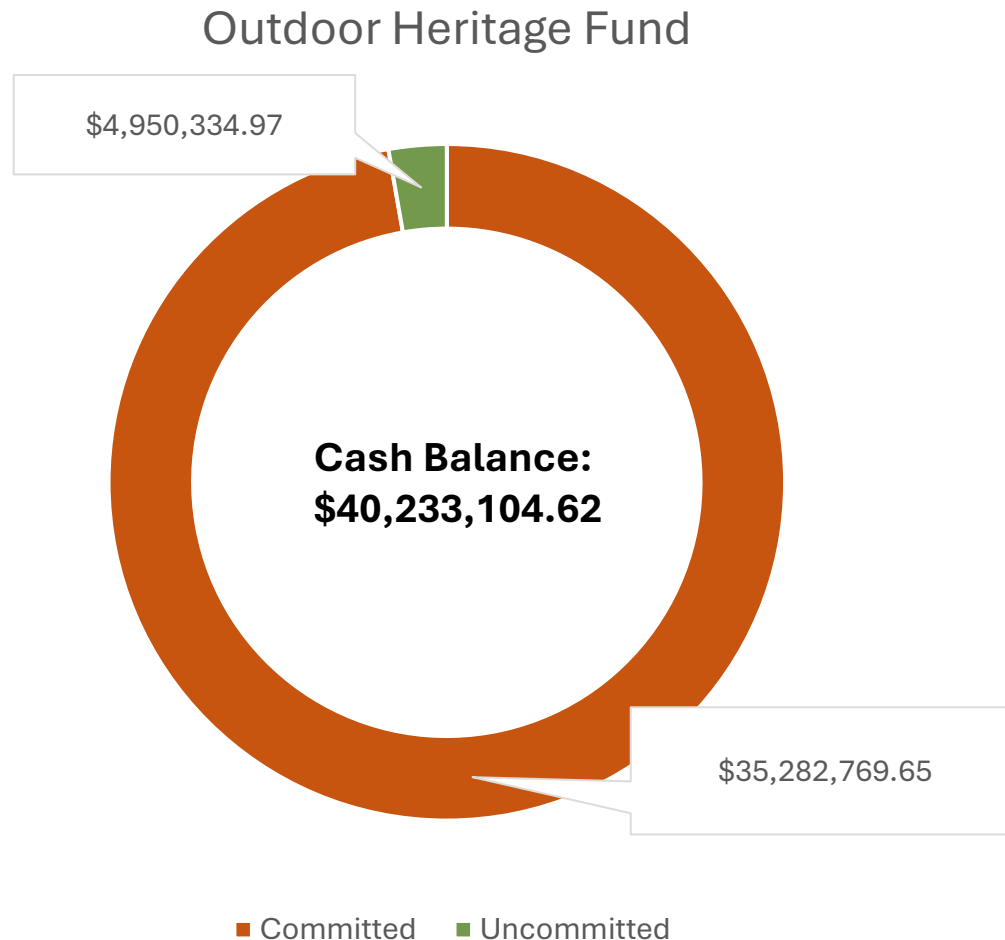
Brenna Jessen, Grants Officer & Fiscal Manager, NDIC

December 17, 2025



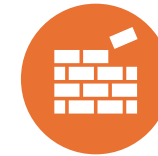


# Outdoor Heritage Fund Balance Beginning of 2025-2027 Biennium



## Funding Source:

- \$15 million oil production taxes



**260 Cumulative Projects**



**82 Active Projects**



## Cumulative Value:

- \$96.4 million granted
- \$232.7 million project value



Number	Directive	Title	Applicant	OHF Funding Request	Total Project Cost	Project Description
27-2	C	Private Forest Improvement and Protection Program	ND Game & Fish	\$ 600,000.00	\$ 870,000.00	Offer financial assistance to private landowners in the Turtle Mountains willing to implement forest management practices and participate in a 20-year forest protection agreement.
27-4	C	Planting for the Future	North Dakota Petroleum Foundation	\$ 510,000.00	\$ 1,471,210.00	Plant 200,000 trees on private lands across multiple counties during 2026- 2027. The program removes financial barriers to 30+ landowners annually by providing trees at no cost, requiring only the landowners commitment to proper site preparation and maintenance.
27-5	D	Accessible Kayak Launch at Nickeus Park	Jamestown Parks and Recreation District	\$ 41,873.00	\$ 57,873.00	Install a universally designed, ADA-compliant kayak launch with transfer platforms, adaptive handrails, and stability rollers that allow users to independently and safely launch and retrieve kayaks along with accessible pathways and interpretive signage at Nickeus Park along the James River.
27-7	C	ND Prairie Management Toolbox II	Audubon Great Plains	\$ 1,050,000.00	\$ 1,949,495.00	Provide financial assistance by collaborating with 45 private landowners to implement regenerative grassland management practices including invasive woody vegetation removal on 1,500 acres and grazing infrastructure on 9,000 acres.
27-8	D	MAYSA Cross Country Trails	Minot Park District	\$ 61,958.00	\$ 82,610.00	Proposing the creation of the MAYSA Cross Country Trails, a new trail system located on a former landfill to establish approximately 3200M of dedicated cross-country trails designed for both public recreational use and as a training and competition venue for area schools.
27-9	B	Big Stick Conversion Well Pipeline	Medora Grazing Association	\$ 300,584.00	\$ 400,779.00	Construct a new water-distribution system that delivers water from the recently converted oil to freshwater well by installing approximately 43,694 linear feet of underground pipeline which will supply water to an estimated 6,375 Animal Unit Months of livestock and improve water distribution and habitat quality across nearly 15,000 acres.
27-10	B	Governor's LEGACY Soil Health and Habitat Program	ND Association of Soil Conservation Districts	\$ 4,310,000.00	\$ 6,505,000.00	Support the long-term productivity and resilience of 10,000 acres of cropland by establishing perennial grass cover which is open to all types of cropland and offers annual payments on five-year agreements to help farmers explore the benefits of perennial cover.
27-11	A	ND Wetland Access and Restoration Project	Ducks Unlimited, Inc.	\$ 570,000.00	\$ 1,050,000.00	Incentivize the enrollment of new Private Lands Open To Sportsmen (PLOTS) acres and other existing short-term PLOTS acres into longer term, 10-year PLOTS agreements while simultaneously restoring 100 acres of critical wetland habitat.
27-14	B	Grasslands Enhancement Project Phase III	Ducks Unlimited, Inc.	\$ 555,852.00	\$ 807,799.00	Continue to focus on enhancing rotational grazing infrastructure by providing cost share assistance to 20 lessees with project enhancements across 8,000 acres of critical grassland and wetland habitat on state school trust, public, PLOTS, and adjacent private land.
27-16	D	Educational Prairie Trails	United Prairie Foundation	\$ 113,700.00	\$ 232,450.00	Trails that feature high-diversity native plantings, new trail connections, and a series of eight interpretive signs highlighting different aspects of prairie ecology.
				\$ 8,113,967.00	\$ 13,427,216.00	

Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-2**

Project Title: Private Forest Improvement and Protection Program  
Applicant: ND Game and Fish Department  
Primary Contact: Nate Harling  
Total Project Costs: \$870,000  
OHF Request: \$600,000

Match Amount	Funding Source	Match Type
15,000	Landowner	Cash
40,000	ND Game and Fish Dept.	Cash
50,000	ND Game and Fish Dept.	In-Kind
50,000	ND Forest Service	In-Kind
115,000	Rocky Mtn. Elk Foundation	Cash
<b>270,000</b>	<b>Total</b>	

Percentage of Matching Funds: 31%

Project Duration: 2026 - 2030

Major Directive: C

Additional Directive: A

Summary of Project: Offer financial assistance to private landowners in the Turtle Mountains willing to implement forest management practices and participate in a 20-year forest protection agreement.

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Technical Committee Comments:

- Snag with the match funding from Rocky Mtn Elk Foundation
- 1<sup>st</sup> application received for forest improvement
- Would be a great partnership for OHF

Comments from the OHF Advisory Board members:

- Nice to see a project for forest protection
- 

Funded Projects					
Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe

1-17	2,733,000	ND Game & Fish Department Outdoor Heritage Habitat Initiative	1,900,000	1,900,000	Completed
<sup>1</sup> 3-40	38,000,000	North Dakota Pheasant Habitat Initiative	3,000,000	105,119	Completed
17-172	1,313,400	Red River Basin Wildlife and Water Quality Enhancement Pilot Program	270,000	25,880.84	2021-2026
26-259	2,100,000	Western North Dakota Private Land Open to Sportsmen (PLOTS)	1,500,000	0.00	2025-2029
<b>Total</b>	<b>44,146,400</b>		<b>6,670,000</b>	<b>2,030,999.84</b>	

### **OHF Advisory Board Recommendation**

Contingencies: None

Conflicts of Interest: None

Funding Vote: 7-4

Funding Amount Vote: \$600,000

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<sup>1</sup> Returned Commitment of \$2,894,881

# Outdoor Heritage Fund Grant Application



## Instructions

After completing the form, applications and supporting documentation may be submitted by e-mail to [ndicgrants@nd.gov](mailto:ndicgrants@nd.gov). It is preferred that only electronic copies are submitted.

You are not limited to the spacing provided, except in those instances where there is a limit on the number of words. If you need additional space, please indicate that on the application form, answer the question on a separate page, and include with your submission.

The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date. Incomplete applications may not be considered for funding.

Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.

Project Name: **Private Forest Improvement and Protection Program**

Name of Organization: ND Game and Fish Department

Federal Tax ID# 45-6002467

Contact Person/Title: Nate Harling, Habitat Program Manager – Private Lands

Address: 100 N. Bismarck Expy

City: Bismarck

State: ND

Zip Code: 58501

E-mail Address: [nharling@nd.gov](mailto:nharling@nd.gov)

Web Site Address (If applicable): [gf.nd.gov](http://gf.nd.gov)

Phone: 701-516-3079

List names of co-applicants if this is a joint proposal: Matt Olson, Forest Stewardship Manager, ND Forest Service

**MAJOR Directive:**

Choose only one response

☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

☐ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;

☒ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and

☐ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

☒ **Directive A.**

☐ **Directive B.**

☒ **Directive C.**

☐ **Directive D.**

**Type of organization:**

☒ State Agency

☐ Political Subdivision

☐ Tribal Entity

☐ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

*The forests of the Turtle Mountain region are ecologically unique and historically significant, offering critical fish and wildlife habitat, recreational opportunities, scenic landscapes, and vital contributions to the local economies. Though they represent the state's single largest area of native forest, they are increasingly threatened by land-use changes. This pilot program presents a timely and meaningful opportunity to address those challenges by providing landowner incentives to actively manage and protect their forest from conversion. Conserving these areas is a high priority for both the North Dakota Game and Fish Department (NDGF) and the North Dakota Forest Service (NDFS).*

*In 2022, the North Dakota Forestry Advisory Council created a working group to develop and implement a landscape forest stewardship plan for the Turtle Mountains. The working group*

*engaged state, federal, and tribal agencies plus other individual and organizational stakeholders to assess needs and interest in improving the forest and published the Turtle Mountain Landscape Forest Stewardship Plan (Plan) in 2024.*

*Eight categories of landowner objectives were developed through this process:*

- 1. Forest Conservation*
- 2. Forest Aesthetics*
- 3. Forest Health Management*
- 4. Wildlife Management*
- 5. Recreation*
- 6. Forest Products*
- 7. Conservation-Based Estate/Legacy Planning*
- 8. Fire (Wild and Prescribed)*

*This OHF proposal aims to support a program that addresses objectives # 1, 2, 3, 4, and 5 from the Plan by offering financial assistance to private landowners willing to implement forest management practices and participate in a 20-year forest protection agreement.*

*Jointly, the North Dakota Game and Fish Department (NDGF) and North Dakota Forest Service (NDFS) are requesting \$600,000 in funding from the Outdoor Heritage Fund to supplement \$270,000 in match to create the Private Forest Improvement and Protection Program. Benchmarks for this pilot program include:*

- Development of site-specific forest stewardship plans*
- Implementation of recommended forestry management practices (aspen mastication and/or oak thinning)*
- Enrollment in 20-year non-conversion agreements to protect these areas from development to other land uses*
- Incentivize enrollment in NDGF's PLOTS program for the 20-year non-conversion agreement term.*

*Native forests are often an afterthought in North Dakota – a prairie state known for its grasslands and wetlands. Covering only approx. 1% of the state, we take these areas for granted, underestimate their value, and unfairly assume they will endure eternally. Unfortunately, many threats exist that challenge that notion and impacts have and will continue to be seen.*

*Threats to this landscape include converting forested acres to other types of land uses, tree diseases and pests, over-age forest composition that lacks natural disturbances, absence of a timber products industry (to aid in forest disturbance and rejuvenation), and residential/cabin development. Losing forested acres degrades air and water quality, reduces fish and wildlife habitat quality and quantity, reduces recreational opportunities and erodes historical significance.*

*Funding this pilot program is an opportunity to begin to address these challenges and provide a foundation to build sustainable success in one of North Dakota's beloved natural treasures.*

**Project Duration:** *Four years*

**Indicate the intended schedule for drawing down OHF funds.**



*The draw down schedule is difficult to project due to the unknown timing of the grant being authorized and total funds available. Best estimates for expenditures and OHF drawdown are as follows:*

2026 - 30%  
 2027 - 50%  
 2028 - 20%  
 2029 - 0%

**Amount of Grant request: \$600,000**

**Total Project Costs: \$870,000**

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds: \$270,000**

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$15,000	Landowner	Cash
\$40,000	ND Game and Fish Dept.	Cash
\$50,000	ND Game and Fish Dept.	In-kind
\$50,000	ND Forest Service	In-kind
\$115,000	Rocky Mtn. Elk Foundation	Cash**

\*\* RMEF grant funding pending; submitted on 9/12/25. RMEF did not provide an application status update prior to the OHF grant application submission.

### **Certifications**

X I certify that this application has been made with the support of the governing body and chief executive of my organization.

X I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

## Narrative

### **Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.**

Include an overview of your organizational structure, including board, staff and volunteer involvement. (no more than 300 words)

*NDGF was established in 1930, guided by a mission to protect, conserve and enhance fish and wildlife populations and their habitats for sustained public consumptive and nonconsumptive use. The Department has 170 FTE employees, led by a Director and Deputy Director, as well as an eight-member advisory board that organizes public engagement. The Private Land Initiative is the primary mechanism for applying this mission on private lands across North Dakota.*

*The Private Lands Initiative has three main goals:*

- Conservation of habitats for fish and wildlife populations*
- Provide landowners interested in wildlife conservation with cost share assistance for developing and protecting habitat*
- Provide the public with opportunities to access fish and wildlife resources on private land.*

*The Private Land Open To Sportsmen program (PLOTS) provides financial and technical assistance to private landowners for habitat protection, enhancement and development. Landowners accepting assistance through PLOTS agree to allow public access for walk-in hunting.*

*In 2024, NDGF expanded its private land programs to incorporate conservation programs that do not require public access, including 10-year agreements for new grass plantings and 30-year native grassland protection agreements in southwestern ND, protecting native prairie grasslands from conversion to other land uses.*

*NDFS is organized under the North Dakota Board of Higher Education. The agency is administered by the State Forester who reports to the president of North Dakota State University at Fargo and supports the land grant mission in public service. The mission of the NDFS is to "care for, protect and improve forest resources to enhance the quality of life for future generations." A wide variety of customers depend on NDFS for technical, financial and educational forestry assistance. The State Forester administers forestry programs serving communities, rural landowners, soil conservation districts, rural fire districts, schools and citizens of North Dakota. All the programs utilize a voluntary, educational and incentive-based approach to address natural resource needs and customer demands.*

### **Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names

of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

*This new and unique approach directly addresses Directive C; developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands. This pilot program will conserve and protect 1,000 acres of privately owned forested lands for 20 years by offering an up-front incentive to ensure these lands are not converted to other land uses. Additionally, 10% (100 acres) of the forest stand is required to undergo forest management activities.*

*Some parcels in the project area have incorporated these same forest management practices in recent years. In order to not disqualify them for protection agreements, NDGF and NDFS agreed that if the minimum 10% stewardship component has been completed in the past five years, those parcels will be considered qualified for protection agreements. Of note, payments will not be issued for stewardship activities completed during the five years prior to the authorization of this grant – only future stewardship activities on enrolled parcels.*

*This program will also address Directive A; in that it will provide a portion of funding to enroll 600 acres in the PLOTS program, providing unrestricted walk-in hunting access. Hunters rely on access to public and private lands in the Turtle Mountains to pursue species like elk, white-tailed deer, moose, ruffed grouse and other small game species.*

*Other voluntary access options will also be encouraged, such as the Department's HuntLink app, which connects hunters and landowners seeking permission for specific hunting opportunities (e.g., coyotes, antlerless deer, or youth hunts). Landowners can designate their preferences and contact information through their NDGF account, and hunters can view these listings via the Department's online mapping application.*

*The Department is also developing new access opportunities, including customized electronic posting, which will begin in 2026 and allows landowners to specify posting dates rather than closing access for an entire season. Additional access models such as controlled or reservation-based systems are also being evaluated. As these tools become available, they will be offered as flexible options to participating landowners.*

*The North Dakota Forest Service has a long history of working with landowners in the Turtle Mountains to develop recommendations through Forest Stewardship Plans to meet their goals for their property. Unfortunately, forestry management practices require specialized equipment and operator skills. This work is expensive, physically demanding, and very time-consuming, leaving many landowners unable to complete the work on their own.*

*Similar to native grass stands, native forests need periodic disturbance to maintain their quality. Without natural disturbance (primarily wind and fire events), this program becomes necessary to address the issues that threaten the long-term health and viability of the oak-aspen forests of the Turtle Mountains.*

Is this project part of a Comprehensive Conservation Plan? ☐ Yes

If yes, provide a copy with the application.

Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-4**

Project Title: Planting for the Future  
Applicant: North Dakota Petroleum Foundation  
Primary Contact: Eric Delzer  
Total Project Costs: \$1,471,210  
OHF Request: \$510,000

Match Amount	Funding Source	Match Type
650,500	NDPF	Cash
153,460	Landowners	Cash
17,000	ND Petroleum Council	In-Kind
140,250	Landowners	In-Kind
<b>961,210</b>	<b>Total</b>	

Percentage of Matching Funds: 65%

Project Duration: January 2026 – December 2028

Major Directive: C

Additional Directive: B

Summary of Project: To plant 200,000 trees on private lands across multiple counties during 2026-2027. The program removes financial barriers to 30+ landowners annually by providing trees at no cost, requiring only the landowners commitment to proper site preparation and maintenance.

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Technical Committee Comments:

- Overall it is a great project
- Need more consistency across these projects
- Concern on species being chosen (lilac and caragana) - would like more wildlife friendly options
- 5-year-old tree plantings cannot withstand cattle grazing. Would prefer to see 10-year livestock exclusion

Comments from the OHF Advisory Board members:

- Good series of projects – no other comments
- 

Funded Projects					
Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe

<sup>1</sup> 10-116	196,375	Planting for the Future: Tree Habitat Program	108,125	102,681.75	Completed
<sup>2</sup> 14-151	224,650	Planting for the Future	88,650	76,860.78	Completed
19-195	732,500	North Dakota Petroleum Foundation Planting for the Future	371,000	371,000	Completed
<b>Total</b>	<b>1,153,525</b>		<b>567,775</b>	<b>550,542.53</b>	

### **OHF Advisory Board Recommendation**

Contingencies: None

Conflicts of Interest: One

Funding Vote: 11-0

Funding Amount Vote: \$510,000

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<sup>1</sup> Returned Commitment of \$5,443.25

<sup>2</sup> Returned Commitment of \$11,789.22

# Outdoor Heritage Fund Grant Application



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The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date. Incomplete applications may not be considered for funding.

Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.

Project Name: [Planting for the Future](#)

Name of Organization: [North Dakota Petroleum Foundation](#)

Federal Tax ID#: [83-1389235](#)

Contact Person/Title: [Eric Delzer, Grants Administrator](#)

Address: [100 W Broadway Avenue, Suite 200](#)

City: [Bismarck](#)

State: [ND](#)

Zip Code: [58501](#)

E-mail Address: [edelzer@ndoil.org](mailto:edelzer@ndoil.org)

Web Site Address (If applicable): [www.ndpetroleumfoundation.org](http://www.ndpetroleumfoundation.org)

Phone: [701-204-7348](#)

List names of co-applicants if this is a joint proposal



**MAJOR Directive:**

Choose only one response

- ☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- ☐ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;
- ☒ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and
- ☐ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

- ☐ **Directive A.**
- ☒ **Directive B.**
- ☐ **Directive C.**
- ☐ **Directive D.**

**Type of organization:**

- ☐ State Agency
- ☐ Political Subdivision
- ☐ Tribal Entity
- ☒ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

North Dakota's forests cover only 1.8% of the state's land area—approximately 815,000 acres—yet they provide critical watershed protection, wildlife habitat, and soil conservation benefits. With 70% of this forested land in private ownership and facing threats from inclement weather, invasive species, and over-maturity, engaging private landowners is essential to preserving and expanding North Dakota's natural heritage. The Planting for the Future program addresses this challenge by partnering with landowners to establish large-scale conservation plantings that create lasting wildlife habitat across the state.

The North Dakota Petroleum Foundation (NDPF) requests \$510,000 in Outdoor Heritage Fund support for a \$1,471,210 project to plant 200,000 trees on private lands during 2026-2027. This request includes \$961,210 in matching funds (65% of total project costs), comprising cash contributions from landowners and industry partners, in-kind labor from volunteers and property owners, and administrative support from North Dakota Petroleum Council staff.

Since its establishment in 2018, Planting for the Future has planted approximately 671,656 trees across North Dakota, consistently exceeding the NRCS standard of 50% survival rates through comprehensive two-year monitoring and replanting protocols. **The program anticipates serving 30+ landowner participants annually and is on track to reach its goal of planting one million trees by 2030.**

This grant will fund tree and shrub plantings across multiple North Dakota counties in 2026 and 2027, with projects designed by qualified habitat consultants in accordance with USDA-NRCS specifications. Species selection will be tailored to each site's unique conditions, but typically includes ponderosa pine, Scotch pine, cedar, buffaloberry, and other native species proven to provide excellent wildlife cover and habitat value. Projects will utilize either the knifing and fabric method or the scalping method, depending on site conditions and landowner preferences, with all installations including appropriate weed control measures.

Planting for the Future also leverages the North Dakota Public Service Commission's Tree and Shrub Mitigation Program, creating partnerships between oil and gas companies seeking to fulfill vegetation replacement requirements and landowners committed to habitat improvement. Plantings that are required under the mitigation requirements are 100% company-funded, and OHF funds are not applied to those projects. The program removes financial barriers by providing trees to landowners at no cost, requiring only their commitment to proper site preparation and maintenance.

All projects will be monitored for up to two years following installation. Projects that fail to achieve 50% survival will receive replacement trees to ensure success. This commitment to follow-through has resulted in consistently high survival rates, with recent projects averaging 73-84% survival despite challenging weather conditions.

The program will be managed by experienced NDPC staff with proven track records in grant administration and conservation project delivery, supported by qualified contractors, including David Shockman, Nathan Jensen, and other habitat specialists with extensive tree planting experience.

Tree planting will occur in spring 2026 and 2027, with the majority of OHF funds drawn down in May-June of each year. Monitoring and potential replanting will continue through December 2028.

**Project Duration:** January 2026-December 2028

**Indicate the intended schedule for drawing down OHF funds.**

This grant request is for projects that will be planted in 2026 and 2027. A majority of the funding will be drawn down in May and/or June of each year when planting takes place. Additional requests for funds may be made in 2028 for replacement trees.

**Amount of Grant request:** \$510,000.00

**Total Project Costs:** \$1,471,210.00

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds:** \$961,210.00

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$ 650,500.00	NDPF	Cash
\$ 153,460.00	Landowners	Cash
\$ 17,000.00	ND Petroleum Council	In-Kind
\$ 140,250.00	Landowners	In-Kind

### **Certifications**

☒ I certify that this application has been made with the support of the governing body and chief executive of my organization.

☒ I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

### **Narrative**

**Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.**

Include an overview of your organizational structure, including board, staff and volunteer involvement. (no more than 300 words)

The North Dakota Petroleum Foundation (NDPF), a 501(c)(3) nonprofit, was founded by the North Dakota Petroleum Council in 2018 to support our state and the communities in which we operate. Its mission is to provide and support education and outreach opportunities related to

the petroleum industry, to develop and advance quality-of-life initiatives, to promote and enhance North Dakota's conservation heritage, and to advocate for the industry and its communities to ensure their voices are heard and respected. The NDPF works to achieve this mission through outreach programs, scholarships and education opportunities, and environmental stewardship programs.

The NDPF is governed by a seven-member board of directors and is managed by an executive director and CEO. Volunteers from NDPC member companies, partner organizations, and area communities also help support the NDPF's various programs and initiatives throughout the year.

The NDPF is supported by revenues from the Williston Basin Petroleum Conference, as well as donations from the North Dakota Petroleum Council, the Foundation's Board of Directors, industry companies and employees, and grants from the Oil and Gas Research Council and Outdoor Heritage Fund.

**Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

For tree/shrub/grass plantings: provide a planting plan describing the site design, planting methods, number of trees/shrubs by species and stock size, grass species and future maintenance. A statement certifying that the applicant will adhere to USDA-NRCS tree/shrub/grass planting specifications along with the name of the governmental entity designing the planting may be substituted for a planting plan.

For projects including Section 319 funding: provide in detail the specific best management practices that will be implemented and the specific projects for which you are seeking funding.

For projects including fencing: A minimum cost share of 40% by the recipient is preferred. Include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

**Alignment with Outdoor Heritage Fund Directives and State Conservation Priorities**

This project directly advances OHF Directive C by developing, enhancing, and restoring wildlife habitat on private lands through large-scale conservation tree plantings. It simultaneously supports Directive B by improving water quality, soil conditions, and plant diversity while promoting conservation stewardship practices that enhance farming and ranching operations. Each project site will be designed to maximize habitat value for both upland and wetland wildlife species while providing tangible benefits to agricultural operations through windbreaks, erosion control, and watershed protection.

Planting for the Future also directly supports the strategic priorities identified in North Dakota's State Wildlife Action Plan (SWAP)<sup>1</sup>. The SWAP emphasizes that "the key to ensuring long-term survival of these resources in North Dakota is to maintain diverse grasslands, wetlands, woodlands, rivers and streams." The plan explicitly recognizes that "nearly 90 percent of North Dakota is held in private ownership" and that "working with landowners to conserve fish and wildlife resources is a top priority." This project addresses multiple SWAP priorities:

The SWAP identifies 115 Species of Conservation Priority, including 47 bird species, 21 mammals, and numerous other taxa that depend on woody cover. Tree and shrub plantings directly benefit many Level I and Level II priority species by providing:

- Nesting habitat for sharp-tailed grouse, ring-necked pheasant, and various songbirds
- Winter thermal cover for white-tailed deer and mule deer
- Food sources (fruits, seeds, insects) for birds and small mammals
- Migration stopovers and breeding habitat for neotropical migrants
- Escape cover and movement corridors connecting habitat patches across agricultural landscapes

The SWAP identifies habitat loss, fragmentation, and degradation as primary threats to North Dakota's wildlife. By establishing permanent woody plantings on private agricultural lands, this project directly counteracts these threats while creating habitat heterogeneity beneficial to multiple species.

The SWAP recognizes that conservation success in North Dakota depends on private landowner engagement. This project exemplifies the collaborative private lands approach that the SWAP advocates, providing technical assistance and resources that enable landowners to create habitat while maintaining productive agricultural operations.

Rather than focusing on isolated projects, Planting for the Future creates habitat across multiple counties and landscapes, supporting the SWAP's emphasis on maintaining connected, functional ecosystems that sustain diverse fish and wildlife populations. Planting for the Future directly advances the SWAP's vision of preserving North Dakota's wildlife diversity by strategically creating habitat on the private lands that constitute the vast majority of the state's wildlife habitat base.

North Dakota's conservation landscape differs fundamentally from most western states. While states like Montana, Wyoming, and Colorado have vast expanses of federal lands managed by agencies such as the U.S. Forest Service and the Bureau of Land Management, North Dakota's public land base is comparatively limited. Approximately 70% of North Dakota's forested land and the overwhelming majority of the state's wildlife habitat exist on private property<sup>2</sup>. This means that North Dakota's wildlife populations—from pheasants and deer to waterfowl and songbirds—depend almost entirely on the stewardship decisions of private landowners.

This dependence on private lands makes programs like Planting for the Future essential to conservation success in North Dakota. Unlike states where public land management drives wildlife populations, North Dakota must engage private landowners as active conservation partners. When private landowners succeed in creating and maintaining quality habitat, North Dakota's wildlife thrives. When economic or practical barriers prevent private land conservation, wildlife populations suffer accordingly.

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<sup>1</sup> North Dakota Game and Fish Department. (2025). *State Wildlife Action Plan*. <https://gf.nd.gov/wildlife/swap>

<sup>2</sup> According to the North Dakota Forest Services's "North Dakota Forest Action Plan", which is the most recent data available: <https://www.ag.ndsu.edu/ndfs/documents/2020-north-dakota-forest-action-plan-final.pdf>



Only 1.8% of North Dakota's land area is currently forested (approximately 815,000 acres), and existing forests face mounting pressures from invasive species, severe weather events, drought, and over-maturity. Annual mortality is rising while natural regeneration remains limited across much of the state's agricultural landscape. Reversing this trend requires sustained, large-scale habitat creation on private lands—exactly what Planting for the Future delivers.

North Dakota's Outdoor Heritage Fund represents an innovative conservation funding model. Established in 2013, the OHF provides grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with priority given to projects that enhance conservation practices through statutorily identified directives. The Fund may receive up to \$40 million per biennium from oil and gas production tax revenue<sup>3</sup>, providing a direct link between energy development and conservation investment.

The Planting for the Future program allows the same industry generating these conservation dollars to partner directly with OHF to amplify conservation outcomes on the ground. The North Dakota Petroleum Foundation has a successful track record of collaboratively utilizing OHF funding to leverage additional industry contributions, creating conservation impact far exceeding what either funding source could achieve independently.

This partnership is both practical and symbolic. Oil and gas development occurs across North Dakota's landscape, and the industry recognizes its responsibility to support the communities and ecosystems where it operates. Through programs like the PSC Tree and Shrub Mitigation requirements and direct corporate contributions to conservation initiatives, industry partners demonstrate environmental stewardship while helping landowners establish lasting habitat improvements.

The result is truly multiplicative. OHF dollars from oil and gas tax revenue, combined with direct industry contributions and substantial landowner investments (both cash and in-kind labor), create conservation projects with total values often exceeding 200-300% of the OHF grant amount. This model ensures maximum return on conservation investment while engaging diverse stakeholders in shared stewardship goals.

### **Project Need and Urgency**

As previously stated, the demand for habitat establishment on private lands continues to grow. More than 30 landowners are already committed to 2026 plantings, and applications continue to arrive from both returning participants and new landowners across the state. This demand reflects several factors:

- Growing awareness among landowners about declining habitat and wildlife populations
- Increasing recognition of trees' multiple benefits: wildlife cover, windbreaks, soil protection, watershed improvement, livestock shelter, and aesthetic value
- Removal of financial barriers through the program's no-cost tree provision
- Proven success of previous plantings, with survival rates consistently exceeding 70%
- Technical assistance from qualified habitat consultants ensuring proper design and implementation

North Dakota's brief planting windows amplify the urgency of OHF funding assurances. Spring planting must occur within a narrow 4–6-week window when soil conditions, moisture, and temperatures align for seedling establishment. Delays in securing funding could result in missed planting opportunities,

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<sup>3</sup> North Dakota Game and Fish Department. (2012). *North Dakota Outdoors Magazine: August–September 2012* (Vol. LXXV, No. 2). <https://gf.nd.gov/sites/default/files/2025-09/ndo-aug-sep-2025.pdf>



disappointed landowners ready to contribute matching resources, and lost momentum in building this critical conservation program.

This project represents continuation funding for an established, successful program (since 2018) rather than a new initiative. Previous OHF grants enabled the planting of over 671,000 trees with survival rates consistently exceeding NRCS standards. However, without continued OHF support, the program's capacity to meet growing landowner demand would be severely constrained, potentially reducing annual plantings by 60-70% and limiting the program's ability to serve North Dakota landowners eager to improve wildlife habitat on their properties.

## **Project Goals and Measurable Outcomes**

**Primary Goal:** Plant 200,000 trees and shrubs on 30+ private properties across North Dakota during 2026-2027, creating permanent wildlife habitat covering approximately 300-400 acres of conservation plantings. We're committed to the ongoing success of this program, and our Foundation board has set a goal of planting more than one million trees by 2030.

### **Specific Objectives:**

- Establish diverse, multi-species plantings designed for long-term wildlife habitat value
- Achieve minimum 50% survival rate across all projects (with historical performance averaging 73-84%)
- Provide habitat corridors and connectivity across agricultural landscapes
- Engage private landowners as active conservation partners
- Demonstrate successful public-private-industry conservation collaboration
- Create replicable models for large-scale habitat restoration on working lands
- Support State Wildlife Action Plan priorities through habitat creation for Species of Conservation Priority

### **Conservation Benefits:**

- Enhanced nesting and cover habitat for upland game birds, waterfowl, and songbirds, including SWAP Species of Conservation Priority
- Expanded winter thermal cover and escape cover for deer, pheasants, sharp-tailed grouse, and other wildlife
- Improved watershed protection and reduced soil erosion
- Increased plant diversity and pollinator habitat
- Protection for crops and livestock from wind and weather
- Carbon sequestration and air quality improvements
- Educational opportunities demonstrating conservation practices to neighboring landowners
- Contribution to statewide habitat connectivity and landscape-scale conservation

## **Innovative Program Features**

Planting for the Future distinguishes itself through several innovative approaches:

**PSC Mitigation Program Integration:** The program uniquely leverages North Dakota Public Service Commission Tree and Shrub Mitigation requirements, creating a sustainable funding mechanism where oil and gas companies fulfilling vegetation replacement obligations partner with conservation-minded landowners. This model aligns corporate environmental compliance with private land stewardship, creating win-win outcomes that extend far beyond regulatory requirements.

**Landowner Engagement Model:** Unlike traditional cost-share programs requiring significant upfront landowner investment, this program removes financial barriers by providing trees at no cost while

requiring landowner commitment through site preparation, planting labor, and long-term maintenance. This approach has proven highly successful in engaging landowners who want to improve habitat but face economic constraints. By contributing mostly sweat equity rather than cash, landowners develop a personal investment in the project's success while learning conservation practices they can apply to future efforts. However, landowners do provide a 25% cash match for the fabric costs of the planting. They also contribute out-of-pocket indirect costs for site preparation and maintenance activities.

**Private Lands Focus:** By concentrating exclusively on private land habitat, this program addresses North Dakota's most critical conservation need. Every tree planted creates habitat where it matters most—on the working agricultural lands that comprise the vast majority of North Dakota's landscape and support the overwhelming majority of the state's wildlife populations. This approach directly supports the State Wildlife Action Plan's emphasis on private lands conservation.

**Adaptive Site-Specific Design:** Each project is custom-designed by qualified habitat consultants based on site-specific soils, topography, moisture regimes, and landowner objectives. This ensures plantings are optimized for success rather than following one-size-fits-all prescriptions. Designs incorporate landowner operational needs, ensuring habitat improvements enhance rather than conflict with agricultural operations.

**Comprehensive Quality Assurance:** Two-year monitoring with guaranteed replanting for projects below 50% survival ensures long-term success and demonstrates accountability to both funders and landowners. This commitment differentiates the program from initiatives that plant trees without follow-through, ensuring OHF investments create lasting conservation value.

## Planting Plan Specifications

**Site Selection and Design:** All projects will be designed by qualified habitat consultants (David Shockman, Nathan Jensen, Bill Lytle, or Jody Sommer) in accordance with USDA-NRCS Field Office Technical Guide specifications for wildlife habitat plantings. Each design will consider:

- Existing vegetation and land use patterns
- Soil types, drainage, and moisture availability
- Prevailing wind patterns and microclimates
- Wildlife species management objectives, including SWAP Species of Conservation Priority
- Landowner operational needs and preferences
- Proximity to existing habitat features
- Landscape-scale connectivity opportunities

**Species Selection and Stock:** Plantings will utilize native and adapted species proven successful in North Dakota conditions. Typical species mix includes:

- **Conifers:** Ponderosa pine, Scotch pine, Eastern red cedar (2-3 year seedlings, 8-18" height)
- **Deciduous Trees:** Green ash, silver buffaloberry, American plum (1-2 year whips or seedlings)
- **Shrubs:** Lilac, juniper, caragana, silverberry, willow, chokecherry (1-2 year bare-root or containerized stock)

Species proportions will be tailored to each site but generally emphasize conifers (60-70%) for year-round cover with deciduous species (30-40%) for food sources and structural diversity. Row configurations typically feature dense conifer blocks for thermal cover surrounded by mixed shrub borders for edge habitat and food production.

### **Planting Method:**

*Knifing & Fabric Method:* Weed barrier fabric installed with ground staples provides weed suppression and moisture retention. Preferred for drier western sites where competition from established prairie vegetation is intense. Seedlings planted through fabric slits with proper root-soil contact.

Planting preparation usually includes pre-emergent herbicide applications in Year 1 with spot treatments in subsequent years as needed.

**Planting Density and Layout:** Standard specifications call for 6-8 foot spacing between rows and 4-6 foot in-row spacing, creating approximately 1,200-1,800 trees per acre. Multi-row blocks will be designed to provide optimal habitat value while accommodating landowner access and management needs. Typical projects range from 3,000 to 15,000 trees, depending on site size and landowner objectives.

**Maintenance and Long-term Management:** Landowners commit to:

- Livestock exclusion for minimum 5 years
- Weed control through chemical or mechanical means for 3 years
- Fire protection and pest monitoring
- Replanting cooperation if survival rates fall below standards
- Long-term stewardship of established plantings
- Planting reports specifying site preparation notes, including in-kind costs, labor, and equipment supplied for planting, and photos.
- Two annual monitoring reports specifying survival rates, maintenance activities, site conditions, and photos.

The NDPF will provide technical support, monitoring visits, and replacement trees as needed to ensure project success.

### **Project Management and Partnerships**

The NDPF will provide overall project coordination and funding management. Habitat contractors will conduct project assessments, design plantings, plant trees, and install fabric. Landowners will contribute site preparation, planting labor (through personal effort or volunteers), and long-term stewardship. The North Dakota Petroleum Council will provide administrative support on an in-kind basis.

This collaborative approach ensures professional design and oversight while engaging landowners as active conservation partners. By combining OHF funding, industry contributions, technical expertise, and landowner commitment, the program creates lasting habitat improvements that benefit wildlife, landowners, and all North Dakotans who value the state's outdoor heritage.

As in previous grant rounds, all projects will be monitored for up to two years after the planting year to ensure the survival and success of plantings. The Program will strive to meet (but preferably exceed) an overall 50 percent survival rate, which, according to the Natural Resources Conservation Service Field Office Technical Guide, is considered a successful outcome for tree planting in wetland and upland wildlife habitat. The Foundation will provide replacement trees to any landowner who is below the 50 percent survival rate, or who requests more to achieve an even higher success rate.

The Foundation will provide funds to support habitat contractors, the NDPC will contribute in-kind support from its staff to manage the program, and landowners interested in participating in the project are expected to contribute both in-kind support and monetary funds for supplies, including, but not limited to, 25 percent of the cost of the weed barrier.

The partnership between OHF and the North Dakota Petroleum Foundation through this program demonstrates how energy development revenue can directly support conservation outcomes on private lands, creating a lasting positive legacy that will benefit North Dakota's wildlife, advance State conservation priorities, and sustain outdoor traditions for generations to come.

Is this project part of a Comprehensive Conservation Plan? ☐ Yes ☒ No

If yes, provide a copy with the application.

*Note: Projects involving buildings and infrastructure will only be considered if part of a Comprehensive Conservation Plan. Please refer to the "Definitions" section at the back of the form for more details.*

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<sup>4</sup> In-kind support from NDPC staff will be calculated at a rate of \$50 per hour salary equivalent.

Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-5**

Project Title: Accessible Kayak Launch at Nickeus Park  
Applicant: Jamestown Parks and Recreation District  
Primary Contact: Amy Walters  
Total Project Costs: \$57,872.75  
OHF Request: \$41,872.75

Match Amount	Funding Source	Match Type
16,000	Jamestown Parks and Recreation	Cash through general budget and in-kind in the form of staff time, equipment, and material usage
<b>16,000</b>	<b>Total</b>	

Percentage of Matching Funds: 28%

Project Duration: January – July, 2026

Major Directive: D

Additional Directive: A

Summary of Project: Install a universally designed, ADA-compliant kayak launch with transfer platforms, adaptive handrails, and stability rollers that allow users to independently and safely launch and retrieve kayaks along with accessible pathways and interpretive signage at Nickeus Park along the James River.

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Technical Committee Comments:

- Would like to see a map of the area.
- On the James River, is it a get on and get off launch? A plan would be nice.
- Unsure if OHF should be funding an unveiling ceremony
- Is there a possibility of needing a permit from the state for a kayak launch?
- What is the plan in the winter for the kayak docks as they are removeable?

Comments from the OHF Advisory Board members:

- Good recreational project – no other comments
- 

Funded Projects					
Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe
11-125	60,260	Public Accessible Sensory Garden	33,000	33,000	Completed
<b>Total</b>	<b>60,260</b>		<b>33,000</b>	<b>33,000</b>	

Unsuccessful Applications				
Round	Request	Total Project Cost	Title	Vote
9	33,890	63,490	Public Accessible Sensory Garden	2-10
Total	33,890	63,490		

**OHF Advisory Board Recommendation**

Contingencies: None  
Conflicts of Interest: One  
Funding Vote: 10-1  
Funding Amount Vote: \$41,873



# Outdoor Heritage Fund Grant Application



## Instructions

After completing the form, applications and supporting documentation may be submitted by e-mail to [ndicgrants@nd.gov](mailto:ndicgrants@nd.gov). It is preferred that only electronic copies are submitted.

You are not limited to the spacing provided, except in those instances where there is a limit on the number of words. If you need additional space, please indicate that on the application form, answer the question on a separate page, and include with your submission.

The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date. Incomplete applications may not be considered for funding.

Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.

Project Name: [Accessible Kayak Launch at Nickeus Park](#)

Name of Organization: [Jamestown Parks and Recreation District](#)

Federal Tax ID#: [45-6002100](#)

Contact Person/Title: [Amy Walters, Executive Director](#)

Address: [1002 2<sup>nd</sup> Ave SE](#)

City: [Jamestown](#)

State: [ND](#)

Zip Code: [58401](#)

E-mail Address: [amy@jamestownparksandrec.com](mailto:amy@jamestownparksandrec.com)

Web Site Address (If applicable): [www.jamestownparksandrec.com](http://www.jamestownparksandrec.com)

Phone: [701-252-3982](#)

List names of co-applicants if this is a joint proposal

**MAJOR Directive:**

Choose only one response

☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

☐ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;

☐ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and

☒ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

☒ **Directive A.**

☐ **Directive B.**

☐ **Directive C.**

☐ **Directive D.**

**Type of organization:**

☐ State Agency

☒ Political Subdivision

☐ Tribal Entity

☐ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

*Jamestown Parks and Recreation District is seeking grant funding to install a handicap-accessible kayak launch at Nickeus Park, a popular public recreation area along the James River. This project will expand outdoor recreation opportunities for individuals of all ages and abilities by providing safe, inclusive access to the water for kayaking, canoeing, and other non-motorized water recreation activities.*

*In the summer of 2025 Nickeus Park underwent a major renovation to include installation of a new all abilities playground with accessible parking area, restrooms, and shelter. However, the park lacks an accessible entry point for individuals with mobility limitations, preventing many residents and visitors from safely participating in water-based recreation. The proposed*

installation will feature a universally designed, ADA-compliant kayak launch with transfer platforms, adaptive handrails, and stability rollers that allow users to independently and safely launch and retrieve kayaks. The project will also include minor shoreline improvements, accessible pathways, and interpretive signage promoting outdoor recreation for all.

Project objectives include; 1) providing barrier-free water access for individuals with disabilities, seniors, and others with mobility challenges, 2) promoting inclusive recreation by encouraging participation in outdoor and water recreation by creating a space that welcomes everyone, regardless of physical ability, 3) enhancing community health and well-being by supporting physical activity, social connection, and mental wellness through expanded access to outdoor recreation, and 4) supporting local tourism and economic growth through attracting visitors to the park and surrounding area, benefiting local businesses and community vitality.

Upon completion, the accessible kayak launch will serve an estimated two thousand residents and visitors annually. The project is expected to increase participation in adaptive recreation programs by at least 10% within the first year. Community feedback and usage data will be collected to measure success and guide future accessibility improvements in the park system.

The project is anticipated to begin in January 2026 following grant approval and will be completed within six months. Major milestones include final design and permitting (January-February 2026), construction and installation (March-May 2026), and community ribbon-cutting and launch event (June 2026).

The total project cost is estimated at \$57,872.75 which includes design, materials, installation, and site preparation. The Parks and Recreation Department is requesting \$41,872.75 in grant funding and will contribute \$16,000 in matching funds through local allocations, in-kind services, and community donations.

This project reflects the community's strong commitment to equity, inclusion, and access in public recreation. Installing a handicap-accessible kayak launch at Nickeus Park will ensure that all community members—regardless of physical ability—can experience the joy, freedom, and health benefits of being on the water.

### **Project Duration:**

#### **Indicate the intended schedule for drawing down OHF funds.**

The project is anticipated to begin in January 2026 following grant approval and will be completed within six months. Major milestones include final design and permitting (January-February 2026), construction and installation (March-May 2026), and community ribbon-cutting and launch event (June 2026).

It is anticipated that all funds will be expended for the project by August 2026.



**Amount of Grant request: \$ 41,872.75**

**Total Project Costs: \$57,872.75**

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds: \$**

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$16,000	Jamestown Parks and Recreation	Cash through general budget and in-kind in the form of staff time, equipment and material usage.
\$		
\$		
\$		
\$		
\$		

**Certifications**

- ✓ I certify that this application has been made with the support of the governing body and chief executive of my organization.
- ✓ I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

## Narrative

### **Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.**

Include an overview of your organizational structure, including board, staff and volunteer involvement. (no more than 300 words)

*Established in 1929, Jamestown Parks and Recreation (JPRD) has a long tradition of providing high-quality parks, facilities, and programs that enrich the lives of residents and visitors in Jamestown, North Dakota. Over the decades, the department has grown from a small parks operation into a comprehensive recreation system that manages more than 30 parks, trails, and facilities, including the Two Rivers Activity Center, a regional hub for fitness, aquatics, and community wellness.*

*The mission of JPRD is “to offer quality recreational opportunities and services to make the community the best place to live and play.” This mission guides the department’s work to ensure accessible, affordable, and inclusive recreation opportunities for every member of the community.*

*Governance is provided by the Jamestown Park Board, a five-member elected body responsible for setting policy, approving budgets, and providing fiscal and strategic oversight. Day-to-day operations are managed by the Parks and Recreation Executive Director, supported by professional staff overseeing parks maintenance, recreation programs, facilities management, and administrative services. Seasonal and part-time employees assist with programs, facility operations, and park upkeep throughout the year.*

*JPRD offers a wide range of programs and activities, including youth and adult sports, aquatics, fitness classes, community events, environmental education, and senior recreation. The department also maintains playgrounds, athletic complexes, green spaces, and a growing trail network that promotes outdoor activity and healthy living.*

*Volunteers and community partners play an essential role by contributing time, expertise, and resources to enhance facilities, coach youth programs, and support special events. Together, the Park Board, staff, and volunteers ensure that Jamestown’s parks and recreation system continues to serve as a cornerstone of community life.*

### **Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

For tree/shrub/grass plantings: provide a planting plan describing the site design, planting methods, number of trees/shrubs by species and stock size, grass species and future maintenance. A statement certifying that the applicant will adhere to USDA-NRCS tree/shrub/grass planting specifications along with the name of the governmental entity designing the planting may be substituted for a planting plan.

For projects including Section 319 funding: provide in detail the specific best management practices that will be implemented and the specific projects for which you are seeking funding.

For projects including fencing: A minimum cost share of 40% by the recipient is preferred. Include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

*The Jamestown Parks and Recreation Department (JPRD) is seeking funding from the North Dakota Outdoor Heritage Fund to install a handicap-accessible kayak launch at Nickeus Park. This project directly supports Directive D by creating an inclusive recreational facility that expands public access and encourages outdoor participation, and aligns with Directive A by improving access to public waters for all sportsmen and outdoor enthusiasts, including those with disabilities.*

#### *Project Overview and Goals*

*The proposed project will install an ADA-compliant kayak launch system that includes a transfer platform, handrails, and a stabilizing cradle, allowing users of all abilities to independently and safely enter and exit kayaks and canoes. The project will also include accessible pathways from the parking area to the water's edge and interpretive signage highlighting the water trail and recreation opportunities.*

#### *Goals and Strategies:*

*Enhance Accessibility: Provide barrier-free water access for individuals with mobility challenges, seniors, and families.*

*Conserve and Connect: Encourage non-motorized recreation that promotes environmental stewardship and appreciation for North Dakota's natural resources.*

*Expand Outdoor Participation: Increase use of the James River for paddling, fishing, and wildlife observation by adding inclusive access infrastructure.*

*Build Community Partnerships: Collaborate with local adaptive recreation programs, veteran organizations, and outdoor groups to increase participation and awareness.*

#### *Benefits and Community Impact*

*The accessible launch will benefit an estimated 2,000–3,000 residents and visitors annually, including individuals with disabilities, seniors, and families. It will promote physical activity, mental well-being, and environmental awareness while strengthening Jamestown's reputation as a regional destination for outdoor recreation. By reducing barriers to participation, this project contributes to a more inclusive and conservation-minded community.*

#### *Project Need and Urgency*

*Currently, Jamestown lacks an ADA-accessible water entry point, limiting participation for individuals with mobility limitations. As interest in kayaking and adaptive recreation continues to grow statewide, there is urgent demand for inclusive facilities that ensure equitable access to public waterways. Funding*



at this time will allow construction to begin in the upcoming recreation season, preventing delays and maximizing community use by next summer.

#### *Project Timeline*

*Design and Permitting: January-February 2026*

*Construction and Installation: March-May 2026*

*Final Inspection and Launch Event: June 2026*

#### *Project Innovation*

*This project represents one of the first adaptive water access points in south-central North Dakota. It integrates universal design principles with natural shoreline conservation, using durable, low-impact materials that minimize erosion and preserve habitat.*

*This is a new initiative for Jamestown Parks and Recreation and does not replace any prior funding. Grant support will enable the community to lead in accessibility, conservation, and inclusive outdoor recreation across the region.*

**Is this project part of a Comprehensive Conservation Plan? ☐ Yes ☒ No**  
**If yes, provide a copy with the application.**

**Note: Projects involving buildings and infrastructure will only be considered if part of a Comprehensive Conservation Plan. Please refer to the "Definitions" section at the back of the form for more details.**

Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-7**

Project Title: North Dakota Prairie Management Toolbox II  
Applicant: Audubon Great Plains  
Primary Contact: Julie Bosmoe  
Total Project Costs: \$1,949,495  
OHF Request: \$1,050,000

Match Amount	Funding Source	Match Type
50,000	Audubon	Cash
203,920	Audubon	In-Kind: Indirect
101,075	NDWF	Cash
544,500	Landowners	In-Kind and Cash share for project costs
<b>899,495</b>	<b>Total</b>	

Percentage of Matching Funds: 46%

Project Duration: January 1, 2026 – December 31, 2030

Major Directive: C

Additional Directive: A, B

Summary of Project: Provide financial assistance by collaborating with 45 private landowners to implement regenerative grassland management practices including invasive woody vegetation removal on 1,500 acres and grazing infrastructure on 9,000 acres.

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Technical Committee Comments:

- For land cleaning up - any coming out of CRP?
- Who is responsible for the maintenance that allowed it to get to this point where cleaning is needed?
- The annual service project is great
- Removing woody species is great
- Management/Maintenance plans over the years?

Comments from the OHF Advisory Board members:

- Discussion held on whether funding could be shifted from previously funded forage project to this project
  - Great annual service project – no other comments
- 

**Funded Projects**

Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe
23-225	1,206,512.26	North Dakota Prairie Management Toolbox	747,400	583,963.21	2024-2027
25-242	1,234,506	North Dakota Grazing Management Toolbox	635,000	0.00	2025-2028
Total	2,441,018.26		1,382,400	583,963.21	

Unsuccessful Applications				
Round	Request	Total Project Cost	Title	Vote
24	149,292	262,072	UWP Educational Prairie Trail	5-5
25	164,331	295,158	UWP Educational Prairie Trail	6-5
Total	313,623	557,230		

**OHF Advisory Board Recommendation**  
 Contingencies: None  
 Conflicts of Interest: Two  
 Funding Vote: 10-1  
 Funding Amount Vote: \$1,050,000

# Outdoor Heritage Fund Grant Application



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The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. **Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date.** Incomplete applications may not be considered for funding.

**Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.**

Project Name: North Dakota Prairie Management Toolbox II

Name of Organization: Audubon Great Plains

Federal Tax ID#: 13-1624102

Contact Person/Title: Juli Bosmoe, Working Lands Program Manager

Address: 3002 Fiechtner Dr S, Ste A

City: Fargo

State: North Dakota

Zip Code: 58012

E-mail Address : [julianna.bosmoe@audubon.org](mailto:julianna.bosmoe@audubon.org), [lindsey.lee@audubon.org](mailto:lindsey.lee@audubon.org)

Web Site Address (If applicable) [audubon.org/greatplains](http://audubon.org/greatplains)

Phone: 701-298-3373

## MAJOR Directive:

Choose only one response

☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

☐ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;

☒ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and

☐ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

☒ **Directive A.**

☒ **Directive B.**

☐ **Directive C.**

☐ **Directive D.**

**Type of organization:**

☐ State Agency

☐ Political Subdivision

☐ Tribal Entity

☒ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

The North Dakota Prairie Management Toolbox II(NDPMTII), led by Audubon Great Plains (Audubon), will provide financial assistance to private landowners in North Dakota with an emphasis on the eastern portion of the state as a strategy to improve grassland habitat health on 10,500 acres. Project planning and coordination will be led by Audubon range ecologists who will provide technical assistance to landowners, including through the development of ranch-level habitat management plans (HMP) with additional delivery assistance from conservation partners.

In fall of 2023, Audubon was awarded the North Dakota Prairie Management Toolbox which has already been spent with two years of the grant period remaining. The following year, the North Dakota Grazing Management Toolbox was awarded which has already spent or subscribed 97% of funds after one year. Demand remains strong for technical and financial assistance to implement grazing and invasive woody species management on operations across North Dakota, as thirty producers have contacted Audubon since fully obligating past project dollars and are on a waitlist for future assistance. Employing the lessons learned from these past successful toolbox projects, NDPMT II will provide cost-share and technical assistance for woody species removal and grazing infrastructure, while piloting a new approach to incentivize hunting access on private lands.

Audubon is seeking \$ 1,050,000.00 from the North Dakota Outdoor Heritage Fund, largely directed at financial assistance for landowners. Across the five-year project period, Audubon will collaborate with private landowners to implement regenerative grassland management practices including invasive woody vegetation removal on 1,500 acres and grazing infrastructure on 9,000 acres. Audubon anticipates partnering with at least 45 landowners throughout this project.

**Project Duration: Indicate the intended schedule for drawing down OHF funds.**

Five years: January 1, 2026 to December 31, 2030

Year one will focus on landowner engagement and agreement development.

Years 2-4 will include agreement development and project implementation.

Year 5 will focus on project completion and submitting final documentation to OHF.

Majority of funds are anticipated to be spent in years 1-4. Most invasive woody species management will be completed in the fall and grazing infrastructure completed during the growing season.

**Amount of Grant request: \$ 1,050,000.00**

**Total Project Costs: \$1,949,495**

**Amount of Matching Funds: \$ 899,495**



**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$50,000	Audubon	Cash
\$203,920	Audubon	In-Kind: Indirect
\$101,075.00	NDWF	Cash
\$544,500	Landowners	In-kind and Cash share for project costs

### **Certifications**

X I certify that this application has been made with the support of the governing body and chief executive of my organization.

X I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

### **Narrative**

**Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.**

Include an overview of your organizational structure, including board, staff and volunteer involvement. (no more than 300 words)

The National Audubon Society is a leading nonprofit conservation organization with 125 years of science-based, community-driven impact, dedicated to protecting birds and the places they need. Birds are powerful indicators of our planet’s health, acting as sentinels that warn us of environmental change and inspire action. Audubon works across the Western Hemisphere, driven by the understanding that what is good for birds is good for the planet. Through a collaborative, nonpartisan approach across habitats, borders, and the political spectrum, Audubon drives meaningful and lasting conservation outcomes. With over 890 staff and more than 1.9 million supporters, Audubon is a dynamic and ever-growing force committed to ensuring a better planet for both birds and people for generations to come. Audubon has over 400 active community chapters, 100 campus chapters, and works in 11 countries with 15 state and regional offices in the US.

Audubon Great Plains is the regional program for North Dakota, South Dakota, and Nebraska within the National Audubon Society. Audubon Dakota as a North Dakota state program was instituted in 1997, however Audubon’s role in the Dakotas spans back to the mid-1970s. Audubon has six full time staff members in North Dakota, including two range ecologists, a working lands program manager, communications manager, outreach coordinator, and operations manager. Audubon Great Plains’ volunteer advisory board includes four North Dakota citizens. As of 2025, Audubon directly manages roughly 3,000 acres within the state and partners with landowners and conservation partners to inform

management on an additional 120,000 acres in North Dakota. In all of our programs, the efforts and cooperation of landowners and our supporters is crucial to our success and the conservation of bird habitat in the Great Plains.

**Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

NDPMT II is a continuation of past successful toolbox projects, which provide financial and technical assistance for conservation focused agricultural practices to improve grassland diversity and structure for wildlife and pollinators. This project will build on past successful Prairie Management Toolbox projects in North Dakota over the next five years. The past three PMT projects are collectively 98% spent or obligated, limiting Audubon's ability to continue conserving and restoring habitat on private land. Demand remains strong for technical and financial assistance to implement grazing and invasive woody species management on operations across North Dakota, as thirty producers have contacted Audubon since fully obligating past project dollars and are on a waitlist for future assistance. Employing the lessons learned from these past successful toolbox projects, NDPMT II will provide cost-share and technical assistance for woody species removal and grazing infrastructure, while piloting a new approach to incentivize hunting access on private lands. Project activities, other than access, will be covered by a 10 year non-conversion agreement with Audubon. North Dakota Wildlife Federation is providing additional support to this project, with \$101,075 committed to supporting project activities.

NDPMT II will implement grazing systems on at least 9,000 acres of grazing land. This goal meets Directives B and C by enabling landowners to switch from season-long grazing to rotational grazing or to enhance rotational grazing systems to allow for improved management. Fencing and adequate water infrastructure directly benefit producers through increased forage production, improved profitability, improved soil health, and enhanced forage quality. Rotational grazing also provides a diversity of structure for grassland birds and other wildlife. Financial assistance allows producers to quickly adopt and adapt to rotational grazing systems by allowing such improvements to cash flow over a shorter period of time. Landowners will select the type of fencing and water infrastructure that best meets their needs based on OHF allowable reimbursement on current NRCS cost share payment rates and NRCS practice scenario guidance. This project will provide cost-share for grazing infrastructure development. Livestock water developments may include wells (rehabilitation of existing wells included), water supply development, water pipelines, water tanks, and electric or solar power supply to operate well pumps. Fencing will be used to support new or

enhancing existing rotational grazing systems which will enhance soil health and provide rest for native grassland pastures.

NDPMT will provide woody invasive species control for at least 1,500 acres of grasslands. This goal meets Directives B and C by restoring open grassland conditions favored by grassland birds and pollinators as well as protecting rangelands as open space for livestock production. Tree invasion has become a major detrimental influence on intact grasslands in North Dakota, reducing both the total production of rangelands and their suitability for grassland dependent wildlife. Though livestock will occasionally consume the leaves of invasive trees, overall they provide little to no forage value. In 2022, a report from Working Lands for Wildlife estimated that annually 40,000 tons of forage in North Dakota are suppressed by woody invasion, representing a net loss of \$3.4M annually from the state economy, using October 2025 USDA reported grass hay prices.

Controlling invasive woody species like Russian olive, Siberian Elm, and eastern red cedar, is critical, as these species are proven to have numerous negative impacts on the diversity of grassland ecosystems. In the 1950s and 60s, species such as RO and Siberian elm were introduced for use in shelter belts where they were very successful. The qualities that make them popular, being fast growing and quick spreading, are the reasons they are now such a problem. Russian olives easily crowd out native plant species and even alter soil chemistry, modifying the native plant community (Zouhar 2005). Though eastern red cedar is native to North America, it has become a notorious encroaching species in the North American Great Plains and is driving a large-scale woodland transition, and an associated suite of social-ecological consequences (Twidwell et al. 2013b), including reduced livestock forage and displaced native grasses and forbs (Smith 2011, Meneguzzo and Liknes 2015). Ongoing research at University of Nebraska-Lincoln shows that early action against woody species is the best and most cost-effective way to conserve the benefits associated with large-scale open grasslands. The research recommends a multi-pronged approach, which includes returning fire to the landscape, early control of juvenile trees, and mechanical removal of mature encroaching woody species to reduce seed dispersion.

Control of these species is a major challenge for landowners to achieve, thus financial and technical assistance is critical to ensure timely and effective removal of these nuisance species. The cost of mechanical removal can be a major challenge for landowners when faced with woody species with highly invasive characteristics. One innovative approach Audubon intends to implement through this project is equipping collegiate The Wildlife Society chapters to manage early-stage invasions of woody vegetation, based on interest Audubon has received from the UND TWS chapter. A small portion of the budget will go to purchasing loppers, herbicide, and personal protective equipment to address woody vegetation invasion on private property as part of an annual service project.

One practice that will be piloted in this project is incentivizing public access on acres that implement a conservation activity through this project. Audubon will offer an incentive of \$2/ac/year for up to 5 years to landowners willing to post "Walking Hunters Welcome" signs from the ND Landowner-Sportsman Council. All access acres will be grassland. With average PLOTS rates in western ND near \$5/ac/year, these incentives are meant to provide a

reasonable value to landowners without directly competing with that program. In conversations with OHF board members and NDGF, Audubon has heard of interest in expanding options for landowners that complement the PLOTS program.



#### Citations:

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[https://doi.org/10.1672/0277-5212\(2001\)021\[0135:FMAHRO\]2.0.CO;2](https://doi.org/10.1672/0277-5212(2001)021[0135:FMAHRO]2.0.CO;2)
- Meneguzzo, Dacia & C. Liknes, Greg. (2015). Status and Trends of Eastern Redcedar (*Juniperus virginiana*) in the Central United States: Analyses and Observations Based on Forest Inventory and Analysis Data. *Journal of Forestry*. 113. 10.5849/jof.14-093.
- Smith, S. 2011. Eastern Red-Cedar: Positives, Negatives, and Management. The Samuel Roberts Noble Foundation. 8 pp.  
<http://www.waterandenergyprogress.org/library/nfwf1101.pdf>
- Twidwell D, [Rogers WE](#), [Fuhlendorf SD](#), [Wonkka CL](#), Engle DM, Weir JR, [Kreuter UP](#), Taylor CA. The rising Great Plains fire campaign: Citizens' response to woody plant encroachment *Frontiers in Ecology and the Environment*. 11: e64-e71. DOI: [10.1890/130015](https://doi.org/10.1890/130015)
- Zouhar, K. 2005. *Elaeagnus angustifolia*. In: Fire Effects Information System, [Online]. U.S. Department of Agriculture, Forest Service, Rocky Mountain Research Station, Fire Sciences Laboratory (Producer). Available: <https://www.fs.fed.us/database/feis/plants/tree/elaang/all.html>

Is this project part of a Comprehensive Conservation Plan? ☐ Yes    X    No

Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-8**

Project Title: MAYSA Cross Country Trails  
Applicant: Minot Park District  
Primary Contact: Elly DesLauriers  
Total Project Costs: \$82,610  
OHF Request: \$61,957.50

Match Amount	Funding Source	Match Type
20,652.50	Minot Park District	Cash
<b>20,652.5</b>	<b>Total</b>	

Percentage of Matching Funds: 25%

Project Duration: Summer through Fall of 2026

Major Directive: D

Additional Directive: B, D

Summary of Project: Proposing the creation of the MAYSA Cross Country Trails, a new trail system located on a former landfill to establish approximately 3200M of dedicated cross-country trails designed for both public recreational use and as a training and competition venue for area schools.

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Technical Committee Comments:

- Could not find any details about the trail, tread, design, etc.
- Would like to see a map of the area
- Is the main use for this for the public or for the schools? Might lean more towards sports and school rather than outdoor heritage.

Comments from the OHF Advisory Board members:

- Like that they are using a former landfill space to become a recreational space
  - No other comments
- 

Unsuccessful Applications				
Round	Request	Total Project Cost	Title	Vote
17	373,175	529,771.20	Outdoor Recreation Area-Phase One	5-6
<b>Total</b>	<b>373,175</b>	<b>529,771.2</b>		

**OHF Advisory Board Recommendation**

Contingencies: None

Conflicts of Interest: None

Funding Vote: 8-3

Funding Amount Vote: \$61,958



# Outdoor Heritage Fund Grant Application



## Instructions

After completing the form, applications and supporting documentation may be submitted by e-mail to [ndicgrants@nd.gov](mailto:ndicgrants@nd.gov). It is preferred that only electronic copies are submitted.

You are not limited to the spacing provided, except in those instances where there is a limit on the number of words. If you need additional space, please indicate that on the application form, answer the question on a separate page, and include with your submission.

The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. **Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date.** Incomplete applications may not be considered for funding.

**Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.**

Project Name: **MAYSA Cross Country Trails**

Name of Organization: **Minot Park District**

Federal Tax ID#: **45-6002127**

Contact Person/Title: **Elly DesLauriers – Executive Director**

Address: **PO Box 538**

City: **Minot**

State: **North Dakota**

Zip Code: **58702**

E-mail Address: **elly@minotparks.com**

Web Site Address (If applicable): **www.minotparks.com**

Phone: **(701)857-4136**

List names of co-applicants if this is a joint proposal

**MAJOR Directive:**

Choose only one response

- ☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- ☐ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;
- ☐ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and
- ☒ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

- ☐ **Directive A.**
- ☒ **Directive B.**
- ☐ **Directive C.**
- ☒ **Directive D.**

**Type of organization:**

- ☐ State Agency
- ☒ Political Subdivision
- ☐ Tribal Entity
- ☐ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

The Minot Park District is proposing the creation of the MAYSA Cross Country Trails, a new trail system located on a former landfill adjacent to the MAYSA Arena. This former landfill has been recognized as a superfund site and the Minot Park District along with the City of Minot is working with EPA to restore it to an active recreation site. The proposed project will establish approximately 3200M of dedicated cross-country trails designed for both public recreational use and as a training and competition venue for area schools.

This project will transform underutilized green space into a multi-season recreational amenity that encourages physical activity, community engagement, and environmental stewardship.

The total project cost is estimated at \$82,610.00, with the Minot Park District requesting \$61,957.50 from the North Dakota Outdoor Heritage Fund. Matching funds will be provided through Park District allocations and community fundraising efforts.

Construction is anticipated to begin in spring 2026, pending completion of the bidding process and contractor selection. Upon completion, the Minot Park District will maintain and operate the trails as part of its existing parks and recreation infrastructure, ensuring long-term public access and sustainability.

This project aligns directly with Directive B and D of the Outdoor Heritage Fund by improving, maintaining, and restoring water quality and soil conditions. We are also conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

### Project Duration:

**Indicate the intended schedule for drawing down OHF funds.**

We estimate we will be drawing down Outdoor Heritage Funds in the summer of 2026. Our goal is to bid the project out in the spring of 2026 and construction to be complete by the fall of 2026.

**Amount of Grant request: \$ 61,957.50**

**Total Project Costs: \$ 82,610.00**

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds: \$ 20,652.50**

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$20,652.50	Minot Park District	Cash
\$		
\$		
\$		
\$		

\$		

### **Certifications**

- ☐ I certify that this application has been made with the support of the governing body and chief executive of my organization.
- ☐ I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

### **Narrative**

#### **Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.**

Include an overview of your organizational structure, including board, staff and volunteer involvement.  
(no more than 300 words)

The mission of the Minot Park District is to provide broad-based opportunities for the citizens of Minot and its visitors to enhance their quality of life through its parks and recreational facilities. To increase public awareness of the benefits available from the Minot Park District, and to promote professionalism in the delivery of these services. To improve the understanding of the contribution made by parks to the economy and the economic development of the region. We currently maintain 24 parks with various amenities, including trail systems, sports complexes (such as a baseball complex, softball complex, Minot Auditorium, tennis center, soccer complex, ice arena, zoo, outdoor pool, splash park, and dog park). We maintain over 1,000 acres of public property with buildings and facilities, and we strive to keep everything well maintained.

The Minot Park District is a political subdivision of the State of North Dakota. It was created by the City of Minot with Ordinance #50. The Ordinance was passed on August 28, 1911, and reads as follows: The Park District of the City of Minot heretofore created by the council in accordance with and under the provisions of the appropriate laws of the State then in existence, the laws now being embodied in chapters 40-49 in the North Dakota Century Code, is hereby continued. The first board was elected on September 26, 1911, and officially seated on October 3, 1911. The board consists of five elected commissioners on three-year terms.

**Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

For tree/shrub/grass plantings: provide a planting plan describing the site design, planting methods, number of trees/shrubs by species and stock size, grass species and future maintenance. A statement certifying that the applicant will adhere to USDA-NRCS tree/shrub/grass planting specifications along with the name of the governmental entity designing the planting may be substituted for a planting plan.

For projects including Section 319 funding: provide in detail the specific best management practices that will be implemented and the specific projects for which you are seeking funding.

For projects including fencing: A minimum cost share of 40% by the recipient is preferred. Include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

The MAYSA Cross Country Trails project fulfills Directive D by creating new recreational opportunities that promote outdoor wellness, environmental appreciation, and access to natural areas.

The goal is to design and construct a new cross country trail system serving the public and local schools. The trails will accommodate students, athletes, families, and community members seeking outdoor exercise and connection with nature.

We also believe this project fulfills Directive B. This site was a former landfill, then transitioned to a superfund site and soon to be a recreation area. We are working with the EPA, as well as the City of Minot to restore soil conditions and create a welcoming space for our entire community to enjoy. A location once filled with trash will be a recreation for people of all ages to enjoy.

**Project Objectives:**

- Develop a safe, sustainable, and accessible natural-surface trail system for year-round use.
- Provide local schools with a dedicated site for cross country meets and training.
- Encourage healthy lifestyles through outdoor recreation and appreciation of natural areas.
- Support local tourism and community events centered around trail use.

Is this project part of a Comprehensive Conservation Plan? ☒ Yes ☐ No

If yes, provide a copy with the application.

*Note: Projects involving buildings and infrastructure will only be considered if part of a Comprehensive Conservation Plan. Please refer to the "Definitions" section at the back of the form for more details.*

This project is part of an overall comprehensive plan completed by the Minot Park District in 2026.

Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-9**

Project Title: Big Stick Conversion Well Pipeline  
Applicant: Medora Grazing Association  
Primary Contact: Wes Obrigewitch  
Total Project Costs: \$400,778.92  
OHF Request: \$300,584.19

Match Amount	Funding Source	Match Type
64,104.73	Medora Grazing Association (Member-Assessed)	Cash
30,000	U.S. Forest Service	In-Kind
5,000	Medora Grazing Association	In-Kind
1,090	North Dakota Department of Trust Lands	In-Kind
<b>100,194.73</b>	<b>Total</b>	

Percentage of Matching Funds: 25%

Project Duration: Spring of 2026 through fall of 2028

Major Directive: B

Additional Directives: A, C

Summary of Project: Construct a new water-distribution system that delivers water from the recently converted oil to freshwater well by installing approximately 43,694 linear feet of underground pipeline which will supply water to an estimated 6,375 Animal Unit Months of livestock and improve water distribution and habitat quality across nearly 15,000 acres.

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Technical Committee Comments:

- Like the lead in the project by the Association
- Would like to see the Dept of Trust Lands be more involved
- Comprehensive and detailed budget

Comments from the OHF Advisory Board members:

- Good feedback from last project
  - No other comments
- 

Funded Projects					
Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe



18-181	1,117,800	Medora Grazing Association - Water well development program	245,800	75,362	2021-2022
Total	1,117,800		245,800	75,362	

**OHF Advisory Board Recommendation**

Contingencies: None  
Conflicts of Interest: None  
Funding Vote: 11-0  
Funding Amount Vote: \$300,584

# Outdoor Heritage Fund Grant Application



## Instructions

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The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. **Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date.** Incomplete applications may not be considered for funding.

**Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.**

Project Name: [Big Stick Conversion Well Pipeline](#)

Name of Organization: [Medora Grazing Association](#)

Federal Tax ID#: [45-0213296](#)

Contact Person/Title: [Wes Obrigewitch/President](#)

Address: [PO Box 108, 355 4<sup>th</sup> Street](#)

City: [Medora](#)

State: [ND](#)

Zip Code: [58645](#)

E-mail Address: [mga@midstate.net](mailto:mga@midstate.net)

Web Site Address (If applicable)

Phone: [701-623-4336](#)

List names of co-applicants if this is a joint proposal [None](#)

**MAJOR Directive:**

Choose only one response

☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

☒ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;

☐ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and

☐ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

☒ **Directive A.**

☒ **Directive B.**

☒ **Directive C.**

☐ **Directive D.**

**Type of organization:**

☐ State Agency

☐ Political Subdivision

☐ Tribal Entity

☒ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

The Big Stick Conversion Well Pipeline Project will build upon a recently completed oil-to-freshwater well conversion approved by both the North Dakota Industrial Commission (NDIC) and the U.S. Forest Service (USFS). The converted well--identified as the Big Stick (Madison) Unit #2604--was authorized for conversion under NDIC Order No. 33570 in July 2024 and accepted by the USFS for use in its grazing program. The well, located in the NE¼ NW¼ of Section 26, Township 142 North, Range 101 West in Billings County, North Dakota, is now fully operational with a 7.5-horsepower pump set at 486 feet and equipped with a pitless adaptor, curb stop, and single hydrant. The conversion provides a dependable freshwater source on National Grasslands where few reliable water supplies currently exist.

The Medora Grazing Association (MGA) will extend this success by constructing a new water-distribution system that delivers water from the converted well across four USFS grazing allotments (138, 143, 145, and 147) and one North Dakota Department of Trust Lands (NDDTL) section. The project will install approximately 43,694 linear feet of underground pipeline, buried up to six feet deep with tracer tape, and will include eleven 1,000-gallon stock tanks, four bored creek crossings, and associated valves, fittings, and hydrants. The system will supply water to an estimated 6,375 Animal Unit Months (AUMs) of livestock and improve water distribution and habitat quality across nearly 15,000 acres of the Dakota Prairie Grasslands.

Reliable water distribution is essential to rotational grazing and rangeland health. By spacing water sources strategically, the project will reduce livestock concentration near natural riparian areas, enhance plant recovery, and increase forage utilization efficiency. This vegetation response will strengthen wildlife habitat and improve soil stability and watershed function. The project also increases wildfire resilience by providing multiple accessible water points for firefighting operations.

The project will proceed in phases beginning in spring 2026 and concluding by Fall 2028. All work will comply with NEPA and the National Historic Preservation Act under supervision of the USFS Medora Ranger District. Required archaeological review has been included within project costs and will be completed before ground disturbance.

The total project cost is **\$400,778.92**, with the Medora Grazing Association requesting **\$300,584.19** in Outdoor Heritage Fund assistance. Matching contributions total **\$100,194.73**, consisting of **\$64,104.73 in member-assessed cash** and **\$36,090.00 in in-kind contributions** from the MGA, USFS, and NDDTL. This match meets and slightly exceeds the 25 percent requirement of the Outdoor Heritage Fund.

The project has received formal support from the North Dakota Department of Trust Lands, the U.S. Forest Service Medora Ranger District, the Stark and Billings Soil Conservation Districts, and multiple ranching permittees within the affected allotments, reflecting a broad local commitment to shared stewardship of the National Grasslands. Upon completion, the Big Stick Pipeline will provide a permanent, low-maintenance water system that supports sustainable ranching and long-term conservation objectives through partnership among local producers, the USFS, the NDDTL, and the ND Industrial Commission.

### **Project Duration:**

The Big Stick Conversion Well Pipeline Project will be completed in multiple phases over a three-year period beginning in the **spring of 2026** and concluding by **Fall 2028**. The project schedule allows for compliance with U.S. Forest Service (USFS) environmental and archaeological review processes under the National Environmental Policy Act (NEPA) and the National Historic Preservation Act, and for seasonal construction conditions within the Dakota Prairie Grasslands.

**Indicate the intended schedule for drawing down OHF funds.**

**Phase I – 2026:**

- Finalize engineering and design based on the approved well conversion and system maps.
- Complete NEPA and cultural-resource clearances under USFS supervision.
- Procure materials, conduct contractor mobilization, and initiate trenching and installation of the primary distribution line north and west from the well site in Section 26.
- Draw down approximately **10 percent** of grant funds.

**Phase II – Fall 2026 - 2027:**

- Construct the main pipeline through Sections 22, 15, and 10, and install approximately six of the eleven planned 1,000-gallon tanks.
- Complete two bored creek crossings and initial site reclamation.
- Draw down approximately **45 percent** of grant funds.

**Phase III – 2028:**

- Extend remaining spurs westward through Sections 27 and 28 and north to the North Dakota Department of Trust Lands (NDDTL) section in Section 16.
- Install the remaining five stock tanks and complete the final two bored crossings.
- Conduct system testing, final inspections, and sign-off by USFS and the Medora Grazing Association.
- Install permanent Outdoor Heritage Fund signage, complete project reporting, and close out all financial documentation.
- Draw down approximately **45 percent** of grant funds.

This phased schedule ensures that environmental reviews, procurement, and construction occur in proper sequence and that adequate time is allotted for weather, terrain, and agency coordination. The final system will be fully operational by **Fall 2028**, providing immediate water-distribution benefits for grazing management and wildlife habitat improvement across the project area.

**Amount of Grant request: \$300,584.19**

**Total Project Costs: \$400,778.92**

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds: \$100,194.73**

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$64,104.73	Medora Grazing Association (Member-Assessed)	Cash
\$30,000.00	U.S. Forest Service	In-kind (labor, equipment, and field oversight)
\$5,000.00	Medora Grazing Association	In-kind (labor, equipment, and administrative time)
\$1,090.00	North Dakota Department of Trust Lands	In-kind (field coordination and staff time)

### Certifications

- I certify that this application has been made with the support of the governing body and chief executive of my organization.
- I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

### Narrative

#### Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.

Include an overview of your organizational structure, including board, staff and volunteer involvement. (no more than 300 words).

The **Medora Grazing Association (MGA)** manages grazing allotments within the Dakota Prairie Grasslands in Billings and Golden Valley Counties. The Association was organized in 1940 following the federal government’s acquisition of submarginal farmland under Title III of the Bankhead-Jones Farm Tenant Act to restore and conserve degraded lands. These lands were revegetated and stabilized through the creation of cooperative grazing associations authorized by both federal and state law in the mid-1930s.

Under **North Dakota Century Code Chapter 36-08**, grazing associations are recognized as legal entities empowered to manage range resources. Section 36-08-02 specifically authorizes associations to *act as agents of and cooperate with federal and state agencies* in the conservation, restoration, improvement, development, and utilization of forage resources. This statutory authority forms the basis for the Medora Grazing Association’s cooperative agreements with the **U.S. Forest Service** for the administration of grazing permits and range improvements on the National Grasslands.



MGA is governed by a seven-member Board of Directors representing five districts and two at-large areas. The Association employs a full-time office manager and a part-time administrative assistant. The Board meets regularly to oversee grazing operations, infrastructure projects, and conservation activities.

The Association works closely with the **U.S. Forest Service, Natural Resources Conservation Service, Farm Service Agency, North Dakota Department of Agriculture,** and the **North Dakota Industrial Commission** on projects that enhance water distribution, improve forage, and protect wildlife habitat. MGA also sponsors local youth participation in the NDSU Range Camp and assists with public tours that promote stewardship of the National Grasslands. This cooperative model--grounded in North Dakota law and more than **eighty years of range management experience**--continues to guide the Association's work in balancing livestock production with long-term conservation goals.

**Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

For tree/shrub/grass plantings: provide a planting plan describing the site design, planting methods, number of trees/shrubs by species and stock size, grass species and future maintenance. A statement certifying that the applicant will adhere to USDA-NRCS tree/shrub/grass planting specifications along with the name of the governmental entity designing the planting may be substituted for a planting plan.

For projects including Section 319 funding: provide in detail the specific best management practices that will be implemented and the specific projects for which you are seeking funding.

For projects including fencing: A minimum cost share of 40% by the recipient is preferred. Include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

The **Big Stick Conversion Well Pipeline Project** will implement a critical water-distribution system that completes the second phase of an approved well-conversion initiative on the Dakota Prairie Grasslands. The project directly supports **Directive B** of the Outdoor Heritage Fund by improving, maintaining, and restoring water quality, soil conditions, and plant diversity through responsible rangeland stewardship and infrastructure development.

The project will utilize the **Big Stick (Madison) Unit #2604 well**, which was converted from an oil and gas well to a freshwater source under North Dakota Industrial Commission **Order No. 33570** in July 2024 and accepted by the **U.S. Forest Service (USFS)** as part of its grazing program. The well, located in the **NE¼ NW¼ of Section 26, T.142N., R.101W., Billings County**, is fully operational with a 7.5-horsepower pump set at 486 feet, a curb stop,

and a single hydrant assembly. It provides a dependable water supply in an area historically limited by low well yields and extended drought.

The project directly advances objectives in the Vegetation Management Plans for Allotments 138, 143, 145, and 147 by adding off-stream water sources that reduce livestock pressure on riparian corridors such as Ash Coulee and Little Missouri tributaries, stabilizing streambanks and promoting native vegetation recovery.

The distribution system improves rotational grazing pipeline extensions in 147, and new tanks in 143 to increase water availability on state and federal acres, and to balance use across pastures.

This project will install approximately **43,694 feet of buried pipeline** with tracer tape, four bored creek crossings, **eleven 1,000-gallon stock tanks**, valves, fittings, and control points. The system will distribute water across **four USFS grazing allotments** and **one North Dakota Department of Trust Lands (NDDTL) section**, supplying water for about **6,375 Animal Unit Months (AUMs)** of livestock and improving range conditions across roughly **15,000 acres** of the Medora Grazing Association (MGA) area.

### **Project Goals and Strategies**

- Provide reliable water to expand rotational grazing systems and reduce livestock concentration along natural streams.
- Improve vegetation vigor, soil stability, and plant diversity by distributing grazing pressure.
- Enhance wildlife habitat for mule deer, pronghorn, upland birds, and pollinators through improved forage and cover.
- Strengthen drought resilience and wildfire response by increasing available water points.
- Reclaim industrial infrastructure for long-term conservation benefit under public stewardship.

### **Timetable for Implementation**

Work will occur in **three phases between 2026 and Fall 2028**:

1. Design finalization, environmental and archaeological review, and mobilization.
2. Mainline pipeline construction and initial tank installation.
3. Spur extensions to additional allotments and the NDDTL section.
4. System testing, signage, reporting, and close-out.

### **Need and Urgency**

Extended drought and aging infrastructure have limited water availability across the National Grasslands, constraining grazing flexibility and habitat quality. This project is urgently needed to sustain rangeland productivity, ensure resource equity among producers, and meet wildlife-management objectives under the USFS Land and Resource Management Plan.

The need for this project is further underscored by letters of support from ranching families who have faced recurring drought conditions, as well as from the Stark and Billings Soil Conservation Districts, which identified this pipeline as a priority improvement for rangeland water distribution and soil conservation across western North Dakota.

### **Funding Context and Innovation**

This is a **new project phase** that complements and expands the successful **2021 Outdoor Heritage Fund well-conversion initiative** previously managed by MGA. It replaces no lost funding but advances the program by constructing the distribution network made possible by that earlier conversion. The project is innovative in that it repurposes former oilfield infrastructure into a permanent, low-maintenance water system jointly managed by public agencies and local producers--a model for future cooperative conservation work on North Dakota's National Grasslands.

Is this project part of a Comprehensive Conservation Plan? **Yes**

This project is part of the **U.S. Forest Service Vegetation Management Project (VMP)** for the Medora Grazing Association and is consistent with the approved **Allotment Plans for 138, 143, 145, and 147**. Together, these plans function as a **Comprehensive Conservation Plan**, identifying water development, grazing management, and riparian improvement practices necessary to meet long-term conservation and range health objectives on the National Grasslands.

If yes, provide a copy with the application.

*Note: Projects involving buildings and infrastructure will only be considered if part of a Comprehensive Conservation Plan. Please refer to the "Definitions" section at the back of the form for more details.*

Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-10**

Project Title: Governor's LEGACY Soil Health and Habitat Program  
Applicant: ND Association of Soil Conservation Districts  
Primary Contact: Rhonda Kelsch  
Total Project Costs: \$6,505,000  
OHF Request: \$4,310,000

Match Amount	Funding Source	Match Type
500,000	NDGFD-Crop Insurance	Cash
300,000	NDGFD/Partner-Access	Cash/Other project sponsor share
500,000	Seed-Partners	Cash
500,000	SCD's-Technical Assistance and Delivery	In-Kind
145,000	Partners-Delivery	In-Kind
150,000	Partners-Case Study	Other project sponsor share
100,000	NDGF/NDASCD-Marketing/Outreach	Cash
<b>2,195,000</b>	<b>Total</b>	

Percentage of Matching Funds: 34%

Project Duration: 2026 - 2032

Major Directive: B

Additional Directive: A, C

Summary of Project: Support the long-term productivity and resilience of 10,000 acres of cropland by establishing perennial grass cover which is open to all types of cropland and offers annual payments on five-year agreements to help farmers explore the benefits of perennial cover.

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Technical Committee Comments:

- Collaborative Approach
- Big ask, but a comprehensive project that checks a lot of boxes for OHF

Comments from the OHF Advisory Board members:

- Great collaborative approach with many partners
  - Could possibly cut funding in half and do a pilot to see how well it is accepted
  - Even though it is a large ask, it covers many OHF deliverables
-

Funded Projects					
Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe
<sup>1</sup> 1-6	4,875,033	ND Statewide Conservation Tree Planting Initiative	1,878,000	1,876,949.60	Completed
<sup>2</sup> 6-85	4,133,704	ND Statewide Conservation Tree Planting Initiative	2,050,000	1,413,016.11	Completed
<sup>3</sup> 10-115	1,773,750	Working Grassland Partnership (Phase II)	903,750	753,826.13	2018-2028
<b>Total</b>	<b>10,782,487</b>		<b>4,831,750</b>	<b>4,043,791.84</b>	

#### OHF Advisory Board Recommendation

Contingencies: None

Conflicts of Interest: One

Funding Vote: 7-4

Funding Amount Vote: \$4,310,000

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<sup>1</sup> Returned Commitment of \$1,050.40

<sup>2</sup> Returned Commitment of \$607,632.19 & Returned Cash of \$29,351.70

<sup>3</sup> ND Natural Resources Trust and Ducks Unlimited are co-applicants.

# Outdoor Heritage Fund Grant Application



## Instructions

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The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. **Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date.** Incomplete applications may not be considered for funding.

**Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.**

Project Name Governor's *LEGACY Soil Health and Habitat Program*

Name of Organization *ND Association of Soil Conservation Districts*

Federal Tax ID# 45-0277476

Contact Person/Title *Rhonda Kelsch, Executive Director, North Dakota Association of Soil Conservation Districts*

Address 3310 University Drive

City Bismarck

State ND

Zip Code 58504

E-mail Address [rhonda@lincolnoakes.com](mailto:rhonda@lincolnoakes.com)

Web Site Address (If applicable)

Phone 701-223-8518

List names of co-applicants if this is a joint proposal.  
North Dakota Game and Fish Department

List of contributing partners:  
North Dakota Petroleum Foundation  
North Dakota Wildlife Federation



North Dakota Natural Resources Trust  
Pheasants Forever  
Ducks Unlimited

**MAJOR Directive:**

Choose only one response

☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

☒ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;

☐ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and

☐ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

☒ **Directive A.**

☐ **Directive B.**

☒ **Directive C.**

☐ **Directive D.**

**Type of organization:**

☐ State Agency

☐ Political Subdivision

☐ Tribal Entity

☒ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

*The LEGACY Soil Health and Habitat Program is a pilot project designed to support North Dakota farmers in improving the long-term productivity and resilience of their cropland by establishing perennial grass cover. The program is open to all types of cropland and offers annual payments on five-year agreements to help farmers explore the benefits of perennial cover, including improved soil health, water retention, and wildlife habitat.*

*The LEGACY Soil Health and Habitat Program will focus on "Building a lasting legacy of healthy soils, thriving habitats, and resilient communities." Six important elements make up the LEGACY Program:*

*Land Stewardship  
Ecology & Energy  
Growth & Governance  
Agriculture & Access  
Conservation & Collaboration  
Yield & Your Future*

*The total project cost is estimated at \$6,505,000 with funding provided by the Outdoor Heritage Fund and matching contributions. The pilot will cover approximately 10,000 acres. The total duration of the grant shall be six years. This will allow two years for establishing landowner agreements with grass establishment in 2026 or 2027.*

*Developed with input from conservation, agricultural, and energy partners, the program is designed to be simple, locally led, and producer friendly. Its vision is to create a soil health and habitat program supported by all the partners.*

*Key components include:*

- A 5-year agreement for producers to establish and manage perennial grass.*
- Crop Insurance Premium Reduction, an incentive supported by the North Dakota Game and Fish Department (NDGFD) in coordination with USDA's Risk Management Agency (RMA), which offers a discount to producers in exchange for implementing conservation practices.*
- Voluntary public access through the NDGFD's Private Land Open To Sportsmen (PLOTS) program; an estimated 25% of participants expected to enroll for additional incentives. Additional NDGFD public access program options will also be offered.*
- Data collection to evaluate the impact and support the expansion of the program.*

*Soil Conservation Districts (SCDs) and partners will lead implementation efforts. They will coordinate with producers to accept applications, develop seed mixes and management plans, and verify installation of practices. SCDs will also collaborate with the North Dakota Association of Soil Conservation Districts (NDASCD) to issue annual payments and track participation. NDGFD will manage the Crop Insurance Premium Reduction by transferring funds to RMA to cover a portion of participating producers' premiums.*

*The objectives of are to:*

- Establish 10,000 acres of perennial grass cover on cropland;*
- Improve wildlife habitat;*
- Reduce potential nonpoint source pollution; and*
- Increase adoption of conservation practices using financial incentives tied to crop insurance.*

*This pilot will serve as proof of concept for a larger, scalable program that balances agricultural production with environmental outcomes with broad support from the conservation, agriculture, and energy sectors. A long-term goal is to develop sustainable funding to enroll 580,000 acres statewide (10% of estimated 5.8M acres of unproductive cropland in ND). The pilot program will develop criteria for ranking offers, so a process is developed if future legislative funding is provided. Potential considerations may include length of contract, public access, and priority areas for habitat development within the state.*

**Project Duration:** *This is a two-year pilot project. During the first two years of the grant, 5-year agreements (with annual payments) will be established to ensure all funds are fully utilized by the end of the grant period. To accommodate the five years of annual payments, the grant will span a total of six years.*

**Indicate the intended schedule for drawing down OHF funds.**

*Estimated timeline \*depending upon grant award date and signature*

2026 - 20%

2027 - 25%

2028 - 15%

2029 - 15%

2030 - 15%

2031 - 10%

**Amount of Grant request: \$4,310,000**

**Total Project Costs: \$6,505,000**

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds: \$2,195,000**

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of March 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$500,000	NDGFD – Crop Insurance	Cash
\$300,000	NDGFD/Partner - Access	Cash/Other project sponsor share
\$500,000	Seed – Partners	Cash
\$500,000	SCDs - Technical Assistance and Delivery	In kind
\$145,000	Partners - Delivery	In kind
\$150,000	Partners – Case study	Other project sponsor share
\$100,000	NDGF/NDASCD – Marketing/Outreach	Cash

**Certifications**

- X I certify that this application has been made with the support of the governing body and chief executive of my organization.
- X I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

## **Narrative**

### **Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.**

Include an overview of your organizational structure, including board, staff and volunteer involvement. (no more than 300 words)

*The North Dakota Association of Soil Conservation Districts (NDASCD) supports the effective delivery of soil and water conservation practices across North Dakota. Established to serve and represent the state’s 54 Soil Conservation Districts, NDASCD provides membership services, technical support, and nursery products that help implement sound conservation practices on working lands. The organization is governed by a Board of Directors consisting of 10 Area Directors, President, Vice President, Secretary, and Treasurer, and is managed by an Executive Director. NDASCD also employs several Farm Bill Specialists who are stationed in USDA service centers throughout the state. These specialists assist producers with conservation planning and implementation of USDA conservation programs.*

*The North Dakota Game and Fish Department (NDGFD) was created in 1930 with the mission to protect, conserve and enhance fish and wildlife populations and their habitats for sustained public consumptive and nonconsumptive use. The Department is led by a Director and Deputy Director and guided by an eight-member advisory board that facilitates public input. With approximately 170 full-time employees, NDGFD operates a variety of conservation and wildlife management programs. Through its Private Land Initiative (PLI), the Department works directly with private landowners to enhance habitat on working lands. While the Private Land Open To Sportsmen (PLOTS) program is its most visible component, PLI also supports additional conservation programs, partnerships, and grant initiatives that extend beyond public access.*

*Together, NDASCD and NDGFD bring complementary strengths in conservation delivery, landowner engagement, and program administration.*

### **Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

For tree/shrub/grass plantings: provide a planting plan describing the site design, planting methods, number of trees/shrubs by species and stock size, grass species and future maintenance. A statement certifying that the applicant will adhere to USDA-NRCS tree/shrub/grass planting specifications along with the name of the governmental entity designing the planting may be substituted for a planting plan.

For projects including Section 319 funding: provide in detail the specific best management practices that will be implemented and the specific projects for which you are seeking funding.

For projects including fencing: A minimum cost share of 40% by the recipient is preferred. Include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

*The purpose of this grant is to implement an innovative, collaborative approach to conservation by integrating agricultural, conservation, and energy sector efforts. This new strategy centers on a crop insurance premium reduction incentive to encourage adoption of perennial grass cover. Delivered at the county level, this approach provides a practical, cost-effective tool to enhance soil health and wildlife habitat while reducing water runoff, wind erosion and nonpoint source pollution.*

*Nearly every farm operation in North Dakota uses crop insurance. By aligning conservation practices with the existing crop insurance framework, this project introduces a streamlined method to reach producers who may not engage with traditional cost-share programs. Participating producers will benefit from improved Actual Production History (APH), financial incentives, and lower future premiums.*

*Conservation benefits such as improved soil health and water quality will be realized with this program as well as important habitat for big game, upland game, waterfowl and other grassland dependent wildlife. The primary habitat benefits through this program will be the development of important nesting and brood rearing habitat for grassland birds and fawning habitat and escape cover for deer and other wildlife.*

*Landowners may not charge a fee for hunting access under this program. While public hunting access is not required, participants will have multiple opportunities to offer and manage access on their property through existing and emerging Department programs.*

*Landowners may choose to enroll their land in the Private Land Open To Sportsmen (PLOTS) program, which provides the standard \$10 per-acre payment plus an additional \$5 per-acre financial incentive from partners. Other voluntary access options are also encouraged, such as the Department's HuntLink app, which connects hunters and landowners seeking permission for specific hunting opportunities (e.g., coyotes, antlerless deer, or youth hunts). Landowners can designate their preferences and contact information through their NDGF account, and hunters can view these listings via the Department's online mapping application.*

*The Department is also developing new access opportunities, including customized electronic posting, which will begin in 2026 and allows landowners to specify posting dates rather than closing access for an entire season. Additional access models such as controlled*

*or reservation-based systems are also being evaluated. As these tools become available, they will be offered as flexible options to participating landowners.*

*Finally, the Department will promote the program to current PLOTS cooperators to enhance existing tracts with higher-quality habitat while maintaining hunting opportunities.*

*The pilot aims to install 10,000 acres of perennial grass cover over a five-year period. If successful, this model could be expanded statewide with legislative or partner support. With over 5.8 million acres in North Dakota impacted by salinity, sodicity, high pH, or flooding, the potential scale and impact of this project are significant. (Brennan, J., and M. Ulmer, 2010, Salinity in the Northern Great Plains, Natural Resources Conservation Service, Bismarck, N.D.)*

*Research from the Center for Regenerative Agriculture (Meyers and Sherrick, 2023) shows that cover crops and reduced tillage can lower “prevent plant” (PPL) acres by 24% during wet springs. This reduction not only improves field productivity but also lowers federal crop insurance indemnities. A similar national study in 12 corn belt states shows counties with higher cover crop use tend to have lower prevented planting losses. Understanding the effect of cover crop use on prevented planting losses – “Understanding the effect of cover crop use on prevented planting losses” (Sunjae Won et al., 2023)*

*By focusing on perennial grasses, this project anticipates similar outcomes, reduced crop insurance payouts, lower producer premiums, and public savings. USDA Risk Management Agency data will be used to quantify these taxpayer benefits.*

*Additionally, this grant will support the formal implementation of public recommendations from the North Dakota Game and Fish Department’s Habitat and Hunting Access Summit, held in Bismarck on December 17, 2024. From this summit, two key recommendations emerged that directly relate to this project.*

*Recommendation: Develop a broad coalition of partners to propose a habitat program that provides incentives and rental payments to landowners for developing grassland and wetland habitat. These partnerships should include agricultural and energy entities, as well as conservation.*

*Recommendation: Focus habitat efforts on large blocks of remaining contiguous grassland tracts, addressing soil health on marginally productive cropland (salinity and pH issues) and providing incentives for wetland habitats.*

*This grant puts those recommendations into action, bridging stakeholder interests and creating a scalable model for conservation delivery in North Dakota.*

Is this project part of a Comprehensive Conservation Plan? ☐ Yes ☒ No



Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-11**

Project Title: North Dakota Wetland Access and Restoration Project  
Applicant: Ducks Unlimited  
Primary Contact: William Palarski  
Total Project Costs: \$1,050,000  
OHF Request: \$570,000

Match Amount	Funding Source	Match Type
105,000	Ducks Unlimited	Cash
125,000	North Dakota Game and Fish (Waterfowl Habitat Restoration Stamp)	Cash
20,000	North Dakota Natural Resources Trust	Cash
80,000	Ducks Unlimited	In-Kind
<b>330,000</b>	<b>Total</b>	

Percentage of Matching Funds: 46%

Project Duration: 2026 - 2036

Major Directive: A

Additional Directive: B

Summary of Project: Incentivize the enrollment of new Private Lands Open To Sportsmen (PLOTS) acres and other existing short-term PLOTS acres into longer term, 10-year PLOTS agreements while simultaneously restoring 100 acres of critical wetland habitat.

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Technical Committee Comments:

- Good project
- Access will be included as it takes place on PLOTS land
- 10-year cycle - potential of being partially funded to get started if OHF funds available don't allow for full funding this grant round

Comments from the OHF Advisory Board members:

- Concern that this amount of funding only repairs 100 acres
  - Comment made that wetland restoration is very expensive and 100 acres is a good start
- 

Funded Projects					
Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe

1-3	934,218	Aquatic Habitat Infrastructure Enhancement	322,000	322,000	Completed
1-4	3,665,820	Enhancing Grazing Lands & Wildlife Habitat (Phase 1)	828,000	828,000	Completed
<sup>1</sup> , <sup>2</sup> 8-97	438,681.40	Grasslands Enhancement Pilot Project	230,000	181,133.71	Completed
<sup>3</sup> 9-110	1,073,653.80	Cover Crop & Livestock Integration Project	625,395	509,023.59	Completed
<sup>4</sup> 10-115	1,773,750	Working Grassland Partnership (Phase II)	903,750	753,826.13	2018-2028
13-142	2,128,173	Cover Crop & Livestock Integration	1,250,790	818,042.19	2019-2024
20-203	542,000	Grasslands Enhancement Project Phase II	315,750	67,072.11	2022-2027
20-204	2,758,333	Cover Crop & Livestock Integration Project III	1,609,000	346,710.17	2021-2026
26-252	1,440,000	Cover Crop and Livestock Integration Project 4	936,000	0.00	2025-2030
26-255	720,585	Smart Livestock Advancing Terrestrial Ecosystems	483,924	0.00	2025-2030
<b>Total</b>	<b>15,475,214.2</b>		<b>7,504,609</b>	<b>3,825,807.90</b>	

Unsuccessful Applications				
Round	Request	Total Project Cost	Title	Vote
1	3,000,000	7,500,000	Winter Cereals Sustainability in Action	4-8
2	710,400	992,361	Partnering with ND Producers to Promote Profitable Agriculture with Wildlife Benefits	2-9
3	472,320	1,005,930	Partnering with ND Producers to Promote Profitable Agriculture with Wildlife Benefits	5-6
3	580,000	825,766	Private Land Aquatic Habitat Creation and Infrastructure Enhancement	5-6
4	495,000	839,714	Private Land Aquatic Habitat Creation and Infrastructure Enhancement	5-6
15	619,000	1,057,500	Grasslands Enhancement Project Phase II	6-6
<b>Total</b>	<b>5,876,720</b>	<b>12,221,271</b>		

<sup>1</sup> ND Natural Resources Trust is a co-applicant.

<sup>2</sup> Returned Commitment of \$48,866.30

<sup>3</sup> Returned Commitment of \$116,371.31

<sup>4</sup> ND Natural Resources Trust, ND Association of Soil Conservation Districts, and Pheasants Forever are co-applicants.

**OHF Advisory Board Recommendation**

Contingencies: None

Conflicts of Interest: None

Funding Vote: 8-3

Funding Amount Vote: \$570,000

# Outdoor Heritage Fund Grant Application



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**Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.**

Project Name: North Dakota Wetland Access and Restoration Project

Name of Organization: Ducks Unlimited

Federal Tax ID#: 13-5643799

Contact Person/Title: William Palarski, Biologist

Address: 2525 River Road

City: Bismarck

State: North Dakota

Zip Code: 58503

E-mail Address: [wpalarski@ducks.org](mailto:wpalarski@ducks.org)

Web Site Address (If applicable): [www.ducks.org](http://www.ducks.org)

Phone: 701-355-3510 (o), 701-390-7382 (c)

List names of co-applicants if this is a joint proposal

**MAJOR Directive:**

Choose only one response

☒ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

☐ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;

☐ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and

☐ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

☒ **Directive A.**

☒ **Directive B.**

☒ **Directive C.**

☐ **Directive D.**

**Type of organization:**

☐ State Agency

☐ Political Subdivision

☐ Tribal Entity

☒ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

Farmers and ranchers in North Dakota have long looked toward Ducks Unlimited's (DU) working lands conservation biologists and agronomists for technical advice and cost sharing for voluntary habitat restoration and enhanced grazing practices. DU's team works hand-in-hand with private land stewards to build soil health, enhance productivity, restore or enhance wildlife habitat, and improve operational sustainability. With funding through OHF, this North Dakota Wetland Access and Restoration Project (ND WARP) proposal will incentivize the enrollment of new Private Lands Open To Sportsmen (PLOTS) acres and other existing short-term PLOTS acres into longer term, 10-year PLOTS agreements while simultaneously restoring 100 acres of critical wetland habitat. Landowners eligible for this program are those who wish to restore previously surface-drained wetland hydrology in cropland or grassland habitat AND enroll in PLOTS for 10 years.

Contractual work required to restore wetland hydrology is estimated at a cost of \$5,000/restored wetland acre. We are requesting 50% of that work from the OHF (\$250,000). DU, North Dakota Natural Resources Trust (NDNRT), and North Dakota Game and Fish Department's (NDGFD) Waterfowl Habitat Restoration Stamp funds will cover the remaining 50% (\$250,000). An access and restoration incentive payment, provided by the OHF, will compensate partnering private land stewards for restoring the wetland, maintaining the wetland hydrology, AND providing new public access to the restored wetland acre and adjacent upland habitat on the property through PLOTS for 10 years. This program asks OHF to fund wetland restoration incentive payments at a rate of \$3,075/acre for restored wetlands (\$307,500). In total, ND WARP is requesting \$570,000.00 from OHF to fund wetland restoration work, an access and restoration incentive payment, and a portion of project delivery necessary to successfully deliver projects with restored wetlands enrolled in PLOTS for 10 years. This will be matched with \$330,000 from DU, NDNRT, NDGFD, other conservation partners, and landowners. NDGFD will also provide up to \$150,000 non-match contribution for public access on adjacent upland habitat through the PLOTS program. This broad partnership through OHF and ND WARP will expand the PLOTS portfolio for the public of North Dakota while also addressing biodiversity, soil health, wildlife habitat, and water quality issues through our long standing and successful wetland restoration programs.

### **Project Duration: 10 years**

#### **Indicate the intended schedule for drawing down OHF funds.**

Although this is a 10-year project, we anticipate landowner enrollment, contractual obligation, and expenditure of OHF funds to occur over the first 5 years as follows.

2026: Approximately 10% of funding (\$57,000.00) spent as implementation of ND WARP begins. Project funds begin to be spent as landowner partners begin to implement regenerative practices. DU's team of biologists, agronomists, and engineers will be leading landowner outreach, coordination with partners, and individual project planning.

2027: Approximately 20% of funding (\$114,000.00) spent as additional landowner partners enroll in ND WARP. Project funds begin to be spent as initial wetland restoration projects are completed. DU's team of biologists, agronomists, and engineers continue leading landowner outreach, coordination with partners, and individual project planning.

2028: Approximately 30% of funding (\$171,000.00) spent. New landowner partners enroll in ND WARP while funds are spent as previously enrolled wetland restoration projects are completed. DU's team of biologists, agronomists, and engineers continue leading landowner outreach, coordination with partners, and individual project planning.

2029: Approximately 20% of funding (\$114,000.00) spent as additional landowner partners enroll in ND WARP. Project funds begin to be spent as initial wetland restoration projects are completed. DU's team of biologists, agronomists, and engineers continue leading landowner outreach, coordination with partners, and individual project planning.

2030: Approximately 20% of funding (\$114,000.00) spent as additional landowner partners enroll in ND WARP. Project funds begin to be spent as initial wetland restoration projects are completed.

**Amount of Grant request: \$ 570,000.00**



**Total Project Costs: \$ 1,050,000.00**

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds: \$ 330,000.00 (31%)**

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$105,000.00	Ducks Unlimited	Cash
\$125,000.00	North Dakota Game and Fish (Waterfowl Habitat Restoration Stamp)	Cash
\$20,000.00	North Dakota Natural Resources Trust	Cash
\$80,000.00	Ducks Unlimited	In-Kind

**Certifications**

☒ I certify that this application has been made with the support of the governing body and chief executive of my organization.

☒ I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

**Narrative****Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.**

Include an overview of your organizational structure, including board, staff and volunteer involvement. (no more than 300 words)

Ducks Unlimited (DU) conserves, restores and manages wetlands and associated habitats for North America's waterfowl. These habitats also benefit other wildlife and people. Established in 1937, DU and its partners have conserved more than 15 million acres of habitat across North America thanks to the generous contributions from more than a million supporters. Guided by science and dedicated to program efficiency, DU works toward the vision of wetlands sufficient to fill the skies with waterfowl

today, tomorrow and forever. Thanks to over 85 years of success, DU is recognized as the world's largest and most effective private waterfowl and wetlands conservation organization. DU is known for our ability to partner with private individuals, landowners, government agencies, scientific communities, industry leaders and other entities to successfully deliver collaborative conservation projects. DU is a grassroots and volunteer-based organization. Our 675,000 members are conservationists and outdoor enthusiasts who reside across the United States, Canada and Mexico, including over 6,300 members in North Dakota. DU's Great Plains Regional Office, located in Bismarck, ND, employs a multidisciplinary team of engineers, biologists, scientists, agronomists, real estate and administrative support personnel. Since 1984, DU and our partners have completed over 2,000 projects impacting more than 600,000 acres in North Dakota. DU is a tax exempt, non-profit corporation under section 501 (c)(3) of the Internal Revenue Code and our Board of Directors is comprised of volunteers from across the country. For a full listing of DU's Board members, please visit: <http://www.ducks.org/aboutdu/board-of-directors/>

**Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

For tree/shrub/grass plantings: provide a planting plan describing the site design, planting methods, number of trees/shrubs by species and stock size, grass species and future maintenance. A statement certifying that the applicant will adhere to USDA-NRCS tree/shrub/grass planting specifications along with the name of the governmental entity designing the planting may be substituted for a planting plan.

For projects including Section 319 funding: provide in detail the specific best management practices that will be implemented and the specific projects for which you are seeking funding.

For projects including fencing: A minimum cost share of 40% by the recipient is preferred. Include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

Unprecedented rates of habitat loss across North Dakota are impacting game and nongame populations of wildlife. These impacts trickle down to the people of North Dakota, reducing the number of hunting licenses available and the quality of hunting and fishing experiences, threatening North Dakota's long standing outdoor recreation heritage. Lack of habitat is a leading concern among sportsmen and women and other outdoor recreationalists across North Dakota. Many concerned citizens attended the Habitat and Access Summit held in Bismarck in December, 2024. The overwhelming consensus from that meeting was that North Dakotans view additional habitat on the landscape and improved public access to that habitat as primary solutions. The ND WARP proposal will help achieve both by incentivizing the enrollment of new PLOTS acres and other existing short-term PLOTS acres into longer term, 10-year PLOTS agreements while simultaneously restoring 100 acres of critical wetland habitat. Landowners eligible for this program are those who wish to restore previously surface-drained wetland hydrology in cropland or grassland habitat *AND* enroll in PLOTS for 10 years. ND WARP links wetland restoration to PLOTS, compensating landowners for practices that benefit their operation, wildlife populations, and public land recreationalists.

DU has received several requests from landowners seeking assistance in restoring wetland hydrology. Our private land stewards know that restored wetlands will provide value to their land by reducing erosion on their property, increasing their soil health, and combating salinity issues. Restored wetlands provide value to the surrounding community by reducing the frequency and duration of flooding events while also absorbing and filtering pollutants. North Dakota's wetlands are also among the most biologically productive biome systems on earth. The 2025 North Dakota State Wildlife Action Plan (SWAP), prepared by NDGFD, provides a conservation strategy for wetlands that include incentives and programs that restore and enhance these hydrologies. Obligate wetland migratory bird species such as waterfowl, shorebirds, wading birds, and secretive marsh birds are all listed in SWAP and will use ND WARP's restored wetlands for production, brood-rearing and during migration. Resident wildlife species including ring-necked pheasants, white-tailed deer, mule deer, and Pronghorn antelope will also use ND WARP's restored wetland habitats throughout important life history stages. ND WARP's restored wetlands will also provide value to all North Dakotans by opening these restored acres and adjacent upland habitats to public access through PLOTS.

Ducks Unlimited has been at the forefront of habitat enhancement and restoration in North Dakota since 1984. DU's ability to deliver these programs has resulted in hundreds of positive experiences with landowners across the state. DU has always pitched the PLOTS program to landowners with some success. However, with added incentive payments to restore wetlands and enroll in PLOTS, landowners who have been considering PLOTS and restoring wetlands will be able to make it pencil out financially for their operation. Information from NDGFD shows that landowners who enroll in PLOTS are very likely to have a positive experience with the program, thus continuing their participation in the program beyond the term of their initial enrollment. ND WARP will introduce new private land stewards to PLOTS, thereby increasing PLOTS acres with improved wetland habitat for North Dakotans to enjoy well beyond the 10-year program period. ND WARP links restored wetland hydrology to PLOTS enrollments, ensuring that OHF's investment is driven to publicly accessible parcels with the highest plant species diversity, improved soil function, elevated wildlife productivity, and superior recreational experience.

Is this project part of a Comprehensive Conservation Plan? ☐ Yes ☒ No

If yes, provide a copy with the application.

*Note: Projects involving buildings and infrastructure will only be considered if part of a Comprehensive Conservation Plan. Please refer to the "Definitions" section at the back of the form for more details.*

Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-14**

Project Title: Grasslands Enhancement Project Phase III

Applicant: Ducks Unlimited

Primary Contact: Dane Buysse

Total Project Costs: \$807,798.83

OHF Request: \$555,851.92

Match Amount	Funding Source	Match Type
45,000	Ducks Unlimited	In-Kind
3,750	Ducks Unlimited	Cash
10,000	ND Natural Resources Trust	Cash
193,196.91	Lessees/Landowners	Cash
<b>251,946.91</b>	<b>Total</b>	

Percentage of Matching Funds: 31%

Project Duration: 2026 - 2031

Major Directive: B

Additional Directive: A, C

Summary of Project: Continue to focus on enhancing rotational grazing infrastructure by providing cost share assistance to 20 lessees with project enhancements across 8,000 acres of critical grassland and wetland habitat on state school trust, public, PLOTS, and adjacent private land.

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Technical Committee Comments:

- Projects on state school land has been resolved so should not be an issue
- Would really like to see the Dept. of Trust Lands provide match

Comments from the OHF Advisory Board members:

- Good series of projects – no other comments
- 

Funded Projects					
Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe
1-3	934,218	Aquatic Habitat Infrastructure Enhancement	322,000	322,000	Completed

1-4	3,665,820	Enhancing Grazing Lands & Wildlife Habitat (Phase 1)	828,000	828,000	Completed
<sup>1</sup> , <sup>2</sup> 8-97	438,681.40	Grasslands Enhancement Pilot Project	230,000	181,133.71	Completed
<sup>3</sup> 9-110	1,073,653.80	Cover Crop & Livestock Integration Project	625,395	509,023.59	Completed
<sup>4</sup> 10-115	1,773,750	Working Grassland Partnership (Phase II)	903,750	753,826.13	2018-2028
13-142	2,128,173	Cover Crop & Livestock Integration	1,250,790	818,042.19	2019-2024
20-203	542,000	Grasslands Enhancement Project Phase II	315,750	67,072.11	2022-2027
20-204	2,758,333	Cover Crop & Livestock Integration Project III	1,609,000	346,710.17	2021-2026
26-252	1,440,000	Cover Crop and Livestock Integration Project 4	936,000	0.00	2025-2030
26-255	720,585	Smart Livestock Advancing Terrestrial Ecosystems	483,924	0.00	2025-2030
<b>Total</b>	<b>15,475,214.2</b>		<b>7,504,609</b>	<b>3,825,807.90</b>	

Unsuccessful Applications				
Round	Request	Total Project Cost	Title	Vote
1	3,000,000	7,500,000	Winter Cereals Sustainability in Action	4-8
2	710,400	992,361	Partnering with ND Producers to Promote Profitable Agriculture with Wildlife Benefits	2-9
3	472,320	1,005,930	Partnering with ND Producers to Promote Profitable Agriculture with Wildlife Benefits	5-6
3	580,000	825,766	Private Land Aquatic Habitat Creation and Infrastructure Enhancement	5-6
4	495,000	839,714	Private Land Aquatic Habitat Creation and Infrastructure Enhancement	5-6
15	619,000	1,057,500	Grasslands Enhancement Project Phase II	6-6
<b>Total</b>	<b>5,876,720</b>	<b>12,221,271</b>		

<sup>1</sup> ND Natural Resources Trust is a co-applicant.

<sup>2</sup> Returned Commitment of \$48,866.30

<sup>3</sup> Returned Commitment of \$116,371.31

<sup>4</sup> ND Natural Resources Trust, ND Association of Soil Conservation Districts, and Pheasants Forever are co-applicants.

**OHF Advisory Board Recommendation**

Contingencies: None

Conflicts of Interest: None

Funding Vote: 10-1

Funding Amount Vote: \$555,852



# Outdoor Heritage Fund Grant Application



## Instructions

After completing the form, applications and supporting documentation may be submitted by e-mail to [ndicgrants@nd.gov](mailto:ndicgrants@nd.gov). It is preferred that only electronic copies are submitted.

You are not limited to the spacing provided, except in those instances where there is a limit on the number of words. If you need additional space, please indicate that on the application form, answer the question on a separate page, and include with your submission.

The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. **Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date.** Incomplete applications may not be considered for funding.

**Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.**

Project Name: Grasslands Enhancement Project Phase III

Name of Organization: Ducks Unlimited

Federal Tax ID#:13-5643799

Contact Person/Title: Dane Buysse, Regional Biologist

Address: 2525 River Road

City: Bismarck

State: ND

Zip Code: 58503

E-mail Address: [dbuysse@ducks.org](mailto:dbuysse@ducks.org)

Web Site Address (If applicable): [www.ducks.org](http://www.ducks.org)

Phone: (O) 701-355-3584, (C) 701-425-4852

List names of co-applicants if this is a joint proposal

**MAJOR Directive:**

Choose only one response

☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;

☒ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;

☐ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and

☐ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

☒ **Directive A.**

☒ **Directive B.**

☒ **Directive C.**

☐ **Directive D.**

**Type of organization:**

☐ State Agency

☐ Political Subdivision

☐ Tribal Entity

☒ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

The Grasslands Enhancement Project Phase III (GEPPIII) is a request to continue the great work done through GEPP and GEPP II which received overwhelming support by the Outdoor Heritage Fund Advisory board and North Dakota Industrial Commission in 2017. Thanks to your support, the GEPP and GEPP II have improved grazing systems and grassland habitat on over 18,000 acres of publicly accessible and adjacent acres across North Dakota. The GEPP was developed through conversations with livestock producers in North Dakota to address the need for rotational grazing infrastructure on state school trust lands, other publicly accessible lands, and adjacent private land. The GEPP was successfully completed, and we are pleased to report that 100% of GEPP II funds have been contractually obligated with lessees across North Dakota. Those projects are underway

and nearing completion, but our team continues to see high demand for projects on lands that allow public access across North Dakota.

GEPP III's objective will continue to focus on enhancing rotational grazing infrastructure on state school trust, public and adjacent private lands, with an added incentive from the North Dakota Game and Fish Departments (NDGFD) – Private Lands Open To Sportsmen (PLOTS) program. By bringing landowners and lessees together with a common goal to improve access to reliable water and enhance grassland health through rotational livestock grazing, we will support abundant wildlife populations for all North Dakotans to enjoy. The expected results of GEPP III continues to be a collaboration with interested lessees to "Improve grassland management on state school trust lands, other public lands and adjacent private land through rotational grazing systems and planned grazing". Project success will be measured by the number of acres applying rotational grazing practices for improved habitat and by collaborating with landowners to meet habitat objectives. This will be accomplished by addressing resource concerns through planned rotational grazing practices and by providing technical and financial assistance to interested producers.

Collaboration between land managers, lessees, conservation partners, and local soil conservation district services will provide the technical assistance needed to implement these grazing systems. GEPP III will provide cost share assistance to install grazing infrastructure for grassland management and project agreements will align with landowner grazing lease terms. We are requesting \$555,851.92 from OHF. Funding will be allocated and delivered within 6 years (2026-2031) and we are projecting a total project cost of \$807,798.83. Over the course of 6 years we expect to assist at least 20 lessees with project enhancements across 8,000 acres of critical grassland and wetland habitat on state school trust, public, PLOTS, and adjacent private land.

### **Project Duration:**

#### **Indicate the intended schedule for drawing down OHF funds.**

2026 – Program promotion, partner coordination, landowner/lessee agreements, projects begin construction, water infiltration testing.

2027 – Program promotion, landowner/lessee agreements, water infiltration testing, cost-share reimbursement for projects. (10% Completed)

2028 – Program promotion, landowner/lessee agreements, water infiltration testing, cost-share reimbursement for projects. (30% Completed)

2029 – Program promotion, landowner/lessee agreements, water infiltration testing, cost-share reimbursement for projects. (60% Completed)

2030 – Water infiltration testing, cost-share reimbursement for projects. (90% Completed)

2031 – Water infiltration testing, cost-share reimbursement for projects, final report. (100% Completed)

**Amount of Grant request: \$555,851.92**

**Total Project Costs: \$807,798.83**

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds: \$251,946.91 (31% of Total Project Costs)**

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that

effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$45,000.00	Ducks Unlimited	In-Kind
\$3,750.00	Ducks Unlimited	Cash
\$10,000.00	ND Natural Resources Trust	Cash
\$193,196.91	Lessees/Landowners	Cash

### **Certifications**

X I certify that this application has been made with the support of the governing body and chief executive of my organization.

X I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

### **Narrative**

#### **Organization Information – Briefly summarize your organization’s history, mission, current programs and activities.**

Include an overview of your organizational structure, including board, staff and volunteer involvement. (no more than 300 words)

Ducks Unlimited (DU) conserves, restores and manages wetlands and associated habitats for North America's waterfowl. These habitats also benefit other wildlife and people. Established in 1937, DU and its partners have conserved more than 19 million acres of habitat across North America thanks to the generous contributions from more than a million supporters. Guided by science and dedicated to program efficiency, DU works toward the vision of wetlands sufficient to fill the skies with waterfowl today, tomorrow and forever. Thanks to 88 years of success, DU is recognized as the world's largest and most effective private waterfowl and wetlands conservation organization. DU is known for our ability to partner with private individuals, landowners, government agencies, scientific communities, industry leaders and other entities to successfully deliver collaborative conservation projects. DU is a grassroots and volunteer-based organization. Our 750,000 members are conservationists and outdoor enthusiasts who reside across the United States, Canada and Mexico, including over 4,600 members in North Dakota. DU's Great Plains Regional Office, located in Bismarck, ND, employs a multidisciplinary team of engineers, biologists, scientists, agronomists, real estate and administrative support personnel. Since 1984, DU and our partners have completed over 2,000 projects impacting more than 600,000 acres in North Dakota. DU is a tax exempt, non-profit corporation under section 501 (c)(3) of the Internal Revenue Code and our Board of Directors is comprised of volunteers from across the country. For a full listing of DU's Board members, please visit: <https://www.ducks.org/about-ducks-unlimited/du-leadership>.

## **Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

Identify project goals, strategies and benefits and your timetable for implementation. Include information about the need for the project and whether there is urgency for funding. Indicate if this is a new project or if it is replacing funding that is no longer available to your organization. Identify any innovative features or processes of your project. Note: if your proposal provides funding to an individual, the names of the recipients must be reported to the Industrial Commission/Outdoor Heritage Fund. These names will be disclosed upon request.

For tree/shrub/grass plantings: provide a planting plan describing the site design, planting methods, number of trees/shrubs by species and stock size, grass species and future maintenance. A statement certifying that the applicant will adhere to USDA-NRCS tree/shrub/grass planting specifications along with the name of the governmental entity designing the planting may be substituted for a planting plan.

For projects including Section 319 funding: provide in detail the specific best management practices that will be implemented and the specific projects for which you are seeking funding.

For projects including fencing: A minimum cost share of 40% by the recipient is preferred. Include detailed information on the type of fencing to be installed, whether funding is requested for boundary fencing, new or replacement of existing fencing, and/or cross fencing.

### Project Background and Funding Urgency

North Dakota has nearly 4 million acres of land open to the public for various outdoor recreation opportunities. At any given time, you may be accessing private land thanks to the Private Land Open To Sportsmen (PLOTS) program for a deer hunt, picking berries on State School Trust Land, hunting for ducks on a Waterfowl Production Area or bird watching at a National Wildlife Refuge. The enjoyment we get from North Dakota's vast grasslands is endless and if you look closely, you will be able to count nearly 200 species of grasses and forbs in a native prairie system. All species of wildlife benefit from a diverse grassland ecosystem and this diversity is most effectively maintained through rotational grazing. Kentucky bluegrass, intermediate brome, snowberry and buckthorn dominate grassland systems when left unmanaged.

The underutilization of public grasslands has resulted in monocultures of invasive cool season grasses and woody vegetation. Over utilization of grasslands results in reduced winter cover for wildlife, decreased drought tolerance and stunted vegetative communities. Both happen due to a variety of factors including the absence of reliable water resources for cattle, lack of grazing infrastructure and lack of management. Throughout North Dakota, many parcels of land open to the public simply don't have adequate grazing infrastructure to support a rotational grazing system. Lessees have been limited to continual haying, grazing large pastures, non-use and settling to do the best management possible with their currently available resources. Multiple periods of drought over the last decade have negatively affected grassland production and emphasized how important access to reliable water sources is for grassland management. Frequent rainfall in the fall of 2025 has set the stage for non-native cool season grasses to flourish in 2026 and water availability combined with cross fencing will continue to be a necessity for effective grassland management.

Grassland managers agree that infrastructure improvements allow for better utilization, increased grazing opportunities, improved grassland diversity and an enhanced outdoor recreation experience for the public. Collaborating with ranchers to provide grazing enhancements on lands open to the public is a win-win scenario. GEPP, GEPPII and GEPPIII directly address recommendations brought forth in the 2024 Habitat and Access Summit by concerned citizens, legislators, conservation groups, and public and private land stewards across North Dakota.

As a result of the Outdoor Heritage Fund, Grasslands Enhancement Pilot Project (GEPP) and GEPP II, lessees of school trust, public and adjacent private land have improved grazing infrastructure and management practices on lands open to the public. The primary objective of GEPP and GEPP II was to improve rangeland health and wildlife habitat on school trust, public, and adjacent private lands. Between these two projects over 18,000 acres of grasslands have improved grassland management.

GEPP III builds upon the proven success of GEPP and GEPP II. We are estimating that through GEPP III an additional 8,000 acres of grassland will be enhanced by establishing rotational grazing infrastructure on school trust, public, PLOTS, and adjacent private lands from (2026 – 2031). This will be achieved by providing 60% cost-share for traditional fencing and 75% cost-share for water developments and grass plantings. Providing this cost-share will make enhancements a viable option for lessees and assist land managers with enhanced habitat management for public enjoyment. Project partners will work collaboratively to advance grazing systems and provide lessees with technical assistance. Offering cost-share is a proven, cost-effective way to improve wildlife habitat, water quality and grassland diversity.

GEPP III is requesting OHF to provide funding for grassland enhancement practices that include traditional livestock fencing, water developments and grass plantings. Boundary fence cost-share will be provided only on projects which DO NOT CONTAIN any existing fence and increase grazing land available to agricultural lessees; Examples for boundary fence include (hay land, existing cropland being planted to grass, or currently unmanaged grasslands).

Technical assistance will be provided by applicants and supporting partners. Grazing systems will consist of a grazing plan which will be focused on duration and recovery time to determine success. A grazing plan based on the principles of duration and recovery time provides producers with opportunity to be flexible based on each year's conditions and associated monitoring. Soil health of the systems will be monitored by water infiltration and success of the systems will ultimately be determined by the satisfaction of cooperating producers.

### Directives and Timeline

#### OHF Major Directive

(B) – Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching.

This is the major directive for GEPP III and will be achieved by providing lessees with cost share and technical guidance to address resource concerns (water quality, soil conditions, plant diversity, animal health). Resource concerns will be addressed by improving rotational grazing systems through establishing livestock grazing infrastructure. Water quality will improve by installing alternative water sources away from waterways. Soil conditions will improve through enhanced manure distribution, rest recovery, and plant utilization. Rotational grazing promotes plant diversity through whole plant community utilization and increased stocking density for shorter grazing periods.

#### OHF Additional Directives

(A)– Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen.

School trust lands have been open to public hunting since 1983. Waterfowl Production Areas are open to public hunting, fishing, trapping, wildlife education, and wildlife observation. Wildlife Refuges are open to the public for wildlife observation, photography, limited hunting and ice fishing. North Dakota Forest Service lands are open to the public for outdoor recreation. Through the North

Dakota Game and Fish Departments – Private Lands Open To Sportsmen (PLOTS) program the public is able to access private land for hunting opportunities. This program seeks to provide landowners with financial and technical assistance to establish grazing infrastructure for the benefit of grassland heterogeneity across pastures.

(C)– Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands.

This will be achieved by installing infrastructure to support rotational grazing on school trust, public, PLOTS, and adjacent private land. Grassland establishment will be utilized when needed to enhance perennial cover for wildlife. Implementing grazing plans across the project area will promote rest recovery time, boost wildlife habitat, and enhance existing cover.

If GEPP III is funded, agreements will be 10 years in length and/or will align with landowner grazing lease terms. Grazing infrastructure and improvements will be completed during the 6-year grant term (2026 - 2031). GEPP III partners will continue to monitor the success of grazing systems throughout each agreement. Lessees of state trust land and U.S. Fish and Wildlife Service land are typically 5-year agreements, whereas Forest Service agreements are typically 3 years in length. Landowners who enroll into the NDGFD PLOTS program for 5 years will potentially be incentivized with an additional 15% cost-share by NDGFD at their biologists discretion.

Is this project part of a Comprehensive Conservation Plan? ☐ Yes    ☒ No

If yes, provide a copy with the application.

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Outdoor Heritage Fund  
Grant Round 27  
Application Summary Page  
**GR 27-16**

Project Title: Educational Prairie Trails  
Applicant: United Prairie Foundation  
Primary Contact: John DeVries  
Total Project Costs: \$232,450  
OHF Request: \$113,700

Match Amount	Funding Source	Match Type
35,000	United Prairie Foundation	In-Kind
40,000	Fargo Park District	Cash
15,000	Fargo Park District	In-Kind
8,200	City of Fargo	Cash
3,600	West Fargo Park District	In-Kind
6,450	Wahpeton Parks and Recreation	Cash
3,000	Wahpeton Parks and Recreation	In-Kind
<b>111,250</b>	<b>Total</b>	

Percentage of Matching Funds: 51%

Project Duration: 2026 - 2030

Major Directive: D

Additional Directive: C

Summary of Project: Trails that feature high-diversity native plantings, new trail connections, and a series of eight interpretive signs highlighting different aspects of prairie ecology.

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Technical Committee Comments:

- Combo project with Fargo, West Fargo and Wahpeton park districts
- These get a fair amount of care and maintenance which is really important
- Plug costs seem to be in-line

Comments from the OHF Advisory Board members:

- Good project - No other comments
- 

**Funded Projects**

Contract	Total Project Cost	Title	Award Amount	Amount Expended	Project Timeframe
<sup>1</sup> 2-24	842,300	Prairie Project	300,000	298,941.48	Completed
26-256	806,750	Grazed Wildlife Habitat–Meadowlark Initiative	580,000	0.00	2025-2032
<b>Total</b>	<b>1,649,050</b>				

Unsuccessful Applications				
Round	Request	Total Project Cost	Title	Vote
7	11,490	43,540	United Prairie Prescribed Management Fire Team	N/A
7	78,500	133,420	Small Acreage Private Land Prairie Plots	3-8
12	38,978	56,120	Prairie to the People	5-6
13	51,628	75,330	Prairie to the People	3-7
<b>Total</b>	<b>180,596</b>	<b>308,410</b>		

**OHF Advisory Board Recommendation**  
 Contingencies: None  
 Conflicts of Interest: None  
 Funding Vote: 8-3  
 Funding Amount Vote: \$113,700

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<sup>1</sup> Returned Commitment of \$1,058.52

# Outdoor Heritage Fund Grant Application



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After completing the form, applications and supporting documentation may be submitted by e-mail to [ndicgrants@nd.gov](mailto:ndicgrants@nd.gov). It is preferred that only electronic copies are submitted.

You are not limited to the spacing provided, except in those instances where there is a limit on the number of words. If you need additional space, please indicate that on the application form, answer the question on a separate page, and include with your submission.

The application and all attachments must be received by the application deadline. You may submit your application at any time prior to the application deadline. Applicants are strongly encouraged to submit applications prior to the deadline for staff review in order ensure that proposals will be complete when submitted on deadline date. Incomplete applications may not be considered for funding.

Please review the back of this form to determine project eligibility, definitions, budget criteria, and statutory requirements.

Project Name **Educational Prairie Trails**

Name of Organization **United Prairie Foundation**

Federal Tax ID# **77-0639875**

Contact Person/Title **John DeVries, Founder/President**

Address **260 Front Street**

City **Sheldon**

State **ND**

Zip Code **58068**

E-mail Address **unitedprairie@mlgc.com**

Web Site Address (If applicable) **unitedprairie.org**

Phone **701-793-0668**

List names of co-applicants if this is a joint proposal

**MAJOR Directive:**

Choose only one response

- ☐ **Directive A.** Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- ☐ **Directive B.** Improving, maintaining and restoring water quality, soil conditions, plant diversity, animal systems and by supporting other practices of stewardship to enhance farming and ranching;
- ☐ **Directive C.** Developing, enhancing, conserving and restoring wildlife and fish habitat on private and public lands; and
- ☒ **Directive D.** Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

**Additional Directive:**

Choose all that apply

- ☐ **Directive A.**
- ☐ **Directive B.**
- ☒ **Directive C.**
- ☐ **Directive D.**

**Type of organization:**

- ☐ State Agency
- ☐ Political Subdivision
- ☐ Tribal Entity
- ☒ Tax-exempt, nonprofit corporation.

**Abstract/Executive Summary.**

Summarize the project, including its objectives, expected results, duration, total project costs and participants. (no more than 500 words)

This project expands United Prairie Foundation's Educational Prairie Trail program in the Red River Valley of eastern North Dakota, which utilizes locally sourced native plants and seeds to support public education about the tallgrass prairie ecosystem. United Prairie Foundation and the Fargo Park District have successfully partnered on previous urban conservation projects that offer new opportunities for recreation and education. The success of those projects allows us to expand to West Fargo and Wahpeton, North Dakota. The Educational

Prairie Trail features high-diversity native plantings, new trail connections, and a series of eight interpretive signs highlighting different aspects of prairie ecology. Together, these additions will enhance and create several new sites for recreation and education about North Dakota's unique prairie-wetland ecosystems.

Many communities struggle to establish successful pollinator and native plant areas due to limited access to local ecotype plants/seed and lack of long-term management experience. United Prairie Foundation (UPF) ensures this project's success through proper site preparation, providing locally sourced plant material, and informed maintenance planning and implementation. The project will expand the footprint of prairie and provide locations for outreach events and promotion of diverse prairie habitat. If funded, this project will stand as a model for successful community-based prairie restoration, demonstrating how native plantings can transform public spaces into educational destinations.

**Project Duration: 4 years**

**Indicate the intended schedule for drawing down OHF funds.**

Most of the requested funds would be used in year 1. In the case of any delay, continued installations will take place in year 2.

2026: Site preparation, seeding, plug installation, sign installation, trail installation

2027: Vegetation management, sign installation

2028: Vegetation management

2029: Vegetation management

**Amount of Grant request: \$ 113,700**

**Total Project Costs: \$ 232,450**

Note: in-kind and indirect costs can be used for matching funds.

**Amount of Matching Funds: \$ 118,750**

**A minimum of 25% Match Funding is required.** Indicate if the matching funds will be in-kind, indirect or cash. Please provide verification that these matching funds are available for your project. Note that effective as of July 1, 2015 no State General Fund dollars can be used for a match unless funding was legislatively appropriated for that purpose.

Amount of Match	Funding Source	Type of Match (Cash, In-kind or Indirect)
\$35,000	United Prairie Foundation	In-kind
\$40,000	Fargo Park District	Cash
\$15,000	Fargo Park District	In-kind
\$8,200	City of Fargo	Cash
\$3,600	West Fargo Park District	In-kind
\$6,450	Wahpeton Parks and Recreation	Cash
\$3,000	Wahpeton Parks and Recreation	In-kind

### **Certifications**

**X** I certify that this application has been made with the support of the governing body and chief executive of my organization.

**X** I certify that if awarded grant funding none of the funding will be used for any of the exemptions noted in the back of this application.

## **Narrative**

**Organization Information – Briefly summarize your organization's history, mission, current programs and activities.**

United Prairie Foundation (UPF) is a 501(c)(3) nonprofit based in Sheldon, North Dakota. UPF employs up to 10 staff members seasonally, is guided by a board of community members, and leads a steering committee that operates the Sheldon Community Center. Since 2004, UPF has worked to reconnect people with the prairie landscape. Our mission is to *"Make Prairie Common Again."* We accomplish this by planting and maintaining prairie and wetland habitats in both rural and urban settings, with a strong emphasis on public engagement and community education. UPF operates North Dakota's only native plant nursery, growing plants from wild seed collected in local prairies. We collaborate with cities, park districts, schools, and community groups to establish prairie habitats and other public demonstration sites that inspire appreciation for North Dakota's native ecosystems.

**Purpose of Grant – Describe the proposed project identifying how the project will meet the specific directive(s) of the Outdoor Heritage Fund Program**

This project will create new recreation and education opportunities in the Red River Valley by establishing a network of Educational Prairie Trails. Eight locations across Fargo, West Fargo, and Wahpeton will be established as Educational Prairie Trail sites, each with a series of interpretive signs along trails or sidewalks featuring native plantings. These locations will be planted with UPF's greenhouse-grown plugs and local ecotype seed mixes, with the exception of the North Softball Complex which will only have signs added to an existing planting by UPF. Feedback gathered by the Fargo Park District showed that residents would like to see more native plantings with interpretive signage.

The project directly fulfills Directive D by conserving natural areas and creating new areas for recreation and education through park development. Each Educational Prairie Trail site will serve as a living classroom for park visitors, schools, and community groups, with interpretive signs explaining prairie ecology, wildlife, and restoration. The project will increase existing park use in three North Dakota cities by offering a new way for residents and visitors to experience and learn about nature within city limits. It also meets Directive C by developing, enhancing, conserving, and restoring wildlife and pollinator habitat on public lands.

This project is unique because it will provide multiple convenient locations for ND residents and visitors to observe and learn about North Dakota's rare prairie ecosystem. United Prairie Foundation specializes in the use of locally sourced native plants to create resilient, high-quality pollinator and wildlife habitat in both large and small-scale projects. These diverse, ecologically appropriate plantings provide valuable floral resources in grass-dominated urban landscapes and support a wide range of wildlife and pollinators. For this project, each prairie garden will be 300 square feet and each garden will have an interpretive sign. UPF's prairie gardens are not like traditional gardens, but are planted densely with high species diversity to replicate true prairie habitats. The following locations



have been chosen because they are high-profile, busy locations and have the highest potential to reach the most people.

Fargo Park District

Urban Plains Park

16 gardens, trails, and sign installations

Orchard Glen Park

Garden expansion, sign installations

Forest River Park

8 gardens, sign installations

Bison Meadows Park

6 gardens, sign installations

North Softball Complex

Sign installations

City of Fargo

40th Ave/38th St, locations for additional 6 acres to be determined

Seeding 2 acres, sign installations

West Fargo Park District

Rivers Bend Trail

8 gardens, sign installations

Wahpeton Parks and Recreation

Chahinkapa Park Sculpture Garden

8 gardens, sign installations

Is this project part of a Comprehensive Conservation Plan? ☐ Yes ☒ No



# NORTH DAKOTA OFFICE OF THE STATE AUDITOR

State Auditor Joshua C. Gallion

## North Dakota Mill and Elevator Association

Audit Report for the Years Ended June 30, 2025 and 2024

Client Code 475



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**NORTH DAKOTA OFFICE OF THE STATE AUDITOR**

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Legislative Assembly

Industrial Commission

Vance Taylor, President and CEO, North Dakota Mill and Elevator Association

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the business-type activities of the North Dakota Mill and Elevator Association, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the North Dakota Mill and Elevator Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the North Dakota Mill and Elevator Association, as of June 30, 2025 and June 30, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Dakota Mill and Elevator Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the North Dakota Mill and Elevator Association are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the North Dakota Mill and Elevator that is attributable to the transactions of the North Dakota Mill and Elevator Association. They do not purport to, and do not, present fairly the financial position of the state of North Dakota, as of June 30, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***Responsibilities of Management for Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Dakota Mill and Elevator Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota Mill and Elevator Association's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Dakota Mill and Elevator Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions for pensions, the Schedule of Employer's Share of Net OPEB Liability and the Schedule of Employer Contributions for OPEB be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively compare the North Dakota Mill and Elevator Association's basic financial statements. The Schedule of Appropriations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the



auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Appropriations is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2025 on our consideration of the North Dakota Mill and Elevator Association's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Dakota Mill and Elevator Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Dakota Mill and Elevator Association's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion  
State Auditor  
Bismarck, North Dakota  
October 22, 2025



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of North Dakota Mill and Elevator Association's annual financial report presents management's discussion and analysis of the Mill's financial performance during the fiscal year that ended June 30, 2025. Please read this information in conjunction with the financial statements that follow this section.

### FINANCIAL HIGHLIGHTS

#### Condensed Financial Data

	FY 2025	FY 2024	FY 2023
Current Assets	\$ 112,218,003	\$ 119,336,938	\$ 130,869,833
Noncurrent Assets	3,104,269	5,221,325	7,316,413
Capital Assets	215,699,969	200,432,579	178,485,939
Total Assets	<u>\$ 331,022,241</u>	<u>\$ 324,990,842</u>	<u>\$ 316,672,185</u>
Deferred Outflow of Resources	\$ 5,999,488	\$ 13,993,306	\$ 17,792,067
Current Liabilities	\$ 87,064,039	\$ 97,045,275	\$ 113,671,512
Noncurrent Liabilities	94,989,696	94,785,821	86,273,461
Total Liabilities	<u>\$ 182,053,735</u>	<u>\$ 191,831,096</u>	<u>\$ 199,944,973</u>
Deferred Inflow of Resources	\$ 7,613,149	\$ 12,361,697	\$ 9,485,629
Invested in Capital Assets	\$ 143,121,951	\$ 134,075,745	\$ 135,431,478
Unrestricted	4,232,894	715,610	(10,397,828)
Total Net Position	<u>\$ 147,354,845</u>	<u>\$ 134,791,355</u>	<u>\$ 125,033,650</u>
Operating Revenue			
Gross Sales	\$ 476,072,638	\$ 504,415,675	\$ 532,743,300
Sales Deductions	(100,114,382)	(94,092,579)	(86,902,223)
Net Sales	<u>\$ 375,958,256</u>	<u>\$ 410,323,096</u>	<u>\$ 445,841,077</u>
Nonoperating Revenue			
Interest Income	334,682	514,044	90,643
Miscellaneous	68,960	100,316	35,616
Total Revenues	<u>\$ 376,361,898</u>	<u>\$ 410,937,456</u>	<u>\$ 445,967,336</u>
Operating Expenses			
Material Cost	\$ 289,413,323	\$ 334,686,221	\$ 375,142,839
Manufacturing, Selling, General	55,827,756	50,226,703	48,487,503
Non-operating Expenses			
Interest Expense	4,376,369	5,211,483	5,025,601
Other	50,039	17,880	73,128
Total Expenses	<u>\$ 349,667,487</u>	<u>\$ 390,142,287</u>	<u>\$ 428,729,071</u>
Revenue Over Expenses	\$ 26,694,411	\$ 20,795,168	\$ 17,238,265
Transfer to Industrial Commission	(116,355)	(120,000)	(54,520)
Transfer to General Fund	(12,679,845)	(9,877,705)	(8,188,176)
Transfer to Ag Products Utilization Fund	(1,334,721)	(1,039,758)	(861,913)
Change in Net Position	\$ 12,563,490	\$ 9,757,705	\$ 8,133,656
Beginning Net Position	134,791,355	125,033,650	116,899,994
Ending Net Position	<u>\$ 147,354,845</u>	<u>\$ 134,791,355</u>	<u>\$ 125,033,650</u>

- Gross sales reached \$476,072,638.
- During the fiscal year, the Mill shipped 18,751,692 hundredweights of flour.
- The Mill made a profit of \$26,694,411.
- Mill operations provided more than \$334,815,000 to the region and another \$776,770,000 in secondary economic activity for a total economic impact of more than \$1,111,585,000.

## RESULTS OF OPERATIONS

Certain operating information is set forth below, as a percentage of gross sales for the fiscal years ended June 30, 2025, June 30, 2024, and June 30, 2023:

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>
Gross Margin	18.2%	15.0%	13.3%
Material Costs	60.8%	66.4%	70.4%
Operating Costs	11.7%	9.9%	9.1%
Profits	5.6%	4.1%	3.2%

Gross sales reached \$476,072,000 for the fiscal year compared to \$504,416,000 last year and \$532,743,000 in fiscal year 2023. Sales of spring wheat flour were 17,221,000 hundredweight or 92 percent of our total sales while sales of durum products were 1,530,000 hundredweight. This compares to sales of 16,016,000 hundredweight of spring wheat flour and 1,513,000 hundredweight of durum products last year. Bulk flour sales represent 83 percent of the flour sold. Flour packed in bags accounted for 17 percent of the flour sold.

As a result of this sales volume, the Mill spent more than \$267,098,000 buying wheat and durum. This is down from the previous year purchases of \$317,655,000 and down from purchases in fiscal year 2023 of \$366,191,000. In fiscal year 2025 the Mill settled the purchase of 39,871,000 bushels of wheat and durum while in fiscal year 2024 the Mill settled the purchase of 38,494,000 bushels. The majority of the grain purchased is from North Dakota growers or grain elevators.

In addition to spending over \$267,098,000 on grain, most of which went to North Dakota farmers, the Mill also spent \$39,515,000 with other North Dakota based suppliers. Payroll costs for the North Dakota Mill were \$28,202,000 for the year ended June 30, 2025. These three items when added together show that the Mill provided a direct economic impact to the region of over \$334,815,000. A North Dakota State University study stated that for every dollar in direct economic activity from wheat processing, another \$2.32 was generated in secondary economic activity. Thus, the Mill produced \$776,770,000 in secondary economic activity resulting in a total economic impact of more than \$1,111,585,000.

Operating costs were \$55,828,000 compared to \$50,227,000 last year and \$48,488,000 in fiscal year 2023. This is an increase of \$5,601,000 from last year. The primary causes for this increase in operating cost is due to increases in wages and benefits, increased repairs and maintenance costs, and increased operating supplies and utilities. Operating cost per hundredweight of production increased to \$2.99 from \$2.86 in fiscal year 2023 and remained below the \$3.03 per unit cost in fiscal year 2023.

Gross margins as a percent of gross sales were 18.2 percent for fiscal year 2025 moving from 15.0 percent in fiscal year 2024 and 13.3 percent in fiscal year 2023. Profits as a percent of gross sales were 5.6 percent compared to 4.1 percent last year and 3.2 percent in fiscal year 2023. The Mill experienced a profit of \$26,694,000 compared to a profit of \$20,795,000 last year.

## **LIQUIDITY**

The North Dakota Mill's cash requirements relate primarily to capital improvements and a need to finance inventories and receivables based on raw material costs and levels. These cash needs are expected to be fulfilled by the Mill through operations and an established operating line of credit with the Bank of North Dakota. The Mill has a \$125,000,000 operating line of credit with the Bank of North Dakota. The Mill also has a term note and a construction note with the Bank of North Dakota.

## **CASH FLOWS FROM OPERATIONS**

Operating activities for the year ended June 30, 2025, provided cash of \$58,238,000 compared to \$49,474,000 in fiscal year 2024 and \$42,972,000 in fiscal year 2023. Cash was used primarily for capital projects and transfers to APUF and the General Fund. There was an operating profit for this same period of \$30,717,000 compared to \$25,410,000 in fiscal year 2024 and \$22,211,000 in 2023.

## **CASH FLOWS FROM FINANCING ACTIVITIES**

The North Dakota Mill had \$32,860,000 short-term debt outstanding and payable to the Bank of North Dakota on June 30, 2025, compared to \$43,155,000 last year and \$57,637,000 in fiscal year 2023. The Mill also had \$58,304,000 in long term debt outstanding and payable to the Bank of North Dakota on June 30, 2025, compared to \$58,850,000 in fiscal year 2024 and \$43,902,000 in fiscal year 2023.

## **NET POSITION**

Current assets decreased \$7,119,000 from last year. This decrease from last year is due primarily to decreases in the value of receivables and the inventory on hand. Receivables decreased \$5,506,000 while inventories decreased \$1,775,000 from last year's values.

The carrying value of capital assets increased \$15,267,000 to \$215,700,000 for the year ended June 30, 2025. For more detailed information regarding capital assets and long-term debt activity see the Notes to the Financial Statements.

Current liabilities decreased \$9,981,000 from last year. Long term liabilities increased \$204,000 from last year. The major changes were in the short-term note payable to the Bank of North Dakota, which decreased \$10,294,000 and to the lease liability which increased \$2,496,000 and to the net pension liability which decreased \$891,000. The total net position increased by \$12,593,000, resulting in an improvement in overall financial position.

## **COMMODITY PRICE RISK**

The North Dakota Mill utilizes futures contracts offered through regulated commodity exchanges to reduce risk. The Mill is exposed to risk of loss in the market value of inventories and fixed purchase and sales contracts. To reduce this risk, opposite and offsetting futures positions are taken.

## INDUSTRY

U.S. annual wheat flour production increased in 2024 to 425 million hundredweights up 1% from 2023. Production of whole wheat flour in the U.S. was estimated at 18.2 million hundredweights which is a 1% increase from 2023. Durum flour and semolina production was 31.5 million hundredweights, up 2% from 2023. We expect grain and financial markets to continue to be volatile.

North Dakota produced another quality spring wheat and durum crop this year. Average spring wheat protein is estimated to be 14.3%. Harvest conditions were good. Spring wheat quality has an effect on flour quality. The crop this year is working well for our customers.

## FINANCIAL STATEMENTS

### Comparative Statement of Net Position

<b>ASSETS</b>	June 30, 2025	June 30, 2024
Current assets:		
Cash and cash equivalents	\$ 225	\$ 225
Receivables, net (note 4)	72,781,832	78,287,566
Inventories (note 5)	34,988,115	36,762,897
Notes receivable	2,117,647	2,117,647
Hedging derivative instruments	268,150	
Prepaid expense	2,062,035	2,168,604
Total current assets	<u>\$ 112,218,004</u>	<u>\$ 119,336,939</u>
Noncurrent assets:		
Notes receivable	\$ 2,117,647	\$ 4,235,294
Patronage capital credits	711,622	711,030
Other assets	275,000	275,000
Capital assets, net (note 6)	215,699,969	200,432,580
Total noncurrent assets	<u>218,804,238</u>	<u>205,653,904</u>
Total assets	<u>\$ 331,022,242</u>	<u>\$ 324,990,843</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Accumulated decrease in fair value of hedging derivative instruments		\$ 2,636,375
Derived from pensions	\$ 5,761,620	10,964,652
Derived from other post-employment benefits	237,869	392,279
Total deferred outflows of resources	<u>\$ 5,999,489</u>	<u>\$ 13,993,306</u>
<b>LIABILITIES</b>		
Current liabilities:		
Checks issued in excess of cash	\$ 1,951,040	\$ 2,493,651
Accounts payable and other liabilities (note 7)	22,445,492	23,521,740
Due to state general fund	12,679,845	9,877,705
Due to ag products utilization fund	1,334,721	1,039,758
Hedging derivative instruments		2,636,375
Short term notes payable	32,860,281	43,154,738
Long-term liabilities - current portion		
Compensated absences	486,625	112,957
Notes payable	7,305,314	6,541,954
Lease liability	8,000,720	7,666,395
Total current liabilities	<u>\$ 87,064,038</u>	<u>\$ 97,045,273</u>
Noncurrent liabilities:		
Net other post-employment benefit liability	\$ 590,019	\$ 744,614
Net pension liability	14,678,760	15,569,905
Long-term liabilities - noncurrent portion		
Compensated absences	1,222,645	1,159,084
Notes payable	50,998,453	52,308,312
Lease liability	27,499,820	25,003,906
Total noncurrent liabilities	<u>94,989,697</u>	<u>94,785,821</u>
Total liabilities	<u>\$ 182,053,735</u>	<u>\$ 191,831,094</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated increase in fair value of hedging derivative instruments	\$ 268,150	
Derived from pensions	7,260,092	\$ 12,290,634
Derived from other post-employment benefits	84,907	71,063
Total deferred inflows of resources	<u>\$ 7,613,149</u>	<u>\$ 12,361,697</u>
<b>NET POSITION</b>		
Invested in capital assets	\$ 143,121,951	\$ 134,075,746
Unrestricted	4,232,894	715,609
Total net position	<u>\$ 147,354,845</u>	<u>\$ 134,791,355</u>

The accompanying notes are an integral part of the financial statements.

## Comparative Statement of Revenues, Expenses, and Changes in Net Position

OPERATING REVENUES	June 30, 2025	June 30, 2024
Sales (net of sales deductions of \$100,114,382 and \$94,092,579, respectively)	\$ 375,958,257	\$ 410,323,096
Total operating revenues	<u>\$ 375,958,257</u>	<u>\$ 410,323,096</u>
 OPERATING EXPENSES		
Material cost	\$ 289,413,323	\$ 334,686,222
Wages and benefits	27,373,932	25,188,009
Repairs and maintenance	5,229,674	4,002,370
Operating supplies	2,196,779	1,382,683
Utilities	5,804,713	5,237,682
Insurance	2,555,790	2,537,442
Outside services	2,519,889	2,212,962
Office supplies	72,303	63,285
Computer expense	444,399	417,656
Communications	66,023	68,665
Travel and entertainment	212,854	203,077
Employee expense	225,410	219,193
Safety expense	300,726	113,367
Postage and mailing	39,791	44,768
Advertising	191,488	158,244
Dues and subscriptions	234,271	196,921
Legal and professional	100,422	43,563
Depreciation	8,259,297	8,136,823
Total operating expenses	<u>\$ 345,241,084</u>	<u>\$ 384,912,932</u>
Operating income	<u>\$ 30,717,173</u>	<u>\$ 25,410,164</u>
 NONOPERATING REVENUES (EXPENSES)		
Interest income	\$ 334,682	\$ 514,044
Interest expense	(4,376,369)	(5,211,483)
Disposal of assets	(37,023)	(32,118)
Miscellaneous income	105,987	132,440
Other expense	(50,039)	(17,880)
Total nonoperating expenses	<u>\$ (4,022,762)</u>	<u>\$ (4,614,997)</u>
Gain before transfers	<u>\$ 26,694,411</u>	<u>\$ 20,795,167</u>
 Transfer to state general fund	\$ (12,679,845)	\$ (9,877,705)
Transfer to ag products utilization fund	(1,334,721)	(1,039,758)
Transfer to Industrial Commission	(116,355)	(120,000)
Change in net position	<u>\$ 12,563,490</u>	<u>\$ 9,757,704</u>
Total net position - beginning of year	<u>\$ 134,791,355</u>	<u>\$ 125,033,651</u>
Total net position - ending	<u>\$ 147,354,845</u>	<u>\$ 134,791,355</u>

The accompanying notes are an integral part of the financial statements.

## Comparative Statement of Cash Flows

	June 30, 2025	June 30, 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 484,132,333	\$ 509,581,858
Payments to suppliers	(399,198,996)	(435,690,847)
Payments to employees	(26,695,320)	(24,143,893)
Net cash provided (used) by operating activities	<u>\$ 58,238,017</u>	<u>\$ 49,747,118</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from noncapital debt	\$ 237,684,989	\$ 234,929,522
Principal paid on noncapital debt	(251,916,891)	(253,251,830)
Interest paid on noncapital debt	(3,227,836)	(4,487,903)
Ag promotion	(50,039)	(17,880)
Transfer to Industrial Commission	(116,355)	(120,000)
Transfer to state general fund	(9,877,705)	(8,188,175)
Transfer to ag products utilization fund	(1,039,758)	(861,913)
Net cash provided (used) by noncapital financing activities	<u>\$ (28,543,595)</u>	<u>\$ (31,998,179)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	\$ 6,313,467	\$ 18,788,756
Principal paid on capital debt and leases	(11,641,935)	(8,887,731)
Interest paid on capital debt and leases	(3,030,002)	(1,780,746)
Acquisition and construction of capital assets	(21,340,305)	(25,871,730)
Net cash used by capital and related financing activities	<u>\$ (29,698,775)</u>	<u>\$ (17,751,451)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income on investments	\$ 4,353	\$ 2,512
Net cash provided by investing activities	<u>\$ 4,353</u>	<u>\$ 2,512</u>
Net increase in cash and cash equivalents	\$ (0)	\$ 0
Cash and cash equivalents, beginning	225	225
Cash and cash equivalents, ending	<u>\$ 225</u>	<u>\$ 225</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income	\$ 30,717,173	\$ 25,410,164
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	17,585,544	17,277,206
Pension and OPEB expense	708,458	1,577,319
Interest expense paid on lease activities	1,881,472	1,074,234
Other nonoperating income	436,313	643,964
Decrease (Increase) in receivables, net	5,505,735	2,404,569
Decrease (Increase) in notes receivable	2,117,647	2,117,647
Decrease (Increase) in inventories	1,774,781	9,273,828
Decrease (Increase) in prepaid expense	106,569	(145,501)
Decrease (Increase) in patronage capital credits	(592)	(22,559)
Increase (Decrease) in accounts payable	(2,532,129)	(9,396,504)
Increase (Decrease) in accrued payroll	946,378	561,943
Increase (Decrease) in other liabilities	(33,108)	65,953
Increase (Decrease) in accrued sick and vacation pay	437,228	93,914
Decrease (Increase) in deferred outflows for pension and OPEB	(1,413,452)	(1,189,059)
Total adjustments	<u>\$ 27,520,844</u>	<u>\$ 24,336,954</u>
Net cash provided by operating activities	<u>\$ 58,238,017</u>	<u>\$ 49,747,118</u>
<b>SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS</b>		
Assets acquired through lease	\$ 11,550,523	\$ 13,701,027
Total non cash transactions	<u>\$ 11,550,523</u>	<u>\$ 13,701,027</u>

The accompanying notes are an integral part of the financial statements.



## Notes to the Financial Statements

### NOTE 1 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, as summarized below and the financial statements for the North Dakota Mill and Elevator Association (Mill) are in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### A. REPORTING ENTITY

For financial reporting purposes, the Mill has included all its operations as enterprise funds and has considered all potential component units for which the Mill is financially accountable and other organizations for which the nature and significance of their relationship with the Mill are such that exclusion would cause the Mill's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Mill to impose its will on that organization; or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Mill.

Based upon these criteria, there are no component units to be included within the Mill as a reporting entity and the Mill is included within the state of North Dakota as a reporting entity.

#### B. BASIS OF PRESENTATION

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Mill's activities are considered to be an enterprise fund, single business-type activity (BTA) and accordingly, are reported within a single column in the basic financial statements.

#### C. BASIS OF ACCOUNTING

The enterprise fund is accounted for on a flow of economic resources measurement focus. The accrual basis of accounting is utilized by the enterprise fund. Revenue is recognized at the time of shipment from the Mill or from the transloading site. Expenses are recognized at the time goods and services were received and accepted.

#### D. CASH AND CASH EQUIVALENTS

This classification appears on the Comparative Statement of Net Position and the Comparative Statement of Cash Flows and includes petty cash and cash on deposit with the Bank of North Dakota.

## **E. RECEIVABLES**

Accounts receivable represents amounts due from customers for credit sales. Other receivables consist of grain margin accounts, and promissory notes from employees. Notes receivable represents amounts due from customers. The grain margin accounts and hedging derivative instruments are used to buy and sell spring wheat futures contracts on the Minneapolis Grain Exchange. Any activity would be recognized at cost after the settlement period. The allowance method is used to account for estimated uncollectible accounts receivable.

## **F. INVENTORIES**

Grain committed to production is valued at cost. Grain committed to sale is valued at net commitment price. Excess grain inventories are valued at June 30 Minneapolis grain market values, less freight costs to Minneapolis. Flour, feed, and resale inventories are valued at ingredient cost plus manufacturing costs incurred in their production. Supplies inventories are valued at cost. The first-in, first-out basis is used for all inventories.

## **G. CAPITAL ASSETS**

Capital assets are stated at cost. When it is determined that a project consisting of machinery, equipment, or buildings will span more than one year, a “construction in progress” project folder is established to facilitate the accumulation until completion. Upon completion, the completed item is transferred to the applicable asset category. Movable equipment with a cost of \$5,000 or more is capitalized and reported in the accompanying financial statements.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets, generally 10 to 20 years for infrastructure, 30 to 40 years for buildings, 5 to 25 years for plant equipment, 7 to 10 years for office equipment and furniture, 3 to 8 years for intangibles, and 5 to 10 years for leasehold improvements. The leased right of use assets are amortized on a straight-line basis over the shorter of lease term or the assets useful life.

## **H. NONCURRENT LONG-TERM LIABILITIES**

Noncurrent long-term liabilities include compensated absences that will not be paid within the next fiscal year and long-term notes payable to the Bank of North Dakota.

## **I. LEASES**

Leased right of use assets and the corresponding lease liability are recorded at the present value of future payments over the shorter of the lease term or the assets useful life. The future lease payments are discounted using the implicit rate identified in the lease, or if not identified, then the Mill’s incremental borrowing rate is used. The leased right of use assets are amortized on a straight-line basis.

## **J. COMPENSATED ABSENCES**

Annual Leave - Union employees earn vacation within a range of 6 days to 30 days per year depending on length of continuous service. Other employees are entitled to earn annual leave,

based on tenure of employment, within a range of 12 days to 30 days per year. Individuals may bank earned vacation time to a total accumulation of 30 days payable at retirement or upon severance of employment.

Sick Leave - Union employees earn sick pay at the rate of one day for each two months of continuous employment. Upon termination, union employees shall be paid an amount equal to \$50 times the total unused days of accumulated leave, not to exceed \$5,000. Other employees earn sick pay at the rate of one day per month. Upon termination, these employees are entitled to be paid 10% of their accumulated sick leave, if employed 10 years or longer.

The Mill used the historical review method for calculating the estimated compensated absence liability and used actual salary and pay rates for payment determination in accordance with GASB Statement No. 101.

#### **K. SCALE ACCRUED PURCHASES**

Grain received/unloaded at the Mill that has not yet been settled by the Mill.

#### **L. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **M. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **N. NET POSITION**

The Mill's net position is classified as follows:

Invested in Capital Assets – This represents the Mill's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets.

Unrestricted Net Position – Unrestricted net position includes resources derived from customer sales which may be used to meet the Mill’s ongoing obligations.

## **O. REVENUE AND EXPENSE RECOGNITION**

The Mill presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting. Operating activities are those activities that are necessary and essential to the mission of the Mill. Operating revenues include all charges to customers. Revenues from interest income, gains on sale of capital assets, and bad debt recovery are considered nonoperating since these are either investing, capital, or noncapital financing activities. Operating expenses are all expense transactions incurred other than those related to investing, capital, or noncapital financing activities and do not include interest expense and disposal of non-depreciated capital assets.

## **P. NEW ACCOUNTING PRONOUNCEMENTS**

During fiscal year 2024, the Mill adopted GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement*.

During fiscal year 2025, the Mill adopted GASB Statement No. 101, *Compensated Absences*, and GASB 102, *Certain Risk Disclosures*.

The Mill will implement the following new pronouncements for fiscal years ending after 2025: GASB Statement No. 103, *Financial Reporting Model*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The effect that these GASB Statements will have on future financial statements has not yet been determined.

## **NOTE 2 | BUDGETING AND BUDGETARY CONTROL**

The Mill provides its own operating funds. A two-year budget appropriation is approved by the State Legislature. The Mill’s budgeting is on the accrual basis. The Mill does not use encumbrance accounting.

## **NOTE 3 | DEPOSITS**

North Dakota Century Code (N.D.C.C.) sections 6-09-07 and 21-04-02 govern the deposit and investment of public funds.

N.D.C.C. section 6-09-07 states, "All state funds...must be deposited in the Bank of North Dakota...or must be deposited in accordance with constitutional and statutory provisions." N.D.C.C. section 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota.

At June 30, 2025 and 2024, the carrying amounts of the Mill's deposits were \$225 and \$225, respectively, and the bank balances were \$1,000,000 and \$1,000,000, respectively. All deposits are exposed to custodial credit risk because they are not covered by depository insurance and the deposits are uncollateralized. These monies are deposited in the Bank of North Dakota and are guaranteed by the state of North Dakota (N.D.C.C. section 6-09-10).

#### NOTE 4 | RECEIVABLES

Receivables at June 30, 2025 and 2024 consist of the following:

June 30, 2025	Gross Receivables	Allowance		Net Receivables
		Bad Debts	Billbacks/ Promotional	
Current Receivables				
Accounts	\$ 77,453,240	\$ (4,185,189)	\$ (1,236,538)	\$ 72,031,513
Margin accounts	693,319			693,319
Other	57,000			57,000
Total Current Receivables	<u>\$ 78,203,559</u>	<u>\$ (4,185,189)</u>	<u>\$ (1,236,538)</u>	<u>\$ 72,781,832</u>

June 30, 2024	Gross Receivables	Allowance		Net Receivables
		Bad Debts	Billbacks/ Promotional	
Current Receivables				
Accounts	\$ 78,657,261	\$ (4,149,775)	\$ (962,947)	\$ 73,544,539
Margin accounts	4,677,944			4,677,944
Other	65,083			65,083
Total Current Receivables	<u>\$ 83,400,288</u>	<u>\$ (4,149,775)</u>	<u>\$ (962,947)</u>	<u>\$ 78,287,566</u>

At June 30, 2025 and 2024, the ages of gross accounts receivable were as follows:

	2025	2024
Current	\$ 44,475,329	\$ 44,627,512
1-30 Days	22,547,019	21,208,296
31-60 Days	6,240,915	8,087,280
61-90 Days	2,102,463	3,222,322
Over 90 Days	2,087,514	1,511,851
	<u>\$ 77,453,240</u>	<u>\$ 78,657,261</u>

#### NOTE 5 | INVENTORIES

At June 30, 2025 and 2024, inventories consisted of the following:

	2025	2024
Grain	\$ 25,719,348	\$ 25,062,404
Flour, Feed, Resale	8,106,675	10,504,810
Supplies	1,162,092	1,195,683
Total Inventories	<u>\$ 34,988,115</u>	<u>\$ 36,762,897</u>

The Mill's net position in the grain market at June 30, 2025 and 2024 was as follows:

	2025 Bushels		2024 Bushels	
	Wheat	Durum	Wheat	Durum
Company Owned (Priced) Grain and Flour on Hand	3,201,912	329,982	3,497,465	169,438
Open Purchase Contracts				
Cash	5,241,965	874,629	5,312,881	1,148,896
Futures	4,205,000		5,790,000	
Subtotal	12,648,877	1,204,611	14,600,346	1,318,334
Committed to Production	(12,810,044)	(888,795)	(14,771,936)	(895,731)
Net Position (Short) Long	(161,167)	315,816	(171,590)	422,603

Any gains or losses on net open position would only occur if there were changes in the market price of wheat or durum prior to the Mill covering their open position. Losses on open purchase contracts could occur if there was a failure to deliver the commodity. The amount of loss would depend upon the difference between the contract price and the market price at that time.

## NOTE 6 | CAPITAL ASSETS

The summary of changes in capital assets for fiscal years ended June 30, 2025 and 2024 is below:

	Balance July 1, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
<b>Capital Assets, Non-Depreciable:</b>					
Land	\$ 1,783,611				\$ 1,783,611
Construction in Progress	39,297,168	\$ 21,340,305		\$ (3,132,021)	57,505,452
Total Capital Assets, Non-Depreciable	\$ 41,080,779	\$ 21,340,305	\$ -	\$ (3,132,021)	\$ 59,289,063
<b>Capital Assets, Depreciable/Amortizable:</b>					
Infrastructure	\$ 20,138,826				\$ 20,138,826
Buildings	72,687,478		\$ (220,011)	\$ 719,083	73,186,550
Machinery & Equipment	131,510,388	\$ 22,000	(9,559,823)	2,246,498	124,219,064
Intangibles	2,179,368				2,179,368
Furniture & Fixtures	990,251		(111,535)	166,440	1,045,156
Leased Right of Use Asset	49,056,700	11,550,523	(3,559,320)		57,047,903
Total Capital Assets, Depreciable/Amortizable	\$ 276,563,011	\$ 11,572,523	\$ (13,450,689)	\$ 3,132,021	\$ 277,816,867
<b>Less Accumulated Depreciation and Amortization:</b>					
Infrastructure	\$ 4,420,096	\$ 811,714			\$ 5,231,810
Buildings	24,816,088	1,860,967	\$ (220,049)		26,457,006
Machinery & Equipment	68,523,926	5,372,805	(9,497,958)		64,398,773
Intangibles	1,557,130	155,710			1,712,840
Furniture & Fixtures	879,550	55,297	(111,535)		823,312
Leased Right of Use Asset	17,014,420	9,326,277	(3,558,478)		22,782,220
Total Accumulated Depreciation and Amortization	\$ 117,211,210	\$ 17,582,770	\$ (13,388,020)		\$ 121,405,961
Total Capital Assets, Depreciable, Net	\$ 159,351,801	\$ (6,010,247)	\$ (62,669)	\$ 3,132,021	\$ 156,410,906
Capital Assets, Net	\$ 200,432,580	\$ 15,330,058	\$ (62,669)	\$ -	\$ 215,699,969

	Balance July 1, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
<b>Capital Assets, Non-Depreciable:</b>					
Land	\$ 1,783,611				\$ 1,783,611
Construction in Progress	17,115,545	\$ 25,871,732	\$ (12,724)	\$ (3,677,385)	39,297,168
Total Capital Assets, Non-Depreciable	\$ 18,899,156	\$ 25,871,732	\$ (12,724)	\$ (3,677,385)	\$ 41,080,779
<b>Capital Assets, Depreciable/Amortizable:</b>					
Infrastructure	\$ 18,787,292			\$ 1,351,534	\$ 20,138,826
Buildings	72,461,718		\$ (5,918)	231,677	72,687,478
Machinery & Equipment	129,952,938	\$ 5,000	(405,988)	1,958,438	131,510,388
Intangibles	2,043,632			135,736	2,179,368
Furniture & Fixtures	1,022,766		(32,515)		990,251
Leased Right of Use Asset	40,760,364	13,701,027	(5,404,691)		49,056,700
Total Capital Assets, Depreciable/Amortizable	\$ 265,028,710	\$ 13,706,027	\$ (5,849,112)	\$ 3,677,385	\$ 276,563,011
<b>Less Accumulated Depreciation and Amortization:</b>					
Infrastructure	\$ 3,693,122	\$ 726,974			\$ 4,420,096
Buildings	22,944,330	1,877,676	\$ (5,918)		24,816,088
Machinery & Equipment	63,616,593	5,275,638	(368,305)		68,523,926
Intangibles	1,384,333	172,797			1,557,130
Furniture & Fixtures	828,890	83,175	(32,515)		879,550
Leased Right of Use Asset	12,974,660	9,147,611	(5,107,851)		17,014,420
Total Accumulated Depreciation and Amortization	\$ 105,441,928	\$ 17,283,871	\$ (5,514,589)		\$ 117,211,210
Total Capital Assets, Depreciable, Net	\$ 159,586,782	\$ (3,577,844)	\$ (334,523)	\$ 3,677,385	\$ 159,351,801
Capital Assets, Net	\$ 178,485,938	\$ 22,293,888	\$ (347,247)	\$ -	\$ 200,432,580

## NOTE 7 | ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2025 and 2024 were as follows:

	2025	2024
Accounts Payable	\$ 7,875,944	\$ 11,200,246
Scale Accrued Purchases	8,453,006	7,118,222
Accrued Gain Sharing	5,561,415	4,713,945
Accrued Payroll	433,666	336,065
Accrued Payroll Taxes and Benefits	28,439	27,132
Accrued Commissions	93,022	126,130
Total accounts payable and accrued liabilities	\$ 22,445,492	\$ 23,521,740

## NOTE 8 | SHORT-TERM NOTES PAYABLE

The Mill uses a revolving line of credit to finance current operations with the Bank of North Dakota. The line of credit is for \$125 million as of June 30, 2025 and \$92.1 million is unused. The line of credit is for \$125 million as of June 30, 2024 and \$81.8 million is unused. All Mill assets including but not limited to equipment, accounts, and inventory are pledged as collateral for the line of credit along with the notes payable discussed in Note 10. The interest rate is variable at 1.0% over the 3-month FHLB (Federal Home Loan Bank), adjusted quarterly. As of June 30, 2025 and 2024, the rates were 5.455% and 6.49%, respectively. Short-term debt activity for the year ended June 30, 2025 and 2024 was as follows:



	Balance			Balance
	July 1, 2024	Draws	Repayments	June 30, 2025
Line of credit	\$ 43,154,738	\$ 237,684,989	\$ (247,979,446)	\$ 32,860,281

	Balance			Balance
	July 1, 2023	Draws	Repayments	June 30, 2024
Line of credit	\$ 57,636,505	\$ 234,929,522	\$ (249,411,289)	\$ 43,154,738

## NOTE 9 | LONG-TERM LIABILITIES

The summary of changes in the long-term liabilities for June 30, 2025 and 2024 is as follows:

	Balance			Balance	Current	Noncurrent
	July 1, 2024	Additions	Reductions	June 30, 2025	Portion	Portion
Compensated Absences	\$ 1,272,041	\$ 1,091,865	\$ (654,636)	\$ 1,709,270	\$ 486,625	\$ 1,222,645
Notes Payable	58,850,266	6,313,467	(6,859,967)	58,303,767	7,305,314	50,998,453
Lease Liability	32,670,301	11,550,523	(8,720,284)	35,500,540	8,000,720	27,499,820
Total Long-Term Liabilities	\$ 92,792,608	\$ 18,955,855	\$ (16,234,887)	\$ 95,513,577	\$ 15,792,659	\$ 79,720,918

	Balance			Balance	Current	Noncurrent
	July 1, 2023	Additions	Reductions	June 30, 2024	Portion	Portion
Compensated Absences	\$ 1,178,128	\$ 986,753	\$ (892,840)	\$ 1,272,041	\$ 112,957	\$ 1,159,084
Notes Payable	43,902,061	18,788,756	(3,840,551)	58,850,266	6,541,954	52,308,312
Lease Liability	28,156,684	13,702,215	(9,188,598)	32,670,301	7,666,395	25,003,906
Total Long-Term Liabilities	\$ 73,236,873	\$ 33,477,724	\$ (13,921,989)	\$ 92,792,608	\$ 14,321,306	\$ 78,471,302

Compensated absences are also shown as long-term liabilities for annual and sick leave payable to employees upon retirement or severance of employment. See details in Note 1.

## NOTE 10 | NOTES PAYABLE

The Mill borrowed \$40 million during fiscal year 2021 from the Bank of North Dakota to finance current operations and it is recorded as a notes payable. The interest rate is fixed at 2.5% and the term is ten years. In fiscal year 2023, the Mill entered into a \$40 million long term note with the Bank of North Dakota to fund the construction of a Midds Storage and Handling Facility. The note has a fixed 3.0% interest rate, 5-year term, requiring interest only monthly payments for the first 2 years, followed by 3 years of monthly principal and interest payments based on a 10-year amortization. In fiscal year 2024, the Mill drew down \$18,788,756 for a total of \$33,686,533. In fiscal year 2025, the Mill drew down the remaining \$6,313,467 for a total of \$40 million. All Mill assets including but not limited to equipment, accounts, and inventory are pledged as collateral for the notes payable along with the line of credit discussed in Note 8.

The schedule of maturities of notes payable is as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 7,305,314	\$ 1,560,434	\$ 8,865,748
2027	7,809,734	1,346,926	9,156,660
2028	34,381,082	504,323	34,885,404
2029	4,350,940	170,781	4,521,722
2030	4,456,697	60,752	4,517,449
	<u>\$ 58,303,767</u>	<u>\$ 3,643,216</u>	<u>\$ 61,946,983</u>

## NOTE 11 | LEASE OBLIGATIONS

During fiscal years ended June 30, 2025 and 2024, the Mill had leases for bulk rail and box cars with original terms of 5 to 26 years on 1090 and 1094 cars, respectively. The Mill also has leases with GM Financial for the CEO's automobile, BNSF for land and track rental, CSX for track rental, US Bancorp for three shuttlewagons, and Pitney Bowes for a postage meter. A summary of changes in leased assets is as follows:

	Balance July 1, 2024	Additions	Decreases	Balance June 30, 2025
<b>Capital Assets:</b>				
Leased Land	\$ 104,472			\$ 104,472
Leased Infrastructure	82,367			82,367
Leased Machinery & Equipment	48,863,973	\$ 11,550,523	\$ (3,559,320)	56,855,176
Leased Furniture & Fixtures	5,888			5,888
Total Leases Being Amortized	<u>\$ 49,056,700</u>	<u>\$ 11,550,523</u>	<u>\$ (3,559,320)</u>	<u>\$ 57,047,903</u>
<b>Less Accumulated Amortization:</b>				
Leased Land				
Leased Infrastructure	\$ 172,397	\$ 100,773		\$ 273,170
Leased Machinery & Equipment	16,836,979	9,224,108	\$ (3,558,479)	22,502,608
Leased Furniture & Fixtures	5,046	1,396		6,442
Total Accumulated Amortization	<u>\$ 17,014,422</u>	<u>\$ 9,326,277</u>	<u>\$ (3,558,479)</u>	<u>\$ 22,782,220</u>
<b>Leased Right of Use Asset, Net</b>	<u>\$ 32,042,278</u>	<u>\$ 2,224,246</u>	<u>\$ (841)</u>	<u>\$ 34,265,683</u>

	Balance July 1, 2023	Additions	Decreases	Balance June 30, 2024
<b>Capital Assets:</b>				
Leased Land	\$ 104,472			\$ 104,472
Leased Infrastructure	82,367			82,367
Leased Machinery & Equipment	40,567,638	\$ 13,701,027	\$ (5,404,691)	48,863,973
Leased Furniture & Fixtures	5,888			5,888
Total Leases Being Amortized	<u>\$ 40,760,365</u>	<u>\$ 13,701,027</u>	<u>\$ (5,404,691)</u>	<u>\$ 49,056,700</u>
<b>Less Accumulated Amortization:</b>				
Leased Land				
Leased Infrastructure	\$ 114,931	\$ 57,466		\$ 172,397
Leased Machinery & Equipment	12,856,366	9,088,463	(5,107,850)	16,836,979
Leased Furniture & Fixtures	3,364	1,682		5,046
Total Accumulated Amortization	<u>\$ 12,974,661</u>	<u>\$ 9,147,611</u>	<u>\$ (5,107,850)</u>	<u>\$ 17,014,422</u>
<b>Leased Right of Use Asset, Net</b>	<u>\$ 27,785,704</u>	<u>\$ 4,553,416</u>	<u>\$ (296,841)</u>	<u>\$ 32,042,278</u>

The minimum future lease interest and principal payments for each of the next five years and in the aggregate is as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 8,000,720	\$ 1,719,888	\$ 9,720,608
2027	6,942,409	1,358,737	8,301,146
2028	6,045,402	1,008,023	7,053,425
2029	4,451,047	717,108	5,168,155
2030	2,929,639	500,371	3,430,010
2031-2039	7,131,323	860,969	7,992,292
	<u>\$ 35,500,540</u>	<u>\$ 6,165,096</u>	<u>\$ 41,665,636</u>

## NOTE 12 | BONUS AND OTHER EMPLOYEE AGREEMENTS

The CEO's annual bonus opportunity is based on performance, up to 30% of base salary. The employee's annual bonus opportunity is based on achieving production, safety, and profit goals. Production and safety goals have a 4% bonus potential if profits exceeded \$5 million in each fiscal year and the profit bonus for fiscal year 2024 was 1% of base salary for each million in profits (before gain sharing expense accrual), or fraction thereof, and for fiscal year 2025 the profit bonus was calculated at 5% for the first \$10 million in profit and 1% for each million after. The bonus potential was accrued. (See Note 7)

## NOTE 13 | PENSION PLAN

The Mill participates in the North Dakota Public Employees' Retirement System (NDPERS), administered by the state of North Dakota. The following brief description of NDPERS is provided for general information purposes only. Participants should refer to N.D.C.C. chapter 54-52 for more complete information.

### A. Description of Pension Plans

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

## **B. Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

## **C. Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

## **D. Refunds of Member Account Balance**

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

## **E. Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

## **F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2025 and 2024, the Mill reported a liability of \$14,678,760 and \$15,569,905 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Mill's proportion of the net pension liability was based on the Mill's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2024, the Mill's proportion was 0.784811 percent, which was a decrease of 0.022651 from its proportion measured as of June 30, 2023. At June 30, 2023, the Mill's proportion was 0.807462 percent, which was a decrease of 0.031031 percent from its proportion measured as of June 30, 2022.

For the years ended June 30, 2025 and 2024, the Mill recognized a pension expense of \$580,878 and \$1,405,934, respectively. At June 30, 2025 and June 30, 2024, the Mill reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2025</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 696,942	
Changes of assumptions	3,537,551	\$ 6,660,959
Net difference between projected and actual earnings on pension plan		134,216
Changes in proportion and differences between employer contributions and proportionate	227,639	464,917
Employer contributions subsequent to the measurement date	1,299,488	
Total	<u>\$ 5,761,620</u>	<u>\$ 7,260,092</u>

\$1,299,488 reported as deferred outflows of resources related to pensions resulting from the Mill contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

	<b>2024</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 506,851	\$ 85,867
Changes of assumptions	8,585,428	11,817,953
Net difference between projected and actual earnings on pension plan	408,526	
Changes in proportion and differences between employer contributions and proportionate	386,827	386,814
Employer contributions subsequent to the measurement date	1,077,020	
Total	<u>\$ 10,964,652</u>	<u>\$ 12,290,634</u>

\$1,077,020 reported as deferred outflows of resources related to pensions resulting from the Mill contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2026	\$ (1,800,835)
2027	138,893
2028	(1,012,689)
2029	(123,329)
2030	
Thereafter	

**Actuarial assumptions.** The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5% to 17.75% including inflation
Investment rate of return	6.50%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.9%	5.40%
International Equity	19.1%	7.00%
Private Equity	7%	8.50%
Domestic Fixed Income	23%	2.88%
International Fixed Income	0%	0.00%
Global Real Assets	19%	6.10%
Cash Equivalents	0%	0.00%

**Discount rate.** For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net



Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.97%; and the resulting Single Discount Rate is 6.50%.

***Sensitivity of the Employer’s proportionate share of the net pension liability to changes in the discount rate.*** The following presents the Mill’s proportionate share of the net pension liability as of June 30, 2024 calculated using the discount rate of 6.50 percent, as well as what the Mill’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Employer's proportionate share of the net pension liability	\$20,744,560	\$14,678,760	\$9,647,981

The following presents the Mill’s proportionate share of the net pension liability as of June 30, 2023 calculated using the discount rate of 6.50 percent, as well as what the Mill’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Employer's proportionate share of the net pension liability	\$21,467,158	\$15,569,905	\$10,677,676

***Pension plan fiduciary net position.*** Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

## **NOTE 14 | POST RETIREMENT BENEFITS**

The Mill participates in the North Dakota Public Employees' Retirement System (NDPERS) other post employment benefits (OPEB) administered by the state of North Dakota. The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

### **A. Description of OPEB Plans**

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019, the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

### **B. OPEB Benefits**

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit

or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

### **C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2025 and 2024, the Mill reported a liability of \$590,019 and \$744,614, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024 and 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Mill's proportion of the net OPEB liability was based on the Mill's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the Mill's proportion was 0.682849 percent, which was a decrease of 0.06195 percent from its proportion measured as of June 30, 2023. At June 30, 2023, the Mill's proportion was 0.744799 percent, which was a decrease of 0.038311 percent from its proportion measures as of June 30, 2022.

For the years ended June 30, 2025 and 2024, the Mill recognized OPEB expense of \$125,969 and \$171,341, respectively. At June 30, 2025 and 2024, the Mill reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>2025</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,280	\$ 4,535
Changes of assumptions	89,755	40,394
Net difference between projected and actual earnings on OPEB plan investments		22,068
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,869	17,910
Employer contributions subsequent to the measurement date	113,965	
<b>Total</b>	<b>\$ 237,869</b>	<b>\$ 84,907</b>

\$113,965 reported as deferred outflows of resources related to OPEB resulting from the Mill's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026.

	<b>2024</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 14,009	\$ 8,521
Changes of assumptions	158,809	61,663
Net difference between projected and actual earnings on OPEB plan investments	53,782	
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,640	879
Employer contributions subsequent to the measurement date	112,039	
<b>Total</b>	<b>\$ 392,279</b>	<b>\$ 71,063</b>

\$112,039 reported as deferred outflows of resources related to OPEB resulting from the Mill's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

**Year ended June 30:**

2026	\$ 40,760
2027	53,448
2028	(39,013)
2029	(16,198)
2030	
Thereafter	

**Actuarial assumptions.** The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	4.00%
Small Cap Domestic Equities	6%	6.00%
Domestic Fixed Income	35%	3.29%
International Equities	26%	7.00%

**Discount rate.** The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the net OPEB liability of the Plans as of June 30, 2024, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Employer's proportionate share of the net OPEB liability	\$806,412	\$590,019	\$407,765

The following presents the net OPEB liability of the Plans as of June 30, 2023, calculated using the discount rate of 5.75%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Employer's proportionate share of the net OPEB liability	\$978,605	\$744,614	\$547,622

***OPEB plan fiduciary net position.*** Detailed information about the OPEB plan's fiduciary net position is available in the separately issued NDPERS financial report.

## NOTE 15 | DEFERRED COMPENSATION PLAN

The state offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all state employees, permits them to defer a portion of their current salary until future years. Participation in the plan is optional. The deferred compensation is not available to the employees until separation of employment, unforeseeable emergency, de minimis distribution, or qualified domestic relations orders.

All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive use of the employee or their beneficiary.

The Mill employees deposit to deferred compensation for June 30, 2025 and 2024 was \$481,148 and \$426,682, respectively.

## NOTE 16 | CONCENTRATIONS

The Mill sells a substantial portion of its product to five major customers. Sales to these customers totaled approximately 9,491,392 and 8,546,223 hundredweight for the years ended June 30, 2025 and 2024, respectively. For June 30, 2025 and 2024, sales to these customers were 51% and 49% of total sales, respectively.

Approximately 70% of employees are employed under a four-year bargaining agreement that will expire at June 30, 2025. This contract contains a provision that states there shall be no strikes, slowdowns, or stoppages of work, picketing, boycotts, or other interference with the full

operations of the business of the Mill by the employees covered by this agreement and there shall be no lockout by the Mill.

#### **NOTE 17 | RELATED PARTY TRANSACTIONS**

For fiscal years 2025 and 2024, section 54-18-19 of the N.D.C.C. provides that the Industrial Commission shall transfer to the state general fund, 50% of the annual earnings and undivided profits of the Mill after any transfers to other state agricultural-related programs. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the Office of Management and Budget. For the years ended June 30, 2025 and 2024, the Mill had a due to state general fund of \$12,679,845 and \$9,877,705, respectively.

Section 54-18-21 of the N.D.C.C. provides that the Industrial Commission shall transfer 5% of the net income earned by the Mill during that fiscal year to the Agricultural Products Utilization Fund. For the years ended June 30, 2025 and 2024, the Mill had a due to the Agricultural Products Utilization Fund of \$1,334,721 and \$1,039,758, respectively.

As referred to in Note 3, the Mill does all banking with the Bank of North Dakota. They also have a revolving line of credit with the Bank of North Dakota and notes payable, which are discussed in Notes 8 and 10.

The Mill paid the Industrial Commission, a state of North Dakota agency, \$116,355 and \$120,000 in fiscal years 2025 and 2024, respectively.

#### **NOTE 18 | HEDGING DERIVATIVE INSTRUMENTS**

Fair value measurements are used to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

##### ***Fair Value Hierarchy***

In accordance with GASB Statement No. 72, assets and liabilities are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of assumptions used to determine fair value. These levels are:

Level 1 - Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.



### ***Determination of Fair Value***

In accordance with GASB Statement No. 72, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Mill's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurement in accordance with the fair value hierarchy.

The following is a description of valuation methodologies used for liabilities recorded at fair value.

### ***Hedging Derivative Instruments***

Fair values of the grain future contracts are determined on the Minneapolis Grain Exchange.

### ***Assets and Liabilities Recorded at Fair Value on a Recurring Basis***

The balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2025 and 2024 are as follows:

		2025			
		Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets					
Hedging Derivative Instruments	\$ 268,150	\$ 268,150			
Total	\$ 268,150	\$ 268,150			
		2024			
		Total	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Liabilities					
Hedging Derivative Instruments	\$ 2,636,375	\$ 2,636,375			
Total	\$ 2,636,375	\$ 2,636,375			

The fair values balances and notional amount of hedging derivative instruments outstanding at June 30, 2025 and the changes in fair values of such hedging derivative instruments for the year then ended as reported in the 2025 financial statements are \$268,150, classified as Hedging Derivative Instruments (one contract equals 5000 bushels) and \$268,150, classified as Deferred Inflows of Resources – Accumulated increase in fair value of hedging derivative instruments.

The fair values balances and notional amount of hedging derivative instruments outstanding at June 30, 2024 and the changes in fair values of such hedging derivative instruments for the year then ended as reported in the 2024 financial statements are \$2,636,375, classified as Hedging Derivative Instruments (one contract equals 5000 bushels) and \$2,636,375, classified as Deferred Outflows of Resources – Accumulated decrease in fair value of hedging derivative instruments.

The fair value of the grain futures contracts was determined on the Minneapolis Grain Exchange. The daily limit for any trade days margin requirement is \$.60 per bushel, unless two or more wheat futures contract months within a crop year close at limit bid or limit offer, then the limit will increase by 50% per bushel the next business day. Daily price limits will revert back to \$.60 per bushel the business day after which no wheat futures contract month closes at the expanded limit bid or limit offer.

The Mill has entered into futures contracts for spring wheat to lock in a price for a future delivery or settlement period. These contracts are entered into to protect the Mill against price fluctuations of the commodity. The price protection is needed to cover any long or short positions compared to flour sales. The tables below show the cost and market values of these spring wheat futures at June 30, 2025 and 2024:

2025					
Month	# Contracts Long/(Short)	Average Cost	Quoted Prices in Active Mkts	Cost	Market Value
Sept. 25	270	6.2186	6.2075	\$ 8,309,463	\$ 8,380,125
Dec. 25	422	6.3607	6.3900	13,373,763	13,482,900
March 26	102	6.6959	6.5475	3,293,163	3,339,225
May 26	32	6.4623	6.6650	1,036,000	1,066,400
July 26	15	6.5200	6.6925	490,050	501,938
				<u>\$ 26,502,439</u>	<u>\$ 26,770,588</u>

2024					
Month	# Contracts Long/(Short)	Average Cost	Quoted Prices in Active Mkts	Cost	Market Value
Sept. 24	219	6.3746	6.1300	\$ 7,201,163	\$ 6,712,350
Dec. 24	656	6.8753	6.3250	22,497,388	20,746,000
March 25	177	6.8803	6.4925	6,089,088	5,745,863
May 25	73	6.7316	6.5950	2,457,038	2,407,175
July 25	21	6.7451	6.6775	708,238	701,138
Sept. 25	12	6.5506	6.6175	393,038	397,050
				<u>\$39,345,953</u>	<u>\$ 36,709,576</u>

The Mill is exposed to credit risk on hedging derivative instruments that are in asset positions. All grain futures trades are completed using two different national brokerage firms on the Minneapolis Grain Exchange. ADM Investor Services is rated A by the Standard & Poor's Rating Service. StoneX Group Inc. is rated BB- by the Standard & Poor's Rating Service.

The Mill is exposed to rollover risk on grain futures trades whenever the hedge ratio (defined in aggregate of the size across all futures months relative to the underlying net cash position) does not equal 1.0. On June 30, 2025 and 2024, the tables below show the hedge ratio by futures month going forward:

June 30, 2025		June 30, 2024	
Period	Hedge Ratio	Period	Hedge Ratio
September 2025	1.0	September 2024	1.0
December 2025	1.0	December 2024	1.0
March 2026	1.0	March 2025	1.0
May 2026	1.0	May 2025	1.0
July 2026	1.0	July 2025	1.0
Net Position	1.0	September 2025	1.0
		Net Position	1.0

## NOTE 19 | RISK MANAGEMENT

The Mill is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Mill carries liability insurance and property insurance through the state's Risk Management Fund (RMF) and commercial insurance, respectively.

The 1995 Legislative Session established the RMF, an internal service fund, to provide a self-insurance vehicle for funding the liability exposures of state agencies resulting from the elimination of the state's sovereign immunity. The RMF manages the tort liability of the state, its agencies, and employees. All state agencies participate in the RMF and each fund's contribution was determined using a projected cost allocation approach. The statutory caps on State liability will increase each year starting in fiscal year 2023 through fiscal year 2027 as follows:

- Fiscal year 2023: \$375,000 per person, \$1.0 million per occurrence
- Fiscal year 2024: \$406,250 per person, \$1.625 million per occurrence
- Fiscal year 2025: \$437,500 per person \$1.75 million per occurrence
- Fiscal year 2026: \$468,750 per person and \$1.875 million per occurrence
- Fiscal year 2027: \$500,000 pe person and \$2.0 million per occurrence

The Mill participated in North Dakota Workforce Safety and Insurance (WSI), an enterprise fund of the state of North Dakota. The WSI is a state insurance fund and a 'no fault' insurance system covering the state's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

The Mill participates in the State Bonding Fund which currently provides blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

There have been no significant reductions in insurance coverage from the prior years and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

## **NOTE 20 | COMMITMENTS AND CONTINGENCIES**

At June 30, 2025 and 2024, the Mill had committed to purchase 5,241,965 and 5,312,881 bushels of spring wheat, respectively, and 874,629 and 1,148,896 bushels of durum, respectively.

In addition, at June 30, 2025 and 2024, construction commitments totaled \$16,709,548 and \$28,172,834, respectively, amounts authorized totaled \$74,215,000 and \$67,470,000, respectively, and amounts expended/construction in progress totaled \$57,505,452 and \$39,297,168, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Employer's Share of Net Pension Liability**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years**

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.784811%	\$14,678,760	\$10,295,133	142.58%	68.02%
2024	0.807462%	\$15,569,905	\$9,874,211	157.68%	65.31%
2023	0.838493%	\$24,149,157	\$9,733,537	248.10%	54.47%
2022	0.813052%	\$8,474,445	\$9,206,923	92.04%	78.26%
2021	0.820307%	\$25,807,034	\$9,048,978	285.19%	48.91%
2020	0.842955%	\$9,880,043	\$8,768,169	112.68%	71.66%
2019	0.832005%	\$14,040,992	\$8,547,332	164.27%	62.80%
2018	0.749966%	\$12,054,415	\$7,655,981	157.45%	61.98%
2017	0.836299%	\$8,150,549	\$8,427,920	96.71%	70.45%
2016	0.867931%	\$5,901,783	\$7,732,208	76.33%	77.15%

The amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

**Schedule of Employer Contributions**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years**

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2025	\$1,299,488	(\$1,299,488)	\$0	\$11,512,852	11.29%
2024	\$1,077,020	(\$1,077,020)	\$0	\$10,295,133	10.46%
2023	\$957,137	(\$957,137)	\$0	\$9,874,211	9.69%
2022	\$916,749	(\$916,749)	\$0	\$9,733,537	9.42%
2021	\$811,839	(\$811,839)	\$0	\$9,206,923	8.82%
2020	\$772,196	(\$772,196)	\$0	\$9,048,978	8.53%
2019	\$796,459	(\$796,459)	\$0	\$8,768,169	9.08%
2018	\$708,182	(\$708,182)	\$0	\$8,547,332	8.29%
2017	\$642,553	(\$642,553)	\$0	\$7,655,981	8.39%
2016	\$630,801	(\$630,801)	\$0	\$8,427,920	7.48%

**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2025**

*Changes of benefit terms.*

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

*Changes of assumptions.*

All actuarial assumptions used in the actuarial valuation as of July 1, 2024 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.



**Schedule of Employer's Share of Net OPEB Liability**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years\***

	Employer's proportion of the net OPEB liability (asset)	Employer's proportionate share of the net OPEB liability (asset)	Employer's covered-employee payroll	Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.682849%	\$590,019	\$7,079,150	8.33%	68.35%
2024	0.744799%	\$744,614	\$7,486,594	9.95%	62.74%
2023	0.783110%	\$939,974	\$8,084,872	11.63%	56.28%
2022	0.769127%	\$427,768	\$8,385,470	5.10%	76.63%
2021	0.776550%	\$653,232	\$8,852,437	7.38%	63.38%
2020	0.785778%	\$631,127	\$8,768,169	7.20%	63.13%
2019	0.781137%	\$615,199	\$8,547,332	7.20%	61.89%
2018	0.707681%	\$559,783	\$7,655,981	7.31%	59.78%

\*Complete data for this schedule is not available prior to 2018. The amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

**Schedule of Employer Contributions**  
**ND Public Employees Retirement System**  
**Last 10 Fiscal Years\***

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered- employee payroll	Contribution s as a percentage of covered- employee payroll
2025	\$113,965	(\$113,965)	\$0	\$11,512,852	0.99%
2024	\$112,039	(\$112,039)	\$0	\$7,079,150	1.58%
2023	\$116,743	(\$116,743)	\$0	\$7,486,594	1.56%
2022	\$124,973	(\$124,973)	\$0	\$8,084,872	1.55%
2021	\$122,209	(\$122,209)	\$0	\$8,385,470	1.46%
2020	\$123,089	(\$123,089)	\$0	\$8,852,437	1.39%
2019	\$127,521	(\$127,521)	\$0	\$8,768,169	1.45%
2018	\$113,390	(\$113,390)	\$0	\$8,547,332	1.33%

\*Complete data for this schedule is not available prior to 2018.

**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2025**

*Changes of benefit terms.*

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2023.

*Changes of assumptions.*

All actuarial assumptions used in the actuarial valuation as of July 1, 2024 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

**SUPPLEMENTARY INFORMATION**  
**Schedule of Appropriations**  
**For the Biennium Ended June 30, 2025**

<b>OBJECT</b>	<b>2023-2025 Final Appropriation</b>	<b>2024 Expenses/ Transfers</b>	<b>2025 Expenses/ Transfers</b>	<b>Balance June 30, 2025</b>
Salaries and wages	\$ 54,752,308	\$ 24,705,835	\$ 27,643,355	\$ 2,403,118
Operating expenses	42,391,653	17,137,440	20,510,962	4,743,251
Agriculture promotion	500,000	17,880	50,039	432,081
Contingency	500,000			500,000
<b>TOTAL</b>	<b>\$ 98,143,961</b>	<b>\$ 41,861,155</b>	<b>\$ 48,204,356</b>	<b>\$ 8,078,450</b>
<b>SOURCE</b>				
Special fund authority	\$ 98,143,961	\$ 41,861,155	\$ 48,204,356	\$ 8,078,450
<b>TOTAL</b>	<b>\$ 98,143,961</b>	<b>\$ 41,861,155</b>	<b>\$ 48,204,356</b>	<b>\$ 8,078,450</b>

2023-2025 Appropriation amounts come directly from the North Dakota Session Laws, Chapter 14, House Bill 1014.

The following is a reconciliation of the GAAP expenses from the Statement of Revenues, Expenses and Changes in Net Position to the Schedule of Appropriations:

	<b>2024</b>	<b>2025</b>
Total operating expenses	\$ 384,912,932	\$ 345,241,084
Adjustments:		
Material cost	(334,686,222)	(289,413,323)
Depreciation	(8,136,823)	(8,259,297)
Change in compensated absences	(93,914)	(437,228)
Pension expense	(328,958)	718,655
OPEB expense	(59,302)	(12,004)
Demurrage	235,562	316,430
Agriculture promotion	17,880	50,039
Expenses per schedule of appropriations	<b>\$ 41,861,155</b>	<b>\$ 48,204,356</b>



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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

Independent Auditor's Report

Members of the Legislative Assembly

Industrial Commission

Vance Taylor, President and CEO, North Dakota Mill and Elevator Association

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of business-type activities of the North Dakota Mill and Elevator Association, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the North Dakota Mill and Elevator Association's basic financial statements, and have issued our report thereon dated October 22, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Dakota Mill and Elevator Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota Mill and Elevator Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Dakota Mill and Elevator's Association's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies,

in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the North Dakota Mill and Elevator Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Dakota Mill and Elevator's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/S/

Joshua C. Gallion  
State Auditor  
Bismarck, ND  
October 22, 2025



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**Governance Communication**

October 22, 2025

Industrial Commission

Legislative Audit and Fiscal Review Committee

We have audited the financial statements of the business-type activities, of the North Dakota Mill and Elevator Association for the years ended June 30, 2025 and 2024 and have issued our report thereon dated October 22, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 7, 2025. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the North Dakota Mill and Elevator Association are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal years 2025 and 2024. We noted no transactions entered into by the North Dakota Mill and Elevator Association during fiscal years 2025 and 2024 for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on the management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the North Dakota Mill and Elevator Association's financial statements were:



- Useful lives of capital assets
- Net pension liability

Management's estimate of the useful lives, as described in Note 1, is used to compute depreciation on capital assets. Management's estimate of the net pension liability is based on an actuary's calculation in accordance with the employment contracts. We evaluated the key factors and assumptions used to develop the useful lives and net pension liability in determining that they are reasonable in relation to the financial statements taken as a whole.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No known or likely misstatements were identified during the audit.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 22, 2025.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the North Dakota Mill and Elevator Association's financial statements or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the North Dakota Mill and

Elevator Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management Discussion and Analysis, Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions for pensions, the Schedule of Employer's Share of Net OPEB Liability and the Schedule of Employer Contributions for OPEB which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Appropriations, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### **Restriction on Use**

This information is intended solely for the use of Legislative Audit and Fiscal Review Committee, the Industrial Commission, and management of the North Dakota Mill and Elevator Association is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Robyn Hoffmann". The signature is written in a cursive, flowing style.

Robyn Hoffmann, CPA  
Audit Manager



Office of the  
State Auditor

NORTH DAKOTA STATE AUDITOR  
JOSHUA C. GALLION

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North Dakota Mill  
Review of Operations  
1<sup>st</sup> Quarter Ended 9/30/25

**Summary**

The Mill experienced a profit of \$5,987,995 in the first quarter compared to a profit of \$5,123,603 last year.

	<u>9/25</u>	<u>9/24</u>
Profits	\$5,987,995	\$5,123,603
Sales	116,266,426	118,548,084
Cwt. Shipped		
Spring	4,419,952	4,208,482
% to Total	92.6%	92.2%
Durum/Blends	<u>352,920</u>	<u>356,402</u>
Total	<u>4,772,872</u>	<u>4,564,884</u>
Bulk Shipments	3,928,149	3,822,117
% to Total	82.3%	83.7%
Bag Shipments	803,394	699,699
% to Total	16.8%	15.3%
Tote Shipments	41,329	43,068
% to Total	.9%	1.0%
Family Flour Shipments	180,453	143,582
% to Total	3.8%	3.1%
Organic Flour	29,805	36,104
% to Total	.6%	.8%

Wheat/Durum

Bought:

Spring / Winter

9,429,242

8,688,078

Durum

682,611

946,474

Total

10,111,853

9,634,552

### **Sales**

Sales for the first quarter were \$116,266,426 compared to \$118,548,084 last year, a decrease of 1.9%. The price of grain settled with suppliers at the mill for the first quarter of the year is \$.59 per bushel lower than last year. Shipments of 4,772,872 cwts. in the first quarter are 207,989 cwts., above last year. Bag shipments of 803,394 cwts. are 14.8% above last year. Family flour shipments were 180,453 cwts., an increase of 36,871 cwts., from last year's first quarter shipments of 143,582 cwts. Organic flour shipments were 29,805 cwts., a decrease of 6,299 cwts. from last year.

### **Operating Costs**

Operating costs for the first quarter were \$13,942,290 compared to \$12,707,708 last year, an increase of 9.7%. Total flour production for the first quarter was 5.6% above last year's first quarter. Operating cost per cwt. of production was \$2.93 per cwt., compared to \$2.82 last year, an increase of 3.9%

### **Profits**

The mill had profits of \$5,987,995 in the first quarter compared to \$5,123,603 in the last year. This is an increase of 16.9%. Gross margins as a percent of gross sales for the quarter were 18.0% compared to 16.0% last year.

### **Risk Management Position**

The table below shows our hedge ratio by futures month going forward. As the table indicates the mill continues to be closely matched in the overall net positions with some slight variations in monthly positions.

#### **Position Report 30-Sept-25**

Period	Hedge Ratio
Dec-25	1.0
Mar-26	1.1
May-26	.9
July-26	.9
Sept-26	.9
Dec-26	.9
Net Position	1.0



# North Dakota Mill

## Quarterly Income Statement Summary

### For the Three Months Ending Tuesday, September 30, 2025

	1st Qtr			Fiscal Year 2026	Fiscal Year 2025	Change
	Sep 2025	Sep 2024	Change			
GROSS SALES	\$116,266,426	\$118,548,084	(\$2,281,659)	\$116,266,426	\$118,548,084	(\$2,281,659)
SALES DEDUCTIONS	(25,287,425)	(23,209,772)	(2,077,653)	(25,287,425)	(23,209,772)	(2,077,653)
NET SALES	\$90,979,001	\$95,338,312	(\$4,359,311)	\$90,979,001	\$95,338,312	(\$4,359,311)
COGS	(\$70,040,012)	(\$76,333,505)	\$6,293,494	(\$70,040,012)	(\$76,333,505)	\$6,293,494
GROSS MARGIN	\$20,938,989	\$19,004,807	\$1,934,182	\$20,938,989	\$19,004,807	\$1,934,182
Gross Margin	18.0%	16.0%	2.0%	18.0%	16.0%	2.0%
OPERATING EXPENSES						
PRODUCTION	(\$11,157,805)	(\$10,087,358)	(\$1,070,447)	(\$11,157,805)	(\$10,087,358)	(\$1,070,447)
QUALITY CONTROL	(422,040)	(341,921)	(80,119)	(422,040)	(341,921)	(80,119)
MARKETING	(799,213)	(717,580)	(81,633)	(799,213)	(717,580)	(81,633)
GENERAL & ADMIN	(1,563,232)	(1,560,849)	(2,383)	(1,563,232)	(1,560,849)	(2,383)
TOTAL OPERATING EXPENSES	(\$13,942,290)	(\$12,707,708)	(\$1,234,582)	(\$13,942,290)	(\$12,707,708)	(\$1,234,582)
per cwt production	\$2.93	\$2.82	\$0.11	\$2.93	\$2.82	\$0.11
OPERATING INCOME	\$6,996,699	\$6,297,099	\$699,600	\$6,996,699	\$6,297,099	\$699,600
OTHER INCOME	\$61,803	\$109,688	(\$47,885)	\$61,803	\$109,688	(\$47,885)
OTHER EXPENSES	(1,070,507)	(1,283,183)	212,677	(1,070,507)	(1,283,183)	212,677
NET INCOME	\$5,987,995	\$5,123,603	\$864,392	\$5,987,995	\$5,123,603	\$864,392
PRODUCTION - CWTS.						
SPRING WHEAT FLOUR	4,404,030	4,155,233	248,798	4,404,030	4,155,233	248,798
% to total	92.5%	92.2%	0.3%	92.5%	92.2%	0.3%
DURUM FLOUR/SEMO	355,359	353,250	2,109	355,359	353,250	2,109
% to total	7.5%	7.8%	(0.3%)	7.5%	7.8%	(0.3%)
TOTAL CWTS.	4,759,389	4,508,483	250,907	4,759,389	4,508,483	250,907
SALES - CWTS.						
SPRING WHEAT	4,419,952	4,208,482	211,470	4,419,952	4,208,482	211,470
% to total	92.6%	92.2%	0.4%	92.6%	92.2%	0.4%
DURUM & BLENDS	352,920	356,402	(3,481)	352,920	356,402	(3,481)
% to total	7.4%	7.8%	(0.4%)	7.4%	7.8%	(0.4%)
TOTAL CWTS.	4,772,872	4,564,884	207,989	4,772,872	4,564,884	207,989
BY-PRODUCTS	69,663	67,776	1,888	69,663	67,776	1,888
Price per ton	\$86.61	\$90.32	-\$3.71	\$86.61	\$90.32	-\$3.71