

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on May 22nd, 2025, beginning at 10:00 a.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 10 a.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 HOUSING FINANCE AUTHORITY

EXECUTIVE DIRECTOR FINALIST INTERVIEWS

The first interview with candidate finalist Brandon Dettlaff started at approximately 10:00 a.m.

The first interview concluded at approximately 10:45 a.m. and the Commission recessed until 11:00 a.m.

The meeting reconvened at 11:00 a.m.

The second interview with candidate finalist Jennifer Henderson started at approximately 11:00 a.m.

The second interview concluded at approximately 11:38 p.m.

The Commission determined to hold a special Industrial Commission meeting on June 2nd, 2025 to further discuss the HFA Executive Director position.

The Commission recessed until 1:00 p.m.

NORTH DAKOTA HOUSING FINANCE AUTHORITY

Mr. Brandon Dettlaff presented for consideration of approval the recommended FirstHome Program Income Limits.

The Department of Housing and Urban Development (HUD) published new median income numbers on April 1, 2025. These numbers are used to establish the Annual Income limits for the FirstHome, FirstHome Start, FirstHome DCA, and HomeAccess programs.

The new statewide median income for North Dakota increased \$8,300 (7.99%) to \$112,200 for 2025. This compares to the national median income increase of \$6,400 (6.54%) to \$104,200.

Mortgage Revenue Bond (MRB) regulations allow the use of the greater of county or state median income and those regulations and NDHFA policy limit household incomes as follows:

- FirstHome - 100% of median income - one and two member households by county (MRB regulation)
- FirstHome - 115% of median income - three or more member households by county (MRB regulation)
- DCA limits - 80% of median income by family size and county (NDHFA policy)

The allowed limits for 2025 range from \$112,200 to \$135,930, varying by family size and county. However, due to the need to manage program volume and preserve resources, HFA proposed revised limits ranging from \$93,500 to \$110,000, based on family size.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the new annual income limits as outlined in Program Directive No 124, and as recommended by the NDHFA Advisory Board, to take effect for loan reservations made on or after June 1, 2025 under the FirstHome programs (Standard, Start, and HomeAccess), and additionally approve updating the Downpayment Closing Cost Assistance (DCA) program limits as presented, effective for loan reservations made on or after June 1, 2025.

Maximum Annual Income		
FirstHome/Start/HomeAccess		
County	Family Size Less than 3	Family Size 3 or more
All Counties	\$93,500	\$110,000

Effective date of this Program Directive No. 124: **June 1, 2025**

DCA INCOME LIMITS
06/01/2025

COUNTY	FAMILY SIZE*							
	1	2	3	4	5	6	7	8
Burleigh/Cass/McKenzie/Morton/Oliver/Ward/Williams	62,900	71,900	80,900	89,850	97,050	104,250	110,000	110,000
All Other Counties	56,850	65,000	73,100	81,200	87,700	94,200	100,700	107,200

**Larger families, check with NDHFA for limits.*

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

Mr. Dettlaff gave a report on the recommendation of FirstHome Program Acquisition Limits.

The NDHFA Advisory Board recommends maintaining the current Acquisition Cost Limits for the FirstHome Standard, Start, HomeAccess, and DCA programs, as outlined in the attached Program Directive 120, effective July 1, 2023.

The IRS issues a Revenue Procedure each year that provides the average area purchase price for counties in each state and a nationwide minimum. This is done by adjusting the FHA loan limits to consider the differences between average and median purchase prices. The IRS tax code then requires HFA to set Acquisition Cost limits at no more than 90% of the applicable average area purchase price as provided in the Revenue Procedure.

The **current** FirstHome acquisition limits are as follows:

Previously Occupied and Unoccupied (1 unit only)

All Counties	1 Unit	2 Units	3 Units	4 Units
	\$481,176	\$616,111	\$744,679	\$925,491

The **new allowable** FirstHome acquisition limits are as follows:

All Counties	1 Unit	2 Units	3 Units	4 Units
	\$544,323	\$696,816	\$842,238	\$1,046,782

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

Previously Occupied

All Counties	1 Unit	2 Unit	3 Unit	4 Unit
	\$481,176	\$616,111	\$744,679	\$925,491

Previously Unoccupied

All Counties	1 Unit Only
	\$481,176

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

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

Effective date of this Program Directive No. 120: July 1, 2023

Mr. Dave Flohr presented for consideration of approval a Resolution Regarding FirstHome Program Purchase Price and Income Limits, Authorizing Officers.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve a resolution authorizing certain officers of the North Dakota Housing Finance Agency to establish from time to time, with the prior approval of the NDHFA Advisory Board, and in compliance with the Internal Revenue Code, Purchase Price Limits

and Income Limits with respect to the Agency's FirstHome program, and shall report such limits to the Industrial Commission.

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

A RESOLUTION WAS MADE

A RESOLUTION AUTHORIZING CERTAIN OFFICERS OF THE NORTH DAKOTA HOUSING FINANCE AGENCY TO ESTABLISH FROM TIME TO TIME AND WITH THE PRIOR APPROVAL OF THE NORTH DAKOTA HOUSING FINANCE AGENCY ADVISORY BOARD purchase price LIMITS and Income Limits WITH RESPECT TO THE AGENCY'S FIRSTHOME PROGRAM.

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

WHEREAS, from time to time the Agency has issued its Home Mortgage Finance Program Bonds, pursuant to the Act, to finance the purchase of mortgage loans under the Program to provide decent, safe, and sanitary housing for persons and families of low or moderate income in the State of North Dakota; and

WHEREAS, in order for the interest on certain of such Home Mortgage Finance Program Bonds to be excluded from federal income tax, the mortgage loans financed with the proceeds of such bonds must comply with various requirement of the Internal Revenue Code of 1986, as amended (the "**Code**") including requirements that the purchase price of the single-family residential dwelling unit being financed by the mortgage loan not be greater than certain limits established pursuant to the Code from time to time and that the annualized income of the borrower making the mortgage loan not exceed certain limits established pursuant to the Code from time to time; and

WHEREAS the Agency has established its FirstHome program, as part of the Program, to finance mortgage loans that comply with these requirements of the Code; and

WHEREAS, the Commission acting as the Agency has determined to appoint as its agents the Executive Director, the Director of Homeownership Programs and the Chief Financial Officer (the "**Authorized Officers**") to manage the Program and establish certain limits for the First Home program to ensure mortgage loans purchased pursuant to the FirstHome program are compliant with the Code's requirements.

NOW BE IT HEREWITH RESOLVED:

The Authorized Officers are appointed as agents of the Commission acting as the Agency for the purposes set forth in the preambles to this Resolution and each of the Authorized Officers is authorized to establish, from time to time and with the prior approval of the North Dakota Housing

Finance Agency Advisory Board, the purchase limits and income limits for the FirstHome program, in such manner as determined by such Authorized Officer, to be in the best interest of the Agency, provided that such purchase price limits and income limits for the FirstHome program shall not exceed the limits established by the Code from time to time. Any such Authorized Officer shall report the establishment of any such new limits at the next meeting of the Industrial Commission where it is practicable to make such a report following any such change.

IN WITNESS WHEREOF, this Resolution has been adopted and signed on May 22, 2025.

INDUSTRIAL COMMISSION OF NORTH DAKOTA
ACTING AS THE NORTH DAKOTA HOUSING FINANCE AGENCY

Ms. Kayla Axtman presented a Pricing Report for Housing Finance Agency Home Mortgage Program Series 2025AB Bond Issuance – Series A \$200 Million Tax-Exempt Bonds, and Series B \$60 Million Taxable Bonds.

The Federal Reserve kept the funds rate at 4.25%-4.50% for a third consecutive meeting in May 2025, in line with expectations, as officials adopt a wait and see approach amid concerns that tariffs could drive up inflation and slow economic growth. The Agency has moved the tax-exempt 30-year mortgage rate eighteen times in the last year and continues to be below the current market rate for 30-year conventional loans. The average 30-year FHA mortgage right now is 6.95%. For the past two months, the Agency averaged just over \$2 million a day in First Home (tax-exempt) reservations and approximately \$175,000 in daily Roots (taxable) reservations. Currently, the average total payment (principal, interest, taxes and insurance) for a First Home borrower is \$1,191 and for a Roots borrower is \$1,932.

Mr. Flohr gave a brief legislative recap regarding the ND Housing Finance Agency.

Ms. Karen Tyler presented for consideration of approval a Reappointment of Kevin Hanson and Joe Sheehan to the NDHFA Advisory Board.

The memo reads as follows:

“North Dakota Century Code 54-17-07.1 states:

The Industrial Commission shall appoint a six-member advisory board consisting of representatives of lenders, the residential real estate industry, the mobile home and manufactured housing industry, and homeowners and buyers, and in consultation with such board may adopt rules and regulations for the conduct of its housing finance program which may, among other matters, establish requirements for the type and purchase price of dwelling units and multifamily facilities eligible to be financed, the income limits for eligible low or moderate income persons or families, the interest rates and other terms of mortgage loans to be financed, requirements relating to federal or private mortgage insurance or guarantees, and the general terms and conditions for the issuance and security of housing revenue bonds to be issued.

The current terms for HFA Advisory Board members Joe Sheehan, Branch Manager at Benchmark Mortgage (lender category) and Kevin Hanson, Gate City Bank CEO (lender category) will expire on

July 1, 2025. Mr. Sheehan was first appointed to the advisory board on August 1, 2019 and Mr. Hanson was first appointed to the board on December 14, 2017. Both members are interested in continuing their service on the Advisory Board.

I recommend the Industrial Commission reappoint Joe Sheehan and Kevin Hanson, each for another three-year term to expire July 1, 2028.

Respectfully submitted,

Karen Tyler”

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission reappoint Housing Finance Agency Advisory Board members Joe Sheehan, Branch Manager at Benchmark Mortgage (lender category) and Kevin Hanson, Gate City Bank CEO (lender category) to serve new three-year terms, each expiring on July 1, 2028.

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

Under other business, Governor Armstrong presented Mr. Dave Flohr with a Resolution of Appreciation.

A RESOLUTION WAS MADE

Resolution of Appreciation

Whereas, Dave Flohr began his career at North Dakota Housing Finance Agency in 1984, serving as director of homeownership for 14 years and on May 1, 2020, was promoted to Executive Director; and

Whereas, Dave’s commitment, compassion and leadership have fostered collaborations that have helped thousands of individuals and families across North Dakota achieve the dream of homeownership; and

Whereas, Through Dave’s guidance, NDHFA works to increase housing opportunities and remove affordability barriers for North Dakota’s vulnerable residents; and

Whereas, Dave’s integrity, humility and dedication have earned the respect and admiration of colleagues, housing partners and community leaders; and

Whereas, Dave continually leads by example and through an unmatched sense of humor that will be greatly missed by NDHFA team members; and

Whereas, The Minnesota Vikings have provided Dave a lifetime of character-building, patience testing and hope-sprinkled Sundays and every day going forward be filled with joy, relaxation, laughter and just the right amount of yelling at the TV during football season.

Now, therefore, the Industrial Commission hereby expresses its deepest gratitude to Dave Flohr for his over 41 years of dedicated service to the North Dakota Housing Finance Agency and the citizens of North Dakota and wishes him the very best in his retirement.

Adopted this 22nd day of May 2025.

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

Ms. Angela Guptill with Brady Martz presented the FY 2024 NDPFA Audit. In the auditor's opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the North Dakota Public Finance Authority, as of December 31, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the statement of appropriations, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ms. DeAnn Ament presented the FY 2024 NDPFA Annual Report to the Commission members for their review. The report includes the mission, vision statement, capital financing program, capital financing disaster loan program, state revolving fund program, industrial development bond program, and the legacy fund infrastructure bond program. The full report is available on the PFA website.

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

- i. **City of West Fargo – Clean Water - \$6,100,000.** The purpose of this project is for a full replacement of the water mains, storm and sanitary sewer, streets, sidewalks, and streetlights in Westwood Addition. The requested term is for 30 years, and the City will issue improvement bonds payable with special assessments. The average annual payment will be approximately \$258,347.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the Clean Water State Revolving Fund Loan request of \$6,100,000 for the City of West Fargo.

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

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

- i. City of Flasher – Clean Water - \$162,000. The purpose of this project is to replace antiquated water meters with advanced metering infrastructure that will provide real-time information and readings. The requested loan term is for 20 years, and the City will issue revenue bonds payable with water fund revenues. The average annual payment for the revenue bonds will be \$9,474.
- ii. City of Hazelton – Clean Water - \$492,000. The purpose of this project is to rehabilitate the sanitary sewer system by doing spot repairs and lining the entire system. The requested loan term is for 30 years, and the City will issue revenue bonds payable with sewer user fees. The average annual payment for the revenue bonds will be \$20,607.
- iii. City of Surrey – Clean Water - \$1,935,000. The purpose of this project is to reline the existing sewer main with cured-in-place-pipe which as leaking joints, cracked pipe, root

- intrusion, and offset joints and sags. Manholes will be rehabilitated as well. The requested loan term is for 30 years, and the City will issue revenue bonds payable with sewer user fees. The average annual payment for the revenue bonds will be \$81,032.
- iv. Missouri West Water System – Drinking Water - \$375,000 to the previously approved \$507,000. The purpose of this project is for a system expansion to users along Lyons Road who currently use private wells. The requested loan term is for 30 years, and the Missouri West Water System will issue revenue bonds payable with user fees. The average annual payment will be \$36,124.
 - v. City of Surrey – Drinking Water - \$242,000. The purpose of this project is to replace the water main that runs under the railroad tracks. The requested loan term is for 30 years, and the City will issue revenue bonds payable with water user fees. The average annual payment for the revenue bonds will be \$10,141.
 - vi. City of West Fargo - Drinking Water - \$750,000. The purpose of this project is to fully replace the water mains, storm and sanitary sewer, streets, sidewalks, and streetlights in the Westwood Addition. The requested loan term is for 30 years, and the City will issue improvement bonds payable with special assessments. The average annual payment will be approximately \$31,786.

Ms. Ament gave a brief legislative recap regarding the Public Finance Authority.

NORTH DAKOTA MILL AND ELEVATOR

Mr. Vance Taylor presented the Q3 FY 2025 Financial Results.

Profits for the 3rd Quarter of the year were \$6,771,507 compared to \$5,187,825 last year. Operating activity for the nine months ending March resulted in a profit of \$17,530,044 compared to \$15,027,952 last year, an increase of 16.6%.

Sales for the 3rd Quarter were \$115,131,418 compared to \$123,236,967 last year.

Operating costs for the 3rd Quarter were \$14,071,252 compared to \$12,657,095 last year, an increase 11.2%. Operating costs per cwt. of production were \$3.08 compared to \$2.98 last year, an increase of 3.4%.

Gross margins as a percentage of gross sales for the quarter were 18.9% compared to 15.4% last year.

Mr. Taylor and Ms. Cathy Dub provided a report on the Policy and Procedure Review RFP that was issued on May 9, 2025. The deadline for receipt of proposals (solicitation closing) is June 9th, 2025 by 2:00 p.m. CT. The full RFP can be found on the website.

Under other business, Mr. Taylor gave a brief legislative recap regarding the Mill and Elevator.

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, 44-04-19.1, and 44-04-19.2, the Industrial Commission enter executive session for the purpose of North Dakota Mill and Elevator confidential business, and 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. 44-04-19.1 and 44-04-19.2 to consider those items listed on the agenda under North Dakota Mill and Elevator Confidential Business. Only Commission members, their staff, Commission staff, and Mill staff participated in this executive session.

Following the Mill and Elevator executive session, the Commission met in executive session to pursuant to 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 Bank of North Dakota staff participated in this executive session.

Governor Armstrong reminded the Commission members and those present in the executive sessions that the discussion must be limited to the announced purposes. The executive session was anticipated to last approximately one hour and began at 1:50 p.m.

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

ND MILL AND ELEVATOR EXECUTIVE SESSION

Industrial Commission Members Present

Governor Kelly Armstrong
Attorney General Drew H. Wrigley
Agriculture Commissioner Doug Goehring

BND Members Present

Vance Taylor
Cathy Dub

Others in attendance

Jacy Schafer	Governor's Office
Matt Sagsveen	Attorney General's Office
Dutch Bialke	Agriculture Commissioner's Office
Karen Tyler	Industrial Commission Office
Jordan Kannianen	Industrial Commission Office
Brenna Jessen	Industrial Commission Office

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
Kirby Evanger
Annie Bergrud

Others in attendance

Jacy Schafer	Governor's Office
Chris Joseph	Governor's Office
Dutch Bialke	Agriculture Commissioner's Office
Karen Tyler	Industrial Commission Office
Jordan Kannianen	Industrial Commission Office
Brenna Jessen	Industrial Commission Office

The executive session ended at approximately 2:40 p.m. and the Commission reconvened in open session.

During the Mill and Elevator executive session, the Commission discussed those items listed on the agenda. No formal action was taken.

During the Bank of North Dakota executive session, the Commission discussed those items listed on the agenda. No formal actions were taken.

BANK OF NORTH DAKOTA

Mr. Jared Mack with Eide Bailly presented the North Dakota Guaranteed Student Loan Program Audit, December 31, 2024. In the auditor's opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Program, as of December 31, 2024 and 2023, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mr. Mack presented the Independent Auditor's Report and Financial Statements, December 31, 2024 (FASB). In their opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bank of North Dakota as of December 31, 2024 and 2023, and the results of its operations and its cash flows for years then ended, in accordance with financial reporting provisions as promulgated by FASB.

Mr. Don Morgan presented the Q1 2025 Performance Highlights. BND's primary financial objective is to maintain the strength and integrity of the Bank while generating a consistent financial return to the State. First quarter's assets for BND were at \$10.6 billion. The \$4.1 billion securities portfolio is primarily a source of liquidity. As the Bank identifies excess funds and the portfolio runs off, maturities can be reinvested, utilized to fund new loans, or reduce short and long-term borrowings.

The loan portfolio as of March 31 was \$6.1 billion. Commercial loan balances were less than budget due to paydowns and lower participation program volumes. Farm disaster program activity drove the agricultural portfolio above budget expectations. The balance of the residential loan portfolio continues to decline due to normal loan runoff. The student loan portfolio focus is on state-sponsored DEAL loans.

Changes in the Bank's Equity position are a result of net income, changes in unrealized gain/loss positions, allocations of capital to various legislative programs, and distributions to the State's General Fund. For the three months ended March 2025, the Bank transferred \$7.0 million to buydown programs and \$700 thousand to other state programs. During 2024, the Bank transferred \$20.0 million to the Statewide Interoperable Radio Network, \$26.5 million to buydown programs and \$4.8 million to other state programs.

BND reported earnings of \$43.1 million for the first quarter of 2025. Interest income exceeded budget by \$3.7 million primarily due to higher rates in the securities portfolio. Interest expense surpassed budget by \$1.1 million. Higher average deposit balances were partially offset by lower than budgeted borrowing for the quarter.

Non-Interest Income for the quarter was a negative \$11.0 million. This included a \$13.0 million loss on the sale of short duration, low yielding securities. The Bank utilized the proceeds from the sales to purchase longer duration, higher yielding securities for its portfolio. Non-Interest Expense is \$1.1 million under budget. This consisted of several operating components largely due to timing of incurrences, specifically with IT projects, loan servicing expenses, training and travel and legal.

The full report is available on the BND website.

Mr. Morgan handed out the 2024 BND Annual Report for the Commission's review.

Mr. Morgan presented for consideration of approval a Resolution Authorizing Certain BND Employees to Execute Loan Instruments.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that pursuant to N.D.C.C. 06-09-26, the Industrial Commission authorizes the following officers and employees of the Bank of North Dakota to execute all documents and instruments necessary to finalize loans, and execute all instruments affecting interests in or liens upon real or personal property on behalf of the bank:

**President and Chief Executive Officer
SVP, Chief Business Development Officer
SVP, Chief Credit Officer
SVP, Chief Lending Officer
Special Assets Manager
Business Bankers
Collection and Recoveries Manager**

Financial Institutions Market Manager

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

A RESOLUTION WAS MADE

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

North Dakota Century Code §6-09-26 states that within the scope of authority granted by the industrial commission, the president may execute instruments on behalf of the Bank, including any instrument granting, conveying, or otherwise affecting any interest in or lien upon real or personal property. Other officers or employees of, and legal counsel to, the Bank may execute instruments on behalf of the Bank when authorized by the industrial commission.

THEREFORE, BE IT RESOLVED by the Industrial Commission that the following named officers and employees of the Bank are hereby authorized to execute all documents and instruments necessary to finalize and close any applicable loan; and to execute and acknowledge conveyances, transfers, assignments, releases, satisfactions, and other instruments affecting liens on, title to, and interests in real or personal property on behalf of the Bank;

President and Chief Executive Officer
Senior Vice President, Chief Business Development Officer
Senior Vice President, Chief Credit Officer
Senior Vice President, Chief Lending Officer
Special Assets Manager
Business Bankers
Collection and Recoveries Manager
Financial Institutions Market Manager

Adopted: May 22, 2025

Mr. Morgan presented for consideration of approval an Amendment to the Employee Bonus Policy. This amendment changed the approval of bonuses paid under the Bonus Policy in Section 1 to be approved by the SVP of Human Resources and Communications/Marketing rather than the Bank President and Human Resource Manager.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Bank of North Dakota Advisory Board and approve the proposed changes to the bank's recruitment and retention bonus policy.

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

Mr. Morgan gave a brief legislative recap regarding the Bank of North Dakota.

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

NORTH DAKOTA PIPELINE AUTHORITY

Mr. Justin Kringstad gave a brief legislative recap regarding the Pipeline Authority.

Mr. Kringstad presented for consideration of approval a Request for Information for the West to East Natural Gas Pipeline. The purpose of the RFI reads as follows:

“The North Dakota Pipeline Authority (NDPA) is seeking detailed information from entities developing new natural gas pipelines capable of transporting natural gas from western to eastern North Dakota. The North Dakota Industrial Commission (NDIC), acting as the NDPA, has the option to subscribe to pipeline capacity to support ultimate project success. All capacity held by the State of North Dakota will be made available for release to third-party shippers and the NDIC/NDPA will evaluate competing opportunities based on economic, regulatory, and market criteria.” The response deadline is June 24, 2025. The full RFI is available on the NDPA website.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the publishing of a Request for Information to seek detailed information from entities developing new natural gas pipelines capable of transporting natural gas from western to eastern North Dakota as presented by the North Dakota Pipeline Authority Executive Director, to include all information categories set forth in the RFI as presented, and provide a deadline for responses to the RFI of June 24, 2025.

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

Mr. Kringstad led discussion of the proposed RFI Timeline and Decision Memorandum.

The memorandum reads as follows:

Purpose

This memorandum outlines the North Dakota Pipeline Authority's evaluation methodology for evaluating two or more competing pipeline proposals offering natural gas transportation capacity from western to eastern North Dakota.

The Authority's primary goal is to support the timely construction of infrastructure that enables long-term petroleum development and improves natural gas utilization opportunities within North Dakota. A key objective is to ensure that any capacity acquired by the Authority can be released to third-party shippers as early as possible.

Decision Framework

The North Dakota Pipeline Authority is committed to supporting infrastructure that maximizes the long-term value of the state's natural gas resources. In evaluating these pipeline proposals, the Authority will prioritize consideration for the option that best enables timely, flexible, and transparent access for third-party shippers and supports long-term energy development goals for the state.

Key Evaluation Criteria

The following factors will be used to compare the competing proposals:

- 1. Timeline to Service**
 - Estimated in-service date and permitting risk
 - Readiness to accommodate capacity release to third-party shippers
- 2. Market Connectivity**
 - Quality of access to downstream pipelines, storage, and regional/national gas markets (e.g., WBI, Viking, Alliance, Great Lakes, Chicago/Emerson hubs)
 - Quality of access to upstream gas supply sources (e.g., processing plants, pipelines, storage)
 - Ability to support robust pricing and marketing options for North Dakota gas
- 3. Delivered Cost to Market**
 - Transportation rate structure and rate stacking impacts (both upstream and downstream)
 - All-in cost from receipt to likely market destinations
- 4. Capacity Flexibility and Transparency**
 - Terms for releasing and/or reassigning capacity
 - Regulatory oversight (e.g., FERC tariff protections vs. negotiated contract terms)
 - Availability of public capacity release platforms or EBB systems
- 5. Regulatory Certainty**
 - Jurisdictional framework (FERC vs. non-FERC) and long-term rate stability
 - Dispute resolution, rate change processes, and transparency of future operations
- 6. Alignment with State Goals**
 - Support for robust petroleum development activity, gas capture, in-state economic development, and energy reliability
 - Construction and operation impact on ND communities and workforce

Next Steps

Following due diligence, stakeholder input, financial analysis, and review of any other relevant information, the Authority will apply this evaluation framework to determine which project best aligns with state objectives and should be considered for a firm transportation commitment.

As a result of the meeting running ahead of schedule, there was a change in the order of agenda.

INDUSTRIAL COMMISSION ADMINISTRATIVE OFFICE

Ms. Karen Tyler presented for consideration of approval the April 24, 2025, Industrial Commission meeting minutes.

It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that the Industrial Commission approve the April 24, 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 Professional Services Contract renewals for the North Dakota Pipeline Authority Executive Director and the North Dakota Transmission Authority Executive Director. Both contract terms run concurrent with the biennium and have an expiration date of June 30, 2027.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the renewal of the professional services contracts for the Pipeline Authority Executive Director and the Transmission Authority Executive Director for the term July 1, 2025, through June 30, 2027, and directs the Industrial Commission Executive Director to execute the renewed contracts.

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

Mr. Claire Vigesaa presented for consideration of approval the Participation in a Concept Paper related to DOE Grant Funding for Collaborations Advancing Rapid Load Additions to Electric Grid.

The memo reads as follows:

The North Dakota Industrial Commission, acting as the North Dakota Transmission Authority (NDTA), has been asked to participate in a concept paper that would designate the NDTA as the primary applicant in the DOE Grid Deployment's grant funding opportunity for "Collaborations Advancing Rapid Load Additions."

Project Description: The Grid Deployment Office has announced that it will award up to five state grant awards for the "Collaboration Advancing Rapid Load Additions", for a total of \$28 million. This grant program is under the Bipartisan Infrastructure Law Section 40103(b). The objective of the grant funding shared on their website is below.

The Prairie Research Institute, University of Illinois is willing administer the project. This approach results in limited workload for the NDTA and is similar to the application we agreed to participate in with the ND Association of Rural Electric Cooperatives GRIP grant.

The grant requires no state match. Mr. Leslie Groja from the Institute has had conversations with the ND PSC, MDU, and Basin Electric and will be reaching out to other state utilities. He has also spoken to SPP and is reaching out to MISO. He has also been engaged with Applied Digital. As you can see from the Objective section below, a state agency must be the primary applicant, and the application requires collaboration with the Regional Transmission Planners (SPP & MISO) and a large-load customer. He is going beyond the collaborative requirements by including utilities too.

Mr. Victor Schock, Director of Public Utilities for the ND PSC visited with Mr. Groja and liked the concept but thought the NDTA would be a more appropriate primary applicant than the ND PSC.

This first step is a concept paper only, due June 30, 2025. The Grid Deployment Office will review the applicants giving a “thumbs up or thumbs down” on the grant concept papers. Those receiving a “thumbs up” will be given the opportunity to complete a full application. The ND Industrial Commission would have another opportunity to decide whether or not to move forward with an application at that time.

There is solid interest in pursuing this grant from among those mentioned as collaborators above. As NDTA Executive Director, I believe this proposed project would support North Dakota’s mission to be an energy leader, developing our resources to produce dispatchable electric generation for a more reliable electric grid and a robust economy. As such, I recommend that we participate in the collaborative effort, serving as a primary applicant for the grant.

Claire Vigesaa

NDTA Executive Director”

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the participation of the Transmission Authority in a concept paper as the primary applicant in the DOE Grid Deployment grant funding opportunity for “Collaborations Advancing Rapid Load Additions”, and directs the Transmission Authority to seek final approval from the Commission to apply for the grant should the concept paper be selected by the DOE.

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

Mr. Jordan Kannianen gave a brief legislative recap regarding the Office of the Industrial Commission.

LIGNITE RESEARCH, DEVELOPMENT AND MARKETING PROGRAM, GRANT ROUND 107

Mr. Kannianen presented the Lignite Research Program Project Management and Financial Report. The Lignite Research Fund has a cash balance of \$28.9 million with a cumulative number of funded projects at 261, with 20 projects currently active. The LRF has a committed balance of \$22.4 million and the amount that is still available in uncommitted dollars is \$6.5 million.

Mr. Mike Holmes presented for consideration of approval Grant Application LRP-107A: EERC – Development of Next-Generation Carbon Capture Technologies for Efficiency Improvement and Cost Reduction, \$1,462,000.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Lignite Research Council, approve the funding of the following projects in the amounts recommended, and authorize the Office of the Industrial Commission to enter into contracts for the project:

FY25-107-A: EERC: “Development of Next-Generation Carbon Capture Technologies for Efficiency Improvement and Cost Reduction”, \$1,462,500.00

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

Mr. Holmes presented for consideration of approval Grant Application LRP-107B: AmeriCarbon – Commercial Plant Design Optimization: Lignite to Critical Carbon Materials, \$1,499,653.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Lignite Research Council, approve the funding of the following projects in the amounts recommended, and authorize the Office of the Industrial Commission to enter into contracts for the project:

FY25-107-B: AmeriCarbon Products, LLC: “Commercial Plant Design Optimization: Lignite To Critical Carbon Materials”, \$1,499,653.00

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

DEPARTMENT OF MINERAL RESOURCES

Mr. Nathan Anderson presented for consideration of approval the Temporary Waiver of Well Completion Requirements. The North Dakota Industrial Commission is charged with “fostering, ... encouraging, and ... promoting the development, production, and utilization of the state’s natural resources of oil and gas in the state in such a manner as will prevent waste.” The Commission is promulgating this Policy to prevent waste.

Due to the potential of uncertain commodity prices resulting in financial hardship, some operators may desire to postpone completion operations until oil prices improve. The Director’s guidelines contained herein outline the procedure necessary to protect the environment and correlative rights and were endorsed by the Commission on May 22, 2025. The relief granted shall expire on the date the North Dakota Department of Transportation lifts the State Highway load limit restrictions in 2027.

Not Completed – Waiver (NCW) Status may only be given to wells that have been drilled but whose casing has not yet been perforated (i.e. the well is incapable of producing oil or gas because completion operations have not yet been performed).

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the updated Temporary Waiver of Well Completion Requirement as presented.

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

Mr. Anderson gave a brief legislative recap regarding the Department of Mineral Resources.

Mr. Ed Murphy presented the Geological Survey Quarterly Report.

Wilson M. Laird Core and Sample Library

During the first quarter of 2025, geologists from three companies, the Geological Survey, the Energy and Environmental Research Center, as well as students and/or professors from the University of North Dakota, North Dakota State University, Minnesota State University Moorhead, and George Mason University studied 8,658 feet of core. A total of 2,023 feet of core was photographed generating 2,423 standard photographs and 6,718 feet of core was photographed with a tripod generating 504 photographs for the subscription site.

Core and Thin Section Photography Project

The Geological Survey began a core and thin section photography project back in 2004. The purpose was threefold: 1) to promote North Dakota's subsurface geology, 2) enable company geologists and students studying core to focus their core requests, and 3) increase visitation to the core library in Grand Forks. The first two have been very successful with core photographs and thin section photomicrographs showing up in internal company project reports, presentations, and journal articles. Now that they can view core photographs before visiting the core library, company geologists no longer request long sections of core only to discover that they only need to study a few tens of feet. It has been more difficult to ascertain how many geologists were drawn to the core library by the core or thin section photographs.

The core library currently contains 486,000 feet of core. For the first 15 years of the project, we photographed an average of 10,000 feet of core per year, in roughly 8-inch-long segments. In the last five years, we have averaged 19,000 feet per year, nearly double the previous output for a project total of 268,000 feet. The core library houses 19,655 thin sections from our own projects, company studies, and student theses. Each thin section is photographed by quadrants under plain and polarized light generating eight photomicrographs per thin section. So far, we have generated 19,655 photomicrographs for the website.

Studies of the Red River Formation

Between 1969-2000, 26 Red River wells were drilled using 2-D seismic across a ~100 square mile area in northern Golden Valley County which yielded 7 producing wells (1.2 million barrels of cumulative oil production) and 19 dry holes. Using a 3-D seismic exploration approach, 32 vertical Red River wells were drilled in the same area from 2010-2017 which yielded 25 producers (2.5 million barrels of oil production to date) and 7 dry holes. A study published by the Geological Survey in 2017 indicated that the Red River exploration fairway (using the new 3-D seismic method) extends southwards, spanning approximately 2,400 square miles. Based upon the ~100 square mile case study area in Golden Valley County, this Red River fairway holds the potential for roughly 1,000 vertical productive wells that could yield on the order of 100 million barrels of oil. Wolverine Gas and Oil Company (WGO) drilled two successful discovery wells in central Golden Valley County (Sentinel Butte Field) in 2024 using Geological Survey maps and geologic information

published on the Red River Formation in 2017 (GI-186, GI-191, GI-196, GN 17-1, RI-118, AAPG Bulletin 101-9).

Public Fossil Dig Program

Registration for the 2025 Public Fossil Dig Program opened on Saturday, February 1st at 10:00 am Central Time. A total of 557 spots were offered to the public this year at three locations across the state: Medora, Bismarck, and the Pembina Gorge. Signups were brisk, as usual, with the Bismarck area dinosaur dig filling up in 10 minutes and all of the available spots sold out by 10:34 am. Currently, we have over 100 groups registered on our waiting list hoping to fill any cancellations we receive before the dig season begins in June.

A total of 5,097 individuals from 45 states and several foreign countries have attended the Public Fossil Digs since 2008. During that same time, over 1,250 field jackets were collected and the fossils they contained were prepared and added to the North Dakota State Fossil Collection. The public dig program continues to be one of the most popular and successful summer paleontology events in the country, bringing tourists to North Dakota and helping to preserve our prehistoric past for future generations to enjoy.

The full report is available on the DMR website.

NDIC GRANT PROGRAM MATTERS

Mr. Brent Brannan presented for consideration of approval Policies, Grant Round Deadlines and a Request for Proposal (RFP) for the Enhanced Oil Recovery Grant Program approved by the 69th legislative assembly as a component part of the Oil and Gas Research Program.

Section 12 of Senate Bill 2014 directs the North Dakota Industrial Commission to use appropriated funding available to the oil and gas research fund to create an enhanced oil recovery grant program, to include the development of guidelines, eligibility criteria, requirements for matching funds, and reporting requirements.

As set forth in the RFP, to be eligible for funding under the new grant program, projects must demonstrate how the project will lead to commercially viable improved oil recovery approaches that can be deployed throughout the Bakken play, as well as the state's wide variety of conventional reservoirs.

Funding Available:

- Senate Bill 2014 appropriated \$25,000,000 for the new grant program
- Additional funding for projects that improve oil recovery may be available under regular oil and gas research program funding
- For the 25-27 biennium, the program has a Phase I target of funding 6-8 projects

Timeline:

1. Planned Grant Round Deadlines for 2025-2027 biennium:

- Grant Round 1 Deadline: August 15, 2025
- Grant Round 2 Deadline: January 15, 2026
- Grant Round 3 Deadline: June 15, 2026

2. Qualifying projects must be completed by June 30, 2027

The full RFP can be found on the OGRP website.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the proposed policies for the enhanced oil recovery grant program created under section 12 of SB 2014 of the 69th legislative assembly, and approve the related Request for Proposal and grant round deadlines for project submissions under the program.

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

Ms. Brenna Jessen presented for consideration of approval a De-Commitment of Grant Project Funding for the Outdoor Heritage Fund.

The memo reads as follows:

“Since the inception of the Outdoor Heritage Fund in 2013, there have been a number of grant applicants that received funding approval from the Industrial Commission but either did not execute their grant contracts, executed their grant contracts but did not start their projects, or started their projects but did not follow through to completion per the terms of their contracts. At the May 13, 2025, OHF advisory board meeting, the board was advised that a recommendation to de-commit funding for the below listed projects would be brought to the Industrial Commission at the May 22, 2025, meeting.

1. Contract # 004-060 – Mule Deer Foundation: Habitat Enhancement; Amount to Decomit: \$101,471.83
2. Contract # 005-082 – Emmons County Soil Conservation District: Grassland and Cropland; Amount to Decomit: \$567,000
3. Contract # 008-100 – Logan County Soil Conservation District: Logan County Natural Resource; Amount to Decomit: \$165,330.52
4. Contract # 009-108 – Red River Regional Council: Red River Riparian Program; Amount to Decomit: \$579,606.10
5. Contract # 010-117 – Mayville Park Board: Mayville Nature Trail; Amount to Decomit: \$48,445.95
6. Contract # 015-157 – Turtle Mountain Band of Chippewa: Belcourt Lake Park; Amount to Decomit: \$48,567.00

7. Contract # 015-159 – City of Cavalier: Cavlandic Trail; Amount to Decommit: \$34,738.18
8. Contract # 015-163 – Hettinger County Water Resource District: Cannonball River Fish Passage; Amount to Decommit: \$43,193.05
9. Contract # 018-189 – Dunn County Park Board: Lake Ilo Natural Playscape; Amount to Decommit: \$6,471.00
10. Contract # 018-190 – Center Park Board: Lehmkuhl Park; Amount to Decommit: \$10,000.00

The Administrative Office has either contacted or attempted to contact each of the grantees listed above to inform them of the recommended decommitment of funds to their projects.

I recommend the approval of the decommitment of funds to those projects in those dollar amounts as listed. The total amount of the de-commitment request is \$1,604,823.63. “

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the de-commitment of Outdoor Heritage Fund project funding for those projects and in those amounts as presented by the OHF program administrator, in a total amount of \$1,604,823.63.

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

With no further business, Governor Armstrong adjourned the meeting of the Industrial Commission at 4:00 p.m.

North Dakota Industrial Commission



Brenna Jessen, Recording Secretary



Karen Tyler, Interim Executive Director



Jordan Kannianen, Deputy Executive Director