



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

Doug Burgum  
Governor

Drew H. Wrigley  
Attorney General

Doug Goehring  
Agriculture Commissioner

Thursday, December 12, 2024

Governor's Conference Room or Microsoft Teams – 3:00 pm

Meeting Coordinators:

Karen Tyler, Executive Director

Brenna Jessen, Recording Secretary

Erin Stieg, Grant Admin Assistant

Join on your computer or mobile app

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Or call in (audio only)

[+1 701-328-0950,64927248#](tel:+1701328095064927248)

## **I. Roll Call and Pledge of Allegiance**

(approximately 3:05 pm)

## **II. North Dakota Department of Mineral Resources – Nathan Anderson, Mark Bohrer, Richard Suggs**

### **A. Consideration of 2025 Oil and Gas Division Hearing Schedule**

(Attachment 1)

### **B. Consideration of the Following Cases:**

- i. Order 33550 in Case 30890 – Duke Royalty, overriding royalty interests, drilling, completion, production costs, risk penalty (Attachment 2)
- ii. Orders 33529, 33530, 33531 in Cases 30869, 30870, 30871- Summit Carbon Storage #1, Storage Facility, Amalgamation, Financial Responsibility (Attachment 3)
- iii. Orders 33533, 33534, 33535 in Cases 30873, 30874, 30875 – Summit Carbon Storage #2, Storage Facility, Amalgamation, Financial Responsibility (Attachment 4)
- iv. Orders 33537, 33538, 33539 in Cases 30877, 30878, 30879 – Summit Carbon Storage #3, Storage Facility, Amalgamation, Financial Responsibility (Attachment 5)

- v. Order 34153 in Case 31229 to reconsider and vacate Order 33918 and approve application of EOG Resources Inc. (Attachment 6)
- C. Other Department of Mineral Resources Business

(approximately 4:15 pm)

**III. Housing Finance Agency – Dave Flohr, Kayla Axtman, Mindy Piatz (Brady Martz)**

- A. Presentation of Housing Finance Agency Audit Report, June 30, 2024 and Presentation of Housing Incentive Fund Audit Report, June 30, 2024 – Minda Piatz, Brady Martz (Attachment 7 and 8)
- B. Report on NDHFA \$195 Million Series 2024D Bond Pricing – Kayla Axtman (Attachment 9)
- C. Other Housing Finance Agency Business

(approximately 4:30 pm)

**IV. North Dakota Public Finance Authority – DeAnn Ament**

- A. **Consideration of Approval for the Following Loan Application:**
  - i. **Fargo – Drinking Water - \$35,000,000 Lead Service Line Replacement** (Attachment 10)
- B. Presentation of a Memo of State Revolving Fund Loans Approved by Advisory Committee (Attachment 11)
  - i. Center – Clean Water - \$400,000 increase to previously approved \$4,930,000 loan (Attachment 11A)
  - ii. Fessenden – Clean Water \$2,000,000 (Attachment 11B)
  - iii. Stanley – Clean Water - \$1,099,000 (Attachment 11C)
  - iv. Stanley – Drinking Water - \$1,272,000 (Attachment 11D)
- C. Other Public Finance Authority Business

(approximately 4:45 pm)

**V. Bank of North Dakota – Don Morgan, Craig Hanson, Courtney Heiser, Kaylen Hausauer, Nicole Koons (online)**

- A. Update on Draft BND Capital Policy (Attachment 12)
- B. Presentation of Non-Confidential Committee and Advisory Board Minutes, October 2024 meetings (Attachment 13)
- C. Other Bank of North Dakota Business

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

(approximately 5:00 pm)

- VI. Bank of North Dakota Executive Session – Don Morgan, Craig Hanson, Kaylen Hausauer, Courtney Heiser, Nicole Koons (online)**
  - A. **Consideration of Approval of One Loan – Don Morgan, Kaylen Hausauer, Courtney Heiser, Nicole Koons** (Confidential Attachment 14)
  - B. **Consideration of Approval of BND De Minimis Cap Resolution – Don Morgan** (Confidential Attachment 15)
  - C. Presentation of Confidential Committee and Advisory Board Meeting Minutes, September 2024 (Confidential Attachment 16)
  - D. Other Bank of North Dakota Confidential Business
  
- VII. Attorney Consultation Regarding Proposals for National Monument Designation – Commission Members, Attorney, Staff**

### **Meeting Returns to Public Session**

#### **VIII. Action on Executive Session Items**

(approximately 5:45 pm)

- IX. CO2 Education and Outreach Project Update – Brent Bogar, Project Manager, AE2S and Marty Doll, Sr. Communications Strategist, AE2S** (Attachment 16A)

(approximately 6:15 pm)

- X. Legal and Regulatory Update\* – Phil Axt, Matt Sagsveen, John Reiten**
  - A. Litigation Status Updates: (Phil Axt)
    - i. NW Landowners v. State
    - ii. EPA Mercury and Air Toxics Rule
    - iii. EPA Carbon Rule
    - iv. EPA Methane OOOO Rule
    - v. BLM Venting and Flaring Rule
    - vi. BLM Conservation Rule
    - vii. CEQ NEPA Phase 2 Rule
    - viii. DAPL Intervention

- B. Other Legal Updates: (Phil Axt)
  - i. EPA Methane Tax Rule
- C. Federal Regulatory Update: (John Reiten)
  - i. BLM Resource Management Plan

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

(approximately 6:30 pm)

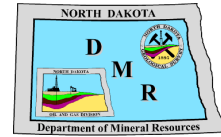
**XI. Office of the Industrial Commission – Karen Tyler**

- A. **Consideration of November 26, 2024, Industrial Commission Meeting Minutes** (Attachment 17)
- B. **Consideration of Approval of ND Mill President Annual Bonus** (Attachment 18)
- C. **Consideration of Approval of Industrial Commission Executive Director Compensation** (Attachment 19)
- D. **Consideration of Approval of 2025 Industrial Commission Meeting Schedule** (Attachment 20)
- E. Other Office of Industrial Commission business

**XII. Adjournment**

Next Meeting – January 28, 2025, 1:00 pm  
Governor’s Conference Room





**INDUSTRIAL COMMISSION  
OF NORTH DAKOTA**

**TENTATIVE** Schedule for Oil & Gas Hearings 2025  
Bismarck, North Dakota  
DMR Conference Room  
1000 East Calgary Ave

| <u>Hearing Date</u>                      | <u>Docket Closing Date</u> |
|--|----------------------------|
| January 22, 2025<br>January 23, 2025     | December 18, 2024          |
| February 26, 2025<br>February 27, 2025   | January 22, 2025           |
| March 26, 2025<br>March 27, 2025         | February 19, 2025          |
| April 23, 2025<br>April 24, 2025         | March 19, 2025             |
| May 28, 2025<br>May 29, 2025             | April 23, 2025             |
| June 25, 2025<br>June 26, 2025           | May 21, 2025               |
| July 23, 2025<br>July 24, 2025           | June 18, 2025              |
| August 27, 2025<br>August 28, 2025       | July 23, 2025              |
| September 25, 2025<br>September 26, 2025 | August 20, 2025            |
| October 22, 2025<br>October 23, 2025     | September 17, 2025         |
| November 19, 2025<br>November 20, 2025   | October 15, 2025           |
| December 17, 2025<br>December 18, 2025   | November 12, 2025          |
| January 21, 2025<br>January 22, 2025     | December 17, 2025          |

Mark F. Bohrer  
ASSISTANT DIRECTOR  
OIL AND GAS DIVISION

Nathan D. Anderson  
DIRECTOR  
DEPT. OF MINERAL RESOURCES

Edward C. Murphy  
STATE GEOLOGIST  
GEOLOGICAL SURVEY

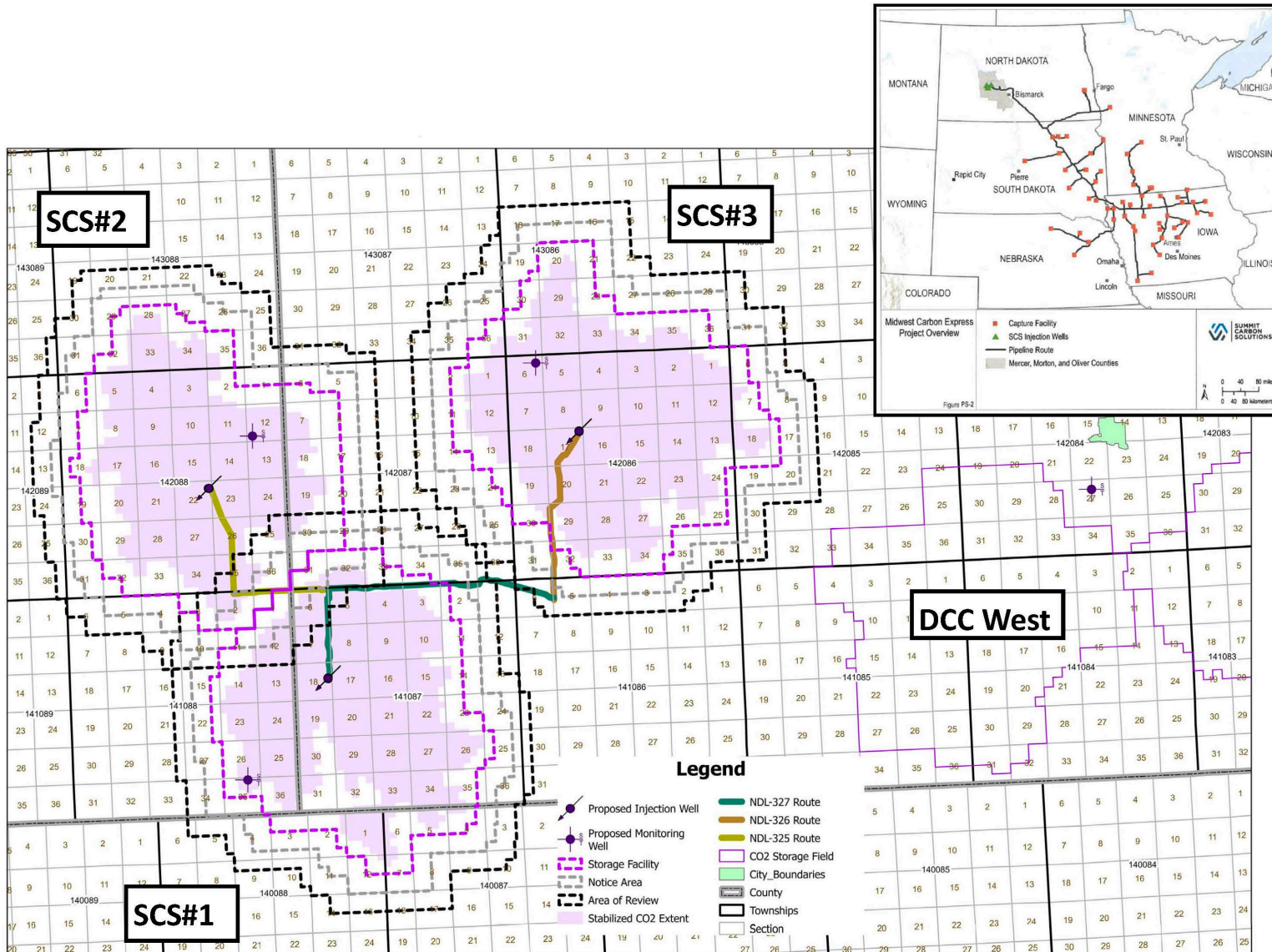
Docket for Hearing  
Wednesday, May 29, 2024  
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

**Case No. 30890, Order No. 33550:** Petition of Duke Royalty, LLC, for an order providing that Iron Oil Operating, LLC is not entitled to recovery of any drilling, completion, or production costs, or recovery of a risk penalty on Duke Royalty's interests in the Boxcar #1-4-16H well (File No. 37896), located in a spacing unit described as Sections 4, 9, and 16, T.148N., R.102W., McKenzie County, ND, as provided in NDCC § 38-08-08 and for such other relief as may be appropriate.

# DECEMBER 12, 2024 – INDUSTRIAL COMMISSION MEETING

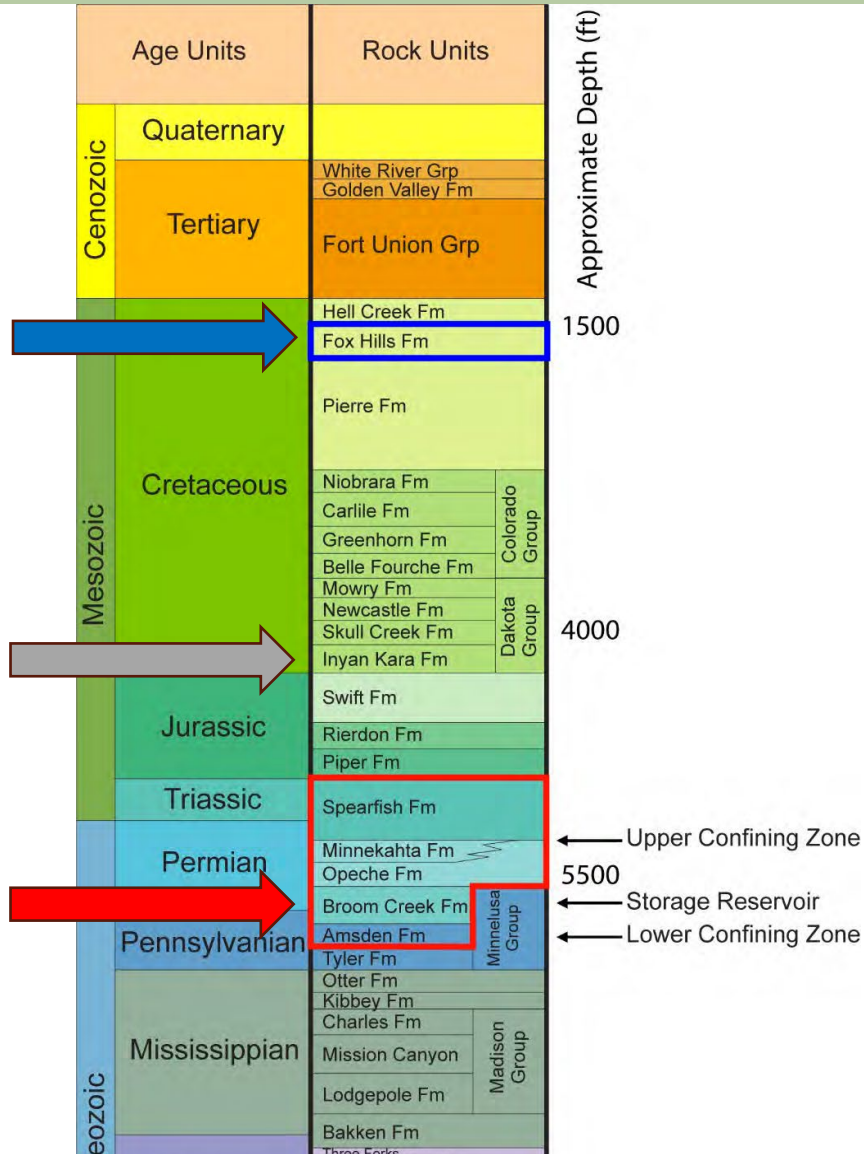
- DMR – Oil and Gas Division – Summit Carbon Solutions – CO2 Storage
  - Summit Carbon Storage #1 (SCS#1)
    - Case No. 30869 – Storage Facility
    - Case No. 30870 – Amalgamation
    - Case No. 30871 – Financial Assurance
  - Summit Carbon Storage #2 (SCS#2)
    - Case No. 30873 – Storage Facility
    - Case No. 30874 – Amalgamation
    - Case No. 30875 – Financial Assurance
  - Summit Carbon Storage #3 (SCS#3)
    - Case No. 30877 – Storage Facility
    - Case No. 30878 – Amalgamation
    - Case No. 30879 – Financial Assurance

# STORAGE FACILITIES MAP



- Summit Carbon Solutions
  - SCS#1 – TB Leingang
    - 29,444.72 acres
  - SCS#2 – BK Fischer
    - 28,844.57 acres
  - SCS#3 – KJ Hintz
    - 31,238.68 acres
- Applicant (Summit) has met all century (38-22) and administrative (43-05-01) code requirements for permitting CO<sub>2</sub> Storage Facilities
- Per the Policy set forth by the legislature in 38-22-01, geologic storage of CO<sub>2</sub> is in the public interest

# GEOLOGIC CHARACTERIZATION



- The horizontal and vertical boundaries of the storage reservoir have been defined, the Broom Creek injection zone is suitable and feasible for CO<sub>2</sub> injection and storage, the confining zones will prevent CO<sub>2</sub> from escaping from the storage reservoir
- Storage will not adversely affect surface waters or formations containing fresh water
- >95% CO<sub>2</sub> can be safely and efficiently stored in the storage reservoir and no substances that would compromise the integrity of the storage reservoir will enter the storage reservoir.
- Testing and monitoring plan to assess the location and migration of carbon dioxide
- Storage facility will not endanger human health nor unduly endanger the environment
- No commercially valuable minerals

# WRITTEN COMMENTS / APPEARANCES

- Written comments
  - General opposition (8 submissions)
  - Mineral owner opposition (12 submissions)
  - Parties in support (4 submissions)
- Appearances
  - Surface owner opposition (11 intervenors represented by opposing counsel) one of which testified at the hearing
  - One appearance in support

# AMALGAMATION

- Leased acres: SCS #1 (89.14%), SCS #2 (92.43%), SCS #3 (96.77%)
- Revisions to the lease agreement included: a 50% increase in the royalty payment rate, a no surface facilities clause, and the “favored nations” clause
- Summit has made a good-faith effort to get the consent of all persons who own the storage reservoir's pore space
- One-phase formula based on surface acres and the favored nation clause will ensure equitable compensation for all pore space owners (consenting and nonconsenting) within the storage facilities.



# FINANCIAL ASSURANCE

| Coverage                        | SCS#1        | SCS#2        | SCS#3        |
|---------------------------------|--------------|--------------|--------------|
| Injection Well Plugging         | \$1,166,000  | \$1,166,000  | \$1,166,000  |
| Post Injection Site Care        | \$5,392,800  | \$5,577,800  | \$5,646,800  |
| Emergency and Remedial Response | \$13,795,000 | \$14,125,000 | \$14,005,000 |



# DISCUSSION ITEMS

Orders make no determination regarding the storage facilities contribution to the energy and agricultural production economy of North Dakota. Require a subsequent hearing to make this determination and for potentially setting per tonne storage fees.

Amalgamation order: Granting authority to issue a director's order to set the effective date after receipt of an affidavit affirming executed agreements on state lands.

Procedural history, Open records requests, Post hearing filings

Storage facilities included no single large landowner (largest less than 6%) and greater than 92% sign on across all three facilities

Approval adds 17.6 million tonnes annually (current approved annual capacity 14.7 million tonnes)

# 38-22-08 - PERMIT REQUIREMENTS

|     |  |
|-----|--|
| 1.  | That the storage operator has complied with all requirements set by the commission.  |
| 2.  | That the storage facility is suitable and feasible for carbon dioxide injection and storage.   |
| 3.  | That the carbon dioxide to be stored is of a quality that allows it to be safely and efficiently stored in the storage reservoir.  |
| 4.  | That the storage operator has made a good-faith effort to get the consent of all persons who own the storage reservoir's pore space.   |
| 5.  | That the storage operator has obtained the consent of persons who own at least sixty percent of the storage reservoir's pore space.  |
| 6.  | Whether the storage facility contains commercially valuable minerals and, if it does, a permit may be issued only if the commission is satisfied that the interests of the mineral owners or mineral lessees will not be adversely affected or have been addressed in an arrangement entered into by the mineral owners or mineral lessees and the storage operator. |
| 7.  | That the proposed storage facility will not adversely affect surface waters or formations containing fresh water.  |
| 8.  | That carbon dioxide will not escape from the storage reservoir.  |
| 9.  | That substances that compromise the objectives of this chapter or the integrity of a storage reservoir will not enter a storage reservoir.   |
| 10. | That the storage facility will not endanger human health nor unduly endanger the environment.  |
| 11. | That the storage facility is in the public interest.   |
| 12. | That the horizontal and vertical boundaries of the storage reservoir are defined. These boundaries must include buffer areas to ensure that the storage facility is operated safely and as contemplated.   |
| 13. | That the storage operator will establish monitoring facilities and protocols to assess the location and migration of carbon dioxide injected for storage and to ensure compliance with all permit, statutory, and administrative requirements.   |
| 14. | That all nonconsenting pore space owners are or will be equitably compensated.   |

Docket for Hearing  
Tuesday, June 11, 2024 & Wednesday, June 12, 2024  
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

**Case No. 30869, Order No.33529** : In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #1, LLC requesting consideration for the geologic storage of carbon dioxide in the Broom Creek Formation from the Midwest Carbon Express Pipeline in the storage facility located in Sections 31, 32, 33, and 34, Township 142 North, Range 87 West, Sections 1, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 35, and 36, Township 141 North, Range 88 West, Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35, Township 141 North, Range 87 West, Sections 1, 2, 3, and 12, Township 140 North, Range 88 West and Sections 4, 5, 6, and 7, Township 140 North, Range 87 West, Mercer, Morton, and Oliver Counties, ND pursuant to North Dakota Administrative Code Chapter 43-05-01. View the draft storage facility permit, fact sheet, and storage facility permit application at [www.dmr.nd.gov/dmr/oilgas/](http://www.dmr.nd.gov/dmr/oilgas/). Summit Carbon Storage #1, LLC intends to receive carbon dioxide from the Midwest Carbon Express Pipeline and sequester it in the Broom Creek Formation. The Commission will accept and consider written comments on the merits of the application and draft permit if received no later than 5:00 pm CDT June 10, 2024. Submit written comments to the Oil and Gas Division, 1016 East Calgary Ave, Bismarck, ND 58503-5512 or [slforsberg@nd.gov](mailto:slforsberg@nd.gov). Further draft permit information may be obtained from Tammy Madche, and further hearing information may be obtained from Sara Forsberg, both at the ND Oil and Gas Division, 1016 East Calgary Ave, Bismarck, ND 58503-5512, 701-328-8020. Summit Carbon Storage #1, LLC, 2321 North Loop Dr Suite #221, Ames, IA 50010.

**Case No. 30870, Order No. 33530**: In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #1, LLC to consider the amalgamation of the storage reservoir pore space, in which the Commission may require that the pore space owned by nonconsenting owners be included in the geologic storage, as required to operate the Summit Carbon Storage #1, LLC storage facility located in Sections 31, 32, 33, and 34, Township 142 North, Range 87 West, Sections 1, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 35, and 36, Township 141 North, Range 88 West, Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35, Township 141 North, Range 87 West, Sections 1, 2, 3, and 12, Township 140 North, Range 88 West and Sections 4, 5, 6, and 7, Township 140 North, Range 87 West, Mercer, Morton, and Oliver Counties, ND, in the Broom Creek Formation, pursuant to North Dakota Century Code Section 38-22-10.

**Case No. 30871, Order No. 33531**: In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #1, LLC for an order of the Commission determining the amount of financial responsibility for the geologic storage of carbon dioxide from the Midwest Carbon Express Pipeline in the storage facility located in Sections 31, 32, 33, and 34, Township 142 North, Range 87 West, Sections 1, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 35, and 36, Township 141 North, Range 88 West, Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35, Township 141 North, Range 87 West, Sections 1, 2, 3, and 12, Township 140 North, Range 88 West and Sections 4, 5, 6, and 7, Township 140 North, Range 87 West, Mercer,

Docket for Hearing  
Tuesday, June 11, 2024 & Wednesday, June 12, 2024  
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

**Case No. 30873, Order No. 33533:** In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #2, LLC requesting consideration for the geologic storage of carbon dioxide in the Broom Creek Formation from the Midwest Carbon Express Pipeline in the storage facility located in Sections 27, 28, 29, 32, 33, 34, and 35, Township 143 North, Range 88 West, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, and 36, Township 142 North, Range 88 West, Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, and 31, Township 142 North, Range 87 West, and Sections 1, 2, and 3, Township 141 North, Range 88 West, Mercer and Oliver Counties, ND pursuant to North Dakota Administrative Code Chapter 43-05-01. View the draft storage facility permit, fact sheet, and storage facility permit application at [www.dmr.nd.gov/dmr/oilgas/](http://www.dmr.nd.gov/dmr/oilgas/). Summit Carbon Storage #2, LLC intends to receive carbon dioxide from the Midwest Carbon Express Pipeline and sequester it in the Broom Creek Formation. The Commission will accept and consider written comments on the merits of the application and draft permit if received no later than 5:00 pm CDT June 10, 2024. Submit written comments to the Oil and Gas Division, 1016 East Calgary Ave, Bismarck, ND 58503-5512 or [slforsberg@nd.gov](mailto:slforsberg@nd.gov). Further draft permit information may be obtained from Tammy Madche, and further hearing information may be obtained from Sara Forsberg, both at the ND Oil and Gas Division, 1016 East Calgary Ave, Bismarck, ND 58503-5512, 701-328-8020. Summit Carbon Storage #2, LLC, 2321 North Loop Dr Suite #221, Ames, IA 50010.

**Case No. 30874, Order No. 33534:** In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #2, LLC to consider the amalgamation of the storage reservoir pore space, in which the Commission may require that the pore space owned by nonconsenting owners be included in the geologic storage, as required to operate the Summit Carbon Storage #2, LLC storage facility located in Sections 27, 28, 29, 32, 33, 34, and 35, Township 143 North, Range 88 West, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, and 36, Township 142 North, Range 88 West, Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, and 31, Township 142 North, Range 87 West, and Sections 1, 2, and 3, Township 141 North, Range 88 West, Mercer and Oliver Counties, ND, in the Broom Creek Formation, pursuant to North Dakota Century Code Section 38-22-10.

**Case No. 30875, Order No. 33535:** In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #2, LLC for an order of the Commission determining the amount of financial responsibility for the geologic storage of carbon dioxide from the Midwest Carbon Express Pipeline in the storage facility located in Sections 27, 28, 29, 32, 33, 34, and 35, Township 143 North, Range 88 West, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, and 36, Township 142 North, Range 88 West, Sections 5, 6, 7, 8, 17, 18, 19, 20, 29, 30, and 31, Township 142 North, Range 87 West, and Sections 1, 2, and 3, Township 141 North, Range 88 West, Mercer and Oliver Counties, ND, in the Broom Creek Formation, pursuant to North Dakota Administrative Code Section 43-05-01-09.1.

Morton, and Oliver Counties, ND, in the Broom Creek Formation, pursuant to North Dakota Administrative Code Section 43-05-01-09.1.

Docket for Hearing  
Tuesday, June 11, 2024 & Wednesday, June 12, 2024  
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

**Case No. 30877, Order No. 33537:** In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #3, LLC requesting consideration for the geologic storage of carbon dioxide in the Broom Creek Formation from the Midwest Carbon Express Pipeline in the storage facility located in Section 36, Township 143 North, Range 87 West, Sections 19, 20, 21, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 143 North, Range 86 West, Sections 1, 2, 11, 12, 13, 14, and 24, Township 142 North, Range 87 West, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, and 35, Township 142 North, Range 86 West, and Sections 6, 7, 17, 18, 19, and 20, Township 142 North, Range 85 West, Oliver County, ND pursuant to North Dakota Administrative Code Chapter 43-05-01. View the draft storage facility permit, fact sheet, and storage facility permit application at [www.dmr.nd.gov/dmr/oilgas/](http://www.dmr.nd.gov/dmr/oilgas/). Summit Carbon Storage #3, LLC intends to receive carbon dioxide from the Midwest Carbon Express Pipeline and sequester it in the Broom Creek Formation. The Commission will accept and consider written comments on the merits of the application and draft permit if received no later than 5:00 pm CDT June 10, 2024. Submit written comments to the Oil and Gas Division, 1016 East Calgary Ave, Bismarck, ND 58503-5512 or [slforsberg@nd.gov](mailto:slforsberg@nd.gov). Further draft permit information may be obtained from Tammy Madche, and further hearing information may be obtained from Sara Forsberg, both at the ND Oil and Gas Division, 1016 East Calgary Ave, Bismarck, ND 58503-5512, 701-328-8020. Summit Carbon Storage #3, LLC, 2321 North Loop Dr Suite #221, Ames, IA 50010.

**Case No. 30878, Order No. 33538:** In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #3, LLC to consider the amalgamation of the storage reservoir pore space, in which the Commission may require that the pore space owned by nonconsenting owners be included in the geologic storage, as required to operate the Summit Carbon Storage #3, LLC storage facility located in Section 36, Township 143 North, Range 87 West, Sections 19, 20, 21, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 143 North, Range 86 West, Sections 1, 2, 11, 12, 13, 14, and 24, Township 142 North, Range 87 West, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, and 35, Township 142 North, Range 86 West, and Sections 6, 7, 17, 18, 19, and 20, Township 142 North, Range 85 West, Oliver County, ND, in the Broom Creek Formation, pursuant to North Dakota Century Code Section 38-22-10.

**Case No. 30879, Order No. 33539:** In the matter of a hearing called on a motion of the Commission to consider the application of Summit Carbon Storage #3, LLC for an order of the Commission determining the amount of financial responsibility for the geologic storage of carbon dioxide from the Midwest Carbon Express Pipeline in the storage facility located in Section 36, Township 143 North, Range 87 West, Sections 19, 20, 21, 28, 29, 30, 31, 32, 33, 34, 35, and 36, Township 143 North, Range 86 West, Sections 1, 2, 11, 12, 13, 14, and 24, Township 142 North, Range 87 West, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, and 35, Township 142 North, Range 86 West, and Sections 6, 7, 17, 18, 19, and 20, Township 142 North, Range

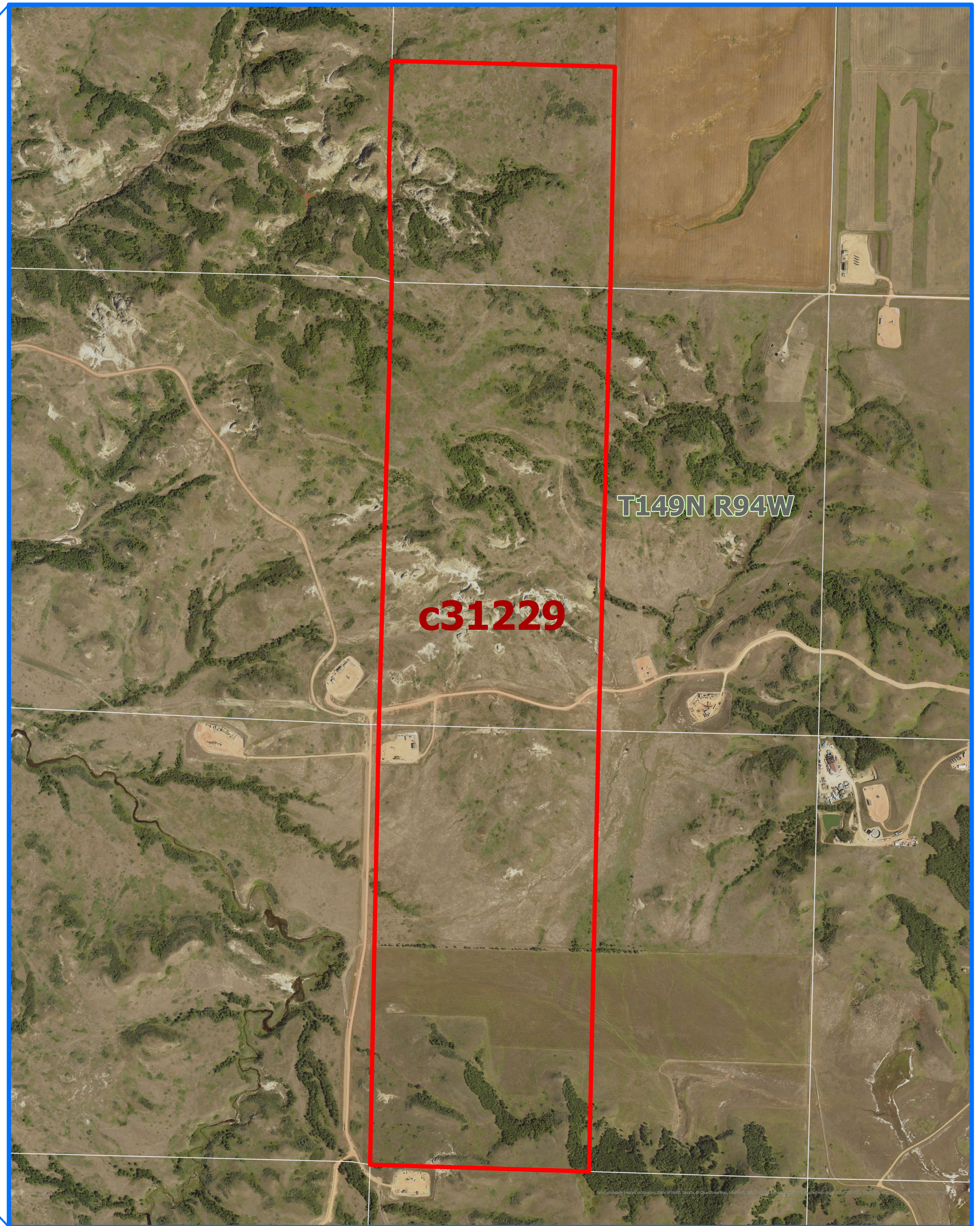
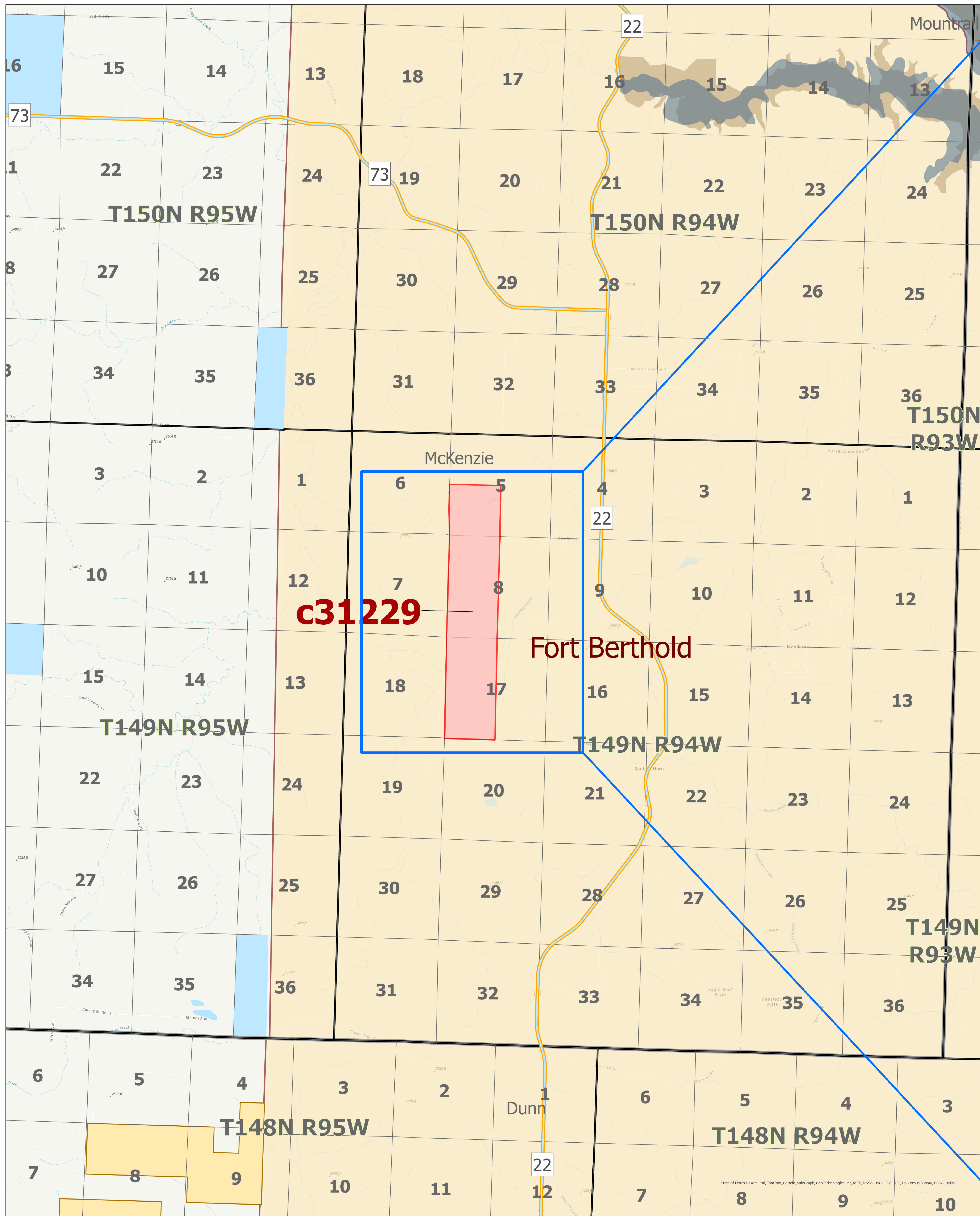
85 West, Oliver County, ND, in the Broom Creek Formation, pursuant to North Dakota Administrative Code Section 43-05-01-09.1.

Docket for Hearing  
Thursday, September 26, 2024  
N.D. Oil & Gas Division N.D. Oil & Gas Division 1000 East Calgary Avenue

**For Reconsideration- Case No. 31229, Order No. 33918:** Recommendation to approve Order No.34153 in Case No. 31229 and vacate Order No. 33918 for the application of EOG Resources, Inc. for an order amending the field rules for the Phaelens Butte-Bakken Pool, McKenzie County, ND, to create and establish an overlapping 960-acre spacing unit comprised of the SW/4 of Section 5, the W/2 of Sections 8 and 17, and the NW/4 of Section 20, T.149N., R.94W., authorizing the drilling, completing and producing of a total not to exceed three wells on said proposed overlapping 960-acre spacing unit and such other relief as appropriate.



# Industrial Commission c31229







C31229

SPOTTED HORN

T150NK94W

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ROADS BUTTE

T149NR94W

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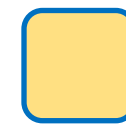
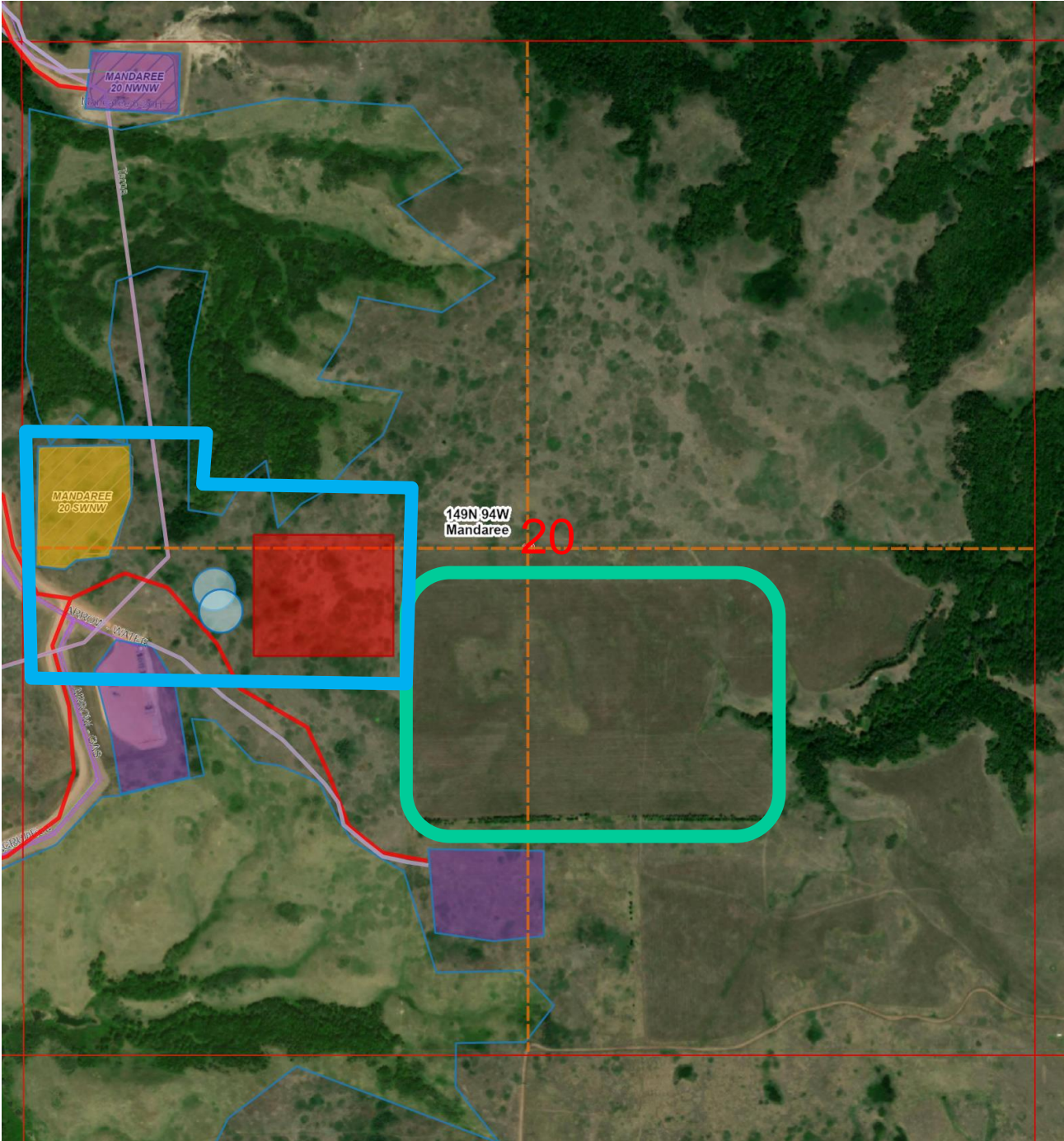
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# Mandaree Sec 20 : SW ¼ Surface Challenges

(Aerial Photo Map Base)



EOG Proposed Pad Location  
APPROVED during 10/24/23 Onsite  
w/ BLM, BIA, TAT



EOG Proposed Pad Location  
REJECTED during 10/24/23 Onsite  
w/ BLM, BIA, TAT (Topography, Habitat Avoidance)



Existing Pads



Pipelines (Oil, Gas, Water)



Topographically  
Challenged Coulee Area



Artifacts Avoidance Area



Roads



Allotted Tract on which  
ROW/SUA agreement  
unlikely/impractical



Tribal Owned Tract on  
which ROW/SUA was  
attainable

\*\*\*\*On 10/24/23 EOG initiated an onsite with BLM, BIA, and Three Affiliated Tribes Representatives; the result of this onsite was the determination that the EOG preferred site in Sec 20 NESW along with S2SW Sec 20 could not accommodate a Drilling/FAC pad Location \*\*\*\*

Case No. 31229  
Supplemental Ex E7  
October 3, 2024

Section Lines

¼ Section Lines

**HOME MORTGAGE FINANCE PROGRAM BONDS**

NDHFA Bond Sale 2024D

|   | Priced Nov. 20, 2024 |              | Priced 6/6/24      | Priced 2/21/24     |
|---|----------------------|--------------|--------------------|--------------------|
|   | Tax Exempt           | Taxable      | Tax Exempt         | Tax Exempt         |
|   | 2024D                |              | 2024C              | 2024A              |
| Bonds Issued                                      | 195,000,000          | 0            | 200,000,000        | 149,000,000        |
| Bond Premium                                      | 4,993,699            | 0            | 4,728,932          | 2,393,524          |
| Debt Service Reserve                              | (5,850,000)          | 0            | (6,000,000)        | (4,470,000)        |
| <b>Total Proceeds</b>                             | <b>194,143,699</b>   | <b>-</b>     | <b>198,728,932</b> | <b>146,923,524</b> |
| <b>Bond Yield</b>                                 | <b>4.33%</b>         | <b>0.00%</b> | <b>4.42%</b>       | <b>4.37%</b>       |
| Cost of Issuance & Underwriters Discount (Agency) | 1,749,072            | -            | 1,772,533          | 1,344,526          |
| Average Loan Amount                               | 224,536              | -            | 224,987            | 227,291            |
| Estimated Number of Loans                         | 865                  |              | 883                | 646                |

| Interest Rates Offered (30 Year Fixed rates adjusted daily) | FirstHome                | Roots^ | FirstHome | FirstHome |
|---|--------------------------|--------|-----------|-----------|
|   | Government (1.5 Points*) | 5.450% | 7.100%    | 4.550%    |
| Conventional (1.5 Points*)                                  | 5.700%                   | 7.350% | 4.800%    | 5.000%    |

^Includes refinances, borrowers purchasing for a second time

Eligible Loans include: FHA Insured, Conventional Insured, USDA RD RHS Guaranteed, VA Guaranteed, Uninsured

Home Sales Price Limits (One Unit)  
 All Counties 481,176  
*Higher Limits applicable to 2 - 4 Unit Residences*

Borrower Income Limits 100,400 to 126,040  
 (Limits vary by county and household size)

|                  |              |         |
|------------------|--------------|---------|
| Loan Type Limits | Conventional | 726,200 |
|                  | FHA          | 472,030 |
|                  | VA           | 726,200 |

|                                  |            |
|----------------------------------|------------|
| Underwriters Discount Components | \$/M Bonds |
| Management Expense               | 0.75       |
| Take-Down                        | 0.36       |
| TOTAL                            | 5.80       |
|                                  | 6.92       |

|  |    |
|--|----|
| Miscellaneous                              |    |
| Annual (Basis Points on Loans Outstanding) | 20 |

**Commentary:** The fed funds rate is currently sitting at 4.50% - 4.75%, a level that was last seen in 2023. In September 2024, the Federal Reserve began decreasing the fed funds rate with a decrease of 0.50 with continued decreases following. During this same time the Agency has moved the tax exempt 30 year mortgage rate 16 times and continues to be well below the current market rate for a 30 year conventional loan. The average 30 year FHA mortgage rate is 6.22% and the average 30 year conventional mortgage right now is 6.91%. For the past two months the Agency is averaging just under \$2million a day in First Home (tax exempt) reservations and approximately \$175,000 in daily Roots (taxable) reservations. Currently, the average total payment (principal, interest, taxes and insurance) for a First Home borrower is \$1,191 and for a Roots borrower it is \$1,932.

RESOLUTION APPROVING  
LOAN FROM DRINKING WATER STATE REVOLVING FUND

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

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

WHEREAS, the City of Fargo (the "Political Subdivision") has requested a loan in the amount of \$35,000,000 from the Program to replace the over 2,500 known lead service lines in the Political Subdivision; 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 12, 2024

\_\_\_\_\_  
Governor Doug Burgum, Chairman

Attest:

\_\_\_\_\_  
Karen Tyler, Executive Director  
Industrial Commission of North Dakota

December 3, 2024

PUBLIC FINANCE AUTHORITY ADVISORY COMMITTEE

RECOMMENDATION TO THE INDUSTRIAL COMMISSION

The Advisory Committee, at its December 3, 2024 meeting, reviewed, discussed, and recommends approval of a \$35,000,000 Drinking Water State Revolving Fund Program loan to the City of Fargo.

North Dakota Public Finance Authority  
Advisory Committee

Keith Lund, Chairman  
Linda Svihovec  
John Phillips

Industrial Commission  
of North Dakota

Doug Burgum  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



Public Finance Authority

## Memorandum

**To:** Public Finance Authority Advisory Committee  
Miles Silbert, PFM Financial Advisors LLC  
Kylee Merkel, Bank of North Dakota

**From:** DeAnn Ament, Executive Director

**Date:** October 29, 2024

**Re:** City of Fargo  
Drinking Water State Revolving Fund

**Purpose of the Project:** Replace the over 2,500 known lead service lines in the City.

**Project Amount:**

|                                    |               |
|------------------------------------|---------------|
| <b>DWSRF Request/Project Total</b> | \$ 35,000,000 |
| <b>DWSRF Loan Forgiveness</b>      | -23,282,308   |
| <b>Net DWSRF Loan</b>              | \$ 11,717,692 |

**Population to Benefit from the Project:** 13,559; \$2,581/resident

**Population Served by the System:** 184,525

**Is the Project Area Within the Extraterritorial Jurisdiction of a City:** No

The requested term for the Drinking Water State Revolving Fund (DWSRF) loan is 30 years. The City of Fargo will issue revenue bonds payable with sales tax and water fund revenues. The average annual payment for the revenue bonds will be \$390,590. The 110% coverage requirement will be \$429,649 and the required debt service reserve will be \$420,000.



**City Sales Tax:**

The City collects a 2% sales tax and ½ of 1% is dedicated to CWSRF and DWSRF financed infrastructure.

|                   | 2019         | 2020         | 2021         | 2022         | 2023         |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| 2% City Sales Tax | \$49,623,454 | \$51,720,983 | \$60,456,732 | \$65,918,347 | \$69,144,866 |
| 1/2 of 1%         | \$12,405,864 | \$12,930,246 | \$15,114,183 | \$16,479,587 | \$17,286,217 |
| Debt Service      | \$5,618,117  | \$5,636,083  | \$5,930,876  | \$5,957,230  | \$5,935,800  |
| Excess Sales Tax  | \$6,787,747  | \$7,294,163  | \$9,183,307  | \$10,522,357 | \$11,350,417 |

The City has 24,681 residential water accounts that pay a monthly base charge of \$17.55 which includes 2,000 gallons. There are 5,750 commercial accounts that pay a monthly base charge which ranges from \$55.95 to \$745.95 depending on the meter size. The volume charge is \$4.90/1,000 above the first 2,000 gallons.

**Water Fund:**

|                               | 2020        | 2021         | 2022        | 2023        |
|-------------------------------|-------------|--------------|-------------|-------------|
| Interest Revenue              | \$4,535     | \$57,825     | \$24,729    | \$22,661    |
| Operating Revenue             | 23,773,689  | 26,123,374   | 25,679,019  | 29,109,021  |
| Operating Expenses            | 23,191,294  | 23,128,967   | 25,557,494  | 27,424,202  |
| Net Operating Expenditures    | 586,930     | 3,052,232    | 146,254     | 1,707,480   |
| Depreciation                  | 7,601,751   | 7,746,117    | 7,847,571   | 8,110,737   |
| Adjusted Net Operating Income | \$8,188,681 | \$10,798,349 | \$7,993,825 | \$9,818,217 |
| Revenue Bond Payments         | \$4,817,427 | \$4,889,982  | \$4,975,904 | \$5,789,292 |
| Net Operating Coverage        | 170%        | 221%         | 161%        | 170%        |

**Projected Water Fund Net Operating Coverage:**

|   | 2024         | 2025         | 2026        | 2027        |
|---|--------------|--------------|-------------|-------------|
| Proforma Net Operating Revenue <sup>1</sup> | \$19,219,294 | \$11,254,069 | \$8,193,130 | \$9,372,334 |
| Proforma Debt Service                       | \$7,392,248  | \$7,388,598  | \$7,359,371 | \$8,884,122 |
| Proforma Net Operating Coverage             | 260%         | 152%         | 111%        | 105%        |

<sup>1</sup> Includes water rate revenues and sales tax which is ½ of the ½ of 1% since this is only a water projection.

The existing excess sales tax will be sufficient to meet the 110% net operating coverage. The City annually reviews the rates and adjusts as needed every two years. The net operating revenues of the water fund provide satisfactory backing should sales tax be inadequate.

The City's outstanding indebtedness as of December 31, 2023:

|                                 | <b><u>Original<br/>Amount</u></b> | <b><u>Amount<br/>Outstanding</u></b> |
|---------------------------------|-----------------------------------|--------------------------------------|
| <b>Governmental Activities</b>  |                                   |                                      |
| Improvement Bonds               | \$ 672,725,000                    | \$ 506,650,000                       |
| GO Bonds                        | 38,745,000                        | 27,255,000                           |
| Sales Tax Revenue Bonds *       | 83,887,000                        | 50,083,000                           |
| Taxable Appropriation Bonds     | 28,840,000                        | 27,235,000                           |
| Appropriation Bonds             | 8,103,000                         | 7,670,000                            |
| SRF Notes Payable *             | 97,505,936                        | 40,333,837                           |
| TIF Revenue Notes               | 6,433,705                         | 4,690,989                            |
| Direct Bank Loan                | 6,000,000                         | 2,319,516                            |
| Mercantile Parking Garage       | 2,000,000                         | 2,000,000                            |
| BND Infrastructure Loan         | 15,000,000                        | 11,279,481                           |
|                                 | <u>\$ 959,239,641</u>             | <u>\$ 679,516,823</u>                |
| <b>Business-Type Activities</b> |                                   |                                      |
| Revenue Bonds                   | \$ 2,875,000                      | \$ 1,463,495                         |
| Direct Bank Loan                | 3,000,000                         | 300,000                              |
| SRF Notes Payable *             | 305,699,000                       | 250,863,977                          |
| Appropriation Bonds             | 7,810,000                         | 3,370,000                            |
|                                 | <u>\$ 319,384,000</u>             | <u>\$ 255,997,472</u>                |

\*All payments have been made as agreed. The City has ten CWSRF and five DWSRF loans with outstanding balances of \$291,197,814 and two CFP loans with outstanding balances of \$50,083,000. In 2024, there have been three new CWSRF loans, one CWSRF increase and one new DWSRF loan approved for a total of \$48,748,000.

With \$935,514,295 total debt outstanding, the debt per person is \$6,900.

The City of Fargo is located in Cass County at the intersection of Interstate Highways 94 and 29. The estimated current population is 135,588. Based on the 2020 census, the total population was 125,990; this is an increase of 20,441 from the 2010 census. The largest employers in the City are Sanford Health Facilities with 9,181 employees, North Dakota State University has 2,324 employees and Fargo Public Schools employs 2,273.

**K-12 School Enrollment:**

|                  |                  |                  |                  | <b>Projected</b> |
|------------------|------------------|------------------|------------------|------------------|
| <b>2020-2021</b> | <b>2021-2022</b> | <b>2022-2023</b> | <b>2023-2024</b> | <b>2024-2025</b> |
| 11,169           | 11,195           | 11,288           | 11,319           | 11,400           |

The City's 2023 taxable valuation was \$808,920,288. This is an increase of \$202,534,286 over the 2019 taxable valuation.

**Property Tax Collections 7/31/2024:**

| <b>Levy Year</b> | <b>Dollar Amount of Levy</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|------------------|------------------------------|--|-----------------------------|
| <b>2023</b>      | \$47,682,349                 | \$43,192,948                                   | 91%                         |
| <b>2022</b>      | \$40,652,011                 | \$38,729,680                                   | 95%                         |
| <b>2021</b>      | \$36,279,891                 | \$34,454,559                                   | 95%                         |

**Special Assessment Collections 7/31/2024:**

| <b>Year</b> | <b>Dollar Amount</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|-------------|----------------------|--|-----------------------------|
| <b>2023</b> | \$42,562,481         | \$40,897,955                                   | 96%                         |
| <b>2022</b> | \$39,463,391         | \$38,962,352                                   | 99%                         |
| <b>2021</b> | \$38,099,705         | \$37,948,476                                   | 100%                        |

**Mill Levy History:**

| <b>Year</b> | <b>City</b> | <b>School</b> | <b>Park District</b> | <b>State and County</b> | <b>Other</b> | <b>Total for Each Year</b> |
|-------------|-------------|---------------|----------------------|-------------------------|--------------|----------------------------|
| <b>2023</b> | 57.00       | 154.13        | 34.08                | 46.00                   | 5.39         | 296.60                     |
| <b>2022</b> | 55.00       | 154.38        | 38.09                | 48.00                   | 6.03         | 301.50                     |
| <b>2021</b> | 53.00       | 154.38        | 33.85                | 48.75                   | 6.03         | 296.01                     |
| <b>2020</b> | 53.00       | 154.38        | 29.60                | 48.92                   | 6.22         | 292.12                     |
| <b>2019</b> | 53.00       | 154.38        | 28.67                | 50.00                   | 6.39         | 292.44                     |



## Memorandum

**TO:** DeAnn Ament, Executive Director  
North Dakota Public Finance Authority

**FROM:** PFM Financial Advisors LLC

**DATE:** November 27, 2024

**RE:** Marketplace Analysis - Drinking Water State Revolving Fund Program  
City of Fargo

---

The City of Fargo (“City”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$35,000,000 loan of which \$23,282,308 is principal forgiveness for a net of \$11,717,692 under Drinking Water State Revolving Fund Program (“DWSRF Program”). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution, and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to replace over 2,500 lead service lines.

The municipal securities to be acquired by the Authority will be revenue bonds payable from water fund and sales tax fund revenues. The City’s average annual payment under the proposed loan will be approximately \$390,590 indicating a 110% net revenue coverage requirement of approximately \$429,649. The City will be required to deposit \$420,000 into a reserve fund with payments of \$84,000 per year for the first five years of the loan. Net operating coverage of the water fund was 1.70x, 2.21x, 1.61x, and 1.70x for 2020-2023, respectively. In addition to the water fund, one half of one percent of the City’s two percent sales tax is dedicated to the CWSRF and DWSRF. The projected pro forma net operating coverage, which includes the sales tax and water revenues, is 2.60x, 1.52x, 1.11x and 1.05x respectively, for years 2024-2027. The City reviews their sales tax and water rates annually and adjusts the rates as needed. The excess sales tax, water fund, and as needed rate increases will provide sufficient net revenues to meet the 110% coverage requirement.

As of December 31, 2023, the City has the following outstanding debt:

|                                 | <b>Amount<br/><u>Outstanding</u></b> |
|---------------------------------|--------------------------------------|
| <b>Governmental Activities</b>  |                                      |
| Improvement Bonds               | \$ 506,650,000                       |
| GO Bonds                        | 27,255,000                           |
| Sales Tax Revenue Bonds *       | 50,083,000                           |
| Taxable Appropriation Bonds     | 27,235,000                           |
| Appropriation Bonds             | 7,670,000                            |
| SRF Notes Payable *             | 40,333,837                           |
| TIF Revenue Notes               | 4,690,989                            |
| Direct Bank Loan                | 2,319,516                            |
| Mercantile Parking Garage       | 2,000,000                            |
| BND Infrastructure Loan         | 11,279,481                           |
|                                 | <u>\$ 679,516,823</u>                |
| <b>Business-Type Activities</b> |                                      |
| Revenue Bonds                   | \$ 1,463,495                         |
| Direct Bank Loan                | 300,000                              |
| SRF Notes Payable *             | 250,863,977                          |
| Appropriation Bonds             | 3,370,000                            |
|                                 | <u>\$ 255,997,472</u>                |

The City currently has two CFP loans with an outstanding amount of \$50,083,000, and ten CWSRF and five DWSRF loans with a total outstanding amount of \$291,197,814. The City is current in its payments for its outstanding Authority loans.

Funding for the construction of the City's projects has been included in a list of approved projects as prepared and updated by the Department. As an authorized participant in the DWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the DWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 4, 2024

RE: City of Fargo  
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$35,000,000 loan to the City of Fargo under the Drinking Water State Revolving Fund (DWSRF). This project is eligible for \$23,282,308 of DWSRF loan forgiveness, making the net loan \$11,717,692. The entire cost of the project is \$35,000,000, with DWSRF financing the full project.

Proceeds of the loan will be used to replace over 2,500 known lead service lines in the City. The requested loan term is 30 years. The City will issue a revenue bond payable from sales tax and water fund revenues. The annual payment will average \$390,590.

The City collects a 2% sales tax, of which 1/2 of 1% is dedicated to clean water and drinking water state revolving fund financed infrastructure. The sales tax sunsets in 2028. If the city sales tax collections would be insufficient to meet the required 110% net operating coverage, or the city sales tax is not extended, the City would utilize water user fees and implement any necessary rate increases.

**1/2 of 1% City Sales Tax Debt Service Coverage:**

|                                      | 2021       | 2022       | 2023       | Projected  |
|--------------------------------------|------------|------------|------------|------------|
| <b>2% City Sales Tax Collections</b> | 60,456,732 | 65,918,347 | 69,144,866 | 69,144,866 |
| <b>1/2 of 1%</b>                     | 15,114,183 | 16,479,587 | 17,286,217 | 17,286,217 |
| <b>Existing SRF Debt Service</b>     | 5,930,876  | 5,957,230  | 5,935,800  | 5,935,800  |
| <b>Proposed Loan Debt Service</b>    |            |            |            | 390,590    |
| <b>Total Debt Payments</b>           | 5,930,876  | 5,957,230  | 5,935,800  | 6,326,390  |
| <b>Debt Service Coverage</b>         | 254.84%    | 276.63%    | 291.22%    | 273.24%    |

The existing sales tax collections will be sufficient to service both the existing and proposed State Revolving Fund loans. Should sales tax collections be insufficient to service the debt, the water fund also has capacity to service the debt.

**Water Fund Debt Service Coverage:**

| <b>Water Fund</b>              | <b>2021</b> | <b>2022</b> | <b>2023</b> |
|--------------------------------|-------------|-------------|-------------|
| Operating Revenue              | 26,123,374  | 25,679,019  | 29,109,021  |
| Interest Revenue               | 57,825      | 24,729      | 22,661      |
| Operating Expenses             | -23,128,967 | -25,557,494 | -27,424,202 |
| Net Operating Revenue          | 3,052,232   | 146,254     | 1,707,480   |
| Plus: Depreciation             | 7,746,117   | 7,847,571   | 8,110,737   |
| Adjusted Net Operating Revenue | 10,798,349  | 7,993,825   | 9,818,217   |
| Current Annual Debt Service    | 4,889,982   | 4,975,904   | 5,789,292   |
| Debt Service Coverage          | 220.83%     | 160.65%     | 169.59%     |

The City currently serves 24,681 residential water accounts that pay a monthly base rate of \$17.55. There are also 5,750 commercial water accounts that pay a monthly base rate ranging from \$55.95 to \$745.95, depending on meter size. All accounts pay a volume charge of \$4.90 per 1,000 gallons, above the first 2,000 gallons. The City annually reviews and adjusts rates as needed.

**Outstanding Debt (as of December 31, 2023):**

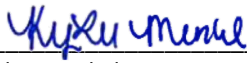
|                                 | <b>Original<br/>Amount</b> | <b>Amount<br/>Outstanding</b> |
|---------------------------------|----------------------------|-------------------------------|
| <b>Governmental Activities</b>  |                            |                               |
| Improvement Bonds               | \$672,725,000              | \$506,650,000                 |
| GO Bonds                        | 38,745,000                 | 27,255,000                    |
| Sales Tax Revenue Bonds         | 83,887,000                 | 50,083,000                    |
| Taxable Appropriation Bonds     | 28,840,000                 | 27,235,000                    |
| Appropriation Bonds             | 8,103,000                  | 7,670,000                     |
| SRF Notes Payable               | 97,505,936                 | 40,333,837                    |
| TIF Revenue Notes               | 6,433,705                  | 4,690,988                     |
| Direct Bank Loan                | 6,000,000                  | 2,319,516                     |
| Mercantile Parking Garage       | 2,000,000                  | 2,000,000                     |
| BND Infrastructure Loan         | 15,000,000                 | 11,279,481                    |
|                                 | 959,239,641                | 679,516,822                   |
| <b>Business-Type Activities</b> |                            |                               |
| Revenue Bonds                   | 2,875,000                  | 1,463,495                     |
| Direct Bank Loan                | 3,000,000                  | 300,000                       |
| SRF Notes Payable               | 305,699,000                | 250,863,977                   |
| Appropriation Bonds             | 7,810,000                  | 3,370,000                     |
|                                 | 319,384,000                | 255,997,472                   |
| <b>Total Debt</b>               | <b>\$1,278,623,641</b>     | <b>\$935,514,294</b>          |

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Average annual debt service requirements are estimated at \$66,102,380, which is an average of \$524.66 per resident.

Historical census populations for the City of Fargo were 125,990 in 2020, 106,024 in 2010 and 91,324 in 2000. The largest employers in the City are Sanford Health Facilities, North Dakota State University and Fargo Public Schools.

Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.



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Kylee Merkel  
Business Banker



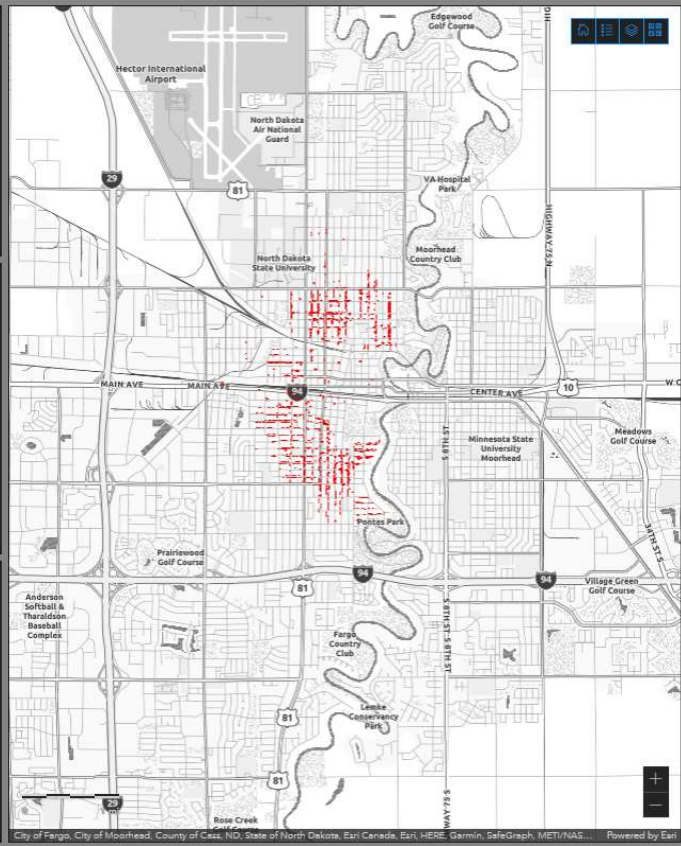
# Fargo Lead Service Line Map

**Total Number of Lead Pipe 2,544**

**Water Main to House  
503**

**Water Main to Curb Stop  
303**

**Curb Stop to House  
1,738**



## Memorandum

**To:** Industrial Commission: Governor Doug Burgum, Attorney General Drew H. Wrigley, Agriculture Commissioner Doug Goehring

**From:** DeAnn Ament, Executive Director

**Date:** December 3, 2024

**Re:** Center, Clean Water State Revolving Fund  
Fessenden, Clean Water State Revolving Fund  
Stanley, Clean Water State Revolving Fund  
Stanley, Drinking Water State Revolving Fund

Under current policy, the Public Finance Authority can make loans under the State Revolving Fund Program in an amount not to exceed \$2,000,000 and under the Capital Financing Program in an amount not to exceed \$500,000 without seeking the final approval of the Industrial Commission. Within this policy, once the loan has been approved, the Public Finance Authority is required to provide the details of the loan to the Industrial Commission. Accordingly, the Public Finance Authority and its Advisory Committee used this policy to approve the following loans.

The committee reviewed the City of Center's Clean Water State Revolving Fund (CWSRF) application for an increase of \$400,000 to the previously approved \$4,930,000 loan (\$5,330,000 total) to reconstruct two cells of the wastewater treatment, including replacing 2 feet of the existing pond bottom with new, locally sourced bentonite clay material or a synthetic liner. The requested term for the loan is 30 years. The City will issue revenue bonds payable with sewer user fees. The City also pledges \$15,000 per month (or \$180,000 annually) of their coal conversion and coal severance tax payments.

The committee reviewed the City of Fessenden's CWSRF application for a \$2,000,000 loan towards a \$4,000,000 project. The City has been awarded a \$2,000,000 FEMA Building Resilient Infrastructure and Communities grant. The project will reconstruct the lagoons within the existing footprint bringing them up to current design standards. The requested term for the loan is 30 years. The City will issue revenue bonds payable water, sewer and garbage user fees and city sales tax.

The committee reviewed the City of Stanley's CWSRF application for a \$1,099,000 loan towards a \$2,371,000 project. The Drinking Water State Revolving Fund (DWSRF) will provide a \$1,272,000 loan. This project will replace water and sanitary sewer lines and replace damaged storm pipe and install new manholes from 5<sup>th</sup> Street between 3<sup>rd</sup> and 6<sup>th</sup> Avenues. Repave and regrade the street and replace curbs and gutters to aid flow to current storm inlets. The requested term for the loan is 30 years. The City will issue improvement bonds payable with special assessments for \$275,000 of the CWSRF project. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds. The City will issue \$824,000 in revenue bonds payable with sewer user fees and city sales tax.

The committee reviewed the City of Stanley's DWSRF application for a \$1,272,000 loan towards a \$2,371,000 project. The CWSRF will provide a \$1,099,000 loan. This project will replace water and sanitary sewer lines and replace damaged storm pipe and install new manholes from 5<sup>th</sup> Street between 3<sup>rd</sup> and 6<sup>th</sup> Avenues. Repave and regrade the street and replace curbs and gutters to aid flow to current storm inlets. The requested term for the loan is 30 years. The City will issue improvement bonds payable with special assessments for \$318,000 of the DWSRF project. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds. The City will issue \$954,000 in revenue bonds payable with water user fees and city sales tax.

The Public Finance Authority's Advisory Committee approved these loans at their December 3, 2024, meeting.

Industrial Commission  
of North Dakota

Doug Burgum  
GOVERNOR

Drew H. Wrigley  
ATTORNEY GENERAL

Doug Goehring  
AGRICULTURE COMMISSIONER



Public Finance Authority

## Memorandum

**To:** Public Finance Authority Advisory Committee

**From:** DeAnn Ament, Executive Director

**Date:** November 25, 2024

**Re:** City of Center  
Clean Water State Revolving Fund Program Loan

**Purpose of the Project:** Reconstruct two cells of the wastewater treatment lagoons, including replacing 2 feet of the existing pond bottom with new, locally sourced bentonite clay material or a synthetic liner.

**Project Amount:**

|                               |                |
|-------------------------------|----------------|
| <b>CWSRF Increase Request</b> | \$ 400,000     |
| <b>CWSRF Original Request</b> | \$ 4,930,000   |
| <b>CWSRF Total Request</b>    | \$ 5,330,000   |
| <b>CWSRF Loan Forgiveness</b> | (\$ 3,525,000) |
| <b>CWSRF Net Loan</b>         | \$ 1,805,000   |

**Population to Benefit from the Project:** 588; \$9,064/resident

**Population Served by the System:** 588

**Is the Project Area Within the Extraterritorial Jurisdiction of a City:** No

The requested term is 30 years for the Clean Water State Revolving Fund (CWSRF) loan. The City will issue revenue bonds payable with sewer user fees. The City also pledges \$15,000 per month (or \$180,000 annually) of their coal conversion and coal severance tax payments. The average annual payment for the revenue bond will be \$79,993. The reserve requirement will be \$96,425 and the 110% coverage requirement will be \$87,993.

The City has 327 residential and 17 commercial connections which pay a monthly residential base rate of \$24.50 per user and commercial base rate of \$28.50 per user.

**Sewer Fund:**

|  | 2020     | 2021     | 2022     | 2023      |
|--|----------|----------|----------|-----------|
| Operating Revenue                        | \$76,953 | \$86,073 | \$81,058 | \$103,327 |
| Operating Expenses                       | 20,247   | 65,504   | 78,291   | 123,401   |
| Net Operating Revenue (Expense)          | 56,706   | 20,569   | 2,767    | -20,074   |
| Depreciation                             | -        | 42,725   | 51,550   | 95,558    |
| Add Back: Adjusted Net Operating Revenue | \$56,706 | \$63,294 | \$54,317 | \$75,484  |
| CWSRF Bond Payment                       | -        | -        | \$32,883 | \$38,634  |
| Coverage Ratio                           | -        | -        | 165%     | 195%      |
| Proforma Transfer In of Coal Tax Revenue |          |          |          | \$73,000  |
| Proforma CW Bond Payments                |          |          |          | \$96,158  |
| Proforma Net Operating Coverage          |          |          |          | 110%      |

**Coal Conversion and Coal Severance Tax Net Revenue:**

|                      | 2023      | 2022      | 2021      | 2020      | 2019      |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Net Coal Tax Revenue | \$288,503 | \$332,539 | \$312,914 | \$360,481 | \$333,908 |

The coal tax revenue is applied to the City’s coal trust outstanding debt and the State Treasurer remits the net coal tax revenue to the City. The net coal tax revenue is only pledged to this bond issue outside of the coal trust.

With the proposed rate increase and existing net operating revenues and the secondary pledge of coal conversion and severance taxes, the City should meet the 110% net operating revenue requirement.

**Outstanding Debt October 31, 2024:**

|                            | Original Amount | Outstanding Amount |
|----------------------------|-----------------|--------------------|
| Coal Trust Loan            | \$1,700,000     | \$ 342,398         |
| Revenue Bonds <sup>1</sup> | 6,806,800       | 2,557,874          |
|                            | \$8,506,800     | \$2,900,272        |

<sup>1</sup> All payments have been made as agreed. The City has three CWSRF bonds (including this original bond requesting an increase) and two DWSRF bonds with a combined outstanding balances of \$2,557,874.

The average annual payment of all debt outstanding will be \$290,229 or \$494 per resident.

The City of Center is located in Oliver County and is 42 miles northwest of Bismarck. Based on the 2020 census, the total population is 588; this is an increase of 17 from the 2010 census. The largest employers in the City are Center-Stanton School with 43 employees, Oliver County with 30 employees, and Crossroads Bar Grill with 21 employees.

**Center-Stanton School Enrollment:**

**Current**

| <b>2018-2019</b> | <b>2019-2020</b> | <b>2020-2021</b> | <b>2021-2022</b> | <b>2022-2023</b> |
|------------------|------------------|------------------|------------------|------------------|
| 221              | 228              | 243              | 244              | 236              |

The City’s 2023 taxable valuation was \$1,724,374. This is an increase of \$124,062 over the 2019 taxable valuation.

**Property Taxes Levied & Collected 11/18/2024:**

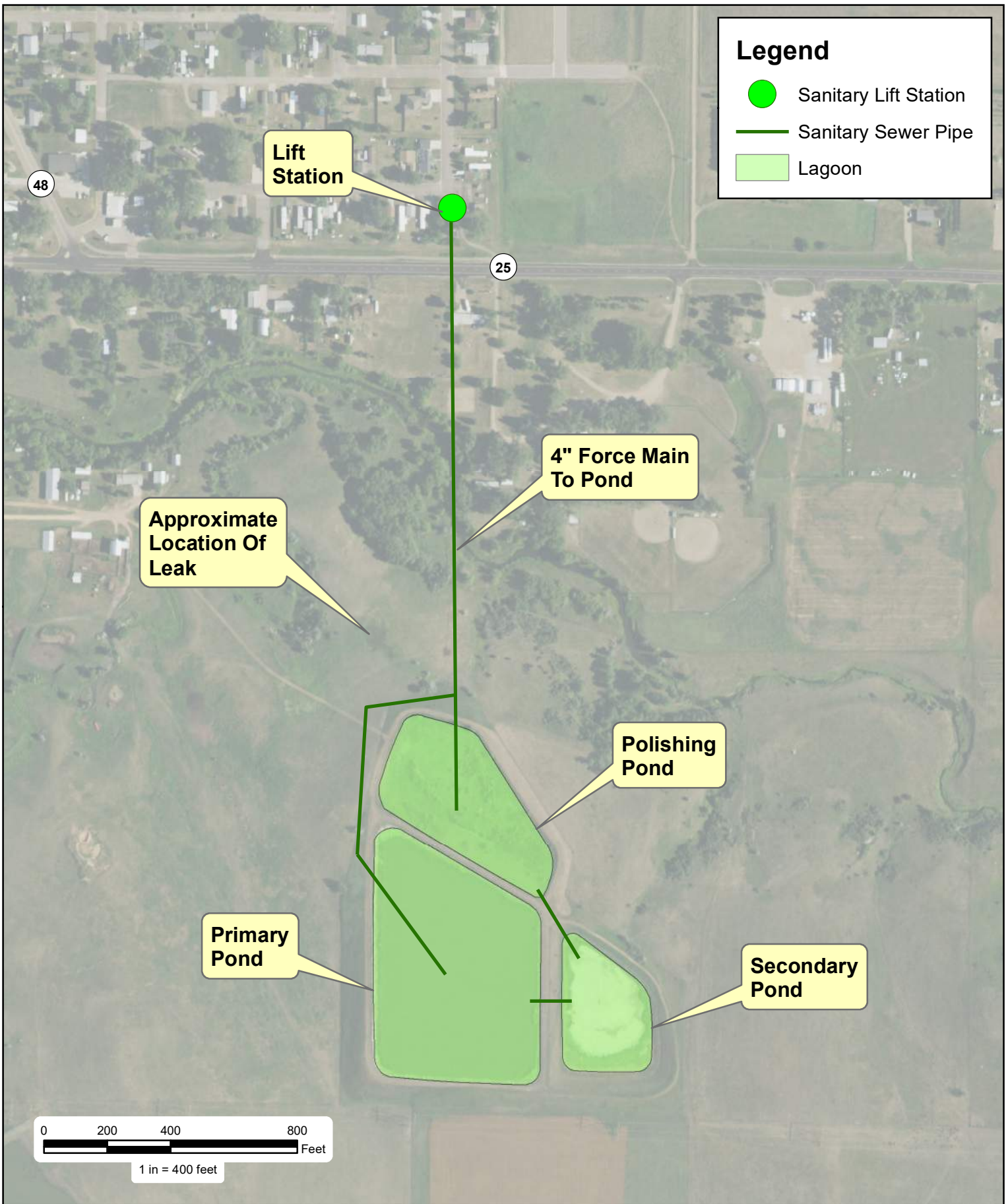
| <b>Levy Year</b> | <b>Dollar Amount of Levy</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|------------------|------------------------------|--|-----------------------------|
| <b>2023</b>      | \$86,205                     | \$77,293                                       | 90%                         |
| <b>2022</b>      | \$75,772                     | \$69,985                                       | 92%                         |
| <b>2021</b>      | \$76,386                     | \$74,114                                       | 97%                         |

**Special Assessment Levies & Collections as of 11/18/2024:**

| <b>Year</b> | <b>Dollar Amount</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|-------------|----------------------|--|-----------------------------|
| <b>2023</b> | \$11,768             | \$10,773                                       | 92%                         |
| <b>2022</b> | \$0                  | \$0  | --                          |
| <b>2021</b> | \$3,388              | \$3,637  | 107%                        |

**City of Center Mill Levy History:**

| <b>Year</b> | <b>City</b> | <b>School</b> | <b>State and County</b> | <b>Other</b> | <b>Total for Each Year</b> |
|-------------|-------------|---------------|-------------------------|--------------|----------------------------|
| <b>2023</b> | 64.09       | 93.43         | 49.92                   | 5.00         | 212.44                     |
| <b>2022</b> | 55.36       | 83.55         | 49.65                   | 5.00         | 193.56                     |
| <b>2021</b> | 56.27       | 64.48         | 49.13                   | 5.00         | 174.88                     |
| <b>2020</b> | 77.37       | 66.70         | 48.54                   | 5.00         | 197.61                     |
| <b>2019</b> | 71.71       | 68.53         | 51.93                   | 5.00         | 197.17                     |



**Legend**

- Sanitary Lift Station
- Sanitary Sewer Pipe
- Lagoon

**Lift Station**

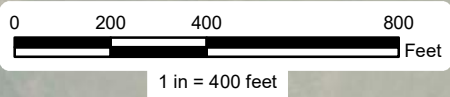
**4" Force Main To Pond**

**Approximate Location Of Leak**

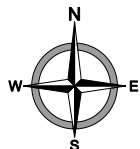
**Polishing Pond**

**Primary Pond**

**Secondary Pond**



**PROJECT LOCATION MAP  
CENTER, NORTH DAKOTA**



Created By: TJS Date Created: 08/12/21 Date Saved: 08/12/21 Date Plotted: NEVER Date Exported: 08/12/21  
 Plotted By: Tanner.Schmidt Parcel Date: N/A Aerial Image: 2020 County NAIP SIDS Elevation Data: Lidar  
 Horizontal Datum: NAD 1983 StatePlane North Dakota North FIPS 3301 Feet Vertical Datum: NAVD1988  
 T:\Projects\22000\22004\22004\_Project\_Location\_Map.mxd



Industrial Commission  
of North Dakota  
Doug Burgum  
GOVERNOR  
Drew H. Wrigley  
ATTORNEY GENERAL  
Doug Goehring  
AGRICULTURE COMMISSIONER



**Memorandum**

**To:** Public Finance Authority Advisory Committee  
Miles Silbert, Public Financial Management LLC  
Kylee Merkel, Bank of North Dakota

**From:** DeAnn Ament, Executive Director

**Date:** November 22, 2024

**Re:** City of Fessenden  
Clean Water State Revolving Fund

**Purpose of the Project:** Reconstruct the lagoons within the existing footprint bringing them up to current design standards.

**Project Amount:**

|                        |             |
|------------------------|-------------|
| <b>CWSRF Request</b>   | \$2,000,000 |
| <b>FEMA BRIC Grant</b> | 2,000,000   |
| <b>Project Total</b>   | \$4,000,000 |

**Population to Benefit from the Project:** 462; \$8,658/person  
**Population Served by the System:** 462  
**Is the Project Area Within the Extraterritorial Jurisdiction of a City:** No

The requested term for the Clean Water State Revolving Fund (CWSRF) loan is 30 years. The City will issue revenue bonds payable with water, sewer and garbage user fees and city sales tax. The average annual payment for the revenue bonds will be \$84,262. The 110% coverage requirement will be \$92,688 and the required debt service reserve will be \$91,350.

The City has 285 sanitary sewer connections which pay a monthly base rate of \$15 and a lagoon maintenance fee of \$5. Effective January 1, 2025, the City raised the monthly lagoon maintenance rate by \$13 to \$18 and the water base rate by \$2 to \$12 and the water volume charge by \$1.50 to \$9.50/1,000 gallons, which will annually generate estimated revenue of \$61,560. The City will also annually transfer \$30,000 of City Sales Tax to the water, sewer and garbage fund.



**Water/Sewer/Garbage Fund:**

|                                  | 2020     | 2021     | 2022                 | 2023     |
|----------------------------------|----------|----------|----------------------|----------|
| Interest Revenue                 | \$475    | \$496    | \$397                | \$555    |
| Operating Revenue                | 316,983  | 326,332  | 341,816              | 355,180  |
| Operating Expenses               | 390,797  | 418,856  | 461,090 <sup>1</sup> | 422,888  |
| Net Operating Revenue (Expense)  | -73,339  | -92,029  | -118,876             | -67,153  |
| Depreciation                     | 150,756  | 150,756  | 150,756              | 150,756  |
| Adjusted Net Operating Revenue   | \$77,417 | \$58,727 | \$31,880             | \$83,603 |
| Revenue Bond Payments            | \$39,982 | \$48,642 | \$45,621             | \$42,300 |
| Net Operating Coverage           | 194%     | 121%     | 70%                  | 198%     |
| Proforma Rate Increase Revenue   |          |          |                      | \$61,560 |
| Proforma City Sales Tax Transfer |          |          |                      | \$30,000 |
| Proforma CWSRF Payment           |          |          |                      | \$84,262 |
| Proforma Net Operating Coverage  |          |          |                      | 138%     |

<sup>1</sup> Expenses increased due to jetting the sanitary sewer lines and repairs for a lift station pump.

| Received          | 2023      | 2022      | 2021     | 2020     | 2019     |
|-------------------|-----------|-----------|----------|----------|----------|
| 2% City Sales Tax | \$100,426 | \$101,869 | \$99,164 | \$90,020 | \$82,729 |

With the projected rate increases, the net operating revenues should be sufficient to meet the 110% net operating coverage.

The City's outstanding indebtedness as of October 31, 2024:

|                                  | Original<br>Amount  | Amount<br>Outstanding |
|----------------------------------|---------------------|-----------------------|
| Improvement Bonds                | \$ 2,618,434        | \$ 2,151,991          |
| Water Revenue Bonds <sup>2</sup> | 1,037,555           | 777,000               |
|                                  | <u>\$ 3,655,989</u> | <u>\$ 2,928,991</u>   |

<sup>2</sup> Payments have been made as agreed. The City has one DWSRF loan with \$777,000 outstanding.

The estimated annual debt service requirements including this new debt are \$172,130, which is an average of \$373 per resident.

The City of Fessenden is located in Wells County. Based on the 2020 census, the total population is 462; this is a decrease of 17 from the 2010 census. The largest employers in the City are Fessenden-Bowdon School District employs 39, Cenex (convenience store) with 26 employees and CenDak (agriculture) has 18 employees.

**K-12 School Enrollment:**

|                  |                  |                  |                  | <b>Projected</b> |
|------------------|------------------|------------------|------------------|------------------|
| <b>2020-2021</b> | <b>2021-2022</b> | <b>2022-2023</b> | <b>2023-2024</b> | <b>2024-2025</b> |
| 163              | 170              | 166              | 180              | 180              |

The City’s 2024 taxable valuation was \$1,360,775. This is an increase of \$198,436 over the 2020 taxable valuation.

**Property Tax Collections 11/8/2024:**

| <b>Levy Year</b> | <b>Dollar Amount of Levy</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|------------------|------------------------------|--|-----------------------------|
| <b>2023</b>      | \$137,771                    | \$129,779                                      | 94%                         |
| <b>2022</b>      | \$120,939                    | \$115,628                                      | 96%                         |
| <b>2021</b>      | \$113,573                    | \$109,150                                      | 96%                         |

**Special Assessment Collections 11/8/2024:**

| <b>Year</b> | <b>Dollar Amount</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|-------------|----------------------|--|-----------------------------|
| <b>2023</b> | \$131,656            | \$125,422                                      | 95%                         |
| <b>2022</b> | \$134,419            | \$131,859                                      | 98%                         |
| <b>2021</b> | \$131,561            | \$131,561                                      | 100%                        |

**Mill Levy History:**

| <b>Year</b> | <b>City</b> | <b>School</b> | <b>Park District</b> | <b>State and County</b> | <b>Other</b> | <b>Total for Each Year</b> |
|-------------|-------------|---------------|----------------------|-------------------------|--------------|----------------------------|
| <b>2023</b> | 116.46      | 79.71         | 42.51                | 80.86                   | 10.87        | 330.41                     |
| <b>2022</b> | 100.14      | 79.22         | 42.58                | 81.31                   | 9.17         | 312.42                     |
| <b>2021</b> | 102.38      | 78.57         | 42.99                | 80.25                   | 9.23         | 313.42                     |
| <b>2020</b> | 103.09      | 75.50         | 39.20                | 90.16                   | 9.32         | 317.27                     |
| <b>2019</b> | 116.80      | 75.49         | 39.35                | 86.57                   | 10.58        | 328.79                     |



## Memorandum

**TO:** DeAnn Ament, Executive Director  
North Dakota Public Finance Authority

**FROM:** PFM Financial Advisors LLC

**DATE:** November 27, 2024

**RE:** Marketplace Analysis - Clean Water State Revolving Fund Program  
City of Fessenden

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The City of Fessenden (“City”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$2,000,000 loan under the Clean Water State Revolving Fund Program (“CWSRF Program”). The CWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various wastewater treatment projects and landfill projects as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to rebuild the lagoons within their existing footprint, ensuring they meet current design standards.

The municipal securities to be acquired by the Authority will be revenue bonds payable with water, sewer and garbage user fees and city sales tax revenues. The City’s average annual payment under the proposed loan will be approximately \$84,262 indicating a 110% net revenue coverage requirement of approximately \$92,688. The City will be required to deposit \$91,350 into a reserve fund with payments of \$18,270 per year for the first five years of the loan. Net operating coverage of the Water/Sewer/Garbage Fund was 1.94x, 1.21x, 0.70x and 1.98x for 2020-2023, respectively. Starting in 2025, the City will raise the monthly lagoon maintenance fee by \$13 to \$18, the water base rate by \$2 to \$12, and the water volume charge by \$1.50 to \$9.50/1,000 gallons, which will increase annual revenues by approximately \$61,560. The City also intends to transfer \$30,000 of City Sales Tax annually into the water, sewer and garbage fund. The increase in rates and transfer from the City Sales Tax will provide sufficient net revenues to meet the 110% coverage requirement.

As of October 31, 2024, the City has outstanding Improvement Bonds of \$2,151,991, and outstanding Water Revenue Bonds of \$77,000. The City has one DWSRF loan with an outstanding balance of \$777,000. The City is current in its payments for its outstanding Authority loan.

Funding for the construction of the City's projects has been included in a list of approved projects as prepared and updated by the Department. As an authorized participant in the CWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the CWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 22, 2024

RE: City of Fessenden  
Clean Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$2,000,000 loan to the City of Fessenden under the Clean Water State Revolving Fund (CWSRF). The entire cost of the project is \$4,000,000, with the City receiving a \$2,000,000 FEMA Building Resilient Infrastructure Communities grant.

The project will reconstruct the lagoons and bring them up to current design standards. The requested loan term is 30 years. The City will issue a revenue bond payable with utility fund revenues and city sales tax. The annual payment will average \$84,262.

**Debt Service Coverage:**

| Utility Fund                     | 2021     | 2022     | 2023     | Projected |
|----------------------------------|----------|----------|----------|-----------|
| Operating Revenue                | 326,332  | 341,816  | 355,180  | 355,180   |
| Projected Rate Increase          |          |          |          | 61,560    |
| Interest Revenue                 | 496      | 397      | 555      | 555       |
| Operating Expenses               | -418,856 | -461,090 | -422,888 | -422,888  |
| Net Operating Revenue            | -92,029  | -118,876 | -67,153  | -5,593    |
| Plus: City Sales Tax Transfer In | 0        | 0        | 0        | 30,000    |
| Plus: Depreciation               | 150,756  | 150,756  | 150,756  | 150,756   |
| Adjusted Net Operating Income    | 58,727   | 31,880   | 83,603   | 175,163   |
| Current Debt Service             | 48,642   | 45,621   | 42,300   | 42,300    |
| Proposed Debt Service            |          |          |          | 84,262    |
| Total Debt Service               |          |          |          | 126,562   |
| Debt Service Coverage            | 121%     | 70%      | 198%     | 138%      |

The City currently serves 285 sanitary sewer connections which pay a monthly base rate of \$15.00 and a lagoon maintenance fee of \$5.00. Effective January 1, 2025, the City increased the monthly lagoon maintenance fee by \$3.00, the water base rate by \$10.00 and the water volume charge by \$8.00 per 1,000 gallons. This will generate an estimated \$61,560 of increased utility fund revenues. In addition, the City will transfer \$30,000 of City Sales Tax to the utility fund each year. The existing revenues, combined with the rate increases and sales tax transfer, will generate sufficient net operating revenues to service both the new and existing debt.

**Outstanding Debt (as of October 31, 2024):**

|                               | <b>Original<br/>Amount</b> | <b>Current<br/>Balance</b> |
|-------------------------------|----------------------------|----------------------------|
| Water Revenue Bonds           | 1,037,555                  | 777,000                    |
| Water/Sewer Improvement Bonds | 2,618,434                  | 2,151,991                  |
|                               | 3,655,989                  | 2,928,991                  |

Average annual debt service requirements are estimated at \$252,352, which is an average of \$550.99 per resident.

Historical census populations for the City of Fessenden were 458 in 2020, 477 in 2010 and 616 in 2000. The largest employers in the City are Fessenden Bowden School, Cenex and Cen Dak.

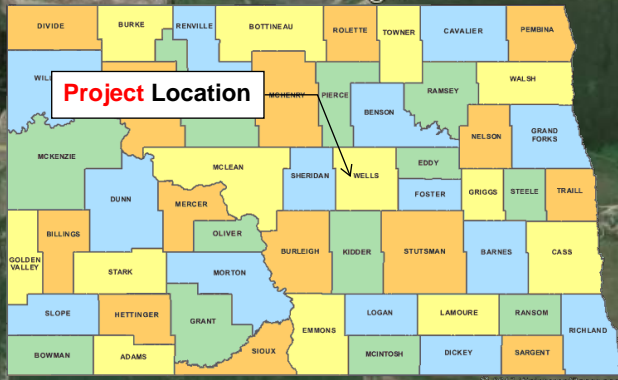
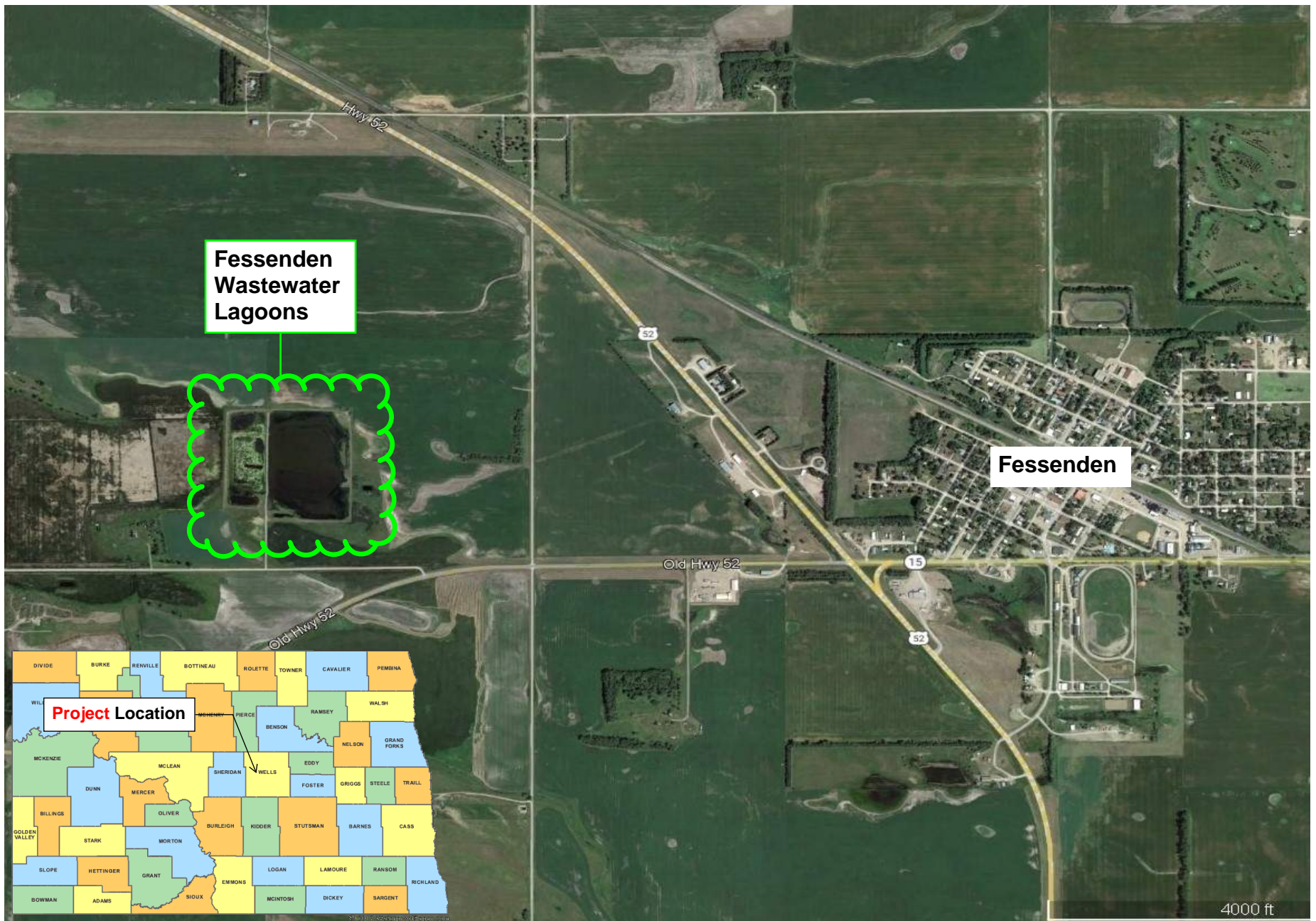
Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.



Kylee Merkel  
Business Banker







## Memorandum

**To:** Public Finance Authority Advisory Committee  
Miles Silbert, Public Financial Management LLC  
Kylee Merkel, Bank of North Dakota

**From:** DeAnn Ament, Executive Director

**Date:** November 27, 2024

**Re:** City of Stanley  
Clean Water State Revolving Fund Program Loan

**Purpose of the Project:** Replace water and sanitary sewer lines and replace damaged storm pipe and install new manholes from 5<sup>th</sup> Street between 3<sup>rd</sup> and 6<sup>th</sup> Avenues. Repave and regrade the street and replace curbs and gutters to aid flow to current storm inlets.

**Project Amount:**

|                      |             |
|----------------------|-------------|
| <b>CWSRF Request</b> | \$1,099,000 |
| <b>DWSRF Request</b> | 1,272,000   |
| <b>Project Total</b> | \$2,371,000 |

**Population to Benefit from the Project:** 2,194; \$1,081/resident

**Population Served by the System:** 2,194

**Is the Project Area Within the Extraterritorial Jurisdiction of a City:** No

The requested term for both bonds is 30 years. The City will issue improvement bonds payable with special assessments for \$275,000 of the CWSRF project. The average annual payment for the improvement bonds will be \$11,471. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

The City will issue \$824,000 in revenue bonds payable with sewer user fees and city sales tax. The average annual payment for the revenue bonds will be \$34,210. The reserve requirement will be \$39,585 and the 110% coverage requirement will be \$37,631.

The City has 1,007 residential and 192 commercial sanitary sewer connections which each pay a base rate of \$15 per month and a \$2 per month lagoon base rate.

**Sewer Fund:**

|                                 | 2020      | 2021      | 2022      | 2023      |
|---------------------------------|-----------|-----------|-----------|-----------|
| Interest Revenue                | \$6,612   | \$5,238   | \$502     | \$1,002   |
| Operating Revenue               | 272,082   | 264,694   | 273,123   | 294,409   |
| Operating Expenses              | 122,890   | 150,424   | 105,885   | 147,612   |
| Net Operating Revenue           | 155,804   | 119,507   | 167,740   | 147,799   |
| Depreciation                    | 74,857    | 74,858    | 73,000    | 73,000    |
| Adjusted Net Operating Revenue  | \$230,661 | \$194,365 | \$240,740 | \$220,799 |
| CWSRF Bond Payments             |           |           |           | \$35,435  |
| Net Operating Coverage          |           |           |           | 623%      |
| Proforma CWSRF Payment          |           |           |           | \$40,588  |
| Proforma Net Operating Coverage |           |           |           | 290%      |

**City Sales Tax**

The City collects 1.5% sales tax with 20% dedicated to municipal improvements with none of that pledged to any outstanding indebtedness.

|                                   | 2023        | 2022        | 2021        | 2020        | 2019        |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>1.5% City Sales Tax</b>        | \$1,409,773 | \$1,174,037 | \$1,053,768 | \$1,101,442 | \$1,356,595 |
| <b>20% Municipal Improvements</b> | \$281,955   | \$234,807   | \$210,754   | \$220,288   | \$271,319   |

With existing sewer user revenues and city sales tax, the City should meet the 110% net operating coverage requirement.

**Outstanding Debt as of May 31, 2024:**

|                                | Original Amount | Outstanding Amount |
|--------------------------------|-----------------|--------------------|
| Improvement Bonds <sup>1</sup> | \$7,103,750     | \$4,117,833        |
| Revenue Bonds <sup>1</sup>     | \$2,681,250     | \$1,591,650        |
| Total Bonds                    | \$9,785,000     | \$5,709,483        |

<sup>1</sup> Payments have been made as agreed. The City has three CWSRF bonds and three DWSRF bonds with an outstanding total of \$2,616,950.

The current average annual debt payment is \$791,208 or \$361 per resident. The 38 parcels assessed for the CWSRF project will have an average annual payment of \$302. Combined with the DWSRF payment the average annual payment will be \$650.



The City of Stanley is located in Mountrail County 55 miles west of Minot on US Highway 2. Based on the 2020 census, the total population was 2,321; this is an increase of 863 from the 2000 census. The current estimated population is 2,194. The largest employers in the City are Mountrail County with 133 employees, Mountrail County Medical Center with 130 employees, and Stanley Public Schools with 120 employees.

**School Enrollment:**

|                  |                  |                  |                  | <b>Projected</b> |
|------------------|------------------|------------------|------------------|------------------|
| <b>2021-2022</b> | <b>2022-2023</b> | <b>2023-2024</b> | <b>2024-2025</b> | <b>2025-2026</b> |
| 716              | 750              | 755              | 779              | 790              |

The City’s 2023 taxable valuation was \$14,720,577. This is an increase of \$116,617 from the 2019 taxable valuation.

**Property Taxes Levied & Collected 10/31/2024:**

| <b>Levy Year</b> | <b>Dollar Amount of Levy</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|------------------|------------------------------|--|-----------------------------|
| <b>2023</b>      | \$747,070                    | \$728,202                                      | 97%                         |
| <b>2022</b>      | \$753,875                    | \$745,586                                      | 99%                         |
| <b>2021</b>      | \$788,585                    | \$787,650                                      | 100%                        |

**Special Assessments Levied & Collected 10/31/2024:**

| <b>Year</b> | <b>Dollar Amount</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|-------------|----------------------|--|-----------------------------|
| <b>2023</b> | \$511,326            | \$478,224                                      | 94%                         |
| <b>2022</b> | \$526,523            | \$500,190                                      | 95%                         |
| <b>2021</b> | \$543,420            | \$518,412                                      | 95%                         |

**City of Stanley Mill Levy History:**

| <b>Year</b> | <b>City</b> | <b>School</b> | <b>Park District</b> | <b>State and County</b> | <b>Other</b> | <b>Total for Each Year</b> |
|-------------|-------------|---------------|----------------------|-------------------------|--------------|----------------------------|
| <b>2023</b> | 50.75       | 90.00         | 18.89                | 2.16                    | 9.11         | 170.91                     |
| <b>2022</b> | 50.43       | 90.00         | 16.63                | 12.17                   | 9.65         | 178.88                     |
| <b>2021</b> | 51.49       | 89.83         | 14.49                | 15.78                   | 11.13        | 182.72                     |
| <b>2020</b> | 54.57       | 90.00         | 13.20                | 32.54                   | 5.94         | 196.25                     |
| <b>2019</b> | 54.57       | 86.72         | 13.66                | 31.54                   | 8.29         | 194.78                     |



## Memorandum

**TO:** DeAnn Ament, Executive Director  
North Dakota Public Finance Authority

**FROM:** PFM Financial Advisors LLC

**DATE:** November 27, 2024

**RE:** Marketplace Analysis - Clean Water State Revolving Fund Program  
City of Stanley

---

The City of Stanley (the “City”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$1,099,000 loan under the Clean Water State Revolving Fund Program (“CWSRF Program”). The CWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various wastewater treatment projects and landfill projects as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to replace water and sanitary sewer lines, repair damaged storm pipes, and install new manholes along 5<sup>th</sup> Street between 3<sup>rd</sup> and 6<sup>th</sup> Avenues. Additionally, the street will be repaved and regraded, with curbs and gutters replaced to improve drainage toward existing storm inlets.

The municipal securities to be acquired by the Authority will be \$275,000 of improvement bonds of the City payable from special assessments levied against the benefited property and \$824,000 of revenue bonds payable with sewer user fees and 20% of the 1.5% City Sales Tax dedicated to municipal improvements.

The proposed term of the special assessment loan is 30 years with a subsidized interest rate of 1.50%. The City’s average annual payment under the proposed loan will be approximately \$11,471. The improvement bonds will be a contingent general obligation of the City, which will be required by law to levy a general deficiency tax if the revenues collected from the levy of special assessments are insufficient to make the debt service payments.

The City’s average annual payment under the proposed revenue loan will be approximately \$34,210 indicating a 110% net revenue coverage requirement of approximately \$37,631. The City will be required to deposit \$39,585 into a reserve fund with payments of \$7,917 per year for the first five years of the loan. Pro forma net operating coverage of the Sewer Fund plus the City Sales Tax was 2.90x in 2023. The sewer user revenues plus the City Sales Tax will provide sufficient net revenues to meet the 110% coverage requirement.

As of May 31, 2024, the City has \$4,117,833 of improvement bonds outstanding and \$1,591,650 of revenue bonds outstanding. The City currently has three Clean Water SRF loans and three Drinking Water SRF loans with a total outstanding amount of \$2,616,950. The City is current in its payments for its outstanding Authority loan.

Funding for the construction of the City's projects has been included in a list of approved projects as prepared and updated by the Department. As an authorized participant in the CWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the CWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 25, 2024

RE: City of Stanley  
Clean Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$1,099,000 loan to the City of Stanley under the Clean Water State Revolving Fund (CWSRF). The entire cost of the project is \$2,371,000, with the Drinking Water State Revolving Fund providing a \$1,272,000 loan.

The project will replace aging infrastructure and includes water, sanitary sewer, storm sewer and street improvements. The requested loan term is 30 years. The City will issue a \$275,000 improvement bond payable with special assessment collections. There are approximately 38 parcels in the improvement district. The annual payment will average \$11,471. The City will also issue a \$824,000 revenue bond payable with sewer user fees and city sales tax. The annual payment will average \$34,210.

**Sewer Fund:**

The City currently serves 1,007 residential and 192 commercial sanitary sewer connections which pay a monthly base rate of \$15.00 and a lagoon base rate of \$2.00.

**City Sales Tax:**

The City currently collects 1.5% sales tax, with 20% dedicated to municipal improvements. The City sales tax sunsets in 2026. Should the sales tax not be extended, the City would need to ensure sewer user fees were sufficient to meet the coverage requirements of the CWSRF program. The sales tax is not currently pledge for the repayment of any outstanding indebtedness.

|  | 2021         | 2022         | 2023         |
|--|--------------|--------------|--------------|
| <b>1.5% City Sales Tax Collections</b> | \$ 1,053,768 | \$ 1,174,037 | \$ 1,409,773 |
| <b>20% Municipal Improvements</b>      | \$ 210,754   | \$ 234,807   | \$ 281,955   |

**Debt Service Coverage:**

| <b>Sewer Fund</b>             | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>Projected</b> |
|-------------------------------|-------------|-------------|-------------|------------------|
| Operating Revenue             | 264,694     | 273,123     | 294,409     | 294,409          |
| Interest Revenue              | 5,238       | 502         | 1,002       | 1,002            |
| Operating Expenses            | -150,424    | -105,885    | -147,612    | -147,612         |
| Net Operating Revenue         | 119,508     | 167,740     | 147,799     | 147,799          |
| Plus: Depreciation            | 74,858      | 73,000      | 73,000      | 73,000           |
| Adjusted Net Operating Income | 194,366     | 240,740     | 220,799     | 220,799          |
| Current Debt Service          |             |             |             | 41,813           |
| Proposed Debt Service         |             |             |             | 34,210           |
| Total Debt Service            |             |             |             | 76,023           |
| Debt Service Coverage         |             |             |             | 290%             |

The existing sewer user fee revenues will generate sufficient net operating revenues to service both the new and existing debt.

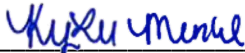
**Outstanding Debt (as of May 31, 2024):**

|                   | <b>Original Amount</b> | <b>Current Balance</b> |
|-------------------|------------------------|------------------------|
| Improvement Bonds | \$7,103,750            | \$4,117,833            |
| Revenue Bonds     | \$2,681,250            | \$1,591,650            |
|                   | \$9,785,000            | \$5,709,483            |

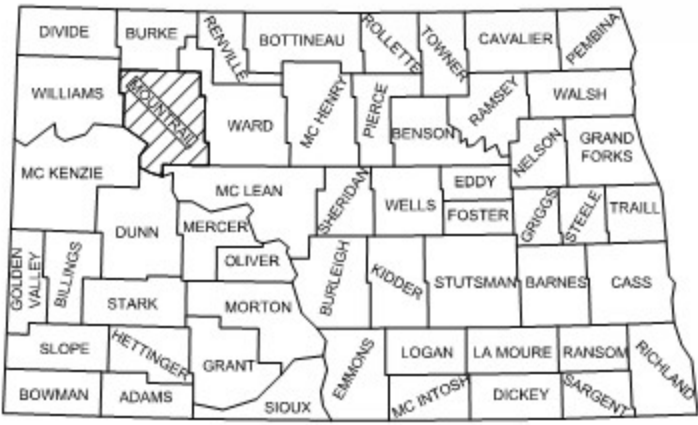
Average annual debt service requirements are estimated at \$890,194, which is an average of \$385.54 per resident.

Historical census populations for the City of Stanley were 2,321 in 2020, 1,458 in 2010 and 1,278 in 2000. The largest employers in the City are Mountrail County Courthouse, Mountrail County Medical Center and Stanley Public School District.

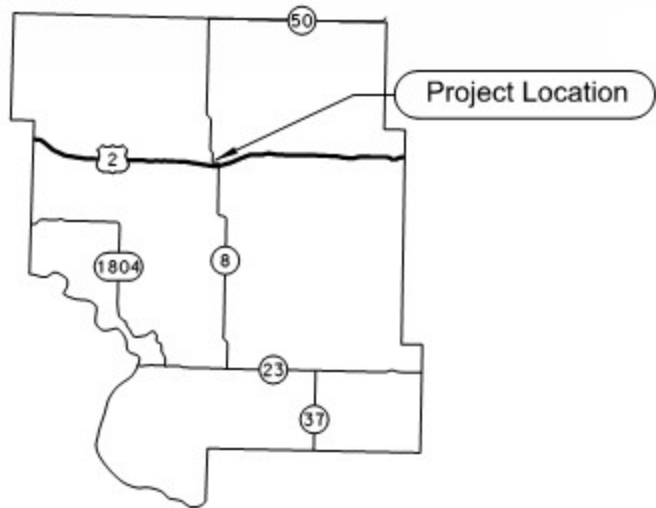
Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.

  
\_\_\_\_\_  
Kylee Merkel  
Business Banker





**STATE COUNTY MAP**



**MOUNTRAIL COUNTY MAP**

**Memorandum**

**To:** Public Finance Authority Advisory Committee  
Miles Silbert, Public Financial Management LLC  
Kylee Merkel, Bank of North Dakota

**From:** DeAnn Ament, Executive Director

**Date:** November 27, 2024

**Re:** City of Stanley  
Drinking Water State Revolving Fund Program Loan

**Purpose of the Project:** Replace water and sanitary sewer lines and replace damaged storm pipe and install new manholes from 5<sup>th</sup> Street between 3<sup>rd</sup> and 6<sup>th</sup> Avenues. Repave and regrade the street and replace curbs and gutters to aid flow to current storm inlets.

**Project Amount:**

|                      |             |
|----------------------|-------------|
| <b>DWSRF Request</b> | \$1,272,000 |
| <b>CWSRF Request</b> | 1,099,000   |
| <b>Project Total</b> | \$2,371,000 |

**Population to Benefit from the Project:** 2,194; \$1,081/resident

**Population Served by the System:** 2,194

**Is the Project Area Within the Extraterritorial Jurisdiction of a City:** No

The requested term for both bonds is 30 years. The City will issue improvement bonds payable with special assessments for \$318,000 of the DWSRF project. The average annual payment for the improvement bonds will be \$13,226. The improvement bonds will be a contingent general obligation of the City, backed by the statutory requirement that the City will levy a general deficiency tax in the event that the revenues from the collection of special assessments are not sufficient to pay the debt service on the improvement bonds.

The City will issue \$954,000 in revenue bonds payable with water user fees and city sales tax. The average annual payment for the revenue bonds will be \$39,623. The reserve requirement will be \$43,585 and the 110% coverage requirement will be \$46,350.

The City has 1,007 residential connections which each pay a base rate of \$18.50 per month and 192 commercial connections which each pay a base rate of \$21.25 per month. The volume charge is \$8/1,000 gallons.

**Water Fund:**

|  | 2020      | 2021     | 2022     | 2023      |
|--|-----------|----------|----------|-----------|
| Interest Revenue                         | \$2,140   | \$1,926  | \$2,715  | \$5,067   |
| Operating Revenue                        | 872,014   | 913,276  | 874,214  | 943,350   |
| Operating Expenses                       | 850,384   | 902,598  | 888,994  | 924,498   |
| Net Operating Revenue (Expense)          | 23,770    | 12,604   | -12,065  | 23,919    |
| Depreciation                             | 80,239    | 77,100   | 77,100   | 77,100    |
| Adjusted Net Operating Revenue (Expense) | \$104,009 | \$89,704 | \$65,035 | \$101,019 |
| Revenue Bond Payments                    |           |          |          | \$57,248  |
| Net Operating Coverage Ratio             |           |          |          | 176%      |
| Proforma City Sales Tax                  |           |          |          | \$281,955 |
| Proforma DWSRF Payment                   |           |          |          | \$53,426  |
| Proforma Net Operating Coverage          |           |          |          | 346%      |

**City Sales Tax**

The City collects 1.5% sales tax with 20% dedicated to municipal improvements with none of that pledged to any outstanding indebtedness.

|                                   | 2023        | 2022        | 2021        | 2020        | 2019        |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>1.5% City Sales Tax</b>        | \$1,409,773 | \$1,174,037 | \$1,053,768 | \$1,101,442 | \$1,356,595 |
| <b>20% Municipal Improvements</b> | \$281,955   | \$234,807   | \$210,754   | \$220,288   | \$271,319   |

With existing sewer user revenues and city sales tax, the City should meet the 110% net operating coverage requirement.

**Outstanding Debt as of May 31, 2024:**

|                                | Original Amount | Outstanding Amount |
|--------------------------------|-----------------|--------------------|
| Improvement Bonds <sup>1</sup> | \$7,103,750     | \$4,117,833        |
| Revenue Bonds <sup>1</sup>     | \$2,681,250     | \$1,591,650        |
| Total Bonds                    | \$9,785,000     | \$5,709,483        |

<sup>1</sup> Payments have been made as agreed. The City has three CWSRF bonds and three DWSRF bonds with an outstanding total of \$2,616,950.

The current average annual debt payment is \$791,208 or \$361 per resident. The 38 parcels assessed for the DWSRF project will have an average annual payment of \$348. Combined with the CWSRF payment the average annual payment will be \$650.



The City of Stanley is located in Mountrail County 55 miles west of Minot on US Highway 2. Based on the 2020 census, the total population was 2,321; this is an increase of 863 from the 2000 census. The current estimated population is 2,194. The largest employers in the City are Mountrail County with 133 employees, Mountrail County Medical Center with 130 employees, and Stanley Public Schools with 120 employees.

**School Enrollment:**

|                  |                  |                  |                  | <b>Projected</b> |
|------------------|------------------|------------------|------------------|------------------|
| <b>2021-2022</b> | <b>2022-2023</b> | <b>2023-2024</b> | <b>2024-2025</b> | <b>2025-2026</b> |
| 716              | 750              | 755              | 779              | 790              |

The City’s 2023 taxable valuation was \$14,720,577. This is an increase of \$116,617 from the 2019 taxable valuation.

**Property Taxes Levied & Collected 10/31/2024:**

| <b>Levy Year</b> | <b>Dollar Amount of Levy</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|------------------|------------------------------|--|-----------------------------|
| <b>2023</b>      | \$747,070                    | \$728,202                                      | 97%                         |
| <b>2022</b>      | \$753,875                    | \$745,586                                      | 99%                         |
| <b>2021</b>      | \$788,585                    | \$787,650                                      | 100%                        |

**Special Assessments Levied & Collected 10/31/2024:**

| <b>Year</b> | <b>Dollar Amount</b> | <b>Amount Collected to Date of Application</b> | <b>Percentage Collected</b> |
|-------------|----------------------|--|-----------------------------|
| <b>2023</b> | \$511,326            | \$478,224                                      | 94%                         |
| <b>2022</b> | \$526,523            | \$500,190                                      | 95%                         |
| <b>2021</b> | \$543,420            | \$518,412                                      | 95%                         |

**City of Stanley Mill Levy History:**

| <b>Year</b> | <b>City</b> | <b>School</b> | <b>Park District</b> | <b>State and County</b> | <b>Other</b> | <b>Total for Each Year</b> |
|-------------|-------------|---------------|----------------------|-------------------------|--------------|----------------------------|
| <b>2023</b> | 50.75       | 90.00         | 18.89                | 2.16                    | 9.11         | 170.91                     |
| <b>2022</b> | 50.43       | 90.00         | 16.63                | 12.17                   | 9.65         | 178.88                     |
| <b>2021</b> | 51.49       | 89.83         | 14.49                | 15.78                   | 11.13        | 182.72                     |
| <b>2020</b> | 54.57       | 90.00         | 13.20                | 32.54                   | 5.94         | 196.25                     |
| <b>2019</b> | 54.57       | 86.72         | 13.66                | 31.54                   | 8.29         | 194.78                     |



## Memorandum

**TO:** DeAnn Ament, Executive Director  
North Dakota Public Finance Authority

**FROM:** PFM Financial Advisors LLC

**DATE:** November 27, 2024

**RE:** Marketplace Analysis - Drinking Water State Revolving Fund Program  
City of Stanley

---

The City of Stanley (the “City”) has presented a request to the Authority and the North Dakota Department of Environmental Quality (“Department”) for a \$1,272,000 loan under the Drinking Water State Revolving Fund Program (“DWSRF Program”). The DWSRF Program is used to make subsidized interest rate loans to political subdivisions for the purpose of constructing various water treatment, distribution and storage facilities as approved by the Department in accordance with federal and state regulations and an updated Intended Use Plan prepared by the Department.

The City intends to use the proceeds to replace water and sanitary sewer lines, repair damaged storm pipes, and install new manholes along 5<sup>th</sup> Street between 3<sup>rd</sup> and 6<sup>th</sup> Avenues. Additionally, the street will be repaved and regraded, with curbs and gutters replaced to improve drainage toward existing storm inlets.

The municipal securities to be acquired by the Authority will be \$318,000 of improvement bonds of the City payable from special assessments levied against the benefited property and \$954,000 of revenue bonds payable with water user fees and 20% of the 1.5% City Sales Tax dedicated to municipal improvements.

The proposed term of the special assessment loan is 30 years with a subsidized interest rate of 1.50%. The City’s average annual payment under the proposed loan will be approximately \$13,226. The improvement bonds will be a contingent general obligation of the City, which will be required by law to levy a general deficiency tax if the revenues collected from the levy of special assessments are insufficient to make the debt service payments.

The City’s average annual payment under the proposed revenue loan will be approximately \$39,623 indicating a 110% net revenue coverage requirement of approximately \$43,585. The City will be required to deposit \$46,350 into a reserve fund with payments of \$9,270 per year for the first five years of the loan. Pro forma net operating coverage of the Water Fund plus the City Sales Tax was 3.46x in 2023. The water user revenues plus the City Sales Tax will provide sufficient net revenues to meet the 110% coverage requirement.

As of May 31, 2024, the City has \$4,117,833 of improvement bonds outstanding and \$1,591,650 of revenue bonds outstanding. The City currently has three Clean Water SRF loans and three Drinking Water SRF loans with a total outstanding amount of \$2,616,950. The City is current in its payments for its outstanding Authority loan.

Funding the construction of the City's improvements has been included in a list of approved uses as prepared and updated by the Department. As an authorized participant in the DWSRF Program, the City will benefit substantially from the subsidized fixed rate loans made under the Program. Consequently, no other financing mechanism can provide a greater cost advantage than that offered by the DWSRF Program.

Memorandum

To: Industrial Commission

From: Kylee Merkel, Business Banker  
Bank of North Dakota

Date: November 25, 2024

RE: City of Stanley  
Drinking Water State Revolving Fund Program

ND Public Finance Authority has delivered to BND their memo which recommends approval of a \$1,272,000 loan to the City of Stanley under the Drinking Water State Revolving Fund (DWSRF). The entire cost of the project is \$2,371,000, with the Clean Water State Revolving Fund providing a \$1,099,000 loan.

The project will replace aging infrastructure and includes water, sanitary sewer, storm sewer and street improvements. The requested loan term is 30 years. The City will issue a \$318,000 improvement bond payable with special assessment collections. There are approximately 38 parcels in the improvement district. The annual payment will average \$13,226. The City will also issue a \$954,000 revenue bond payable with water user fees and city sales tax. The annual payment will average \$39,623.

**Sewer Fund:**

The City currently serves 1,007 residential connections which pay a base rate of \$18.50 per month and 192 commercial connections which pay a monthly base rate of \$21.25. In addition, all connections pay a volume charge of \$8.00 per 1,000 gallons.

**City Sales Tax:**

The City currently collects 1.5% sales tax, with 20% dedicated to municipal improvements. The City sales tax sunsets in 2026. Should the sales tax not be extended, the City would need to ensure water user fees were sufficient to meet the coverage requirements of the DWSRF program. The sales tax is not currently pledge for the repayment of any outstanding indebtedness.

|  | 2021         | 2022         | 2023         |
|--|--------------|--------------|--------------|
| <b>1.5% City Sales Tax Collections</b> | \$ 1,053,768 | \$ 1,174,037 | \$ 1,409,773 |
| <b>20% Municipal Improvements</b>      | \$ 210,754   | \$ 234,807   | \$ 281,955   |

**Debt Service Coverage:**

| <b>Water Fund</b>             | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>Projected</b> |
|-------------------------------|-------------|-------------|-------------|------------------|
| Operating Revenue             | 913,276     | 874,214     | 943,350     | 943,350          |
| Interest Revenue              | 1,926       | 2,715       | 5,067       | 5,067            |
| Operating Expenses            | -902,598    | -888,994    | -924,498    | -924,498         |
| Net Operating Revenue         | 12,604      | -12,065     | 23,919      | 23,919           |
| Plus: Proforma Sales Tax      | 0           | 0           | 0           | 281,955          |
| Plus: Depreciation            | 77,100      | 77,100      | 77,100      | 77,100           |
| Adjusted Net Operating Income | 89,704      | 65,035      | 101,019     | 382,974          |
| Current Debt Service          |             |             |             | 71,051           |
| Proposed Debt Service         |             |             |             | 39,623           |
| Total Debt Service            |             |             |             | 110,674          |
| Debt Service Coverage         |             |             |             | 346%             |

The existing water user fee revenues, combined with sales tax collections, will generate sufficient net operating revenues to service both the new and existing debt.

**Outstanding Debt (as of May 31, 2024):**

|                   | <b>Original Amount</b> | <b>Current Balance</b> |
|-------------------|------------------------|------------------------|
| Improvement Bonds | \$7,103,750            | \$4,117,833            |
| Revenue Bonds     | \$2,681,250            | \$1,591,650            |
|                   | <b>\$9,785,000</b>     | <b>\$5,709,483</b>     |

Average annual debt service requirements are estimated at \$890,194, which is an average of \$385.54 per resident.

Historical census populations for the City of Stanley were 2,321 in 2020, 1,458 in 2010 and 1,278 in 2000. The largest employers in the City are Mountrail County Courthouse, Mountrail County Medical Center and Stanley Public School District.

Based upon the PFA recommendation and the benefits obtained with this project, BND concurs with their evaluation and support of the request.



Kylee Merkel  
Business Banker

|                                     |                    |
|-------------------------------------|--------------------|
| <b>SERVICE AREA: ADMINISTRATION</b> | <b>Page 1 of 4</b> |
| <b>POLICY TITLE: CAPITAL POLICY</b> |                    |

Bank of North Dakota's mission is to deliver quality, sound financial services that promote agriculture, commerce, and industry in North Dakota. The Bank partners with North Dakota financial institutions to create solutions for current and emerging economic needs. A strong and predictable capital position is critical to ensuring the Bank can meet its mission and objectives.

### **POLICY STATEMENT**

The overall purpose of the Bank's Capital Policy is to ensure the safety and soundness of the Bank, ensure the Bank can meet its mission and objectives and is in full compliance with industry standards.

Bank Management, Advisory Board, and the Industrial Commission (the "Board") have a fiduciary responsibility to steer a prudent course for the institution. Together, they establish policies, procedures, and controls that mitigate material risks such as economic, interest rate volatility, credit, liquidity requirements, competitive environment changes, financial, operational, cybersecurity, and reputational risk. The Bank must be prepared to respond quickly to unforeseen major events such as interest rate shock environments, natural disasters, economic disruptions, and state budget deficits.

The financial services industry is ever evolving. The Board cannot manage asset quality challenges, asset volatility, interest rate risk, regulatory initiatives, and the overall mission of the Bank without sound capital management policies and guidelines. The Board considers capital management to be the process of monitoring and controlling the Bank's vulnerability to unforeseen changes and allowing for pursuit of opportunities presented by the Bank's mission and strategic plans.

### **CAPITAL POLICY GOALS**

A strong Capital Policy benefits the Bank by providing a framework for achieving its mission and strategic plan objectives consistent with maintaining regulatory guidance and providing for the safety and soundness of the Bank's depositors and operations. Management views capital planning as an integral part of its financial risk management and strategic planning process. The purpose of this Capital Policy is to provide management and the Board with a written reference on how the Board's desire for the risk management process within the Bank will be managed. The following summarizes the goals that pertain to capital management associated with maintaining appropriate capital levels:

- Meeting regulatory guidance for minimum capital requirements, as well as providing the resources to adequately provide for the Allowance for Credit Losses ("ACL"),
- Controlling exposure to changes in capital levels by planning for contingent capital needs prior to the time that the need for capital becomes critical, and to provide additional capital protection as a bulwark in the event of unanticipated asset deterioration or unanticipated capital dividend requirements,
- Provide for the safety and soundness of the Bank's deposits, and support a robust enterprise risk management process,
- Provide a basis for balance sheet management regarding asset quality risk, interest rate sensitivity risk, asset growth, leverage, and capital dividends,

|                                     |                    |
|-------------------------------------|--------------------|
| <b>SERVICE AREA: ADMINISTRATION</b> | <b>Page 2 of 4</b> |
| <b>POLICY TITLE: CAPITAL POLICY</b> |                    |

- Ensure there is both initial and periodic stress testing of the Capital Policy under several scenarios.

## **RISK MANAGEMENT AND CAPITAL PLANNING**

Risk Management and Capital planning is a dynamic and ongoing process that, to be effective, should be forward-looking in incorporating changes in a bank's strategic plan, risk tolerance levels, business plan, operating environment, or other factors that materially affect capital adequacy. The Bank should also consider qualitative factors that incorporate management's experience and judgement in evaluating all risks. A qualitative assessment is critical in understanding and evaluating risks that cannot be reasonably quantified.

In accordance with the governance process for capital planning, it is expected that the capital management process will encompass the following:

- Coordination of capital management practices and objectives (and information systems and models and Board reporting) with the mission and business strategies of the Bank. These efforts can affect policy decisions and related procedures, such as, loan pricing, asset mix, volume guidelines, and liquidity planning.
- Providing for proper internal controls, risk limits, authorization levels and procedures for capital management in conjunction with other asset-liability, credit, and operational management procedures.
- Actions or discussion of committees, officers, employees, and the efforts of management to understand the impact of whether such actions are consistent with the Capital Plan.

Capital is necessary to support the risks inherent in the Bank's activities, especially reputational, operational, financial, and regulatory risk. The Bank has an Enterprise Risk Management (ERM) program. In addition, the Bank has a comprehensive insurance program to mitigate many of the above risks. For those risks not underwritten by insurance or addressed by the ACL, the Bank's capital position ultimately is available to provide support to address those risks.

Minimum regulatory capital guidance, when combined with insurance coverage, the ACL and other reserves are often adequate to support traditional financial risks. However, capital is required to support financial risks such as interest rate shocks, economic adversity, and fiscal policy. Financial risks also require capital due to changes in asset quality that are not covered by traditional insurance, economic downturns in asset values and stress on funding. The Capital Plan is also intended to address risks outside the financial sector that may impact financial institutions such as potential losses due to fraud and cyber-security events, terrorism, global pandemics, natural disasters, and the overall mission risk of the Bank.

Policy and regulatory risks are those risks that are inherent in operating a financial institution subject to changes in the banking laws by Congress, changes to governmental policies such as energy policy, agriculture policy, monetary policy (apart from general economic movement of interest rates), and changes in currency levels and the related impact on the import/export market and the interaction of interest rates and currency pricing with worldwide commodity pricing and unanticipated regulatory actions responding to changes in economic conditions.

|                                     |                    |
|-------------------------------------|--------------------|
| <b>SERVICE AREA: ADMINISTRATION</b> | <b>Page 3 of 4</b> |
| <b>POLICY TITLE: CAPITAL POLICY</b> |                    |

Quantification of the optimal capital ratios required to effectively manage these risks are included in the Bank's Capital Plan Guidelines. The Bank's capital assessment processes will include: (1) the identification, assessment, and quantification of all material risks monitored with in the bank's enterprise risk management program, (2) a process to relate capital to the level of risks, current and future, (3) capital adequacy goals, targets and limits with respect to the Bank's mission, and strategic plans, (4) integrity of the overall risk management process through regulatory guidance, internal controls, reviews, and audits, and (5) the inability of the Bank to raise capital.

### **CAPITAL PLAN STRESS TESTING**

The Bank's Board of Directors supports specific approaches to mitigate potential risks. By carefully identifying specific asset groups and potential adverse factors that may occur, stress testing provides a key analytical approach to determine adequate capital levels. Stress testing ultimately should ascertain whether capital adequately covers the Bank's mission objectives, potential future losses, and dividends to assist in the case of a state budget deficit. Through formal stress testing processes, management will have analytical support to assist in capital planning, should the assumptions tested occur. Loan portfolio stress testing is conducted annually with a focus on interest rate risk, cash flow stress, and collateral value deterioration for each of the key loan types in the portfolio.

Capital levels play a significant role in the Bank's comprehensive loan concentration model which is used in the lending decision process and evaluated by geographic region, industry, and related borrowers. The Bank maintains a comprehensive concentration model with quarterly updates to the Bank's Investment Committee, Advisory Board, and Board of Directors.

The Board recognizes that models may be prone to fundamental errors and that the use of stress testing financial models requires considerable judgment and expertise in application. Reliance on erroneous price or exposure estimates or overly broad interpretations of model results can result in serious implications on bank profitability, capital levels, and reputation. However, understanding and monitoring "model risk" can limit loss exposure. The Board recognizes the need for model validation on a regular basis to increase reliability and promote improvements.

**Annually, a Capital Plan and Stress Test will be presented to the Bank's Funds Management Committee, Advisory Board and Board of Directors.**

### **MISSION**

The Bank is mission driven while being risk managers for the state as it relates to 1) liquidity, 2) Interest Rate Risk, and 3) Credit Risk. It is the goal of the Bank to achieve a stable total return to the state while delivering quality, sound financial services that promote agriculture, commerce, and industry in North Dakota. The Bank has and will continue to take a conservative approach toward the Bank's lending and investing activities, prudently reserve for possible future problem loans, and potential state liquidity needs.



|                                     |                    |
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| <b>SERVICE AREA: ADMINISTRATION</b> | <b>Page 4 of 4</b> |
| <b>POLICY TITLE: CAPITAL POLICY</b> |                    |

**CAPITAL DIVIDENDS**

Capital dividends are expected to continue if Bank earnings are adequate, and a prudent capital level is met. Even though the Board expects to continue the payment of dividends, it also clearly recognizes that dividends are warranted and permissible only within the Bank's capital framework. Any biennium dividends will be calculated based upon the previous ending two calendar years prior to the start of a new biennium.



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Industrial Commission

# CO<sub>2</sub> Education & Outreach Project Update



# ABOUT THE PROJECT

In early 2024, through appropriation from the North Dakota legislature, the North Dakota Industrial Commission awarded a \$300,000 grant to develop an Education and Outreach Strategic Plan and materials related to CO<sub>2</sub> capture, utilization, and sequestration in North Dakota.

The project does not endorse any specific CO<sub>2</sub>-related project(s) – active or proposed.

The scope of this grant includes plan, recommendation, and materials development through June 30, 2025, but does not include full-scale implementation beyond this date.

# OUR TEAM



**BRENT BOGAR**  
Project Lead



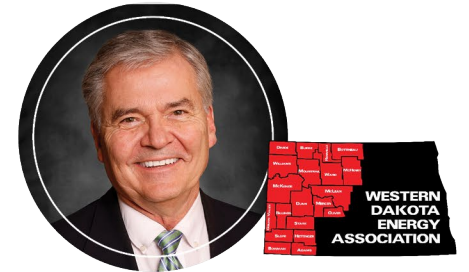
**MARTY DOLL**  
Senior Communications  
Strategist



**HEATHER SYVERSON**  
Media & Marketing  
Specialist



**CODY SCHULER**  
Video & Digital Marketing  
Specialist



**GEOFF SIMON**  
Executive Director  
Western Dakota Energy



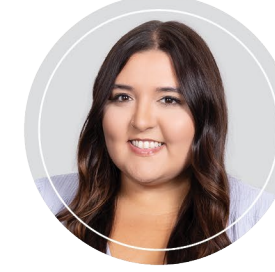
**RAQUEL STRAND**  
Communications  
Strategist



**CHRIS LAGASSE**  
Graphic Designer



**MIKE WITT**  
Web Specialist



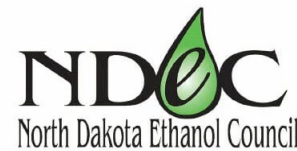
**ALIZJAH SWENSON**  
Social Media Marketing  
Specialist



**SCOTT HENNEN**  
Partner  
Fieldstone Group



EXTENSION



# EXECUTIVE TEAM

Monthly Meetings March – November 2024

## Executive Team Role

- Provide input, direction, and review for all deliverables
- Consulted to help develop priorities, questions to address, etc.
- Serve as industry experts to ensure reliability of information
- Guide development of appropriate outreach strategies



Quality assurance and control of data and science

## Executive Team Members

- Reice Haase, ND Industrial Commission
- Brenna Jessen, ND Industrial Commission
- Erin Stieg, ND Industrial Commission
- John Phillips, Lignite Research Council
- Richard Suggs, Dept. of Mineral Resources
- Tamara Madche, Dept. of Mineral Resources
- Travis Stollendorf, Dept. of Mineral Resources
- Ron Ness, Oil and Gas Research Council
- Kathy Neset, Oil and Gas Research Council
- Jonathan Fortner, Lignite Energy Council
- Jason Bohrer, Lignite Energy Council
- Tom Oakland, ND Department of Commerce
- Kim Schmidt, ND Department of Commerce
- Amber Farrington, ND Department of Commerce
- Kyle Glazewski, EERC
- Tyler Hamman, EERC
- Bethany Kurz, EERC
- Dana Hager, Petroleum Council
- Brady Pelton, Petroleum Council
- Gerald Bachmeier, Renewable Energy Council
- Kayla Ver Helst, Bank of North Dakota
- John Reiten, Office of the Governor

# RESEARCH AND DISCOVERY

March – September 2024

## Interviews & Meetings

- Industrial Commission staff
- Attorney General, Drew Wrigley
- Agricultural Commissioner, Doug Goehring
- Representatives of ND Department of Commerce
- Representatives of Energy and Environmental Research Center (EERC), UND
- Representatives of North Dakota State University Extension Services
- Local County Emergency Manager
- Emmons County representative
- Mercer County representative
- Oliver County representative
- Stark County representative
- Local property owner
- Red Trail Energy, Dave Burns and Tyler Mock
- Harvestone Low Carbon Partners, Jeff Zueger
- Dakota Gasification Company, Dale Johnson
- Wyoming State Oil and Gas Supervisor, Tom Kropatsch
- Representatives of Lignite Energy Council
- Representatives of Ethanol Council
- Representatives of Petroleum Council

## Events & Education

- Williston Basin Petroleum Conference
- Lignite and Petroleum Teacher's Seminars
- Lignite Energy Council Annual Meeting
- Ethanol Council Webinar
- Legislative Interim Committee
- North Dakota League of Cities
- Ports to Plains, Dickinson
- Big Iron, Fargo
- VisionWest, Beulah
- Main Street Summit, Watford City
- Western Dakota Energy Association Events/Meetings
- Online Public Feedback Form
- Individual Conversations & Discussions

In addition to these extensive collaboration and engagement efforts during this phase, exhaustive efforts were spent on data mining, research, reviewing related materials from past and present efforts throughout the state and country, and conducting thorough analysis of demographics and target audiences.



# DESIRED OUTCOMES



## UNDERSTANDING CO<sub>2</sub> AND NORTH DAKOTA'S ROLE

Provide factual information, backed by trusted resources and experts. Initiate widespread outreach so people have access to sourced information and can easily research scientific studies, economic benefits, landowner rights, and safety protocols.

## BUILDING TRUST

As an entity designed to serve communities throughout the state, there is a need to re-establish that base of trust as it relates to CO<sub>2</sub> initiatives by listening to concerns, hosting conversations, answering questions, and providing clarity of landowner rights.

## PRESERVING THE NORTH DAKOTA WAY OF LIFE

North Dakota has a rich history in agriculture and energy. Help audiences connect to the challenges facing these core industries and the importance of navigating the best ways to adapt for the benefit of North Dakota communities.

A strategic plan outlines a comprehensive approach to effectively engage and inform target audiences through tailored educational initiatives and community outreach efforts, aiming to enhance awareness.





# Education & Outreach Strategic Plan

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## DRAFT CO<sub>2</sub> EDUCATION AND OUTREACH STRATEGIC PLAN

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Presented to the North Dakota Industrial Commission  
December 12, 2024



## BACKGROUND

The North Dakota Industrial Commission is a key State agency responsible for overseeing and regulating various aspects of the State's industrial and economic activities. Established by the North Dakota Constitution in 1919, the Commission originally focused on regulating the burgeoning oil industry, which began gaining prominence in the early 20th century. North Dakota's early oil boom required regulatory oversight to manage resource extraction, and protect environmental and public interests.

The early 2000s marked a significant turning point with the start of the Bakken oil boom. The Commission played a crucial role in managing the rapid expansion of oil production in the Bakken Formation. This boom brought economic prosperity, but also challenges related to a rapid pace of growth, infrastructure, environmental regulations, and resource management.

In recent years, the Commission has continued to oversee North Dakota energy industries, including an increased focus on balancing ever-changing regulations with economic vitality. Today, the Commission continues to oversee oil and gas exploration, coal mining, and other industrial activities. Its responsibilities have evolved to include being at the forefront of technological advancements, navigating industry-related regulations and trends, and spearheading economic strategies to ensure North Dakota energy, industry, and agriculture continues to thrive.

The Commission's history reflects the dynamic nature of North Dakota's resource economy and its ongoing efforts to balance economic development, environmental regulations, and public interests.

Primary functions of the North Dakota Industrial Commission include:

- Oil and Gas Regulation
- Mining and Mineral Resources
- Energy Project Regulations and Initiatives Development
- Compliance of Industrial Companies with State/Federal Environmental Laws
- Public Land Leases and Resources

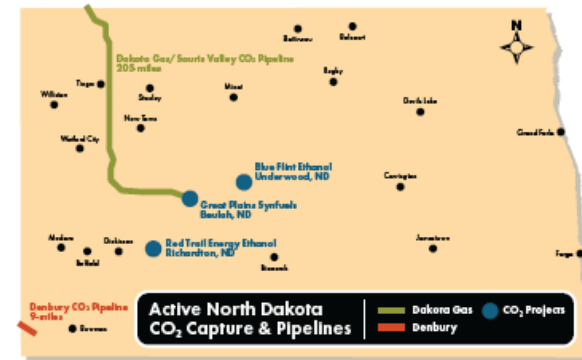
The North Dakota Industrial Commission is composed of three statewide elected officials: the Governor, the Attorney General, and the Commissioner of Agriculture. This structure allows for a broad range of expertise and perspectives in overseeing North Dakota's industrial and economic interests.

As federal regulations continue to impose stricter standards on the oil, gas, biofuel, and coal industries, North Dakota has seen a drastic increase in demand across all energy sectors for capturing, using, and permanently storing carbon dioxide (CO<sub>2</sub>) deep underground. In turn, the Industrial Commission has seen an increased focus on CO<sub>2</sub> related industries.

## HISTORY OF CARBON CAPTURE, UTILIZATION, & STORAGE

Underground CO<sub>2</sub> injection first began in this country more than 50 years ago in western Texas. For nearly 40 years, the State of Wyoming has captured and transported CO<sub>2</sub> for Enhanced Oil Recovery (EOR). North Dakota has also been at the forefront of studying and implementing CO<sub>2</sub> initiatives for more than 20 years. Decades of data has helped researchers understand how CO<sub>2</sub> behaves deep underground and improve the methods to safely transport it through pipelines.

In the U.S. today, there are multiple operating CO<sub>2</sub> projects and more than 50 CO<sub>2</sub> pipelines spanning over 5,000 miles. North Dakota currently has three active CO<sub>2</sub> storage projects and nearly 200 miles of operating CO<sub>2</sub> pipeline.



### CO<sub>2</sub> CAPTURE AND STORAGE IN NORTH DAKOTA

- **Red Trail Energy Ethanol Plant, Richardton:** Began operations on June 16, 2022. Captures and stores up to 180,000 metric tons of CO<sub>2</sub> annually.
- **Blue Flint Ethanol, Underwood:** Began operations on October 28, 2023. Captures and stores up to 220,000 metric tons of CO<sub>2</sub> annually.
- **Great Plains Synfuels Plant, Beulah:** Began operations on February 4, 2024. Captures and stores up to 2.7 million metric tons of CO<sub>2</sub> annually.

### CO<sub>2</sub> PIPELINES IN NORTH DAKOTA

- **Dakota Gas/Souris Valley Pipeline:** Began operations in 2000. This 205-mile pipeline runs from Beulah, northwest past Tioga, and into Saskatchewan, Canada. It has been transporting up to 2 million metric tons of CO<sub>2</sub> annually for enhanced oil recovery (EOR) for nearly 25 years.
- **Denbury/ExxonMobile Pipeline:** Began operations in 2022. The final nine miles of this pipeline, which starts in Wyoming, delivers CO<sub>2</sub> to the Bowman area for enhanced oil recovery (EOR).

# PLAN GOALS

1

**Provide factual information** to audiences about the science of the CO<sub>2</sub> industry to address safety and landowner concerns, explore the potential benefits of an expanded CO<sub>2</sub> industry, and emphasize the importance of continued exploration and research related to CO<sub>2</sub>.

2

**Establish reliable sources** for audiences to locate current information, in-depth studies, history, and details on North Dakota's role in CO<sub>2</sub> initiatives.

3

**Create a library of branded materials** for the State of North Dakota to use to communicate with various audiences from an official capacity that can be tailored for outreach needs, while remaining consistent and recognizable.

4

**Provide an opportunity for audiences to ask questions, clarify information, and give feedback** on CO<sub>2</sub> initiatives in North Dakota, and develop an ongoing education and outreach plan for the State.

5

**Provide clarity around CO<sub>2</sub> regulations, industry challenges, and economic impacts.**

# KEY THEMES



## SAFETY

Understandably so, the most common theme related to CO<sub>2</sub> initiatives in North Dakota is safety. Residents desire and have a right to ensure that CO<sub>2</sub> transportation and storage will not endanger themselves, their families, or their livelihoods. Questions and concerns related to both pipelines and permanent underground storage are typically the first things mentioned during conversations about CO<sub>2</sub>.

Educational information provided by the State of North Dakota should address risks; explain how risks are mitigated; highlight the stringent regulations, monitoring, and mitigation requirements in place to secure CO<sub>2</sub> pipelines and storage sites; and emphasize that North Dakota prioritizes significant planning, research, training, and technology to be prepared for any unexpected scenarios. It should also work to address all concerns of local emergency responders.

# KEY THEMES



## NATURAL PRESERVATION

There is a strong desire to protect North Dakota's natural environment. Questions are commonly related to the necessity of CO<sub>2</sub> in the atmosphere and the impacts of CO<sub>2</sub> on water, soil, plants, and animals.

Educational information should address and explain current atmospheric CO<sub>2</sub> concentrations; the state's unique geology being suited for the permanent, safe storage of CO<sub>2</sub> nearly a mile or more beneath the surface; and why CO<sub>2</sub> storage does not impact water, soil, animals, or plants thousands of feet above storage zones.

# KEY THEMES



## LANDOWNER RIGHTS

Landowner rights are important to North Dakotans. Educational efforts should explain the easement, pore space, and compensation processes for landowners and when, if, or how amalgamation or eminent domain would be considered.

Efforts should highlight that there is no intention or desire to take away land ownership, as CO<sub>2</sub> efforts only pertain to pipeline easements or underground storage agreements and have little impact on surface uses; ownership of land remains with the property owner; landowners are paid for pipeline easements or royalties per CO<sub>2</sub> injected into their pore space ; and that North Dakota law protects landowners from financial responsibility for damage to their property or related environmental impacts.

# KEY THEMES



## NORTH DAKOTA PIPELINE AND CO<sub>2</sub> HISTORY

There is a current lack of general awareness of the history of CO<sub>2</sub> capture, transportation, and storage initiatives in North Dakota and across the country. Educational efforts should highlight that North Dakota has been at the forefront of studying and implementing CO<sub>2</sub> initiatives for more than 20 years; that CO<sub>2</sub> pipelines have been operating with a high safety record in the United States for more than 50 years; and that today, millions of metric tons of CO<sub>2</sub> are safely transported across the country through 5,000+ miles of pipeline – including nearly 200 miles in North Dakota. There are also three CO<sub>2</sub> capture and storage sites currently operating in the state.

# KEY THEMES



## FEDERAL REGULATIONS AND ECONOMIC IMPACT

Another common theme relates to the question of “why” these types of projects even exist. Regardless of an individual’s belief in climate change or impacts of CO<sub>2</sub>, the reality is that stringent federal regulations and market-demand for low- or no-carbon products is placing pressure on North Dakota’s energy, biofuel, and agricultural sectors.

Educational efforts should highlight how capturing and storing CO<sub>2</sub> benefits the state’s coal and ethanol plants by allowing them to continue operations in a low- or no-carbon market and regulatory environment; the potential to benefit corn producers from increased ethanol production; possible tax and economic benefits to the state; and an ability to help extend the life of North Dakota oil fields through future enhanced oil recovery.



# KEY MESSAGES & ESSENTIAL AUDIENCES

## 1. You are concerned about safety. We are, too. Safety is our top priority.

The top priority of all CO<sub>2</sub> capture, utilization, and storage projects in North Dakota is ensuring the safety of the community and the environment. This includes robust safety protocols, risk assessments, scientific evaluation, training, and emergency preparedness plans.

## 2. We take pride in our agricultural and energy heritage, and the natural beauty of North Dakota, and want to protect it.

As federal regulations present new challenges for the oil, gas, biofuel, and coal industries, we support our communities and local farmers to find the best ways to adapt, ensuring that our way of life continues while meeting these challenges.

A developing CO<sub>2</sub> industry allows our coal and ethanol plants to remain competitive in various markets; has the potential to benefit corn producers from increased ethanol production; can provide tax and economic benefits to the state; and can help extend the life of North Dakota oil fields through future enhanced oil recovery.

## 3. Your landowner rights are important and respected.

There is no intention or desire to take land ownership as part of any CO<sub>2</sub> initiatives. CO<sub>2</sub> efforts only pertain to pipeline easements or underground storage agreements, and have little impact on surface uses. In addition, North Dakota law protects landowners from financial responsibility for damage to their property or related environmental impacts, should any unforeseen circumstances arise.

### ESSENTIAL AUDIENCES

- Advocate Anna
- Political Sam
- Firefighter Carl
- Healthcare Laura
- Up and Coming Families – Emily and Mark
- Educator Jason
- Rancher Rick
- Plant Worker David
- Activist Sarah
- Average Joe
- Community Organizer Nancy
- Farmer Jack
- Retired Gary





# COLLABORATION & CONNECTION

August 2024 – June 2025

## Long-Term Planning for North Dakota's CO<sub>2</sub> Future

A statewide education campaign requires multiple facets, working together to provide understanding, clarity, and momentum to the effort across regions, demographics, and levels of comprehension.

Part of **Establishing a Foundation in Engagement & Outreach** was to take a comprehensive look at those demographics and develop messaging and techniques for effective connections.

The **Collaboration & Connection** phase develops the tools, trainings, and strategies needed to equip numerous stakeholders, influencers, staff members, and industry partners with the words, visuals, and plans to be able to amplify and effectively share key messages.



Creative Library



Sphere of Influence



Training  
Materials



Events Calendar



Social Media  
Content Plan



Advertising &  
Media Planning



# Creative Library Development

## Tools and Assets (developed or in development as part of the Collaboration & Connection phase)



### BRANDED TEMPLATES

- Press release
- Informational handouts
- Social media announcements
- Newsletter articles
- Postcards and mailer(s)
- Informational boards/posters
- Website/digital graphics



### PHOTO/VIDEO

- Two (2) animations
- Three (3) explainer/informational videos
- Short-form videos/segments for digital ads/social media
- Drone photography/video
- Compilation of photographs



### TALKING POINTS

- Short version
- Long version
- For staff, officials, legislators, and industry representatives



### DIGITAL CONTENT

- Project website
- Feedback form
- Designs for digital ads
- Social media content calendar and supporting visuals



### ADDITIONAL MATERIALS

- List of sources and trusted resources
- Billboard designs
- Educational curriculum
- CO<sub>2</sub> storage zones geology graphic
- ND pipelines and storage sites map
- In-person event posters



### KEY HANDOUTS

- General FAQ
- Landowners
- Policymakers
- Emergency Management Professionals
- Safety



# CarbonND.com

## Your Feedback is Important

As residents of North Dakota, your feedback is invaluable in shaping the State's ongoing efforts to safely and effectively capture, use, and store CO<sub>2</sub>. We invite you to share your thoughts, experiences, and questions related to carbon capture in North Dakota by completing this form.

[North Dakota Industrial Commission Feedback Form](#)

## Understanding CO<sub>2</sub>:

North Dakota is known for, and extremely proud of its agriculture and energy production. As federal regulations continue to impose stricter standards on the oil, gas, biofuel, and coal industries, the state has seen a drastic increase in demand across all energy sectors for capturing, using, and permanently storing carbon dioxide (CO<sub>2</sub>) deep underground.

[The Science of CO<sub>2</sub>](#)

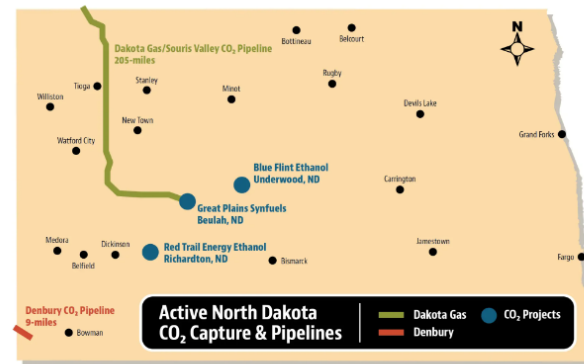
[The North Dakota Advantage](#)

[A Long History With CO<sub>2</sub>](#)



## Active CO<sub>2</sub> Capture, Storage, and Pipelines in ND

Today, there are three active CO<sub>2</sub> storage projects operating in the state with more on the horizon. There are also two CO<sub>2</sub> pipelines (nearly 200 miles) transporting CO<sub>2</sub> both in and out of the state.



### Red Trail Energy Ethanol Plant, Richardton, ND

Began operations on June 16, 2022, as the first commercial-scale CO<sub>2</sub> capture and storage project in the state. The plant captures and stores up to 180,000 metric tons of CO<sub>2</sub> annually. [Learn more](#)

### Blue Flint Ethanol, Underwood, ND

Harvestone Low Carbon Solutions began operations of the second commercial-scale CO<sub>2</sub> capture and storage project in North Dakota on October 28, 2023. The plant captures and stores up to 220,000 metric tons of CO<sub>2</sub> annually. [Learn more](#)

### Great Plains Synfuels Plant, Beulah, ND

Since the early 2000s, the Dakota Gasification Company (DGC) has used pipelines to send up to 2 million metric tons of CO<sub>2</sub> to Saskatchewan, Canada annually for enhanced oil recovery (EOR). On February 4, 2024, the DGC Beulah Broom Creek Storage Facility began onsite CO<sub>2</sub> capture and storage of up to 2.7 million metric tons of CO<sub>2</sub> annually. [Learn more](#)

### Dakota Gas/Souris Valley Pipeline

This 205-mile CO<sub>2</sub> pipeline runs from the Dakota Gasification Plant near Beulah, northwest past Tioga, and into Saskatchewan, Canada. It has been transporting up to 2 million metric tons of CO<sub>2</sub> annually for enhanced oil recovery (EOR) for nearly 25 years. [Learn more](#)

### Denbury/ExxonMobile Pipeline

The final 9 miles of this CO<sub>2</sub> pipeline, which originates in Wyoming, has delivered CO<sub>2</sub> to the oilfields in the Bowman area for enhanced oil recovery since 2022. [Learn more](#)

## CO<sub>2</sub> Storage Safety

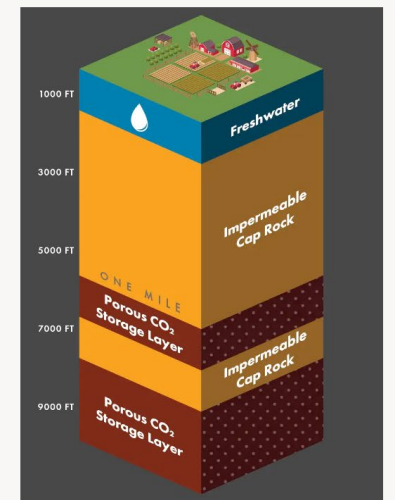
CO<sub>2</sub> capture, utilization, and storage projects are designed to be safe for people, animals, and the environment. Before a CO<sub>2</sub> storage project ever begins, scientists, like those at the EERC, help identify and evaluate acceptable sites to be considered.

Permanent CO<sub>2</sub> storage needs porous (small spaces or holes) rock layers where CO<sub>2</sub> can be injected and stored at pressures low enough to avoid breaking the rock. This porous storage layer must also be capped by an impermeable (or solid) rock where CO<sub>2</sub> can't escape.

Once injected into the ground, the movement of CO<sub>2</sub> is monitored to ensure it is going where it is supposed to go, and staying where it is supposed to stay. Surface and groundwater above the storage area is also continuously monitored.

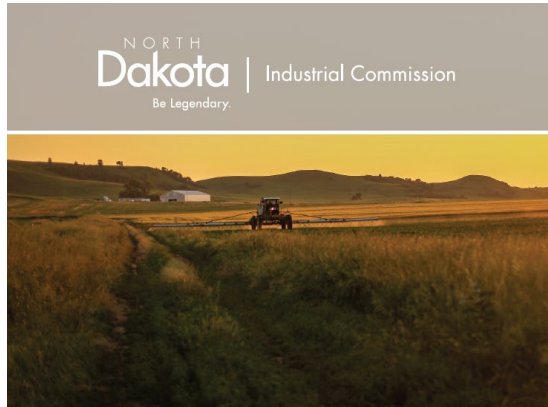
Similar to how oil reserves deep underground do not have an impact on the surface or water supply, CO<sub>2</sub> will also remain safely beneath an impervious cap rock and will not have an impact on the surface, water, soil, or plants thousands of feet above. Crops and grass can grow above these areas, and animals can safely graze.

[Learn more](#)



[+] Click to enlarge

# Handouts/FAQs



**NORTH Dakota** | Industrial Commission  
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## UNDERSTANDING CO<sub>2</sub>: NORTH DAKOTA'S ROLE

### LANDOWNER FREQUENTLY ASKED QUESTIONS

In North Dakota, we take great pride in our agricultural and energy heritage—it's a core part of who we are. But now, we're facing new challenges. Federal regulations are tightening their grip on the oil, gas, biofuel, and coal industries, leading to a sharp rise in the need for capturing, using, and storing carbon dioxide (CO<sub>2</sub>) deep underground.

While there's still debate about how much CO<sub>2</sub> impacts our atmosphere, the reality is our local farmers and energy workers are under increasing regulations to produce low- or no-carbon products and energy.

For our community, navigating these changes is crucial. It's about finding the best ways to adapt, ensuring that our way of life continues while meeting these new demands.



#### WHAT IS CO<sub>2</sub> AND WHAT IS CARBON CAPTURE, UTILIZATION, STORAGE, AND/OR SEQUESTRATION?

Carbon Dioxide, or CO<sub>2</sub>, is a non-flammable, non-explosive, naturally occurring gas. It is exhaled by humans every time you breathe; is used in hundreds of products including soda, dry ice and fire extinguishers; and is a necessary component of plant growth.

- **Carbon Capture** is the act of separating CO<sub>2</sub> molecules from the flue gas of an industrial facility (such as a power plant or ethanol plant), or directly from the atmosphere.
- **Carbon Storage**, or Sequestration, is injecting captured CO<sub>2</sub> deep underground (nearly a mile or more in North Dakota) within porous rock beds, covered by a solid rock cap.
- **Carbon Utilization** is using captured CO<sub>2</sub> for other purposes, including enhanced oil recovery (EOR).

#### IS STORING CO<sub>2</sub> UNDERGROUND SAFE?

North Dakota has been at the forefront of studying and implementing CO<sub>2</sub> initiatives for more than 20 years. CO<sub>2</sub> capture, utilization and storage projects are designed to be safe for people, animals, plants, and the environment. Before a CO<sub>2</sub> storage project ever begins, scientists identify and evaluate acceptable sites to be considered.

Our unique geology is perfectly suited for safe storage of CO<sub>2</sub> nearly a mile or more below the surface, and thousands of feet below the water table.

#### WILL STORING CO<sub>2</sub> UNDERGROUND BE HARMFUL TO MY GRASS, CROPS OR DRINKING WATER?

Similar to how oil reserves deep underground do not have an impact on the surface or water supply, CO<sub>2</sub> will also remain safely beneath an impervious cap rock and will not have an impact on the surface, water, soil, or plants thousands of feet above. Crops and grass grow above these areas and animals will be able to safely graze.

#### IS IT SAFE TO TRANSPORT CO<sub>2</sub> IN UNDERGROUND PIPELINES?

CO<sub>2</sub> pipelines have been operating safely in the United States for more than 50 years. Decades of data has helped us understand how CO<sub>2</sub> behaves deep underground, and how to safely transport it through pipelines. Today, millions of metric tons of CO<sub>2</sub> are safely transported across the country through 5,000+ miles of pipeline – including nearly 200 miles in North Dakota.

Pipelines are designed to safely operate under the pressures (between 1200-2200 psi) required for "dense phase" CO<sub>2</sub> transport. Before any CO<sub>2</sub> is transported, pipelines are filled with fresh water or inert gas at a pressure 125% of their maximum operating pressure to ensure structural integrity.

Pipelines and storage sites have stringent regulations, monitoring, and mitigation requirements. North Dakota prioritizes significant planning, research, training, and technology to be prepared for any unexpected scenarios.

#### CO<sub>2</sub> CAPTURE AND STORAGE IN ND

- **Red Trail Energy Ethanol Plant, Richardson**  
Began operations on June 16, 2022; captures and stores up to 180,000 metric tons of CO<sub>2</sub> annually.
  - **Blue Flint Ethanol, Underwood**  
Began operations on October 28, 2023; captures and stores up to 220,000 metric tons of CO<sub>2</sub> annually.
  - **Great Plains Synfuels Plant, Beulah**  
Began operations on February 4, 2024; captures and stores up to 2.7 million metric tons of CO<sub>2</sub> annually.
- #### CO<sub>2</sub> PIPELINES
- **Dakota Gas/Souris Valley Pipeline**  
Began operations in 2000. This 205-mile pipeline runs from Beulah, northwest past Tioga, and into Saskatchewan, Canada. It has been transporting up to 2 million metric tons of CO<sub>2</sub> annually for enhanced oil recovery (EOR) for nearly 25 years.
  - **Denbury/ExxonMobil Pipeline**  
Began operations in 2022. The final 9 miles of this pipeline, which starts in Wyoming, delivers CO<sub>2</sub> to the Bowman area for enhanced oil recovery (EOR).

#### DOES CO<sub>2</sub> EXPLODE? WHAT HAPPENS IF THERE IS A LEAK?

Unlike natural gas and liquid petroleum – which are transported through millions of miles of pipelines across the U.S. – CO<sub>2</sub> is not flammable or explosive. In the unlikely occurrence CO<sub>2</sub> escapes from a pipeline or through the surface, it will become dry ice or go back to a gaseous state. While prolonged exposure to high concentrations of CO<sub>2</sub> can cause breathing difficulty, the gas typically quickly evaporates into the air and requires little to clean-up. In the event of a leak, pipeline systems are designed to automatically shutdown, ceasing all operations until the cause is determined and repaired, and a reporting process through North Dakota's Unified Spill Reporting System is triggered.

**What happened in Mississippi?**  
The 2020 CO<sub>2</sub> pipeline failure in Sattartie, Mississippi was a "worst-case scenario," and resulted in several lessons learned.

First, the pipeline operator was cited for violating multiple regulations. When federal pipeline regulations are followed, pipelines outperform the safety standards of both rail and truck transit.

Second, the soil where the pipeline was installed was unstable, and susceptible to movement from high rainfall. The incident followed heavy rains (7.5 to 13.5 inches above average) that resulted in a landslide, rupturing the pipeline as the ground shifted.

Lastly, weather conditions, lack of wind, and the density/volume of CO<sub>2</sub> released slowed its dissipation; the operator models underestimated the potential affected area; the operator did not adequately inform emergency responders; and the pipeline did not contain pure CO<sub>2</sub>.

One misconception is that this pipeline "exploded." Rather, the pipeline experienced "explosive decompression." This happens when a pipe that carries gas or liquid breaks very quickly – like blowing up a balloon and popping it with a pin. The material escapes quickly, causing a powerful rush and noise, disturbing the ground immediately around the break point.

#### WILL STORING CO<sub>2</sub> PREVENT ME FROM HARVESTING OIL OR OTHER MINERALS?

The CO<sub>2</sub> injected deep underground for dedicated permanent storage goes into layers that do not contain harvestable minerals such as oil, and does not co-mingle with oil-bearing layers. Comprehensive state regulations provide for oil and mineral exploration near CO<sub>2</sub> storage zones while keeping the CO<sub>2</sub> securely in place.

#### HOW DO I BENEFIT FROM A CO<sub>2</sub> PIPELINE EASEMENT ON MY PROPERTY?

In nearly all circumstances, a company requesting land access will ask for an easement – the right to access or use a portion of private property for a specific reason, outlined in an easement agreement. Easements can be temporary (for construction), permanent (for long-term maintenance or access to a pipeline or facility), or both.

When granting an easement, the landowner retains ownership of the land and can continue to use it. Specific terms or limited restrictions can be negotiated and are defined within the agreement. Any company requesting an easement will negotiate directly with property owners for fair and just compensation for any rights being sought. Payments typically meet or exceed market value.

#### HOW DO I BENEFIT FROM CO<sub>2</sub> STORAGE UNDER MY PROPERTY?

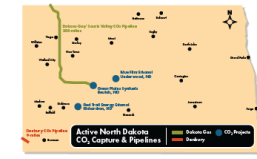
The deep underground pore space where CO<sub>2</sub> is injected also continues to be owned by the surface landowner. Landowners are paid royalties per CO<sub>2</sub> injected into their pore space, similar to oil and gas mineral rights.

#### HOW ARE LANDOWNER RIGHTS PROTECTED?

The terms "eminent domain" and "eminent domain broadly refers to the government's ability to compensate a property owner to convert a portion of private property to public use.

Amalgamation broadly refers to the government's ability to include underground pore space owned by non-consenting landowners as part of a CO<sub>2</sub> storage facility. This can only happen when consent is given by at least 60% of the pore space owners. Like eminent domain, property owners are equitably compensated. Amalgamation of pore space is similar to the utilization of oil and gas minerals.

When it comes to CO<sub>2</sub>, the focus is **voluntary participation and fair compensation**. There is no intention or desire to take land ownership. It is important to understand that even if eminent domain or amalgamation were exercised, ownership of the land would still remain with the property owner and would not result in the loss of land. CO<sub>2</sub> efforts only pertain to pipeline easements or underground storage agreements and have very little impact on surface uses.



#### HOW IS THIS GOOD FOR NORTH DAKOTA? WHY DO IT AT ALL?

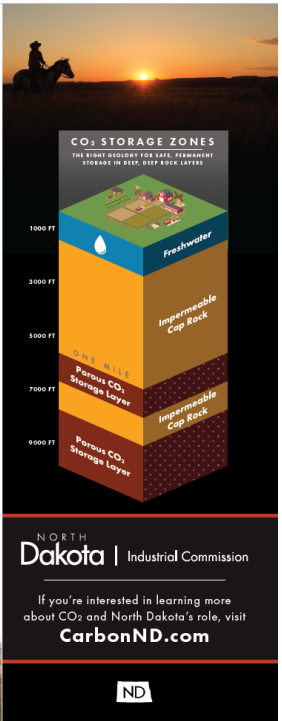
Because of stringent federal regulations, capturing and storing CO<sub>2</sub> benefits our coal and ethanol plants by allowing them to continue operations in a low- or no-carbon market. A developing CO<sub>2</sub> industry also has the potential to benefit corn producers from increased ethanol production, provide tax and economic benefits to the state and can help extend the life of North Dakota oil fields through enhanced oil recovery.

#### HOW WILL CO<sub>2</sub> PIPELINES OR UNDERGROUND STORAGE AFFECT MY PROPERTY VALUE AND INSURANCE?

Property values are typically influenced by factors such as lot size, yard space, and development potential. This tends to be consistent in new and mature neighborhoods, as well as in both urban and rural settings. Natural gas and liquid petroleum pipelines have existed near or beneath North Dakota homes for decades and have not deterred economic or residential development or values.

There is no precedent for landowners needing additional insurance for pipelines on their property. This is also true for CO<sub>2</sub> pipelines or underground storage. North Dakota law protects landowners from financial responsibility for damage to their property or related environmental impacts, in these instances.

In addition, CO<sub>2</sub> storage facility operators must have the proper financial instruments and ability in place to cover the cost of any necessary corrective action, injection well plugging, post-injection site care/facility closure, and emergency and remedial response before the CO<sub>2</sub> storage facility ever begins injection. These instruments are required to remain in place until the CO<sub>2</sub> storage facility is approved for closure.

**CO<sub>2</sub> STORAGE ZONES**  
THE IDEAL STORAGE ZONE LIES BETWEEN STORAGE IN DEEP, DEEP ROCK LAYERS

1000 FT  
3000 FT  
5000 FT  
7000 FT  
9000 FT

Freshwater  
Gas  
Storage Layer  
Impermeable Cap Rock  
Impermeable Cap Rock  
Porous CO<sub>2</sub> Storage Layer

**NORTH Dakota** | Industrial Commission

If you're interested in learning more about CO<sub>2</sub> and North Dakota's role, visit [CarbonND.com](http://CarbonND.com)

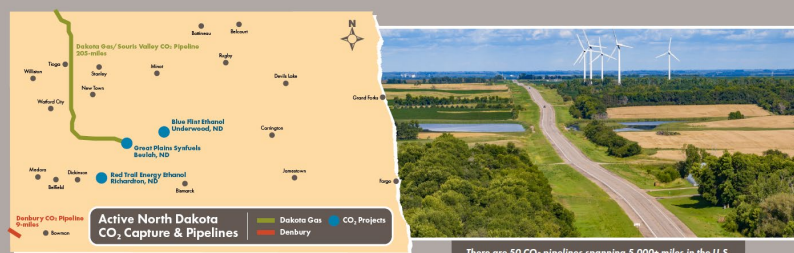
ND

General | Landowners | Policy Makers | Emergency Managers | Safety



# Posters for Events

## ACTIVE CO<sub>2</sub> CAPTURE AND PIPELINES IN NORTH DAKOTA



North Dakota has 3 active CO<sub>2</sub> storage projects and 200+ miles of operating CO<sub>2</sub> pipeline. There are 50 CO<sub>2</sub> pipelines spanning 5,000+ miles in the U.S.

### CO<sub>2</sub> CAPTURE AND STORAGE

- **Red Trail Energy Ethanol Plant, Richardson**  
Began operations on June 16, 2022; captures and stores up to 180,000 metric tons of CO<sub>2</sub> annually.
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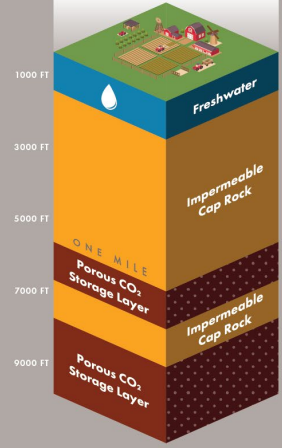
## UNDERSTANDING CO<sub>2</sub>: NORTH DAKOTA'S ROLE



Learn More About Carbon Capture, Utilization, and Sequestration, and Provide Your Feedback at [www.carbonND.com](http://www.carbonND.com)

## CO<sub>2</sub> INJECTION AND STORAGE

**CO<sub>2</sub> STORAGE ZONES**  
THE RIGHT GEOLOGY FOR SAFE, PERMANENT STORAGE IN DEEP, DEEP ROCK LAYERS



Before a CO<sub>2</sub> storage project begins, scientists identify and evaluate acceptable sites to be considered.

Permanent CO<sub>2</sub> storage needs porous (small spaces or holes) rock layers where CO<sub>2</sub> can be injected and stored at pressures low enough to avoid breaking the rock. This porous storage layer is capped by an impermeable (or solid) rock where CO<sub>2</sub> can't escape.

In North Dakota, CO<sub>2</sub> is stored nearly a mile or more below the surface, and thousands of feet below the water table. Similar to how the salty waters deep in the earth's surface – or oil reserves deep underground – do not have an impact on the surface or water supply, CO<sub>2</sub> will also remain safely beneath an impervious cap rock and will not have an impact on the surface, water, soil, or plants thousands of feet above.

# Social Media

## SOCIAL MEDIA CONTENT CALENDAR

The following social media planning guide outlines month-by-month themes and suggested post topics to be used across available social media platforms, and made available to share with partners, industry representatives, and influencers to extend the reach to their audiences. Sharing can be done through platform re-sharing/re-posting/re-Tweets, or through a public/media asset library.

| SOCIAL MEDIA CONTENT CALENDAR |   | JUNE - SEPTEMBER 2025   |
|-------------------------------|---|---|
|                               | THEME   | POST CONTENT  |
| June                          | Introduction of Understanding CO <sub>2</sub> and North Dakota's Role | <ul style="list-style-type: none"> <li>Confused about CO<sub>2</sub> initiatives? We want to help answer your questions: carbonND.com</li> <li>ND's responsibility to provide general understanding and credible resources</li> <li>What is CO<sub>2</sub>?</li> <li>Challenges facing energy sectors regarding CO<sub>2</sub> capture</li> <li>Share upcoming public involvement events (ND Future Forum)</li> </ul>   |
| July                          | Understanding CO <sub>2</sub> and North Dakota's Role: FAQs           | <ul style="list-style-type: none"> <li>Share video animation; What is carbon capture, utilization, and storage?</li> <li>20-year history of CO<sub>2</sub> projects in ND</li> <li>Does CO<sub>2</sub> explode? Is it safe?</li> <li>How are landowner rights protected?</li> <li>Share any appropriate media coverage</li> <li>Share upcoming public outreach events or sponsorships</li> </ul>  |
| August                        | Safety: Track Record  | <ul style="list-style-type: none"> <li>Share explainer video; Why North Dakota? (geology)</li> <li>CO<sub>2</sub> storage: Rock layers graphic</li> <li>Did you know...? CO<sub>2</sub> storage sites in ND</li> <li>CO<sub>2</sub> pipelines: safety track record, requirements</li> <li>CO<sub>2</sub> pipelines: Did you know...? Miles in ND and across U.S.</li> </ul>   |
| September                     | Safety: Planning and Mitigation                                       | <ul style="list-style-type: none"> <li>Explain safety precautions taken before CO<sub>2</sub> projects begin; careful, scientific selection of injection sites</li> <li>ND prioritizes significant planning and research; intentionally preparing for the what-ifs</li> <li>Explain what typically explains in the unlikely event of a pipeline leak</li> <li>Safeguards: monitoring and automatic shutoff for pipelines and injection sites</li> <li>What happens after CO<sub>2</sub> injection ends?</li> <li>Share upcoming public outreach events or sponsorships</li> </ul> |

| SOCIAL MEDIA CONTENT CALENDAR |   | OCTOBER - DECEMBER 2025  |
|-------------------------------|---|--|
|                               | THEME   | POST CONTENT   |
| October                       | National Public Safety Month<br>National Energy Awareness Month | <ul style="list-style-type: none"> <li>Honor first responders and public safety teams; training, partnering, planning for the what-ifs</li> <li>ND is known for, and extremely proud of our agriculture and energy production</li> <li>Stats/trivia facts about ND energy industry</li> <li>Is it safe to transport CO<sub>2</sub> in underground pipes?</li> <li>Does CO<sub>2</sub> deep underground storage affect drinking water, soil quality, crops, grazing?</li> </ul> |
| November                      | Ag and Energy Industry Impact                                   | <ul style="list-style-type: none"> <li>Share video</li> <li>Explain utilization for enhanced oil recovery</li> <li>Share map and highlight active ND projects</li> <li>Landowner FAQs</li> </ul>   |
| December                      | Ag and Energy Industry Impact                                   | <ul style="list-style-type: none"> <li>More landowner FAQs</li> <li>Ethanol plants stat(s) on purchasing corn from local farmers</li> <li>Why CO<sub>2</sub> matters to oil, gas, biofuel, and coal industries</li> <li>Yesterday and today – honor both history and advancement; history of adapting</li> <li>High level summary of public outreach efforts in 2025</li> </ul>  |

# Social Media

## Social Media Campaign Posts

June 2025

Week 1



Confused about CO<sub>2</sub> initiatives? We want to help answer your questions and provide credible resources.

Visit [carbonND.com](https://carbonND.com)

#NDCO2Future #CarbonND

Week 4



North Dakota is known for, and extremely proud of, our agriculture and energy heritage. They've shaped our landscapes and communities for generations. Today, they face both challenges and opportunities – with CO<sub>2</sub> in the center of it all.

CO<sub>2</sub> sequestration is an innovative solution, allowing these industries to capture their CO<sub>2</sub> at its source, transport it if necessary, and store it permanently nearly a mile or more

underground in secure rock formation.

Learn more about CO<sub>2</sub> capture and storage at [carbonND.com](https://carbonND.com).

#NDCO2Future #CarbonND

July 2025

Week 1



Did you know that underground CO<sub>2</sub> injection began more than 50 years ago in western Texas? For nearly 40 years, the State of Wyoming has captured and transported CO<sub>2</sub> for enhanced oil recovery, otherwise known as EOR. And North Dakota? Well, we've been on the forefront of studying and implementing CO<sub>2</sub> initiatives for more than 20 years.

Learn more about North Dakota's CO<sub>2</sub> Future at [carbonND.com](https://carbonND.com).

#NDCO2Future #CarbonND

Week 3

*(social animation or pipeline graphic)*

Agriculture. Energy. CO<sub>2</sub>.



North Dakota's CO<sub>2</sub> Future

Did you know that today millions of metric tons of CO<sub>2</sub> are safely transported across the country through more than 5,000 miles of pipelines, including nearly 200 miles right here in North Dakota.

We also have three active CO<sub>2</sub> storage projects in the state, injecting hundreds of thousands of metric tons of CO<sub>2</sub> into safe, underground storage zones nearly a mile or more underground – and helping our ethanol and synfuels industries remain strong while meeting federal CO<sub>2</sub> emissions regulations.

Learn more about North Dakota's CO<sub>2</sub> future at [carbonND.com](https://carbonND.com).

#NDCO2Future #CarbonND



# Articles & Content

NORTH  
**Dakota** | Industrial Commission  
Be Legendary.



## UNDERSTANDING CO<sub>2</sub>: NORTH DAKOTA'S ROLE

- What Exactly is CO<sub>2</sub>?
- North Dakota's Unique Geology
- Storing CO<sub>2</sub> Deep Underground
- CO<sub>2</sub>: Yesterday and Today
- Unwavering Commitment to Safety
- Landowner Rights & Protections
- Supporting Ag & Energy Industries
- Benefits of a Thriving CO<sub>2</sub> Industry
- Safeguards and Protections
- Access to Resources and Experts



Learn More About North Dakota's CO<sub>2</sub> Future and the Safe Capture, Utilization, and Storage of CO<sub>2</sub> at [www.carbonND.com](http://www.carbonND.com)

[carbonND.com](http://carbonND.com)

### An Unwavering Commitment to Safety

North Dakota is known for, and extremely proud of, our agriculture and energy heritage. These industries have shaped our landscapes and communities for generations. Today they face challenges and opportunities – with CO<sub>2</sub> in the center of it all – which is why carbon capture, storage, sequestration, and utilization is such a hot topic right now.

From rigorous scientific evaluation of storage locations; to the highest quality of pipeline construction regulations; to extensive emergency preparedness plans and monitoring – our focus on the safety of CO<sub>2</sub> is unwavering.

Here in North Dakota, CO<sub>2</sub> projects must meet stringent safety regulations and include automatic shutoffs; 24/7 monitoring; cement-cased injection sites; best-in-class pipeline construction and placement; corrosion-resistant materials; leak detection and alerts; ongoing surface, water, and soil testing; and the highest quality risk assessment, mitigation, and training.

For more than 20 years, North Dakota has been on the forefront of studying and implementing CO<sub>2</sub> initiatives, with decades of data going back more than 50 years when underground CO<sub>2</sub> injections began in western Texas. Today, millions of metric tons of CO<sub>2</sub> are safely transported across the country through more than 5,000 miles of pipelines, into secure underground storage zones nearly a mile or more beneath the surface.

Learn more about North Dakota's CO<sub>2</sub> future and safety measures at [www.CarbonND.com](http://www.CarbonND.com).

### North Dakota Rocks: Unlocking the Potential of CO<sub>2</sub>

North Dakota's strong economy is built on our agriculture and energy heritage, and now CO<sub>2</sub> is emerging as a valuable resource. With North Dakota's unique underground rock formations, the state is perfectly positioned to safely capture and store CO<sub>2</sub> deep beneath the surface, securely trapped below layers of impermeable cap rock.

This CO<sub>2</sub> storage technology doesn't just support these core industries as they navigate federal regulations and low-carbon markets – it also supports local industries, boosts energy production, and enables enhanced oil recovery (EOR) to extend the life of North Dakota's oil fields. By making CO<sub>2</sub> a resource, North Dakota is paving the way for job creation, new markets, and sustainable energy solutions.

Learn more about North Dakota's CO<sub>2</sub> future at [www.CarbonND.com](http://www.CarbonND.com).



**Sphere of Influence**  
Through June 30, 2025

| Effort  | Description   | Responsibility   |
|---|---|--|
| <b>Establish a Spokesperson (primary face/voice of effort)</b>                | Desired qualities include universally trusted, likable/recognizable, large sphere of influence, comfortable speaking on camera and in front of groups, media experience | Executive Team, as soon as possible                                      |
| <b>Identify and Train Key Influencers and Public Officials</b>                | Provide training with key representatives on talking points   | AE2S, ND Industrial Commission, prior to end of 2025 legislative session |
| <b>Creative Library</b>   | Design of remaining creative library assets (billboards, social media, videos, mailers, handouts, etc.)   | AE2S, Oct. 2024 - Jan. 2025  |
| <b>Develop Press Kit</b>  | Write initial press release and recommendations for media outreach  | AE2S, prior to Dec. 31, 2024   |
| <b>Establish Implementation Coordinator</b>                                   | Define who will be tasked with the project management and tracking of implementation efforts  | ND Industrial Commission, early 2025                                     |
| <b>Participate in Legislative Session; Coordinate with New Administration</b> | As necessary to clarify message, strategic plan and/or next steps   | Executive Team, Jan. - May 2025  |
| <b>Develop Additional Materials and/or Talking Points</b>                     | Create additional support materials based on feedback and response to initial engagement efforts  | AE2S, Jan. - April 2025  |
| <b>Ongoing Support During Transition</b>                                      | Provide ND Industrial Commission support during the transition from the strategic plan development to full implementation   | AE2S, Jan. - June 2025   |
|   | Assist state agencies in best practices for sharing messaging   |  |
| <b>Train the Trainer with NDSU Extension</b>                                  | Coaching and best practices guide to NDSU Extension staff who will be initiating public conversations   | AE2S, Feb. - April 2025  |
| <b>Asset Use Training</b>   | Training provided to North Dakota staff who will be using templates and assets to initiate strategic goals  | AE2S, Feb. - April 2025  |
| <b>Transition Website to Public Website/State of ND</b>                       | Work with ND staff to transition project website to ND-owned public website or webpages   | AE2S and Industrial Commission, April - June 2025                        |
| <b>Revisions to Created Materials</b>   | As needed, as new materials are introduced and reviewed   | AE2S, prior to July 1, 2025  |



## TWO YEAR SCHEDULE: JUNE 2025 - JUNE 2027



# Amplifying Campaign

Recommended  
July 2025 – June 2027

| Month/Year  | Key Milestones  | Event Involvement  |
|-------------|---|--|
| June 2025   | <ul style="list-style-type: none"> <li>Event calendar added to website</li> <li>Website fully transitioned</li> <li>Send news release with spokesperson quote</li> <li>Publish media resource materials on website</li> <li>Social media/outreach theme: <i>Introduction of efforts/Understanding CO<sub>2</sub> and North Dakota's Role</i></li> </ul>   | <p><b>Early June (date TBD):</b><br/>Attend/Present at the ND Future Forum</p> <p><b>June 9-12:</b><br/>Provide handouts to Lignite Education Seminar</p> <p><b>June 16-19:</b><br/>Provide materials to the ND Petroleum Council Teacher Seminar and ask about 2026 opportunities for collaboration</p> |
| July 2025   | <ul style="list-style-type: none"> <li>Reach out to industry representatives, partners, and stakeholders with media resource link and overview/instructions</li> <li>Send direct mailers (Tier 2)</li> <li>Launch digital and social media ads</li> <li>Launch traditional billboards (Tier 2/3)</li> <li>Launch digital billboards (Tier 3)</li> <li>Launch TV ads (Tier 3)</li> <li>Launch radio ads (Tier 2/3)</li> <li>Geofence ads (Tier 2/3) for Cookfest</li> <li>Social media/outreach theme: <i>FAQS - Understanding CO<sub>2</sub> and North Dakota's Role</i></li> </ul> | <p><b>July 14-16:</b><br/>Sponsor the NDPIO Annual Conference (secure sponsorship in spring 2025)</p> <p><b>July 17:</b><br/>Host a booth at the ND Petroleum Council Cookfest - Alexander</p> <p><b>July 18-26:</b><br/>Display and booth at the ND State Fair</p>                                      |
| August 2025 | <ul style="list-style-type: none"> <li>Launch YouTube ads</li> <li>Promote video on CO<sub>2</sub> pipeline and storage safety</li> <li>Submit blog/article to partner agencies and owned media on <i>Understanding CO<sub>2</sub> and North Dakota's Role</i></li> <li>Place educational curriculum materials online</li> <li>Social media/outreach theme: <i>Safety: Track Record</i></li> </ul>  | <p><b>Aug. 9:</b><br/>Consider hosting an interactive family activity at the Chokecherry Festival in Williston (True/False game, posters)</p> <p><b>Aug. 13-15:</b><br/>Provide handouts for Basin Electric Annual Meeting</p>   |

# CAMPAIGN RECOMMENDATIONS

July 2025 – June 2027

## OUTREACH TACTICS: OWNED MEDIA

Owned or shared media refers to assets owned and controlled by the State of North Dakota and the North Dakota Industrial Commission, and its partners or entities. Owned media allows for complete control over the content, messaging, and timing without specific payment(s).

The following are owned media assets that should be considered for implementation:

| Media/ Asset  | Description   | Responsibility   |
|---|---|--|
| <b>Public Website and Feedback Form</b>                   | Transition project website to a long-term site under ND Industrial Commission ownership   | AE2S coordinates transition with ND Industrial Commission  |
| <b>Social Media and State Blogs (ND.gov/news)</b>         | Any platforms that ND Industrial Commission has access to or can request content to be posted on<br><br>FB/X: NDagriculture, NDCounties, NDDes, NDEnvironment, ExperienceND, InnovateND, OutdoorsND, NDPSC, NDGov<br>LI: Commerce, Petroleum Council, Safety Council, State of ND | Industrial Commission; ND Dept. of Commerce; AE2S to provide social media content calendar with themes, visuals and copy suggestions           |
| <b>Handouts and Graphics</b>                              | 5 handout versions: Safety, General, Landowners, Emergency Managers, Policymakers; available for workshops, events, conferences, booths, presentations, etc., and supporting graphics for print/digital   | AE2S will design; Industrial Commission to print/provide to presenters, officials, event representatives, and others engaging in these efforts |
| <b>K-12 Educational Materials</b>                         | Grade appropriate lesson materials for grade school, middle school, and high school/college (geology one-page and videos)   | AE2S will design; Industrial Commission to provide to schools and educators  |
| <b>ND Industrial Commission Carbon ND YouTube Channel</b> | Designated location to house educational videos, ads, and drone videos  | AE2S will create; transition to ND Industrial Commission ownership   |
| <b>Video/Photography</b>                                  | 5 videos, 1-2 min. length and short-version edits <ul style="list-style-type: none"> <li>Understanding CO<sub>2</sub></li> <li>The ND Advantage</li> <li>History of CO<sub>2</sub> in ND</li> <li>Economic Opportunity</li> <li>Safety</li> </ul>                                 | AE2S will create, edit, and add to the Creative Library for ongoing use  |
| <b>Posterboards</b>                                       | 24"x18" posters to support in-person events and show ND geology and pipelines/capture   | AE2S will design; Industrial Commission will print/provide as needed   |
| <b>Email/Print Newsletters</b>                            | Articles and content for inclusion in State-sanctioned newsletters  | AE2S will create initial content; Industrial Commission will place in newsletters as appropriate   |
| <b>Energy Academy and Other Public Meetings</b>           | Multi-day course for individuals interested in learning about North Dakota's energy sections; voice at public meetings  | Industrial Commission through collaboration with industry partners   |

## OUTREACH TACTICS: EARNED MEDIA

Earned media refers to content or assets that are provided to and published/shared in other platforms or events, as well as publicity garnered by promotional events that are not paid advertising. Please note, earned media can sometimes coincide with advertising investment, meaning if you advertise with a particular outlet, they may be more likely to provide you with earned media coverage. *Earned media is based on interest and timeliness, and is not guaranteed.*

The following are earned media assets that should be considered for implementation:

| Media/ Asset   | Description   | Responsibility  |
|--|---|---|
| <b>Blogs and Articles</b>                                  | Contribute to partner and industry newsletters  | AE2S will create template(s); Industrial Commission will tailor to need and coordinate submission                             |
| <b>Partner or Industry Social Media</b>                    | Synergistic partner and agency platforms to provide templated messages and information                                      | AE2S creates templates; Industrial Commission to coordinate/distribute  |
| <b>New Releases</b>  | Quarterly and/or timely news releases sent to designated newspapers, TV, and radio stations in ND (see media outreach list) | AE2S will write initial press release and provide a template for future use; Industrial Commission will send to media outlets |
| <b>Radio and TV Interviews</b>                             | Designated spokesperson for interview requests  | AE2S will create talking points; Industrial Commission will coordinate with media outlets                                     |
| <b>Community Events</b>                                    | Attend community events across the state; host a table/booth where available/appropriate                                    | AE2S will provide calendar of suggested events; Industrial Commission will coordinate and attend                              |
| <b>Conference and Organization Speaking/ Presentations</b> | Consider presenting at various industrial/trade, government, public safety, and educational conferences                     | AE2S to provide handouts and PPT template; Industrial Commission to tailor presentation, coordinate and attend                |
| <b>Influencer Shared Media</b>                             | Ask legislative or recognizable supporters to post educational facts to their social media channels                         | AE2S to provide graphics and suggested content; Industrial Commission to share with influencers                               |
| <b>Podcast Guest Spot</b>                                  | Secure guest appearances for spokesperson(s) on popular, North Dakota podcasts  | AE2S to provide talking points; Industrial Commission to coordinate and provide spokesperson                                  |

## OUTREACH TACTICS: PAID MEDIA AND OUTREACH AVENUES

Paid media and outreach avenues refer to any content or assets that cost money to place to promote the message. These include paid advertisements. A range of paid media with cost estimates are based on advertising from July 1, 2025, through June 30, 2027. The advertising media are described below and broken down into three tiers of investment with schedule on the following pages.

Please note: These cost estimates reference only advertising costs. Additional implementation fees may apply for coordinating placements or hiring talent (i.e. voiceovers).

| Media/ Asset                            | Description   | Responsibility  | Cost Estimate                             |
|---|---|---|---|
| <b>Digital Billboards</b>               | Digital billboards featuring CO <sub>2</sub> facts within Bismarck, Fargo, Grand Forks, Dickinson, Minot  | AE2S designs; Industrial Commission coordinates   | \$128,000-\$255,840                       |
| <b>Traditional Billboards</b>           | Static billboards in Bismarck, Minot, Dickinson, Williston, Fargo, Grand Forks  | AE2S designs; Industrial Commission coordinates   | \$60,600-\$228,000                        |
| <b>Digital Ads</b>                      | Ads placed on popular websites; clicked on to bring people to carbonND.com  | AE2S designs; Industrial Commission coordinates   | \$60,000-\$240,000                        |
| <b>Social Media Ads</b>                 | CO <sub>2</sub> facts posted on Meta (FB/Instagram and Audience Network); clickable to website; target range = ND users   | Industrial Commission (visuals and copy suggestions provided in Creative Library)                   | \$7,200-\$18,000                          |
| <b>YouTube Ads</b>                      | Educational video shorts shown before or during when viewing other types of videos  | Industrial Commission (videos provided in Creative Library)   | \$12,000-\$23,000                         |
| <b>Radio and Television Ads</b>         | Ad campaigns on North Dakota radio and television in desired markets  | Industrial Commission through ad representatives (scripts and visuals provided in Creative Library) | \$116,480 (radio only) - \$352,096 (both) |
| <b>Direct Mail</b>                      | Colorful, informative folded self-mailers (no envelop) delivered across the state   | Industrial Commission; AE2S designs first mailer and template                                       | \$55,000-\$110,000                        |
| <b>Educational Presentations/Booths</b> | Presentations to communities, service groups, industry groups, conferences, and other special events, scheduled monthly   | Industrial Commission (Handouts and posters available in Creative Library for various audiences)    | \$80,000                                  |
| <b>Geofencing</b>                       | Physical location of a monthly presentation is geofenced to target attendees by sharing ads while they are in the building/area and ads that follow them for up to 30 days after the event; clickable to carbonND.com | Industrial Commission (visuals and copy suggestions provided in Creative Library)                   | \$12,000-\$24,000                         |

\*Please note: All costs are approximate based on October 2024 quotes and are subject to change.

# CAMPAIGN RECOMMENDATIONS

July 2025 – June 2027

## COMPREHENSIVE EVENTS LIST

The following is a list of known annual events that provide opportunity for public education. Some specific events have been incorporated into the two-year schedule. They are listed below by the month they have traditionally occurred. Exact dates are usually published 6-12 months prior. Depending on connections, funding, and staff availability, there is a benefit to having a presence at any or all of the events on this list.

### JANUARY

- North Dakota State of the State
- Energy Progress & Innovation Conference (EPIC)
- KMOT Ag Expo
- NDACE Conference

### FEBRUARY

- State of Southwest North Dakota
- North Dakota Safety Council Annual Conference

### MARCH

- North Dakota Winter Show

### APRIL

- North Dakota Travel Industry Conference

### MAY

- Economic Development North Dakota Spring Conference
- Williston Basin Petroleum Conference
- National Association of Royalty Owners - North Dakota Chapter
- North Dakota Association of Non-Profit Organizations

### JUNE

- ND/SD Bankers Association Annual Convention
- North Dakota Future Forum
- Ignite North Dakota (innovative education) - BSC
- Lignite Education Seminar
- Capital Electric Cooperative Annual Meeting
- State Bar Association of North Dakota Annual Meeting
- Energizing North Dakota and Legislature's EDT Committee
- Governor's Summit on Innovative Education - BSC
- North Dakota Council of Educational Leaders Summer Conference
- North Dakota Petroleum Council Teacher Seminar
- Roughriders Days Fair and Expo (June/July)

### JULY

- Mandan Rodeo Days
- Red River Valley Fair
- Buffalo Days
- North Dakota Public Information Officers Annual Conference
- North Dakota Petroleum Council Cookfest
- North Dakota State Fair

### AUGUST

- Chokecherry Festival
- Independent Community Banks of North Dakota Annual Convention
- Basin Electric Annual Meeting

### SEPTEMBER

- United Tribes Technical College International Powwow
- GNDC Policy Summit
- North Dakota Emergency Management Association
- Big Iron
- Economic Development North Dakota Fall Conference
- Realtor Convention of the Dakotas
- North Dakota Petroleum Council Annual Meeting
- North Dakota League of Cities Annual Conference
- North Dakota Stockmen's Association Annual Conference
- Norsk Høstfest

### OCTOBER

- Community Action Partnerships of North Dakota Biannual Conference
- North Dakota Library Association Annual Conference
- Western Dakota Energy Association Annual Meeting
- North Dakota American Water Works Association Annual Conference
- North Dakota Council of Educational Leaders Fall Conference
- North Dakota Association of Counties Annual Conference
- North Dakota School Boards Association Annual Convention

### NOVEMBER

- North Dakota Society of Professional Land Surveyors
- North Dakota Farmers Union Annual Meeting

### DECEMBER

- North Dakota Township Officers Association Annual Convention
- North Dakota Legislature Organization Session
- AGC of North Dakota Annual Convention
- North Dakota Water Convention & Irrigation Workshop
- North Dakota Farmers Union State Convention



# DESIRED OUTCOMES BY JULY 2027



Majority of North Dakota audiences should now have a general **UNDERSTANDING OF CO<sub>2</sub> AND NORTH DAKOTA'S ROLE**. They know where to find factual information and trusted resources, and have been introduced to carbonND.com.

The State of North Dakota and the North Dakota Industrial Commission have provided the access, transparency, and clarity needed in **BUILDING TRUST** between their government entities and the people served.

North Dakota residents have a better understanding of the challenges and opportunities facing agriculture and energy industries when it comes to CO<sub>2</sub> initiatives and a shared commitment to adapting for the benefit of North Dakota communities and **PRESERVING THE NORTH DAKOTA WAY OF LIFE**.

# Timeline

**November 2024 – January 2025**

 Continue Creative Library Development

**January 31, 2025**

 Substantial Completion of Creative Library

**January – April 2025**

 Stakeholder Training/Material Disbursement

**June 30, 2025**

 All Deliverables in Final Form/Grant Project Complete

**July 2025 – June 2027**

 Recommended Amplifying Campaign Implementation





**QUESTIONS?**



Minutes of a Meeting of the Industrial Commission of North Dakota

Held on November 26<sup>th</sup>, 2024, beginning at 12:30 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 12:39 p.m.

Executive Director Karen Tyler took roll call, and Governor Burgum, Commissioner Goehring, and Attorney General Wrigley were present.

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

**NORTH DAKOTA MILL AND ELEVATOR**

Ms. Robyn Hoffmann from the State Auditor's Office gave a presentation of the FY '24 Audit. In the Auditor's opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the North Dakota Mill and Elevator Association, as of June 30, 2024 and June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. There were no findings in this audit and the State Auditor's Office expressed a clean opinion.

Mr. Vance Taylor presented the 1<sup>st</sup> Quarter FY '25 operating results. The Mill experienced a profit of \$5,123,603 in the first quarter compared to a profit of \$5,546,849 in the same period last year, which is a decrease of 7.6%. Sales for the first quarter were \$118,548,084 compared to \$127,888,159 last year, a decrease of 7.3%. Operating costs for the first quarter were \$12,707,708 compared to \$11,641,871 last year, an increase of 9.2%. Gross margins as a percent of gross sales for the quarter were 16.0% compared to 14.4% last year.

Ms. Cathy Dubb and Mr. Taylor presented a report on 2025 Legislative priorities and a memo which reads in part as follows:

"The North Dakota Mill (NDM) has grown over the past twenty-four (24) years. We have increased shipments of flour from six million cwts. to over sixteen million cwts. Profits have grown from less than \$2 million in FY 2000 to over \$20.8 million in FY 2024. Over the past five years, profits have averaged \$15.5 million.

Transfers to the General Fund have also increased as profits increased.

During this same period, our efficiencies have also increased due to the investments made in the mill and finding and retaining qualified people to work at the mill. The cwts shipped per FTE per year have increased from just over 50,000 cwts to 100,000 cwts per FTE. The investment in infrastructure and

people has proven to be successful.

In 2022, NDM completed the H, I and D-Mill conversion that increased production capacity by 22% with a cost of \$24.5M. We are currently working on a Midds Storage and Handling facility project that will allow NDM to have additional by-product storage, reducing downtime and allowing additional revenue streams from specialty by-product sales. The total project cost is estimated at \$56M. Over the past six (6) fiscal years we have spent over \$115M on capital improvements with an additional \$37.9M still in progress. With the large amount of cash expended on capital projects, NDM would like to request a reduced transfer percentage to the General Fund. A 25% transfer rate would allow us to continue investing in growth and efficiencies as well as pay down some of our debt, allowing us to reduce our interest costs as rates remain elevated.

NDM's union contract expires June 30, 2025. NDM will negotiate a new contract with the union in the spring of 2025. As we have not started negotiations and are not certain of the wage increase that will be agreed upon, we have used increases of 4.0% for each year of the new biennium for salary and wage increases.

It would be in NDM's best interest to have the flexibility to hire employees as needed and not be legislatively mandated to a certain number of FTE's. This would allow us to change departments from 3-shift to 4-shift operations as we see the need to move in that direction. NDM would also request to be removed from the FTE Funding Pool this biennium. NDM operates as a for profit business and continues to manage employees in a manner that will allow for maximum profit potential.

All expenditures incurred by the Mill are paid for with the revenues generated by the North Dakota Mill. **No General Fund dollars are expended by the North Dakota Mill.** It is necessary for us to have room within our budget to continue the growth NDM has experienced in order to achieve the targeted profitability levels.

The Mill's budget request is based on the goal of continuing to grow the business over time. In FY 2024, we had sales of 17.52M cwts. and management expects to reach sales of over 19.5M cwts. per year in the 2025-2027 biennium. We evaluated the new biennium budget based on the current biennium budget and the first-year expenses as well as considering the current economic environment with continued inflationary pressure. We adjusted line-item operating expenses where needed to allow us to continue to meet our operating needs and expected growth.

1. Salaries. We have added 4.0% wage increases for all employees for the upcoming biennium. We have budgeted to allow for overtime and shift differential to run our plant to full capacity (24/7) operation. In addition, we are requesting two (2) positions for the next biennium.

The two (2) requested positions are for car checkers. These positions move, clean, and load railcars and trucks with flour to ship to customers. With additional capacity we need more employees to complete the cleaning of vessels and the loading of flour. These two positions would bring the 2<sup>nd</sup> shift load out and the 3<sup>rd</sup> shift load out to five person crews to maximize efficiencies. These positions added \$359,984 to the salary and benefits expense.

2. Miscellaneous Supplies. The number of supplies we need to purchase has increased with the capacity of the mills. We have increased this item for the rise in supplies needed and inflation.
3. Utilities. Energy costs from NoDak Electric continue to increase. We expect that there will be more control periods that we will need to operate through resulting in a much

higher demand charge.

4. Insurance. Property insurance rates have begun to stabilize; however, food safety issues as well as the increase in buildings and equipment from the expansion will drive up the cost of our property and liability insurance. The cost of property insurance is expected to increase.
5. Operating Fees and Services. This item includes the cost of fumigations and heat treatment which continue to rise.
6. IT Contractual Services and Repairs. Technology improvements and upgrades continue to be a major area of capturing efficiency. As more technology becomes web-based our costs will increase.
7. Professional Development and Professional Services. Professional development includes dues for various organizations. The dues for North American Millers Association (NAMA) are volume based.
8. Miscellaneous Expenses. We increased our miscellaneous expense category in response to the inflation we are experiencing as well as the additional capacity added.

The Mill's budget request represents an overall increase of 6.4% over our last biennium budget.”

#### **NORTH DAKOTA HOUSING FINANCE**

Ms. Jennifer Henderson gave a report on a Multifamily Application Award Summary for the Low-Income Housing Tax Credit, HOME Investment Partnership Program, National Housing Trust Fund, and Housing Incentive Fund and a report on the Annual Multifamily Application Round Selections.

Seventeen applications were received, and one forward commitment of \$345,500 was in place. Including the forward commitment, the application round was oversubscribed by a combined \$36.7 million. Scoring and ranking was completed in November. Seven projects (including the forward commitment) were selected for funding.

Ms. Henderson gave a report on a Declaration of Intent to Issue to Multifamily Revenue Bonds for Riverside Cottages III, an acquisition and rehab project in Jamestown.

The memo reads as follows:

“On October 24, 2024, NDHFA issued a Declaration of “Official Intent” to issue Multifamily Revenue Bonds in the amount not to exceed \$11,800,000. The proceeds of the bonds will be used for the acquisition and rehabilitation of Riverside Cottages III, a 70-unit affordable housing rental project located in Jamestown, North Dakota. A copy of the declarations is attached.

The issuance of tax-exempt bonds is required for a project to qualify for a non-competitive 4% tax credit allocation. The authority to issue the intent declaration was given by a Resolution Authorizing Declarations of Intent adopted by the Commission on March 24, 2015.

Riverside Cottages is a multiphase acquisition and rehabilitation of an existing 168-unit development. Phases 1 and 2 will utilize 9% Low Income Housing Tax Credits (LIHTCs) and Phase 3 will be financed

utilizing 4% LIHTCs and tax-exempt bond financing. Currently all the units in the project are one-bedroom, but through the renovation, the project will create 8 three-bedroom units and 20 two-bedroom units, lowering the total count to 150. The development team includes Stride Development PBD, St. Paul, MN, and Community Works North Dakota, a non-profit organization in Mandan.

The issuance of an official intent memo declares the intention to issue multifamily bonds, however, does not obligate the Agency to give final approval for the issuance of the bonds. Final approval for issuance of the bonds can only be authorized by independent action of the Industrial Commission. Prior to final bond issuance, the application must meet underwriting conditions and receive an approval for 4% tax credits. Once underwriting conditions are met, the project will then be presented to the Commission with a request to approve the issuance of a Resolution Authorizing Revenue Bonds and approve the substantially drafted bond documents.”

Ms. Henderson presented a report on 2025 Legislative priorities.

The memo reads as follows:

“NDHFA will be requesting a language change to our budget narrative related to the Housing Incentive Fund (HIF) and the ND Homeless Grant (NDHG). For administrative purposes that benefit the Agency and the service providers receiving NDHG funding we will ask that the general fund appropriation for NDHG be transferred to the Housing Incentive Fund. This allows the Agency and homeless service providers maximum flexibility in administering the NDHG.

#### **LIGNITE RESEARCH PROGRAM**

Ms. Erin Stieg presented the Lignite Research, Marketing, and Development Program Project Management and Financial Report. There is currently \$13.5 million available in the Lignite Research Fund to commit to projects. There is a total cash balance of almost \$32.2 million, and of that, about \$18.7 million is already committed to existing projects and for other administrative costs. The Industrial Commission has cumulatively funded 258 projects since program inception, and it is estimated that there has been \$2.8 billion in private sector investment North Dakota as a result of the Industrial Commission’s grant awards through the Lignite Research Fund. There are three applications in the current grant round for consideration which total approximately \$6.8 million.

Mr. Mike Holmes presented for consideration of approval the Lignite Research Council recommended projects for grant round 105:

- i. **LRC-105A:** Production of Germanium and Gallium Concentrates for Industrial Processes
- ii. **LRC-105B:** Williston Basin Regional Initiative Technical Assistance Partnership: Support for Continuation of PCOR Partnership
- iii. **LRC-105C:** Coal Creek Carbon Capture: Geologic CO<sub>2</sub> Storage Complex Development Add-On

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

**FY24-105- A Production of Germanium and Gallium Concentrates for Industrial Processes; Submitted by Microbeam Technologies; Total Project Costs: \$3,134,978; Award Amount: \$376,000**

**FY24-105- B Williston Basin Regional Initiative Technical Assistance Partnership: Support for Continuation of PCOR Partnership; Submitted by EERC; Total Project Costs: \$6,250,000; Award Amount: \$1,250,000**

**FY24-105- C Coal Creek Carbon Capture: Geologic CO2 Storage Complex Development Add-On; Submitted by EERC; Total Project Costs: \$10,945,607; Award Amount: \$5,150,874**

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

Mr. Holmes presented a report on the Research and Development and Enhance, Preserve, Protect Program.

#### **NORTH DAKOTA TRANSMISSION AUTHORITY**

Mr. Claire Vigesaa provided a Transmission Authority report and also presented for consideration of approval the Federal IJJA FY 24 Formula Grant Awards. There were seven applications considered (held over from Grant Round 1) with total project costs of \$8,157,822, total grant requests of \$5,456,359, and total grant dollars available of \$4,244,685.

The grant award recommendation are as follows:

1. Burke-Divide Electric Cooperative; total project cost: \$820,000; **grant award: \$550,000**; project description: addition of 2 circuit breakers at Kenaston Switchyard to reduce scope of outages
2. Lakota Municipal Utility; total project cost: \$2,626,322; **grant award: \$1,707,109**; project description: complete OVHD to URD City Conversion
3. Verendrye Electric Cooperative; total project cost: \$628,500; **grant award: \$314,250**; description: 3.5-mile OVHD to URD conversion; Ryder to Radar Base
4. KEM Electric Cooperative; total project cost: \$835,000; **grant award: \$620,000**; project description: upgrading sectionalizing devices with SCADA compatible devices
5. Valley City Municipal Utility; total project cost: \$1,620,000; **grant award: \$1,053,000**; description: replace 1.8 mile 69kV transmission line with steel poles/new insulators

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve FY 2024 Federal IJJA Formula Grant Awards in an amount totaling \$4,244,359.00 inclusive of the 15% state match, as follows:**

**Burke-Divide Electric Cooperative - \$550,000**

**Lakota Municipal Utility - \$1,707,109**

**Verendrye Electric Cooperative - \$314,250**

**KEM Electric Cooperative - \$620,000**

**Valley City Municipal Utility - \$1,053,000**

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

Mr. Claire Vigesaa presented for consideration of approval the Authorization to Apply for FY 2025 IJJA Grid Resiliency Federal Grant Funding.

The memo reads as follows:

“We were notified by DOE on Monday, November 18<sup>th</sup> that the FY25 IJJA Grid Resilience Grant Application window will be opened January 2025. The applications will be approved by DOE in the order they are received so an early application would be beneficial to North Dakota and its sub-awardees.

The exact dollar amount of the IJJA Grid Resilience Formula Grant has not been calculated but is expected to be plus/minus \$3,885,295. The grant requires a 15% State Match.

We will be requesting the State Match for the FY24 Award, the FY25 award and the FY26 award from the 69<sup>th</sup> ND Legislative Session. The State Match Request is \$582,794 per year or a total of \$1,748,382.

We would like authorization from the North Dakota Industrial Commission to apply for the FY25 IJJA Grid Resiliency Formula Grant when the application window opens in January 2025.

Claire Vigesaa  
Executive Director”

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission authorize the North Dakota Transmission Authority Executive Director to Apply for the FY 2025 Federal IJJA Grid Resiliency Grant Funding in the amount of approximately \$3,885,295.**

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

#### **BANK OF NORTH DAKOTA**

Mr. Don Morgan and Mr. Kelvin Hullet presented a report on 2025 Legislative Priorities which include:.

#### **Internal Operations of BND**

1. Implementation of the capital management plan in coordination with the Industrial Commission and Legislative Leadership. The intent of this effort is to maintain capital at a level to ensure the anticipated risk profile of the Bank is accounted for in the 2025-2027 biennium.
2. Support legislation for implementation of cash management recommendations.
3. Seeking legislative approval to only require public disclosure of direct loans or other BND sponsored program records.
4. Seeking Legislative approval to spend up to \$25,000 per biennium on employee training events to include food and non-alcoholic beverages.

5. Propose an amendment to the Career Builders program to ensure the North Dakota Dollars for Scholars program scholarships can be matched with a career builders' scholarship for students seeking a teaching degree.
6. Coordinate with the Office of Management and Budget and Legislative Council to consolidate appropriation language related to the PACE programs.

#### **Legislatively Directed Programs**

1. Monitor actions and provide information related to the various legislatively directed loan programs administered by Bank of North Dakota.

#### **Loan Program Changes**

1. Finalizing a recommendation for the PACE program related to an increase in the maximum buydown amount from \$500,000 to \$750,000.

Mr. Don Morgan presented the Non-Confidential Committee and Advisory Board Minutes for September 2024 meetings for the Commission member's review.

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

**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 confidential business pursuant to N.D.C.C. 6-09-35 and 44-04-19.2 to consider those items listed on the agenda under Bank of North Dakota confidential business. Only Commission members, their staff, Commission staff, and BND staff 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 session that the discussions must be limited to the announced purposes which is anticipated to last approximately 45 minutes.**

The executive session began at approximately 3:09 p.m.

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

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

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

Governor Doug Burgum

Attorney General Drew H. Wrigley

Agriculture Commissioner Doug Goehring



## **BND Members Present**

Don Morgan  
Kirby Evanger  
Kelvin Hullet  
Gus Staahl

## Others in attendance

|               |                              |
|---------------|------------------------------|
| John Reiten   | Governor's Office            |
| Zac Greenberg | Governor's Office            |
| Dutch Bialke  | Ag Commissioner's Office     |
| Karen Tyler   | Industrial Commission Office |
| Brenna Jessen | Industrial Commission Office |
| Erin Stieg    | Industrial Commission Office |

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The executive session ended at approximately 3:45 p.m. and the Commission reconvened in open session.

During the Bank of North Dakota executive session, the Commission discussed those items listed on the agenda under Bank of North Dakota confidential business.

No formal action was taken during executive session.

## **DEPARTMENT OF MINERAL RESOURCES**

Mr. Ed Murphy and Mr. Clint Boyd presented the Geological Survey Quarterly Report for September 2024 which included updates on activity in the following areas:

- Wilson M. Laird Core and Sample Library
- Williston Basin Carbonate Core Workshop
- Critical Minerals Drilling Project
- Public Fossil Digs Wrap-up
- Mammoth Excavation
- Proposed Viewable Fossil Preparation Lab
- Paleontological Land Reviews

The full geological report is available is on the Geological Survey website.

Mr. Mark Bohrer presented for consideration of approval the following cases:

- i. **Order No. 33841 issued in Case No. 31152 and Order No. 33842 issued in Case No. 31153** regarding authorization for drilling of saltwater disposal well and determination of bond amount.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 33841 proposed in Case 31152 approving the application of Select Water Solutions, LLC authorizing the drilling of a saltwater disposal well to be utilized for fracture injection into the Dakota Group in a well to be known as the McKenzie G&I 19-1 well, to be**

located in the NESW of Section 19, T.150N., R.99W., South Tobacco Garden Field, McKenzie County, ND, pursuant to NDAC chapter 43-02-05, and such other relief as is appropriate; and that the Industrial Commission approves Order 33842 proposed in Case 31153 approving the \$200,000.00 bond amount to be required of Select Water Solutions, LLC for the McKenzie G&I 19-1 well to be drilled in the NESW of Section 19, T.150N., R.99W., South Tobacco Garden Field, McKenzie County, ND, to be utilized for fracture injection into the Dakota Group, pursuant to NDAC § 43-02-03-15, and such other relief as is appropriate.

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

- ii. **Order No. 33918 issued in Case No. 31229** regarding field rules amendment to create 960-acre spacing unit.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 33918 proposed in Case 31229 denying the application of EOG Resources, Inc. to amend the field rules for the Phaelens Butte-Bakken Pool, McKenzie County, ND, to create and establish an overlapping 960-acre spacing unit comprised of the SW/4 of Section 5, the W/2 of Sections 8 and 17, and the NW/4 of Section 20, T.149N., R.94W., authorizing the drilling, completing and producing of a total not to exceed three wells on said proposed overlapping 960-acre spacing unit and such other relief as appropriate.

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

- iii. The following Orders related to confiscation of production-related equipment and salable oil:
  1. **Order No. 34001 issued in Case No. 31305**, Placid 28-1V well, McKenzie County
  2. **Order No. 34002 issued in Case No. 31306**, Placid 28-2V well, McKenzie County
  3. **Order No. 34003 issued in Case No. 31307**, Sheep Creek Storm 11v Well, McKenzie County
  4. **Order No. 34004 issued in Case No. 31038**, Duncan Federal 20-14 well, McKenzie County
  5. **Order No. 34005 issued in Case No. 31039**, Duncan Federal 30-24 well, McKenzie County

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Orders 34001, 34002, 34003, 34004, and 34005 proposed in Cases 31305, 31306, 31307, 31308, and 31309 respectively, authorizing the confiscation of the Placid 28-1V, Placid 28-2V, Sheep Creek Storm 11V, Duncan Federal 20-14, and Duncan Federal 30-24 wells, equipment, and salable oil, operated by North Range Resources, LLC, or any working interest owner, pursuant to NDCC §§ 38-08-04 and 38-08-04.9.

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

- iv. **Order No. 34005 issued in Case No. 31076** related to NDIC v. Rocky Top Energy LLC – recommendation of default order, civil penalties, recovery of costs

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Default Order 33762 proposed in Case 31076 against Rocky Top Energy, LLC and imposing civil penalties in the amount of \$733,270.00 and costs of investigation in the amount of \$202.23 for failure to serve an Answer or other written response to the complaint for violations of NDAC Sections 43-02-03-52 and 43-02-03-52.**

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

Mr. Nathan Anderson presented a report on DMR 2025 Legislative priorities which include:

1. Consideration of utilization of AWPSRF funds for abandoned well to freshwater well conversions and removing the requirement of seeking reimbursement from last known operator.
2. Carryover for abandoned oil well conversion to freshwater wells
  - a. There have been appropriated funds derived from the state fiscal recovery fund in the sum of \$3,200,000. Period ending, per the act, is June 30, 2025. Carry-over of unused funding for next biennium will be requested. Per the act, funds can be spent up until 12/31/2026.

Potential rulemaking/policy topics

1. Discussion of continued reduction in flaring expectations
2. Consideration for flare mitigation efforts as determined through Fire Response Workgroups from DMR and NDPC.

#### **LEGAL UPDATE**

- A. Litigation Status:
  - i. NW Landowners v. State
  - ii. EPA Mercury and Air Toxics Rule
  - iii. EPA Carbon Rule
  - iv. EPA Methane OOOO Rule
  - v. BLM Venting and Flaring Rule
  - vi. BLM Conservation Rule
  - vii. CEQ NEPA Phase 2 Rule
  - viii. DAPL Intervention
- B. Other Legal Updates:
  - i. EPA Methane Tax Rule
- C. Federal Regulatory Update:
  - i. BLM Resource Management Plan

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

Ms. Karen Tyler presented for consideration of approval the October 29, 2024, Industrial Commission Meeting Minutes.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the October 29, 2024, Industrial Commission Meeting Minutes.**



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

With no further business, Governor Burgum adjourned the meeting of the Industrial Commission at 5:12 p.m.

North Dakota Industrial Commission

Brenna Jessen, Recording Secretary

Karen Tyler, Executive Director

# Industrial Commission of North Dakota



Doug Burgum  
Governor

Drew H. Wrigley  
Attorney General

Doug Goehring  
Agriculture Commissioner

TO: Governor Doug Burgum, Chair  
Attorney General Drew H. Wrigley  
Agriculture Commissioner Doug Goehring

FR: Executive Director Karen Tyler

DT: December 12, 2024

RE: Vance Taylor Compensation

Fiscal Year 2024 was another record year for the North Dakota Mill. Profits were \$20,795,168 which was an increase from the prior year's profits of 17,238,265 and an all-time record high for the Mill.

When Vance Taylor was hired by the Industrial Commission in June of 2000, his compensation package included an annual bonus opportunity based on performance, up to 30% of base salary. Thirty percent of Vance's current base salary of \$379,881.00 is \$113,964.

The Commission has previously determined that the 30% bonus payment provided for in Vance's contract is to be determined with two components: 20% of the bonus will be based on what had been distributed to Mill employees under the Mill's gain sharing plan. 10% of the bonus is based on other criteria, with the priority consideration being the achievement of goals established in the Mill Strategic Plan.

The gain sharing payout for FY 2024 for Mill employees was 29.84% as compared to 27.78% in 2023. The maximum bonus amount under this component of the compensation plan is \$75,976. All four gain sharing criteria goals were met, and profits as previously stated were a new record for the Mill. Based on the gain sharing payout portion, it is my recommendation that Vance receive the full amount applicable under the 20% component.

The remaining 10% of the 30% bonus potential is \$37,988. For this component I recommend \$30,000. With Vance's leadership, and supported by executive management and the entire Mill team, the Mill achieved numerous goals that were established by the Commission in the Mill's 2024 strategic plan including increasing shipment volume by 10%, increasing exports by 40%, the addition of new significant customers, and improving efficiencies and reducing costs across a number of areas including truck scheduling, debt management, and energy efficiencies through their generator installation project. Employee engagement, and modernizing the Mill's

policies related to human resources, information technology, and governance, and management practices related thereto, are areas of focus for improvement going forward.

Vance continues to do an excellent job leading the North Dakota Mill team in the operation of an enterprise that delivers exceptional products and services. **For the 2024 fiscal year I am recommending a bonus totaling \$105,976.00.**



# Industrial Commission of North Dakota



Doug Burgum  
Governor

Drew H. Wrigley  
Attorney General

Doug Goehring  
Agriculture Commissioner

TO: Industrial Commission Members  
FR: Karen Tyler, Executive Director  
DT: December 12, 2024  
RE: Executive Director Compensation

Since August of 2022, I have held dual roles for the state, serving as both the North Dakota Securities Commissioner and Interim Executive Director for the Industrial Commission, and after June 26, 2024, Executive Director for the Industrial Commission. Effective December 14, 2024, I will hold only the position of Executive Director.

While serving in dual roles for the state, I did not collect the full salary for the Executive Director position. With this upcoming change I respectfully request the Industrial Commission consider the approval of a compensation adjustment at least equal to the full salary previously approved for the Executive Director by the Commission, which is currently \$151,380.00.

Thank you,

Karen Tyler

Industrial Commission Executive Director

# Industrial Commission of North Dakota



Doug Burgum  
Governor

Drew H. Wrigley  
Attorney General

Doug Goehring  
Agriculture Commissioner

TO: Industrial Commission Members  
FR: Karen Tyler, Executive Director  
DT: November 26, 2024  
RE: Proposed 2025 Industrial Commission Meeting Schedule

For your consideration of approval, here are the recommended 2025 Industrial Commission meeting dates. All meeting times will be set for 1:00 and the meeting location will be the Governor's Conference Room unless otherwise indicated in advance of a meeting. It is understood that the approved schedule may be subject to change, and those changes will be promptly communicated to Commission Member staff, agencies and through the Commission's standard public notifications.

**Tuesday, January 28, 2025**

**Thursday, February 20, 2025**

**Tuesday, March 25, 2025**

**Thursday, April 24, 2025**

**Thursday, May 22, 2025**

**Thursday, June 26, 2025**

**Tuesday, July 29, 2025**

**Tuesday, August 26, 2025**

**Tuesday, September 30, 2025**

**Tuesday, October 28, 2025**

**Tuesday, November 25, 2025**

**Wednesday, December 17, 2025**