

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on January 24, 2024 beginning at 1:00 p.m.

Governor's Conference Room – State Capitol

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

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

Governor Burgum called the meeting of the Industrial Commission to order at approximately 1:04 p.m.

Ms. Karen Tyler took attendance. Governor Burgum and Attorney General Wrigley were present in person, and Commissioner Goehring was present via Teams.

DEPARTMENT OF MINERAL RESOURCES

Dr. Lynn Helms presented for consideration of approval the following cases:

- i. **Order 32940 for Case 28907** regarding an application of Versa Energy LLC requesting an order determining the proper costs for the drilling and operation of all wells operated by Equinor Energy LP located in spacing units in McKenzie, Mountrail and Williams Counties, ND.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 32940 issued in Case 28907 determining that the proper costs of water disposal for the drilling and operation of all wells operated by Equinor Energy LP located in spacing units described as Sections 14 and 23; Sections 15 and 22; Sections 28 and 33; Sections 29 and 32; Sections 30 and 31; Sections 13, 14, 23 and 24; Sections 14, 15, 22 and 23; Sections 28, 29, 32 and 33, T.156N., R.100W., Sections 30 and 31, T.155N., R.101W., Sections 1 and 12; Sections 4 and 9; Sections 5 and 8; Sections 5, 6, 7 and 8, T.155N., R.100W.; Sections 17 and 20, T.155N., R.92W.; Sections 13 and 24, T.154N., R.103W.; Sections 15 and 22, T.154N., R.100W.; Sections 3 and 10, T.153N., R.100W.; Sections 16 and 21, T.152N., R.101W.; Sections 27 and 34; and Sections 28 and 33, T.151N., R.101W., Alger, Camp, Catwalk, Cow Creek, East Fork, Last Chance, Painted Woods, Ragged Butte, Stony Creek, and Todd-Bakken Pools, McKenzie, Mountrail and Williams Counties, ND are \$0.35 per barrel, and/or such other relief as is appropriate.

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

- ii. **Order 33123 for Case 30510** regarding an application of KODA Resources Operating, LLC for an order for the Fertile Valley-Bakken Pool, Divide County, ND to create and establish an overlapping 2560-accre spacing unit.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 33123 issued in Case 30510 denying an application of KODA Resources Operating, LLC for an order for the Fertile Valley-Bakken Pool, Divide County, ND, to create and establish an overlapping 2560-acre spacing unit comprised of Sections 5, 6, 7 and 8, T.160N., R.102W., authorizing the drilling of a horizontal well on or near the section line between the existing spacing units of said proposed overlapping 2560-acre spacing unit, and such further relief as appropriate.

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

- iii. **Order 33312 for Case 30605** regarding and application of Petro-Hunt Dakota, LLC for an order requiring that Rocky Top Energy, LLC immediately cease and desist from operating two wells in McKenzie County, ND, and after hearing designating Petro-Hunt Dakota, LLC as operator of the wells.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 33312 issued in Case 30605 denying an application of Petro-Hunt Dakota, LLC for an order requiring that Rocky Top Energy, LLC immediately cease and desist from conducting any operations at or on the Sheep Federal 1A well (File No. 12107) on a spacing unit for the Boxcar Butte Birdbear, Duperow, and/or Red River pools consisting of the W/2 of Section 15, T.148N., R.102W., and the Cinnamon Creek 31-7H well (File No. 12531) on a spacing unit for the Cinnamon Creek-Bakken pool consisting of Section 7, T.145N., R.102W., McKenzie County, ND, and after hearing designating Petro-Hunt Dakota, LLC as operator of the wells, and granting such other relief as may be appropriate.

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

- iv. **Order 32383 for Case 29775** regarding an administrative complaint of the Commission v. High Plains, Inc.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 32383 issued in Case 29775 imposing civil penalties of \$17,609 and costs of investigation of \$307.00 against High Plains, Inc. pursuant to N.D.R.Civ.P. 4(d)(2)(D)(iii) and NDCC 10-01.1-13(5) due to violations of NDAC 43-02-03-52, 43-02-03-52.1, and 43-02-03-11.

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

Under other business, Dr. Helms presented for consideration of approval an administrative rule change.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that Industrial Commission accept the proposed rule change presented.

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

Dr. Helms announced his plan to retire at the end of June 2024. Many shared their appreciation for Dr. Helms and all the work he has done for the State of North Dakota over the years.

Mr. Reice Haase presented for consideration of approval a formal search committee and process for the next Director of Department of Mineral Resources.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley to approve the formal search committee and process for the next Director of the Department of Mineral Resources.

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

NORTH DAKOTA PIPELINE AUTHORITY

Mr. Justin Kringstad presented the Pipeline Authority Midstream Update. (The full report can be found on the website).

The presentation included monthly completion scenarios for both oil and gas, the efficiency impact of three and four mile laterals, the various pipelines currently going through the State of North Dakota, and the Williston Basin Oil Production and Export Capacity. The report also highlighted a few of the various projects currently being worked on in North Dakota:

WBI Energy – Grasslands South Project

- Binding open season Jan 10 – Feb 25, 2022
- Repurpose Grasslands Pipeline (16")
- Proposed Capacity 94,000 Dth/Day
- Access to Baker storage field
- Q4 2023 proposed completion
- Seeking commitments 10yrs or Longer
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.

TC Energy / Kinder Morgan: Bakken xPress Project

- Non-binding open season April 4 - May 6, 2022
- Binding Open Season: June 1-30, 2023
- Three compressor upgrades in North Dakota
- Reverse the idle Bison Pipeline (30" – 302 Mile)
- Capacity 300,000 Dth/Day (430,000 Offered)
- March 2026 targeted in-service date
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.
- Seeking commitments 10yrs or Longer
- \$555 million: \$347 Replacement/\$208 Expansion

TC Energy: Bison Xpress Project

- Capacity 300,000 Dth/Day (430,000 offered)
 - \$555 million total project cost:

- \$347 Million replacement horsepower
- \$208 Million expansion horsepower
- \$19+ Million spent since Q2-2020.
- Two anchor shippers on WIC “Bakken xPress”
 - ONEOK Rockies Midstream (200,000 Dth/Day)
 - Hess Trading Corporation (100,000 Dth/Day)

INDUSTRIAL COMMISSION LEGAL UPDATE

Litigation Update:

- i. Northwest Landowners v. NDIC – no significant updates. Still in scheduling delays but arguments are prepared.
- ii. NDIC v. DOI Quarterly Federal Lease Sales – The BLM will file their status report January 25, 2024. Governor Burgum stated that this is the first Presidency that has not held the legally required Quarterly Lease Sales since President Harry Truman.

Federal Regulatory Update

- i. BLM Resource Management Plan – Nothing has changed, waiting on final to come out.
- ii. EPA Methane Rules – We commented but they did not change it. Working with Partners on who will take the lead
- iii. Dakota Prairie Grasslands Travel Management Plan – Working on an MOU with Dakota Prairie Grasslands
- iv. NYSE/SEC proposal for listing of Natural Asset Companies – proposal withdrawn
- v. BLM Venting and Flaring – preparing for the advised rule to come out
- vi. DAPL Draft Environmental Impact Statement – will come out sometime this year
- vii. Federal Executive Order 14008 – Biden’s executive order threatening fossil fuels

CLEAN SUSTAINABLE ENERGY AUTHORITY

Mr. Haase presented the CSEA Project Management and Financial Report. The Clean Sustainable Energy Authority fund currently has \$21,899,867.37 committed dollars and \$16,886,125 in uncommitted dollars. There have been 17 cumulative projects with 14 of those remain active. Of the 14 projects, 8 are grant projects and 6 are loans. There has been a total of \$42.7 million granted, \$392.5 million loaned, and a project value of \$5.2 billion coming back into the state of North Dakota. This grant round also consisted of a fertilizer forgivable loan portion that came from HB 1546.

Mr. Haase presented for consideration of approval the Grant Round 5 Applications:

1. **C-05-A – Clean H₂ and N-Fertilizer Production Facility**; Submitted by Prairie Horizon Energy Solutions LLC; Total Project Costs: \$2,200,000,000; Loan: \$75,000,000, with the applicant having 30 days to accept the funds, subject to covenants to be negotiated and reviewed by the Clean Sustainable Energy Authority and approved by the Commission
2. **C-05-B – Spiritwood Fertilizer Project**; Submitted by NextEra Energy Resources Development, LLC; Total Project Costs: \$1,293,000,000; Loan: \$50,000,000, with the applicant having 30 days

to accept the funds, subject to covenants to be negotiated and reviewed by the Clean Sustainable Energy Authority and approved by the Commission

3. **C-05-C – Green Pig Iron Production Facility**; Submitted by Scranton Holding Company/North American Iron, Inc.; Total Project Costs: \$2,000,000,000; Grant: \$7,000,000
4. **C-05-D – Unlocking the Full Potential of Produced Water**; Submitted by Wellspring Hydro; Total Project Costs: \$324,730,000; Loan: \$2,500,000
5. **C-05-G – Dickinson Renewable Fuel Facility Expansion**; Submitted by EERC; Total Project Costs: \$21,761,930; Grant: \$3,300,000
6. **C-05-H – Energy Storage Technology for Lithium-Ion Batteries**; Submitted by Dakota Lithium Materials; Total Project Costs: \$10,250,000; Grant: \$2,000,000
7. **C-05-I – Grand Power North Dakota Battery Manufacturing Plant**; Submitted by Packet Digital; Total Project Costs: \$56,558,592; Loan: \$17,000,000
8. **C-05-K – Cerilon GTL**; Submitted by Cerilon; Total Project Costs: \$3,600,000,000; Grant: \$9,500,000; Loan: \$8,500,000 with approval conditional upon the project sponsor providing a private match for the grant and the loan

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendations of the Clean Sustainable Energy Authority and approves funding of the following eight projects for a total amount of \$21,800,000 in grants and \$153,000,000 in loans, authorize the Office of the Industrial Commission to enter into contracts with the grant recipients, and authorize the Bank of North Dakota to execute loan agreements with the loan recipients, contingent upon the loan recipients meeting Bank of North Dakota underwriting requirements:

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2. **C-05-B – Spiritwood Fertilizer Project**; Submitted by NextEra Energy Resources Development, LLC; Total Project Costs: \$1,293,000,000; Loan: \$50,000,000, with the applicant having 30 days to accept the funds, subject to covenants to be negotiated and reviewed by the Clean Sustainable Energy Authority and approved by the Commission
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8. **C-05-K – Cerilon GTL; Submitted by Cerilon; Total Project Costs: \$3,600,000,000; Grant: \$9,500,000; Loan: \$8,500,000 with approval conditional upon the project sponsor providing a private match for the grant and the loan**

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

NORTH DAKOTA TRANSMISSION AUTHORITY

Mr. Claire Vigesaa gave a presentation of a Report on the December 2023 Ice Storm.

MISO

From January 12-16, 2024, an arctic weather pattern created extreme conditions including blizzards, high winds and record cold temperatures across the MISO and SPP regions. MISO, and its members, maintained reliability without enacting emergency procedures as winter storm Heather brought extreme cold and high winds across the MISO footprint. As temperatures climbed up through the week, systemwide demand continued to decrease. MISO's Cold Weather Alert and Conservative Operations declarations expired as scheduled on January 18th and 17th, respectively.

Although the duration and cold temperatures of this storm were like Winter Storm Uri, the lack of generation outages with this storm (unlike that which we saw with both Uri and Elliott) was a key contributor to MISO's ability to weather Heather without emergency procedures. Additionally, lessons learned from Elliott resulted in improved forecasting for this storm, setting MISO up for success throughout the week. MISO's South region served a new record winter peak demand of 32.3 GW on January 17. (The previous peak was 31.8 GW on January 17, 2018.) MISO continued to monitor conditions as the cold in the South region lingered into the weekend; however, MISO had sufficient capacity to meet this demand. MISO's neighbors' declarations were set to expire by the end of the weekend. MISO continued to work with its neighbors to maintain visibility into each other's system conditions and assist each other as able.

SPP

In anticipation of this arctic weather pattern, SPP declared multiple advisories for energy operators within its service territory, including weather and resource advisories. SPP declared a conservative operations advisory, effective January 12-14, due to high loads, Variable Energy Resource (VER) forecast uncertainty, generation outage uncertainty, and severe cold temperatures. Weather, resource, and conservative operations advisories do not require the public to conserve energy but are issued to raise awareness of potential threats to reliability among entities responsible for operating transmission and generation facilities.

On January 14th, temperatures across the entire SPP region were reportedly freezing, ranging from minus 15 degrees in North Dakota to 20 degrees in southwest Arkansas. While wind output was initially lower than expected and thermal resource outages remained steady at nearly 20,000 MW, SPP imported approximately 6,800 MW of energy from neighboring regions, beating the previous import record set during Winter Storm Uri in February 2021. SPP's peak load of around 46,500 MW on January 14th was the highest seen this winter, although it did not exceed SPP's all-time winter peak load of

47,157 MW set during Winter Storm Elliot in December 2022. Operational conditions were challenging during this arctic weather pattern, but the SPP grid performed well. SPP remained in a cold weather advisory and a resource advisory, with these advisories ending over the weekend of January 19th.

Mr. Vigesaa presented for consideration of authority to apply for FY 2024 Grid Resiliency grants under Section 40101(d) of the Bipartisan Infrastructure Bill.

It was moved by Attorney General Wrigley and seconded by Governor Burgum that the Industrial Commission authorizes the North Dakota Transmission Authority and the Office of the Industrial Commission to submit an application for Fiscal Year 2024 grid resiliency grant funding under Section 40101(D) of the Federal Infrastructure Investment and Jobs Act.

NORTH DAKOTA HOUSING FINANCE AGENCY

Mr. Dave Flohr presented for consideration of approval of an Authorized Hearing Officer Resolution.

It was moved by Attorney General Wrigley and seconded by Governor Burgum that the Industrial Commission approve the appointment the Housing Finance Agency's Executive Director, Chief Financial Officer, Homeownership Director, Planning and Housing Development Division Director and any other officer or employee of the Agency authorized by the Executive Director, to act as the Hearing Representative of the Commission at any public hearing held by the Agency regarding the Agency's proposed Qualified Allocation Plans for the Low Income Housing Tax Credit Program, HOME Investment Partnership Program, National Housing Trust Fund, and the Housing Incentive Fund; any public hearing held in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended and supplemented from time to time (the "Code"), or the corresponding section of any successor statute; or with respect to any other public hearing required or permitted to be held by the Code or Chapter 54-17 of the North Dakota Century Code.

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

A RESOLUTION WAS MADE

INDUSTRIAL COMMISSION OF NORTH DAKOTA
Acting as the
NORTH DAKOTA HOUSING FINANCE AGENCY

Appointment of Public Hearing Representative

The North Dakota Industrial Commission (the "Commission"), acting as the North Dakota Housing Finance Agency (the "Agency") hereby appoints the Agency's Executive Director, Chief Financial Officer, Homeownership Director, Planning and Housing Development Division Director and any other officer or employee of the Agency authorized by the Executive Director, to act as the representative (the "Hearing Representative") of the Commission at any public hearing held by the Agency regarding the Agency's proposed Qualified Allocation Plans for the Low Income Housing Tax Credit Program, HOME Investment Partnership Program, National Housing Trust Fund, and the Housing Incentive Fund; any public hearing held in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended and supplemented from time to time (the "Code"), or the corresponding section of any successor statute; or with respect to any other public hearing required or permitted to be held by the Code or Chapter 54-17 of the North Dakota Century Code.

The Hearing Representative shall determine the date, time, location and method for holding of any such public hearing and will receive, on behalf of the Commission, public comments, oral or written, and advise the Commission of the substance of the testimony given at such public hearing. Such public hearing may be held in person, via electronic means, or any other means permitted by applicable law.

The Commission hereby authorizes the Hearing Representative to cause to be published one or more notices regarding such public hearings as may be required by applicable law, or advisable for any other reason, in the form authorized by the Hearing Representative at such dates and times determined by the Hearing Representative.

Dated this 24th day of January, 2024

Ms. Kayla Axtman and Mr. Brandon Dettlaff presented a report on the History of Bond Issues made by the Housing Finance Agency. Over the past ten years, the Agency has issued over \$3 billion in tax exempt and taxable mortgage revenue bonds, funded over \$2.8 billion in loans, and provided almost \$90 million in downpayment assistance to North Dakota borrowers. The average bond yield over the last ten years was 2.95%. In 2014, yields were lower due to market conditions, and in 2020/2021, yields dropped due to Covid. The total bonds issued continue to increase steadily given the need for downpayment assistance and higher housing costs for first time home buyers. Total bonds issued per year fluctuates depending on when the bonds were issued during the previous year. Historically, the Agency would issue around \$200 million in bonds per year compared to an average of \$300 million more recently. The number of loans and downpayment assistance provided have increased over the last five years.

The Agency currently has 46% of all ND lenders and 71% of the lenders likely to use NDHFA products in North Dakota participating in their program. Lenders likely to use NDHFA excludes small town banks not doing mortgages but licensed in North Dakota. The mortgage loan portfolio total amount of loans being serviced today is over 3 times what the portfolio was ten years ago. Using HMDA "Home Mortgage Disclosure Act" data, the Agency has historically purchased between 16% to 26% of the total number of loans purchased in North Dakota over the past four years. This growth in the servicing department is a key driver of the revenues produced by the Agency making it self-supportive.

Mr. Flohr presented for consideration of approval Pat Nagel's Retirement Appreciation Recognition and Governor Burgum read the Resolution.

It was moved by Attorney General Wrigley and seconded by Governor Burgum that the Industrial Commission approve the Resolution of Appreciation for Pat Nage in recognition for his service to the state.

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

A RESOLUTION WAS MADE

NORTH DAKOTA INDUSTRIAL COMMISSION

Resolution of Appreciation

Whereas, Patrick Nagel joined the North Dakota Housing Finance Agency in 1986, serving most of his remarkable career in his current role as the Chief Financial Officer; and

Whereas, Patrick represented the best in public service throughout his career exemplifying the principles of integrity, respect, dedication, and a work ethic like no other and will always be known as the smartest Mortgage Bond CFO in history.

Whereas, Patrick has led with impactful expertise; supporting, guiding and collaborating with NDHFA's partners for the betterment of North Dakota, earning the admiration and gratitude of all with whom he has worked.

Whereas, during his tenure at the North Dakota Housing Finance Agency, he has been vital to the Agency assisting over 50,000 households find an affordable home, purchase their first home, or their next home.

Whereas, a well-deserved retirement awaits him, and Patrick will focus his attention on not falling off his bike at breakneck speeds, staying upright on his snowboard, traveling, and for a while, continuing to, as he puts it, "typing". He will also be asked, if he wishes, to continue providing "Green Cake" to NDHFA staff on his birthday and PNP (Pat Nagel Punch) at the Agency's Christmas Food Day.

Now, therefore, the members of the Industrial Commission hereby express deep gratitude to Patrick Nagel for his 38 years of service to the citizens of North Dakota and wish him the very best in his retirement.

Adopted this 24th day of January 2024

BANK OF NORTH DAKOTA

Mr. Todd Steinwand and Mr. Flohr presented for consideration of approval of application submission for Federal Home Loan Bank Affordable Housing Match Program.

The memo reads as follows:

"The Federal Home Loan Bank of Des Moines (FHLB) has created a grant program for affordable housing or community development with a matching grant. The fund will have a total of \$20mm available for six states & territories (HI, MT, ND, OR, American Samoa, Guam or Northern Mariana Islands). The grant program is open to member institutions of which BND and NDHFA are members. The grant program will match up to \$3 for every \$1 contributed by eligible not-for-profit organization or government entities.

Applications will be accepted from January 15, 2024, until February 23, 2024 and awards will be announced on or around March 24, 2024.

BND requests the authority to contribute up to \$2 million (either through capital or operating income) for the matching grant which could provide up to a total of \$8 million to address affordable housing in ND. The grant and BND contribution would be contributed to the Housing Incentive Fund managed by NDHFA. Affordable housing is a recognized issue across the entire state. These funds will utilize an existing program that has been proven effective in helping fund affordable housing projects statewide."

It was moved by Attorney General Wrigley and seconded by Governor Burgum that the Industrial Commission approve the submission of an application by the Bank of North Dakota to the Federal

Home Loan Bank Member Impact Fund, such application to include the contribution commitment of up to \$2 million from BND to be matched by the FHLB 3 for 1 with funds to be received and utilized by the Housing Finance Agency in accordance with the Housing Incentive Fund program requirements to support the development of affordable housing in North Dakota.

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

Mr. Rob Pfennig presented for consideration of approval the BND 2024 Annual Budget.

The memo reads as follows:

For 2024, we project a decrease in total assets, from \$10.14 billion to \$9.7 billion by year end 2024. We project net income to be \$212.1 million, \$19.4 million more than the \$192.7 million in 2023 or a 10% increase.

Year-end 2023 deposits were at \$8.7 billion, which was \$567 million higher than we anticipated in our 2023 budget. This increase was due to higher tax collections and higher than anticipated state fund balances. Our projection for 2024 is for deposits to reduce to \$8.12 billion, as the state continues to spend its ARPA Funding and state fund buckets fill, leading to a lower balance of oil tax deposits remaining at the bank. With this projection, there is no borrowing need anticipated.

Loan growth was very similar to projections in 2023, coming in at \$56 million, or 1% over budget. Looking forward, we continue to forecast minimal growth in our loan portfolio overall. We project slight growth in the Commercial Portfolio due to program and CSEA loans, a flat Ag Portfolio, with a slight decline on Student Loans. Residential Loan volume will be down as no new volume is projected. Total loan portfolio is projected to be just over \$6.0 billion by year end 2024.

The investment portfolio stabilized in 2023, ending the year at \$3.9 billion. In 2024, this portfolio will have heavy run-off and provide liquidity to the bank. Some investment purchases are projected to fill in the duration ladder, but overall balance is expected to decline to \$3.2 billion by year end.

To ensure our allowance for loan losses is adequate for loan portfolio growth and economic changes, we have budgeted \$12 million in provision for loan loss expense. With one full year of CECL implementation completed, continued improvement to the process is expected.

The Bank's equity (capital) position is projected to increase during 2024 to \$1.2 billion. The projected net income number of \$211.9 million will be partially offset by contributions to the Pace loans and other legislatively directed requests.

Rates are expected to be moderately lower in 2024; we project the Federal Reserve to lower interest rates by 25 bps twice in 2024, May and August. Based upon this projection, BND projects to end 2024 with net interest income of \$258.3 million, up 13% from 2023.

In regard to non-interest income and expense, three items are noteworthy: (a) Budgeted salaries and benefits show an increase year-over-year, due to legislative increases (full year of +6% and half year of +4%) and additional FTE's (6 open positions for full year and 4 new FTEs for half of the year). (b) Budgeted data IT expense for 2024 is slated to increase approximately \$2.4 million. This is due to several technology initiatives and enhancements scheduled for 2024 (NDIT pass-thru charges increased \$550k. Developmental costs of \$700k for Fiserv Commercial Center/Finastra Upgrades and \$330k for CRM

Dynamics.). (c) Other operating expenses are budgeted to increase \$1.5 million (professional services of \$100k for executive search, travel/training of \$250k, and OREO/loan collections for \$300k).

The volatility of 2023 brings uncertainty to 2024. The unknowns of the national economy and interest rates add to the need to be prudent and cautious with our projections and decisions.

With excess liquidity no longer existing, deposit balances and funding costs will be monitored closely and of utmost importance to the overall performance of the bank.

As such, we need to ensure that our balance sheet is structured properly, which will enable us to act responsibly as economic events play out. We are also mindful of our unique mission and must be willing to provide our services where needed and as appropriate.

Our continued vigilance in providing competitive products and pricing, improving efficiencies, and controlling costs will play a significant role in determining our success in meeting our objectives for 2024.”

It was moved by Attorney General Wrigley and seconded by Governor Burgum that the Industrial Commission accept the recommendation of the Bank of North Dakota Advisory Board and approve the Bank’s 2024 annual budget as proposed.

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

Mr. Steinwand presented the following Non-confidential BND Advisory Board meeting minutes for the Commissions review:

- i. November 15, 2023 Nonconfidential Finance and Credit Committee minutes
- ii. November 16, 2023 Nonconfidential Leadership Development and Compensation Committee minutes
- iii. November 16, 2023 Nonconfidential Audit and Risk Committee minutes
- iv. November 16, 2023 Nonconfidential Advisory Board Committee minutes

It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that under the authority of North Dakota Century Code Sections 6-09-35, 44-04-18.4, 44-04-19.1, 44-04-19.2, the Industrial Commission enter into executive session for the purposes Bank of North Dakota confidential business and for attorney consultation.

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

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

After the Bank of North Dakota executive session, the Commission will meet in executive session for attorney consultation. Only Commission members, their staff, the Commission’s attorneys, and Commission staff will participate in that executive session.

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

Governor Burgum reminded the Commission members and those present in the executive sessions that the discussions must be limited to the announced purposes which is anticipated to last approximately 1 hour.

The executive session began at approximately 4:30 p.m.

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

BANK OF NORTH DAKOTA EXECUTIVE SESSION

Industrial Commission Members Present

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

BND Members Present

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

Others in attendance

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

ATTORNEY CONSULTATION

Industrial Commission Members Present

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

Attorney Members Present

Brent Lorentz, Winthrop & Weinstine

Others in attendance

Ryan Norrell	Governor's Office
John Reiten	Governor's Office
Zach Greenberg	Governor's Office
Dutch Bialke	Ag Department
Phil Axt	AG's Office
Claire Vigesaa	Transmission Authority
Karen Tyler	Industrial Commission Office
Reice Haase	Industrial Commission Office
Brenna Jessen	Industrial Commission Office
Erin Stieg	Industrial Commission Office

The executive session has ended at 5:30 p.m. and the Commission is reconvened in open session.

During the Bank of North Dakota executive session, the Commission made a motion related to a loan application.

On a roll call vote, Governor Burgum and Attorney General Wrigley voted aye. Motion carried.

During the Bank of North Dakota executive session, the Commission made a motion related to a Bank of North Dakota De Minimus Cap Resolution.

On a roll call vote, Governor Burgum and Attorney General Wrigley voted aye. Motion carried.

During the Attorney Consultation executive session, the Commission consulted with and provided guidance to its attorneys regarding those items listed on the agenda.

Guidance was given by the Commission to create the comment letter related to the Minnesota Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691 and authorizes the Office of the Industrial Commission to submit said letter to the Minnesota Public Utilities Commission on behalf of the Commission.

On a roll call vote, Governor Burgum and Attorney General Wrigley voted aye. Motion carried.

It was moved by Attorney General Wrigley and seconded by Governor Burgum that the Commission authorizes funding from its Lignite Litigation Funding pool authorized by the 68th Legislative Assembly for the purpose of providing technical support from the North Dakota Transmission Authority related to the United States Environmental Protection Agency's Mercury and Air Toxics Standards.

On a roll call vote, Governor Burgum and Attorney General Wrigley voted aye. Motion carried.

OFFICE OF THE INDUSTRIAL COMMISSION

Ms. Karen Tyler presented for consideration of approval the December 18, 2023 Industrial Commission meeting minutes.

It was moved by Attorney General Wrigley and seconded by Governor Burgum that the Industrial Commission approve the December 18, 2023 Industrial Commission meeting minutes.

On a roll call vote, Governor Burgum and Attorney General Wrigley voted aye. Motion carried.

Being no further business, Governor Burgum adjourned the meeting of the Industrial Commission at 5:35 p.m.

**Note: Agriculture Commissioner, Doug Goehring came and went throughout the meeting via Teams.

North Dakota Industrial Commission

A handwritten signature in blue ink, appearing to read "Brenna Jessen".

Brenna Jessen, Recording Secretary

A handwritten signature in blue ink, appearing to read "Reice Haase".

Reice Haase, Deputy Executive Director

A handwritten signature in black ink, appearing to read "Karen Tyler".

Karen Tyler, Interim Executive Director