



INDUSTRIAL COMMISSION OF NORTH DAKOTA

Doug Burgum
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Wednesday, January 24, 2024

Governor's Conference Room or Microsoft Teams – 1:00 pm

Meeting Coordinators:

Karen Tyler, Interim Executive Director

Reice Haase, Deputy Executive Director

Brenna Jessen, Grant Program Specialist and Recording Secretary

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 701-328-0950,,862518996#](#)

I. **Department of Mineral Resources – Lynn Helms, Mark Bohrer**

A. **Consideration of 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 (Attachment 1)
- 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-acre spacing unit (Attachment 2)
- 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 (Attachment 3)
- iv. **Order 32383 for Case 29775** regarding an administrative complaint of the Commission v. High Plains, Inc. (Attachment 4)

B. Other Department of Mineral Resources business

(approximately 1:45 pm)

II. North Dakota Pipeline Authority – Justin Kringstad

- A. Pipeline Authority Midstream Update (Attachment 5)
- B. Other Pipeline Authority business

(approximately 2:15 pm)

III. Industrial Commission Legal Update* – Phil Axt, Matt Sagsveen, Lynn Helms, Ryan Norrell, John Reiten

- A. Litigation Update
 - i. Northwest Landowners v. NDIC – Phil Axt
 - ii. NDIC v. DOI Quarterly Federal Lease Sales – Lynn Helms
- B. Federal Regulatory Update – Lynn Helms
 - i. BLM Resource Management Plan
 - ii. EPA Methane Rules
 - iii. Dakota Prairie Grasslands Travel Management Plan
 - iv. NYSE/SEC proposal for listing of Natural Asset Companies
 - v. BLM Venting and Flaring
 - vi. DAPL Draft Environmental Impact Statement
 - vii. Federal Executive Order 14008
- C. Other Industrial Commission Legal Updates

* Possible Executive Session under N.D.C.C. 44-04-19.1(9) & 44-04-19.2 for attorney consultation

(approximately 2:30 pm)

IV. Clean Sustainable Energy Authority – Reice Haase

- A. Presentation of CSEA Project Management and Financial Report (Attachment 6)
- B. **Consideration of Grant Round 5 Applications** (Attachment 7)
- C. Other Clean Sustainable Energy Authority business

(approximately 3:00 pm)

V. North Dakota Transmission Authority – Claire Vigesaa

- A. Presentation of Report on December 2023 Ice Storm (Attachment 8)
- B. **Consideration of authority to apply for FY 2024 Grid Resiliency grants under Section 40101(d) of the Bipartisan Infrastructure Bill** (Attachment 9)
- C. Other Transmission Authority business

(approximately 3:20 pm)

VI. North Dakota Housing Finance Agency – David Flohr, Kayla Axtman, Brandon Dettlaff, Pat Nagel

- A. **Consideration of Approval of Authorized Hearing Officer Resolution** – Dave Flohr (Attachment 10)
- B. Report on History of Bond Issues – Kayla Axtman, Brandon Dettlaff (Attachment 11)
- C. **Consideration of Pat Nagel Retirement Appreciation Resolution** – Dave Flohr (Attachment 12)
- D. Other Housing Finance Agency business

(approximately 3:40 pm)

VII. Bank of North Dakota – Todd Steinwand, Dave Flohr, Rob Pfennig

- A. **Consideration of Approval of Application Submission for Federal Home Loan Bank Affordable Housing Match Program** – Todd Steinwand, Dave Flohr (Attachment 13)
- B. **Consideration of Approval of BND 2024 Annual Budget** – Rob Pfennig (Attachment 14)
- C. Presentation of Non-confidential BND Advisory Board meeting minutes:
 - i. November 15, 2023 Nonconfidential Finance and Credit Committee Minutes (Attachment 15)
 - ii. November 16, 2023 Nonconfidential Leadership Development and Compensation Committee Minutes (Attachment 16)
 - iii. November 16, 2023 Nonconfidential Audit and Risk Committee Minutes (Attachment 17)
 - iv. November 16, 2023 Nonconfidential Advisory Board Committee Minutes (Attachment 18)
- D. Other Bank of North Dakota Business

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

(approximately 4:00 pm)

VIII. Bank of North Dakota Executive Session – Todd Steinwand, Craig Hanson, Kirby Evanger

- A. **Consideration of One Loan Application** – Craig Hanson (Confidential Attachment 19)
- B. **Consideration of BND De Minimus Cap Resolution** – Todd Steinwand (Confidential Attachment 20)

- C. Presentation of Loan Charge-Offs and Recoveries Year-to-Date – Kirby Evanger (Confidential Attachment 21)
- D. Presentation of Determination of Uncollectable Loans – Kirby Evanger (Confidential Attachment 22)
- E. Presentation of Confidential BND Advisory Board meeting minutes:
 - v. November 15, 2023 Confidential Finance and Credit Committee Minutes (Confidential Attachment 23)
 - vi. November 16, 2023 Confidential Advisory Board Committee Minutes (Confidential Attachment 24)
- F. Other Bank of North Dakota confidential business

(approximately 4:30 pm)

IX. Attorney Consultation

- A. Changes to the Renewable Energy Standard and the Newly Created Carbon Free Standard under Minn. Stat. § 216B.1691
- B. EPA Mercury and Air Toxics Standards

Meeting Returns to Public Session

X. Formal actions taken in open session

(approximately 4:55 pm)

XI. Office of the Industrial Commission – Karen Tyler, Reice Haase

- D. **Consideration for Approval of December 18, 2023 Meeting Minutes** (Attachment 25)
- E. Other Office of the Industrial Commission Business

(approximately 5:00 pm)

XII. Adjournment

Next Meeting – February 28th, 2023, 1:00 pm
Governor’s Conference Room, Bismarck, ND

Docket for Hearing
Wednesday, August 16, 2023
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

Case No. 28907, Order No. 32940: Application of Versa Energy LLC requesting an order pursuant to NDCC § 38-08-08 determining the proper costs 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, and such other relief as is appropriate.

Docket for Hearing
Thursday, December 14, 2023
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

Case No. 30510, Order No. 33123: 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.

Docket for Hearing
Thursday, December 14, 2023
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

Case No. 30605, Order No. 33312: 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.

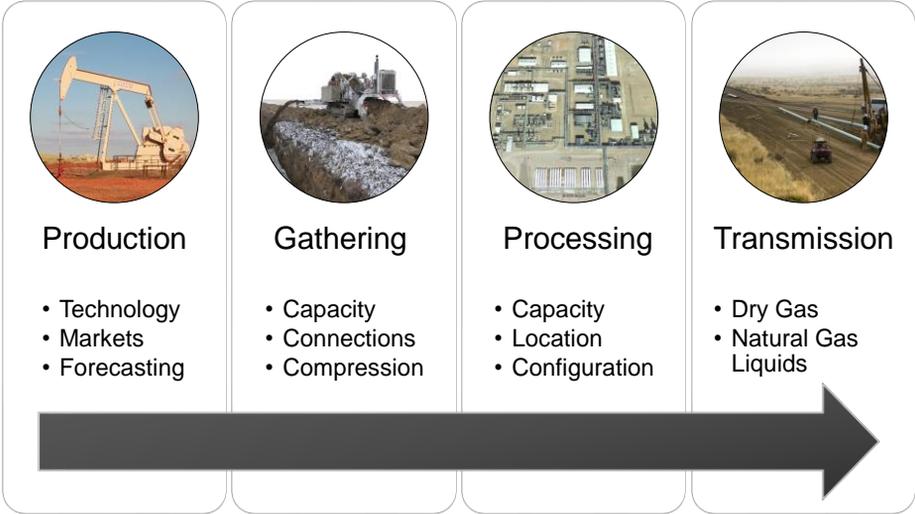
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

Case No. 29775, Order No. 32383: Regarding an administrative complaint of the North Dakota Industrial Commission, Complainant, v. High Plains, Inc.

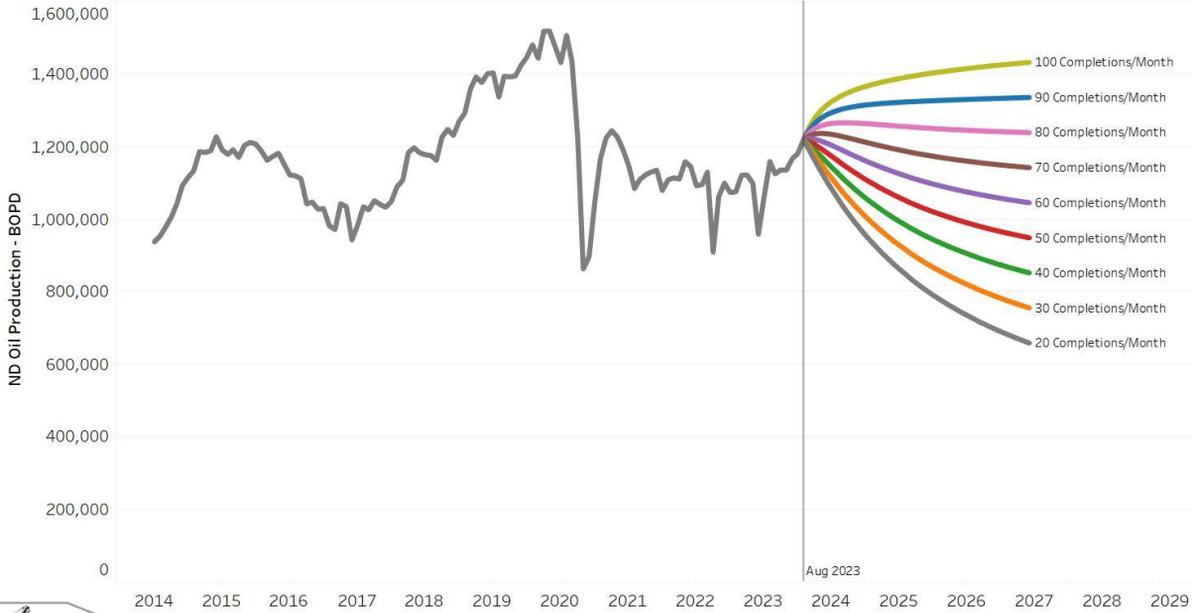
North Dakota Midstream Update



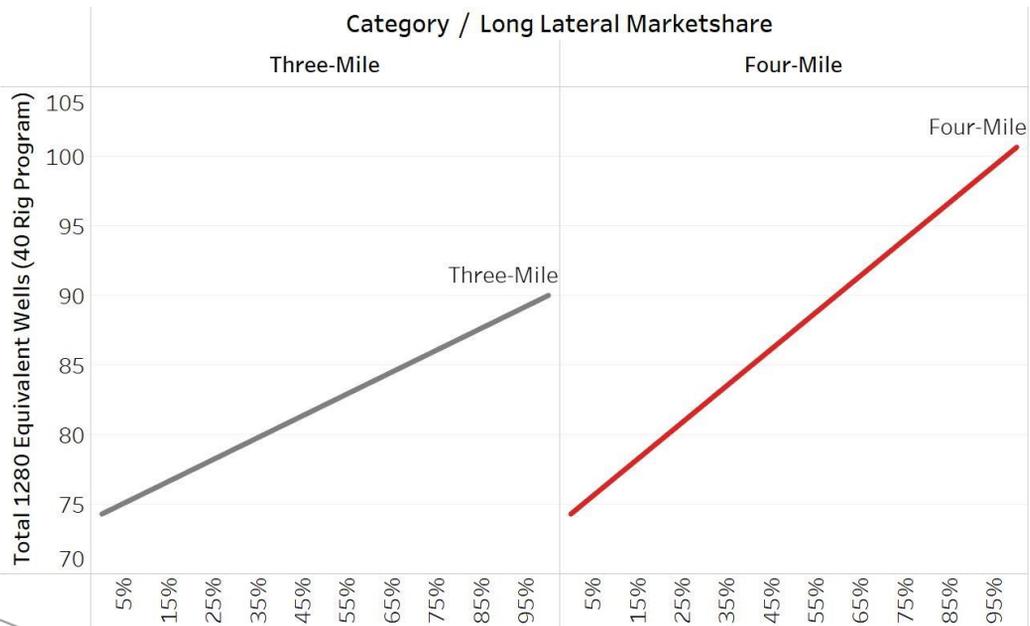
A Complete Natural Gas Solution



Monthly Completion* Scenarios - Oil



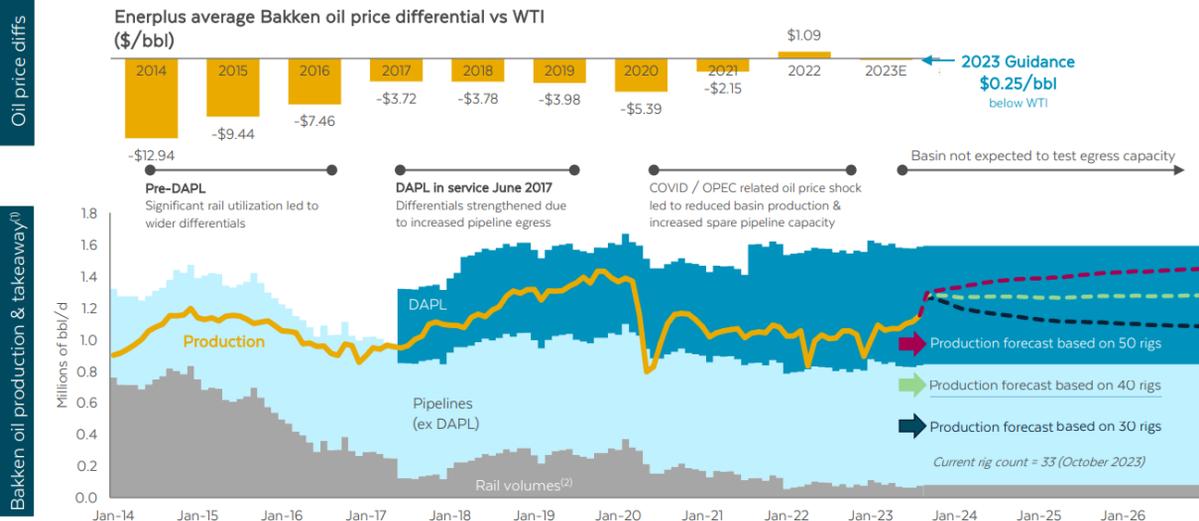
How Three and Four Mile Laterals Impact Efficiency



Enerplus Presentation Date: 11-2-2023

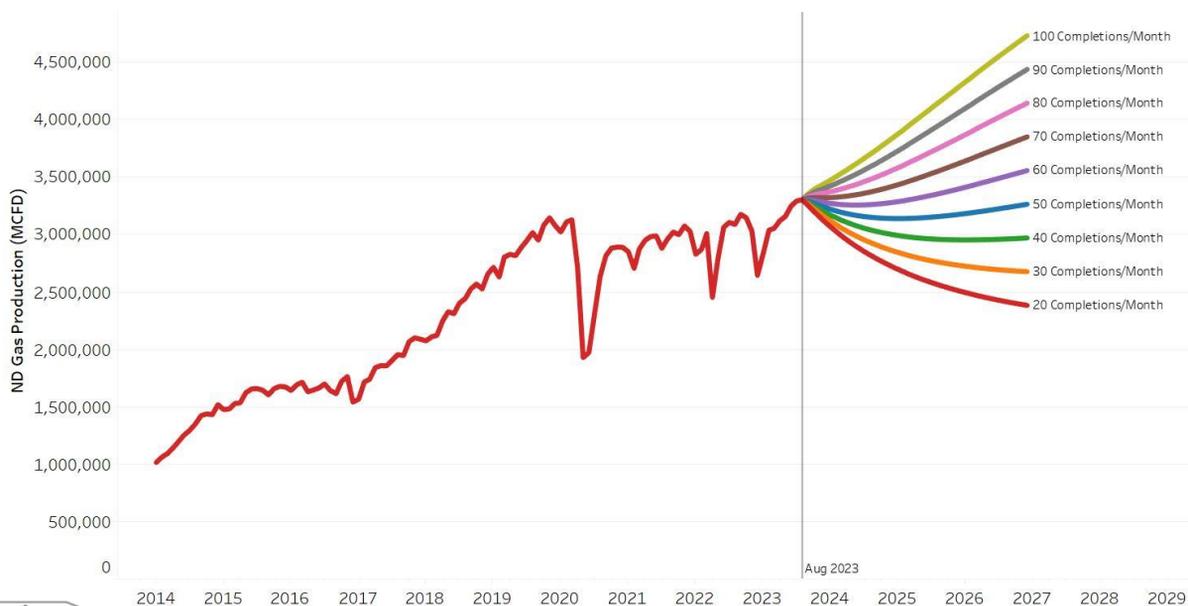


Bakken oil price strength supported by ample pipeline capacity

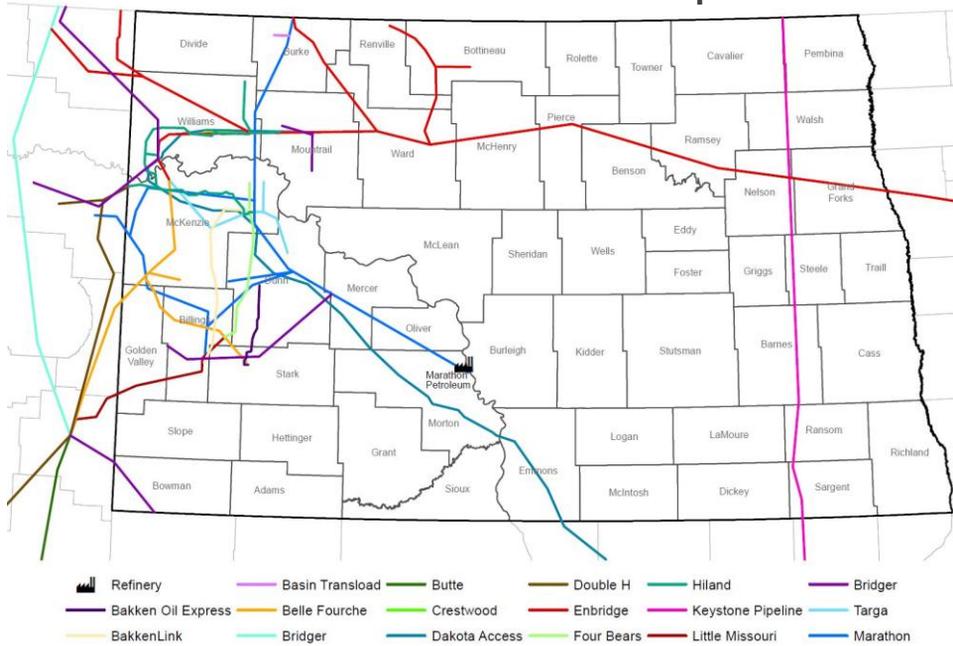


1) Source: North Dakota Industrial Commission (NDIC), Company estimates, Wood Mackenzie. Production is shown net of local refining demand.
 2) Forecast rail volumes assume 80 mb/d are contracted going forward.

Monthly Completion* Scenarios - Gas

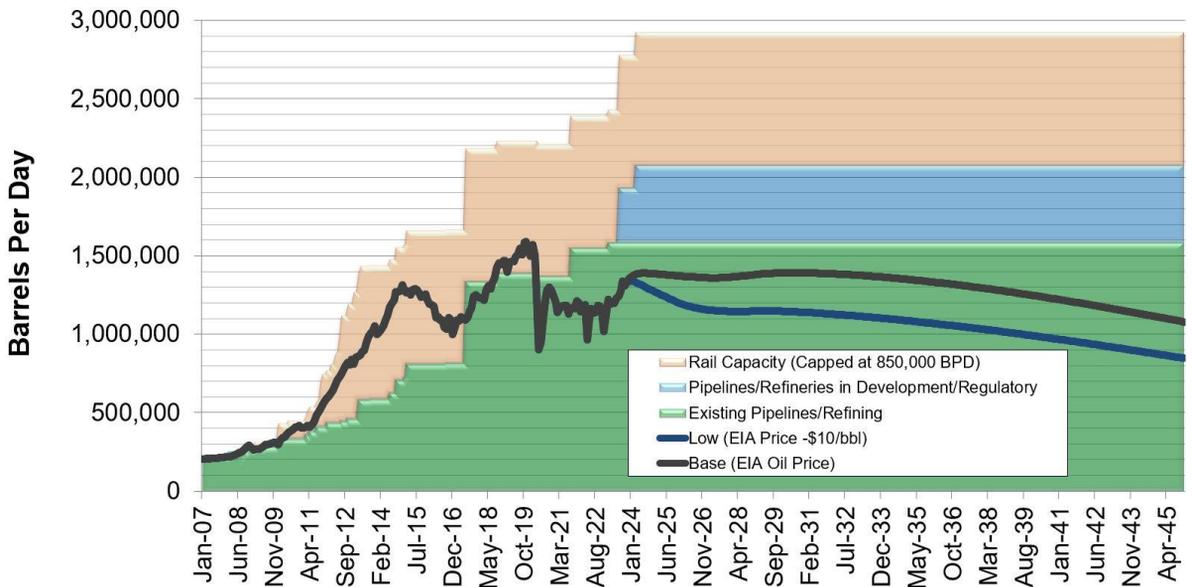


North Dakota Oil Transmission Pipelines



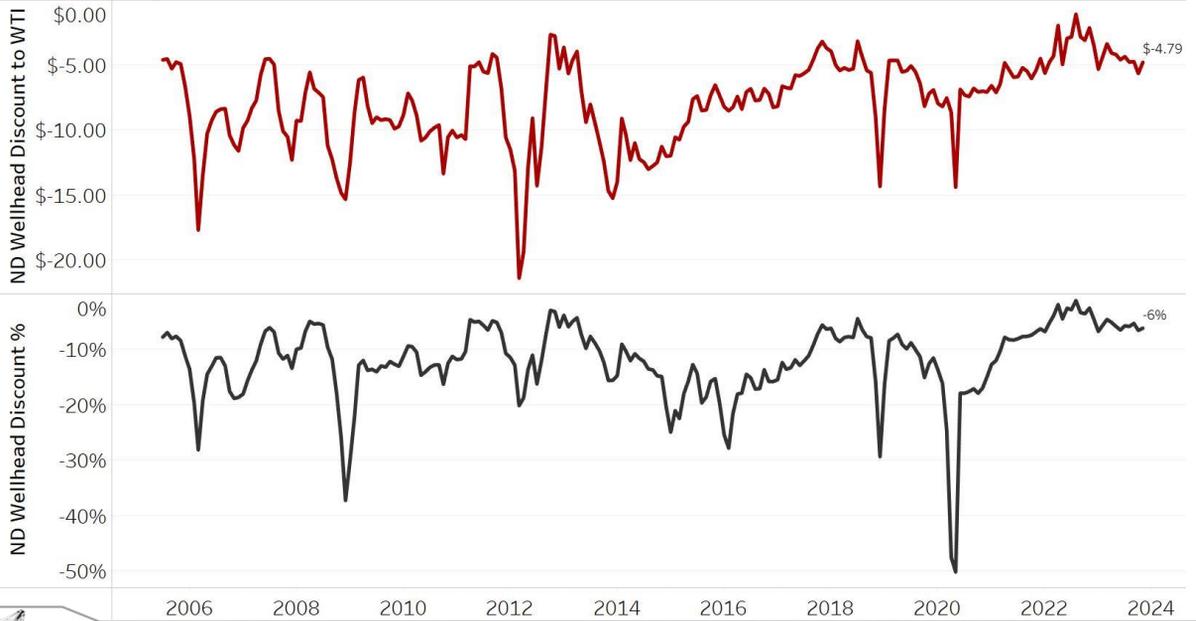
JJ Kringstad - North Dakota Pipeline Authority

Williston Basin Oil Production & Export Capacity, BOPD



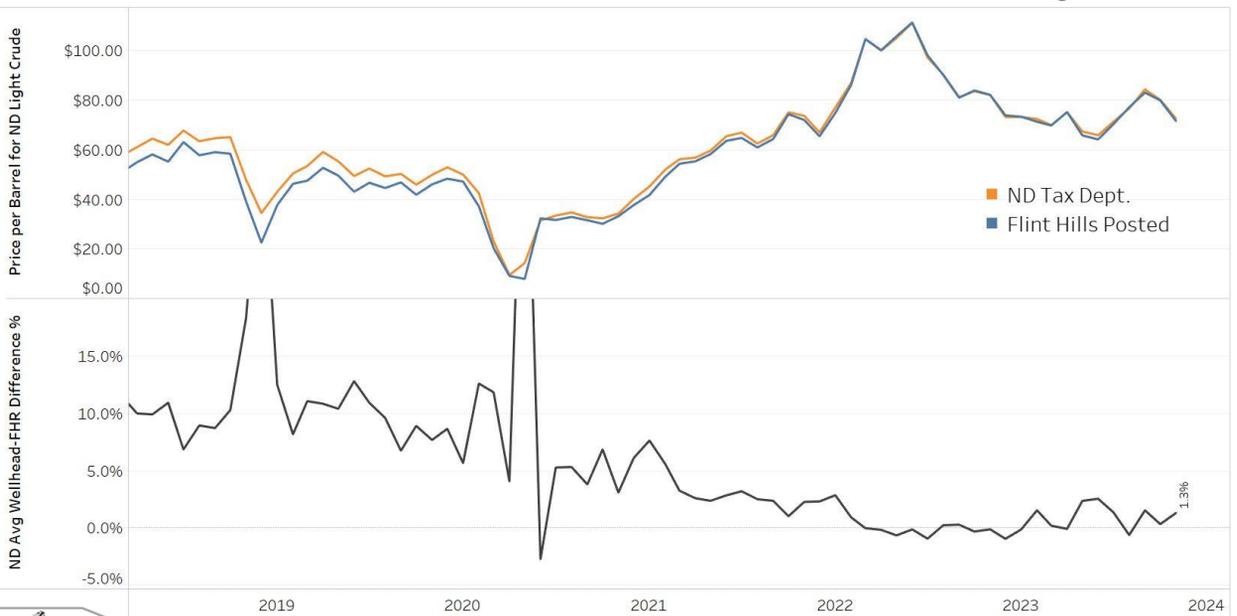
JJ Kringstad - North Dakota Pipeline Authority

Average North Dakota Oil "Discount" to WTI



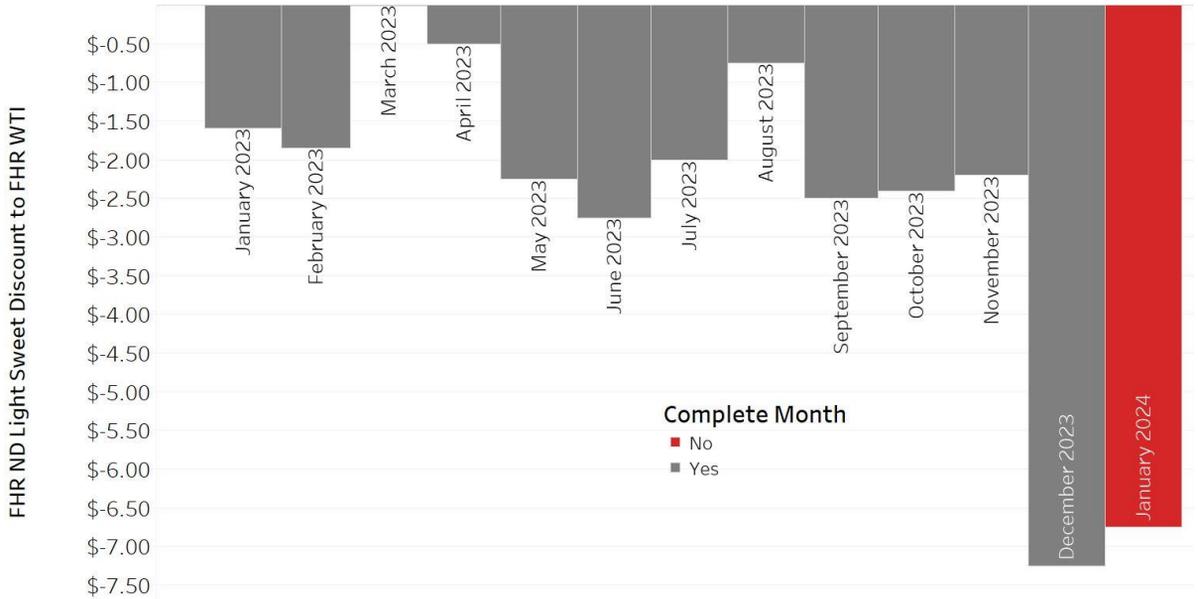
JJ Kringstad - North Dakota Pipeline Authority

ND Wellhead Vs Flint Hills Postings

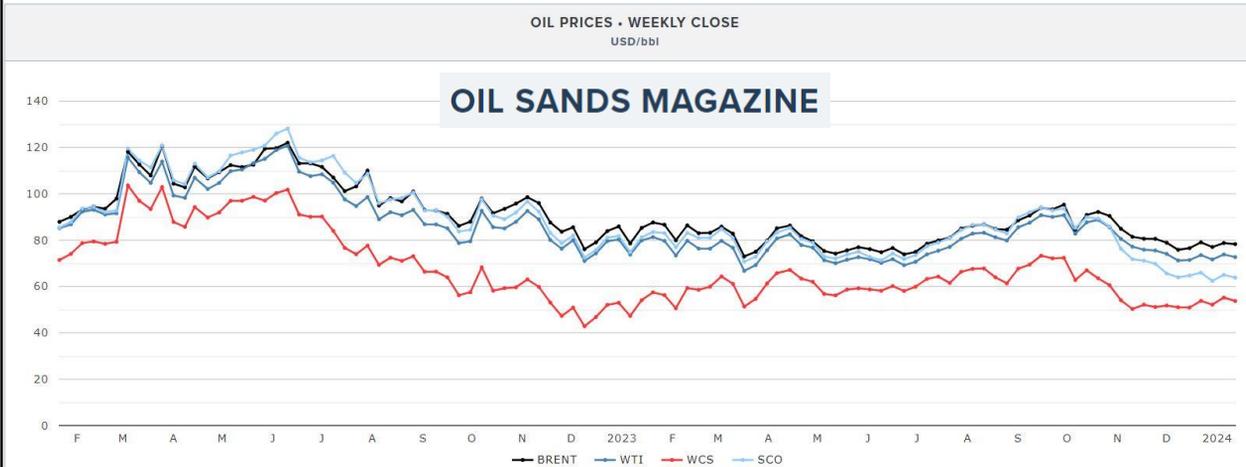


JJ Kringstad - North Dakota Pipeline Authority

FHR ND Light Sweet Discount to FHR WTI



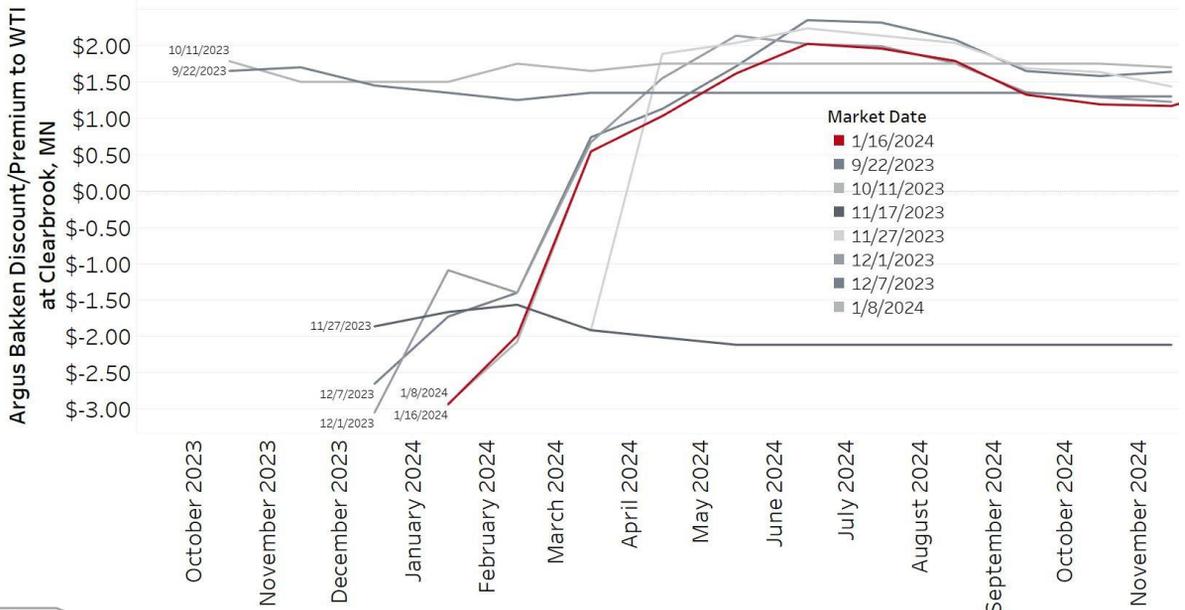
Canadian Oil Prices*



Trans Mountain Pipeline

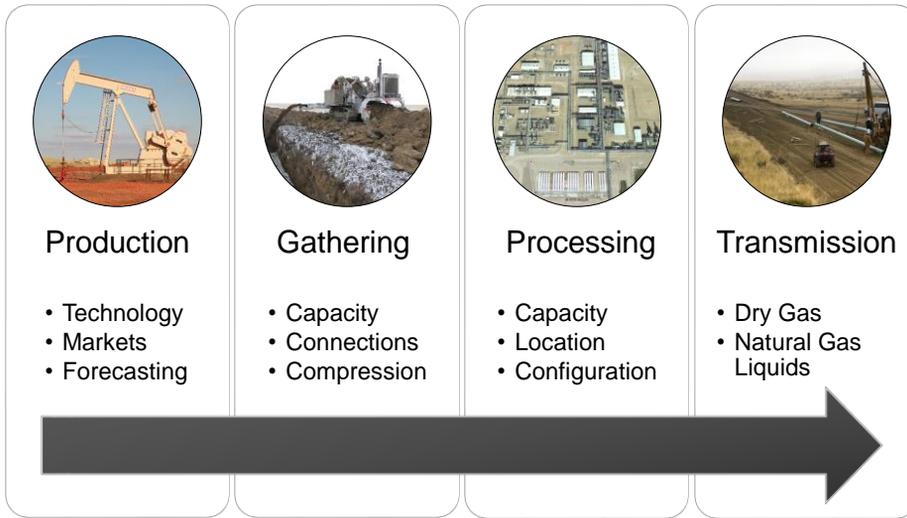


Clearbrook, MN Bakken Futures*

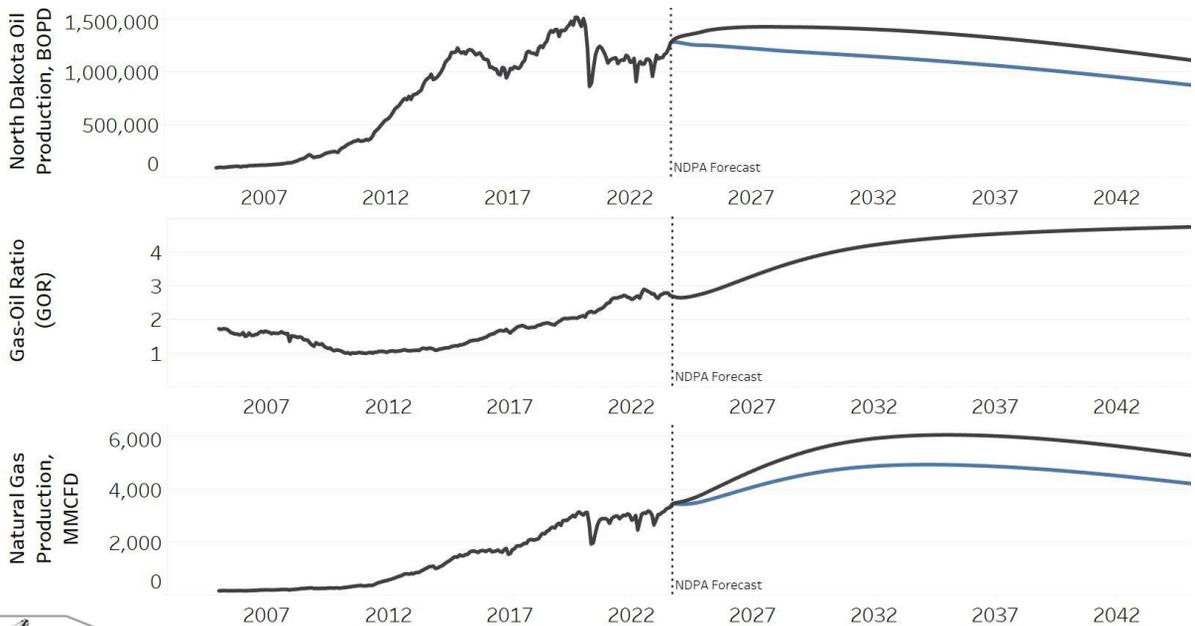


*Referenced to WTI

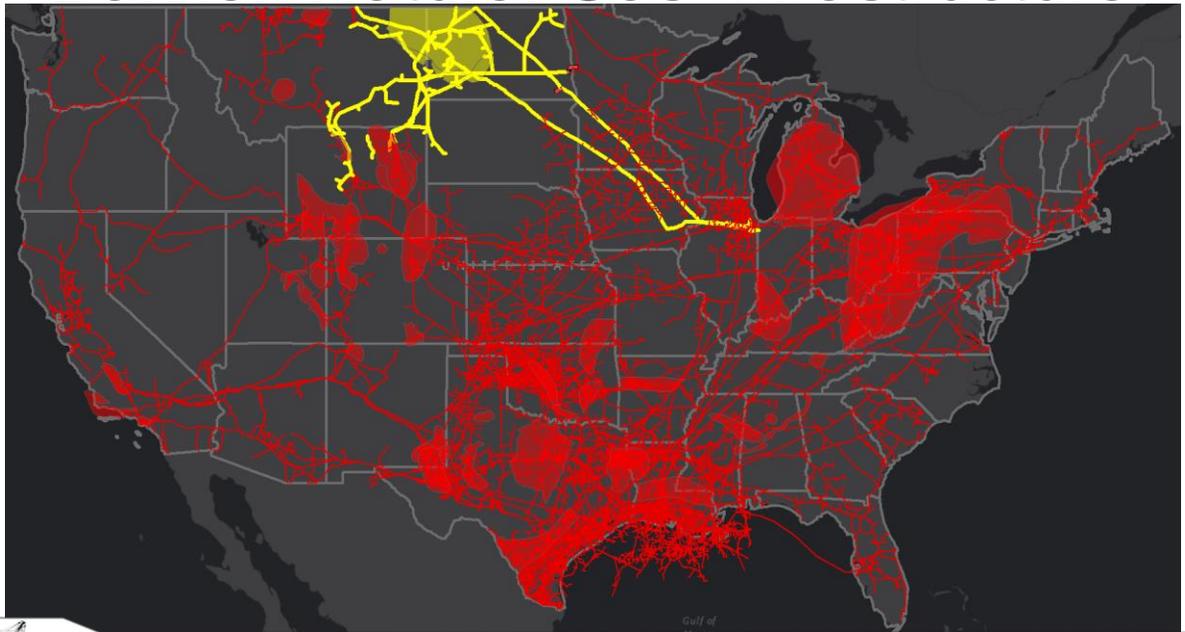
A Complete Natural Gas Solution



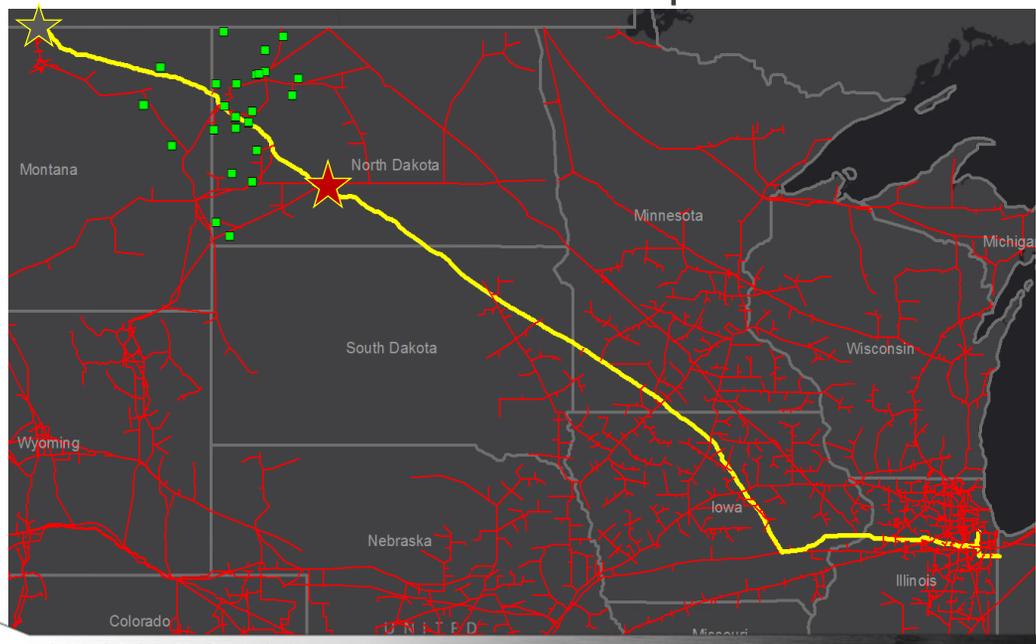
ND Production Forecast: EIA Price Deck



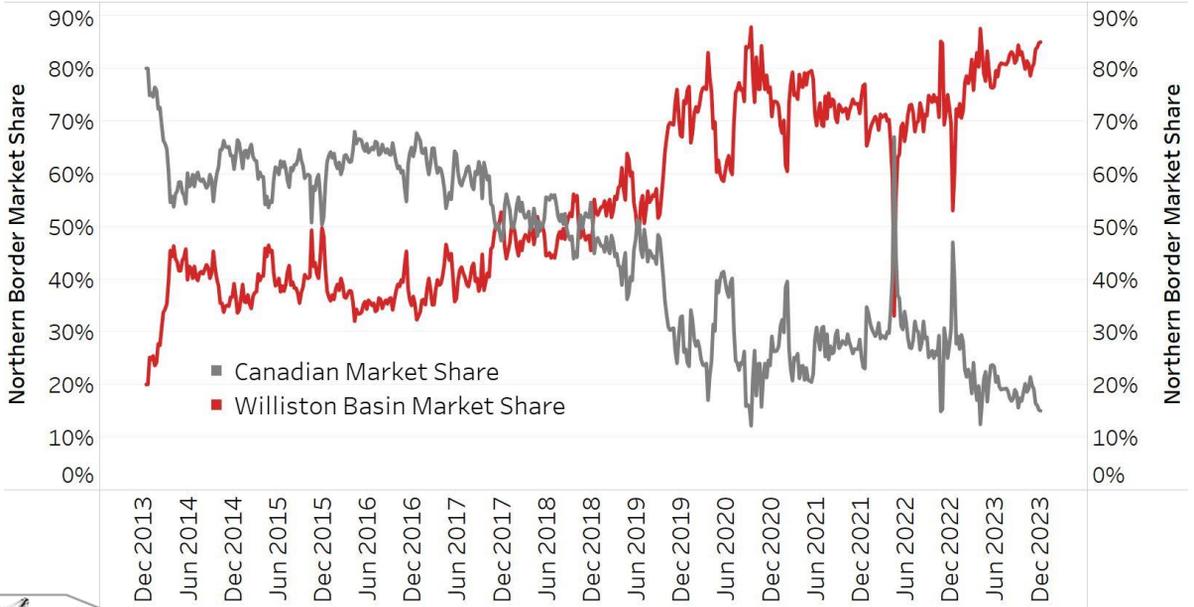
Bakken Natural Gas Infrastructure



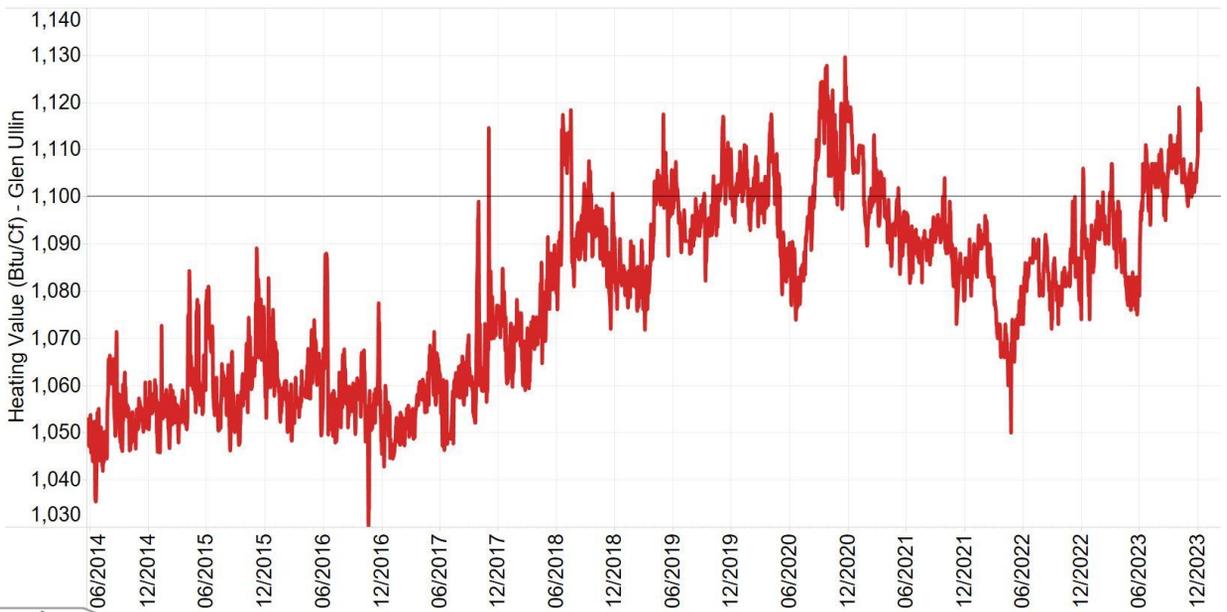
Northern Border Pipeline



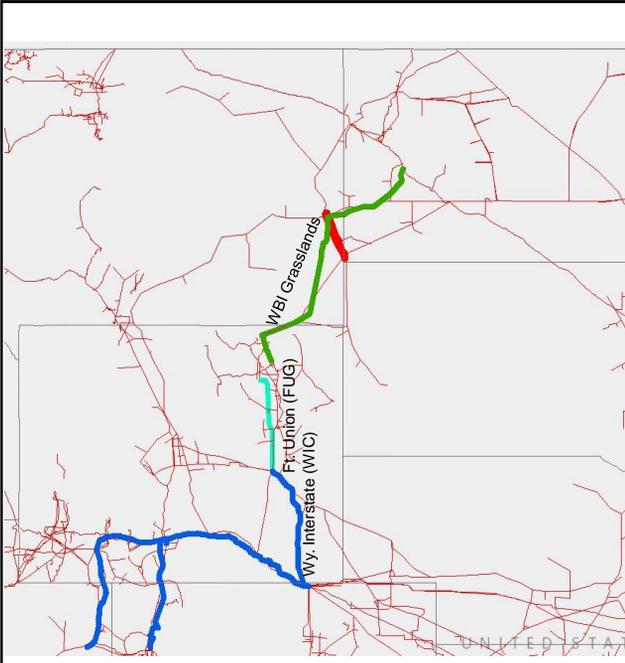
Northern Border Pipeline Market Share



Northern Border BTU at Glen Ullin, ND



WBI Energy – Grasslands South Project



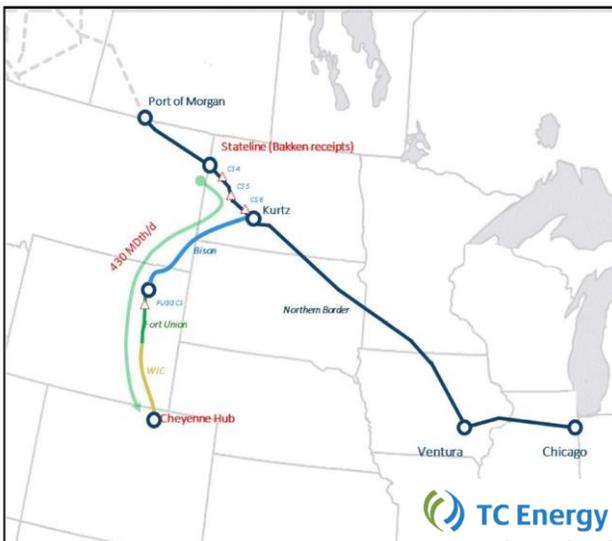
Project Highlights

- 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.

Proposed Tariff Rates

- WBI \$0.32356/Dth + Fuel/Elec to WIC/FUG Interconnect
- FUG/WIC to Cheyenne \$0.2899/Dth + Fuel/Elec

TC Energy / Kinder Morgan: Bakken xPress Project



Project Highlights

- 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

Proposed Tariff Rates

- NBPL/Bison \$0.45/Dth + Fuel/Elec to WIC/FUG Interconnect
- WIC/FUG to Cheyenne \$0.30/Dth + Fuel/Elec
- Anchor Shipper Minimum: 50,000 Dth/Day

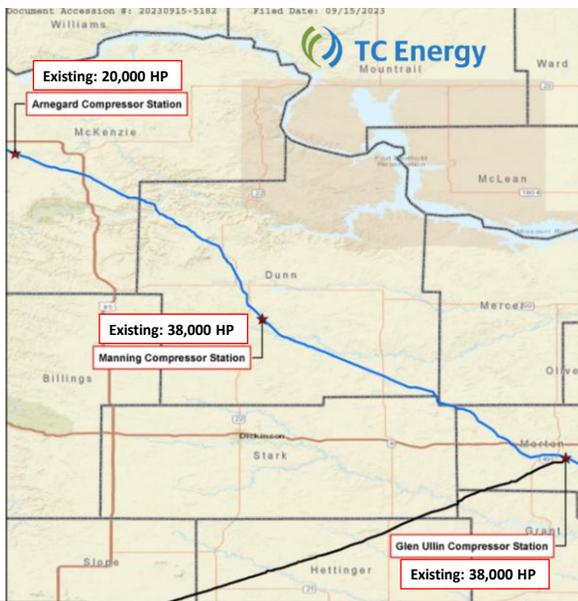
Project Timeline To Date



Anticipated FERC Timeline*



TC Energy: Bison XPress Project*



Project Highlights

- 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)

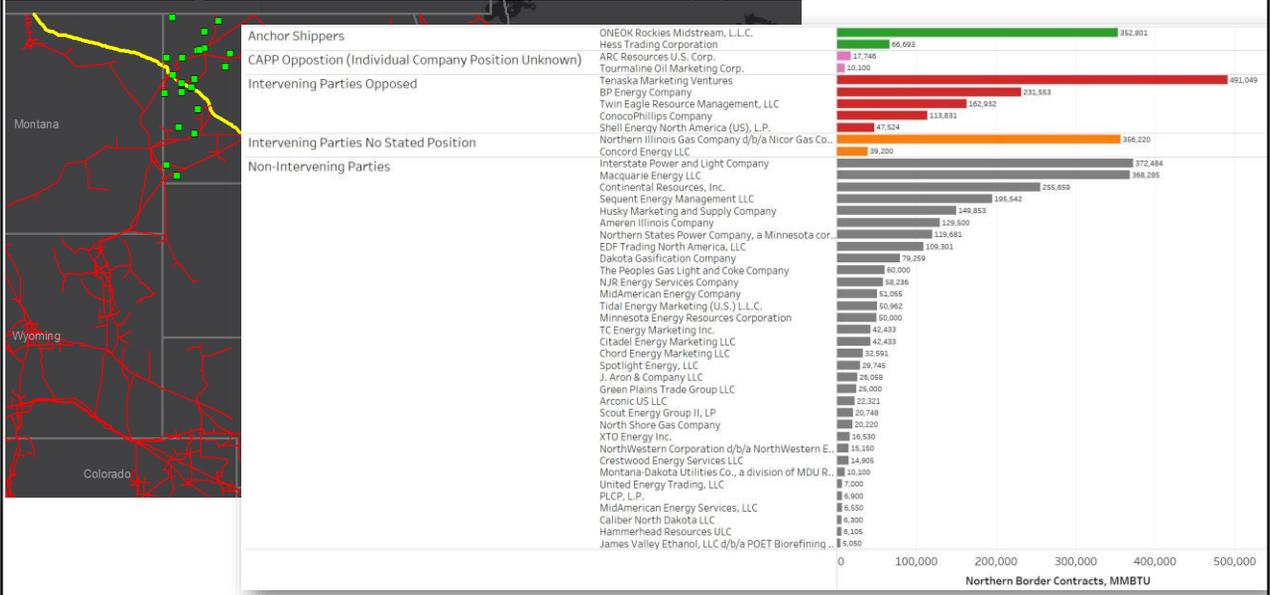
Proposed Horsepower

Existing 96,000 HP Increased to 250,540 HP

Compressor Station	Certificated HP*	HP on Standby**
Arnegard No. 4		
2 - Solar Titan 130 units (each 23,470 HP)	42,964	3,976
TOTAL	42,964	3,976
Manning No. 5		
2 - Solar Titan 250 units (each 31,900 HP)	59,978	3,822
Rolls Royce RB211 (existing)		38,000
TOTAL	59,978	41,822
Glen Ullin No. 6		
2 - Solar Titan 250 units (each 31,900 HP)	60,684	3,116
Rolls Royce RB211 (existing)		38,000
TOTAL	60,684	41,116
GRAND TOTAL	163,626	86,914

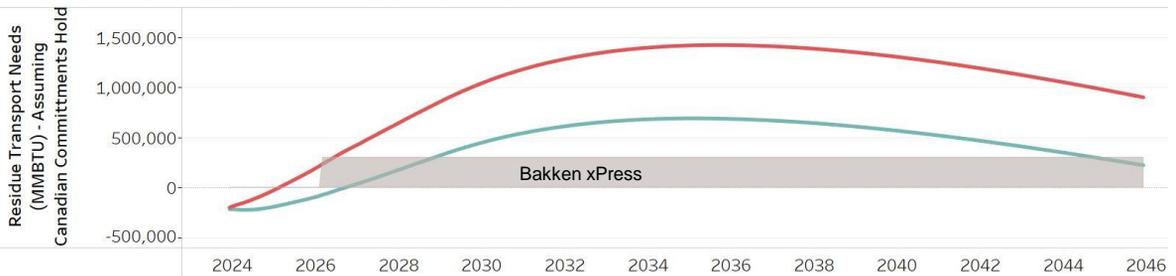


Existing Northern Border Shipper Mix: FERC Status*

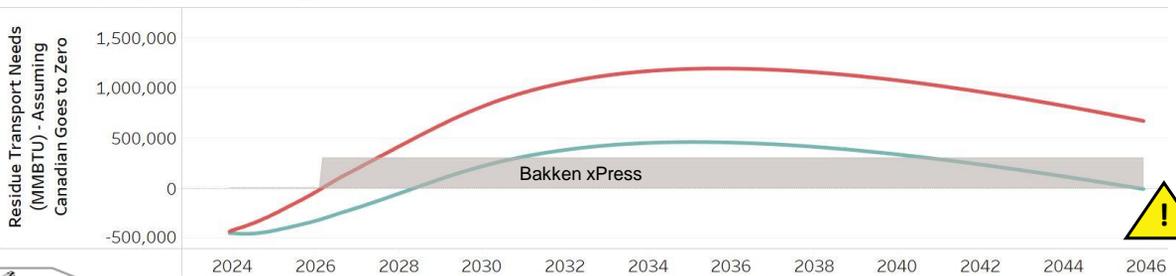


Residue Capacity Needs : Glen Ullin 1,100 BTU

Residue Capacity Need: Port of Morgan at Contract Level: Glen Ullin BTU 1,100

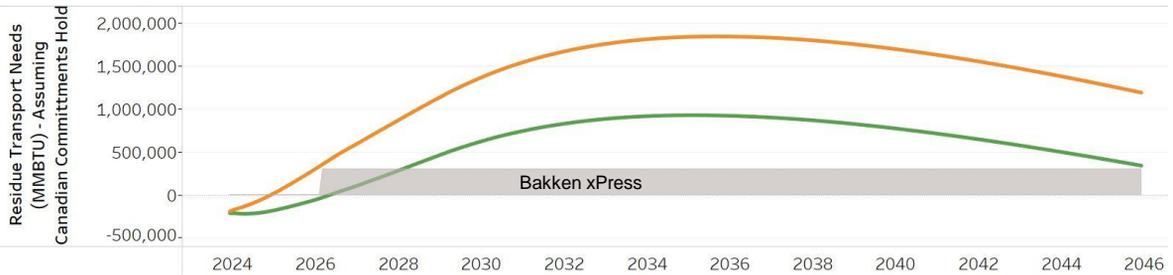


Residue Capacity Need: Port of Morgan Goes to Zero: Glen Ullin BTU 1,100

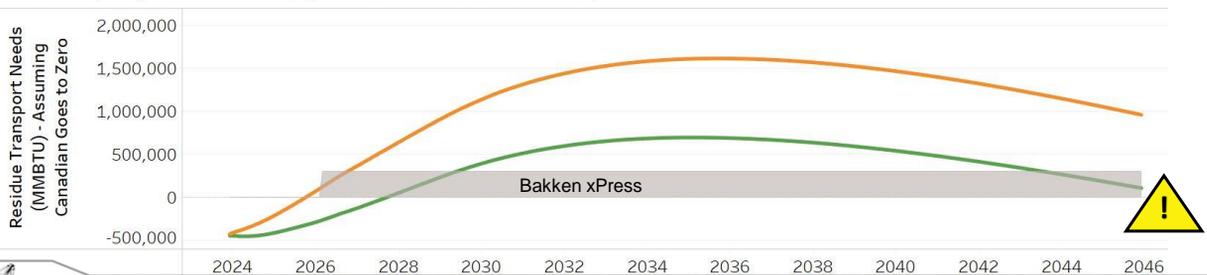


Residue Capacity Needs : Glen Ullin 1,150 BTU

Residue Capacity Need: Port of Morgan at Contract Level: Glen Ullin BTU 1,150



Residue Capacity Need: Port of Morgan Goes to Zero: Glen Ullin BTU 1,150



Options Beyond 2026: The 5 “C’s”

Construction (Interstate)

- Long-haul Pipe to New or Expanded Markets

Compete

- Price Canadian Volumes to Flow Elsewhere

Compression

- Increase Capacity on Existing Interstate Systems

Consumption

- Intra Region Gas Demand Expansion

Contraction

- Reduce E&P Activity to Meet Limited Gas Options



Driving Forces for New Gas Pipelines



Supply Push



Demand Pull



System Reliability



Who Signs Up For Capacity?

Shippers



Producers/Midstream



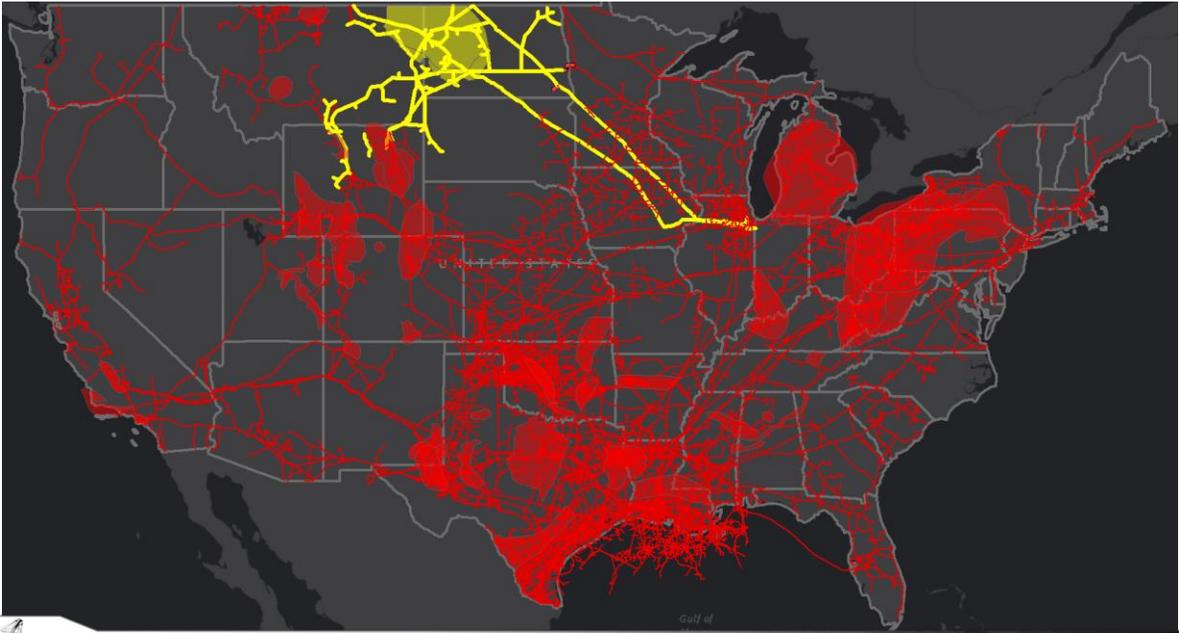
Marketing Firms



Consumers/LDC



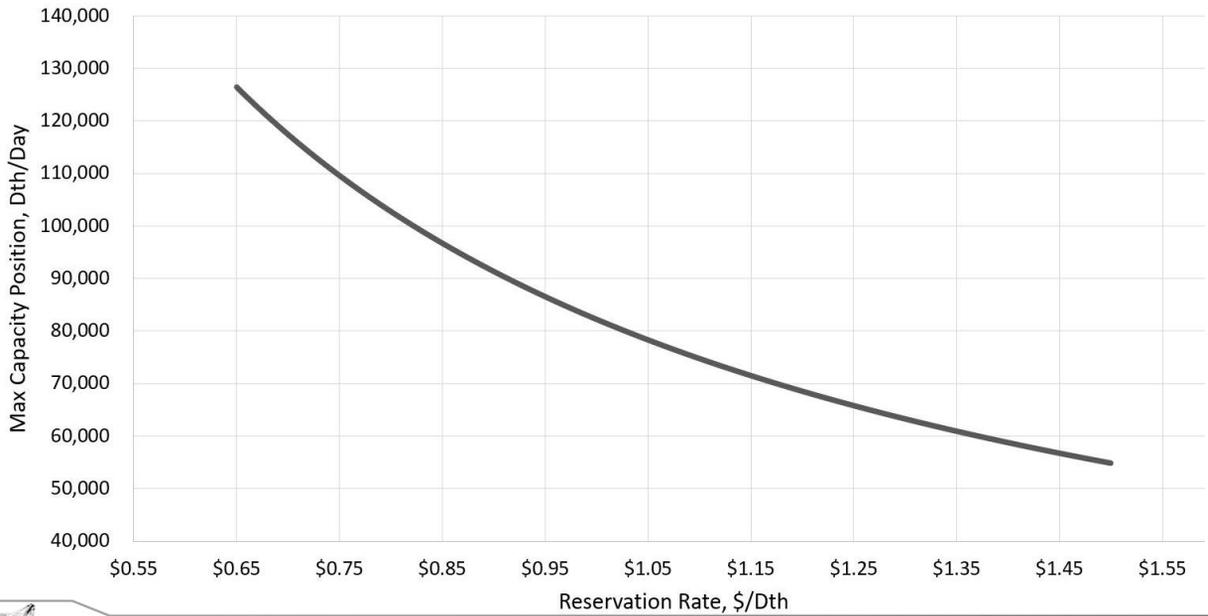
Bakken Natural Gas Infrastructure



Major Residue Gas Pipeline Infrastructure



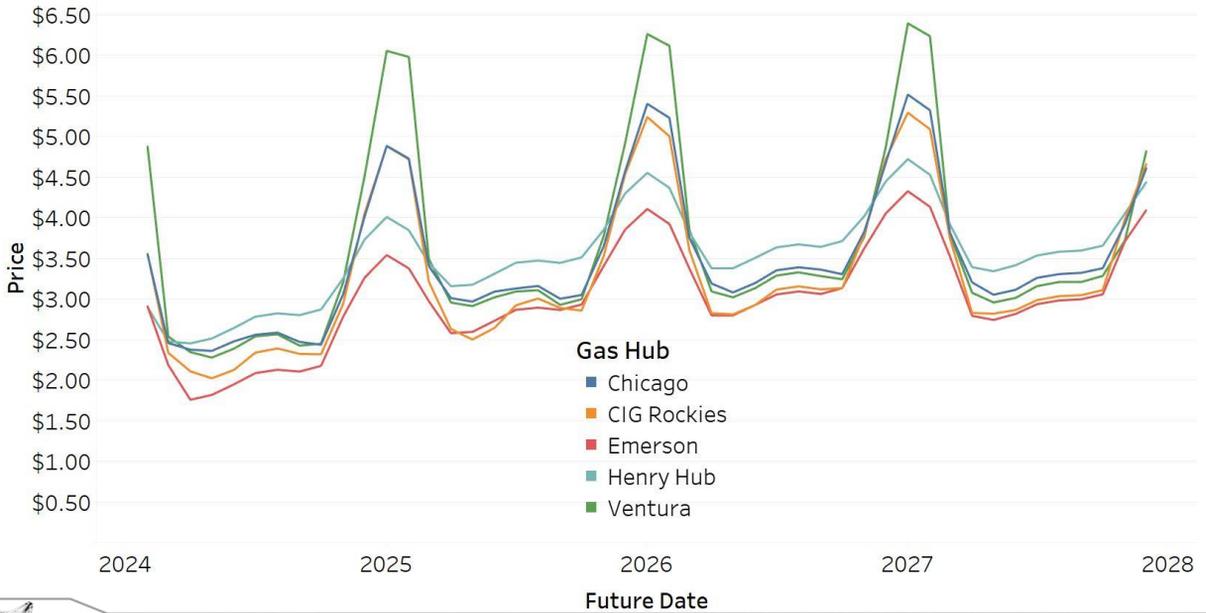
Capacity and Reservation Rate at \$30M/Yr



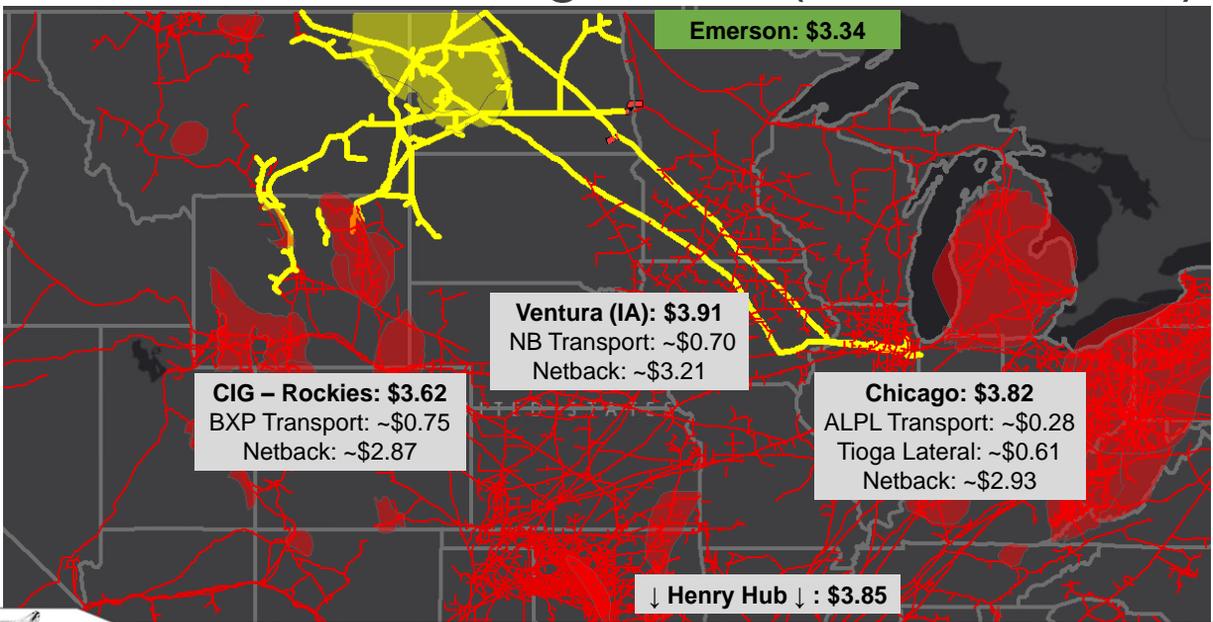
Where to next?



Regional Gas Hub Pricing*



Natural Gas Pricing: 2027 (ICE: 1-16-24)



Eastern North Dakota Natural Gas

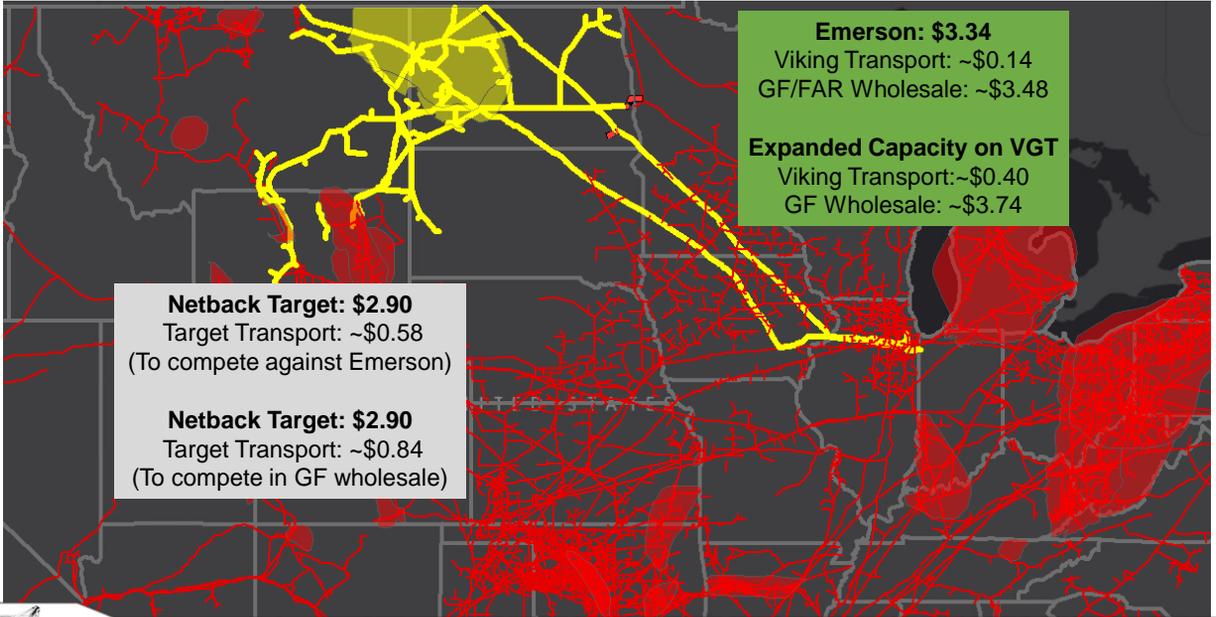


Why is gas expansion to eastern North Dakota so challenging?....

...And why is demand growth so important to the potential project success?



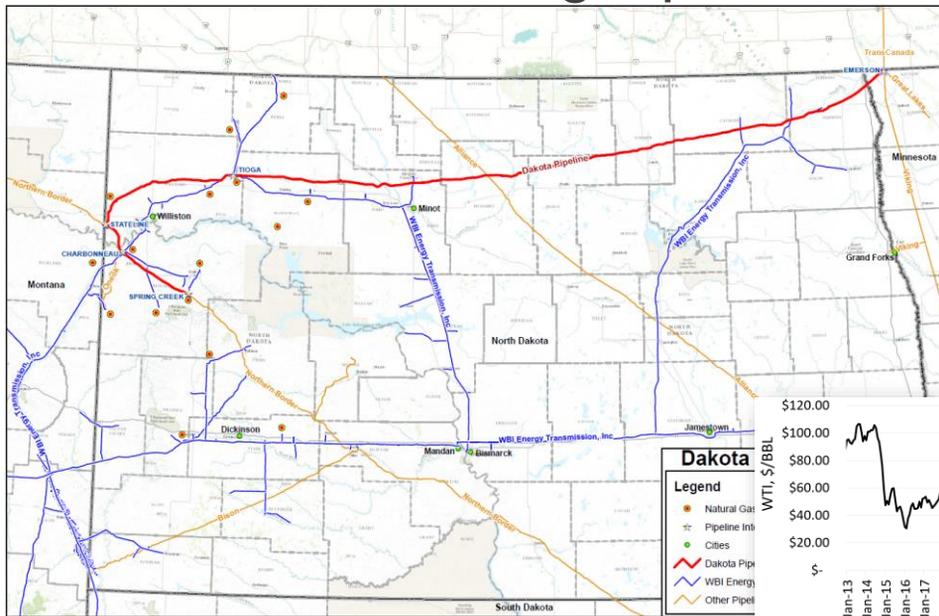
Natural Gas Pricing: 2027 (ICE: 1-16-24)



JJ Kringstad - North Dakota Pipeline Authority

Transport is generalized and does not include fuel/misc. charges 39

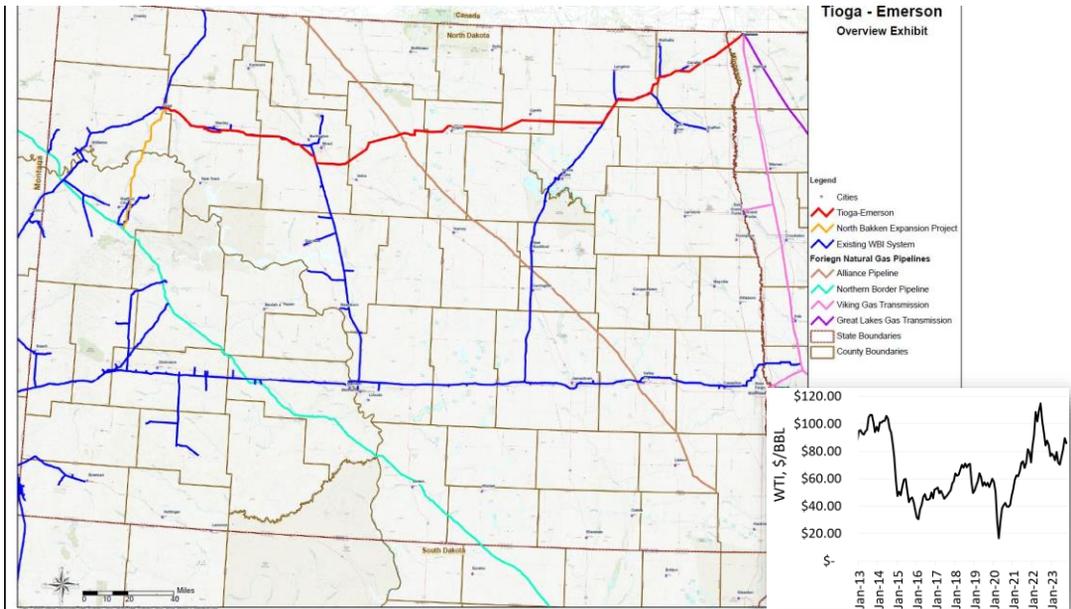
Jan. 2014 Non-Binding Open Season



JJ Kringstad - North Dakota Pipeline Authority

40

Jan. 10, 2020 Non-Binding Open Season



Jan. 10, 2020 Non-Binding Open Season

Project Overview and Capacity

The Project will create new firm transportation takeaway capacity which will be primarily utilized to transport increasing volumes of associated natural gas, from the prolific Bakken producing region in western North Dakota and eastern Montana, to interconnections with existing interstate pipeline systems located along the proposed Project route or at the Emerson pipeline hub in northwestern Minnesota. These interconnecting pipelines may include Alliance Pipeline L.P., Viking Gas Transmission Company and Great Lakes Gas Transmission Limited Partnership. The primary markets served by these pipelines include those in eastern North Dakota, Minnesota, Wisconsin, Michigan, Iowa and Illinois. A map showing the proposed route for the Project is attached.



The initial design of the Project includes approximately 330 miles of new 24-inch diameter high pressure steel pipeline, compression and various measurement and interconnection facilities. Based on this initial design, the Project will have a capacity of up to 600,000 equivalent dekatherms per day (dkt/day). The final design of the Project may change based on the results of this Open Season and any subsequent binding open season(s). The targeted in-service date of the Project is November 1, 2023.

Jan. 10, 2020 Non-Binding Open Season

WBI Energy may also offer shippers a negotiated reservation rate for firm transportation under service under the Project. WBI Energy has estimated that a daily negotiated reservation rate of approximately \$0.65 to \$0.75 per dekatherm will be necessary to support the Project.

In addition to the reservation rates, shippers will also be responsible for fuel use, lost and unaccounted for gas, electric power charges, commodity charges and all applicable surcharges as approved by the FERC for firm transportation service under the Project, as such may be in effect from time to time.



Term

WBI Energy estimates a term of fifteen (15) years will be necessary to support the Project as proposed.

Anchor Shipper Status

WBI Energy may consider negotiating anchor shipper status on the Project for shippers that submit Non-binding Indication of Interest during this Open Season that:

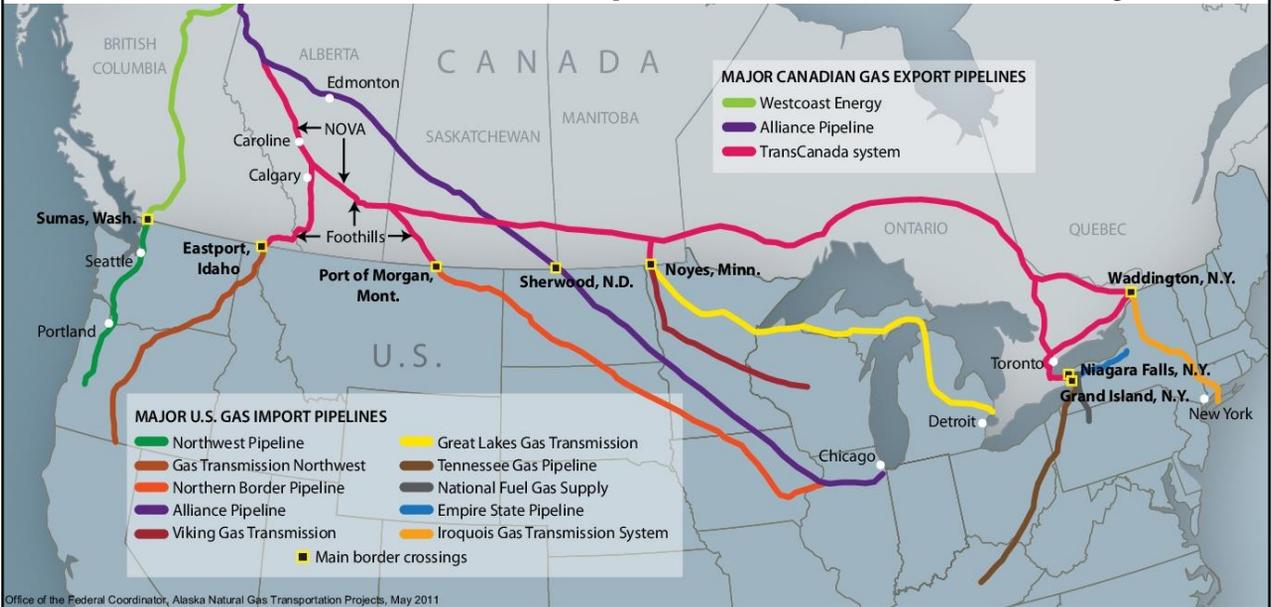
- Commits to a maximum daily delivery quantity (MDDQ) of at least 100,000 equivalent dkt/day; and,
- Reflects a primary term of at least fifteen (15) years following the commencement of service of the Project.



Alliance as a First Step Eastward?



Canadian Gas Pipeline Connectivity



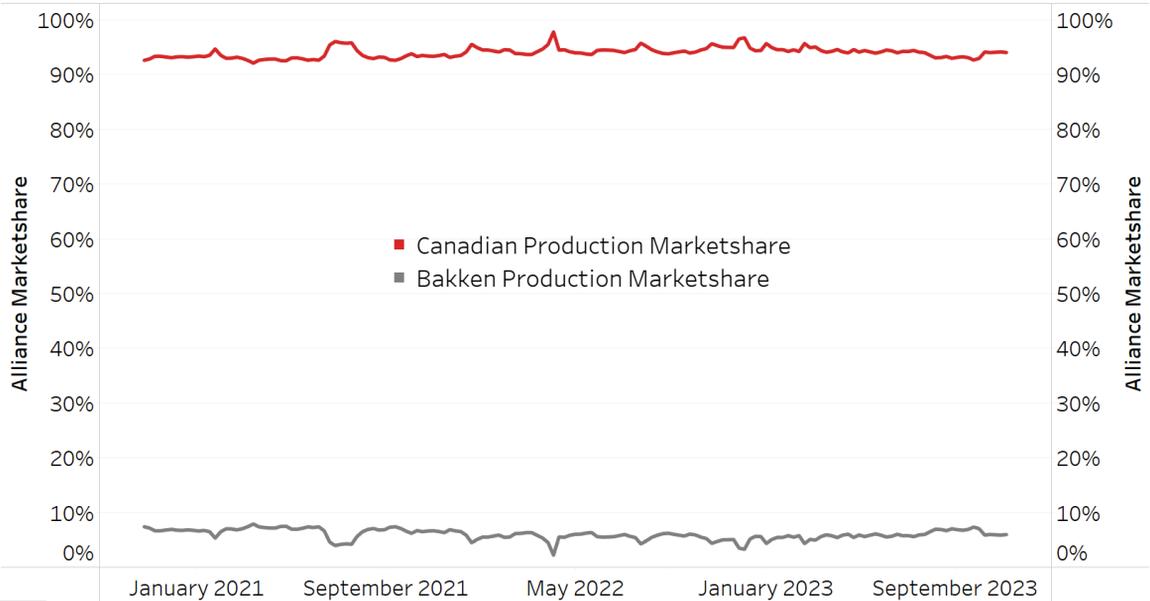
Office of the Federal Coordinator, Alaska Natural Gas Transportation Projects, May 2011



JJ Kringstad - North Dakota Pipeline Authority

45

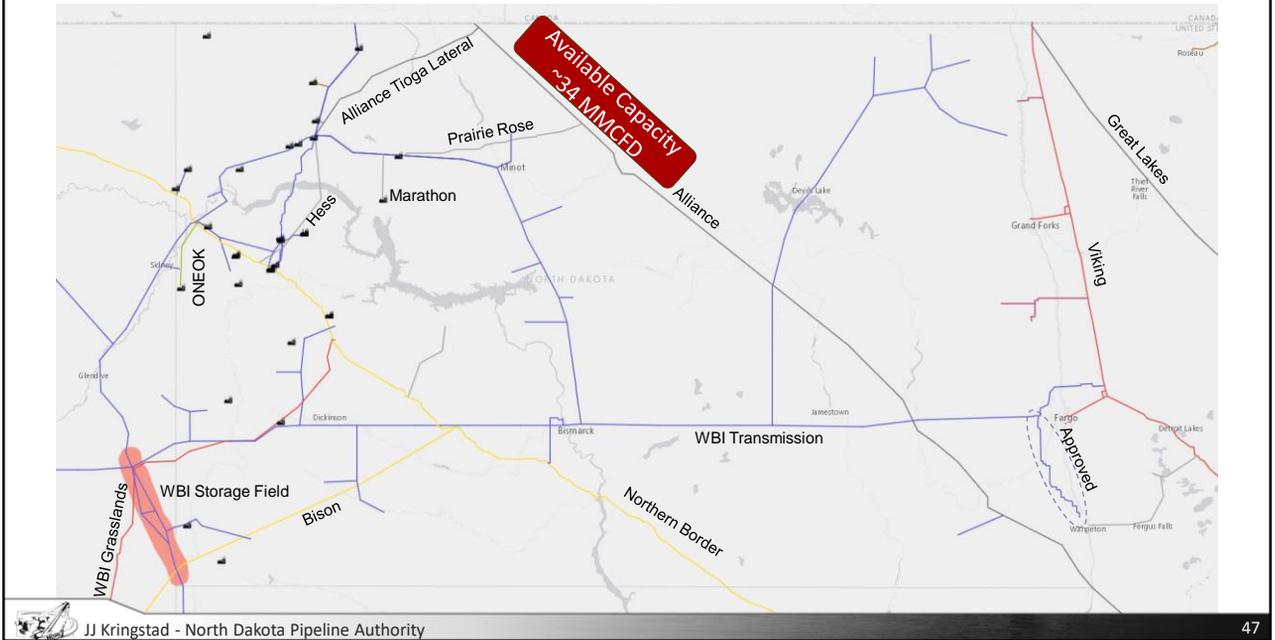
Alliance Pipeline Market Share: ~1.6 BCFD Capacity



JJ Kringstad - North Dakota Pipeline Authority

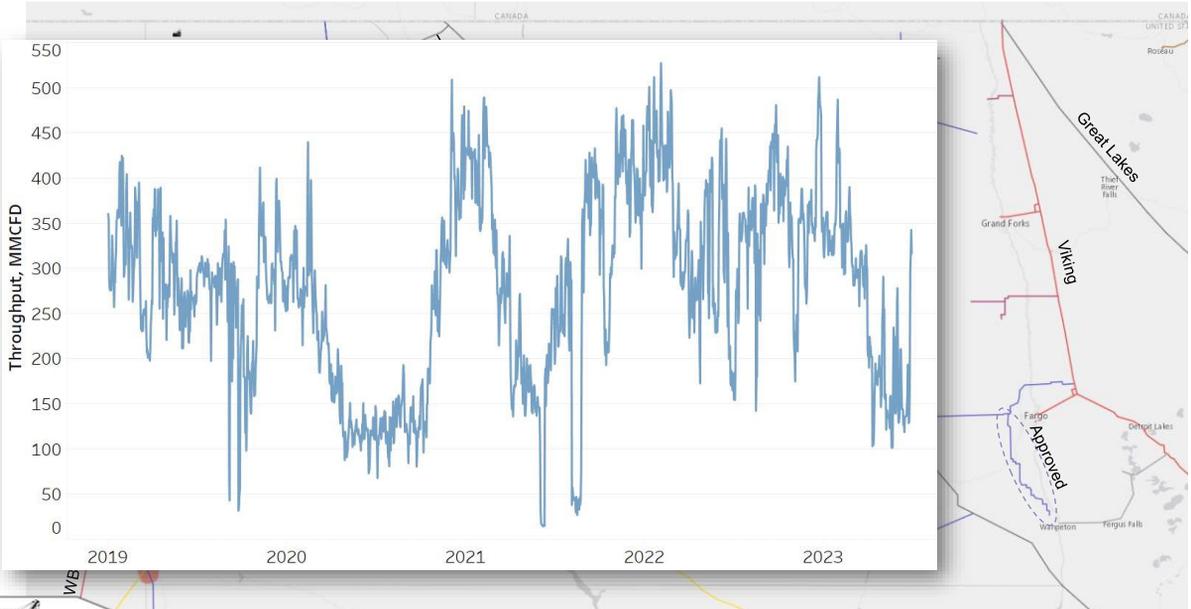
46

Major Residue Gas Pipeline Infrastructure

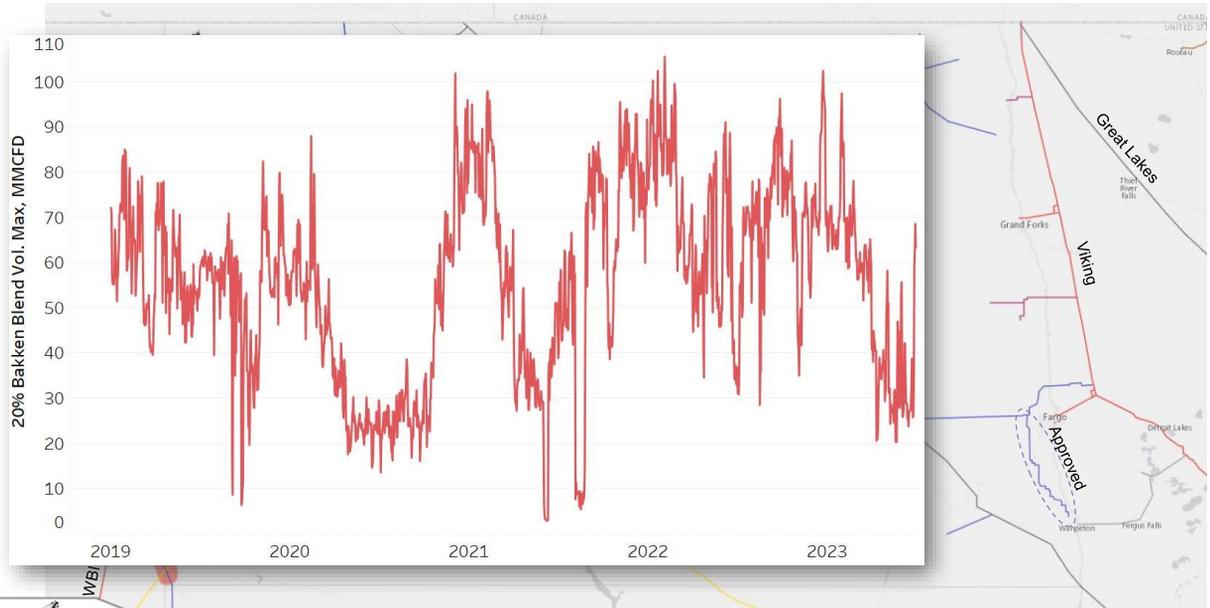


Viking / Red River Valley

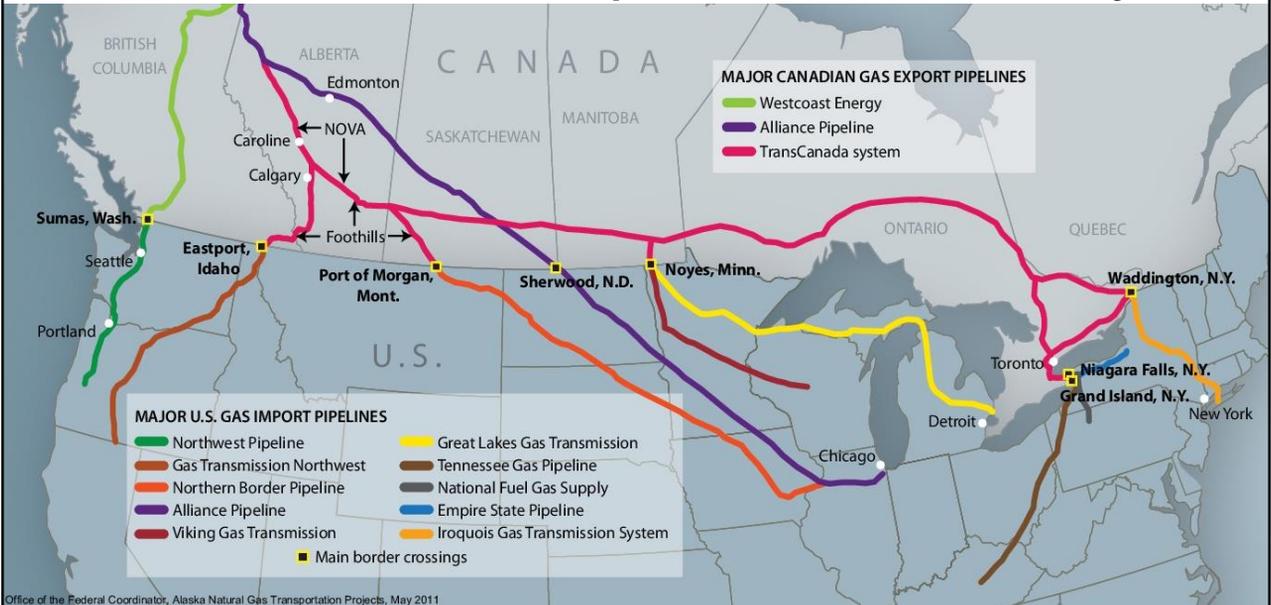
Viking Flow Volumes (~500 MMCFD Cap.)



Viking Blending Estimates* @1,100 BTU



Canadian Gas Pipeline Connectivity



JJ Kringstad - North Dakota Pipeline Authority

51

Options Beyond 2026: The 5 “C’s”

Construction (Interstate)

- Long-haul Pipe to New or Expanded Markets

Compete

- Price Canadian Volumes to Flow Elsewhere

Compression

- Increase Capacity on Existing Interstate Systems

Consumption

- Intra Region Gas Demand Expansion

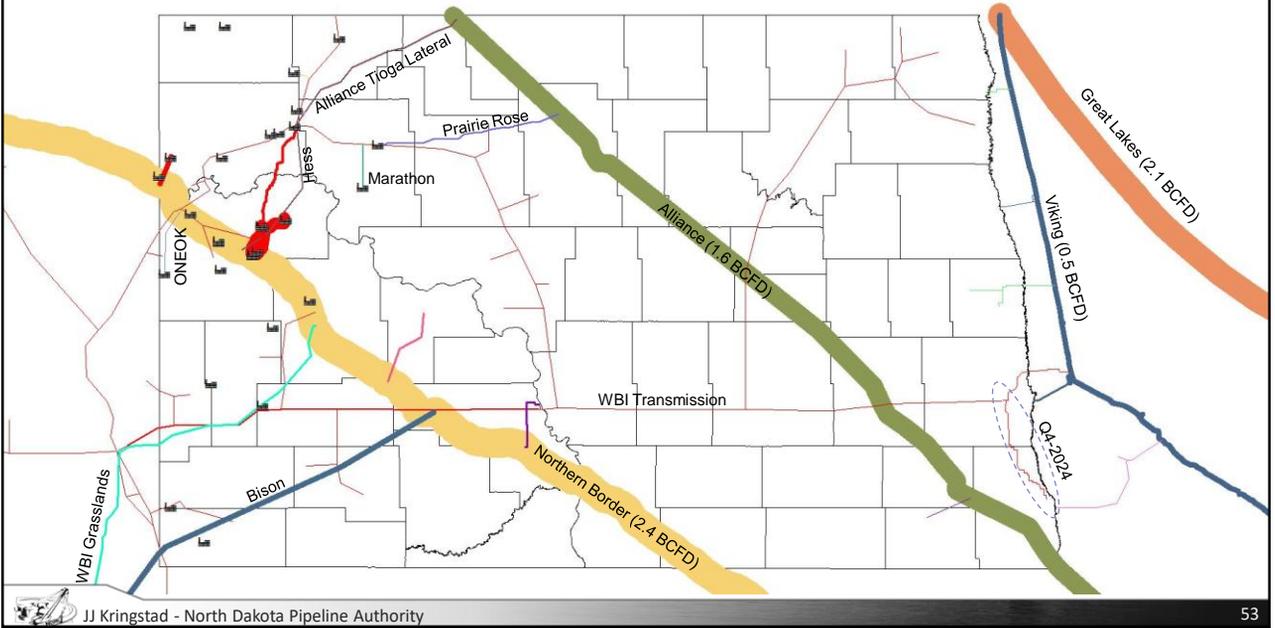
Contraction

- Reduce E&P Activity to Meet Limited Gas Options

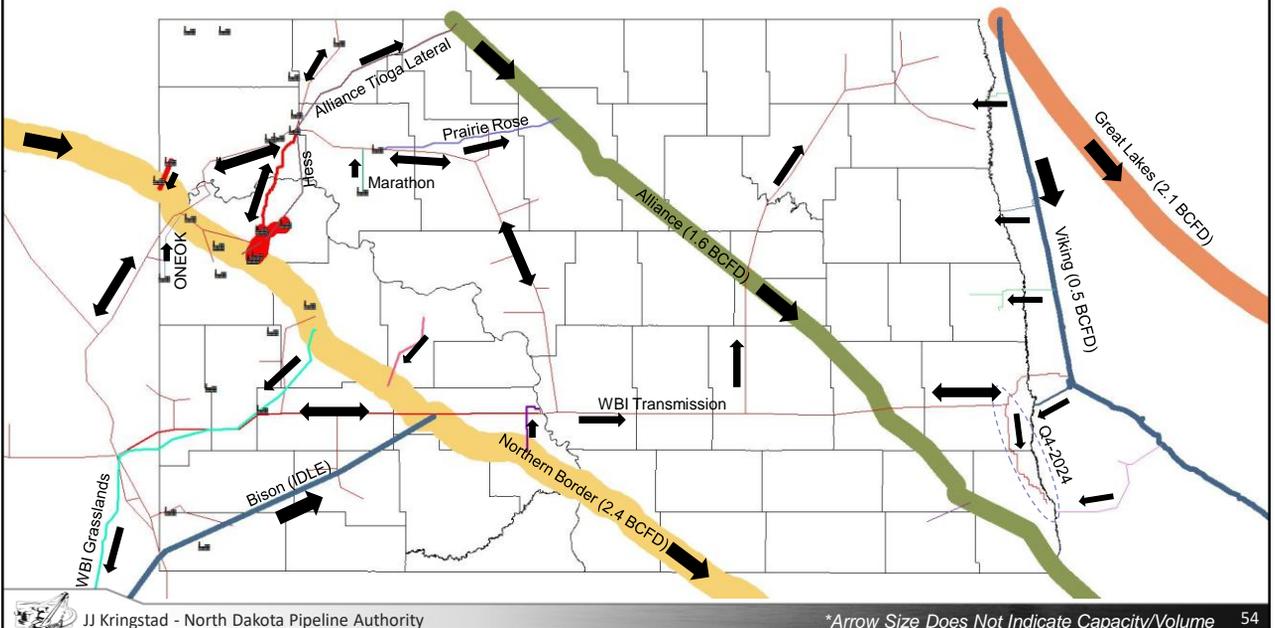
JJ Kringstad - North Dakota Pipeline Authority

52

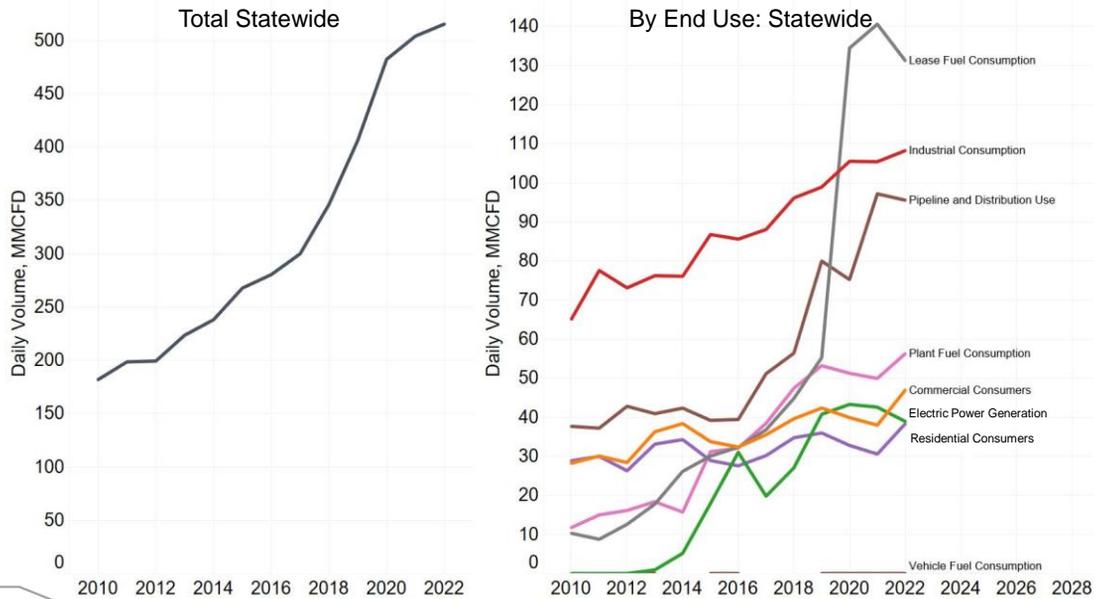
Residue Gas Pipeline Capacity Visualization



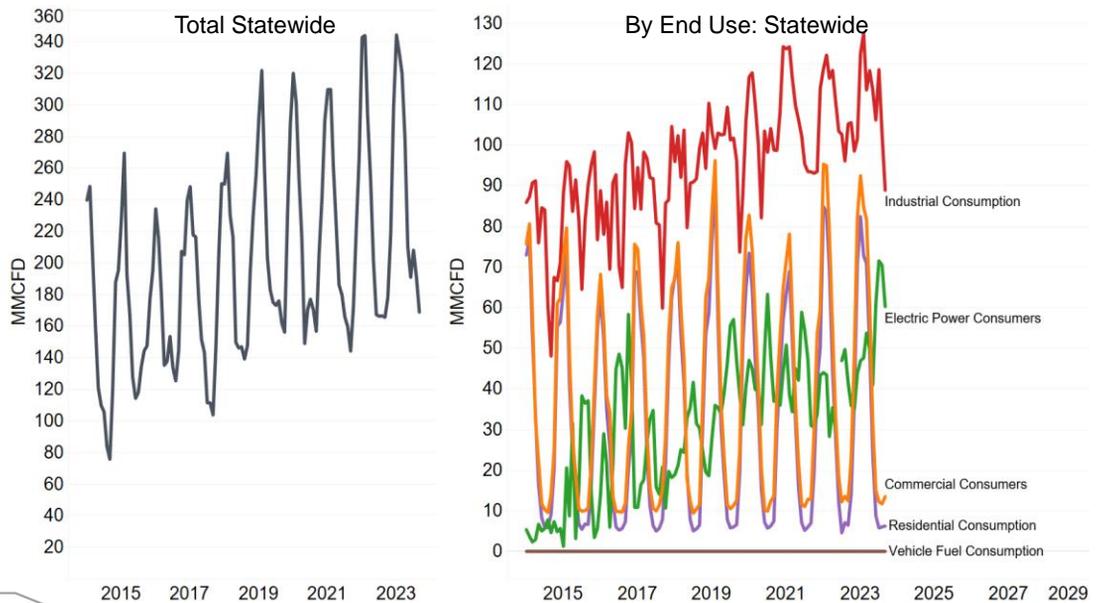
Residue Gas Pipeline Flow Directions*



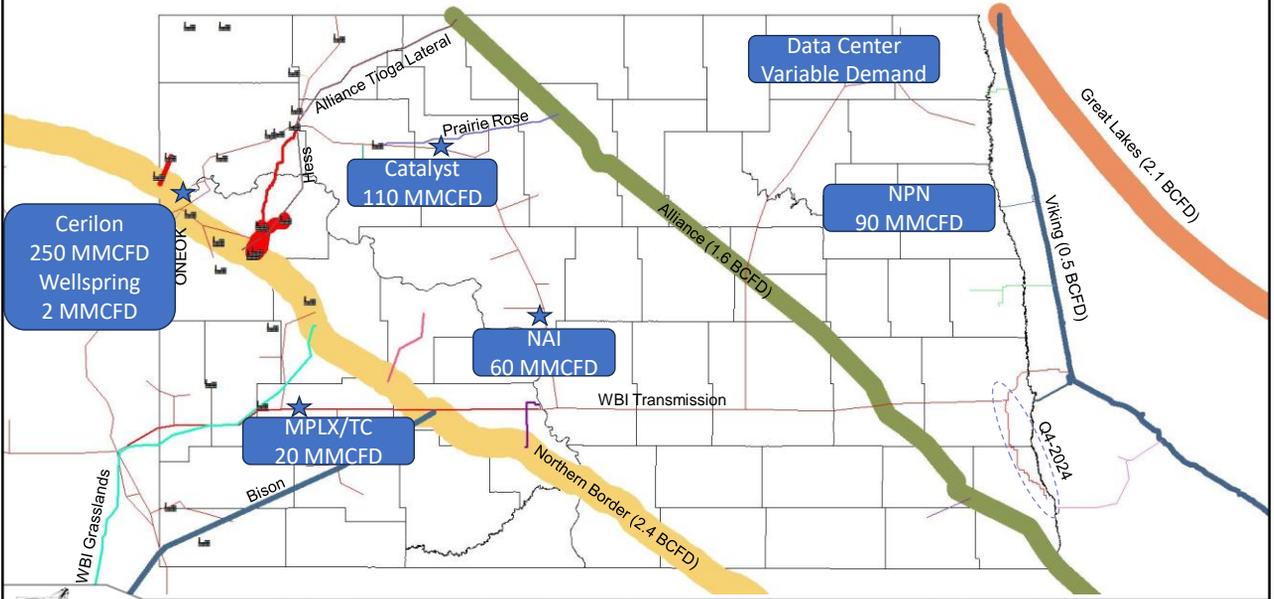
North Dakota Gas Consumption (Annual)



Non-Midstream Consumption (Monthly)

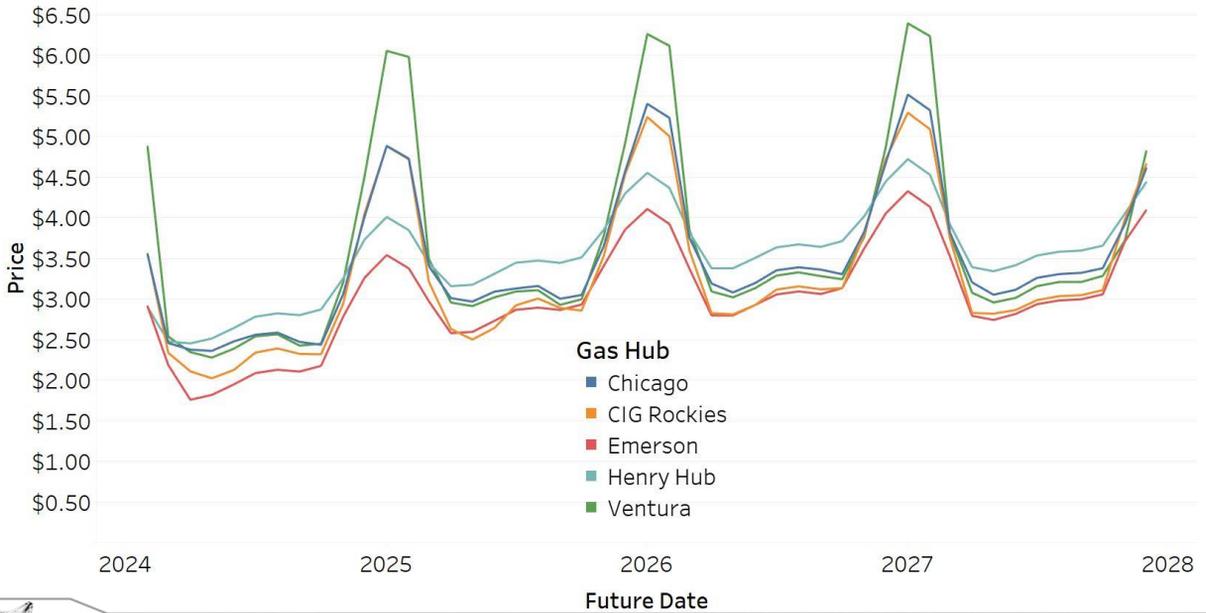


Residue Gas Pipeline Capacity Visualization



Regional Natural Gas Storage

Regional Gas Hub Pricing*

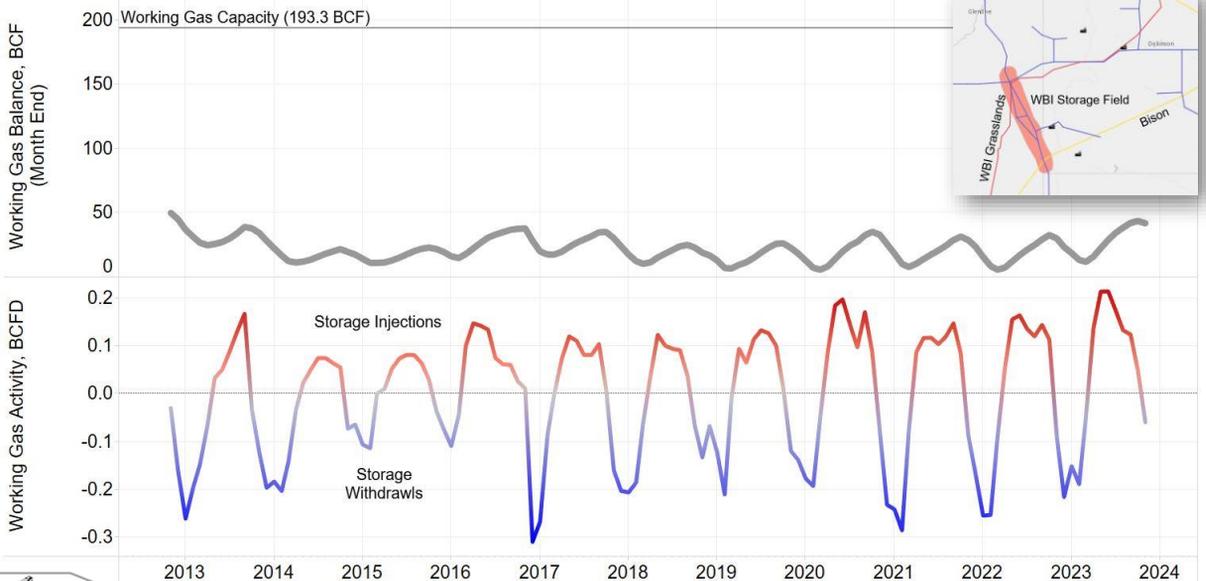


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*ICE Pricing: 1-16-2024

59

Residue Gas Storage – WBI Energy*



JJ Kringstad - North Dakota Pipeline Authority

*WBI Energy Storage Fields: Baker & Elk Basin

60

Options Beyond 2026: The 5 “C’s”

Construction (Interstate)

- Long-haul Pipe to New or Expanded Markets

Compete

- Price Canadian Volumes to Flow Elsewhere

Compression

- Increase Capacity on Existing Interstate Systems

Consumption

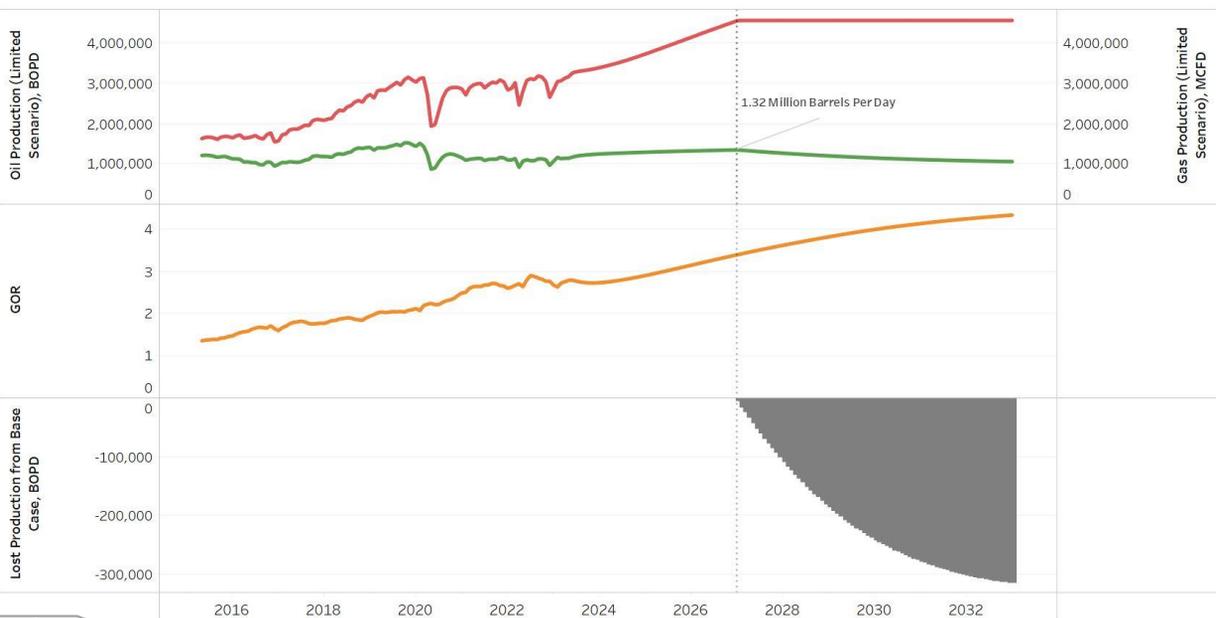
- Intra Region Gas Demand Expansion

Contraction

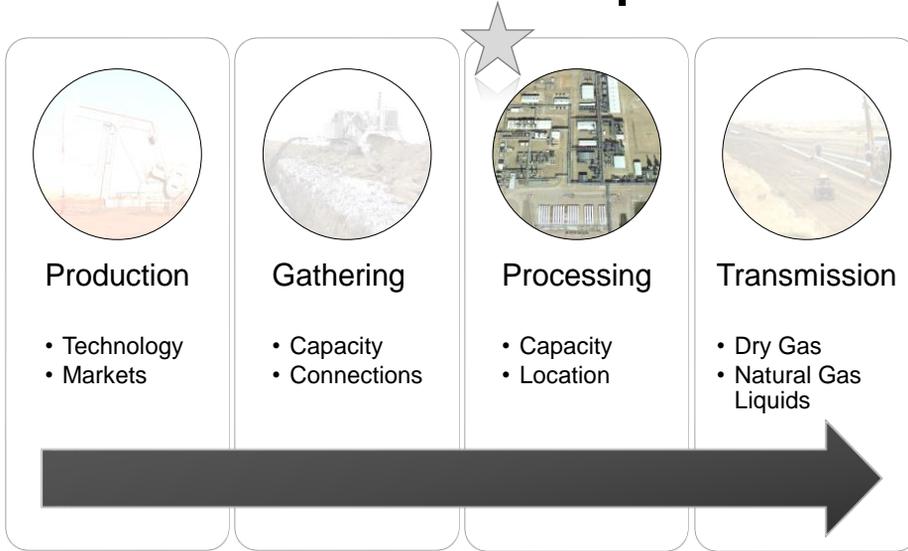
- Reduce E&P Activity to Meet Limited Gas Options



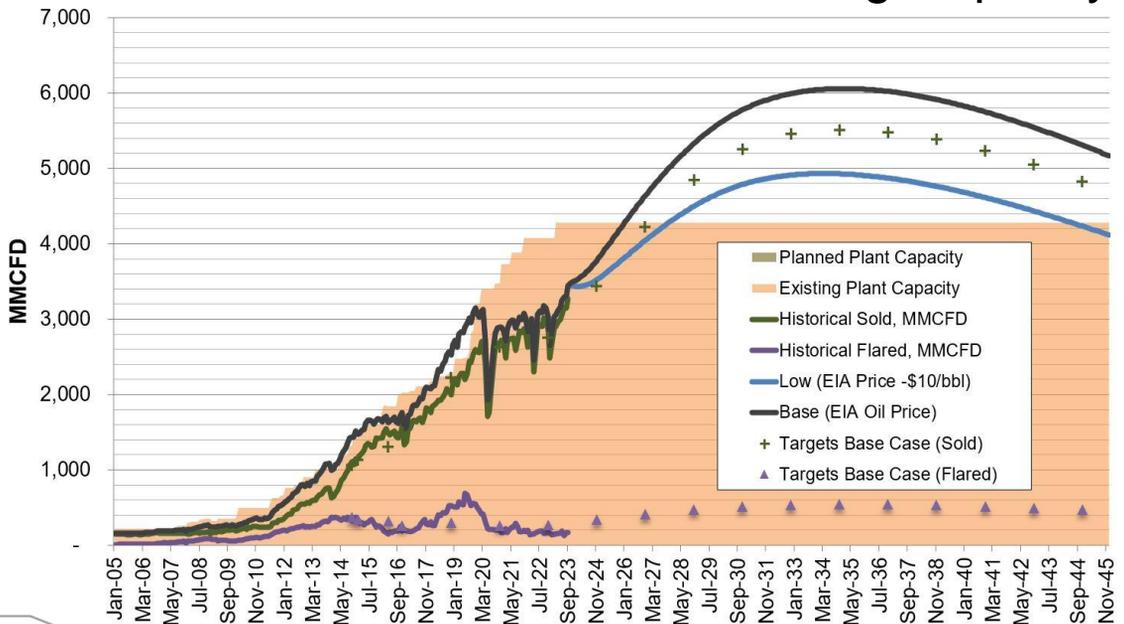
Gas Limitations Would Force Oil Production Down As GOR Rises



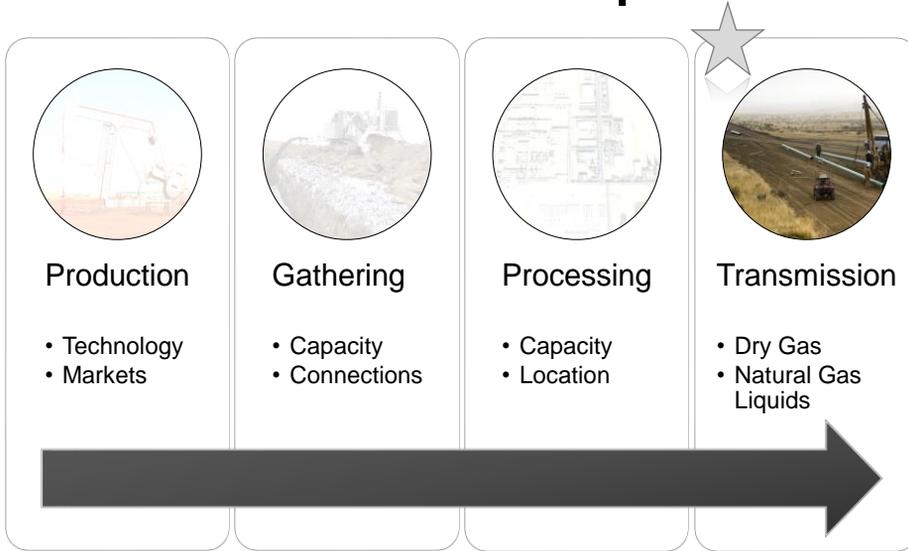
Natural Gas Update



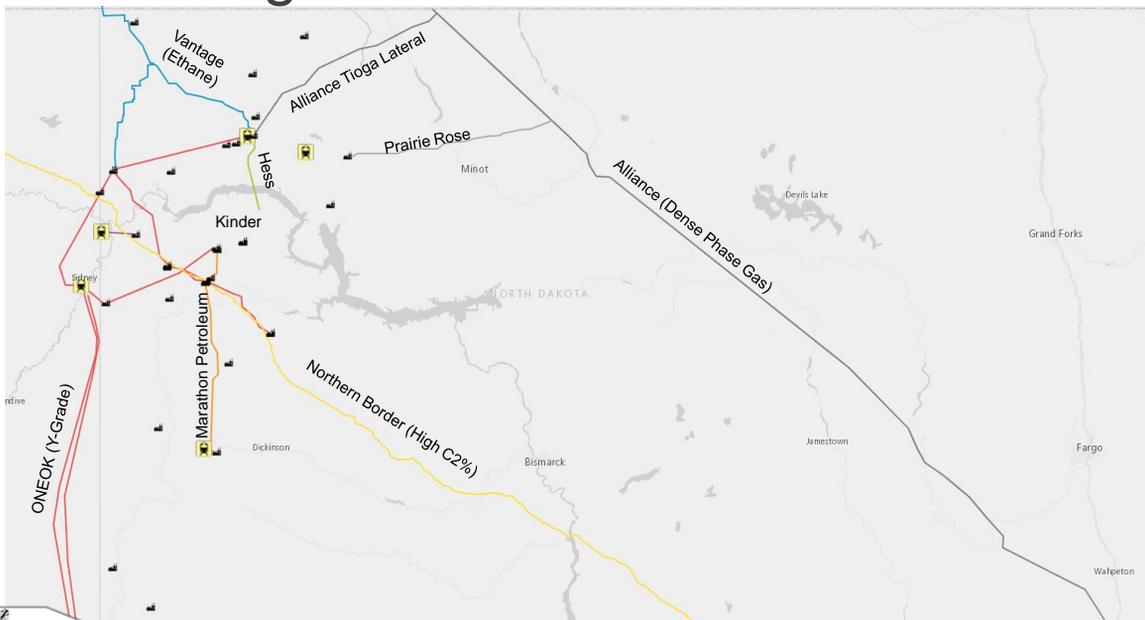
North Dakota Natural Gas Processing Capacity



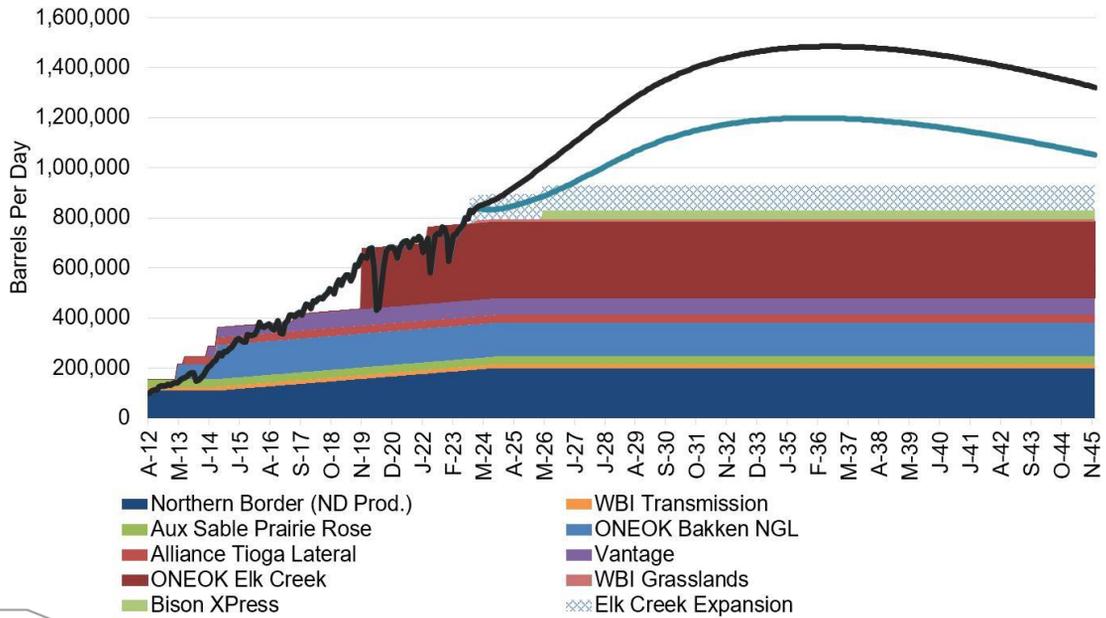
Natural Gas Update



Regional NGL Infrastructure



NGL Transport Needs* – With New Cheyenne Pipes



JJ Kringstad - North Dakota Pipeline Authority

*Rail and Local Trucking Not Included

67

Contact Information

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North Dakota Pipeline Authority

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Fax: (701)328-2820
E-mail: jjkringstad@ndpipelines.com



Know what's below.
Call before you dig.

Websites:

www.pipeline.nd.gov
www.northdakotapipelines.com



JJ Kringstad - North Dakota Pipeline Authority

68



CLEAN SUSTAINABLE ENERGY AUTHORITY PROJECT MANAGEMENT AND FINANCIAL REPORT

Reice Haase, Deputy Executive Director, NDIC

January 23, 2024



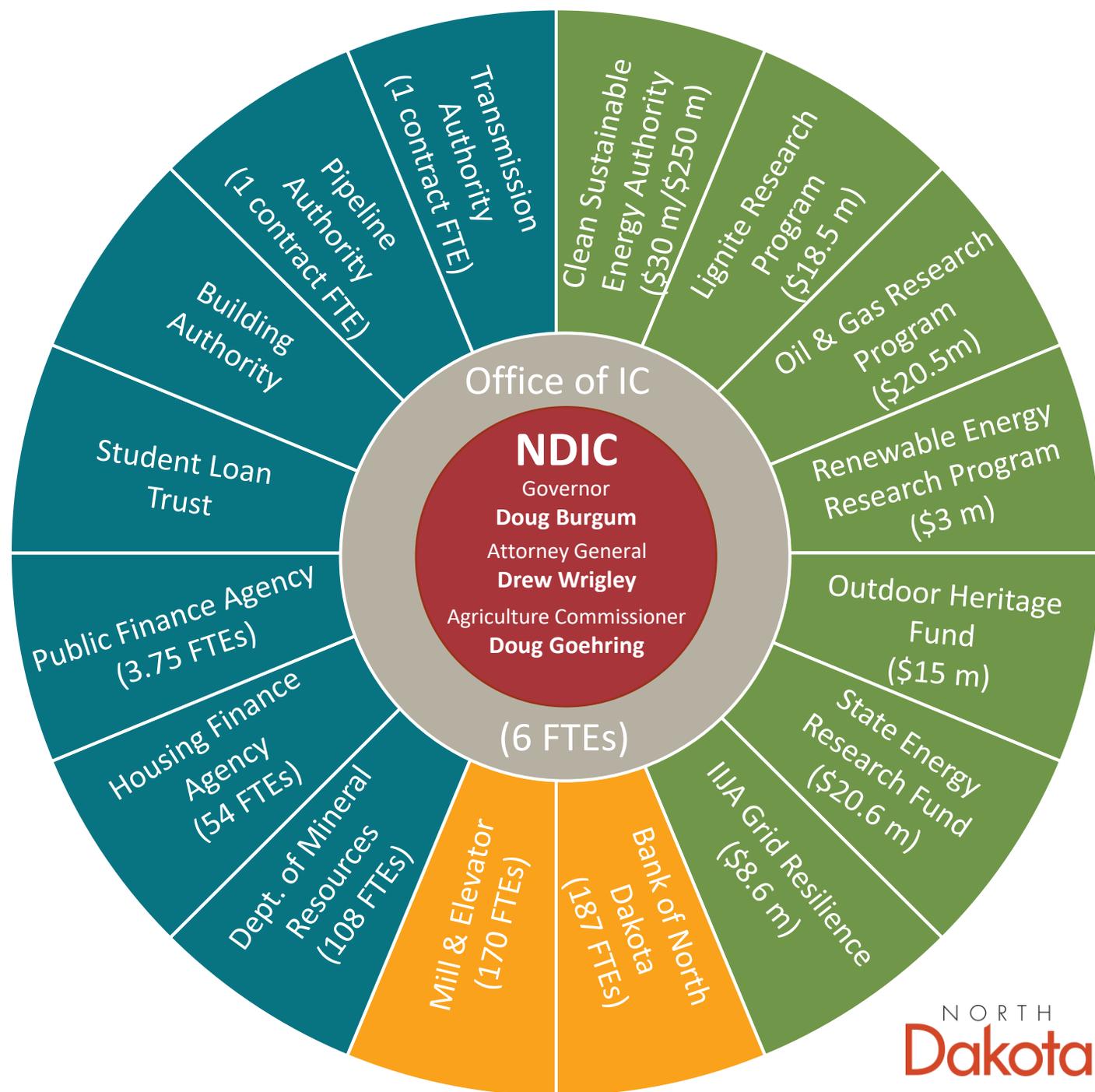
NORTH
Dakota

Be Legendary.™

Industries, Agencies, and Programs

Legend

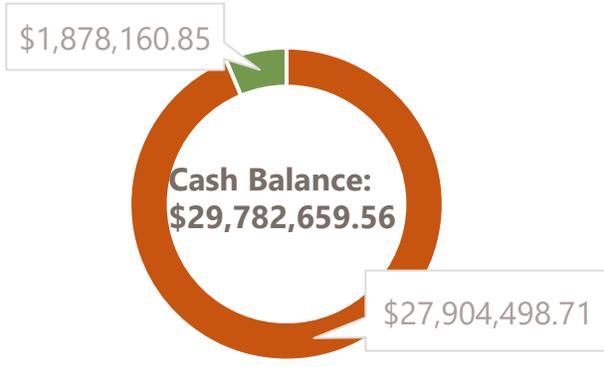
- Commission
- Office of IC
- Agency Role
- Grant Program
- State-Owned Enterprise



Updated to reflect 68th Legislative Assembly changes

INDUSTRIAL COMMISSION-MANAGED FUNDS

Lignite Research Fund



■ Committed ■ Uncommitted

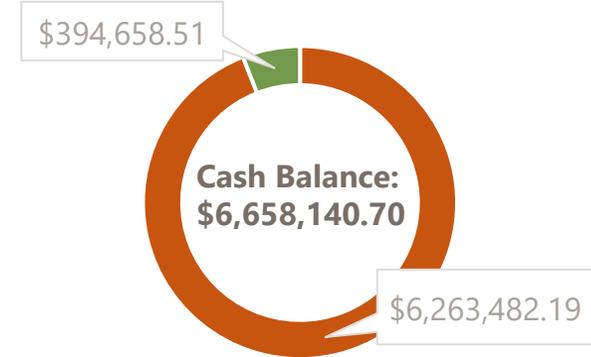
Oil and Gas Research Fund*



*Does not include SIIF or Gas Capture

■ Committed ■ Uncommitted

Renewable Energy Fund



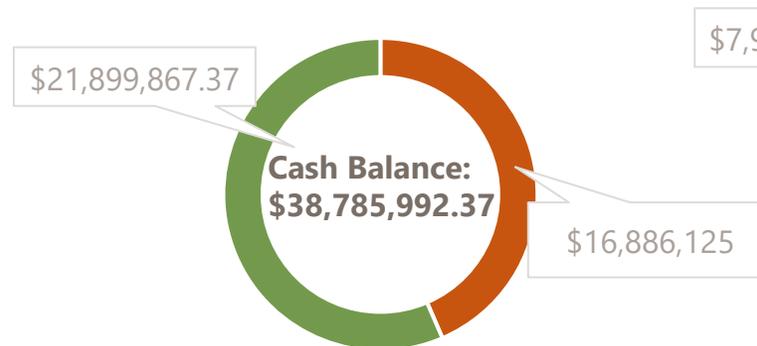
■ Committed ■ Uncommitted

Outdoor Heritage Fund



■ Committed ■ Uncommitted

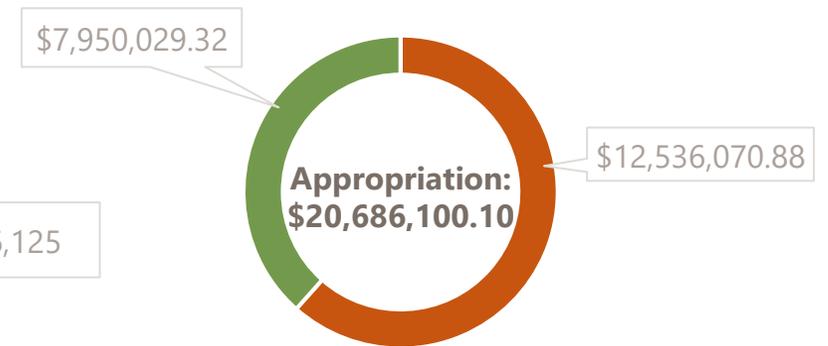
CSEA Fund*



*Does not include ARPA or Loans

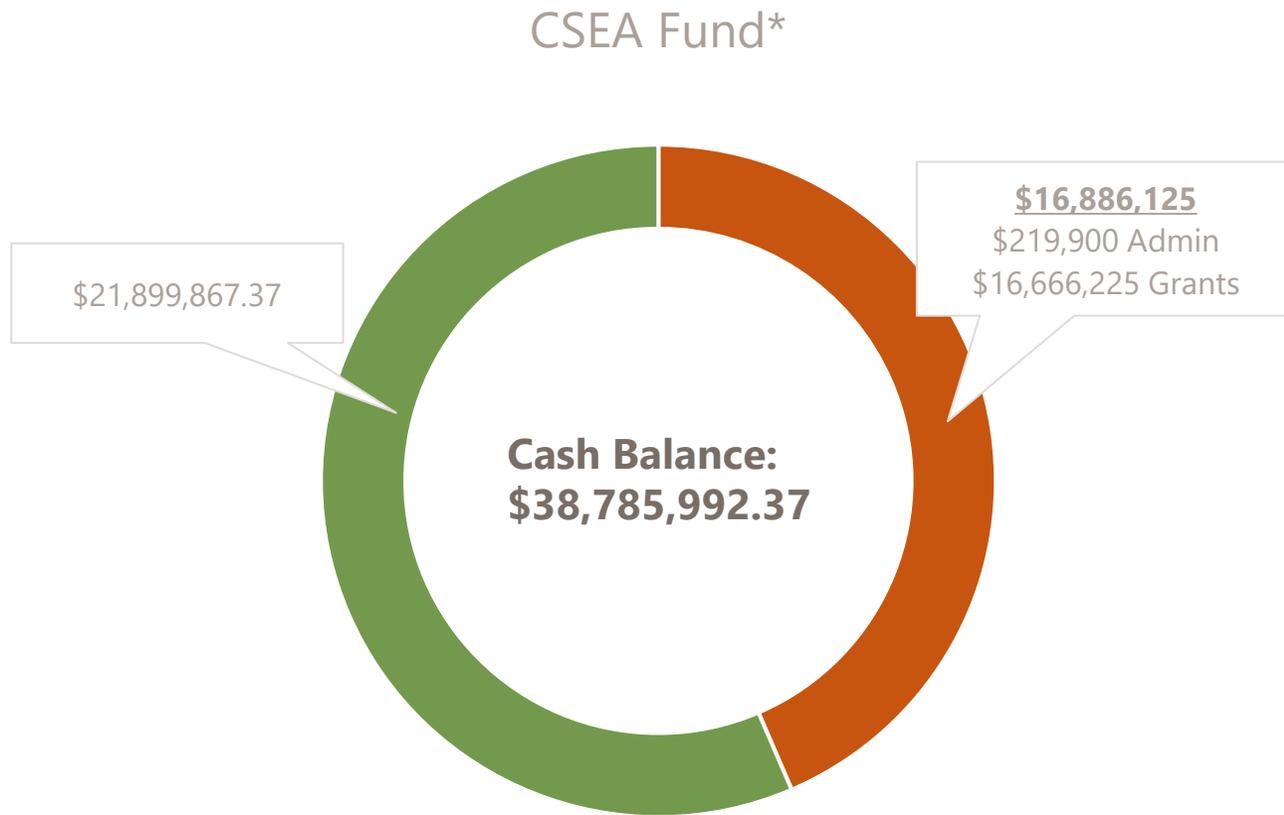
■ Committed ■ Uncommitted

SERC Fund



■ Leg. Directed ■ Remaining ■ Spent

CSEA FUND BALANCE JANUARY 2024



*Does not include ARPA or Loans

■ Committed ■ Uncommitted



Funding Source:

- \$25 million General Fund (21-23 Biennium)
- \$30 million General Fund (23-25 Biennium)
- \$10 million Federal ARPA (Hydrogen)



17 Cumulative Projects



14 Active Projects

- 8 Grant Projects
- 6 Loan Projects



Cumulative Value:

- \$42.7 million granted
- \$392.5 million loaned
- \$5.2 billion project value

H. B. NO. 1546 - PAGE 2

- (1) The fertilizer production facility must be located within the state;
 - (2) The owner of the fertilizer production facility must be an entity domiciled in the United States or Canada;
 - (3) The owner must borrow money under a program administered by the Bank of North Dakota; and
 - (4) The fertilizer production facility must use hydrogen produced by the electrolysis of water.
- b. Upon completion of the construction of the fertilizer production facility, the authority shall forgive the loan and shall use fertilizer development incentive funding to repay any outstanding amount borrowed, as certified by the Bank. The authority shall request an appropriation from the strategic investment and improvements fund or other funding sources to provide fertilizer development incentive funding to repay any outstanding amount borrowed.

**Clean Sustainable Energy Authority
Project Management Update (January 2024)**

Contract Number	Project	Project Sponsor	Status	Original Grant Award	Original Loan Award	Total Spend To Date	Remaining Grant Commitment	Total Project Costs	Projected End Date
C-01-02	Cerilon Gas-to-Liquids Plant	Cerilon	Project complete, FEL #2 complete, proceeding to FEL #3	\$7,000,000	\$40,000,000	\$7,000,000	\$0	\$2,800,000,000	Jan 2024
C-01-03	Produced Water Recycling	Wellspring Hydro	Project complete, FEL #3 complete	\$1,000,000	\$0	\$1,000,000	\$0	\$2,200,000	Sept 2023
C-01-04	Blue Flint Ethanol Carbon Capture	Midwest Ag Energy	Final Report in progress, expected Quarter 1 2024	\$3,000,000	\$0	\$2,700,000	\$300,000	\$58,800,000	March 2024
C-01-05	Coal Creek Carbon Capture	EERC	Nearly 100% of CSEA-funded work completed, over 400 engineering documents completed, design mostly complete pending final review	\$7,000,000	\$0	\$5,417,900	\$1,582,100	\$15,065,200	March 2024
Loan Only	Natural Gas Solutions	Valence	Loan only; captured over 1.7 BCF of gas, emissions reduction of over 155,000 tons of CO ₂ e; \$31.3 million additional tax revenue to State	\$0	\$15,000,000	N/A	\$0	\$44,000,000	Dec 2022
C-02-06	Internal Combustion Engine Carbon Capture	Enerplus	Contract in negotiation	\$1,000,000		\$0	\$1,000,000	\$18,110,000	
Loan Only	Blue Flint Ethanol Carbon Capture	Midwest Ag Energy	Loan only	\$0	\$15,000,000	N/A	\$0	\$68,934,121	March 2024
Loan Only	Project Tundra	Minnkota	Loan only	\$0	\$100,000,000	N/A	\$0		May 2027
C-03-07	Liberty H ₂ Hub	EERC	FEL-1 for ammonia facility, environmental, and subsurface storage complete; FEL-2 for H ₂ facility complete; began FEED of H ₂ and CO ₂ pipelines	\$10,000,000	\$0	\$258,011	\$9,741,989	\$24,290,528	Oct 2024
C-03-08	Aircarbon Production Facility	Newlight	FEED study 20% complete; focus on development of specs for long lead time equipment in next quarter	\$4,185,625	\$0	\$0	\$4,185,625	\$8,371,250	May 2024
C-03-09	Geothermal Power Generation	Enerplus	Contract in negotiation	\$1,098,500	\$0	\$0	\$1,098,500	\$2,197,000	
C-04-10	Bushel Farm Traceability Dashboard	Bushel Inc	Processing first report deliverable (Due 12/31/2023)	\$3,500,000	\$0	\$0	\$3,500,000	\$12,265,250	Dec 2026
C-04-11	Produced Water Recycling Stage 2	Wellspring Hydro	Processing first report deliverable (Due 12/31/2023)	\$5,000,000	\$0	\$0	\$5,000,000	\$250,886,700	Dec 2025
Loan Only	Project Tundra	Minnkota	Loan only	\$0	\$150,000,000	N/A	\$0	\$1,400,000,000	May 2027
Loan Only	Project Phoenix	Newlight	Loan only	\$0	\$30,000,000	N/A	\$0	\$446,000,000	July 2026
Loan Only	Lignite Combustion Product Enhancements	Rainbow Energy	Loan only	\$0	\$42,500,000	N/A	\$0	\$85,000,000	Oct 2025
Total (Excluding ARPA Hydrogen):				\$32,784,125	\$392,500,000	\$16,117,900	\$16,666,225	\$5,211,829,521	
Total (Including ARPA Hydrogen):				\$42,784,125	\$392,500,000	\$16,375,911	\$26,408,214	\$5,236,120,049	
Available Funding (Excluding Fertilizer):				\$21,899,867	\$27,500,000				

**Clean Sustainable Energy Authority
Grant Round 5 Applications (January 2024)**

Application Number	Application Title	Applicant	Description	Grant Funding Requested	Loan Requested	Total Project Costs	Category	Duration
C-05-A*	Clean H ₂ and N-fertilizer Production Facility	Prairie Horizon Energy Solutions LLC	Installation of facilities capable of 73,000 tons/year (200 tons/day) of clean hydrogen via electrolysis, 419,750 tons/year (1,150 tons/day) of clean ammonia, and a urea production facility associated with the Heartland Hydrogen Hub; CO ₂ reduction of 650,000 tons/year	\$0	\$125,000,000	\$2,200,000,000	Fertilizer	Aug 2025 - Dec 2028
C-05-B*	Spiritwood Fertilizer Project	NextEra Energy Resources Development, LLC	Construction of production facility near Jamestown, ND capable of 100,000 tons/year zero-carbon anhydrous ammonia through electrolysis of water; CO ₂ reduction of 190,000 tons/year	\$0	\$125,000,000	\$1,293,000,000	Fertilizer	2024-2028
C-05-C	"Green" Pig Iron Production Facility	Scranton Holding Company/North American Iron, Inc.	Construction of processing facility in ND capable of producing 2 million tons/year of near carbon-neutral pig iron; 0.1 ton CO ₂ /ton pig iron vs. 2.3 tons CO ₂ /ton traditional pig iron, over a 96% CO ₂ reduction; CO ₂ sequestration of 1.6 million tons/year	\$12,000,000	\$0	\$2,000,000,000	Low-carbon Materials	2024-2026
C-05-D	Unlocking the Full Potential of Produced Water as a Key Component of Clean Sustainable Energy	Wellspring Hydro	Continued engineering and design as well as an "issue for purchase" to make downpayments on equipment for its proposed produced water recycling facility in Williams County	\$5,000,000	\$25,000,000	\$324,730,000	Produced Water Recycling	2024-2026
C-05-E	Blue Ammonia Facility	Catalyst Midstream (USA) LLC	Construction of blue ammonia facility in Berthold, ND capable of producing 1,080,000 tons/year; would use approximately 120,000 mcf gas/day; CO ₂ sequestration of 2.5 million tons/year	\$10,000,000	\$0	\$960,000,000	Fertilizer	2024-2025
C-05-G	Marathon Petroleum Dickinson Renewable Fuel Facility Expansion	EERC	Expansion of Dickinson renewable fuels refinery to add sustainable aviation fuel production; Would reduce carbon-intensity of the facilities products by more than 20%	\$10,000,000	\$0	\$21,761,930	Low-carbon Fuels	Mar 2024 - Feb 2026

C-05-H	Demonstration and Scale-Up of a Low-Cost Long-Duration Energy Storage Technology for Lithium-Ion Batteries	Dakota Lithium Materials	Construction of demonstration facility at UND for the production of 1,000 tons/year of lithium iron phosphate materials; feedstock for lithium-ion batteries; 99% reduction in water use, 51% reduction in electric use, 51% reduction in CO2 emissions	\$4,000,000	\$0	\$10,250,000	Low-carbon manufacturing	2024-2027
C-05-I	Grand Power - North Dakota Battery Manufacturing Plant	Packet Digital	Construction of high energy density Lithium-ion battery manufacturing facility in Fargo, ND; 10x life cycle of currently-available batteries; 2,000 batteries/day	\$10,000,000	\$17,355,992	\$56,558,592	Low-carbon manufacturing	2024-2026
C-05-K	Cerilon GTL	Cerilon	Continued front-end engineering and design of Trenton gas-to-liquids facility; conversion of 240,000-280,000 mcf natural gas/day into 24,000 bpd of base oils and synthetic lubricants with carbon capture up to 2 million tons per year;	\$20,000,000	\$80,000,000	\$3,600,000,000	Value-added natural gas processing	2024-2028
C-05-L	NDeV Flare Gas Mitigation Project	ND Energy Ventures	Demonstration project for conversion of natural gas into carbon black and zero-carbon hydrogen using absolute pyrolysis technology; focused on the capture of gas that would have otherwise been flared; up to 5.7 million tons/year of CO2 emissions avoided	\$3,000,000	\$10,000,000	\$30,000,000	Natural gas capture	2024-2025
Subtotal (Excluding Fertilizer):				\$74,000,000	\$132,355,992	\$7,003,300,522		
Available Funding (Excluding Fertilizer):				\$21,899,867	\$27,500,000			
Total All Grant Round 5 including Fertilizer:				\$74,000,000	\$382,355,992	\$10,496,300,522		

Pending Results of January 23, 2023 CSEA Meeting

Will be provided under separate cover

North Dakota Industrial Commission

Claire Vigesaa – Executive Director
ND Transmission Authority
January 24, 2024



CHRISTMAS 2023 ICE STORM

- ❑ Significant ice accumulation
- ❑ Distribution...lighter duty infrastructure
- ❑ Transmission...heavy duty construction
- ❑ Grid reliability...starts with generation

Generation  Transmission  Distribution

SOUTHEAST NORTH DAKOTA TRANSMISSION OWNERS

- Basin Electric Power Cooperative
- Central Electric Power Cooperative**
- Minnkota Power Cooperative
- Minnesota Power - Allete**
- Montana Dakota Utilities
- Otter Tail Power Company**
- Rainbow Energy – NEXUS HVDC
- WAPA**
- Xcel Energy

MINIMAL IMPACT ON TRANSMISSION, THANKFULLY

- Cross arms
- Insulators
- Poles (60 plus on Minnkota's 69kV system)
- One 345kV structure (between Jamestown & Buffalo)
- Trip events...more from ice shedding

COLLABORATION – COOPERATION - TECHNOLOGY

- ❑ Otter Tail Power utilized two fuel oil peaking facilities to keep power on in the Jamestown region
- ❑ Collaborative efforts among utilities (Otter Tail Power – Minnkota Power)
- ❑ Mutual aid agreements
- ❑ Technology...ISight Drones



January 2024 Cold Weather Event
North Dakota Transmission Authority Report
Claire Vigesaa, Executive Director

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. MISO's dashboard:



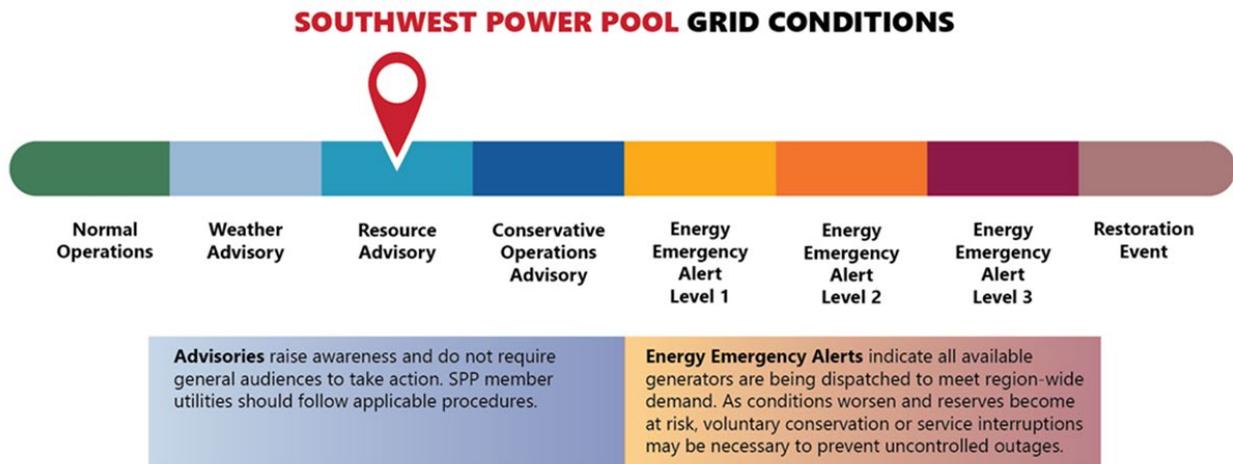
Grid Conditions Normal

- Advisories/Warnings Issued
- Some risk that demand could exceed supply
- Emergency power and/or reduced demand neces...
- Power interruptions imminent or happening

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. SPP's dashboard:



IIJA BIL SECTION 40101(D) GRID RESILIENCY GRANT

- ❑ FY2022 & FY2023 received May 2023
 - ❑ Solicitation of Subawards Fall 2023
 - ❑ ND Industrial Commission Subaward selection December 2023

- ❑ FY2024 Application Window (90 days) Opening end of month tentatively

- ❑ North Dakota's Formula Grant \$3,885,295

IIJA BIL SECTION 40101(D) GRID RESILIENCY GRANT

Requested Action: ND Industrial Commission acting as the ND Transmission Authority applies for the FY24 Formula IIJA Grid Resiliency Grant.

Application will need to address the 15% match requirement (\$582,794.15)

Application not in sync with Legislature Session (like last request)

Consideration...approach the Emergency Commission for appropriation authority of \$4,468,089.25

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 ____ day of January, 2024

INDUSTRIAL COMMISSION OF NORTH DAKOTA

By: _____
Doug Burgum
Governor and Chairman

Attest:

Karen Tyler
Interim Executive Director and Secretary

Bond Commentary: 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 loans and provided almost \$90 million in down payment assistance to North Dakota borrowers. The average bond yield over the last ten years averaged 2.95%. In 2014 yields were lower due to market conditions and in 2020/2021 we saw yields drop due to COVID. The total bonds issued continue to increase steadily given the need for down payment assistance and higher housing costs for first time homebuyers. 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 down payment assistance provided have increased over the past five years.

Highlight: In 2022 NDHFA issued the most Mortgage Revenue Bonds per capita in the U.S. for housing agencies.

Fiscal Year	\$ Total Bonds Issued	Avg Bond Yield	# of Loans Purchased	\$ of Loans Purchased	DPA Provided
2013	147,025,000	3.02%	925	122,006,830	2,597,079
2014	117,720,000	1.80%	758	107,074,830	2,410,312
2015	248,830,000	2.24%	957	179,850,059	4,097,229
2016	220,630,000	2.42%	1,261	222,904,710	6,400,066
2017	274,700,000	2.73%	1,356	229,249,073	7,768,195
2018	308,640,000	3.38%	1,399	312,871,619	7,934,173
2019	370,000,000	3.05%	1,977	325,518,664	10,660,206
2020	425,000,000	2.24%	1,575	244,876,581	9,944,620
2021	261,300,000	1.88%	1,478	294,082,806	9,951,821
2022	401,300,000	3.34%	1,786	397,316,173	11,840,038
2023	240,000,000	4.22%	1,662	391,614,556	10,000,900
6 mos 2024	275,000,000	4.53%	1,089	249,118,779	5,977,627
	3,290,145,000	2.95%	16,223	3,076,484,680	89,582,265

Servicing Commentary: The Agency currently has 46% of all ND lenders and 71% of the lenders likely to use NDHFA products in ND participating in our program. Lenders likely to use NDHFA excludes small town banks not doing mortgages but licensed in ND. The mortgage loan portfolio total \$ of loans being serviced is over 3x the portfolio ten years ago. Using HMDA "Home Mortgage Disclosure Act" data the Agency has historically purchased between 16% and 26% of the total number of loans purchased in ND 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.

NDHFA Participating Lenders	50
ND Lenders likely to use NDHFA	70
Total Lenders in ND	108

NDHFA Participating Lender Market Share
71%

Fiscal Year	\$ Mtg Loans Serviced	# of Loans Serviced
2013	657,726,371	7,877
2014	645,199,911	7,468
2015	672,856,222	7,330
2016	750,321,084	7,524
2017	846,833,164	7,835
2018	948,083,584	8,259
2019	1,174,513,382	9,443
2020	1,251,905,402	9,777
2021	1,428,692,103	10,972
2022	1,516,513,216	11,587
2023	1,707,214,043	11,846
6 mos 2024	1,822,267,547	12,299

HMDA Data ND # of Loans Purchased by Calendar Year	NDHFA % Loans # of Loans Purchased by Calendar Year
7,144	26%
8,765	16%
9,331	17%
7,630	25%



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

Doug Burgum
Governor and Chairman

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

MEMORANDUM

TO: Advisory Board
Industrial Commission

FROM: Todd Steinwand, President & CEO / Rob Pfennig, CFO

DATE: January 11, 2024

RE: Federal Home Loan Bank Member Impact Fund

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 for eligible for 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.



Multiply Your Impact for Affordable Housing or Community Development with a Matching Grant



Up to \$20 million available in 2024



Applications accepted Jan 15 - Feb 23, 2024



Eligible locations: Hawaii, Montana, North Dakota, Oregon, American Samoa, Guam or Northern Mariana Islands

Federal Home Loan Bank of Des Moines (FHLB Des Moines) will match up to **\$3 for every \$1** of our member's requests¹ for eligible not-for-profit organizations or government entities. This means your \$5,000 donation could become a \$20,000 donation! Grant funds may be used for capacity building or working capital to advance affordable housing or community development.²

How it Works

1

MEMBER PARTNERSHIPS

FHLB Des Moines member institutions partner with not-for-profit organizations or government entities with a mission of promoting affordable housing or community development.³ Organizations must be located in Hawaii, Montana, North Dakota, Oregon, American Samoa, Guam or Northern Mariana Islands.

2

APPLY

FHLB Des Moines member institution submits application for Member Impact Fund grant.

3

MATCH

Member institutions must match **\$1 for every \$3** of amount requested¹ in their grant application. Members must donate at least \$2,500 of their own funds per application. Matching grant funds can't be used for a previous grant donation.

Award Distribution

FHLB Des Moines will announce matching grant awards on or around March 22, 2024

Grant awards will post to the member institutions' Demand Deposit Account (DDA)

Member institutions will provide the full amount of the Member Impact Fund grant and their matching funds to the eligible recipient

Grantees will verify receipt of the member institutions' matching grant and FHLB Des Moines Member Impact Fund grant

¹ If the amount of matching grants requested exceeds the total amount of Member Impact Fund grants available, grant amounts may be prorated to recipients. The member will be required to donate the full member commitment, which shall not be less than \$2,500.

² Additional details on qualifying uses of Member Impact Fund grants can be found on the application.

³ Bank funds may not be utilized for a member's foundation or member trade organization's foundations, or similar.

Full details and application available at:
www.fhlbdm.com/Member-Impact-Fund

CONTACT
MemberImpactFund@fhlbdm.com
800.544.3452, ext. 2400

MEMORANDUM

TO: Advisory Board
Industrial Commission

FROM: Todd Steinwand, President/CEO, Rob Pfennig, CFO

DATE: January 17, 2024

RE: 2024 Budget

Attached you will find a copy of the Bank's 2024 budget projections compared to the actual results for the year ended December 31, 2023. **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.**

Budget commentary is included below:

1) 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 collection 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.

2) Loan growth was very similar to projections in 2023, coming in \$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 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.

3) **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.

4) 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.

5) 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.

Ending Balance Sheet- 2023 Actuals vs. 2024 Budget			
	2023 Actual (un-audited)	2024 Budget	Difference
Total Fed Funds and Cash Clearing	\$ 400,494	\$ 230,000	\$ (170,494)
Federal Reserve Cash	\$ 39,562	\$ 67,018	\$ 27,456
Investments	\$ 3,876,909	\$ 3,196,351	\$ (680,558)
Commercial Loans	\$ 3,644,897	\$ 4,081,274	\$ 436,377
Agriculture Loans	\$ 734,237	\$ 709,161	\$ (25,076)
Residential Loans	\$ 316,153	\$ 276,748	\$ (39,405)
Student Loans	\$ 1,063,453	\$ 1,013,338	\$ (50,115)
Total Loan	\$ 5,658,876	\$ 6,004,434	\$ 345,558
Total & Other Assets	\$ 168,787	\$ 161,324	\$ (7,463)
Total Assets	\$ 10,144,628	\$ 9,659,127	\$ (485,501)
	2023 Actual (un-audited)	2024 Budget	
Total Deposits	\$ 8,709,148	\$ 8,115,044	\$ (594,104)
Total Fed Funds	\$ 323,010	\$ 317,500	\$ (5,510)
Total Borrowings	\$ 25,000		\$ (25,000)
Total & Other Liabilities	\$ 28,182	\$ 39,661	\$ 11,479
Total Liabilities	\$ 9,085,340	\$ 8,472,205	\$ (613,135)
Total Equity	\$ 1,059,288	\$ 1,186,922	\$ 127,634

Balance Sheet Summary

- Investment portfolio reduces with run-off outpacing new purchases.
- Commercial Participations and PACE programs show minimal growth, Commercial portfolio up overall due to CSEA fundings. Ag programs show mostly flat. Student loans and Residential portfolios are projected to decrease.
- Deposits are projected to increase in the first half of 2024 with strong oil tax collections. The general fund buckets held at the bank are filled by Q2 2024. Deposits to decrease overall as the second half of the year shows strong state spending and run-off due to continued ARPA spending.

Income Statement- 2023 Actuals vs. 2024 Budget					
	2023 Actual (un-audited)	2024 Budget	Difference	% Change	
Interest Income					
Investments and Cash	\$ 103,048	\$ 120,342	\$ 17,294	17%	
Commercial Loans	\$ 166,984	\$ 201,290	\$ 34,306	21%	
Agriculture Loans	\$ 37,356	\$ 38,794	\$ 1,438	4%	
Residential Loans	\$ 13,233	\$ 11,778	\$ (1,455)	-11%	
Student Loans	\$ 44,592	\$ 46,498	\$ 1,906	4%	
Total Loan	\$ 262,165	\$ 298,360	\$ 36,195	14%	
Total Interest Income	\$ 365,213	\$ 418,702	\$ 53,489	15%	
Interest Expense					
Total Deposits	\$ 116,563	\$ 160,292	\$ 43,729	38%	
Total Borrowings	\$ 36,948	\$ 15,284	\$ (21,664)	-59%	
Total Interest Expense	\$ 153,511	\$ 175,576	\$ 22,065	14%	
Swap Income (Expense)	\$ 16,309	\$ 15,157	\$ (1,152)		
Net Interest Income	\$ 228,011	\$ 258,283	\$ 30,272	13%	
Non Interest Income	\$ 6,697	\$ 6,905	\$ 208	3%	
Salaries and benefits	\$ 19,564	\$ 22,219	\$ 2,655	14%	
IT/System Access	\$ 7,466	\$ 9,887	\$ 2,421	32%	
Occupancy & equipment	\$ 828	\$ 869	\$ 41	5%	
Other Operating Expenses	\$ 6,605	\$ 8,075	\$ 1,470	22%	
FHLB Prepayment Fee		\$ -	\$ -		
Non Interest Expense	\$ 34,463	\$ 41,050	\$ 6,587	19%	
Provision	\$ 7,506	\$ 12,000	\$ 4,494		
Net Income	\$ 192,739	\$ 212,138	\$ 19,399	10%	

Income Summary

- Two projected Fed rate decreases, -.25% in May, -.25% in August
- Overall higher rates drive income on loan and investment portfolio
- Commercial loan volume is up due to CSEA, PACE, and Match. All other loan categories lower
- Deposits rates are projected to increase in Q1, then decline slightly Q3 and Q4
- Provision for loan loss is projected at \$12 million for the year, while non-interest expense is budgeted higher than 2023 actuals
- There are no projected borrowing needs, primarily due to cashflow generated from investment portfolio.

**BANK OF NORTH DAKOTA
FINANCE AND CREDIT COMMITTEE TELECONFERENCE
NONCONFIDENTIAL MINUTES
Wednesday, November 15, 2023 – 1:00 p.m. CT**

MEMEBRS PRESENT

VIA PHONE: Brenda Foster, Chairman
Christie Obenauer
Bill Price

ALSO PRESENT

VIA PHONE: Sara Schumacher, BND
Rob Pfennig, BND
Kirby Evanger, BND
Kelvin Hullet, BND
Craig Hanson, BND

Chairman Foster called the meeting to order at 1:00 p.m.

Chairman Foster adjourned the nonconfidential portion of the meeting at 1:00 p.m. and the Advisory Board went into Executive Session pursuant to N.D.C.C. 6-09-35 to discuss those items on the agenda under Bank of North Dakota Confidential Business.

The Executive Session began at 1:00 p.m. and was attended by Brenda Foster, Christie Obenauer, Bill Price, Sara Schumacher, Rob Pfennig, Kirby Evanger, Kelvin Hullet, Craig Hanson, Gus Staahl

The following items were considered during Executive Session:

- Problem Loans as of 10/31/2023
- Concentrations of Credit as of 09/30/2023

The Executive Session adjourned at 2:00 p.m.

Chairman Foster reconvened the Nonconfidential portion of the meeting.

Kirby Evanger presented the following items for review and discussion:

- Key Balance DEAL Fund 09/30/2023

Rob Pfennig presented the following items for review and discussion:

- October 2023 Monthly Financial Summary

Consent Agenda

- Loan Portfolio Dashboard Report 09/30/2023

A recommendation will be made to the Advisory Board Committee to approve the consent agenda as presented.

The next Advisory Board Finance and Credit Committee meeting will be held Wednesday, December 20, 2023.

Being no further Bank of North Dakota business, Chairman Foster adjourned the nonconfidential portion of the meeting at 2:15 p.m.

Sara Schumacher, Executive Assistant

**BANK OF NORTH DAKOTA
LEADERSHIP DEVELOPMENT AND
COMPENSATION COMMITTEE TELECONFERENCE
NONCONFIDENTIAL MINUTES
Thursday, November 16, 2023 – 8:30 a.m. CT**

MEMEBRS PRESENT

VIA PHONE:

Karl Bollingberg , Chairman
Christie Obenauer
Jean Voorhees

ALSO PRESENT

VIA PHONE:

Sara Schumacher, BND
Lori Leingang, BND
Kirby Evanger, BND
Allison Volk, BND

Chairman Bollingberg called the meeting to order at 8:30 a.m.

Lori Leingang presented an amendment to the BND Compensation Guideline. A recommendation will be made to the Advisory Board Committee to approve the guideline as presented.

The next Advisory Board Leadership Development and Compensation Committee meeting will be held Thursday, February 22, 2024.

Being no further Bank of North Dakota business, Chairman Bollingberg adjourned the nonconfidential portion of the meeting at 9:20 a.m.

Sara Schumacher, Executive Assistant

**BANK OF NORTH DAKOTA
AUDIT AND RISK COMMITTEE TELECONFERENCE
NONCONFIDENTIAL MINUTES
Thursday, November 16, 2023 – 9:30 a.m. CT**

MEMBERS PRESENT

VIA PHONE: Pat Clement, Chairman
Jean Voorhees
Karl Bollingberg, (non-voting member)

MEMBERS ABSENT: Dennis Johnson

ALSO PRESENT

VIA PHONE: Todd Steinwand, BND
Sara Schumacher, BND
Rob Pfennig, BND
Christy Steffenhagen, BND
Nick Leintz, BND
Jared Mack, Eide Bailly

Chairman Clement called the meeting to order at 9:30 a.m.

Jared Mack, Eide Bailly, presented the following June 30, 2023, Audit Reports. A recommendation will be made to the Advisory Board Committee to approve the audits as presented.

- Ag PACE Fund
- PACE Fund
- Medical Facility Infrastructure Loan Fund
- Rebuilders Loan Program
- Addiction Counselor Internship Loan Program
- Infrastructure Revolving Loan Fund
- School Construction Revolving Loan Fund
- COVID-19 PACE Recovery Program
- Innovation Technology Loan Fund (LIFT)
- North Dakota Student Loan Trust Fund
- Clean Sustainable Energy Authority
- Water Infrastructure Revolving Loan Fund
- Beginning Farmer Revolving Loan Fund

The next Advisory Board meeting will be held Thursday, January 18, 2024.

Being no further Bank of North Dakota business, Chairman Clement adjourned the nonconfidential portion of the meeting at 9:45 a.m.

Sara Schumacher, Executive Assistant

**BANK OF NORTH DAKOTA
ADVISORY BOARD COMMITTEE TELECONFERENCE
NON-CONFIDENTIAL MINUTES
Thursday, November 16, 2023 – 10:00 a.m. CT**

**MEMBERS PRESENT
VIA PHONE:**

Karl Bollingberg, Chairman
Pat Clement
Christie Obenauer
Jean Voorhees
Brenda Foster

MEMBERS ABSENT:

Dennis Johnson
Bill Price

ALSO PRESENT:

Todd Steinwand, BND
Sara Schumacher, BND
Rob Pfennig, BND
Alison Anderson, BND
Kirby Evanger, BND
Lori Leingang, BND
Christy Steffenhagen, BND
Kelvin Hullet, BND
Craig Hanson, BND
Karen Tyler, Industrial Commission

Chairman Bollingberg called the meeting to order at 10:00 a.m.

Chairman Bollingberg adjourned the nonconfidential portion of the meeting at 10:00 a.m. and the Advisory Board went into Executive Session pursuant to N.D.C.C. 6-09-35 to discuss those items on the agenda under Bank of North Dakota Confidential Business.

The Executive Session began at 10:00 a.m. and was attended by Karl Bollingberg, Pat Clement, Christie Obenauer, Jean Voorhees, Brenda Foster Todd Steinwand, Sara Schumacher, Rob Pfennig, Kirby Evanger, Lori Leingang, Christy Steffenhagen, Kelvin Hullet, Craig Hanson, Karen Tyler

The following items were considered during Executive Session:

- Finance and Credit Committee Reports Recap
- BND Dividend Policy
- Confidential Finance and Credit Committee Minutes (October 18, 2023)
- Confidential Audit and Risk Management Committee Minutes (October 19, 2023)
- Confidential Advisory Board Minutes (October 19, 2023)
- Confidential Investment Committee Minutes (October 04, 11 ,18, 25, 2023)

The Executive Session adjourned at 10:35 a.m.

Chairman Bollingberg reconvened the Nonconfidential portion of the meeting.

Summary of Recommendations (Confidential Session):

- A motion was made by Ms. Clement to approve the policy as presented. Seconded by Ms. Obenauer. Members Bollingberg, Clement, Obenauer, Voorhees, Foster voted aye. Motion carried.
- A motion was made by Ms. Voorhees to approve the consent agenda as presented. Seconded by Ms. Clement. Members Bollingberg, Clement, Obenauer, Voorhees, Foster voted aye. Motion carried.

Finance and Credit Committee made a recommendation to approve the following:

- Consent Agenda (see Finance and Credit Committee agenda)

A motion was made by Ms. Obenauer to approve the items as presented. Seconded by Ms. Voorhees. Members Bollingberg, Clement, Obenauer, Voorhees, Foster voted aye. Motion carried.

Brenda Foster provided a Finance and Credit Committee Reports Recap.

Leadership Development and Compensation Committee made a recommendation to approve the following:

- Amendments to BND's Compensation Guideline

A motion was made by Ms. Obenauer to approve the item as presented. Seconded by Ms. Foster. Members Bollingberg, Clement, Obenauer, Voorhees, Foster voted aye. Motion carried.

Audit and Risk Committee made a recommendation to approve the following:

- June 30, 2023, Audit Reports

A motion was made by Ms. Voorhees to approve the audits as presented. Seconded by Ms. Clement. Members Bollingberg, Clement, Obenauer, Voorhees, Foster voted aye. Motion carried.

BND Advisory Board Members presented a report of activity in their region of ND.

BND Executive Team provided services area updates.

Consent Agenda:

- Nonconfidential Finance and Credit Committee Minutes (October 18, 2023)
- Nonconfidential Audit and Risk Management Committee Minutes October 19, 2023)
- Nonconfidential Advisory Board Minutes (October 19, 2023)
- Nonconfidential Investment Committee Minutes (October 04, 11, 18, 25, 2023)

A motion was made by Ms. Obenauer to approve the consent agenda as presented. Seconded by Ms. Foster. Members Bollingberg, Clement, Obenauer, Voorhees, Foster voted aye. Motion carried.

An Advisory Board Discussion was held.

The next Advisory Board meetings will be held:

- Finance and Credit Committee Meeting – Wednesday, December 20, 2023, 1:00 p.m., Grand Forks, ND
- Group Advisory Board Meeting – Wednesday, Thursday December 21, 2023, 8:30 p.m., Grand Forks, ND

Being no further Bank of North Dakota business, Chairman Bollingberg adjourned the nonconfidential portion of the meeting at 12:10 p.m.

Sara Schumacher, Executive Assistant

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on December 18, 2023 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

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.

OFFICE OF THE INDUSTRIAL COMMISSION

Ms. Karen Tyler presented for consideration of approval the November 28, 2023 Industrial Commission meeting minutes.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the November 28, 2023 Industrial Commission meeting minutes as presented.

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

NORTH DAKOTA HOUSING FINANCE AGENCY

Ms. Mindy Piatz with Brady Martz presented a Report on the 2023 Housing Finance Agency and Housing Incentive Fund Financial Audits. Both audits received an unmodified, clean opinion. Per Brady Martz opinion, the financial statements for the Housing Finance Agency presented fairly, all material respects, the respective financial position of the business-type activities of the North Dakota Housing Finance Agency, as of June 30, 2023 and 2022, and the respective changes in financial position, cash flows thereof and statement of appropriations for the years then ended in accordance with accounting principles generally accepted in the United States.

Per Brady Martz opinion, the financial statements for the Housing Incentive Fund presented fairly, in all material respects, the financial position of the North Dakota Housing Incentive Fund, a special revenue fund of the State of North Dakota, as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States.

Ms. Kayla Axtman presented a Report on the 2023F Bond Issue Sale Results. Since the beginning of 2023, the Federal Reserve has raised interest rates four times, bringing the fed funds rate to 5.25% - 5.50%. During the same period, the Agency has moved the tax exempt 30-year mortgage rate ten times and is still below the current market rate for a 30-year conventional loan. The average 30-year FHA mortgage rate is 6.51%, and the average 30-year conventional mortgage rate is 7.11%. For the past two

months, the Agency has been averaging just over \$6.5 million a week in First Home (tax exempt) reservations. Currently, the average total payment (principal, interest, taxes and insurance) for a First Home borrower is \$1,191 and for a Roots borrower it is \$1,932.

Ms. Axtman presented for consideration of approval the 2024 General Authorizing Resolution.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve and adopt the Housing Finance Agency Housing Finance Program Bonds Home Mortgage Finance Program 2024 Annual Series Resolution for the issuance of a maximum principal amount of long-term bonds of \$450,000,000 and a maximum principal amount of short-term bonds of \$100,000,000, excluding issuances for the purpose of refunding outstanding bonds.

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

The 2024 Annual Series Resolution is available upon request from the Housing Finance Agency or the Office of the Industrial Commission.

Ms. Axtman presented for consideration of approval the Ginnie Mae Signature Authorization Form 11702 Resolution.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the recommended officers for the Resolution of Board of Directors and Certificate of Authorized Signatures for the US Dept of Housing and Urban Development Government National Mortgage Association

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

The Ginnie Mae Signature Authorization Form is available upon request from the Housing Finance Agency or the Office of the Industrial Commission.

NORTH DAKOTA OIL AND GAS RESEARCH COUNCIL

Mr. Reice Haase gave a presentation of the Oil and Gas Research Council Project Management and Financial Report. The Oil and Gas Research Fund currently has a Cash Balance of \$21,991,407.65. The committed amount is \$20,372,045.48 and the uncommitted balance is \$1,619,362.17. Additionally, the legislature appropriated \$3,000,000 from the Strategic Investments and Improvements Fund (SIIF) to be used for the iPipe project. There have been 115 cumulative projects that have gone through the Research Fund and 25 of those projects are currently active. The Commission has granted \$90 million since the fund's inception, and the project value to the state is \$524.5 million.

Mr. Haase presented for consideration of approval the following Grant Round 59 award:

- i. **G-059-B: "IPIPE 3.0"** – EERC; Principal Investigator: Darren Schmidt, PE; Project Duration: 2 years; Total Project Cost: \$6,000,000; Request for: \$3,000,000. This project is focused on innovation of leak detection and prevention technology in pipelines.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendation of the Oil and Gas Research Council, approves \$3,000,000 in funding from the Oil and Gas Research Fund, and authorizing the Office of the Industrial Commission to enter into a contract for the following Oil and Gas Research project:

G-059-B: “iPipe 3.0” – EERC; Project Duration : 2 years; Total Project Cost: \$6,000,000; Oil and Gas Research Funding: \$3,000,000

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

Mr. Haase presented for consideration of approval the following Contract Amendment:

- i. **G-055-110: “Well Site Thief Hatch Methane Detectors”** – Blue Rock Solutions; Principal Investigator: Tory Vareberg, PE; Extend project duration by 6 months to July 1, 2024; Request for \$170,000 in additional funding (from \$266,000 to \$436,000).

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendation of the Oil and Gas Research Council, approves \$170,000 in additional funding from the Oil and Gas Research Fund, and authorizing the Office of the Industrial Commission to enter into a contract amendment for Contract G-055-110.

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

Mr. Haase presented for consideration of approval updates to the Oil and Gas Research Program Policy: Addition to Clean Natural Gas Capture and Emissions Reduction program.

The memo reads as follows:

“During the 2023 Legislative Session, SB 2089 created the Clean Natural Gas Capture and Emissions Reduction Program, replacing a tax incentive program with a grant program to be managed by the Industrial Commission in consultation with the Oil and Gas Research Council. The legislature appropriated \$3 million for the purpose and increased the cap on the Oil and Gas Research Fund to cover the cost.

The bill grants the Industrial Commission “all the powers necessary and appropriate to effectuate the provisions of this section”, including “in matters of policy affecting the administration of the clean natural gas capture and emissions reduction program”.

I recommend the adoption of the following policies to implement the program:

- Projects must meet eligibility criteria set forth in NDCC 54-17.6-06.1
- Entities interested in the incentive shall submit an application to the Oil and Gas Research Council, which shall review and make recommendations to the Commission for funding
- Incentive funding is released to the approved applicants only after the submittal of reports and documentation of expenses
- Reports must include, at a minimum:
 - A summary of the work performed, including photos of installed equipment
 - Locations of installed equipment
 - Rates and volume of gas captured

- Incentive funding must be matched according to Oil and Gas Research Council Policy 3.02
- Only actual project costs incurred between December 18th, 2023 and June 30th, 2025 are eligible for 2023-2025 biennium funding

Additionally, I recommend updates to the Oil and Gas Research Council Policies to reflect the Office of the Industrial Commission's shift toward digital applications and reports." (Full attachments are available on the website).

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendation of the Oil and Gas Research Council and approves changes to the Oil and Gas Research Program policy as included in Attachment 9 to the December 18th, 2023 Industrial Commission Meeting Materials.

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

DEPARTMENT OF MINERAL RESOURCES

Mr. Ed Murphy and Mr. Clint Boyd presented the Geological Survey Quarterly Report. (The full report is available on the website).

Wilson M. Laird Core and Sample Library

During the third quarter of 2023, geologists and engineers from the Department of Mineral Resources and EERC as well as the University of North Dakota students and professors studied 12,800 feet of core. A total of 6,154 feet of core was photographed generating 9,108 standard photographs for the subscription site.

UND Geology and Geological Engineering Graduate Students

University of North Dakota Geology and Geological Engineering Department Chair Sven Egenhoff currently has three graduate students studying core samples in the core library as part of their Master's or PhD degree programs. This is the largest number of graduate students studying core in that department since 2015. Mr. Egenhoff is working on expanding those numbers and has two more graduate students scheduled to start next semester.

Public Fossil Digs Wrap-up

The 2023 Public Fossil Digs experienced another year of increasing public interest and successful fieldwork. Due to a lot of moisture early in the season, the numbers were a little lower than hoped for and the Medora dig site did not make a lot of progress. At the Bismarck dig site, dozens of dinosaur bones were uncovered including a couple Tyrannosaurus Rex teeth. At the Dickinson fossil mammal site participants found newly exposed fossils, including a nearly complete skeleton of 32-million-year-old frog. At the Pembina Gorge site, they completed the large field jacket that contains a full skeleton of an eight-foot-long specimen of the fish "Ichthyodectes". A pair of foot bones from the large, flightless, diving bird "Hesperornis" was also uncovered. Looking ahead to 2024, there are plans to continue work at these four dig sites, providing a total of 520 dig spots. There are currently 2,297 people signed up for the 2024 dig notification announcements email list, which continues to grow every year.

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

- i. **Order 32814 in Case 30204** regarding an application of Hess Bakken Investments II, LLC for an overlapping 3,200-acre spacing unit in McKenzie County, ND.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 32814 issued in Case 30204 denying an application of Hess Bakken Investments II, LLC for an order amending the applicable orders for the Ellsworth-Bakken Pool to establish an overlapping 3200-acre spacing unit described as the E/2 of Sections 10 and 15 and All of Sections 11, 12, 13 and 14, T.149N., R.100W., McKenzie County, ND, and authorize one horizontal well to be drilled on such unit, or 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.

- ii. **Order 32874 in Case 30264** regarding North Dakota Industrial Commission, Complaint, v. Freedom Energy Operating LLC.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 32874 issued in Case 30264 imposing civil penalties of \$42,127 and recovering costs of investigation of \$34.47 from Freedom Energy Operating LLC.

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

- iii. **Order 32946 in Case 30334** regarding an application of Foundation Energy Managements II, LLC for an order allowing the 20002 FV-P Agate "B" #1 well (File No. 15047) on a 640-acre spacing unit in the Bicentennial-Birdbear Pool described as Section 34, T.144N., R.103W., Golden Valley County, ND, to be recompleted with the curve build section open hole through the Bakken Pool as an exception to Commission Order Nos. 29703 and 32389;
and
- iv. **Order 32947 in Case 30335** regarding an application of Foundation Energy Management, LLC for an order allowing 9210 JV-P Barkland #2H well (File No. 15762) on a 640-acre spacing unit in the Beaver Creed-Birdbear Pool described as the E/2 of Section 36, T143N., R.103W. and the E/2 of Section 1, T.142N., R.103W., Golden Valley County, ND, to be recompleted with the curve build section open hole through the Bakken Pool as an exception to Commission Order Nos. 29703 and 32390.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 32946 issued in Case 30334 denying an application of Foundation Energy Management, LLC for an order allowing the 20002 FV-P Agate "B" #1 well (File No. 15047) on a 640-acre spacing unit in the Bicentennial-Birdbear Pool described as Section 34, T.144N., R.103W., Golden Valley County, ND, to be recompleted with the curve build section open hole through the Bakken Pool as an exception to Commission Order Nos. 29703 and 32389, or granting such other relief as may be appropriate, and the Industrial Commission approves Order 32947 issued in Case 30335 denying an application of Foundation Energy Management, LLC for an order allowing the 9210 JV-P Barkland #2H well (File No. 15762) on a 640-acre spacing unit in the Beaver Creek-

Birdbear Pool described as the E/2 of Section 36, T143N., R.103W. and the E/2 of Section 1, T.142N., R.103W., Golden Valley County, ND, to be recompleted with the curve build section open hole through the Bakken Pool as an exception to Commission Order Nos. 29703 and 32390, or 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.

- v. **Order 32948 in Case 30336** regarding an application of Phoenix Operating LLC for a 1,920-acre spacing unit in Williams County, ND, and to authorize 5 horizontal wells to be drilled on such unit.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 32948 issued in Case 30336 denying an application of Phoenix Operating LLC for an order amending the applicable orders for the Green Lake-Bakken Pool to establish a 1920-acre spacing unit described as Section 3, 10 and 15 T.159N., R.100W., Williams County, ND, and to authorize 5 horizontal wells to be drilled on such unit 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.

Dr. Helms presented for consideration of approval the 2024 Oil and Gas Division Hearing Schedule.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves the 2024 Department of Mineral Resources Oil and Gas Hearings Schedule as follows:

Hearing Date Docket	Closing Date
January 17, 2024	December 14, 2023
January 18, 2024	
February 21, 2024	January 18, 2024
February 22, 2024	
March 20, 2024	February 22, 2024
March 21, 2024	
April 24, 2024	March 21, 2024
April 25, 2024	
May 29, 2024	April 25, 2024
May 30, 2024	
June 19, 2024	May 16, 2024
June 20, 2024	

July 24, 2024 July 25, 2024	June 20, 2024
August 28, 2024 August 29, 2024	July 25, 2024
September 25, 2024 September 26, 2024	August 22, 2024
October 30, 2024 October 31, 2024	September 26, 2024
November 20, 2024 November 21, 2024	October 17, 2024
December 18, 2024 December 19, 2024	November 14, 2024
January 22, 2025 January 23, 2025	December 19, 2024

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 the Electric Transmission Capacity Study Update. The NDTA engaged Power System Engineering, Inc (PSE) to help provide some insight into the current and expected future capacity of the transmission system in North Dakota. In the first phase of the assessment, PSE has performed Generator Interconnection Queue and Transmission Expansion Plan Reviews in order to shed some light on the upcoming generation additions and transmission system upgrades. Observations and conclusions drawn from these reviews will help shape the transmission analysis to be performed in Phase 2 of the study,

Any new generation planned to interconnect to the transmission system in North Dakota will be studied under the MISO, SPP, or MPC Generation Interconnection (GI) processes. These processes are conceptually similar but differ in key details. They were all initially based on the FERC pro-forma tariff but have evolved over time to meet the needs of each organization as they respond to an unprecedented level of new generation interconnection requests. All three utilize group studies to process interconnection requests received as of a certain date. These studies are all coordinated between these groups in order to establish a “queue priority” for each study group. This is used to allocate network capacity and identify cost responsibility for network upgrades.

As of November 21, 2023, there were 107 projects representing a maximum of 20,083.8 MW in ND generation in the MISO, SPP, and MPC GI queues. Of these, 38 projects are in service, 9 projects are

under construction or proceeding towards construction, and 60 projects are under study in the respective GI process. (The full report is available on the website).

Mr. Vigesaa presented for consideration of approval the BIL 40101(d) Grid Resilience sub-awards:

- i. **IIJA-A-C: “Converting Overhead Crossings to Underground Across Federal and State Highways”** – Capital Electric Cooperative; Project Duration: 14 months; Total Project Cost: \$505,890; Recommended Funding: \$321,930. The objective of this project is to convert 49 highway overhead crossings to underground cable.
- ii. **IIJA-01-D: “Next-Generation Grid Resiliency”** – Otter Tail Power Company; Projection Duration: 2 years; Total Project Cost: \$11,177,647; Recommended Funding: \$4,432,088. The objective of this project is to provide increased awareness of grid conditions and enable new and more efficient processes, allowing to reduce the magnitude and duration of grid outages caused by major disruptive storm and non-storm events.
- iii. **IIJA-01-L: “Electronic SCADA Recloser Installation”** – Northern Plains Electric Cooperative; Project Duration: 10 months; Total Project Cost: \$879,000; Recommended Funded: \$586,000. The objective of this project is to implement adaptive protection technologies with the installation of 19 sets of remote operated SCADA ready electronic reclosers and panels in existing distribution substations. These will allow dispatchers to remotely control and isolate faults prior to the crews being on scene. This project will upgrade 6 substations.
- iv. **IIJA-01-G: “Capacitor Banks, Communications, SCADA Control”** – McKenzie Electric Cooperative; Project Duration: 2 years; Total Project Cost: \$8,100,000; Recommended Funding: \$2,843,075. The objective of this project is to install four (4) 115 KV capacitor banks and communication line upgrades along with commissioning SCADA control to the entire substation fleet.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendation of the Transmission Authority Executive Director, approves \$8,183,093 in funding for BIL 40101(d) Grid Resilience sub-awards, contingent upon U.S. Department of Energy approval, and authorizes the Office of the Industrial Commission to enter into contracts for the following projects:

IIJA-01-C: “Converting Overhead Crossings to Underground Across Federal and State Highways” – Capital Electric Cooperative; Project Duration: 14 months; Total Project Cost: \$505,890; Recommended Funding: \$321,930

IIJA-01-D: “Next-Generation Grid Resiliency” – Otter Tail Power Company; Project Duration: 2 years; Total Project Cost: \$11,177,647; Recommended Funding: \$4,432,088

IIJA-01-L: “Electronic SCADA Recloser Installation” – Northern Plains Electric Cooperative; Project Duration: 10 months; Total Project Cost: \$879,000; Recommended Funding: \$586,000

IIJA-01-G: “Capacitor Banks, Communications, SCADA Control” – McKenzie Electric Cooperative; Project Duration: 2 years; Total Project Cost: \$8,100,000; Recommended Funding: \$2,843,075

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

Mr. Haase presented for consideration of approval a Concept Paper for Grid Resilience and Innovation Partnerships (GRIP) Funding. The request is for the North Dakota Industrial Commission to support the POWER project by allowing the Transmission Authority (NTA) to serve as the primary applicant to DOE.

The North Dakota Association of Rural Electric Cooperatives (NDAREC) hosted a Project Development Workshop in May 2023 to solicit input from NDAREC members about the types of projects they'd like to submit for federal funding from Bipartisan Infrastructure Law (BIL) programs. The Providing Opportunity with Energy Redundancy (POWER) project emerged from that convening. Now, NDAREC has contracted with Converge Strategies to put together a full application for GRIP funding for the project. DOE requires a state government office to serve as the primary applicant – the NDTA.

GRIP concept papers are due to DOE on January 12, 2024. Converge Strategies, in partnership with NDTA and NDAREC will write and submit the concept paper. If encouraged to move on to full application, full applications are due April 17, 2024. If selected to move to negotiations, NDTA will likely be noted in summer of 2024, and the anticipated start of the project would be winter 2024 or early 2025.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission authorizes the Office of the Industrial Commission and the Transmission Authority to submit a concept paper for an application under the U.S. Department of Energy's Grid Resilience and Innovative Partnerships (GRIP) program, and directs both the Office of the Industrial Commission and the Transmission Authority to oversee the North Dakota Association of Rural Electric Cooperatives' development of the concept paper and application materials.

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

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

Ms. DeAnn Ament presented for consideration of approval the following loan applications:

- i. Central Plains Water District – Drinking Water - \$9,714,000. The purpose of this project is for filtration system upgrades at the Maddock water treatment plant and a new transmission line from the plant to Reservoir 2. The requested loan term is 20 years and the District will issue revenue bonds payable with water user fees. The average annual payment for the revenue bonds will be \$78,159.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the \$9,714,000 loan request from the Drinking Water State Revolving Loan Fund to Central Plains Water District.

On a roll call vote, Governor Burgum, 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, Central Plains Water District (the "Political Subdivision") has requested a loan in the amount of \$9,714,000 from the Program for filtration system upgrades at the Maddock water treatment plant and a new transmission line from the plant to Reservoir 2; 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: December 18, 2023

- ii. South Central Regional Water District – Drinking Water - \$2,497,000. The purpose of this project is to connect the City of Ashley to South Central Regional Water District. The requested loan term is 30 years and the District will issue revenue bonds payable with water user fees. The average annual payment for the revenue bonds will be \$105,749.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the \$2,497,000 loan request from the Drinking Water State Revolving Loan Fund to South Central Regional Water District.

On a roll call vote, Governor Burgum, 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, South Central Regional Water District (the "Political Subdivision") has requested a loan in the amount of \$2,497,000 from the Program to connect the City of Ashley to South Central Regional Water District; 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: December 18, 2023

Ms. Ament presented a memo of the State Revolving Fund loans approved by the Advisory Committee:

- i. Buffalo – Clean Water - \$1,330,000. The purpose of this project is to replace the 1964 four-inch asbestos concrete sanitary force main with a six-inch PVC pipe which will alleviate the excessive stress on the lift station pumps. The requested loan term is 30 years and the City will issue improvement bonds payable with special assessments. The average annual payment for the improvement bonds will be \$55,663.

INDUSTRIAL COMMISSION LEGAL UPDATE

Litigation Update:

- i. Northwest Landowners v. NDIC – The schedule has been pushed back. The Court granted Farm Bureau’s motion to intervene. The replacement schedule is being worked on and will likely push everything back at minimum 30-60 days.
- ii. NDIC v. DOI Quarterly Federal Lease Sales – There is a status hearing on February 9, 2023 with Judge Traynor.

Federal Regulatory Update

- i. BLM Resource Management Plan – an MOU has been signed and cooperating agencies will move forward in January.
- ii. EPA Methane Rules – The final rule is exceedingly problematic for the state of ND. A response is underway in coordination with other impacted states. It is estimated that withing two years the state would lose approximately 2800 jobs and 57,000 barrels of oil per day with this ruling.
- iii. BLM Venting and Flaring – expecting that rule to roll out in Q1 2024.
- iv. DAPL DEIS – A comprehensive comment letter involving numerous state agencies has been submitted. A decision is expected in May of 2024.

BANK OF NORTH DAKOTA

Mr. Kelvin Hullet and Mr. Todd Steinwand presented a Report on BND DEAL Program Guideline Amendments. BND will no longer provide student loans to out of state students attending out of state universities. This policy change does not impact out of state students coming to ND for college, or ND residents going to universities out of state.

Mr. Steinwand presented the following Non-Confidential Meeting Minutes for the Commission member’s review:

- i. Finance and Credit Committee October 18, 2023 Meeting Minutes
- ii. Audit and Risk Committee October 19, 2023 Meeting Minutes
- iii. Advisory Board October 19, 2023 Meeting Minutes

It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that 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.

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, 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 45 minutes.

The executive session began at approximately 4:12 p.m.

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

BANK OF NORTH DAKOTA EXECUTIVE SESSION

Commission Members Present:

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

BND Staff Present:

Todd Steinwand, BND
Kelvin Hullet, BND
Craig Hanson BND

Others in Attendance

Ryan Norrell	Governor's Office
John Reiten	Governor's Office
Dutch Bialke	Ag Commissioner's Office
Karen Tyler	Industrial Commission Office
Reice Haase	Industrial Commission Office
Brenna Jessen	Industrial Commission Office

ATTORNEY CONSULTATION EXECUTIVE SESSION

Commission Members Present:

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

Attorneys Present:

Tom Boyd, Winthrop & Weinstine
Brent Lawrence, Winthrop & Weinstine

Others in Attendance

Ryan Norrell	Governor's Office
John Reiten	Governor's Office
Dutch Bialke	Ag Commissioner's Office

Karen Tyler Industrial Commission Office
Reice Haase Industrial Commission Office
Brenna Jessen Industrial Commission Office

The executive session ended at 4:59 p.m. and the Commission 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, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

During the Attorney Consultation, the Commission gave guidance in regard to the Renewable Energy Standard and the newly created Carbon Free Standard under Minn. Stat. 216B.1691.

Being no further business, Governor Burgum adjourned the meeting of the Industrial Commission at 5:01 p.m.

North Dakota Industrial Commission

Brenna Jessen, Recording Secretary

Reice Haase, Deputy Executive Director

Karen Tyler, Interim Executive Director