

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on April 24<sup>th</sup>, 2025, beginning at 12:30 p.m.

Governor's Conference Room – State Capitol

Present: Governor Kelly Armstrong, Chairman

Attorney General Drew H. Wrigley

Agriculture Commissioner Doug Goehring

Also Present: This meeting was open through Microsoft Teams so not all attendees are known.

Agency representatives joined various portions of the meeting.

Governor Armstrong called the meeting of the Industrial Commission to order at approximately 12:32 p.m.

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

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

**NORTH DAKOTA PUBLIC FINANCE AUTHORITY**

Ms. DeAnn Ament presented for consideration of approval the following State Revolving Fund Loans:

- i. **East Central Regional Water District – Drinking Water - \$8,554,000.** The purpose of this loan is to expand the drinking water treatment capacity at the City of Hillsboro water treatment plant. This project will provide iron and manganese removal through filtration and reverse osmosis technology. The requested loan term is 30 years. The District will issue revenue bonds payable with user fees. The average annual payment on the net \$5,714,000 DWSRF loan after applied loan forgiveness will be \$244,656.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the Drinking Water State Revolving Fund Loan request of \$8,554,000 for the East Central Regional Water District.**

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

A RESOLUTION WAS MADE

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, East Central Regional Water District (the "Political Subdivision") has requested a loan in the amount of \$8,554,000 from the Program to expand the drinking water treatment capacity at the City of Hillsboro water treatment plant, 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.

Adopted: April 24, 2025

- ii. **City of Mandan – Drinking Water - \$4,507,000.** The purpose of this loan is to complete the water treatment plant phase III optimization. The requested term for the DWSRF loan is 20 years. The average annual payment loan will be approximately \$270,057. The required debt service reserve is \$274,050 and the 110% net operating coverage requirement is \$297,063.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the Drinking Water State Revolving Fund Loan request of \$4,507,000 for the City of Mandan.**

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

A RESOLUTION WAS MADE

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 City of Mandan (the "Political Subdivision") has requested a loan in the amount of \$4,507,000 from the Program for a water treatment plant phase III optimization project; 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.

Adopted: April 24, 2025

Ms. Ament presented a Memo from the NDPFA Advisory Committee regarding SRF Loans approved under Policy P-3B:

- i. City of Ashley – Clean Water - \$461,000. The purpose of this loan is to rehabilitate manholes and sanitary sewer vitrified pipe with cured in place pipe. The City will issue revenue bonds payable with sewer user fees. The requested term for the loan is 30 years. The average annual payment for the revenue bonds will be \$19,305. The reserve requirement will be \$20,440 and the 110% coverage requirement will be \$21,235.
- ii. City of Colfax – Clean Water - \$1,251,000. The purpose of this loan is to construct a new sanitary lift station to serve the Performing Arts Center and growth on the east side of the City. The requested term for the Clean Water State Revolving Fund (CWSRF) loan is 30 years. The average annual payment will be approximately \$52,636. The City will issue improvement bonds payable with special assessments. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.
- iii. City of Colfax - Clean Water - \$1,072,000. The purpose of this loan is to construct a stormwater retention pond, sanitary sewer mains, services and manholes to serve Colfax Reserve First Addition. The requested term for the Clean Water State Revolving Fund (CWSRF) loan is 30 years. The average annual payment will be approximately \$45,005. The City will issue improvement bonds payable with special assessments. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.
- iv. City of Mandan – Drinking Water - \$1,930,000. The purpose of this loan is to replace the aging cast iron pipe water main, services, hydrants and gate valves in an area that has experienced over 20 watermain breaks in the last 15 years. The requested term for the DWSRF loan is 16 years. Accordingly, the average annual payment loan will be approximately \$137,816. The City will issue improvement bonds payable with special assessments. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.
- v. City of Portland - Drinking Water - \$1,930,000. The purpose of this loan is to replace a 50,000-gallon storage tank with a new 150,000-gallon elevated tank. Also, upsize pipe and add looping in four different sections of the distribution system to ensure adequate flows within the system. The City will issue revenue bonds payable with water user fees. The requested term for the loan is 30 years. The average annual payment for the revenue bonds will be \$80,953. The reserve requirement will be \$87,550 and the 110% coverage requirement will be \$89,049.

Ms. Ament gave a legislative update. The following bills are being tracked by NDPFA: SB2014, HB1537, and HB1577.

## DEPARTMENT OF MINERAL RESOURCES

Mr. Mark Bohrer presented for consideration of approval the recommended Order in the Following Case:

- i. **Order 33526 in Case No. 30866** – North Dakota Industrial Commission v. Sakakawea Ventures, LLC Administrative Complaint, Imposition of Civil Penalties and Recovery of Investigative Costs.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve Order No. 33526 in Case No. 30866, imposing a fine in the amount of \$233,600.00 and costs in the amount of \$349.61 on Sakakawea Ventures, LLC for violations of N.D. Admin. Code §§ 43-02-03-15(2), 43-02-03-30, and 43-02-03-30.1.**

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

Mr. Nathan Anderson led a discussion regarding the Temporary Waiver of Well Completion Requirement that was put in place in March of 2020 due to extremely volatile commodity prices during that time period. DMR is watching the current market environment and pricing and is contemplating the reinstatement of this or a substantially similar waiver.

Mr. Anderson gave a legislative update. The following bills are being tracked by DMR: SB2014, HB1459, and SB2397.

## NORTH DAKOTA PIPELINE AUTHORITY

Mr. Justin Kringstad gave an overview of the NDPA's Pipeline Project Capacity Acquisition Authority.

WBI Energy: Proposed Bakken East Project – Non-binding open season was Dec. 16<sup>th</sup> – Jan 31<sup>st</sup>, 2025. Phase 1 (West) targeted in-service date of Nov 2028. Phase 2 (East) targeted in-service date of Nov 2029.

Intensity Infrastructure Partners Proposed Pipeline – Phase 2 of project going to Cass County non-binding open season is in progress. Targeting Jan 2030 for an in-service date.

Discussion was held regarding the pipeline capacity program and alternatives to managing contracted capacity.

The full NDPA report is available on the website.

## BANK OF NORTH DAKOTA

Mr. Don Morgan presented for consideration of approval BND's Smart Plan.

The Bank's Transitional Strategic Framework indicates the importance of formulating talent strategies and working towards a comprehensive talent management culture. Talent management is best defined as a culture that attracts, recruits, retains, onboards, trains, develops, provides career paths, and maintains appropriate and optimal succession of key positions for optimal fulfillment of organizational strategies. Changing workforce dynamics (generational,

demographical, geographical, remote/hybrid, technological, etc.) continue to raise the importance of organizational talent management within strategic prioritization.

Bank of North Dakota is unique in the nation. A governmental agency that operates “for profit” and like a “private \$10 billion bank”. An organization that competes for banking talent in the private market yet is beholden to State government policies and procedures. An agency that must attract and retain the best business bankers, credit analysts, valuation experts, loan administrators, special asset staff, student loan originators, treasury and finance analysts, bank operations specialists, and risk management experts to manage the complexity of a \$10 billion banking organization while delivering significant financial returns.

Executive management has completed a comprehensive assessment of where the Bank is currently in terms of talent management and where it needs to evolve. The assessment considers current operating conditions, private market competitive factors, forecasted changes in banking and workforce dynamics, and the Bank’s strategic prioritization.

The 2025 SMART Plan key attributes include:

- A team-based approach promoting the idea of “one BND team” inclusive of all staff aligning to full accomplishment of the Bank’s strategic mission and financial goals.
- A plan that will promote the idea of the BND team “getting there together, or not getting there together – but being together as one team.”
- Easily explained and simply understood by administrators, leaders, and participants.
- A plan that promotes the team to share in both the potential reward but also in the potential holistic risk of the Bank.
- Sustainable, accurate, and aligned with the Bank’s compensation philosophy.
- Competitive yet fiscally responsible to align with the Bank’s strategic mission and financial goals.
- Subject to annual review and revision.
- Motivates with realistic thresholds, targets, and stretch goals that align to the Bank’s strategic mission and financial goals.
- A plan that is clear and distinct from equity pay that promotes recruitment and retention of all team members.
- A plan where additional compensation will be paid out over a three-year period to reinforce the critical importance of retention.
- Maintains a subjective manager caveat.
- Clearly communicated, disciplined, and adhered to delivery timelines.
- Is owned and administered by the Finance and Human Resource departments.
- Approved annually by the Advisory Board and Industrial Commission.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the performance targets and metrics for the 2025 Bank of North Dakota SMART recruitment and retention plan, as presented by BND President Don**

**Morgan and recommended by the BND Advisory Board, and to approve the SMART Recruitment and Retention Plan Policy as presented, which provides for an annual review.**

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

Mr. Morgan and Mr. Kelvin Hullet gave a legislative update. It was noted that the Capital Plan that the Commission members provided to legislative leadership was very well received and effective.

Mr. Morgan presented the Non-Confidential Committee and Advisory Board Minutes for February 19<sup>th</sup> and 20<sup>th</sup>, 2025 meetings for the Commission member's review.

**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 and 44-04-19.2 the Industrial Commission enter executive session for the purpose of Bank of North Dakota confidential business.**

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

**The Commission met in executive session pursuant to N.D.C.C. 6-09-35 and 44-04-19.2 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 participated in this executive session.**

**Any formal action taken by the Commission occurs after it reconvenes in open session.**

**Governor Armstrong reminded the Commission members and those present in the executive session that the discussion must be limited to the announced purposes. The executive session was expected to last approximately one hour and began at 2:04 p.m.**

**Meeting Closed to the Public for Executive Session Pursuant to NDCC 6-09-35 and 44-04-19.2.**

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#### **BANK OF NORTH DAKOTA EXECUTIVE SESSION**

##### **Industrial Commission Members Present**

Governor Kelly Armstrong

Attorney General Drew H. Wrigley

Agriculture Commissioner Doug Goehring

##### **BND Members Present**

Don Morgan

Kelvin Hullet

Rob Pfennig

Craig Hanson

Rick Geloff

Kaylen Hausauer

Courtney Heiser

Andrew Tweet

Others in attendance

Jacy Schafer	Governor's Office
Chris Joseph	Governor's Office
Karen Tyler	Industrial Commission Office
Jordan Kannianen	Industrial Commission Office
Brenna Jessen	Industrial Commission Office
Erin Stieg	Industrial Commission Office

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The executive session ended at 2:21 p.m. and the Commission reconvened in open session.

**During the Bank of North Dakota executive session, the Commission discussed those items listed on the agenda. A motion and second were made for the approval of four loans.**

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

#### **OFFICE OF THE INDUSTRIAL COMMISSION**

Ms. Karen Tyler presented for consideration of approval the March 25, 2025, Industrial Commission meeting minutes.

**It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that the Industrial Commission approve the March 25, 2025, Industrial Commission meeting minutes.**

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

Ms. Tyler presented for consideration of approval an Interview Committee for the Housing Finance Agency Executive Director.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission direct the Executive Director to form an Interview Committee for the purpose of conducting initial interviews with candidates for the Housing Finance Agency Executive Director position, and that such interview committee include a designee of each of the Commission members, and other such members as the Executive Director deems necessary and appropriate.**

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

Mr. Jordan Kannianen gave a legislative update. The following bills are being tracked: SB2014, SB2188, and SB2256.

Under other business, Ms. Tyler noted that during the May 22<sup>nd</sup> meeting, the Commission will hold interviews in the morning for the NDHF Executive Director position, with the regular Industrial Commission meeting being held in the afternoon.



Ms. Tyler also noted that the Industrial Commission Administrative Office is working with Commission member schedulers to move the Industrial Commission meetings to the mornings starting in June 2025.

With no further business, Governor Armstrong adjourned the meeting of the Industrial Commission at 2:35 p.m.

North Dakota Industrial Commission

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

Brenna Jessen, Recording Secretary

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

Karen Tyler, Interim Executive Director

A handwritten signature in blue ink, appearing to read "Jordan L. Kannianen".

Jordan Kannianen, Deputy Executive Director