

Minutes of a Meeting of the Industrial Commission of North Dakota
Held on January 24, 2018 beginning at 1:00 p.m.
Governor's Conference Room, State Capitol

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

Also

Present: Leslie Oliver, Governor's Office
Jessie Pfaff, Agriculture Department
Other attendees are listed on the attendance sheet available in the Commission files
Members of the Press

Governor Burgum called the Industrial Commission meeting to order at 1:00 p.m.

HOUSING FINANCE AGENCY

Governor Burgum welcomed the members of the Housing Finance Agency Advisory Board to the meeting and thanked them for their willingness to serve on the Board.

Ms. Jolene Kline, Housing Finance Agency Executive Director, presented the NDHFA Fourth Quarterly Report. (A copy is available in the Commission files.) The Report included the following:

- Executive Summary
- Bonds
- Homeownership
- Property Management
- Planning and Housing Development
- Outreach and Public Affairs

Ms. Kline indicated that the federal legislation that was discussed last month which would have eliminated the Agency's ability to issue private activity bonds did not pass and the Agency did not issue the \$450,000,000 of bonds on December 28, 2017.

In response to questions, Ms. Kline commented on the activities that the Agency and the staff participate in regarding homelessness and provided information on the collaboration that is taking place between state agencies and the local communities. Ms. Lisa Rotvold, Beyond Shelter and HFA Advisory Board member, commented specifically on the work that is being done at the Cooper House in Fargo and being planned for the Edwinton Place in Bismarck and how the staffing and case work is and will be provided for the tenants at those facilities.

Ms. Kline introduced Mr. Tom Caine and Victor Chiang from Caine Mitter. She stated that Caine Mitter is the Agency's financial advisor. Mr. Caine and Mr. Chiang gave an overview of the NDHFA Bond Trust Fund Performance. (A copy of the report is available in the Commission files.) They noted the following highlights about the North Dakota Housing Finance Agency:

- Provides mortgage rates currently 0.50% lower than average rates in the State.
- Provided over \$8 million on down payment and closing cost assistances to borrowers in 2017.
- Collaborates with 37 state and six national participating lenders.
- Services mortgage loans in-house. Fourteen HFAs service their own mortgages.
- Services among the best performing HFA mortgage portfolios.
- Consistently high mortgage market penetration among HFAs.

- Single family program rated “Aa1” by Moody’s Investor Service. Only six HFAs with whole loan programs have higher ratings.
- Ability to use full range of bond financing techniques including variable rate bonds and swaps.
- Funds mortgage loans through both bond financing of whole loans and secondary market sales of GNMA mortgage backed securities. Only five HFAs are positioned to provide both financing vehicles.

Ms. Kline discussed the NDHFA Bond Underwriter Engagement Selection Committee recommendation. (The eight proposals and summary of proposals are available in the Commission files.)

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accept the recommendation of the North Dakota Housing Finance Agency (NDHFA) Underwriter Selection Committee and appoint the NDHFA underwriting team for a term extending to January 1, 2022, subject to satisfactory performance, with RBC Capital Markets as the Senior Manager with a management fee of \$.75 per thousand of bonds paid only to the Senior Manager and three co-managers consisting of the top three selling group firms from the last transaction and the option of a Co-Manager becoming 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 Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Attorney General Stenehjem discussed his recommendation regarding the appointment of the NDHFA Bond Counsel. (The two proposals and summary of the proposals are available in the Commission files.)

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accept the recommendation of Attorney General Stenehjem and name Kutak Rock LLP as the North Dakota Housing Finance Agency bond counsel for a four-year term extending to January 1, 2022. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

WESTERN AREA WATER SUPPLY

Ms. Karlene Fine, Industrial Commission Executive Director/Secretary gave the December financial and debt report on Western Area Water Supply (WAWS) Authority as follows: (A complete copy of the report is available in the Commission files.)

RE: Western Area Water Supply Authority-Industrial Sales-December, 2017 & Debt Repayment Reports

Attached is the Western Area Water Supply Authority (WAWS) financial information for the 2017-2019 biennium through the month of December, 2017.

Page 1 was prepared by the Bank of North Dakota reflecting the debt service payments for the month of December, 2017. With the restructuring of the loans the principal and interest was paid this month only on the \$87.75 million BND loan.

The next 3 pages (pages 2, 3 & 4) I prepared based on the information provided by WAWS staff reflecting December revenues and expenses and net income. Net income for the month of December was \$415,322.45 before making the principal payment.

As you will recall from the overall Debt Service spread sheet the breakeven sales monthly number is \$994,920. With WAWS sales for the month of December being \$1,194,731.08 WAWS was over that number by \$199,811.08. This is good news. However, there are some accounts payable that still need to be paid.

Page 5 is the balance sheet prepared by WAWS staff as of December 31, 2017. The liabilities include, within the accounts payable line item, both the 2016 and 2017 baseline sales payments which total \$9,599,565.08. Pages 6 & 7 are the consolidated balance sheet for the WAWS General Account which includes the Industrial Account balance sheet.

You have requested that the average sale price for water be provided each month. For the months of July through December the numbers are:

July	\$0.01362 per gallon or \$0.57 per barrel
August	\$0.01542 per gallon or \$0.65 per barrel
September	\$0.01285 per gallon or \$0.54 per barrel
October	\$0.01305 per gallon or \$0.55 per barrel
November	\$0.01346 per gallon or \$0.57 per barrel
December	\$0.01404 per gallon or \$0.59 per barrel

Mr. Jaret Wirtz, WAWS Executive Director, gave a report on sales and business activity and provided a handout containing the following four charts: (A copy of the handout is available in the Commission files.)

- WAWS Cumulative 2017 Actual and Budgeted Industrial Revenue - Year-End 2017 (2017 Actual Revenue was \$14,481,418)
- 2017 WAWS Industrial Water Sales YTD Year End
- 2018 WAWS Monthly Budgeted and Optimistic Industrial Sales Forecast which depicted the following:
 - 2017 Actual Industrial Revenue: \$14.48M
 - 2018 Budgeted Industrial Revenue: \$13.45M
 - 2018 Optimistic Industrial Revenue Forecast: \$17.40M
 - Required Breakeven Industrial Revenue: \$12.4M
- WAWS Historical Industrial Water Sales Gross Annual Averages

As a follow up to last meeting, Mr. Wirtz reported on the ongoing discussions regarding a hot water distributor. No agreement has been reached.

Mr. Wirtz stated that they continue to work on getting approval from the member entities on the amendment regarding the Baseline Payments. They hope to have those approvals by March.

In response to a question about possible capital projects in 2018, Mr. Wirtz stated he would put together a list. They are focusing their attention on projects that would improve WAWS's ability to provide maintenance water to their customers but are also aware of some work that could be done to optimize the system.

Mr. Justin Kringstad, Pipeline Authority Director, gave the Pipeline Authority update and responded to numerous questions on the information provided in the update. (A copy of the update is available in the Commission files and is posted on the Pipeline Authority website.)

Department of Mineral Resources

Mr. Lynn Helm, Department of Mineral Resources Director, discussed proposed orders for the following cases heard on October 18, November 16, December 13, 14 and 20, 2017:

Case 26036, Order 28743 - creation and establishment of overlapping 640-acre spacing unit
Case 26181, Order 28764 - creation and establishment of overlapping 1280-acre spacing unit
Case 26221, Order 28744 - creation and establishment of overlapping 1280-acre spacing unit

Mr. Helms indicated that these three cases all deal with lands in the Mandaree area. He stated that companies had proposed different plans for developing the area. There were a number of issues raised in the hearing but what it came down to is the ownership and the wishes of the majority of the companies. In addition if it is developed as a single 1280 spacing unit it can be done from a single multi-well pad as opposed to developing it as two standup 640's and an overlapping unit which would require three multi-well pads.

Case 26036: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28743 issued in Case 26036 denying the application of PetroShale to amend the field rules for the Mandaree-BakkenPool and to establish an overlapping 640-acre spacing unit be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Case 26181: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28764 issued in Case 26181 approving the creation and establishment of an overlapping 1280-acre spacing unit comprised of all of Sections 9 and 16, T. 149N, range 93W., Dunn County, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Case 26221: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28744 issued in Case 26221 denying the application of PetroShale to amend the applicable orders for the Mandaree-Bakken Pool to establish an overlapping 1280-acre spacing unit, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Case 26182, Order 28598 - establishment or altering of spacing unit in Eightmile-Bakken Pool

Mr. Helms stated the spacing in this area is very difficult. It involves the Missouri River, US Army Corps of Engineers flowage easements and potentially involves North Dakota Industrial Commission area of interest lands. In addition this is an area where there have been ice jams and flooding and the

Commission has had to shut in wells. Nine Point proposed a plan to develop this area outside the flood plain from two multi-well pads. However, the staff is concerned about correlative rights if the Commission approves a 3400 acre spacing unit which would allow them to just drill one or two wells and hold everybody's minerals. The staff, in proposed Order 28598, approves Nine Point's development plan but makes it two spacing units so they have to build both pads and put some wells in both spacing units early on so mineral owners correlative rights are better protected.

Case 26182: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28598 issued in Case 26182 denying the request of Irish Oil and Gas Inc. and Twin City Technical, LLC to establish three standup 1280-acre spacing units and denying the request of Nine Point Energy, LLC to retain the laydown 3200-acre spacing unit, and approving the establishment of two 1600-acre spacing units, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Case 26246, Order 28793 - consideration of Beach-Red River Voluntary Unit

Case 26246: It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that Order 28793 issued in Case 26246 approving the Beach-Red River Voluntary Unit, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Helms indicated Case 26247 is an application from Whiting Oil and Gas to install a system to do vapor pressure oil conditioning in a different manner in Sanish Field north of New Town at a central location. Currently they have at least 126 facilities, 473 wells and they are trying to do oil conditioning at each field facility. Their proposal is to put the oil into a gathering pipeline system at pressure and do the oil conditioning at the Robinson Lake facility so any vapors they take off it will be able to go right across the road to Robinson Lake Gas Plant and go to market.

Case 26247: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28794 issued in Case 26247 approving a crude oil production and gathering system in which the vapor pressure of crude oil produced from various wells in Mountrail and McKenzie Counties will be tested in accordance with Order No. 25417 at a central location, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Helms stated that Marathon is requesting a retroactive temporary gas flaring exemption for 11 wells in the Bailey-Bakken Pool for the months of November and December while they made mechanical repairs on their gas gathering pipelines.

Case 26258: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28795 issued in Case 26258 granting a temporary gas flaring retroactive exemption for 11 wells for the months of November and December 2017, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum,

Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Case 26259, Order 28796 - consideration of temporary gas flaring exemption Antelope-Sanish Pool
Case 26260, Order 28797 - consideration of temporary gas flaring exemption Four Bears-Bakken Pool
Case 26261, Order 28798 - consideration of temporary gas flaring exemption Reunion Bay-Bakken Pool

Mr. Helms stated that Marathon is requesting a temporary gas flaring exemption for wells in the Antelope Sanish Pool, Four Bear-Bakken Pool and the Reunion Bay-Bakken Pool. This request is for a much larger list of wells, much larger volume of gas and a period of relief “until the problem is fixed”. There is no end date and the reason for the request is “due to operational constraints and system design limitations.” He stated that this is exactly counter to the Commission’s gas capture policy and this type of relief isn’t allowed for in the gas capture policy. The staff is recommending that these applications be denied.

Case 26259: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28796 issued in Case 26259 denying the application for a temporary gas flaring exemption, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Case 26260: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28797 issued in Case 26260 denying the application for temporary gas flaring exemption, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Case 26261: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28798 issued in Case 26261 denying the application for temporary gas flaring exemption, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

The Commission and Mr. Helms had a lengthy discussion on the issues related to right-of-ways that are making it difficult for the needed pipelines to be installed on the reservation and having a plan of action of how the State can help move this issue forward at the federal level.

Mr. Helms stated Case 26262 is a request for the termination of the Davis Buttes-Tyler Unit. He indicated that all the steps have been taken to terminate the unit and the Commission has to issue an order terminating the unit.

Case 26262: It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 28678 issued in Case 26262 terminating the Davis Buttes-Tyler Unit, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Helms stated Case 26288 involves RimRock Oil and Gas's request for a temporary gas flaring exemption for one year for one new modern completion well in the Twin Buttes-Bakken Pool. He indicated that there are a number of wells operated by other operators in the area that were drilled using older completion technology so the productivity of the area is not fully known. This recently drilled well was drilled with new completion technology and looks much more economic. If the production on the well is restricted RimRock won't be able to prove that there is enough gas to justify the investment and installation of a new gathering system. They believe if they are allowed to flare for a one year period it will demonstrate that the \$400 million investment in a gas gathering system will pay out and that it would get built by the operators in the area. The ultimate gas capture will be 45 billion cubic feet. He noted that this type of relief is allowed under the gas flaring policy where the policy states that temporary relief can be granted if the end result is a big improvement in gas capture at the end of the temporary relief. That is what Rimrock presented at the hearing and the staff believes it is true; if RimRock is allowed to flare from this one well for a year the ultimate outcome will be a gathering system that will gather more than 45 billion cubic feet of gas.

Case 26288: It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that Order 28799 issued in Case 26288 granting the temporary gas flaring exemption for the Charging Eagle 15-21A-16-4H well for one year, be approved this 24th day of January, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Helms provided the Commission with a copy of the Paul Sorum, et al v. The State of North Dakota, et al. complaint filed in East Central Judicial District in Fargo. He noted the number of parties involved - Land Board, Industrial Commission, and the Governor and Attorney General in their official capacities and asked for clarification on how the legal representation would be handled. He stated that the plaintiffs have asked for injunctive relief and as early as the first week of March they could file a motion for a preliminary injunction. If that is granted, it is his understanding that the ongoing work by Wenck to review and come back with an Ordinary High Water Mark Determination as outlined in Senate Bill 2134, would stop. He reported on the status of the work and reviewed the timeline as outlined in the law. The Commission will need to make a decision after consultation with legal counsel on whether or not to resist a motion for a preliminary injunction.

At the request of the Commission, Ms. Hogan provided an overview of the litigation. There was discussion regarding the timing of filings, impact on the completion of the study work and when the Land Board would be meeting.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2 the Industrial Commission close the meeting to the public and enter executive session for the purpose of attorney consultation. The purpose of the executive session will be to consult with the Commission's attorney regarding pending adversarial proceedings in the following matters:

Case 25928

Case No. 09-2018-CV-00089 (Sorum et al v. State of North Dakota, et al.)

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

Governor Burgum stated that the discussion during executive session must be limited to the announced purpose for entering into executive session and the executive session will begin at 4:03 p.m. Following the executive session the Commission will reconvene in open session.

EXECUTIVE SESSION

Members Present:

Governor Doug Burgum
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Others in Attendance:

Leslie Oliver	Governor's Office
Hope Hogan	Office of the Attorney General
Jessie Pfaff	Agriculture Department
Lynn Helms	Department of Mineral Resources
Bruce Hicks	Department of Mineral Resources
Alison Ritter	Department of Mineral Resources

The Industrial Commission reconvened in open session at 4:34 p.m. and the public was invited to return to the meeting room. During its executive session the Commission consulted with its attorney(s) regarding Case No. 25928 and Case No. 09-2018-CV-00089 and no other action is necessary other than the guidance that was provided during executive session.

Mr. Bruce Hicks, Oil and Gas Division Assistant Director, presented the Oil and Gas Division Quarterly Report. (A copy is available in the Commission files.) The Quarterly Report included the following:

- Statistics
- Gas Flaring
- Drilling Permit Review
- Complaints

Oil and Gas Research Program

Ms. Fine presented the following memorandum requesting a Special Grant Round with a February 15 submission deadline:

The Industrial Commission has received requests for the establishment of an additional grant round (Round 45). The Oil and Gas Research Program policies allow for the establishment of additional grant rounds by the Industrial Commission.

During Grant Round 44, after technical review, it was determined by staff that additional information was needed before presenting any applications to the Council/Commission. By the establishment of an additional grant round the applicants will have time to provide the needed information and the revised applications can then be considered by the technical reviewers and the projects could proceed this spring if funding is awarded.

I have consulted with Brent Brannan, Director of the Oil and Gas Research Program, as to whether he has any objections to having an additional grant round and he has indicated he does not. Therefore, I am recommending the establishment of an additional grant round with a deadline submission date of February 15, 2018.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the recommendation of the Industrial Commission Executive Director/Secretary and approves an additional grant round for the Oil and Gas Research Program with an application submission deadline of February 15, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Renewable Energy Program

Ms. Fine presented the Financial Report as follows:

Renewable Energy Development Fund
 Financial Statement
2017-2019 Biennium
 January 24, 2018 Industrial Commission Meeting

	<u>Cash Balance</u>
July 1, 2017 Balance	\$ 4,287,158.05
Revenues from Resources Trust Fund through November 30, 2017	\$ 1,174,412.95
Other Revenues through November 30, 2017	\$ 1,070.05
Expenditures through November 30, 2017	<u>\$(48,863.76)</u>
Cash Balance as of November 30, 2017	\$ 5,413,777.29
Outstanding Administrative Commitments (<i>estimate</i>)	\$ (136,277.24)
Outstanding Project Commitments as of November 30, 2017	<u>\$(3,108,239.88)</u>
Uncommitted Cash as of November 30, 2017	\$ 2,169,260.17

Renewable Energy Development Fund
Continuing Appropriation Authority
 2017-2019 Biennium

July 1, 2017 Balance of Uncommitted Dollars	\$ 1,478,777.17
Transfer from Resources Trust Fund for 2017-2019 Biennium	\$ 3,000,000.00
Interest Income (<i>Estimated</i>)	\$ 5,000.00
Income from Project Applications (<i>Estimated</i>)	<u>\$ 1,500.00</u>
	\$ 4,485,277.17
Administrative Commitments (<i>Estimated</i>)	\$(140,000.00)
Commitments 2017-2019	<u>\$(345,000.00)</u>
	\$ 4,000,277.17

Following the 2017 Legislative Session 57-51.1-07. Allocation of moneys in Oil Extraction Tax Development Fund states the following:

Three percent of the amount credited to the Resources Trust Fund must be transferred no less than quarterly into the Renewable Energy Development Fund, not to exceed three million dollars per biennium.

Renewable Energy Development Fund (54-63-04, N.D.C.C.) – Continuing appropriation. The Renewable Energy Development Fund is a special fund in the state treasury. All funds in the Renewable Energy Development Fund are appropriated to the Industrial Commission on a continuing basis for the purpose of carrying out and effectuating this chapter. Interest earned by the Fund must be credited to the Fund.

Mr. Jay Schuler, Renewable Energy Council Chairman, and Ms. Andrea Pfennig, Department of Commerce, discussed the Renewable Energy Council’s recommendation regarding R-035-A - Preparation of Graphene-Modified LiFEPO4 Cathode for Li-Ion Battery; Submitted by University of North Dakota; Total project costs: \$696,238; Amount requested: \$238,366. The objective of this project is to prepare graphene-modified lithium iron phosphate cathode materials (LFP/G) at pilot scale (10 tons/year.) The project will extract and purify humic acid from North Dakota sourced leonardite. The end goal is to produce an improved battery that will be utilized initially within Clean Republic on their E-bikes. The batteries are expected to have more power, a longer battery life, and perform better in low temperatures. If successful, this project will create high-performance low-cost cathode materials for Li-ion batteries and associated preparation processes. The cathode production has the potential to generate revenue of \$2.4 million/year and 12 full-time employees by 2021. This project could provide market diversification for North Dakota leonardite while also creating new manufacturing opportunities in the State. The 66% match (\$457,873) comes from Clean Republic. (A copy of the project application is available in the Commission files.) On a vote of 7 - 0 the Council’s recommendation is to fund.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the recommendation of the Renewable Energy Council to fund the grant application “Preparation of Graphene-Modified LiFEPO4 Cathode for Li-Ion Battery” and authorize the Industrial Commission Executive Director/Secretary to execute an agreement with the University of North Dakota to provide a total of Industrial Commission Renewable Energy Program funding in an amount not to exceed \$238,366 with the following contingencies:

- **The Research ND Project is successfully completed prior to releasing any REP funds.**
- **If the project is not having success with materials from Leonardite Products based in Williston, the applicant will try using leonardite from American Colloid located in Bowman County and the Falkirk Mine.**

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

Ms. Fine presented a request for confidentiality of Appendix A of the R-035-A application and future reports as follows:

RE: Confidentiality determination

The Renewable Energy Program statute - Chapter 54-63 - allows the Industrial Commission to determine if certain information is confidential.

Xiaodong Hou, from the University of North Dakota Institute for Energy Studies has requested confidentiality for Appendix A of their “Preparation of Graphene-Modified LiFEPO4 Cathode for Li-Ion Battery” application and for portions of their reports on this project. Mr. Hou has provided the information that is required in the statute to make the determination of confidentiality.

Therefore it is my recommendation that the Industrial Commission grants the University of North Dakota Institute for Energy Studies' confidentiality request and determines that the following information is confidential contingent upon the applicant providing non-confidential reports with sufficient information to determine that the work outlined in the application is being completed:

Appendix A of the Preparation of Graphene-Modified LiFEPO4 Cathode for Li-Ion Battery application and the portions of future reporting related to the detailed technical description and relevant economic analysis of the project.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Industrial Commission Executive Director/Secretary and determines that the following items are confidential:

Appendix A of the Preparation of Graphene-Modified LiFEPO4 Cathode for Li-Ion Battery application and the portions of future reporting related to the detailed technical description and relevant economic analysis of the project contingent upon the applicant providing non-confidential reports with sufficient information to determine that the work outlined in the application is being completed.

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

Lignite Research, Development & Marketing Program

Mr. Jason Bohrer, Lignite Energy Council and Lignite Research Council Chairman, and Mr. Mike Holmes, Lignite Research Program Director, presented the Lignite Research Program Carbon Capture Utilization and Storage R&D Update as follows:

North Dakota Integrated Carbon Storage Complex Feasibility Study (Project CarbonSafe)

Led by EERC - Wes Peck with industry partners: ALLETE Clean Energy, BNI Energy, Basin Electric, and Minnkota Power.

Outreach

Outreach events held at both sites (includes school tours & classroom presentations)

Test Wells

Drilling Completed at Mercer County

Drilling Initiated at Oliver County

Modeling Underway for both sites

Economic Evaluation Based on Results

Management and Reporting

Conference calls with project team continue with a primary focus on outreach

Project Carbon (precursor to Project Tunda)

Led by EERC - Jason Laumb with industry partners: North Dakota American Coal Corporation, ALLETE, Inc., BNI Energy, Minnkota Power Cooperative.

Pilot-scale Amine Testing

Planning for amine tests with KS-1 solvent in February
Testing at MRY scheduled for May 2018.

Economics of Carbon Capture

Tasks will be in full swing following amine testing.

Aerosol Management

Procured equipment to support sampling activities.

Constructing amine emission reduction unit in support of pilot-scale tests.

Management and Reporting

Weekly conference calls with MHIA and MHI Japan.

Meeting held in Tokyo with MHI and key stakeholders to discuss Project Carbon.

Allam Cycle / Pathway to Low-Carbon Lignite Utilization

Led by EERC - Jason Laumb with industry partners: Minnesota Power, BNI Energy, Basin Electric Power Cooperative, Dakota Gasification Company

Corrosion Management

Dynamic tests completed; final analysis underway. Several materials performed favorably.

Gasifier Selection

Three gasifier platforms identified for use with lignite coal. SE (ECUST), BGL, SES (U-Gas)

Impurity Management

Impurity management tests completed to date. Final data analysis to be completed in coming months.

Syngas Combustion

LaPorte facility has received combustor test rig. First natural gas fire expected in March/April.

Pilot-scale Planning

Identified two locations of hosting coal Allam Cycle Demonstration. La Porte and DGC.

Management & Reporting

Draft final report submitted on 12/29/2017

Weekly conference calls with technical team

Enhance Preserve and Protect

NDSU Economic Study Completed

NDSU Workforce Study Underway

Funded \$60,000 of EERC Regional Impact Study (>\$400,000 with DOE funding)

Funded a White Paper Study Focused on Value Added Opportunities for Lignite Utilization. (EERC teamed with NDSU.)

The Commission, Mr. Bohrer and Mr. Holmes discussed some additional areas of study that should be undertaken.

Public Finance Authority

Ms. DeAnn Ament, Public Finance Authority Executive Director, presented a Clean Water State Revolving Fund loan request for the City of Grand Forks in the amount of \$8,300,000 to finance retrofitting the existing tankage for ultraviolet disinfection and a connector pipeline from the wastewater treatment plant to the pond outfall. She noted that the City has requested a 30 year term loan with

repayment from their sewer user fees. Based on that information the Advisory Committee is recommending approval of the loan.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the following resolution be approved:

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 Grand Forks (the "Political Subdivision") has requested a loan in the amount of \$8,300,000 from the Program to finance retrofitting the existing tankage for ultraviolet disinfection and a connector pipeline from the wastewater treatment plant to the pond outfall; 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 Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

In response to a question Ms. Ament indicated that the Department of Health does the analysis of the project regarding the engineering of the project. Her office evaluates the financing. They look at the borrower's financial information/statements, outstanding debt; social and economic information such as population, school population and gathers property tax information from the county treasurer to make sure the levels of property tax collections meet normal expectations.

In response to a question, Ms. Ament indicated that an engineering firm in North Dakota generally puts together a report on wastewater rates statewide but rates can vary depending on what kind of wastewater treatment is being used -- it could be a mechanical wastewater treatment system or a system with lagoon cells. Rates can be impacted because of elevation where some communities have to have multiple lift stations. There are a variety of wastewater treatment systems used in the State.

In response to a question regarding the negotiations on rates and terms, Ms. Ament said that the State Revolving Fund rate is a fixed rate of 2%. The Environmental Protection Agency has directed that the rates must be below market and the maximum term for any borrower is 30 years or the useful life of the project. Every project that requests longer than a 20 year term must provide a spreadsheet that shows the various components and their useful life and that the project will last the 30 years if that is what is requested. For loan terms of 20 years and below they are not required to provide that information. Any entity requesting longer than 20 years the borrower has to show the useful life is greater than 20 years.

In response to a question, Ms. Ament indicated that the State Health Department sets the rate in consultation with the Public Finance Authority. The costs for administering the program and the financing are covered by the program--the State does not appropriate General Fund dollars for the program. Rates are established with the goal that the program will go on in perpetuity. The Department and the Authority look at what rate will sustain the program, meet the demands of their borrowers and carry the program in perpetuity.

Ms. Ament presented a Clean Water State Revolving Fund loan request for the City of Minot in the amount of \$5,765,000 to finance the upsizing of two miles of piping from the aeration ponds to the lagoon cells as well as multiple manholes and control structures. She stated that this is a \$7,500,000 project with \$1,735,000 coming from an Energy Impact Fund grant. She noted that the City has requested a 20 year term loan with repayment from their water and sewer revenue fees. Based on that information the Advisory Committee is recommending approval of the loan.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the following resolution be approved:

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 Minot (the "Political Subdivision") has requested a loan in the amount of \$5,765,000 from the Program to finance the upsizing of two miles of piping from the aeration ponds to the lagoon cells as well as multiple manholes and control structures; 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 Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Ms. Ament presented a Clean Water State Revolving loan request for the City of Wahpeton in the amount of \$1,964,000 to finance the reconstruction of the storm sewer, sewer and water services, trunk sanitary sewer, watermains, signage, sidewalks, curb, gutter and pavement at 3rd Avenue North from 1st Street through 11th Street (a ten block area). They also have a request for \$807,000 from the Drinking Water Program. The City will be locally providing \$2.7 million. She noted that the City has requested a 25 year term loan with repayment coming from improvement bonds payable with special assessments. Based on that information the Advisory Committee is recommending approval of the loan.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the following resolution be approved:

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 Wahpeton (the "Political Subdivision") has requested a loan in the amount of \$1,964,000 from the Program to finance the reconstruction of the storm sewer, sewer and water services, trunk sanitary sewer, watermains, signage, sidewalks, curb, gutter and pavement at 3rd Avenue North from 1st Street through 11th Street; 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 Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Ms.Ament presented a Drinking Water State Revolving loan request for Tri-County Water District (Nelson, Ramsey and Walsh) in the amount of \$1,050,000 to connect the City of McVile which would allow the District to have an additional water supply allowing them to serve an additional 75 water users. She indicated that the entire project is \$3,900,000 with \$2,850,000 coming from a State Water Commission grant. She noted that the District has requested a 20 year term loan with repayment coming from user fees. The District has raised their rates \$21.00 per user per month. Based on that information the Advisory Committee is recommending approval of the loan.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the following resolution be approved:

RESOLUTION APPROVING
LOAN FROM DRINKING WATER STATE REVOLVING FUND

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

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

WHEREAS, the Tri-County Water District (the "Political Subdivision") has requested a loan in the amount of \$1,050,000 from the Program to connect to the City of McVile which would allow the District to have an additional water supply allowing them to serve an additional 75 water users; and

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

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

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

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

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

Ms. Ament presented the following memorandum regarding loans approved by the Public Finance Authority Advisory Committee -- two loans for the City of Pick City and City of Wahpeton.

Memorandum

Re: Pick City, Clean Water State Revolving Fund
Wahpeton, Drinking Water State Revolving Fund

Under current policy, the Public Finance Authority can make loans under the State Revolving Fund Program in an amount not to exceed \$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 approved, the Public Finance Authority is required to provide the details of the loan to the Industrial Commission. Accordingly, the Public Finance Authority and its Advisory Committee used this policy to approve the following loans.

The committee reviewed an application from the City of Pick City requesting a \$329,000 loan under the Clean Water State Revolving Fund (CWSRF) Program to finance improvements to deficiencies in the sanitary sewer lagoon which will prevent failure of lagoon dikes. Total construction costs are estimated at \$1,315,250 with the US Army Corp of Engineers providing a \$986,250 grant. The requested term for the CWSRF loan is 30 years. The City of Pick City will issue revenue bonds payable with user fees.

The committee reviewed an application from the City of Wahpeton requesting a \$807,000 loan under the Drinking Water (DWSRF) Program to finance the reconstruction of the storm sewer, sewer and water services, 10" trunk watermain, signage, sidewalks, curb, gutter and pavement at 3rd Avenue North from 1st Street through 11th Street. Total construction costs are estimated at \$5,518,000 with \$1,964,000 financed

through the Clean Water SRF and \$2,747,000 locally provided from the City's sales tax dedicated for infrastructure. The requested term is 25 years. The average annual payment will be \$38,109. The City will issue improvement bonds payable with special assessments. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

The Public Finance Authority's Advisory Committee approved these loans at their January 17, 2018.

Ms. Ament reported that Bob Frantsvog has resigned from the Advisory Committee for medical reasons. Last week was his last meeting. She indicated that he will be missed and asked that the Commission appoint a replacement to the Advisory Committee.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the following resolution be approved:

Resolution of Appreciation

Whereas, Robert (Bob) E. Frantsvog has served as a member of the Public Finance Authority Advisory Committee since 2007; and

Whereas, Bob has provided valuable input and discussion on all loans that have been brought before the Advisory Committee; and

Whereas, Bob's specific guidance in the drafting of legislation and speaking to his colleagues in the Legislature regarding legislation was very much appreciated by the Commission and Public Finance Authority staff, and

Whereas, Bob's thoughtful counsel and willingness to assist the Authority in all facets of its operations over the past decade has been valuable to the Authority and an overall benefit to the State of North Dakota;

Now, therefore, the Industrial Commission hereby thanks Bob Frantsvog for his years of service to the Public Finance Authority, the Industrial Commission and to the State of North Dakota and all its citizens and wishes him the very best for the future.

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

Ms. Fine indicated she will seek out individuals to fill his position on the Advisory Committee and bring a recommendation to a future meeting.

North Dakota Mill

Mr. Vance Taylor, North Dakota Mill President and General Manager, presented the North Dakota Mill Second Quarter Report as follows:

**North Dakota Mill
Review of Operations
2nd Quarter Ended 12/31/17**

SUMMARY

Activities in the 2nd Quarter of the year resulted in a profit of \$3,396,642 compared to \$3,205,885 last year. For the six months ending December there is a profit of \$6,807,592 compared to \$5,708,311 last year.

	<u>Quarter</u>		<u>Year-to-Date</u>	
	<u>12/17</u>	<u>12/16</u>	<u>12/17</u>	<u>12/16</u>
Profits	3,396,642	3,205,885	6,807,592	5,708,311
Sales	89,162,286	77,306,164	169,855,800	141,858,876
Cwt. Shipped:				
Spring	3,648,631	3,598,601	7,108,027	6,561,580
% to Total	92.2%	91.7%	92.5%	91.5%
Durum/Blends	<u>308,628</u>	<u>326,523</u>	<u>575,883</u>	<u>608,626</u>
Total	<u>3,957,259</u>	<u>3,925,124</u>	<u>7,683,910</u>	<u>7,170,206</u>
Bulk Shipments	3,259,551	3,170,655	6,306,673	5,673,715
% to Total	82.4%	80.8%	82.1%	79.1%
Bag Shipments	658,098	714,317	1,303,562	1,417,893
% to Total	16.6%	18.2%	17.0%	19.8%
Tote Shipments	39,609	40,152	73,675	78,598
% to Total	1.0%	1.0%	0.9%	1.1%
Family Flour	109,779	78,562	215,580	154,834
% to Total	2.8%	2.0%	2.8%	2.2%
Organic Flour	40,633	41,004	77,619	81,295
% to Total	1.0%	1.0%	1.0%	1.1%
Wheat/Durum Bought:				
Spring/Winter	7,675,082	8,299,108	15,777,879	13,836,632
Durum	<u>612,174</u>	<u>637,881</u>	<u>1,313,485</u>	<u>1,235,296</u>
Total	<u>8,287,256</u>	<u>8,936,989</u>	<u>17,091,364</u>	<u>15,071,928</u>

SALES

2nd Quarter

Sales for the 2nd Quarter were \$89,162,286 compared to \$77,306,164 last year. Shipments of 3,957,259 cwts. are 32,135 cwts. above last year. Bag shipments for the 2nd Quarter are 658,098 cwts., which is 7.9% below last year's 2nd Quarter. Tote shipments for the 2nd Quarter are 39,609 cwts., which is 1.4% below last year's 2nd Quarter. Family flour shipments of 109,779 cwts. is 39.7% above last year's 2nd Quarter. Organic flour shipments were 40,663 cwts., which is 0.9% below last year's 2nd Quarter.

Year-to-Date

Sales for the six months ended December were \$169,855,800 compared to \$141,858,876 last year, an increase of 19.7%. For the first six months the average settled price of grain is \$0.96 higher than last year. Shipments of 7,683,910 cwts. are 513,705 cwts. above last year, an increase of 7.2%. Year-to-date bag shipments are 1,303,562 cwts., a decrease of 114,331 cwts. from last year. Tote shipments are 73,675 cwts., a decrease of 4,923 cwts. from last year. Family flour shipments for the six months ending are 215,580 cwts., an increase of 39.2%. Organic flour shipments of 77,619 cwts. is a decrease of 4.5% from last year.

OPERATING COSTS

2nd Quarter

Operating costs for the 2nd Quarter were \$8,392,916 compared to \$7,926,574 last year, an increase of 5.9%. Operating cost per cwt. of production was \$2.11 compared to \$2.04 last year, an increase of \$0.07 per cwt.

Year-to-Date

Year-to-date operating costs are \$16,556,461 compared to \$15,009,869 last year, an increase of 10.3%. Operating cost per cwt. of production for six months ending is \$2.15 compared to \$2.16 last year, a decrease of \$0.01 per cwt. Flour production increased 10.9% to 7,712,921 cwts.

PROFITS

2nd Quarter

Operating activity for the 2nd Quarter led to a profit of \$3,396,642 compared to a profit of \$3,205,885 last year. Gross margins as a percent of gross sales for the Quarter were 13.5% compared to 14.6% last year, a decrease of 1.1%.

Year-to-Date

Operating activity for six months ending December led to a profit of \$6,807,592 compared to a profit of \$5,708,311 last year. Gross margins as a percent of gross sales for the year are 14.0% compared to 14.8% last year, a decrease of 0.8%.

RISK MANAGEMENT POSITION

The table below shows our hedge ratio by futures month going forward. While the mill does monitor and maintain the spring wheat hedges, it does remain at risk for fluctuations in the basis.

**Position Report
31-Dec-17**

Period	Hedge Ratio
Mar-18	1.1
May-18	1.2
Jul-18	1.0
Sep-18	0.9
Dec-18	1.0
Mar-19	1.0
Net Position	1.0

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that under the provisions of N.D.C.C. § 44-04-18.4 the Industrial Commission proceed into executive session to discuss commercial information including marketing strategies and sales plans at the North Dakota State Mill. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Governor Burgum stated that the discussion during executive session must be limited to the review of commercial information and discussion of marketing strategies and sales plans and the executive session will begin at 5:46 p.m. Following the executive session the Commission will reconvene in open session.

EXECUTIVE SESSION

Members Present:

Governor Doug Burgum
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Others in Attendance:

Leslie Oliver	Governor's Office
Vance Taylor	North Dakota Mill
Ed Barchenger	North Dakota Mill
Jessie Pfaff	Agriculture Department

The Industrial Commission reconvened at 6:12 p.m. in open session and the public was invited to return to the meeting room.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission approves an increase to the FY 2018 Capital Plan Grain Receiving Land & Engineering line item bringing the total to \$3,350,000 and authorize Mill management to negotiate terms and, if reasonable terms can be reached, purchase property which will allow for improved Mill operations. On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Taylor provided information and a proposal for restructuring North Dakota Mill management. (A copy of the proposed organization chart is available in the Commission files.) He discussed the growth of the Mill over the past 18 years -- gross revenue, profits, shipments, productivity, wheat purchased and customer base. The Mill is the largest single site mill and the 7th largest milling company in the United States.

The Commission members complimented Mr. Taylor on his leadership and the great work he and his management team are doing at the Mill.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that because of increased workload and responsibilities that have resulted from the growth of the North Dakota Mill's operations and succession planning for key positions, the Industrial Commission approves the restructuring of North Dakota Mill management as presented and further authorizes

the annual base compensation of \$335,316 for Vance Taylor, President/General Manager effective January 1, 2018. On a roll call vote, Governor Burgum, Attorney General Stenehjem and Commissioner Goehring voted aye. The motion carried unanimously.

Industrial Commission Administration

Ms. Fine reported that the list of candidates for the Deputy Executive Director/Secretary position has been narrowed down to three individuals -- Andrea Pfennig, Adam Miller and Shane Molander. She indicated that she will be setting up a meeting for the Commission to interview the three candidates as soon as possible.

Being no further Industrial Commission business, Governor Burgum adjourned the meeting at 6:30 p.m.

INDUSTRIAL COMMISSION OF NORTH DAKOTA



Karlene Fine, Executive Director and Secretary