

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 27, 2014 at 1:00 p.m.

Governor's Conference Room, State Capitol, Bismarck, ND

Present: Governor Jack Dalrymple, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also

Present: DeAnn Ament, Public Finance Authority
Kylee Merkel, Public Finance Authority
Nora Frueh, Eide Bailly
Jaret Wirtz, WAWSA
Brad Thompson, Bank of North Dakota
Members of the Press

Governor Dalrymple called the Industrial Commission meeting to order and the Commission took up Public Finance Authority business at 1:00 p.m.

Ms. DeAnn Ament, Public Finance Authority Executive Director, presented the North Dakota Public Finance Authority 2013 Annual Report. (A copy of the Annual Report is available in the Commission files.) She noted highlights from the Annual Report regarding the various Public Finance Authority programs.

Ms. Nora Frueh, Eide Bailly, presented the North Dakota Public Finance Authority 2013 Independent Audit. (A copy of the audit is available in the Commission files.) She said Eide Bailly had given a clean opinion or unmodified opinion which means they had no issues, changes or findings. The audit includes a paragraph this year regarding the adoption of a new accounting standard. The paragraph reads as follows:

Beginning in fiscal year 2013, the PFA implemented GASB Statement No. 65 - Items Previously Reported as Assets and Liabilities, which clarifies the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues or expenditures. As a result of implementing this statement, the PFA changed the classification of certain liabilities to deferred inflows and certain assets to deferred outflows. The PFA also restated beginning net position to write-off bond issuance costs as required by this Statement. (See Note 7 of the audit.)

This change required a prior period adjustment because it had to be put in retroactively – the GASB standard now requires all bond costs to be expensed when they are incurred rather than amortized over the life of the bonds.

Ms. Frueh stated their firm had also issued a government auditing standards report regarding the internal controls of the Authority. She said they did have an extraordinary item this year with a loss on a loan modification (See Note 6 of the audit). She noted that it is unusual for the Authority to have a loss on a loan so they put it in its own separate category. Internal control over financial reporting and compliance had no findings or compliance issues over the financial statements – a good opinion.

The audit also included the Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133. Each year the auditor must audit a major program and this year they audited the Drinking Water State Revolving

Fund. They issued another unmodified opinion on the federal program and there were no issues or findings over internal control or compliance with the Drinking Water Program. In conclusion she noted that there were no material weakness or deficiencies found on the financial statements or noncompliance. No material weaknesses or significant deficiencies in the federal awards, so there were no findings.

Ms. Ament presented a Clean Water State Revolving Fund Program loan application for the City of Tioga for \$2,500,000. She said this would finance a portion of the renovations and various projects within the City's sewer system. Total construction costs are estimated at \$12.8 million. Tioga was awarded approximately \$12 million in a North Dakota Energy Impact Grant which was used for various projects including \$5.3 million set aside for this project and they have saved their gross production taxes and are looking at contributing \$4.9 million towards this project. The 120 percent coverage requirement would be \$183,264 and the City intends to raise their rates by \$15.00 per user. Based on current connections it would generate about \$186,000 annually. The Advisory Committee recommended approval.

It was moved by Attorney General Stenejem and seconded by Commissioner Goehring that the Industrial Commission approves the following resolution:

RESOLUTION APPROVING
LOAN FROM CLEAN WATER STATE REVOLVING FUND

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

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

WHEREAS, the City of Tioga (the "Political Subdivision") has requested a loan in the amount of \$2,500,000 from the Program to finance wastewater treatment renovations; and

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

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

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

1. The Loan is hereby approved, as recommended by the Advisory Committee.
2. The form of Loan Agreement to be entered into with the Political Subdivision is hereby approved in substantially the form on file and the Executive Director is hereby authorized to execute the same with all such changes and revisions therein as the Executive Director shall approve.
3. The Executive Director is authorized to fund the Loan from funds on hand in the Clean Water Loan Fund established under the Indenture upon receipt of the Municipal Securities described in the Political Subdivisions bond resolution, to submit to the Trustee a NDPFA Request pursuant to the Indenture, and to make such other determinations as are required under the Indenture.

4. The Commission declares its intent pursuant to Treasury Regulations §1.150-2 that any Loan funds advanced from the Federally Capitalized Loan Account shall be reimbursed from the proceeds of bonds issued by the NDPFA under the Indenture.

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

Ms. Ament presented the following memorandum regarding two loans approved by the Advisory Committee:

Re: Bowbells, Clean Water State Revolving Fund Program Loan (increase)
Jamestown, Drinking Water State Revolving Fund Program Loan

Under current policy, the Public Finance Authority can make loans under the State Revolving Fund Program in an amount not to exceed \$1,000,000 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 funded, 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 loan:

The committee reviewed an application from the City of Bowbells requesting a \$292,000 increase to the \$400,000 loan (total \$692,000) approved October 16, 2013 under the Clean Water State Revolving Fund Program (CW SRF) to expand the secondary cell and construct an additional secondary cell as well as conduct maintenance on the original cells and replace the lift station controls. Construction of this project will begin May 2014 with an anticipated completion date of September 2014. Total construction costs are estimated at \$1,042,000, with \$350,000 provided by a ND Energy Impact Grant. This project qualifies for up to \$186,985 of loan forgiveness; the net amount of the loan will be \$505,015 when fully funded. The City has applied for an additional \$146,000 Energy Impact Grant which could reduce the CW SRF borrowing; recipients will be announced in June 2014. The City of Bowbells will issue revenue bonds payable with user fees. The requested term for the CWSRF loan is 20 years.

The committee reviewed an application from the City of Jamestown requesting a \$910,000 loan under the Drinking Water SRF Program to finance rehabilitation of three pumping stations. Construction of this project began April 15, 2014 with anticipated completion in October 2014. Total construction costs are estimated at \$1,725,000 of which a local industry will contribute \$815,000. The requested term for the DWSRF loan is 20 years. The City of Jamestown will issue revenue bonds payable with water utility user fees.

The loans were approved by the Public Finance Authority's Advisory Committee the May 20, 2014 Advisory Committee meeting.

Ms. Ament presented the sales report on the Public Finance Authority's \$34,575,000 Capital Financing Program Bonds, Series 2014 A and \$9,035,000 Taxable Capital Financing Program Bonds, Series 2014 B Bond Sales from Public Financial Management as follows:

In our role as independent financial advisor to the North Dakota Public Finance Authority (the "Authority"), Public Financial Management, Inc. ("PFM") has carefully reviewed the structure and pricing of the Authority's \$32,840,000 Capital Financing Program Bonds, Series 2014A (the

“Series 2014A Bonds”) and the \$9,000,000 Taxable Capital Financing Program Bonds, Series 2014B (the “Series 2014B Bonds”) (together, the “Bonds”). The following is intended to serve as a summary of the bond sales.

Transaction Summaries

\$32,840,000 Capital Financing Program Bonds, Series 2014A

The Authority competitively sold the Series 2014A Bonds on April 8, 2014 to provide moneys to lend to the City of Fargo through the purchase of sales tax revenue bonds to finance flood mitigation projects and to lend to the City of Noonan through the purchase of water revenue bonds for the purpose of refunding outstanding debt. The Authority received eight bids, as summarized below.

<u>Bidder</u>	<u>Net Interest Cost</u>	<u>True Interest Rate</u>
BMO Capital Markets*	\$12,286,476.89	3.1991%
Robert W. Baird & Co., Inc.	\$12,139,309.22	3.2018%
Guggenheim Securities, LLC	\$12,408,897.62	3.2431%
Bank of America Merrill Lynch	\$12,483,295.36	3.2664%
Southwest Securities, Inc.	\$12,594,694.78	3.3054%
Hutchinson, Shockey, Erley & Co.	\$12,587,167.82	3.3595%
Piper Jaffray	\$12,845,373.03	3.3680%
UBS Financial Services Inc.	\$13,027,576.40	3.4885%

*Low bidder.

Spread to MMD

The following table shows the yields for the Series 2014A Bonds and their spread to the AAA Municipal Market Data (MMD) curve. The AAA MMD curve represents the valuation of AAA rated general obligation credits, assuming a 5.00% coupon, based on market activity in both the primary and secondary municipal bond market.

<u>Maturity</u>	<u>Yield</u>	Spread to AAA <u>MMD</u>	<u>Maturity</u>	<u>Yield</u>	Spread to AAA <u>MMD</u>
2015	0.30%	0.13%	2025	2.95%	0.39%
2016	0.52%	0.13%	2026	3.08%	0.41%
2017	0.84%	0.16%	2027	3.19%	0.41%
2018	1.15%	0.17%	2028	3.31%	0.44%
2019	1.58%	0.30%	2029	3.42%	0.46%
2020	1.95%	0.32%	2030	3.50%	0.46%
2021	2.24%	0.33%	2031	3.59%	0.48%
2022	2.50%	0.35%	2032	3.67%	0.49%
2023	2.59%	0.27%	2034	3.85%	0.55%
2024	2.75%	0.30%			

\$9,000,000 Taxable Capital Financing Program Bonds, Series 2014B

The Authority competitively sold the Series 2014B Bonds on April 8, 2014 to provide moneys to lend to Stutsman Rural Water District through the purchase of water revenue bonds to finance certain water projects. The Authority received five bids, as summarized below.

<u>Bidder</u>	<u>Net Interest Cost</u>	<u>True Interest Rate</u>
Robert W. Baird & Co., Inc.*	\$4,343,245.81	4.0388%
Piper Jaffray	\$4,450,569.39	4.1398%
BMO Capital Markets	\$4,528,047.49	4.2082%
Raymond James & Associates, Inc.	\$4,538,531.15	4.2086%
Suntrust Robinson Humphrey	\$4,696,058.76	4.3361%

*Low bidder.

Spread to Treasuries

The table on the following page shows the yields for the Series 2014B Bonds and their spread to the allocable Treasury.

<u>Maturity</u>	<u>Yield</u>	<u>Spread to Treasury</u>	<u>Treasury Year</u>	<u>Maturity</u>	<u>Yield</u>	<u>Spread to Treasury</u>	<u>Treasury Year</u>
2015	0.50%	0.399%	1	2025	3.60%	0.919%	10
2016	0.80%	0.401%	2	2026	3.80%	1.119%	10
2017	1.20%	0.353%	3	2027	4.00%	1.319%	10
2018	1.70%	0.036%	5	2028	4.15%	1.469%	10
2019	2.10%	0.436%	5	2029	4.25%	0.708%	30
2020	2.50%	0.255%	7	2030	4.30%	0.758%	30
2021	2.80%	0.555%	7	2031	4.35%	0.808%	30
2022	3.00%	0.755%	7	2032	4.40%	0.858%	30
2023	3.20%	0.519%	1	2033	4.45%	0.908%	30
2024	3.40%	0.719%	10	2034	4.50%	0.958%	30

PFM reviewed the results of the Authority's Bonds with regard to prevailing market conditions, and it is our opinion that the interest rate scales, couponing, reoffering yields and underwriting compensation received for each issue are fair and favorable to the Authority. The final pricing for the Series 2014A Bonds resulted in a gross underwriting spread of \$297,980.87 or \$9.07 per face amount of bonds and \$133,272.47 or \$14.81 per face amount of bonds for the Series 2014B Bonds.

We also opine that the Authority's Bonds were appropriately priced relative to other issues sold or trading in the secondary market during the same period. PFM believes that the final all-in true interest costs of 3.3385% for the Series 2014A Bonds and 4.2299% for the Series 2014B Bonds are favorable to the Authority in light of prevailing market conditions. Additionally, PFM believes that these statistics are comparable to the interest rate levels of similar transactions sold either competitively or through negotiated placement in the market during the week of sales.

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Standard & Poor's Ratings Group confirmed the Authority's outstanding "AA" credit rating prior to the receipt of bids. This marks the first CFP financing with the "AA" credit rating.

We greatly appreciate the opportunity to have served as financial advisor to the Authority on the Bonds, and we look forward to being of continued service on future financing transactions. As always, we will be available to respond to any questions you may have concerning the contents of this memorandum or on any part of the financing process.

Being no further Public Finance Authority business, Governor Dalrymple adjourned this portion of the meeting at 1:21 p.m. and the Commission took up Western Area Water Supply Authority (WAWSA) business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 27, 2014 beginning at 1:00 p.m.

Governor's Conference Room, State Capitol, Bismarck, ND

Present: Governor Jack Dalrymple, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also

Present: Jaret Wirtz, WAWSA
Brad Thompson, Bank of North Dakota
Members of the Press

Governor Dalrymple called the Western Area Water Supply Authority (WAWSA) portion of the Industrial Commission meeting to order at 1:21 p.m. following completion of Public Finance Authority business.

Ms. Karlene Fine, Industrial Commission Executive Director, provided the following memorandum regarding the WAWSA April, 2014 industrial sales (revenues) and expenditures and the debt reduction report for the month of May: (Copies of the attachments are available in the Commission files.) She noted that the net income was -185,777.50 but stated this was a result of the accelerated debt service payments the Authority is making. April industrial sales had been approximately \$2.8 million.

RE: Western Area Water Supply Authority - Industrial Sales - April, 2014 and Debt Repayment Report

Attached for your information are Western Area Water Supply Authority (WAWSA) Industrial Sales documents for the month of April and for the four months ending April 30, 2014.

Pages 1 & 2 were prepared by the Bank of North Dakota reflecting debt service payments. Two payments were made in May:

- an interest payment of \$244,066 on May 5, 2014 which was applied to four of the WAWSA loans
- a debt service payment of \$645,537 on May 20, 2014 which was applied to the debt service payments due on January 31, 2015. This payment was applied to the debt service owed on BND Loan #1 (Original loan was \$50,000,000).

The next 3 pages (pages 3, 4 & 5) I prepared based on the information provided by WAWSA staff reflecting revenues and expenses and showing net income. Net income for the month of April was (\$185,777.50). Revenues were \$2,781,144.77. Expenses were up because they reflect the debt payments that are being accelerated. In addition the expenses reflect a Baseline Sales payment to Tioga (four months totaling \$332,679.36). This was the first Baseline Sales to Tioga. Page 6 is the balance sheet prepared by WAWSA staff as of April 30, 2014 for the first four months of 2014. As we have discussed previously Accounts Receivables are at \$5,127,611.31.

If you have questions, Bank of North Dakota staff will be available to discuss the debt reduction forms and I will be available to review the numbers. Jaret Wirtz will also be at the meeting to respond to questions and to comment on the operations during the month of April.

Mr. Jaret Wirtz, WAWSA Executive Director, said the month was good even with the amount of moisture in McKenzie and Williams Counties which resulted in road closures. The road closures do have impacts on sales but over time the sales will take place as the operators still need the water--there will be a time delay in making those sales. Mr. Wirtz explained why this month was the first month for a baseline sale to Tioga. The Authority did not pay Tioga in 2013 because Tioga had oversold

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their groundwater permit in 2010 and the Water Commission had restricted their permit. Now that Tioga is eligible to sell water again, the Authority Board directed that they be paid their baseline payment effective as of January 1, 2014. In April that payment was made and now it will be made on a regular basis similar to the other entities that received baseline payments.

Mr. Brad Thompson, Bank of North Dakota, said the Bank received two payments: one in the amount of \$244,066 (monthly interest costs) which was applied to all four loans; and the second payment was made on May 20 in the amount of \$645,527 which is equal to the regular payment that is due on January 31, 2015 on BND's first loan. Mr. Thompson reviewed the loan balances and noted that these prepayments reduce the amount that will be owed in 2015--the year the Authority has its heaviest debt load.

In response to a question regarding the outlook, Mr. Wirtz said they just compiled sales on Friday and they are right at that average of about \$2.6 million, so they are right on schedule again even with slowdowns regarding road closures. He expects a big month in June.

Ms. Fine discussed capital improvements as follows: (The memorandum with attachments is available in the Commission files.) She said there is an error on the first page, it reads \$88,000 and should be \$84,000.

RE: WAWSA Capital Project - Signs

At the April 21 meeting the Commission discussed the following capital project request from the Western Area Water Supply Authority:

Signage - Total Cost would not exceed **\$109,750** - Signs will be located at the Alexander, Three Mile and Watford City depots. These would be lighted signs. The Authority has indicated this will increase the visibility of the depots and provide a public awareness of the Authority. They anticipate that it will increase sales. They are ready to proceed on this project as soon as the Commission gives approval. Anticipate it could be done in 60 days. A copy of what the signs would look like is attached as Exhibit A.

At that meeting you asked that Jaret Wirtz consider a smaller sized sign. Mr. Wirtz has obtained a bid for a smaller sized sign. The total cost for the three signs is **\$88,000**. Attached is a copy of that bid, some information regarding visibility as it relates to size and a diagram showing the size of the smaller sign compared to a billboard. I have also attached Exhibit A from last month so you can see what information would be on the sign.

Mr. Wirtz said the costs for the three signs had been proposed at \$109,000 and now have been reduced to \$84,000 for a total of \$28,000 for each of the three signs. The pole size doesn't change much and that is where a lot of the hardware was at so that is as low as he could get it to keep a decent size on it.

In response to a question regarding what change they made, Mr. Wirtz said they reduced the sign itself – the poles don't change. Governor Dalrymple said it went from six by twenty to four by fifteen. Mr. Wirtz stated yes.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission approves the following Western Area Water Supply Authority capital project:

Signage (3 signs) - total cost not to exceed \$84,000

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

Mr. Wirtz updated the Commission regarding the relocation of fill stations. He indicated that he had contacted the State Water Commission to get the issue before them but the Water Commission wanted more information before putting it on their agenda. Governor Dalrymple stated that the Water Commission already has a full agenda for their next meeting.

Mr. Wirtz said the Authority is still waiting for MDU to provide them with the costs for relocating the gas line of the Second Street depot. That depot relocation is getting to be really expensive at almost \$4 million and he and the WAWSA Board are discussing other options that may be a better use of the dollars. There are other options they want to look at more closely to increase long term sales. He will bring an update to the Commission next month of the Board's discussions.

Being no further Western Area Water Supply Authority (WAWSA) business, Governor Dalrymple adjourned this portion of the meeting at 1:32 p.m. and the Commission took up Housing Finance Agency business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 27, 2014 beginning at 1:00 p.m.

Governor's Conference Room, State Capitol, Bismarck, ND

Present: Governor Jack Dalrymple, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also

Present: Jolene Kline, Housing Finance Agency
Cory Hueppner, Housing Finance Agency
Pat Nagel, Housing Finance Agency
Dave Flohr, Housing Finance Agency
Max Wetz, Housing Finance Agency
John Fox, Attorney General's Office
Paul Rebholz, Wells Fargo
Tom Harkness, Wells Fargo
Members of the Press

Governor Dalrymple called the Housing Finance Agency business portion of the Industrial Commission meeting to order at 1:32 p.m. following completion of Western Area Water Supply Authority (WAWSA) business.

Ms. Jolene Kline, Housing Finance Agency Executive Director, presented the following memorandum regarding the Housing Finance Agency Advisory Board's recommendation for the Homeownership Acquisition Cost Limits:

RE: NDHFA Homeownership Acquisition Cost Limits

Acquisition Cost Limit Increase

The NDHFA Advisory Board recommends the Industrial Commission approve the Acquisition Cost Limit for the FirstHome Standard, Start, HomeAccess, and HomeKey programs be increased to \$265,158 per the attached Program Directive 103, effective May 27, 2014.

The current acquisition limit is \$250,000 and has not been increased since 2012. The \$265,158 limit is provided for by Internal Revenue Service Revenue Procedure 2014-31.

Ms. Kline said the concern is the income limits published by HUD are not increasing as fast as what is happening out west and across the State so we have certain income limits that we have to follow and we want to make sure we are not putting our borrowers into too much home. These proposed acquisition limits allow for the additional purchasing ability but does not allow for increased income limits and that is a concern for the Agency. However, there is little the Agency can do about the income limits--the staff has been in contact with HUD and the Congressional Delegation regarding this issue.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the Housing Finance Agency Advisory Board recommendation and approve the Acquisition Cost Limit increase for the FirstHome Standard, Start, HomeAccess, and HomeKey as outlined in Program Directive 103 as follows:

NORTH DAKOTA HOUSING FINANCE AGENCY
HOME MORTGAGE FINANCE PROGRAM

PROGRAM DIRECTIVE NO. 103

Area Limits
(Maximum Acquisition Cost)

The following Program Directive will serve as written notice of the Area Limits (as defined in the 1994 Mortgage Purchase Agreement dated as of August 3, 1994) for the Acquisition Cost of a Single Family Residence. These Area Limits are effective for Mortgage Loans in which the Reservation is dated on or after the herein effective date.

Previously Occupied	<u>1 Unit</u>	<u>2 Units</u>	<u>3 Units</u>	<u>4 Units</u>
Statewide	\$ 265,158	\$339,456	\$410,307	\$509,918
Previously Unoccupied				
	<u>1 Unit</u>			
Statewide	\$ 265,158			

The Agency reserves the right to modify the Area Limits at any time.

Rehabilitated structures are considered to be previously occupied even though not originally designed for residential use.

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

Ms. Kline provided the following memorandum regarding the Housing Finance Agency Advisory Board's recommendation on the 2014 Helping HAND Grants:

The NDHFA Advisory Board recommends the Industrial Commission approve the 2014 Helping HAND grants as follows:

<u>Applicant</u>	<u>Community</u>	<u>Amount</u>
Community Action Partnership Regions 1 & 8 Combined	Dickinson/Williston	\$ 15,491
Community Action Partnership - Minot Region	Minot	20,444
Dakota Prairie Community Action Agency	Devils Lake	20,126
Red River Valley Community Action	Grand Forks	29,608
SouthEastern ND Community Action Agency	Fargo	46,204
Community Action Region VI	Jamestown	14,002
Community Action Program Region VII, Inc.	Bismarck	31,125
Subtotal - CA Agencies		\$177,000
Lake Agassiz Habitat for Humanity	Moorhead	\$ 3,000
Habitat for Humanity Northern Lights	Minot	3,000
Red River Valley Habitat for Humanity	Grand Forks	3,000
Subtotal - Habitat for Humanity		\$ 9,000
Turtle Mountain Band of Chippewa	Belcourt	\$ 9,166
Subtotal - Tribal Housing		\$ 9,166

Rebuilding Together Fargo/Moorhead Area	Fargo	\$ 1,000
Camp of the Cross Ministries/Dream Catchers	Garrison	1,000
Subtotal - Non-Profits		\$ 2,000
Total		\$197,166

The proposed award of funds is consistent with Program Criteria (attached) as well as the previously established set-asides of \$177,000 for Community Action agencies (distributed by poverty level amongst seven agencies); \$55,000 for tribal entities (six tribal entities with a maximum of \$9,166 per entity); \$15,000 for Habitat chapters (five affiliates with a maximum of \$3,000 per affiliate) and \$3,000 for three eligible non-profits (Rebuilding Together Bismarck/Mandan Area, Rebuilding Together Fargo/Moorhead Area and Camp of the Cross Ministries-Dream Catchers with a maximum of \$1,000 per non-profit). The previously approved eligible entities of Spirit Lake Housing Corporation, Trenton Indian Service Area, Standing Rock Sioux Tribe/HIP office, Dakota Nation Housing Development Corporation, Fergus Falls Area Habitat for Humanity and Rebuilding Together Bismarck/Mandan Area did not apply for 2014 funds.

Missouri Valley Habitat for Humanity did not receive an invitation to apply as the chapter is presently inactive.

Three Affiliated Tribes is currently ineligible to participate in the Helping HAND program due to outstanding audit issues.

The Helping HAND program grant funds are available to eligible entities to support the new construction and/or renovation of existing single family or multi-family housing.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accept the Housing Finance Agency Advisory Board recommendation and approve the 2014 Helping HAND Grants in the total amount of \$197,166 as follows:

Community Action Program Region VII, Bismarck	\$31,125
Dakota Prairie Community Action Agency, Devils Lake.....	\$20,126
Community Action Partnership, Dickinson/Williston.....	\$15,491
Southeastern ND Community Action Agency, Fargo.....	\$46,204
Red River Valley Community Action, Grand Forks	\$29,608
Community Action Region VI, Jamestown	\$14,002
Community Action Partnership, Minot.....	\$20,444
Turtle Mountain Band of Chippewa, Belcourt	\$9,166
Red River Valley Habitat for Humanity, Grand Forks	\$3,000
Lake Agassiz Habitat for Humanity, Moorhead.....	\$3,000
Habitat for Humanity Northern Lights, Minot.....	\$3,000
Rebuilding Together, Fargo/Moorhead	\$1,000
Camp of the Cross Ministries/Dream Catchers, Garrison	\$1,000

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

Ms. Kline presented the following memorandum regarding the Underwriter Engagement Proposals:

The Agency's current engagement with its bond management team was set to expire on July 1, 2013 but was extended for one year to allow the new Executive Director to participate in the selection process.

The Request for Proposal (the "RFP") for NDHFA Bond Underwriter Engagements was distributed April 9, 2014 to 27 underwriting firms who are either part of our current management team, selling group, or are known to be very active in Single Family Mortgage Revenue Bonds. The deadline for receipt of responses was April 23, 2014.

Nine proposals were received. Two of the proposals were for Co-Manager only. The seven-member Selection Committee comprised of Jolene Kline, Pat Nagel, Dave Flohr, Karlene Fine, John Fox, and our Financial Advisors Tom Caine and Victor Chiang, reviewed the responses. The RFP asked firms to respond to 19 specific points ranging from housing bond experience, costs/fees, marketing experience, North Dakota presence, program and structuring suggestions, etc. The Selection Committee also took into consideration past selling performance of North Dakota bonds, as well as involvement in other North Dakota bond issuances. Selection Committee members ranked the respondents based on their proposal content and other relevant information. The Selection Committee was unanimous in the final recommendation for make-up of the management team and the terms of their respective engagements. The proposed team will have one senior manager as compared to the prior engagement which had two alternating senior managers. A Co-Manager could become the senior manager on a transaction should their suggested structure be superior to what is proposed by the senior manager.

Selection Committee recommendations are as follows:

Senior Manager	RBC Capital Markets
Co-Managers	Morgan Stanley Wells Fargo Raymond James

Compensation: Management fee – \$.75 per thousand of bonds to the Senior Manager only. There will be no management fee paid to the remaining team members.

Risk compensation: None

Expiration Date: July 1, 2018, subject to satisfactory performance

The recommended management fee of \$.75 is a reduction from the current \$1.00 level. All management team members receive commission (takedown) from bond sales. The foregoing recommendation is predicated on the takedown being split for "net designated" orders at a maximum of 55% and a minimum of 10% to any one manager. Thus, all managers will receive compensation through designations. This takedown is where the management team realizes its greatest compensation for their involvement in the sale.

The reasons for proposing **RBC Capital Markets** as a Senior Manager were based primarily on: (1) they have had a long and successful history as a Senior and Co-Manager for the Agency's single family bond issues; (2) they have shown a commitment to the State through their office in Fargo and their underwriting of bonds; (3) RBC has provided liquidity and acted as a swap counter party for the Agency in prior transactions (4) the underwriting team manages a smaller number (7-9) of accounts than other firms.

The reasons for proposing **Morgan Stanley** as a Co-Manager were based primarily on: (1) they have a long history as one of the premier investment banking firms with a strong public finance presence and

have performed well on all transactions with the Agency for the past 5 years; (2) they have the ability to act as a swap counter party and also provide liquidity through their strategic alliance with the Bank of Tokyo Mitsubishi.

The reasons for proposing **Wells Fargo** as a Co-Manager were based primarily on: (1) they have a long history as one of the premier investment banking firms and the lead underwriter, Nick Fluehr formerly from Citi Bank, has worked with the Agency for over 20 years; (2) they have a unique financing structure where the Bank purchases the variable rate long term bonds which reduces costs and alleviates pressure from rating agency stress case cash flow runs; and (3) they have the ability to act as a swap counter party and also provide liquidity at a very competitive rate.

The reasons for proposing **Raymond James** as a Co-Manager are due to performance. Raymond James was not part of the initial team selected in 2009 but due to their outstanding sales performance they were moved up and replaced Bank of America as a Co-Manager.

Finally, the Agency has made it clear to the proposed management team members that although the proposed engagement is for approximately four years, we reserve the right to make changes to the team and the terms of the engagement at any time. The Selection Committee recommendation is being made in reliance on the information provided in the responses to the RFP.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the recommendation of the North Dakota Housing Finance Agency Bond Underwriter Selection Committee as follows:

Underwriter Team:

Senior Manager*	RBC Capital Markets
Co-Managers	Morgan Stanley
	Wells Fargo
	Raymond James

Compensation: Management fee - \$.75 per thousand of bonds to the Senior Manager only. There will be no management fee paid to the remaining team members.

Risk Compensation: None

Expiration Date: July 1, 2018, subject to satisfactory performance.

***A Co-Manager could become the senior manager on a transaction should their suggested structure be superior to what is proposed by the senior manager.**

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

Mr. Pat Nagel, Housing Finance Agency Chief Financial Officer, discussed the Supplemental General Resolution. He said in December the Commission authorized the General Authorization of \$200 million of fixed and \$200 million of variable rate bonds. On May 13, the Agency issued \$77 million of these bonds and

this proposed supplemental resolution contains the details of the transaction. There is \$27 million of variable rate that was swapped to fixed rate.

Mr. Nagel presented the Report on 2014 A&B Bond Sales as follows:

HOME MORTGAGE FINANCE PROGRAM BONDS
 Bond Sale Information
2014 AB

Bonds Issued	\$ 77,055,000
2014 AB Bond Premium	\$ 1,890,475
Refunding Bonds	27,055,000
Capitalized Interest	200,000
Cost of Issuance & Agency Paid Underwriters Discount	304,149
Underwriters Discount	315,475
Proceeds Account	51,375,000
Estimated Number of Loans	365

Mortgage Loan Interest Rate Plans:

(Rates adjusted daily)	30 Year Fixed (Presently)	Government	3.850%	1.5 Points
		Conventional	4.000%	1.5 Points

(1% Orig. Fee & 1/2 Point)

Eligible Loans:

FHA Insured		Conventional Insured
USDA RD RHS Guaranteed	VA Guaranteed	Uninsured

Home Sales Price Limits:	(One Unit)
Existing	250,000
Newly Constructed	250,000

Higher Limits applicable to 2 - 4 Unit Residences

Borrower Income Limits:	69,600	to	90,850
(Limits vary by county and household size)			
Underwriters Discount Components:			\$/\$M Bonds
Management			1.00
Expense			0.82
Take-Down			4.14
TOTAL			5.95

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission adopts the following resolution:

STATE OF NORTH DAKOTA
NORTH DAKOTA HOUSING FINANCE AGENCY
HOUSING FINANCE PROGRAM BONDS
HOME MORTGAGE FINANCE PROGRAM
2014 SERIES A - \$50,000,000
2014 SERIES B - \$27,055,000

**SUPPLEMENTAL
GENERAL AUTHORIZATION RESOLUTION**

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

WHEREAS, the Commission adopted the Housing Finance Program General Bond Resolution of 1994, on July 21, 1994, as amended (the "General Resolution") wherein Wells Fargo Bank, National Association, Minneapolis, Minnesota, was appointed trustee (the "Trustee"), which General Resolution was accepted by the Trustee, and which General Resolution is hereby ratified and confirmed; and

WHEREAS, the General Resolution authorizes the issuance and sale of the captioned 2014 Series A Bonds and 2014 Series B Bonds (together, the "Bonds") pursuant to the Act, the application of the proceeds of which will provide funding for the captioned Home Mortgage Finance Program (the "Program") contemplated by the Act in furtherance of the Program for the providing of decent, safe, and sanitary housing for persons and families of low or moderate income; and

WHEREAS, the Commission acting as the Agency, pursuant to that General Authorization Resolution adopted by the Commission on December 19, 2013 (the "General Authorization Resolution"), regarding the authorization of and the negotiation and sale of the Bonds, appointed as its agents the Executive Director, the Director of Homeownership Programs, and the Chief Financial Officer of the Agency (the "Authorized Officers") for the purpose of negotiation of the terms of sale of the Bonds, subject to the limitations set out in the General Authorization Resolution, and to sign such agreements as are required for the issuance of the Bonds on behalf of the Commission after such terms of sale had been negotiated and to sign such certificates and other documents as are necessary and customary to complete the sale of the Bonds and to enter into an agreement for their sale by the Agency and purchase by the Underwriters (as hereinafter defined, and which are so designated by an Authorized Officer); and

WHEREAS, the Commission has determined that the execution of an interest rate swap agreement or agreements is necessary or expedient in conducting the business of the Agency; and

WHEREAS, the Authorized Officers did negotiate the sale of the Bonds on May 14, 2014 within the limitations set out in the General Authorization Resolution as to maximum principal amount, final maturity and maximum interest rate; and

WHEREAS, the Agency negotiated and executed a Confirmation dated May 15, 2014, between Royal Bank of Canada and the Agency; and

WHEREAS, in furtherance of the above stated objectives, the Commission, the Agency and RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Raymond James & Associates, Inc. and Isaak Bond Investments, Inc., as the purchasers of all or portions of the Bonds (the "Underwriters"), have caused to be prepared and presented to the Commission for adoption after the sale of the Bonds pursuant to the terms of the Purchase Contracts, but prior to delivery of the Bonds, the following documents in final form (unless otherwise indicated) (collectively, the "Closing Financing Documents"):

- A. 2014 Series A Bond Resolution and 2014 Series B Bond Resolution, each in substantially final form, attached hereto as Attachment A;
- B. 2014 Series A Purchase Contract and 2014 Series B Purchase Contract, each dated May 14, 2014, attached hereto as Attachment B by and between the Commission and the Underwriters;
- C. Preliminary Official Statement dated May 9, 2014 attached hereto as Attachment C;
- D. Official Statement, in substantially final form, dated May 14, 2014, attached hereto as Attachment D;
- E. Remarketing Agreement, in substantially final form, dated as of June 24, 2014, attached hereto as Attachment E;
- F. Confirmation to ISDA Master Agreement dated as of July 30, 2009, in final form, dated May 15, 2014, attached hereto as Attachment F;
- G. Investment Agreement, in substantially final form, dated as of June 24, 2014 among Natixis Funding Corp., the Agency and the Trustee, attached hereto as Attachment G; and
- H. Standby Bond Purchase Agreement, in substantially final form, dated as of June 24, 2014, attached hereto as Attachment H.

WHEREAS, it appears that each of the Closing Financing Documents is in the appropriate and final form and is an appropriate document to be approved or executed and delivered by the Commission or the Agency, as may be necessary for the purpose intended; and

WHEREAS, in the judgment of the Commission, it is advisable that the Agency by its Executive Director, its Director of Financial Programs, or its Chief Financial Officer, jointly or severally, be authorized, and are hereby so authorized, to do all things necessary to complete the transaction described herein, and in the Closing Financing Documents.

NOW BE IT HEREWITH RESOLVED:

1. The execution and delivery of the Closing Financing Documents and the sale of the Bonds to the Underwriters in accordance with the terms set out in the respective Purchase Contracts, is hereby authorized and the officers, agents and employees of the Commission and the Agency are hereby authorized, empowered and directed to take any actions required to effect the transactions contemplated therein and to execute any instruments and take any actions required to effect the issuance of the Bonds, including the entering into of a Standby Bond Purchase Agreement with Royal Bank of Canada with

regard to any variable rate bonds and to apply the monies received by the Commission from the bond proceeds in such manner as is necessary to give effect to the Program.

2. All prior acts of the officers, agents and employees of the Commission and the Agency which are in conformity with the purpose and intent of the General Resolution, the General Authorization Resolution and this Supplemental General Authorization Resolution in furtherance of the sale of the Bonds shall be and the same hereby are in all respects approved, ratified and confirmed.

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

Being no further Housing Finance Agency business, Governor Dalrymple adjourned this portion of the meeting at 1:42 p.m. and the Commission took up Outdoor Heritage Fund business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 27, 2014 beginning at 1:00 p.m.

Governor's Conference Room, State Capitol, Bismarck, ND

Present: Governor Jack Dalrymple, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also

Present: Wade Moser, Outdoor Heritage Fund Advisory Board
Andrea Pfennig, Outdoor Heritage Fund
Members of the Press

Governor Dalrymple called the Outdoor Heritage Fund business portion of the Industrial Commission meeting to order at 1:42 p.m. following completion of Housing Finance Agency business.

Ms. Karlene Fine, Industrial Commission Executive Director, presented the following financial report on the Outdoor Heritage Fund:

Outdoor Heritage Fund (294)
Financial Statement
2013-2015 Biennium
May 13, 2014 Industrial Commission Meeting

	<u>Cash Balance</u>
July 1, 2013 Balance	\$ 0.00
Interest Revenue through March 31, 2014	\$ 783.71
Revenues through March 31, 2014	\$ 6,409,522.41
Grant Expenditures through March 31, 2014	\$ (4,500.00)
Administrative Expenditures through March 31, 2014	<u>\$ (77,136.34)</u>
	\$ 6,328,669.78
Outstanding Project Commitments as of March 31, 2014	<u>\$(5,843,633.00)</u>
Balance	\$ 485,036.78

Outdoor Heritage Fund
Continuing Appropriation Authority
2013-2015 Biennium

Uncommitted Balance July 1, 2013	\$ 000.00
Interest Revenue	\$ 20,000.00
Revenues Fiscal Year 2014	\$15,000,000.00
Revenues Fiscal Year 2015	<u>\$15,000,000.00</u>
	\$30,020,000.00
Administration Expenditures	\$ (300,000.00)
Project Commitments 2013-2015	<u>\$(5,848,133.00)</u>
Available Funding	\$23,871,867.00

54-17.8-02 North Dakota Outdoor Heritage Fund – Continuing appropriation

There is created a North Dakota Outdoor Heritage Fund that is governed by the Commission. Any money deposited in the Fund is appropriated on a continuing basis to the Commission for the purposes of this chapter. Interest earned by the Fund must be credited to the Fund. The Commission shall keep accurate records of all financial transactions performed under this chapter.

57-51-15(d). Outdoor Heritage Fund - Deposits.

First the tax revenue collected under this chapter equal to one percent of the gross value at the well of the oil and one-fifth of the tax on gas must be deposited with the State Treasurer who shall: ...

(d) Credit four percent of the amount available under this subsection to the North Dakota Outdoor Heritage Fund, but not in an amount exceeding fifteen million dollars in a state fiscal year and not in an amount exceeding thirty million dollars per biennium;

Mr. Wade Moser, Outdoor Heritage Fund Advisory Board Chairman, discussed the Outdoor Heritage Fund Advisory Board Grant Round 2 recommendations.

Mr. Moser briefly reviewed how the Advisory Board conducted their meeting. He said after they got through all the presentations, with eleven of the twelve board members present, he asked if they would fund the project or not. The first vote is the funding vote which shows how many Board members would fund, at some level--not necessarily the full level, each application. There were twenty-six applications and seventeen of those applications got enough votes to carry on to the next vote round when the Board members then discussed funding levels. He said the nine applications were rejected for a variety of reasons; it didn't meet the intent of the law in their opinion or even though what was presented was a good idea this was not the Fund to get the dollars from. The Board then discussed each application individually and the second vote is how the vote came out based on the funding motion that was presented to the Board.

In response to a question regarding the first vote, Mr. Moser stated if they did not get six votes then a motion was made to decline them.

In response to a question, Ms. Fine stated the Board allows a Board member to request that an application be brought back for more discussion and consideration even though the application did not get six votes. There were two applications brought back involving buildings – an archery facility and a lodge. Each application was voted on again and neither application received enough votes for further consideration.

Mr. Moser provided the following information on the seventeen recommended applications:

GR2-02: **“South Golden Lake Inlet Beautification Project”**; Submitted by: Golden Lake Improvement Association; Project Duration: 2 to 4 months; Total Project Costs: \$74,342; OHF Funding Requested (Revised): \$57,342; Recommended Funding: \$57,342. He said the funding request was reduced by \$10,000 because the entity making the application got more dollars donated than anticipated. This would dredge a channel, remove some brush and shrubs, redo the shoreline and plant some trees.

GR2-03: **“Bald Hill Creek Watershed Project”**; Submitted by Griggs County Soil Conservation District; Project Duration: 54 months; Total Project Costs: \$880,665; OHF Funding Requested: \$300,000; Recommended Funding: \$300,000.

GR2-04: **“Water Storage Piggyback”**; Submitted by North Dakota Natural Resources Trust; Project Duration: Up to 4 years; Total Project Costs: \$400,000; OHF Funding Requested: \$300,000; Recommended Funding: \$300,000.

In response to a question regarding if the Commission should be approving money for water storage without the Commission knowing specifically what projects will be funded, Mr. Moser said they had more discussion after the fact on this project than during the presentation. He had learned that this funding would be used in conjunction with several programs -- NRCS, Fish and Wildlife Service, Save Our Lakes through Game and Fish, Department of Agriculture's Waterbank Program. He stated that this project is a work in progress that had been developed by the Natural Resources Trust staff based on a program done a number of years ago and that the final guidelines for selection of projects to received funding have not been determined. He anticipated that more information will be provided as the Natural Resources Trust finalizes their guidelines.

Governor Dalrymple said as a long term approach, he isn't sure if this is how they should proceed but he would like to see this as a pilot project to see if it makes a difference. In the past there have been instances where landowners have not participated because there is insufficient funding so it will be interesting to see what the participation will be with this additional funding. If this increases landowner participation in water storage programs he would like to see more details provided in future applications.

Mr. Moser said it would be nice to have more specifics but there are four applications here that they do not have specifics on but we know based on their history what they do and those are the 319 Projects – the watershed, bank stabilization and feed lots, etc. Even though we don't know the specifics of each of the projects and what best management practice is going to be done on a certain piece of property, we know they have a good history.

The Commission, Mr. Moser and Ms. Fine discussed the reporting that is required for the Outdoor Heritage Program and when that information will be available for the Commission.

GR2-005: **“City of Munich Playground Equipment Fund”**; Submitted by: City of Munich - City Park; Project Duration: 12 months; Total Project Costs: \$109,329; OHF Funding Request: \$45,000; Recommended Funding: \$45,000.

Mr. Moser commented that the Commission had been receiving a number of requests for playgrounds and playground equipment. Directive D states that Outdoor Heritage Fund dollars are to be used for conservation and establishment and development of parks and other recreation areas. The Board has been debating whether to fund playgrounds--some Board members believe that we should but the majority says no. The Board decided to fund the playground equipment for the City of Munich; the City came back the second time and got a lot of dollars matched (cash). The Board thought this one was an exception because they went out and got so much local support for this and the dollar amount was pretty reasonable compared to others that came in. This one was unique.

In response to a question, Mr. Moser said he thought some of local entities were just tearing the playground equipment out and not replacing it because it is so expensive and all of the guidelines to implement and install them – they just can't afford it. He didn't know how many of these they would see because they have rejected so many of them but this one they went locally and got a lot of cash match.

In response to a question about setting a precedent and getting more requests for playground equipment, Attorney General Stenehjem said by this action they have a guideline. Mr. Moser said this may prompt more of these requests but the guideline is that there must be local support for the project with cash rather than requests for 100% financing or just in-kind support. He said it is very possible this program will be fine-tuned during the next legislative session and the Commission will be given more direction regarding playground equipment.

In response to a question regarding why the Commission was not getting applications for larger amounts of money from some of the conservation organizations, Mr. Moser said they did get one request this round from Ducks Unlimited which was not recommended for funding. They are recommending funding for the Pheasants Forever and the Natural Resources Trust applications. He thought this next round they would see more applications from smaller groups because the Petroleum Council has hired someone to work with the local chapters of these organizations that have some area projects that need funding. They can contact the Petroleum Council and they have a grant writer that is going to help these local groups through the first stage – after that, they are going to be on their own but they might be intimidated by the application process, although it is pretty straight forward and easy. He indicated that this support by the Petroleum Council is very positive and it will stimulate more activity.

GR2-07: **“Red River Riparian Project”**; Submitted by Red River Regional Council; Project Duration: 24 months; Total Project Costs: \$568,394; OHF Funding Request: \$230,000; Recommended Funding: \$230,000. This is a 319 project.

GR2-09: **“Centennial Park Woodland Trail and Souris River Recreational Access Plan”**; Submitted by: Minot Park District Foundation; Project Duration: 12 months; Total Project Costs: \$634,000; OHF request \$551,000; Recommended Funding: \$305,000.

GR2-10: **“Prairie Project”**; Submitted by United Prairie Foundation, Inc.; Project Duration: 9 years; Total Project Costs: \$842,300; OHF Funding Request: \$640,300; Recommended Funding: \$300,000.

GR2-11: **“Stutsman County Manure Management Project”**; Submitted by Stutsman County Soil Conservation District; Project Duration: 18 months; Total Project Costs: \$2,900,000; OHF Funding Request: \$800,000; Recommended Funding: \$300,000.

GR2-12: **“Northern Cass Pass”**; Submitted by Hunter/Arthur JPA Park Board; Project Duration: 6 months; Total Project Costs: \$185,171; OHF Funding Request: \$138,876; Recommended Funding: \$138,876.

GR2-13: **“Pheasant Lake Fishing Access/Shoreline Restoration Project”**; Submitted by Dickey County Park Board; Project Duration: 3 months; Total Project Costs: \$42,500; OHF Funding Request: \$21,250; Recommended Funding: \$21,250.

GR2-14: **“Blacktail Dam Association”**; Submitted by Blacktail Dam Association; Project Duration: 6 months; Total Project Costs \$105,100; OHF Funding Request: \$75,000; Recommended Funding: \$35,000.

GR2-15: **“North Dakota 4-H Camp”**; Submitted by North Dakota 4-H Foundation; Project Duration: 12 months; Total Project Costs: \$23,673; OHF Funding Request: \$18,768; Recommended Funding: \$18,768.

GR2-16: **“Downtown River Access for Grand Forks Greenway”**; Submitted by City of Grand Forks; Project Duration: 3 months; Total Project Costs: \$100,000; OHF Funding Request: \$75,000; Recommended Funding: \$75,000. Mr. Moser stated that there were a couple of applications the first round for Valley City and Fargo requesting funding for habitat and recreational projects in the flood areas. The Board indicated that funding should not be provided in a known flood area if there isn't a flood plan and the flood protection hasn't been built. Grand Forks brought in this application. Grand Forks has their flood protection in place and the improvements they want to put in there are either removable during flooding or will be constructed heavy enough to withstand flooding. The project will allow better access to the boat ramp installed in downtown Grand Forks.

GR2-17: **“Turtle Creek Watershed Project Water & Habitat Initiative”**; Submitted by South McLean County Soil Conservation District; Project Duration: 3 years; Total Project Costs \$1,263,072; OHF Funding Request: \$138,000; Recommended Funding: \$138,000. A 319 project.

GR2-22: **“North Dakota Pollinator Partnership”**; Submitted by Pheasants Forever, Inc.; Project Duration: 24 months; Total Project Costs: \$292,879; OHF Funding Request: \$173,750; Recommended Funding: \$173,750. He said this project is heavily involved with NRCS – they are going to reestablish some habitat under the Wetlands Reserve Program that will take some of those existing contracts and potentially new contracts and revise those with NRCS's help and put a different seed mix in there that will attract bees and do a better job of pollinating. This is on land that is already basically set aside for wildlife--the Wetland Reserve Program and it seemed like a good fit. There was buy-in from NRCS and Pheasants Forever with some dollars.

GR2-23: **“Conservation of Grasslands and Long-billed Curlews on Private Lands in SW North Dakota”**; Submitted by American Bird Conservancy; Project Duration: 9 months; Total Project Costs: \$213,930; OHF Funding Request: \$29,322; Recommended Funding: \$29,322.

GR2-25: **“Beulah Bay Campground Expansion and Conservation Project”**; Submitted by: Beulah Park District; Project Duration: 4 months; Total Project Costs: \$74,212; OHF Funding Request: \$53,212; Recommended Funding: \$42,120.

In response to a question, Mr. Moser stated they had seventeen projects approved for a total of \$2,509,421. There were originally twenty-six applications requesting \$6,811,000.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “South Golden Lake Inlet Beautification Project” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Golden Lake Improvement Association to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$57,342. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Bald Hill Creek Watershed Project” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Griggs County Soil Conservation District to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$300,000 with the conditions that the landowners must provide a 40% match and the maximum amount of cash share dollars for each manure management system is \$175,000. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Water Storage Piggyback” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the North Dakota Natural Resources Trust” to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$300,000. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “City of Munich Playground Equipment Fund” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the City of Munich - City Park to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$45,000. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Red River Riparian Project” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Red River Regional Council to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$230,000 with the conditions that the landowners must provide 40% match and the maximum amount of cost share dollars for each manure management system is \$175,000. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Centennial Park Woodland Trail and Souris River Recreational Access Plan” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Minot Park District Foundation to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$305,000 for Phase I with the condition that the Outdoor Heritage Fund dollars cannot be used for any Administrative and Legal Fees. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Prairie Project” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the United Prairie Foundation, Inc. to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$300,000 with the condition that the Outdoor Heritage Fund dollars cannot be used for administrative costs. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Stutsman County Manure Management Project” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Stutsman County Soil Conservation District to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$300,000 with the condition that funds may only be used for winter rotation activities and the landowners must provide a 40% match. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund

Advisory Board recommendation to fund the grant application “Northern Cass Pass” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Hunter/Arthur JPA Park Board to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$138,876. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Pheasant Lake Fishing Access/Shoreline Restoration Project” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Dickey County Park Board to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$21,250. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Blacktail Dam Association” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Blacktail Dam Association to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$35,000 with the conditions that the funding may only be used for the lift station and the planting of trees. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “North Dakota 4-H Camp” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the North Dakota 4-H Foundation to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$18,768. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Downtown River Access for Grand Forks Greenway” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the City of Grand Forks to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$75,000. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Turtle Creek Watershed Project Water & Habitat Initiative” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the South McLean County Soil Conservation District to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$138,000 with the condition that the landowners must provide a 40% match and the maximum amount of cash share dollars for each manure management system is \$175,000. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “North Dakota Pollinator Partnership” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with Pheasants Forever, Inc. to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$173,750. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Conservation of Grasslands and Long-billed Curlews on Private Lands in SW North Dakota” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the American Bird Conservancy to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$29,322. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board recommendation to fund the grant application “Beulah Bay Campground Expansion and Conservation Project” and to authorize Karlene Fine, Industrial Commission Executive Director, to execute an agreement with the Beulah Park District to provide a total of Industrial Commission Outdoor Heritage Fund funding in an amount not to exceed \$42,120 with the condition that the Outdoor Heritage Fund dollars cannot be used for picnic tables. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Ms. Fine discussed the Outdoor Heritage Fund Advisory Board recommendations regarding Application and Budget Form Revisions. (A copy of the application and budget forms are available in the Commission files.) The Board recommended the additional language to the application form and budget form which are “housekeeping” issues.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the Outdoor Heritage Fund Advisory Board recommendation and revises the Outdoor Heritage Fund Grant Application and Budget Forms to include the following language:

Please limit your application to no more than 15 pages exclusive of the Budget Form and supporting Budget Detail.

Project Duration:

Partnership Recognition: If you are a successful recipient of Outdoor Heritage Fund dollars, how would you recognize the Outdoor Heritage Fund partnership?

Add an additional column to the budget form - "Total Each Project Expense"

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

Ms. Fine discussed the Outdoor Heritage Fund Logo. She said Mr. Terry Steinwand, Game and Fish Commissioner, was very gracious and allowed his staff to design some logos and the Board made their selection noting that the recommended logo includes water, trees and birds.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the Outdoor Heritage Fund Advisory Board recommendation and adopt the following logo for the Outdoor Heritage Fund:



Mr. Moser said there would be an opportunity for people to actually put signs up on certain projects. He noted that it may be difficult for the Soil Conservation Districts to put these signs up on every tree planting that they do but the Board wanted the Soil Conservation District to have this kind of information on their applications so that anyone who signed up for this tree program knows that the Outdoor Heritage Fund is involved in this project.

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

Mr. Moser reviewed the following memorandum regarding the Outdoor Heritage Fund Advisory Board's withdrawal of their recommendation for 001-TTT - Recreational Trail Reconstruction in

Response to Mineral Development at Little Missouri State Park application in the amount of \$73,000:

RE: Outdoor Heritage Fund (OHF) Advisory Board Recommendation Withdrawal

At the January 29 Industrial Commission meeting one of the Outdoor Heritage Fund Advisory Board recommendations was not acted on.

001-TTT: **“Recreational Trail Restoration in Response to Mineral Development at Little Missouri State Park”**; Submitted by: ND Parks & Recreation Department; Project Duration: 2 years; Total Project Costs: \$143,012; OHF Funding Requested: \$77,006; Recommended Funding: \$73,000 – Mr. Moser stated they are going to ask that this one be withdrawn from consideration at this time. They had discussions with Mr. Mark Zimmerman and the oil company involved and we would like a little more time to work on this one. Even though the Board thought it was important to go forward, because there is more work to be done on this, he would like to ask the Commission not to act on this one at this time.

At the May 13, 2014 Outdoor Heritage Fund Advisory Board meeting the Board voted to withdraw their recommendation regarding this application. Talks are continuing among the various parties involved and Mark Zimmerman from North Dakota Parks and Recreation suggested that the recommendation be withdrawn. Should the discussions be finalized and there is a need to seek funding from the Outdoor Heritage Fund, North Dakota Parks and Recreation will bring in a new application. The OHF Advisory Board then unanimously voted to withdraw their recommendation.

This is for your information, no action is required.

Ms. Fine gave an update on staffing for the Outdoor Heritage Fund program as follows:

RE: Outdoor Heritage Fund (OHF) Staffing Update

The law establishing the Outdoor Heritage Fund included the following provisions:

54-17.8-04. Commission to staff advisory board.

The commission shall operate, manage, and control the outdoor heritage fund and provide staffing for the meetings.

54-17.8-05. Powers and duties of commission.

The commission is granted all the powers necessary or appropriate to carry out and effectuate the purposes of this chapter, including the power to:

....

2. Enter contracts or agreements to carry out the purposes of this chapter, including authority to contract for the administration of the fund and staffing for the advisory board;

.....

Now that the Outdoor Heritage Fund has been established for 8 months I have a better idea of what is needed for staffing--what work will be done in the Industrial Commission Administrative Office and what work can be delegated to other staff. I have entered into a contract with Andrea Pfennig who works part-time for the Department of Commerce. You have met Andrea before as

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she works on the Renewable Energy Program as part of her duties at the Department of Commerce. Andrea began work on May 12 and helped with the OHF Advisory Board meeting on May 13. The Administrative Office will be handling the contracts and distribution of monies and Andrea will be doing more and more of the staffing of the OHF Advisory Board and communicating with the OHF applicants.

No action is required by the Commission -- just wanted you to know that additional help has been retained and you will be seeing Andrea in two different roles.

The Commission commented that Mr. Moser spends a lot of time on the program and does not get paid for his work. They thanked him for his contribution to the program. Mr. Moser said he enjoys being a part of this program. It is going great and he is hopeful they get more applications the next round from various groups; the Board wants this program to work.

Governor Dalrymple said the Board is an outstanding group and the State is fortunate to have people like that working on it and they are doing a great job.

Being no further Outdoor Heritage Fund business, Governor Dalrymple adjourned this portion of the meeting at 2:14 p.m. and the Commission took up Department of Mineral Resources business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 27, 2014 beginning at 1:00 p.m.

Governor's Conference Room, State Capitol, Bismarck, ND

Present: Governor Jack Dalrymple, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also

Present: Lynn Helms, Department of Mineral Resources
Bruce Hicks, DMR – Oil and Gas Division
Alison Ritter, DMR – Oil and Gas Division
Ed Murphy, DMR – Geological Survey
Jon Irgens, Kemmis Land Services
Nic Kemmis, Kemmis Land Services
Megan Gunnufson, Fidelity E&P
Craig Smith, Crowley Fleck
Justin Kringstad, Pipeline Authority
Members of the Press

Governor Dalrymple called the Department of Mineral Resources portion of the Industrial Commission meeting to order at 2:14 p.m. following completion of Outdoor Heritage Fund business.

Mr. Lynn Helms, Department of Mineral Resources and Oil and Gas Division Director, presented proposed Order 24351 for Case 22018 (a copy is available in the Commission files) heard on April 23, 2014 regarding the designation of the operator of two wells in Stark County. (He distributed a handout which is available in the Commission files.) He said this is a 1,280-acre spacing unit and currently has two wells permitted within the unit and is across the interstate from the City of South Heart. He pointed out on the handout a yellow dot where there are two wells currently permitted to be drilled from that pad by Fidelity Exploration. He stated that Emerald has acquired 52.5 percent of the mineral interests within the 1,280-acre spacing unit making them the majority working interest owner. Emerald has requested that Fidelity's permits be rescinded and that Emerald be made operator. The ND Administrative Code contains the presumption that the majority working interest owner who either owns a majority or they and their supporters have a majority will be the operator of wells within a spacing unit. The Administrative Code provides that it can be rebutted by findings that the majority owner does not have enough experience or hasn't drilled enough wells in the area, etc. Proposed Order 24351 revokes the two drilling permits held by Fidelity and allows Emerald to become the operator because Fidelity was not successful in convincing staff that Emerald did not have the experience or the technical ability to drill these wells. So Emerald, as the majority owner, is presumed by law to be the operator and it was up to Fidelity to provide convincing evidence that Emerald could not drill the wells. Fidelity was unable to do so. Therefore, proposed Order 24351 will revoke these two permits and award subsequent permits to Emerald.

Case 22018: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 24351 issued in Case 22018, be approved and effective this 25th day of May, 2014.

In response to questions there was further discussion regarding the permits, the majority interest owner, the operator and leases.

Mr. Helms said the Oil and Gas Division has a policy/process by which any working interest owner who believes they are the largest working interest owner in the spacing unit can apply for a permit and receive it and then there are three days for another party to object to that permit. He stated that generally the field inspectors won't allow costs to be incurred on the wellsite until that 72-hour time period is over. He discussed what might happen if there are costs incurred in constructing the wellsite. He noted that this process/policy had been put in place in the 1990's. At that time there was considerable controversy over who was going to permit and operate wells in the Cedar Hills Field. North Dakota got into the same situation that Wyoming is facing now with dozens of cases every month regarding who is going to operate a well. The Administrative Code was modified in the 90's to put this majority ownership presumption into the law to calm that and eliminate the majority of those cases and it has worked very well. It has been used for about twenty-five years now. Mr. Hicks was at the recent IOGCC meeting and discussed the North Dakota law with the new oil and gas commissioner from Wyoming and he expressed how valuable such a provision would be to them at this point because they are facing dozens of controversial cases every month over operatorship.

Mr. Bruce Hicks stated in this case, Fidelity has done some dirt work. They said about \$400,000 worth of work was done (including the cost of the surface agreement with the surface owner which is unknown) and they said if Emerald was given the permits that Emerald should reimburse them for the work they had done. Mr. Hick indicated that if there is a controversy in reaching an agreement on the costs the companies could present their information at a subsequent hearing.

In response to a question regarding the work that had been done on the well sites, Mr. Hicks stated that some work had been done but Fidelity had stopped doing any more work based on the mutual understanding that they didn't want to expend any additional money if they were not going to be responsible for the drilling. The well had not been spudded. Mr. Hicks indicated that the law says the Oil and Gas Division can't suspend the permit but it doesn't say that we might not let somebody else drill the well if they have the majority interest.

In response to a question regarding if this was headed for more disagreement, Mr. Hicks said the two companies tried to come to an agreement ahead of time – he thinks they needed the DMR at the table to be able to get this resolved. They had noted that they had not tried to trade out any acreage. He thought Fidelity has about 22.5 percent of the working interest in the spacing unit so it is not a large amount and Emerald and its partners own more than 50 percent.

Mr. Helms said his expectation is they will come to a compatible arrangement since the recommended order is consistent with what we have been doing for over twenty years and should not be surprising to either party.

Mr. Hicks stated Fidelity indicated that if they were allowed to drill, complete and tie the wells to a gas line, they would not object to Emerald taking over operatorship at that point – but Emerald wants to drill the wells themselves.

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

Mr. Ed Murphy reviewed the Geological Survey Quarterly Report. (A copy of the quarterly report is available in the Commission files.)

Governor Dalrymple said the Geologic Time Gallery is fantastic – the comments he has been hearing is people can't believe how cool it is and well done.

Under other business Mr. Helms said an issue had come up in just the last week. He noted that, as the Commission is aware, the Geological Survey has been working with architects and the University of North Dakota regarding a project to expand the Core Library so there is sufficient storage for the next 50 years. It is anticipated that the Core Library will be full sometime in 2016 or 2017 so there is an urgency to get this project underway during the next biennium. The Board of Higher Education is going to be taking up a motion on Thursday at their meeting in Tioga concerning the Core Library expansion. The Board's Budget Finance Committee passed a motion late last week that contains contingencies that he wanted the Commission to be aware of. It is his intention that he and Mr. Murphy attend that meeting and, based on feedback from the Commission, express their concern regarding their proposed contingencies.

Mr. Helms stated that the contingencies that were being recommended to obtain the Board's support for the expansion are:

1. The Department of Mineral Resources/Geological Survey and the University of North Dakota develop a joint powers agreement (apparently there was one when the Wilson Laird Core Library was originally built but no one can find it);
2. That the costs for replacement of University parking spaces that will be lost because of the expansion of the facility must be included within the Geological Survey budget; and
3. The University will not allow the project to proceed until funding for replacement parking has been made available from the Survey.

Mr. Helms stated that the difficulty with these contingencies is that construction needs to begin next biennium if the project is approved by the Legislature. As they understand it, any replacement parking construction won't occur for anywhere from four to six years from now. That sets up a scenario legislatively and with the Commission's budget that is not achievable and yet they have made their approval of the project contingent on that \$2 million for the replacement parking being acquired by the Commission from the Legislature and paid in advance to the University. He would like to go to Tioga and express that the motion will not work and that we need to either hold off a month or come up with an alternative motion.

There was discussion regarding the number of parking spaces that would be lost when the expanded facility was constructed -- 74, the timing for any replacement parking being constructed on the University campus -- 4 to 6 years, the costs for replacement parking -- estimated to be \$2 million, and the overall campus plan for that area of the campus.

Mr. Helms said he is planning to discuss with the Board that the Geological Survey would include in their budget request at the appropriate time monies for the replacement parking space. It would be his intent to include in the Department's budget request for the Library expansion this upcoming session a line item on the costs of replacement parking so that it was transparent to the Legislature that 74 parking spaces were going away and at some point would need to be replaced and the DMR/Geological Survey would at the appropriate time provide testimony as needed regarding funding to cover the costs for that replacement parking.

Governor Dalrymple said Mr. Helms is on the right track. If parking is needed we will address that and do what is necessary to support replacement parking proportionate to our contribution to the problem. Governor Dalrymple said what this expansion results in is the acquisition of real estate from the University and that leads to an age old legislative snarl where the Legislature says the State owns all of it anyhow so we, the Legislature, will decide who gets what. This is not a simple issue; Attorney General Stenehjem and he have dealt with this issue previously. The cost nevertheless is due to the Geological Survey needing more space – to that extent, we accept that.

Being no further Department of Mineral Resources business, Governor Dalrymple adjourned this portion of the meeting at 2:52 p.m. and the Commission took up Pipeline Authority business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 27, 2014 beginning at 1:00 p.m.

Governor's Conference Room, State Capitol, Bismarck, ND

Present: Governor Jack Dalrymple, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also

Present: Lynn Helms, Department of Mineral Resources
Bruce Hicks, DMR – Oil and Gas Division
Alison Ritter, DMR – Oil and Gas Division
Ed Murphy, DMR – Geological Survey
Justin Kringstad, Pipeline Authority
Members of the Press

Governor Dalrymple called the Pipeline Authority portion of the Industrial Commission meeting to order at 2:52 p.m. following completion of Department of Mineral Resources business.

Mr. Justin Kringstad, North Dakota Pipeline Authority Director, presented the quarterly Pipeline Authority newsletter and highlighted the following information: (A copy of the newsletter is available in the Commission files.)

LNG Plant Being Constructed

On May 7, 2014, officials from North Dakota LNG announced plans to construct North Dakota's first liquefied natural gas (LNG) processing facility in Tioga, ND. Construction is underway with operations expected to begin this summer at a capacity of 10,000 gallons per day. Further expansion of the facility will allow production to reach 76,000 gallons per day by early 2015. Initial plans are for the LNG to be consumed by oilfield drilling and pressure pumping services. Longer term options for LNG in North Dakota include agricultural demand and communities currently not connected to natural gas.

Tesoro Gathering Pipeline

On May 12, 2014, Tesoro Logistics announced its subsidiary, Tesoro High Plains Pipeline Company, had received sufficient shipper support to construct a 60,000 BOPD gathering system in Dunn County. The "Connolly Gathering System" will collect oil from various points in Dunn County for delivery at the existing Connolly pipeline station in central Dunn County. Construction on the \$150 million dollar project is expected to begin in July 2014, with a completion target of late 2015.

Hess Gas Plant Online

After being shut down throughout the winter, the newly expanded Hess Tioga natural gas processing plant was placed back into service on March 23, 2014. The expansion increased the facility's daily capacity to 250 million cubic feet per day, making it North Dakota's largest gas processing plant.

ND Gas Capture Plans

As part of the Industrial Commission's newly-adopted policy on reducing natural gas flaring, all drilling permit applications to the NDIC Oil & Gas Division must be accompanied by a gas capture plan.

Mr. Kringstad said in mid-May, Enbridge did receive approval for their FERC tariff structure which the Commission had commented on. The next step for the Enbridge Sandpiper project is

getting state-level approval from North Dakota and Minnesota in order to get the route approved in both states.

Mr. Kringstad gave an update as follows: (A copy of the update is available in the Commission files.)

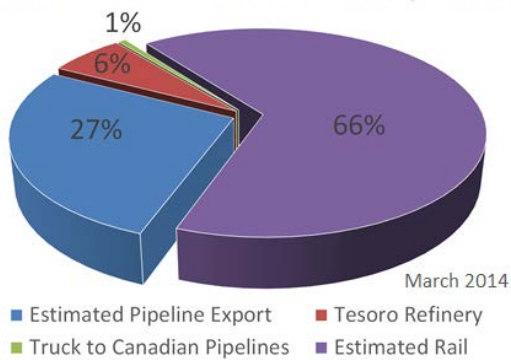


NDIC Update
 North Dakota Pipeline Authority
 Justin J. Kringstad
 May 27, 2014 - Bismarck, ND

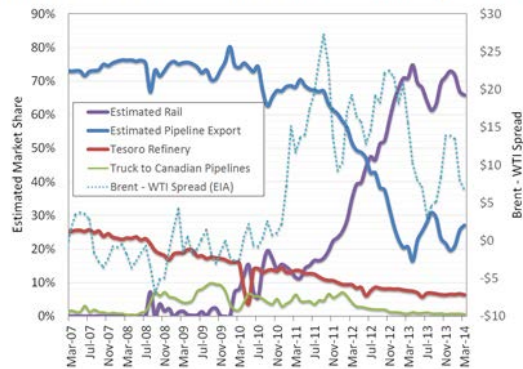
US Williston Basin Oil Production - 2014

MONTH	ND	Eastern MT*	SD	TOTAL
January	935,126	71,152	4,830	1,011,108
February	952,055	73,013	4,712	1,029,780
March	977,051			--
April				--
May				--
June				--
July				--
August				--
September				--
October				--
November				--
December				--

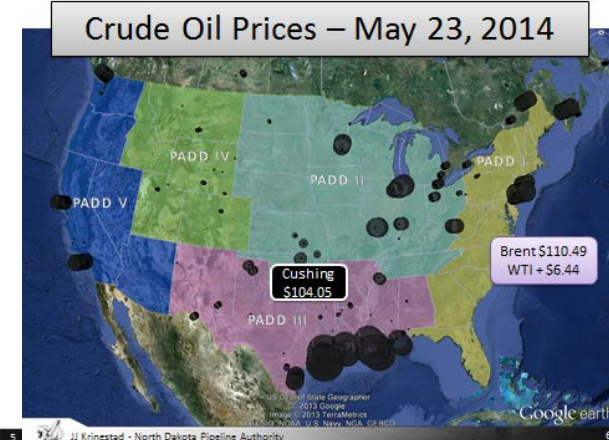
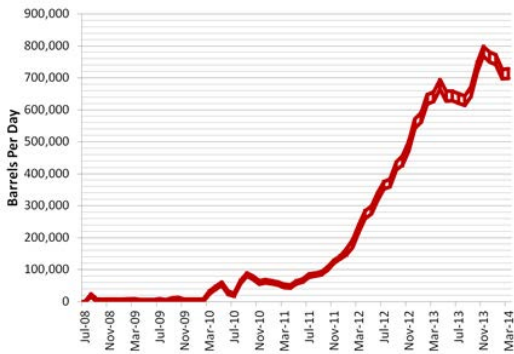
Estimated Williston Basin Oil Transportation



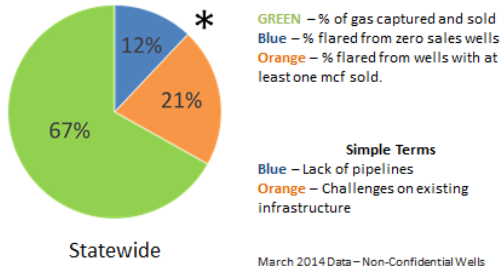
Estimated Williston Basin Oil Transportation



Estimated ND Rail Export Volumes

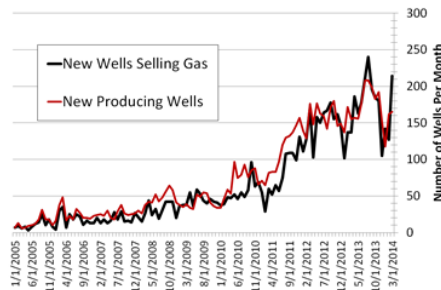


Solving the Flaring Challenge

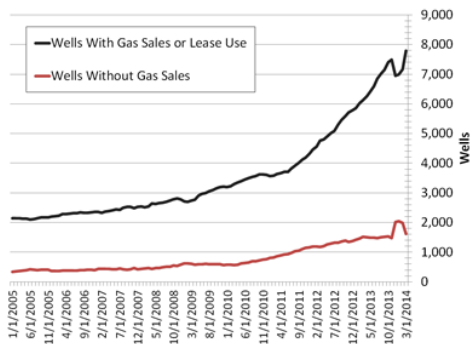


*Hess Tioga Gas Plant shut-in for 140MMCFD expansion starting in November

* Capturing the 12% Faster Well Connections



ND Gas Gathering Statistics



Contact Information

Justin J. Kringstad, Director
 North Dakota Pipeline Authority
 600 E. Boulevard Ave. Dept. 405
 Bismarck, ND 58505-0840
 Phone: (701)220-6227
 Fax: (701)328-2820
 E-mail: jjkringstad@ndpipelines.com

Websites:
www.pipeline.nd.gov
www.northdakotapipelines.com



Being no further Pipeline Authority business, Governor Dalrymple adjourned this portion of the meeting at 2:58 p.m. and the Commission took up Bank of North Dakota business.

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INDUSTRIAL COMMISSION OF NORTH DAKOTA

A handwritten signature in blue ink, appearing to read "Karlene Fine". The signature is fluid and cursive, with the first name "Karlene" written in a larger, more prominent script than the last name "Fine".

Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 27, 2014 beginning at 1:00 p.m.

Governor's Conference Room, State Capitol, Bismarck, ND

Present: Governor Jack Dalrymple, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also

Present: Eric Hardmeyer, Bank of North Dakota
Bob Humann, Bank of North Dakota
Kim Kautzman, Bank of North Dakota
Lori Leingang, Bank of North Dakota
Lori Gabriel, Bank of North Dakota
Tom Redmann, Bank of North Dakota
James Leier, Bank of North Dakota
Joel Erickson, Bank of North Dakota
Chad Johnson, Bank of North Dakota
Members of the Press

Governor Dalrymple called the Bank of North Dakota portion of the Industrial Commission meeting to order at 2:58 p.m. following completion of Pipeline Authority business.

Mr. Eric Hardmeyer, Bank of North Dakota President, presented Resolutions Designating A Depository of the Bank of North Dakota for the following entities: Federal Home Loan Bank, JP Morgan Chase, US Bank, First Tennessee Bank, Wells Fargo, and Federal Reserve Bank. He said these are updates from what the Commission has approved in the past. In a recent review of policies and resolutions they had noted that the current resolutions were out of date and needed to be updated.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission approves the following resolutions:

Employer Identification Number 45-6002413

RESOLUTION OF THE INDUSTRIAL COMMISSION
OF NORTH DAKOTA DESIGNATING A
DEPOSITORY OF THE BANK OF NORTH DAKOTA

Be it resolved by the Industrial Commission of North Dakota as follows:

First Tennessee Bank National Association (the "Bank") is hereby designated as a depository of the Bank of North Dakota and any one of the officers or employees of the Bank of North Dakota named below is authorized to open accounts with the Bank and to deposit funds of the Bank of North Dakota in the Bank.

Any two of the officers or employees of the Bank of North Dakota named below are hereby authorized to sign by actual, protectograph, or facsimile signature for the withdrawal of any and all funds held at any time by the Bank for the account of the Bank of North Dakota, provided, however, that the authority of the Comptroller is limited to reconcilements, verifications, and certifications of balances, and a single signature is sufficient for those matters. The Bank is entitled to honor as genuine, and will be indemnified and held harmless by the Bank of North Dakota against any and all loss, damage, or expense suffered or incurred by the Bank resulting from or arising out of the payment of, any instrument bearing the purported facsimile signature of an officer or

employee of the Bank of North Dakota authorized in this Resolution, even though the facsimile signature may be affixed without authority.

The officers and employees of the Bank of North Dakota who are authorized by this Resolution to act in the name of and on behalf of the Bank of North Dakota and their signatures are as follows:

Eric Hardmeyer, President & Chief Executive Officer

Joe H. Herslip, Senior Vice President

Robert A. Humann, Senior Vice President

Tim C. Porter, Senior Vice President

Lori L. Leingang, Senior Vice President

Allen F. Weisbeck, Investments Manager

The authorization contained in this Resolution shall continue in full force and effect until revoked or modified by written notice actually received by the Bank setting forth a resolution to that affect stated to have been adopted by the Industrial Commission of North Dakota and certified by the Executive Director of the Industrial Commission. The Bank is authorized and directed to rely on the last resolution of which the Bank has actual written notice as to the authorization contained therein and as to the authorized officers and employees of the Bank of North Dakota.

All prior authorization in conflict with this Resolution is revoked except as to acts performed prior to the effective date of this Resolution.

Employer Identification Number 45-6002413

RESOLUTION OF THE INDUSTRIAL COMMISSION
OF NORTH DAKOTA DESIGNATING A
DEPOSITORY OF THE BANK OF NORTH DAKOTA

Be it resolved by the Industrial Commission of North Dakota as follows:

JPMorgan Chase (the "Bank") is hereby designated as a depository of the Bank of North Dakota and any one of the officers or employees of the Bank of North Dakota named below is authorized to open accounts with the Bank and to deposit funds of the Bank of North Dakota in the Bank.

Any two of the officers or employees of the Bank of North Dakota named below are hereby authorized to sign by actual, protectograph, or facsimile signature for the withdrawal of any and all funds held at any time by the Bank for the account of the Bank of North Dakota, provided, however, that the authority of the Comptroller is limited to reconcilements, verifications, and certifications of balances, and a single signature is sufficient for those matters. The Bank is entitled to honor as genuine, and will be indemnified and held harmless by the Bank of North Dakota against any and all loss, damage, or expense suffered or incurred by the Bank resulting from or arising out of the payment of, any instrument bearing the purported facsimile signature of an officer or

employee of the Bank of North Dakota authorized in this Resolution, even though the facsimile signature may be affixed without authority.

The officers and employees of the Bank of North Dakota who are authorized by this Resolution to act in the name of and on behalf of the Bank of North Dakota and their signatures are as follows:

Eric Hardmeyer, President & Chief Executive Officer	_____
Joe H. Herslip, Senior Vice President	_____
Robert A. Humann, Senior Vice President	_____
Tim C. Porter, Senior Vice President	_____
Lori L. Leingang, Senior Vice President	_____
Allen F. Weisbeck, Investments Manager	_____

The authorization contained in this Resolution shall continue in full force and effect until revoked or modified by written notice actually received by the Bank setting forth a resolution to that affect stated to have been adopted by the Industrial Commission of North Dakota and certified by the Executive Director of the Industrial Commission. The Bank is authorized and directed to rely on the last resolution of which the Bank has actual written notice as to the authorization contained therein and as to the authorized officers and employees of the Bank of North Dakota.

All prior authorization in conflict with this Resolution is revoked except as to acts performed prior to the effective date of this Resolution.

Employer Identification Number 45-6002413

RESOLUTION OF THE INDUSTRIAL COMMISSION
OF NORTH DAKOTA DESIGNATING A
DEPOSITORY OF THE BANK OF NORTH DAKOTA

Be it resolved by the Industrial Commission of North Dakota as follows:

US Bank, (the "Bank") is hereby designated as a depository of the Bank of North Dakota and any one of the officers or employees of the Bank of North Dakota named below is authorized to open accounts with the Bank and to deposit funds of the Bank of North Dakota in the Bank.

Any two of the officers or employees of the Bank of North Dakota named below are hereby authorized to sign by actual, protectograph, or facsimile signature for the withdrawal of any and all funds held at any time by the Bank for the account of the Bank of North Dakota, provided, however, that the authority of the Comptroller is limited to reconcilements, verifications, and certifications of balances, and a single signature is sufficient for those matters. The Bank is entitled to honor as genuine, and will be indemnified and held harmless by the Bank of North Dakota against any and all loss, damage, or expense suffered or incurred by the Bank resulting from or arising out of the payment of, any instrument bearing the purported facsimile signature of an officer or

employee of the Bank of North Dakota authorized in this Resolution, even though the facsimile signature may be affixed without authority.

The officers and employees of the Bank of North Dakota who are authorized by this Resolution to act in the name of and on behalf of the Bank of North Dakota and their signatures are as follows:

Eric Hardmeyer, President & Chief Executive Officer

Joe H. Herslip, Senior Vice President

Robert A. Humann, Senior Vice President

Tim C. Porter, Senior Vice President

Lori L. Leingang, Senior Vice President

Allen F. Weisbeck, Investments Manager

The authorization contained in this Resolution shall continue in full force and effect until revoked or modified by written notice actually received by the Bank setting forth a resolution to that affect stated to have been adopted by the Industrial Commission of North Dakota and certified by the Executive Director of the Industrial Commission. The Bank is authorized and directed to rely on the last resolution of which the Bank has actual written notice as to the authorization contained therein and as to the authorized officers and employees of the Bank of North Dakota.

All prior authorization in conflict with this Resolution is revoked except as to acts performed prior to the effective date of this Resolution.

Employer Identification Number 45-6002413

RESOLUTION OF THE INDUSTRIAL COMMISSION
OF NORTH DAKOTA DESIGNATING A
DEPOSITORY OF THE BANK OF NORTH DAKOTA

Be it resolved by the Industrial Commission of North Dakota as follows:

Wells Fargo (the "Bank") is hereby designated as a depository of the Bank of North Dakota and any one of the officers or employees of the Bank of North Dakota named below is authorized to open accounts with the Bank and to deposit funds of the Bank of North Dakota in the Bank.

Any two of the officers or employees of the Bank of North Dakota named below are hereby authorized to sign by actual, protectograph, or facsimile signature for the withdrawal of any and all funds held at any time by the Bank for the account of the Bank of North Dakota, provided, however, that the authority of the Comptroller is limited to reconcilements, verifications, and certifications of balances, and a single signature is sufficient for those matters. The Bank is entitled to honor as genuine, and will be indemnified and held harmless by the Bank of North Dakota against any and all loss, damage, or expense suffered or incurred by the Bank resulting from or arising out of the payment of, any instrument bearing the purported facsimile signature of an officer or

employee of the Bank of North Dakota authorized in this Resolution, even though the facsimile signature may be affixed without authority.

The officers and employees of the Bank of North Dakota who are authorized by this Resolution to act in the name of and on behalf of the Bank of North Dakota and their signatures are as follows:

Eric Hardmeyer, President & Chief Executive Officer

Joe H. Herslip, Senior Vice President

Robert A. Humann, Senior Vice President

Tim C. Porter, Senior Vice President

Lori L. Leingang, Senior Vice President

Allen F. Weisbeck, Investments Manager

The authorization contained in this Resolution shall continue in full force and effect until revoked or modified by written notice actually received by the Bank setting forth a resolution to that affect stated to have been adopted by the Industrial Commission of North Dakota and certified by the Executive Director of the Industrial Commission. The Bank is authorized and directed to rely on the last resolution of which the Bank has actual written notice as to the authorization contained therein and as to the authorized officers and employees of the Bank of North Dakota.

All prior authorization in conflict with this Resolution is revoked except as to acts performed prior to the effective date of this Resolution.

Employer Identification Number 45-6002413

RESOLUTION OF THE INDUSTRIAL COMMISSION
OF NORTH DAKOTA DESIGNATING A
DEPOSITORY OF THE BANK OF NORTH DAKOTA

Be it resolved by the Industrial Commission of North Dakota as follows:

Federal Home Loan Bank of Des Moines (the "Bank") is hereby designated as a depository of the Bank of North Dakota and any one of the officers or employees of the Bank of North Dakota named below is authorized to open accounts with the Bank and to deposit funds of the Bank of North Dakota in the Bank.

Any two of the officers or employees of the Bank of North Dakota named below are hereby authorized to sign by actual, protectograph, or facsimile signature for the withdrawal of any and all funds held at any time by the Bank for the account of the Bank of North Dakota, provided, however, that the authority of the Comptroller is limited to reconcilements, verifications, and certifications of balances, and a single signature is sufficient for those matters. The Bank is entitled to honor as genuine, and will be indemnified and held harmless by the Bank of North Dakota against any and all loss, damage, or expense suffered or incurred by the Bank resulting from or arising out of the payment of, any instrument bearing the purported facsimile signature of an officer or

employee of the Bank of North Dakota authorized in this Resolution, even though the facsimile signature may be affixed without authority.

The officers and employees of the Bank of North Dakota who are authorized by this Resolution to act in the name of and on behalf of the Bank of North Dakota and their signatures are as follows:

Eric Hardmeyer, President & Chief Executive Officer _____

Joe H. Herslip, Senior Vice President & Cashier _____

Robert A. Humann, Senior Vice President _____

Tim C. Porter, Senior Vice President _____

Lori L. Leingang, Senior Vice President _____

Allen F. Weisbeck, Investments Manager _____

The authorization contained in this Resolution shall continue in full force and effect until revoked or modified by written notice actually received by the Bank setting forth a resolution to that affect stated to have been adopted by the Industrial Commission of North Dakota and certified by the Executive Director of the Industrial Commission. The Bank is authorized and directed to rely on the last resolution of which the Bank has actual written notice as to the authorization contained therein and as to the authorized officers and employees of the Bank of North Dakota.

All prior authorization in conflict with this Resolution is revoked except as to acts performed prior to the effective date of this Resolution.

Employer Identification Number 45-6002413

RESOLUTION OF THE INDUSTRIAL COMMISSION
OF NORTH DAKOTA DESIGNATING A
DEPOSITORY OF THE BANK OF NORTH DAKOTA

Be it resolved by the Industrial Commission of North Dakota as follows:

Federal Reserve Bank (the "Bank") is hereby designated as a depository of the Bank of North Dakota and any one of the officers or employees of the Bank of North Dakota named below is authorized to open accounts with the Bank and to deposit funds of the Bank of North Dakota in the Bank.

Any two of the officers or employees of the Bank of North Dakota named below are hereby authorized to sign by actual, protectograph, or facsimile signature for the withdrawal of any and all funds held at any time by the Bank for the account of the Bank of North Dakota, provided, however, that the authority of the Comptroller is limited to reconcilements, verifications, and certifications of balances, and a single signature is sufficient for those matters. The Bank is entitled to honor as genuine, and will be indemnified and held harmless by the Bank of North Dakota against any and all loss, damage, or expense suffered or incurred by the Bank resulting from or arising out of the payment of, any instrument bearing the purported facsimile signature of an officer or

employee of the Bank of North Dakota authorized in this Resolution, even though the facsimile signature may be affixed without authority.

The officers and employees of the Bank of North Dakota who are authorized by this Resolution to act in the name of and on behalf of the Bank of North Dakota and their signatures are as follows:

Eric Hardmeyer, President & Chief Executive Officer _____

Joe H. Herslip, Senior Vice President _____

Robert A. Humann, Senior Vice President _____

Tim C. Porter, Senior Vice President _____

Lori L. Leingang, Senior Vice President _____

Allen F. Weisbeck, Investment Manager _____

The authorization contained in this Resolution shall continue in full force and effect until revoked or modified by written notice actually received by the Bank setting forth a resolution to that affect stated to have been adopted by the Industrial Commission of North Dakota and certified by the Executive Director of the Industrial Commission. The Bank is authorized and directed to rely on the last resolution of which the Bank has actual written notice as to the authorization contained therein and as to the authorized officers and employees of the Bank of North Dakota.

All prior authorization in conflict with this Resolution is revoked except as to acts performed prior to the effective date of this Resolution.

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

Mr. Hardmeyer presented a Resolution Authorizing Certain BND Employees to Execute Loan Instruments. The Commission has previously approved this resolution -- it needed to be updated.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission approves the following resolution:

**RESOLUTION OF THE INDUSTRIAL COMMISSION
AUTHORIZING BANK OF NORTH DAKOTA EMPLOYEES
TO EXECUTE LOAN INSTRUMENTS**

Whereas, North Dakota Century Code Section 6-09-26 provides that the Industrial Commission may authorize the President of the Bank of North Dakota (BND) or other officers and employees of BND to execute instruments on behalf of BND;

Whereas, it has been the Industrial Commission's intent when approving loan applications to include with those approvals the authorization of the President, Senior Vice President of Lending Services and loan officer, acting singly, to execute all documents and instruments necessary to finalize and close any approved loans;

Whereas, it was also the Industrial Commission's intent in enacting the Bank of North Dakota General Loan Policy and that Policy's lending authorities to authorize BND officers to execute all documents and instruments necessary to finalize and close any applicable loans;

Whereas, the Industrial Commission now deems it advisable to more specifically state its previously-implied intent to authorize BND officer execution of necessary documents and instruments;

Resolved, that all loans approved by the appropriate approval authority include the specific authority for the President, the Senior Vice President of Lending and the applicable loan officer, acting singly, to execute any and all documents and instruments reasonably necessary to finalize and close the approved loan under terms substantially similar to the terms submitted to the appropriate approval authority as stated in BND's General Loan Policy; and

Resolved, that this authority is not a change to or increase in the authority previously impliedly granted to BND's officers upon approval of a loan, but is a clarification that this authority existed regardless of whether it was explicitly stated in the course of the Industrial Commission's or other approval authority's approval of a loan.

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

Mr. Hardmeyer presented a Resolution Authorizing Certain BND Employees to Execute Real Estate Instruments. This was an update to a resolution that the Commission had previously approved.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission approves the following resolution:

INDUSTRIAL COMMISSION OF NORTH DAKOTA

RESOLUTION AUTHORIZING CERTAIN OFFICERS OF THE BANK OF NORTH DAKOTA TO EXECUTE AND ACKNOWLEDGE INSTRUMENTS PERTAINING TO REAL ESTATE ON BEHALF OF THE BANK OF NORTH DAKOTA AND DESIGNATING CERTAIN EMPLOYEES OF THE BANK OF NORTH DAKOTA AS OFFICERS OF THE BANK OF NORTH DAKOTA FOR THE PURPOSE OF EXECUTING AND ACKNOWLEDGING INSTRUMENTS PERTAINING TO REAL ESTATE ON BEHALF OF THE BANK OF NORTH DAKOTA AND AUTHORIZING SUCH DESIGNATED EMPLOYEES TO EXECUTE AND ACKNOWLEDGE INSTRUMENTS PERTAINING TO REAL ESTATE ON BEHALF OF THE BANK OF NORTH DAKOTA.

N.D.C.C. 6-09-26 provides that the President of the Bank of North Dakota may execute and acknowledge advances, transfers, assignments, releases, satisfactions, and other instruments affecting liens on, title to, and interests in real estate on behalf of the Bank of North Dakota and that other officers of the Bank may execute and acknowledge such instruments on behalf of the Bank when authorized to do so by resolution of the Industrial Commission.

THEREFORE, BE IT RESOLVED by the Industrial Commission that the following named officers of the Bank are hereby authorized to execute and acknowledge conveyances, transfers, assignments, releases, satisfactions, and other instruments affecting liens on, title to, and interests in real estate on behalf of the Bank;

President and Chief Executive Officer
Senior Vice President, Lending Services
Senior Vice President, Accounting & Treasury Services

BE IT FURTHER RESOLVED by the Industrial Commission that the individuals of the Bank assigned to the positions indicated below are hereby designated as officer positions of the Bank for the purpose of executing and acknowledging conveyances, transfers, assignments, releases, satisfactions, and other instruments affecting liens on, title to, and interests in real estate, and are hereby authorized to execute and acknowledge such instruments on behalf of the Bank:

Loan Managers Loan Officers

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

Mr. Hardmeyer provided a copy of the Bank of North Dakota Advisory Board non-confidential March 20, 2014 meeting minutes.

Mr. Hardmeyer updated the Commission regarding the DEAL One program that had been announced on April 21 to consolidate student loans. He said as of the 27th (today) the statistics are: we have \$53.6 million in applications, we have funded \$9 million of that already and we are funding at a clip of somewhere between \$500,000 and \$1 million daily. Of that \$53.6 million, that constitutes 1,056 borrowers.

In response to a question regarding what the pool is for consolidating loans, Mr. Hardmeyer said the estimate is somewhere between \$100 to \$150 million with about 50,000 total eligible people. This program is the only one of its kind in the nation. He discussed the terms and loan amounts. He noted that the Bank is pleased with the response they have had to this new program.

Governor Dalrymple closed the meeting at 3:10 p.m. pursuant to North Dakota Century Code 6-09-35 to discuss the items on the agenda under Bank of North Dakota confidential business.

During Executive Session, it had been moved and seconded that the Bank of North Dakota be authorized to participate in nine loans identified as Attachments 42 - 50. In non-confidential session, on a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Being no further Bank of North Dakota business, Governor Dalrymple adjourned this portion of the meeting at 4:14 p.m. and the Commission took up Administrative business.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 27, 2014 beginning at 1:00 p.m.

Governor's Conference Room, State Capitol, Bismarck, ND

Present: Governor Jack Dalrymple, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also

Present: Jerod Tufte, Governor's Office

Governor Dalrymple called the Administrative portion of the Industrial Commission meeting to order at 4:14 p.m. following completion of Bank of North Dakota business.

Ms. Karlene Fine, Industrial Commission Executive Director, presented the April 21, 2014 minutes (non-confidential and confidential) and May 1, 2014 minutes for the Commission's consideration.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the April 21, 2014 Industrial Commission meeting minutes be approved as presented. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the May 1, 2014 Industrial Commission meeting minutes be approved as presented. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Ms. Fine presented the City of Fargo request for a QECCB reallocation as follows:

RE: Fargo QECCB Reallocation Request

In 2010 the Industrial Commission awarded a Qualified Energy Conservation Bond (QECCB) Allocation to the City of Fargo for a wind turbine. Attached is a copy of the memorandum I presented to the Commission at that time. (Exhibit A) The attached memorandum provided some background information on the QECCB program.

The City of Fargo, a "large local government" within the meaning of the law, recently submitted an amendment to the allocation that was granted at that time and requested that the project be changed from a wind turbine to a LFG to CNG project. There is no change in the dollar amount, just a reallocation to a different type of project. (Exhibit B)

It would be my recommendation that the Commission approve this amendment to the prior approval and grant the request of the City of Fargo by adopting the following motion:

It was moved by _____ and seconded by _____ that the Industrial Commission grant the request of the City of Fargo and amend and reallocate their Qualified Energy Conservation Bond Allocation from a wind turbine project to a LFG to CNG project.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission grant the request of the City of Fargo and amend and reallocate their Qualified Energy Conservation Bond Allocation from a wind turbine

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project to a landfill gas to compressed natural gas conversion project. On a roll call vote, Governor Dalrymple, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Being no further Administrative business, Governor Dalrymple adjourned the meeting at 4:19 p.m.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary