Minutes of a Meeting of the Industrial Commission of North Dakota
Held on January 21, 2020 beginning at 1:00 p.m.
Governor's Conference Room - State Capitol

Present: Governor Doug Burgum, Chairman
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Also Present: Other attendees are listed on the attendance sheet available in the Commission files
Members of the Press

Governor Burgum called the Industrial Commission meeting to order at approximately 1:00 p.m. and the Commission took up Renewable Energy Program Business.

RENEWABLE ENERGY PROGRAM

Ms. Karlene Fine, Industrial Commission Executive Director, provided a financial report. There is currently approximately $3.57 million available.

Mr. Jonathan Russo, Department of Commerce, presented Renewable Energy Council recommendations regarding the following Grant Round 42 application.

R-042-A: Living Stone Lodge Phase III; Submitted by: MHA Nation South Segment; Project Duration: 13 months; Total Project Costs: $917,812; Amount Requested and Recommended: $398,850

The purpose of the project is to develop and commercialize affordable, energy efficient homes that surpasses ENERGY STAR rating and can be easily built on rural Native American Reservations. The goal is to reach net-zero energy use and construct the home for under $100 per square foot.

If successful, this project could provide significant benefits to:

- The reservations through energy efficient affordable housing.
- The state through revenue created by sales.
- North Dakota manufacturers who will be producing the product parts.

Mr. Russo noted that there were three technical reviews with 2 recommending funding and 1 recommending funding may be considered. The Renewable Energy Council voted 6 – 0 to recommend funding the project.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the recommendation of the Renewable Energy Council to fund the grant application "Living Stone Lodge – Phase III," and authorizes the Industrial Commission Executive Director/Secretary to execute a contract with MHA Nation-South Segment in an amount not to exceed $398,850. On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye. The motion carried unanimously.

Governor Burgum noted that this is a very exciting project.

Renewable Energy Council recommendations were presented regarding the following amendments to two contracts:

- R-036-045: Low-Pressure Electrolytic Ammonia Production, EERC – modification to budget

- R-025-035: Pilot Scale Facility for Biocomposites Development for Industrial and Consumer Products – Phase II, c2renew – contract extension

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Renewable Energy Council and authorizes the Industrial Commission Executive Director/Secretary to amend Contract No. R-036-045, "Low-Pressure Electrolytic Ammonia Production" submitted by EERC as follows:

Remove: $14,666 from Labor
Add: $2,050 to Travel, $11,838 to Supplies, and $778 to Food

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

There was discussion regarding the Executive Director's authority to make modifications to project budget without bringing requests before the Commission. Currently, the Executive Director has authority to make changes up to $5,000. The consensus of the Commission was that the Executive Director will prepare a proposed delegation of authority for consideration at a future meeting that would increase the amount from $5,000.

Mr. Russo presented the request from c2renew for a budget modification and/or a contract extension. It was the Renewable Energy Council's recommendation to grant the contract extension and not the budget modification.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Renewable Energy Council and authorizes the Industrial Commission Executive Director/Secretary to amend Contract No. R-025-035, "Pilot Scale Facility for Biocomposites Development for Industrial and Consumer Products – Phase II", submitted by c2renew as follows:

Grant a contract extension from July 31, 2019 to October 31, 2020

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

Ms. Fine noted that she does have authority to grant extensions. However, because this grant has been extended several times, she felt it should come before the Commission.

HOUSING FINANCE AGENCY (HFA)

Mr. Dave Flohr, HFA Interim Executive Director, presented the Home Mortgage Finance Program 2020 General Authorization Resolution regarding the issuance of bonds in an amount not to exceed $450,000,000 for long-term bonds and $100,000,000 for short-term bonds for consideration.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission adopt the Housing Finance Agency Home Mortgage Finance Program 2020 General Authorization Resolution as follows:

2020 GENERAL AUTHORIZATION RESOLUTION

WHEREAS, the Industrial Commission of North Dakota (the "Commission") acting in its capacity as a state housing finance agency, i.e., the North Dakota Housing Finance Agency (the "Agency"), is empowered

by the provisions of the North Dakota Century Code Chapter 54-17 (the "Act") to establish, and has established, a home mortgage finance program to contract to purchase from lenders mortgage loans made to persons or families of low or moderate income to finance the purchase or substantial rehabilitation of owner occupied, residential dwelling units; and

WHEREAS, the Commission adopted the Housing Finance Program General Bond Resolution of 1994, on July 21, 1994, as amended (the "1994 General Resolution"), and the General Bond Resolution of 2009, on November 25, 2009 (the "2009 General Bond Resolution," and together with the 1994 General Resolution, the "General Resolutions"), wherein Wilmington Trust National Association, Minneapolis, Minnesota, was appointed successor trustee (the "Trustee") under each of the General Resolutions, and which General Resolutions were each accepted by the Trustee, and which General Resolutions are hereby ratified and confirmed; and

WHEREAS, the Agency has previously issued certain bonds pursuant to each of the General Resolutions, both of which allow for the issuance of additional bonds thereunder and the refunding of certain bonds currently outstanding thereunder; and

WHEREAS, with respect to the proceeds of the bonds issued pursuant to the General Resolutions (collectively, the "Bonds"), such proceeds will be applied in accordance with the Act and the respective General Resolution to provide funding for the programs of the Agency to finance decent, safe and sanitary housing for persons and families of low and moderate income (the "Program"); and

WHEREAS, it is in the best interests of the Commission acting as the Agency to appoint as its agents the Executive Director, the Director of Homeownership Programs and the Chief Financial Officer of the Agency (the "Authorized Officers") for the negotiation of the terms of sale of the Bonds, in one or more series, with fixed or floating interest rates, and with or without bondholder tender rights, and to sign such agreements on behalf of the Commission after such terms of sale have been negotiated, and such certificates and other documents as are necessary and customary to complete the sale of the Bonds, and to enter into agreements for their sale by the Agency and purchase by the Underwriters described below, private entities or the U.S. Treasury and/or instrumentalities thereof, subject to the limitations herein established with regard to the Bonds:

(a) a maximum principal amount of long term bonds of $450,000,000;
(b) a maximum principal amount of short term bonds of $100,000,000;
(c) a final maturity of not later than forty four years from the date of issuance;
(d) a maximum average annual interest rate of 7.00% for fixed rate bonds, and for variable rate bonds an initial rate of 7.00% with a maximum rate of 15% per annum, determined at the time of Bond pricing; and

WHEREAS, in furtherance of the above stated objectives, the Commission, the Agency, and RBC Capital Markets, LLC, Fidelity Capital Markets, Raymond James & Associates, Inc. and UBS Financial Services Inc., or successors thereto, affiliates thereof, or other investment banking institutions (the "Underwriters") or purchasers approved by an Authorized Officer, will cause to be prepared and executed, such bond issuance documents as are necessary for issuance of the Bonds herein authorized; and

WHEREAS, Section 1.150 2 of the Internal Revenue Code regulations (the "Tax Regulations") provides, if the Agency intends to finance mortgage loans with its own funds or warehouse funds, and then reimburse itself with Bond proceeds, that the Agency declare its intention to do so prior to so financing such mortgage loans.

NOW BE IT HEREWITH RESOLVED:

1. The sale of the Bonds to the Underwriters, private entities or governmental entities in accordance with the limitations herein established is hereby authorized and the officers, agents and employees of the Commission and the Agency are hereby authorized, empowered and directed to take any actions required to effect such sale and related transactions and to execute any instruments and take any actions required to effect the issuance of the Bonds and to apply the monies received by the Commission from the bond proceeds in such manner as is necessary to give effect to the Program.

2. The terms of any sale of Bonds shall be reported to the Commission at its next succeeding meeting, and any acts of the officers, agents and employees of the Commission and the Agency which are in conformity with the purpose and intent of this General Authorization Resolution and in furtherance of the sale of the Bonds may be submitted for approval, ratification and confirmation.

3. The appointment of the Agency's Executive Director, the Director of Homeownership Programs and the Chief Financial Officer of the Agency as Authorized Officers with the authority to accept and execute Mortgage Purchase Agreements with Lenders and Servicing Agreements with Servicers, and the prior execution thereof by any such Authorized Officer, shall be and are in all respects ratified, approved, and confirmed.

4. The use and distribution by the Underwriters of initial offering documents in the form of Official Statement(s), substantially in the form previously used by the Agency in the sale of its Bonds, as contemplated and in conformity with the provisions of sale of the Bonds is hereby authorized and the use thereof prior to the date of ratification and confirmation as of the date first circulated is also authorized.

5. The Bonds shall be executed by the manual or facsimile signatures of the Governor, the Attorney General, the Agriculture Commissioner and an Authorized Officer, and with the manual or a facsimile of the Official Seal of the Commission impressed, imprinted or otherwise reproduced thereon.

6. The Authorized Officers are authorized and empowered to enter into interest rate hedging agreements with respect to any Bonds with a variable interest rate, including replacement of expiring hedging agreements, but only for the purposes and in accordance with the Commission's Swap Management and Execution Policy as then in effect, and in no case may the notional amount of any such agreement exceed the principal amount of variable interest rate Bonds whose interest rate is being hedged.

7. The Authorized Officers are authorized and empowered to enter into liquidity agreements, such as standby bond purchase agreements, including extension or replacement of expiring liquidity agreements, with financial institutions whereby such institutions are primarily obligated to purchase any Bonds whose owners have the right to tender their Bonds.

8. Moneys held by the Trustee pursuant to the General Resolutions may be invested in any investments permitted by the respective General Resolution, and in accordance with North Dakota laws.

9. Program Directive No. 59, adopted by the Commission on September 23, 1998, authorizing the changing of Mortgage Loan purchase price, fees and points and interest rate is still in effect and is hereby ratified and confirmed.

10. The Master Reimbursement Resolution, adopted October 3, 1997, is hereby ratified and confirmed, and proceeds from the sale of the Bonds may be used to reimburse the Agency for its purchase of any Mortgage Loans in anticipation of the availability of the proceeds from the sale of the Bonds; in particular, the Agency hereby declares its intention, within the meaning of the Tax Code Regulations, to facilitate continuous funding of its home mortgage finance program (as described above) by, from time to time, financing Mortgage Loans and then issuing Bonds in one or more series within 18 months thereof to reimburse itself for such financing, all in an amount presently expected to not exceed the amount of long term Bonds authorized by Section 1 hereof, and hereby confirms that any Authorized Officer is authorized to also so declare the intention of the Agency within the meaning of said Tax Regulations, provided that any such declaration does not authorize or obligate the Agency to issue any such Bonds.

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

Mr. Flohr presented a recommendation for appointment of a public hearing officer for the 2021 Low Income Housing Tax Credit Qualified Allocation Plan and the 2020 Housing Trust Fund Allocation Plan for consideration.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Dave Flohr, Interim Executive Director of the Housing Finance Agency, be named as the Industrial Commission's public hearing officer for the 2021 Low Income Housing Tax Credit Qualified Allocation Plan public hearing scheduled for March 26, 2020 at 10:00 a.m. and for the 2020 Housing Trust Fund Allocation Plan public hearing scheduled for March 26, 2020 at 11:00 a.m. and approve the publication of the Notices of Public Hearing. On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye. The motion carried unanimously.

A report was provided on the Declaration of Official Intent to Issue Multifamily Revenue Bonds. This declaration was issued in December with the intent to use $10 million for the Boulevard Avenue project, formerly Ruth Meiers Hospitality House. This will utilize a 4% collateral advance with the Federal Home Loan Bank to bring 4% credits into the financing package. The project team is currently finalizing the financing, so bonds are not being issued yet. Freddie Mac, the permanent financer on this transaction, is checking into whether HFA can do construction financing. Phase I cost is approximately $15-16 million. This financing will not pay any old debt owed by the prior owner.

Mr. Flohr stated that there will be 108 affordable units and the Lutheran Social Services Bismarck office will be moved into the building. While there has been neighborhood opposition in the past, there was no opposition in the most recent public hearing. The city has approved this project moving forward. Vacancies are being utilized to avoid requiring residents to move out of the facility while improvements are being made to the apartments. It was indicated that Lutheran Social Services is currently operating the facility for Choice Bank--the current owner of the facility.

DEPARTMENT OF MINERAL RESOURCES (DMR)

Mr. Lynn Helms, DMR Director, notified the Commission that Order 28005 has been appealed to District Court. The timing is unclear of how the legal proceedings will progress. It was filed in the wrong venue and there will be a motion to dismiss on that basis.

Mr. Helms reported that Dakota Prairie Grasslands Leasing Environmental Impact Statement (EIS) is expected within the month. This will be a revised EIS covering a significant amount of land that was unavailable under the previous EIS. BLM is prepared to put 350 tracts up for auction between now and November. This could generate a lot of income for the State. Some of the land is in the core area and will generate significant activity. Previously, the Commission submitted comments in favor of the revised Dakota Prairie Grasslands Leasing EIS.

Mr. Helms and Mr. Bruce Hicks, Oil and Gas Division Assistant Director, presented the following order for consideration.

Case 27936, Order 30704 – establishment of two overlapping 1280-acre spacing units

The applicant is requesting the creation and establishment of two overlapping 1280-acre spacing units. This is a unique situation in that the spacing units cross a significant township correction line with 599 feet offset due to the topography of the area. This is wider than the 500 ft. corridor that is typically used for section line wells. Mr. Helms reviewed in detail what the applicant requested and the challenges of dealing with a township correction and protecting correlative rights.

The application was opposed by the Department of Trust Lands (271 mineral acres), First International Bank and Trust as a Trustee for an account, and the Elks Association. Mr. Helms pointed out the ownership of each of these entities. It was noted that only the Elks participated in the hearing process. The individual representing the Elks was able to get questions answered and left with a better understanding of the spacing pattern. It is beneficial to appear and get questions answered. Mr. Helms highlighted the development that would be taking place, the wells that are already drilled, and how each of the parties' mineral interests are being dealt with.

Standard overlapping 2,560 acre spacing units with section line wells within 250 feet of the section line will not protect correlative rights. To not drill these wells would result in between 1,000,000 – 2,000,000 barrels of recoverable oil not being produced. The applicant's proposal is the best plan for balancing prevention of waste by developing the minerals while protecting correlative rights. The order establishes two spacing units as applied for and lays out in the findings why the objections are not a valid protection of correlative rights and why their correlative rights are being protected by the two proposed spacing units.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that Order 30704 issued in Case 27936 amending the field rules for the Banks-Bakken Pool, Williams and McKenzie Counties, ND, to create and establish two overlapping 1280-acre spacing units as follows: (i) the E/2 of Section 35, the W/2 of Section 36, T.153N., R.99W. and all of Section 4, T.152N., R.99W.; and (ii) all of Section 35, T.153N., R.99W. and the W/2 of Section 4, and the E/2 of Section 5, T.152N., R.99W., authorizing the drilling of a total not to exceed two wells on or near the section lines of each proposed overlapping 1280- acre spacing unit, as an exception to the field rules for the Banks-Bakken Pool and the provisions of NDAC § 43-02-03-18, and any general well location rules, be approved this 21st day of January, 2020. On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye. The motion carried unanimously.

OIL & GAS RESEARCH PROGRAM (OGRP)

Mr. Brent Brannan, OGRP Director, presented the following Oil and Gas Research Council Grant Round 51 recommendations for reconsideration.

G-051-02: "NDIC Funding to Support Research of Petroleum Engineering Program at University of North Dakota (UND)" – UND Petroleum Engineering Program; Project Duration: 3 years; Total Project Cost: $7,317,150; Request for: $3,728,000 – OGRC recommendation is $2,788,000

Previously, the Commission approved $970,000 in funding for this project with the conditions that no OGRP funding will be used for the Lab Manager Salary, including benefits and Lab Consulting Fees and the funding and progress shall be reviewed after year two. The remaining funding recommendation was put on hold until more information was received. The applicant has provided additional information regarding the student research/faculty portion of the proposal.

The funding will support tuition and stipend of nine PhD students and faculty summer salaries. Projects will be defined by the Oil & Gas Research Council and industry.

Mr. Helms stated that this program is important and is an expansion of the work that the Commission has previously funded. It has an unusual approach with PhD students doing most of the classroom teaching under the direction of a small PhD staff. The result is more research is being done. Over the last 18 months the Department has published 90 peer reviewed journal articles, more than any program in the nation. It was noted that this will be paid for through a carveout from the education segment of funding. In addition, as noted at last month's meeting, there is a letter going to the University stressing the importance of this program and the University funding the professors.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the Oil and Gas Research Council's recommendation to fund the Student Research/Faculty portion of the grant application "NDIC Funding to Support Research of Petroleum Engineering Program at University of North Dakota (UND)" and authorizes the Industrial Commission Executive Director and Secretary to increase the previously awarded funding in Contract G-051-100 with the University of North Dakota in an amount not to exceed $1,818,000 noting that $606,000 would come from the 2019-2021 biennium and $1,212,000 from the 2021-2023 biennium and the funding and progress of the research shall be reviewed after year two. On a roll call vote, Governor Burgum, Attorney General Stenehjem, and Commissioner Goehring voted aye. The motion carried unanimously.

Gov. Burgum expressed appreciation to Dr. Rasouli for his innovative approach and the focus on student research under the guidance of the faculty. Research will be critical to advancing the industry in the state.

WESTERN AREA WATER SUPPLY AUTHORITY (WAWS)

Ms. Fine presented the Financial Report and Debt Reduction Report for the last six months of 2019. Debt service payments have been made to the Bank of North Dakota on one of the loans. During July – December 2019, $126,097.67 of capital improvement expenditures and $1,382,471.20 of principal payments were made to the Bank. When the principal payments and the capital improvement expenditures are included, there is a negative net income. If those expenditures are excluded, the income is $1.1 million. The breakeven sales monthly number is approximately $1.1 million, and that number was exceeded for the entire year.

In response to questions, it was noted that there is enough cash flow for operations but not to cover the debt. In March, WAWS will present a 2020 business plan. Ms. Tami Madsen, WAWS' Chief Operations Officer, reported that contracts have been renegotiated. It is anticipated that sales will increase by $1 million but that entire amount will not be revenue because WAWS still must pay industrial rate reimbursement. There is an uptick in sales based on the increased rates recently put in place. Maintenance contracts will go up $.30 a barrel and volume-based contracts will be eliminated.

Ms. Tami Madsen and Mr. Corey Chorne, AE2S, presented draft 2020 Reimbursement Rates for consideration. A question was raised regarding how rates are determined. Mr. Chorne indicated that the foundation for the base rate is derived by dividing expenses by volume. Locations that are farther away pay more, accounting for additional pumping. The model was set up years ago and rates are reviewed on an annual basis. It was noted that some members would like a large increase up front that is good for five years while others request incremental changes every year.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accept the recommendation of the Industrial Commission Executive Director/Secretary and approve the Western Area Water Supply Authority Board's recommended 2020 base reimbursement rates as follows:

NWRWD*/BDW**	**$3.57 to $3.68**	**3.08% increase**
R&T Water District	**$3.57 to $3.68**	**3.08% increase**
Williston	**$1.98 to $2.01**	**1.52% increase**
MCWRD	**$4.03 to $4.07**	**.99% increase**

and Watford City Reused Water $1.67/1000 industrial rate reimbursement.

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

Mr. Chorne provided an update on sales and current activity through December 2019. (The charts are available in the Commission files.) There was approximately $15 million in gross revenue, while $22.1 million was budgeted. In 2018, the gross revenue was approximately $18 million. For 2020, the gross revenue budget currently being discussed is $15 million.

He reviewed the details on the costs of average production and delivery by location and provided charts depicting the 2019 actual revenues versus the 2019 forecasted budget revenues. It was noted that the wet weather impacted the sales as groundwater was more readily available. It was noted that going forward it is anticipated that maintenance sales will impact the profits for many years. He also discussed the demand for water for both the domestic and the industrial markets. In 2018 the average was 11.2 million gallons a day of water produced versus 10.5 million gallons a day in 2019.

PUBLIC FINANCE AUTHORITY (PFA)

Ms. DeAnn Ament, PFA Executive Director, presented a Drinking Water State Revolving Fund loan application for the Tri-County Water District in the amount of $1,610,000 for the Commission's consideration.

The purpose of the loan is to expand the distribution pipeline system to connect 85 additional users and construct an elevated storage tank. The requested loan term is 20 years. The District will issue revenue bonds payable with user fees. The annual payments will average $94,001. The reserve requirement will be $99,275 and the 120% coverage requirement will be $112,802. The Water Commission is also providing funding for this project. She noted that the PFA Advisory Committee recommended approval of the loan.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission approves the resolution as follows:

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 Tri-County Water District (the "Political Subdivision") has requested a loan in the amount of $1,610,000 from the Program for system expansion and an elevated water tank; 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.

It was clarified that Nelson, Ramsey, and Walsh are the three counties involved. Water will be purchased from the City of McVille, creating a regionalized approach. This funding includes the addition of 85 users. Frequently, new users are required to put money down to sign up. Often the number of users increases as the project progresses. The base rate is $54.00. With the additional users, an increase in the base rate is not anticipated to be needed.

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

BANK OF NORTH DAKOTA (BND)

Mr. Eric Hardmeyer, BND President, presented the Fourth Quarter 2019 Performance Highlights. (A copy of the Performance Highlights is available in the Commission files.)

- Total assets at year end were just over $7 billion at $7,058,432,000 which was above projections. Deposits are up, borrowings are down, loan volume is static, and capital is up $89 million over projections – this is due to earnings and the timing of the transfers.
- Income was reported at $169 million (unaudited), which is the 16th straight year of record profits. The Commission members commended the Bank management team for another great year. In response to a question, Mr. Hardmeyer stated that while data processing is currently under the projected expense of $4.5 million, that can be attributed to the timing of the projects and conservative budgeting. The Commission members requested a graph showing the history of the Bank's profits.
- The leverage ratio is at an all-time high for year-end at 13.60%.
- Ten-year History which shows Total Assets, Loans and Deposits. This document shows how the Bank inverted in 2017 and had a higher dollar amount of loans than deposits with the percentage being 108.56% to the current percentage of 89.17% loan to deposit ratio.
- Mr. Todd Steinwand reviewed the Loan Originations -- Commercial activity was up with fewer loans, but larger transactions. The agriculture sector is down – numbers are similar, but volume is down. The residential sector has dropped by design in order to not compete with the secondary market—the Bank is doing more niche marketing in rural areas. Student loans are down, which correlates to a decrease in enrollment at some of the major universities. Administered Loan programs are also down. Mr. Steinwand noted that the Bank's true economic impact is the $1+ billion in commercial loan participation that is done with local financial institutions. This drives communities across the state.

There was a question regarding the total dollar amount of commercial loans originated annually in North Dakota by all banks. Bank management indicated they would try to identify what that amount is. Because of the role the Bank has with helping smaller banks do larger transactions the Commission members expressed an interest in determining the total impact that the Bank has on local lending. Mr. Steinwand noted that the number of community banks is shrinking across the nation, but this isn't occurring as frequently in North Dakota. Part of the reason is that the Bank of North Dakota is there to participate with the community bank in loan transactions.

Mr. Hardmeyer stated that New England Public Policy Center did a study on public banks and one of the findings was that having the Bank of North Dakota has led to a robust community banking segment.

There was discussion on reasons why a community banker would seek the Bank's participation in a loan—loan size; concentration of credits; enhancing risk diversification; loan limits, etc. It was noted that having the Bank available allows the community banker to have a personal business relationship with the borrower and allows for the community banker to support entrepreneurs, innovators, and small businesses. Mr. Hardmeyer noted that banks are important to the health of a community.

Mr. Steinwand reiterated the fact that the Bank's lending over $1 billion into North Dakotan communities every year is more indicative of the Bank's impact on the State's economy than the amount that is transferred into the General Fund. Bank management has had a conversation about running a REMI model to determine the Bank's true impact on the State's economy – what is the economic impact of the Bank's lending $1 billion dollars into North Dakota communities annually.

The Commission members discussed that in addition to the commercial bank participation loans, the Bank is very important to the agriculture economy through the loans made with farmers and ranchers and how that supports the overall State economy.

The Commission members and Bank management discussed how best to utilize the Bank's assets so that the State overall gets the best return on the State's deposits. Other states that do not have a bank like the Bank of North Dakota have cash management plans and those state deposits are invested in bonds and treasuries. With the Bank of North Dakota the deposits are invested in North Dakota and the State gets a higher return. The Commission indicated that transferring funds out of the Bank of North Dakota to the General Fund results in less overall income for the State.

- Mr. Kirby Evanger reviewed the Credit Quality summary and reported that the loan allowance of $95.7 million is a healthy allowance, up about $3 million from the previous year. The allowance percentage has increased from 2% to 2.11%. There is currently 10% unallocated which is a good position, considering concerns in the agriculture industry.
- Regarding credit quality ratios, the adversely classified loans went down to 2.49% compared to the North Dakota average of 2.31%. The non-performing loans dropped to .63% compared to the North Dakota average of 1.27%.
- Regarding delinquencies the Bank hit an all-time low at 1.93%. All categories are either stable or trending down, except residential. Regarding residential, foreclosure trends are good, decreasing from a high of 45 in 2017 to the current amount of 8 total. Approximately 2/3 of residential foreclosures in 2017 were in the western part of the State. Now, it is not concentrated in any one region. He noted that there might be an uptick in the numbers going forward as the Bank continues to move out of this market.

The Commission discussed the home mortgage processing that the Housing Finance Agency does – servicing 11,000 loans and the Bank is servicing 6,000 residential loans. It was noted that this may be an opportunity for collaboration to avoid offering duplicative services. Mr. Hardmeyer provided some history on the Bank's role in residential mortgages and indicated that he has visited with Housing Finance Agency leadership about this opportunity. He stated that the Bank is downplaying that part of the business and he believes the Bank could make more of an impact by concentrating its work on what fits the Bank's mission of economic development. Currently the Bank is working with small rural banks that don't have enough volume to access larger secondary markets. The Housing Finance Agency doesn't have the authority to originate mortgages, but the Bank does have that authority. It was suggested that function could be transferred to the Housing Finance Agency or the Bank could do the originations and the Housing Finance Agency could do the servicing. It was the consensus of the Commission that the Bank and the Housing Finance Agency should further discuss potential synergies in this area.

- Mr. Hardmeyer noted that for first time in its history, CollegeSave went over $535 million. Almost $200 million of the $535 million in assets are held by North Dakotans. There was discussion as to whether there needed to be a name change to reflect a broader mission. Mr. Hardmeyer stated that the Bank would look at that further. Mr. Hardmeyer clarified that a tax law change now allows K-12 to utilize the funds for private tuition. Every dollar invested in grants (BND Match and New Baby Match) for this program generates $8-9 of savings. Regarding grant programs, Mr. Hardmeyer stated the Bank is looking at an option of offering a grant post-daycare—when the child is transitioning into kindergarten.

Mr. Todd Steinwand, BND, presented the draft Agriculture Disaster Relief Loan Program for consideration. The purpose is to provide a short-term bridge until producers receive payments and then provide something like the prior farm stability program. The program will give lead banks the flexibility to structure a loan that works with their borrower. He reviewed each of the provisions of the loan policy and stressed that the key is flexibility for the lead lender to structure what works for both the borrower and the lead lender.

Mr. Steinwand stated that the Credit Review Board had asked that the Bank look at allowing this to be used for small businesses. The Small Business Administration (SBA) did come out with a small business disaster loan program and the Bank doesn't want to duplicate what SBA is doing. If there are some smaller businesses in the farming sector that can't get a loan through SBA, this has flexibility built in to provide some assistance.

Mr. Steinwand pointed out that the borrower must have secured an operating loan. This program is a partnership with the leader lender and this requirement will show that the lead lender knows the borrower and is committed to working with them.

There was discussion about what interest rate should be charged by the Bank and by the lead lender and how the rates should be structured. Bank management indicated that after conversations with lead lenders, they believe this interest rate structure will work the best for the lead lender and borrower.

In response to a question regarding the number of loans anticipated, it was clarified that the proposal is to limit the total pool to $300 million including the $103,000,000 Farm Stability Loan program loans that are already on the Bank's books. Last year, there were approximately 300 loans done totaling $150 million. Currently, the Bank believes these loans will be smaller in size because they are bridge loans. Extra staff will be assigned to work on this program. The program can be rolled out tomorrow if the Commission approves it. It is believed that there are 5-6 applications ready to be submitted. An example was provided of a farmer with both crop and cattle that was impacted by 30 inches of snow. The estimated total loss was $620,000. They will do a feed cost, chattel, and real estate loan. As a result of loan restructuring, working capital went from -$435,000 to $526,000. Term debt payments were reduced by $28,000. The Bank is able to cover that loss, stretch it out, offer working capital and reduce their payments.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the Bank of North Dakota Advisory Board recommendation and authorizes the Bank of North Dakota to offer the following Agriculture Disaster Relief Loan Program effective immediately:

Agriculture Disaster Relief Loan Program
Purpose
This program provides relief for North Dakota farmers and ranchers negatively impacted by extreme weather conditions in 2019. BND has set aside $300 million for this program. Funds will be allocated on a first-come basis. Applications will be accepted until June 30, 2020 at 5 p.m. CT.

Participation Requirement
Lead lender required.

Loan Terms
- **Chattel: Up to a 10-year amortization with a 5-year balloon. The first 12 months may be interest only and will convert to permanent to be amortized over the remaining term.**
- **Real Estate: Up to a 25-year amortization with a 5-year balloon. The first 12 months may be interest only and will convert to permanent to be amortized over the remaining term.**

Eligibility
The borrower must be a North Dakota resident whose principal occupation is farming or ranching or a North Dakota family farm entity. Evidence of operating shortfall for 2019 must be provided. Borrower must show the ability to repay and have an operating line approved for 2020.

Use of proceeds
This program will provide borrowers with the ability to carry over operating shortfalls, term debt payments, and to restructure existing debt, including BND's Farm Financial Stability Program.

Loan amount/limit
BND will participate up to 75 percent of the total loan amount, not to exceed $1.0 million on chattels and $2.0 million on real estate.

Interest rate and fees
- **BND Interest Rate: BND to net 3.50% fixed for up to five years.**
- **Lead Lender service fee: The lead lender will have the option to add up to a 0.25% service fee on BND's participation.**
- **Lead Lender Rate: The interest rate charged on the lead lender share of the loan may not exceed BND's Base Rate (Wall Street Journal Prime Rate) plus 2.0%.**
- **BND fees: BND will receive a $250 origination fee.**

Collateral
Maximum loan to value ratio (LTV): 75% on chattels and 80% on unimproved real estate. Collateral to be shared pro-rata. For collateral purposes, any FSA loan secured by chattels or real estate may require FSA subordination.

How to apply
BND offers this loan by partnering with local lenders. This program may be used in conjunction with other eligible BND programs. To apply, contact your local lender.

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

The Commission thanked Bank management for their work in developing this program.

Mr. Hardmeyer and Mr. Steinwand presented the draft Career Education and Alternative Learning (CEAL) Student Loan Program for consideration. It was noted that this roll out is happening at the same time that the Bank is preparing for a student loan conversion which will happen in May – going off the old system to the new system that will allow the Bank to be more nimble and mobile friendly for the borrower.

This is a variation of the DEAL program for students who are participating in certificate programs. This will meet workforce needs that higher education is not currently meeting. An example was given of a coding school in Fargo that will take advantage of this program. A Memorandum of Understanding has already been worked out with the company.

This would be the framework that the Bank would use for all the "any other certificate programs" going forward. Participants do not have to be a North Dakota resident, but they do need to attend a North Dakota school. The program must be approved and licensed in North Dakota. In response to a question regarding how many institutions will be eligible there is currently only one. Each school will be examined individually, and each program will be underwritten. Moving forward, reports will be required to track success rates. This program will require students to pay for a 2% administrative fee. Currently, under the DEAL program a North Dakota resident does not have to pay the administrative fee. However, because this is a new program the Bank will be requiring that the 2% administrative fee be paid so the Bank can use those dollars to cover any losses.

It was noted that this could be a great thing to help meet the workforce needs in North Dakota, but it was stressed that the Bank needs to do its due diligence of the programs and schools.

It was suggested that the Bank reach out to TrainND to see if this program would work for their students.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the Bank of North Dakota Advisory Board recommendation and authorizes the Bank of North Dakota to offer the Career Education and Alternative Learning Student Loan Program (CEAL) effective immediately as follows:

<u>Purpose</u>
To provide Bank of North Dakota (BND) with a tool to support funding of postsecondary education trainings and certification programs that don't qualify under the DEAL Student Loan Program. This program is intended to support institutions and programs that provide education that fills an identified workforce need in North Dakota.

<u>Borrower Eligibility</u>
The borrower and/or cosigner must meet all credit criteria and be attending an eligible institution in North Dakota.

<u>Institution Eligibility</u>
The institution must be an approved licensed institution operating in North Dakota. Approval will come from BND's Investment Committee and be based on interviews, career/job needs in the state, feasibility analysis, business financial plan, graduation rates, placement rates, cost of education and/or reputational information of institution. In addition, these institutions will be reviewed annually to review the eligibility requirements and loan performance.

Eligible Uses
Cost of attendance, fees, supplies, room and board, transportation and other educational expenses authorized by the institution and agreed upon with BND.

Loan Limits
Minimum loan amount of $500
Maximum loan amount of $25,000

Administrative Fees
All loans will be assessed a 2.00% administrative fee.

- **Fee is assessed based on the full disbursed amount**
- **Fee is paid to Student Loans of North Dakota (SLND)**

Interest Rates

- **Setting of Rates**
  - **Interest rates are set quarterly.**
  - **Interest rates will be determined on the 15th day of the month preceding the start of a new quarter. If the 15th falls on a weekend or holiday, the interest rate will be set on the preceding business day.**
- **Interest Rate Calculation**
  - **Fixed Rate = FHLB 10-Year Advance Rate + 2% for North Dakota residents**
  - **Variable Rate = 3-month Libor +1.5% for North Dakota residents**
- **Interest Rate Caps**
  - **Variable rate loans have a maximum variable interest rate of 10%.**

Term
The loan will be repaid in full no later than 120 months from the first payment due date. Repayment terms may be extended by periods of deferment and forbearance.

Repayment
Loans will enter repayment six months after the course has been completed. The minimum monthly payment is typically $50. Deferment and forbearance options may be available to borrowers needing temporary assistance.

Disbursement of Loan
The loan will be disbursed in up to 4 disbursements to satisfy the needs of the institution. Funds will be disbursed directly to the institution.

Cosigner Release
To release a cosigner from a loan, each of the following requirements must be met:

- **The borrower must be found creditworthy based on the credit criteria in effect at the time the request is made.**
- **The appropriate number of consecutive, regular on-time payments must have been made to BND. For CEAL Loans, 24 regular on-time payments are required.**
- **A regular on-time payment is a payment received within 15 days of the due date while in repayment status. This does not include payments made during forbearance or deferment periods.**
- **The payment counter restarts if there is a period of reduced payments, deferment, forbearance or a payment is received more than 15 days past the due date.**
- **The borrower must submit the CEAL Request for Release of Cosigner form.**

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

Mr. Kirby Evanger, BND, presented the proposed amendments to the General Loan Policy. The Commission was provided the red-lined version which showed each of the changes. He reviewed each of the proposed changes.

There was discussion regarding the terminology "internal evaluation." The intent was to distinguish that it is different from appraisals. The consensus of the Commission was that this could be restrictive and "internal" should be removed.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the Bank of North Dakota Advisory Board recommendation and approves the amendments to the Bank of North Dakota General Loan Policy as follows:

LETTERS OF CREDIT

A request to the Bank to issue or to Participate in a letter of credit must be handled in the same manner as a request to make or to participate in a loan.

A letter of credit, direct, participation or confirming, issued by the Bank or in which the Bank is a participant must contain a specified expiration date or be for a definite term and the party for whose account a letter of credit is issued must have an unqualified reimbursement obligation for payments made under the letter of credit. The term not to exceed one year from the date of the Letter of Credit.

The form of any Letter of Credit which the Bank issues or in which the Bank has a participation interest must be reviewed by legal counsel.

A direct Letter of Credit which has already had a resolution executed by the Industrial Commission will only need to be approved by the Bank's Advisory Board level for total exposure over $15MM. All other levels of approval based on exposure level remain unchanged.

CONCENTRATIONS OF CREDIT

Concentrations of credit are reported on a quarterly basis to the Investment Committee, the Advisory Board and the Industrial Commission. The reporting includes concentrations of loan exposure levels that exceed regulatory defined categories relative to the Bank's Tier 1 capital, based on the most recent month end. In addition, other concentrations of interest and related target levels established by Bank management are reported where additional monitoring is deemed necessary, for example, concentrations to specific industries, locations, borrowers and guarantors.

LOAN APPROVAL AUTHORITY

The Industrial Commission has the responsibility and the authority for the general supervision of all affairs of the Bank. This responsibility and authority include the establishment and supervision of the lending policies of the Bank.

The authority and responsibility for the day-to-day management and administration of the lending practices of the Bank, in conformity with the loan policies approved and adopted by the Industrial Commission, rests with the President. The Chief Credit Officer shall supervise the administration of the Bank's lending activities.

For the purpose of determining loan approval authority, all loans which have a common source of primary repayment, along with any loan which the guarantor(s) have with the Bank, shall be taken into account. The amount guaranteed by the United States, its agencies or instrumentalities shall be exempt. Loan amounts secured by a certificate of deposit issued and held by the Bank or the originating lender shall be exempt. State Land Loans, New Venture Capital Loans, and administered loans shall be exempt. Personal residential loans or student loans without government guarantees shall be included in total loan exposure to a borrower. Loan approval authorities for watchlist credits are at 50% of non-watchlist authorities with the exception of the Special Assets Manager (see Loan Approval Table below). When split risk ratings exist for aggregated credits, the risk rating of the borrower must be used in determining if the aggregate exposure falls into the non-watchlist or watchlist column of the Loan Approval Table. It is not appropriate to use a weighted average risk rating for multiple aggregated credits in determining whether it is a non-watchlist or watchlist credit for approval level purposes.

The President, with the advice of the Financial Institutions Market Manager and Chief Credit Officer, shall establish lending authority for individual business bankers, residential, and student loan staff consistent with their experience, expertise and demonstrated lending judgment and will be reviewed annually. Commercial and agriculture authorities shall be distinguished between non-watchlist and watchlist classifications. Non-watchlist includes credits that are risk rated 1-4. Watchlist includes credits that are risk rated 5-8. The Bank's lending authorities are as follows:

Loan Approval Table

	NON-WATCH LIST CREDITS Authorities for all credit actions except: extensions	WATCH LIST CREDITS authorities for all credit actions except: extensions, charge offs and moves to and from non-accrual
Individual Loan Approval		
Business Bankers	Up to $500,000	Up to $250,000
Direct Farm RE Loan Specialist	Up to $500,000	Up to $250,000
E.D. & Govt Program Manager	Up to $500,000	Up to $250,000
Special Assets Manager	Up to $1,000,000	Up to $750,000
Sole Serial Sign-Off (requires any of the following to approve):		
President	Up to $1,500,000	Up to $750,000
Chief Credit Officer	Up to $1,500,000	Up to $750,000
Chief Business Development Officer	Up to $1,500,000	Up to $750,000
Financial Institutions Market Manager	Up to $1,500,000	Up to $750,000
Dual Serial Sign-Off (requires any of the following to approve):		
President	$1,500,001 up to $5,000,000	$750,001 up to $2,500,000
Chief Credit Officer	$1,500,001 up to $5,000,000	$750,001 up to $2,500,000
Chief Business Development Officer	$1,500,001 up to $5,000,000	$750,001 up to $2,500,000
Financial Institutions Market Manager	$1,500,001 up to $5,000,000	$750,001 up to $2,500,000
Investment Committee		
	$5,000,001 up to $15,000,000	$2,500,001 up to $7,500,000
Advisory Board		
	Loans in excess of $15,000,000	Loans in excess of $7,500,000
Industrial Commission		
	Loans in excess of $15,000,000	Loans in excess of $7,500,000

INVESTMENT COMMITTEE

Watchlist loans between $2,500,001 and up to $7,500,000 and non-watchlist loans between $5,000,001 and up to $15,000,000 require approval from the Investment Committee. The Investment Committee of the Bank shall consist of seven members appointed by the President with no more than three members from Business Development or Credit Administration. It is the responsibility of an absent voter to find a substitute to vote in their place. A minimum of six voting members or delegates must be present for a quorum with a simple majority ruling.

For a credit relationship which exceeds $15,000,000, the Investment Committee may renew the loan without further action by the Industrial Commission or Advisory Board provided: 1) the loan has a risk rating code of 4 or better; 2) the quality of the loan has not deteriorated; and 3) the Advisory Board and Industrial Commission have previously approved the loan.

~~The Investment Committee will also have full authority to set pricing, rates, and fees on all Bank of North Dakota loan programs unless otherwise stated in century code.~~ Unless otherwise stated in Century code, Investment Committee will have full authority to set pricing, rates, and fees for all loans including loan programs.

DISCRETIONARY LENDING AUTHORITY FOR SOLE AUTHORITY AND INVESTMENT COMMITTEE

For a non-watchlist relationship which has the approval of the Investment Committee, Advisory Board, or Industrial Commission, it will be within Sole Authority to approve an increase in the Bank's exposure up to the Sole lending authority maximum without further action by the Investment Committee, Advisory Board, or Industrial Commission.

For a credit relationship which has prior approval only at the Investment Committee level, this discretionary authority is subject to a cap of $15,000,000 for overall exposure. This discretionary authority is not subject to a cap for overall exposure if it has the prior approval of Advisory Board or Industrial Commission. This discretionary lending authority is valid for one year after approval at the highest level. An approved annual review also qualifies for another year of discretionary lending authority as outlined above. Dual authority does not have any discretionary authority.

For a non-watchlist credit relationship which has the prior approval of the Advisory Board or Industrial Commission, it will be within the authority of the Investment Committee to approve an increase in the Bank's exposure not to exceed $5,000,000 without further action by either the Advisory Board or Industrial Commission. The Investment Committee minutes will specifically note action taken under this rule.

For a credit relationship which has not previously required the approval of the Advisory Board or the Industrial Commission, it will be within the authority of the Investment Committee to approve an increase or renewal in the Bank's exposure not to exceed $1,000,000 without further action by either the Advisory Board or Industrial Commission despite the fact that the additional exposure may exceed the $15,000,000 loan approval level granted to Investment Committee. The Investment Committee minutes will specifically note action taken under this rule.

15% RULE- DISCRETIONARY LENDING AUTHORITY FOR BUSINESS BANKERS

The 15% rule is intended to give authority to bankers to grant interim loan requests or increased participation share to credits exceeding individual approval authorities. The Rule allows bankers the authority to grant multiple interim loans totaling up to a business banker's individual authority or 15% (whichever is less) of the combined aggregate credit exposure as shown on the most recently approved annual review/new request to any borrower, guarantor, or related entity, without prior approval subject to all of the following conditions:

- Current risk rating is 1, 2, 3, or 4.
- All 15% Rule loans in aggregate granted since the most recently approved annual review/new requests are limited to: a business banker's individual authority or 15% (whichever is less) of combined aggregate exposure as shown on the most recent Annual Review/new request.
- If exercising a 15% Rule results in moving to an Investment Committee approval level, at the time of the next credit request, approval at the Investment Committee will be required. If an attempt to exercise a 15% Rule results in moving to an Advisory Board or Industrial Commission approval level, then the 15% Rule cannot be used. Approval by Advisory Board and Industrial Commission will be necessary.
- Only one 15% Rule application may be applied per aggregated relationship per annual review or new request (multiple interim loans totaling up to one 15% Rule is acceptable).
- The 15% rule resets after a loan decision of the highest authority; however, the most recent Annual Review/new request must be dated within the past 12 months and business banker must conclude that there has been no material change to the borrower's financial condition since last financial review. If negative change or deterioration to the credit has occurred, the 15% rule is not available.
- The new loan proposed complies with loan policy.
- The 15% Rule does not apply to a new borrower to the bank, regardless of existing debt to related entities. The 15% Rule cannot be used to advance to a borrower who does not have existing debt with the Bank.
- The combined aggregate credit exposure, including the new proposed debt, DOES NOT exceed legal lending limits or concentration limits.

Upon granting a loan under the 15% Rule, the banker must indicate in the file comment that the loan was granted under the 15% Rule; no additional reporting or approval is required.

SUNSET CLAUSE FOR LOAN COMMITMENTS

An initial commitment by the Bank to make a direct loan or to participate in a loan may not exceed 180 days. If the Bank is not a participant in the construction or bridge financing provided to a borrower but has committed to provide permanent financing to that borrower, the Bank may make up to an 18-month commitment to accommodate the construction or installation phase. Loans under the Economic Development and Government Program area will be allowed up to 12 months before the initial commitment will expire. Upon expiration as outlined herein, the banker must obtain re-approval from the same authority level that made the original approval. Unless tied to an index, fixed rate commitments expire 90~~30~~ days from the commitment date.

LOAN MATURITY EXTENSIONS

Regardless of exposure level, extensions of loan payments and/or maturity totaling no more than 120 days for non-watchlist loans, and 30 days for watchlist credits, may be granted by the business banker without further approval provided no adverse change has occurred in the borrower's financial condition. Any subsequent extensions must be approved by Sole Approval and shall have the authority to approve an extension of loan payments and/or maturity dates for an additional 120 days regardless of exposure level for non-watchlist credit and an additional 90 days for watchlist credits. The cumulative total of extensions exceeding 240 days must be considered a renewal and require a full financial review and credit analysis of the borrower.

For watchlist credits all extensions of loan payments and/or maturity beyond 120 cumulative days must be approved by Dual authority regardless of exposure level. The cumulative total of extensions exceeding 240 days must be considered a renewal and require a full financial review and credit analysis of the borrower.

- identified as inadequate.
- Loans which have seriously deviated from the original repayment plan.
- Loans where the borrowers have suffered material deterioration in their financial positions or earnings.

The business banker responsible for a loan on the Problem Loan Report must prepare and periodically update a workout strategy or plan of action for that loan. A loan within the lending authority of the banker can be recommended for removal from the Problem Loan Report by the responsible business banker and approval of the Financial Institutions Market Manager or the Chief Credit Officer. Any loan which exceeds Sole lending authority for watchlist credits may be removed from the Problem Loan Report by action of the Investment Committee.
A plan of action which involves restructuring a loan may include one or more of the following alternatives:

- The deferral of principal and/or interest payments.
- The re-amortization of principal and/or interest payments at a reduced interest rate.
- The forgiveness of a portion of principal and/or interest. ("Debt Settlement" is not encouraged by the Bank and should be considered only in limited circumstances, such as an anticipated loan liquidation.)

A plan of action which includes the restructuring of a loan may be approved based upon the same lending authority levels outlined in this policy. In special circumstances, the Chief Credit Officer may approve a restructuring plan of action which exceeds that Sole and Dual lending authority. The approval must be reported at the next meeting of the Investment Committee.

The Special Assets Manager along with either the Financial Institutions Market Manager or Chief Credit Officer may accept debt settlement offers on loans as long as the final loss to the Bank does not exceed $100,000. The approval must be reported at the next meeting of the Investment Committee.

The Bank's Investment Committee will have the ability to modify, amend, adjust, waive, release, exchange and agree to settlement offers on all problem loans regardless of exposure level. These actions would relate to all loan conditions, documents, guarantees and collateral.

PROBLEM LOAN COMMITTEE

Watchlist loans aggregating $500,000 or more ~~or any student loan that becomes uninsured or is being considered~~ or considered for non-accrual or charge-off, will be reviewed on a quarterly basis by the responsible business banker~~/student loan representative~~ with the Problem Loan Committee. A review of problem student loans will be completed at Problem Loan Committee semi-annually. The Problem Loan Committee shall consist of Bank staff selected by the Chief Credit Officer who shall serve as the chairman. The Problem Loan Committee will review and assess the adequacy of the plan of action for each of these loans and will make recommendations as necessary. The Committee will act on recommendations to discontinue collection efforts on loans which have been charged-off. The Problem Loan Committee will review and approve the level of allowance for credit losses for each impaired loan based on the loan's calculated specific reserve. Any allowance adjustment made between Problem Loan Committee meetings which exceeds $500,000 needs to be approved by the Investment Committee.

BEGINNING FARMER LOAN PROGRAMS

The Bank may make direct loans to beginning farmers for the purchase of farm real estate and may participate in loans to beginning farmers for the purchase of equipment and livestock.

A beginning farmer is any person who meets all of the following:

- The ~~person~~ borrower and co-borrower are ~~is~~ a resident of North Dakota whose principal occupation is or will be the production of an agricultural commodity on a family farm if granted a loan under this program.
- The ~~person~~ borrower and co-borrower intend~~s~~ to use the real estate, equipment or livestock to be purchased for agricultural purposes.
- The ~~person~~ borrower and co-borrower have a combined ~~has a~~ net worth, ~~including that of any dependents and spouse~~, of less than $1,500,000.
- Real Estate Only – The ~~person~~ borrower and co-borrower may not have previously owned any substantial farmland greater than 30 percent of the average farm size in the county where the parcel is located.

Chattel Only – The ~~person~~ borrower may not have previously farmed for more than 15 years. This eligibility requirement will be determined by totaling the number of years the applicant has received federal farm program payments.

Beginning Farmer Real Estate Program – A loan may not exceed 75 percent of the current ~~appraised~~ value of the farm real estate on which the Bank receives a first mortgage as security for the repayment of the loan and may not in any event exceed $750,000. The person is restricted to a lifetime cap of $750,000 under this program. Bank of North Dakota's valuation department will be performing evaluations in lieu of appraisals, which is allowed per federal regulations when the loan transaction amount for producing ag real estate is $1,000,000 or less.

The term of a loan may not exceed 30 years. Payments may be based on amortization period not to exceed 30 years.

A loan made from the fund must have either a fixed rate at one percent below the Bank's then current base rate for 10 years or the interest rate fixed at one percent below the Bank's then current base rate for the first five years with a maximum rate of six percent per year and variable at one percent below the Bank's current base rate for the second five years. During the second five years, the variable rate must be adjusted annually on the anniversary date. The rate during the remaining term of the loan floats at the Bank's base rate as in effect at that time.

During the first ten years of a loan made under this program, the loan may be refinanced under the BND Established Farmer or State Land Department Loan programs with no cost to the borrower. The borrower must meet all other requirements of the program selected.

All fees and actual costs incurred by the Bank in connection with a loan application and loan closing must be paid by the borrower.

Beginning Farmer Chattel Program – A participation loan for the purchase of equipment or livestock may not exceed 80 percent of the agricultural collateral value on which the Bank receives a first security interest as collateral for the repayment of the loan. The Bank is required to participate in at least 50 percent of the total loan, and not more than 80 percent, with the balance to be retained by the lead lender.

The total loan amount may not in any event exceed $750,000. The person is restricted to a lifetime cap of $750,000 under this program for the purchase of equipment or livestock.

The term of a chattel participation loan made from this fund may not exceed seven years.

The interest rate on the Bank's share of the chattel loan will be fixed at 1.00% below the Bank's then current Base Rate for the first five years with a maximum interest rate of 6.00% per year and variable at 1.00% below the Bank's then current Base Rate for the next two years adjusted annually.

The lead lender's share of the chattel loan will be set according to prevailing market rates but may in no event exceed 2.00% over the Bank's Base Rate on variable rate loans and 3.50% over the corresponding Federal Home Loan Bank Advance Rate on fixed rate loans. Interest buydown funds, to the extent they are available, will be used to reduce the lead lender's rate by up to 4.00% subject to a minimum rate of 1.00% to the borrower.

In the event of default by the borrower as described in the Bank's Interest buydown Agreement, the interest buydown may be suspended and the borrower will be responsible for the full interest expense until such time as the default is cured to the satisfaction of the Bank.

FAMILY FARM LOAN PROGRAM

The Bank may participate in farm loans in compliance with N.D.C.C. § 6-09.11. The minimum eligibility requirements are:

- Must be 18 years of age,
- Must be a farmer,
- Has experience and training necessary to operate a family farm, and
- Net worth does not exceed $1,500,000

The types of farm loans which the Bank will purchase participation interests in under this program can generally be grouped into six categories:

- The purchase, or refinancing, of agricultural real estate.
- The purchase of a home-quarter under N.D.C.C. § 6-9.10.
- Making permanent improvements to agricultural real estate.
- The purchase, or refinancing, of farm equipment.
- The purchase, or refinancing, of livestock.
- Restructuring operating debt carry-over.

A loan made for any purpose under 1, 2 or 3 above must be secured by a first lien on the real property which is the subject of the loan and the total loan amount may not exceed 75 percent of the current ~~appraised~~ value of the real estate. The Bank must be provided with an acceptable appraisal or evaluation on loans $1,000,000 or less. Loans over $1,000,000 must be conducted by an independent, qualified appraiser. The term of a loan for the purchase or the refinancing of real estate, or for the purpose of making permanent improvements to real property, may not exceed 30 years. Payments may be based on an amortization period not to exceed 30 years.

A loan for the purchase or refinancing of farm equipment must be secured by a first lien on the equipment and may not exceed 75 percent of the appraised value of the equipment. The term of a loan for the purchase or refinancing of farm equipment may not exceed seven years.

A loan for the purchase or refinancing of livestock must be secured by a first lien on all similar livestock owned or acquired by the borrower while the loan is outstanding and may not exceed 75 percent of the appraised value of the livestock. The term of a loan for the purchase or refinancing of livestock may not exceed seven years.

A loan for the refinancing of farm equipment or livestock loan or the purchase of the home quarter which is part of the debt settlement transaction may not exceed 85 percent of the appraised value of the security being offered.

A loan for the restructuring of operating debt carry-over may not exceed 85 percent of the appraised value of the security being offered and all available security must be pledged to the loan. The term of a loan for the restructuring of operating debt carry-over may not exceed five years.

Any loan from any of the six categories which is supported by a Farm Service Agency guarantee may not exceed the value of the guarantee or the applicable limit of the appropriate category, whichever is greater. The term of the loan may not exceed the term of the guarantee.

The Bank must be provided with an acceptable appraisal.

Additional security may be taken, as appropriate, in all other cases.

The Bank and the originating financial institution shall determine whether a borrower must obtain insurance on property pledged as security for a loan.

The interest rate charged by the lead financial institution on its share of a loan may not exceed the Bank's Base Rate plus 2.00% on variable rate loans and 3.50% over the corresponding Federal Home Loan Bank Advance Rate on fixed rate loans.

The interest rate charged by the lead financial institution on the Bank's participation interest in a loan shall be 1.00% less than the Bank's base Rate as in effect from time to time and will float. A loan may be a fixed rate at the Bank's then current base rate for up to ten years. The rate during the remaining term of the loan floats at the Bank's base rate as in effect at that time. For loans under this section, the interest rate will not exceed 11.00% at any time during the course of the loan.

The Bank's participation interest is limited to the lesser of $750,000 or 90 percent of the loan amount.

Total cumulative portfolio for this program shall not exceed 45 percent of the Bank's unimpaired capital and surplus.

FARM REAL ESTATE LOANS
The Bank may make direct loans to farmers for agricultural purposes. The borrower must be a North Dakota resident.

A farm real estate loan must be secured by a first mortgage on farm real estate in North Dakota and may not exceed 75 percent of the current ~~appraised~~ value of the farm real estate subject to the mortgage or $3,000,000, whichever is less. Bank of North Dakota's valuation department will be performing evaluations in lieu of appraisals for real estate loan transactions $1,000,000 or less, which is approved by federal regulations. All transactions over $1,000,000 will require an acceptable appraisal from a certified appraiser.

The term of a farm real estate loan may not exceed 25 years.

The interest rate may be fixed or variable. The maximum rate charged during the term of the loan may not exceed 6.00% more than the initial interest rate.

The Bank may require the borrower to pay an origination fee of up to 1.00% of the total loan amount. All fees and actual costs incurred by the Bank in connection with a loan application and loan closing may be paid by the borrower.

Loans made under this program may be sold to the Board of University & School Lands under the Farm Loan Pool Rules and Regulations Agreement.

FARM REAL ESTATE LOAN GUARANTEE PROGRAM

In compliance with N.D.C.C. § 6-09.7-09, the Bank may guarantee loans for the purchase of agricultural real estate or the restructuring of agricultural real estate loans to North Dakota residents by banks, credit unions, lending associations that are part of the farm credit system, and savings and loan associations in the State of North Dakota.

A loan guarantee means an agreement that in the event of default under the promissory note, the Bank shall pay the lender the amount agreed upon up to 80 percent of the amount of principal due the lender on a loan at the time the claim is approved by the bank. The loan guarantee may not exceed five years. The maximum loan to ~~certified appraised~~ value of the agricultural real estate may not exceed 80 percent. The farm real estate loan must be secured by a first mortgage on real estate located in North Dakota. The total of agricultural real estate loans to be guaranteed may not exceed $400,000 to an individual borrower.

The bank will charge a guarantee fee equal to 0.50% per year or a one-time fee of 1.50% of the loan guarantee amount. The annual guarantee fee may be included in the interest rate charged by the lender. The lender may charge an interest rate not to exceed the Bank's Base Rate plus 2.00% on variable rate loans and 3.50% over the corresponding Federal

Home Loan Bank Advance Rate on fixed rate loans.

This program can be used in conjunction with other Bank loan programs. The Bank may have no more than $8,000,000 in outstanding loan guarantees under the farm real estate loan guarantee program.

BEGINNING ENTREPRENEUR LOAN GUARANTEE PROGRAM
The Bank may guarantee loans made to beginning entrepreneurs in compliance with N.D.C.C. § 6-09-15. The intent of this program is to assist an individual in the start-up or purchase of a revenue-producing enterprise. Also includes child care providers that consist of a child care home, group, or center licensed by the Department of Human Services.

A beginning entrepreneur is a resident of North Dakota who:

- Has graduated from high school or has received a general equivalency certificate.
- Has had some training, by education or experience, in the type of revenue-producing enterprise which that person wishes to begin.
- Has, including the net worth of that person's dependents and spouse, if any, a net worth of less than an amount which is $500,000.

A loan guarantee means an agreement that in the event of default by a beginning entrepreneur under a promissory note, the Bank shall pay the lender the amount agreed upon in the Bank's Commitment Letter of the amount of principal due the lender on a loan at the time the claim is approved. The final claim may include up to 90 days of interest and all reasonable collection expenses based on the Bank's guarantee percentage.

The loan guarantee may not exceed five years. The maximum total loans to a single borrower may not exceed $5~~2~~00,000. T~~t~~he Bank may approve a guarantee on a loan up to $5,000 to a beginning entrepreneur for business start-up expense. The Bank may approve a guarantee on a loan up to $25,000 without requiring collateral.

The Bank will provide loan guarantees based on the loan amount as follows:

Maximum Loan Amount	Maximum Guarantee %
Up to $150,000	85%
From $150,001 to $300,000	75%
From $300,001 to $500,000	50%

At the discretion of the lead bank with Bank of North Dakota's consent, a beginning entrepreneur may receive a one-year period of interest only payments at the beginning term of the loan.

A lender is any lending institution that is regulated or funded under the laws of this state or the United States and which has provided financing to a beginning entrepreneur for the establishment of a qualified revenue-producing enterprise.

A revenue-producing enterprise means any real property, building, improvements, equipment or personal property used in connection with the enterprise.

This program can be used for refinance or consolidation of debt as long as the amount of the refinance or consolidation does not exceed 20 percent of the total loan to be guaranteed. This program can be used in conjunction with other Bank loan programs. Total outstanding guarantee under this program at the time of issuance may not exceed 5.00% of the Bank's tier one capital as defined by the Department of Financial Institutions.

PACE (PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION)

PROGRAM DESCRIPTION

The PACE (Partnership in Assisting Community Expansion) program has been established under N.D.C.C. § 6-09.14, to assist North Dakota communities in expanding their economic base by providing for local jobs development. The program is available to all cities and counties throughout North Dakota for business projects involved in manufacturing, processing, value-added processes and targeted service industries.

LOAN PARTICIPATION

PACE Fund – The PACE Fund is established to buydown the interest rate on loans of qualified businesses.

Qualified Institutions –Any financial institution currently qualified to participate in a loan with the Bank is qualified to participate in this program.

Participation Percentage – The Bank may take not less than 50 percent nor more than 80 percent of the total loan amount as its participation percentage.

Qualified Businesses – "Primary sector business" as defined by NDCC 1-01-49 means an individual, corporation, limited liability company, partnership, or association certified by the department of commerce division of economic development and finance which through the employment of knowledge or labor adds value to a product, process, or service which results in the creation of new wealth.

For purposes of this program, "new wealth" means revenues generated by a business in this state through the sale of products or services to:

a. Customers outside of this state; or
b. Customers in this state if the products or services were previously unavailable or difficult to obtain from a business in this state.

A holding company may qualify provided the benefit of the PACE buydown flows through to the lessee. The lessee will be responsible for satisfying the job creation requirements of the program. A minimum of 40 percent of the facility space is used by a PACE qualified business, the entire requested loan amount for the facility will be deemed as a PACE qualified project, subject to all other requirements of the program.

Loan funds may be used for the purchase of real property and equipment, and for the expansion of existing facilities and working capital requirements, including inventory. The underlying qualification for this program is new job creation or new investment within the community.

This program cannot be used to refinance any existing debt. In addition, the program will not finance a relocation of an existing North Dakota business within North Dakota.

Jobs Qualification – For recipients of PACE loans committed to after January 1, 2006, the Bank will comply with the parameters established in accountability legislation described in N.D.C.C. § 54-60.1. Companies receiving PACE Loans after (Date of Implementation) will be required to meet the job creation requirements in the first three years.

As of (Date of Implementation), The Bank of North Dakota establishes the following buy down schedule for communities based on business investment **or** jobs when accessing the PACE Program. The first three years of job creation will be considered in the allocation. The ranges and corresponding BND participation amounts are listed below.

	Minimum Investment	**Jobs Created**	**BND Buy Down**
Tier One	$750,000 to $1,200,000	2 to 5	$100,000
Tier Two	$1,200,001 to $2,200,000	6 to 10	$200,000
Tier Three	$2,200,001 to $3,500,000	11 to 15	$300,000
Tier Four	$3,500,001 to $4,500,000	16 to 20	$400,000
Tier Five	$4,500,001 +	20 +	$500,000

Maximum Buy Down = $500,000 per project

Maximum buy down through any combination of PACE, Flex PACE, and Flex PACE for Affordable Housing is $500,000 per biennium per borrower. In this section of policy, borrower means an individual, corporation, limited liability company, partnership, association or any combination of these if there is common ownership.

The Bank of North Dakota Investment Committee has the authority to allocate amounts they determine are more applicable for a particular application, upon their own recommendation or that of the President of the Bank of North Dakota. These ranges will be reviewed annually by the BND Investment and Executive Committee.

Lending Criteria – The Bank will use its normal credit standards in reviewing any loan request. These standards are determined by loan size and the type of project.

Interest Rate – This program requires that the lenders recognize two different interest rates:

Yield Rate – Yield Rate is the interest rate that will be charged by the banks for the loan. This rate will approximate current market rates for similar types of loans.

Borrowing Rate – Borrowing Rate is the interest rate that will be charged to the borrower. The lenders agree to loan the funds to the borrower at an interest rate below that of the yield rate.

Interest Differential – The difference between the yield rate and the borrowing rate is the Interest Differential. This difference will be paid to the lenders under an agreement among the lenders, the borrower, the community, and the Bank on behalf of the PACE Fund.

INTEREST RATE REDUCTION PROGRAM

Interest Rate Reduction Funding – The Bank on behalf of the PACE Fund, will use the available funds in the PACE Fund to reduce the interest rate on loans made and participated under this program.

Interest Rate Reduction – The PACE Fund will be used in conjunction with community funds to reduce the interest rate on loans to businesses. The amount of interest rate reduction is not limited under this program. However, the PACE Fund's portion is limited by this policy.

Community Percentage Factor – Communities within the state are given a percentage factor to determine the PACE Fund's maximum participation in the interest rate reduction funding. This factor is based on four economic factors (i.e., taxable sales and purchases, employment, taxable valuation, and population). The top 200 populated communities will be divided into five groups of 40 each based on the four economic conditions. Based on the scoring from the four economic factors, each group will be assigned a percentage factor ranging from 85 percent to 65 percent. Communities that have not been assigned a Community Percentage Factor will be evaluated on a case-by-case basis to determine their participation percentage.

The Community Percentage Factor will be updated on an annual basis.

PACE Fund's Percentage Funding – The PACE Fund will participate in the interest rate reduction funding at the lesser of the Community Percentage Factor or $500,000 for each loan made under this program for each PACE funding period. In addition, the PACE will limit the borrowing rate to 5.00% below the yield rate, but in no event may the interest rate be more than five hundred basis points below the national prime interest rate. (If the prime rate is published as a range, the highest interest rate in that range will be used for purposes of this program.) In no case will the PACE Fund buydown an interest rate below 1.00%.

Community's Percentage Funding – The local community will contribute its participation percentage of the interest rate reduction funding based on the Community Percentage Factor. The funds for the community's portion may come from a local development corporation, contributions, community funds, future dedicated tax programs or other community sources. The community’s contribution of direct cash, loans, equity, investments, land, property or infrastructure may count towards the community’s funding of its portion of the buydown. The community's portion cannot come from a loan, grant or gift from the borrower or any party, other than the community, which would receive a direct or indirect financial benefit because of a direct or indirect financial relationship with the borrower. In addition, the local percentage cannot contain a contribution from the local lender greater than the local lender would normally contribute to the community's economic development efforts.

All parties to this program will be required to execute a funding agreement that stipulates compliance with the program and the sources of funding.

Community's Funding Agreement – Among the parties to the loan, there will be an agreement that the community's portion of the interest rate reduction will come from the community as a grant or a loan. If the community provides its share of the PACE interest rate buydown as a loan, interest may accrue; however, repayment of principal or interest on the loan from the community shall not commence until the PACE interest buydown has been fully expended. All parties will stipulate that this funding was in compliance with terms and conditions of this program.

Program Application – The community shall assess the value of the proposed project and determine the amount of the interest rate reduction. When the cost of the reduction has been established, the community shall apply to the Bank for a commitment to fund Community Percentage Factor on behalf of the PACE Fund. Upon approval of the loan, the interest rate reduction funding will automatically be approved.

Funding of Interest Rate Reduction -— A trustee, escrow agent or paying agent shall be appointed to act as agent for the reduction fund. The community and the Bank will make periodic payments to this agent sufficient to cover the difference between the lender's Yield Rate and the Borrowing Rate.

The community has the option to prefund the interest rate reduction in a lump sum payment to the Bank. The amount of this prefunding will be discounted at a rate determined by the Bank.

Failure of the Community to Fund – If the community fails to fund any portion of its periodic payment, the community must fund all unfunded portions before becoming eligible for the PACE program in the future. In addition, the community must prefund 100 percent of their portion of future loan requests.

Default by the Borrower – If the borrower is in default under the loan agreements, the interest rate on the note changes from the Borrowing Rate to the Yield Rate. This change becomes effective for all interest that has accrued and will continue to accrue at that level until the loan is brought current or no longer in default. The loan will be considered in default as specified in the loan agreement.

If the borrower fails to meet the minimum Jobs Qualifications, the interest rate on the loan shall reflect an adjusted rate commensurate with the reduced subsidy based on the actual jobs created.

FLEX PACE / FLEX PACE FOR AFFORDABLE HOUSING

Qualified Businesses – These options within the PACE Program will provide interest buydown to non-PACE qualifying businesses for which the Community determines eligibility and accountability standards. Job creation will not be a requirement of FLEX pace or Flex PACE for Affordable Housing, but jobs will be tracked for informational purposes.

Flex PACE allows communities the ability to provide assistance to businesses that do not meet the current primary sector job requirements of PACE.

Flex PACE / Flex PACE for Affordable Housing Funding – Each biennium, the Bank’s Investment Committee will designate a dollar amount of the available PACE funds for Flex PACE and Flex PACE for Affordable Housing. This designation is not an exclusive reservation of the funds and therefore will be available for other PACE eligible projects. In the case of Flex PACE for Affordable Housing, the program specifically targets the financing of affordable multi-family housing units and is available through June 30, 2019.

Flex PACE Parameters – Existing PACE Program parameters (e.g., interest rate buydown maximum, community match, the Bank’s participation amount, default) will apply to Flex PACE. The parameters also apply to Flex PACE for Affordable Housing

- The maximum buy down on a community business is $200,000 per project
- The maximum buy down on a child care facility is $300,000 per project
- The maximum buy down on a Flex Pace Affordable Housing Project is $500,000 per project

Maximum buy down through any combination of PACE, Flex PACE, and Flex PACE for Affordable Housing is $500,000 per biennium per borrower. In this section of policy, borrower means an individual, corporation, limited liability company, partnership, association or any combination of these if there is common ownership.

BIOFUELS PACE
Qualified Businesses –

Biodiesel Production Facilities: Biodiesel production facilities located in North Dakota involved in production of biodegradable, combustible liquid fuel that is derived from vegetable oil or animal fat or as described further in N.D.C.C. § 17-03-01. A biodiesel production facility that receives interest buydown from the Biofuels PACE fund is not eligible to receive interest buydown from the PACE fund for the same project during the same biennium.

Ethanol Production Facilities: Ethanol production facilities located in North Dakota involved in production of agriculturally derived denatured ethanol that is suitable for blending with a petroleum product for use in internal combustion engines. Blending facilities will not qualify. Eligible uses are for the purchase or construction of real property, expansion of facilities, and purchase or installation of equipment. The maximum amount from the fund for interest buydown may not exceed $500,000 to an ethanol production facility. An ethanol production facility that receives interest buydown from the Biofuels PACE fund is not eligible to receive interest buydown from the PACE fund for the same project during the same biennium.

Green Diesel Production Facilities: Green diesel production facilities located in North Dakota that produce fuel derived from non-fossil renewable resources or as described further in N.D.C.C. § 17-03-01. Eligible uses are for the purchase or construction of real property, expansion of facilities, and purchase or installation of equipment. The maximum amount from the fund for interest buydown may not exceed $500,000 to a green diesel production facility. A green diesel production facility that receives interest buydown from the Biofuels PACE fund is not eligible to receive interest buydown from the PACE fund for the same project during the same biennium.

Livestock Operations: Livestock operations located in North Dakota that feed, handle, milk, or hold livestock with these operations using as part of its operation a byproduct produced at a biodiesel or an ethanol production facility. Eligible uses are for the purchase or construction of real property, expansion of facilities, purchase or installation of equipment, including a bio digester system. The maximum amount from the fund for interest buydown may not exceed $250,000 to any single livestock operation. If a livestock operation has reached the $250,000 limit as a result of any activity other than the purchase or installation of a bio digester, that operation is entitled to receive from the fund up to $250,000 as an additional interest rate buydown on the operation's purchase or installation of a bio digester system.

Jobs Qualification – Job creation will not be required with Biofuels PACE.

Biofuels PACE Parameters – Existing PACE Program parameters (e.g., interest rate buydown maximum, the Bank's participation amounts, default) will apply to Biofuels PACE. Community matching of interest buydown funds is not required. Loan funds may not be used to refinance any existing debt or for the relocation within this state.

BEGINNING FARMER LOANS (REVOLVING LOAN FUND)
The Bank administers the beginning farmer real estate loan fund established by N.D.C.C. § 6-09-15.5.

The Bank may make direct loans to beginning farmers for the purchase of farm real estate and may participate in loans to beginning farmers for the purchase of equipment and livestock.

A beginning farmer is any person who meets all of the following:

1. The person is a resident of North Dakota whose principal occupation is or will be the production of an agricultural commodity on a family farm if granted a loan under this program.
2. The person intends to use the real estate, equipment or livestock to be purchased for agricultural

purposes.
3. The person has a net worth, including that of any dependents and spouse, of less than $1,500,000
4. Real Estate Only – The person may not have previously owned any substantial farmland greater than 30 percent of the average farm size in the county where the parcel is located.

Chattel Only – The person may not have previously farmed for more than 15 years. This eligibility requirement will be determined by totaling the number of years the applicant has received federal farm program payments.

Beginning Farmer Real Estate Program – A direct real estate loan may not exceed 75 percent of the current ~~appraised~~ value of the farm real estate on which the Bank receives a first mortgage as security for the repayment of the loan and may not in any event exceed $750,000. The person is restricted to a lifetime cap of $750,000 under this program for the purchase of real estate. Bank of North Dakota's valuation department will be performing evaluations in lieu of appraisals, which is allowed per federal regulations when the loan transaction amount for producing ag real estate is $ 1 million or less.

The term of a loan made from this fund may not exceed 30 years. Payments may be based on amortization period not to exceed 30 years.

~~The interest rate will be fixed at 1.00% below the Bank's then current Base Rate for the first five years of a real estate loan with a maximum interest rate of 6.00% per year and variable at 1.00% below the Bank's then current Base Rate for the next five years adjusted annually on the anniversary date. For the remaining period of a loan, interest must be charged at the Bank's Base Rate as in effect from time to time and may float.~~

The interest rate is fixed at 1.00% below the Bank's base rate for ten years; or the interest rate fixed at 1.00% below the Bank's base rate for the first five years with a maximum of 6% per year. For the second five years of the loan, interest is variable at 1.00% below the Bank's base rate at that time, adjusted annually on the anniversary date. For the remaining period of the loan, interest is variable and adjusted equal to the Bank's base rate.

During the first ten years of a real estate loan made under this program starting July 1, 1995, the loan may be refinanced under the BND Established Farmer or State Land Department Loan programs with no cost to the borrower. The borrower must meet all other requirements of the program selected.

All fees and actual costs incurred by the Bank must be paid by the fund.

A service fee of 0.50% of the outstanding principal balance of the real estate loans made from this fund may be deducted by the Bank on December 1 of each year from interest payments received.

Beginning Farmer Chattel Program –
A participation loan for the purchase of equipment or livestock may not exceed 80 percent of the agricultural collateral value on which the Bank receives a first security interest as collateral for the repayment of the loan. The Bank is required to participate in at least 50 percent of the total loan, and not more than 80 percent, with the balance to be retained by the lead lender.

The total loan amount may not in any event exceed $750,000. The person is restricted to a lifetime cap of $750,000 under this program for the purchase of equipment or livestock.

The term of a chattel participation loan made from this fund may not exceed seven years.

The interest rate on the Bank's share of the chattel loan will be fixed at 1.00% below the Bank's then current Base Rate for the first five years with a maximum interest rate of 6.00% per year and variable at 1.00% below the Bank's then current Base Rate for the next two years adjusted annually.

The lead lender's share of the chattel loan will be set according to prevailing market rates but may in no event exceed 2.00% over the Bank's Base Rate on variable rate loans and 3.50% over the corresponding Federal Home Loan Bank Advance Rate on fixed rate loans. Interest buydown funds, to the extent they are available, will be used to reduce the lead lender's rate by up to 4.00% subject to a minimum rate of 1.00% to the borrower.

In the event of default by the borrower as described in the Bank's Interest Buydown Agreement, the interest buydown may be suspended and the borrower will be responsible for the full interest expense until such time as the default is cured to the satisfaction of the Bank.

DAKOTA EDUCATION ALTERNATIVE LOAN (DEAL)

General Information – The Bank may make the Dakota Education Alternative Loan (DEAL, DEAL One and DEAL Consolidation) as approved by the Industrial Commission and the authority granted by N.D.C.C. § 15-62.1-02. This authority shall specifically include entering into any agreements with Student Loans of North Dakota (SLND) for the purpose of guaranteeing all loans made under the program.

Loan Purpose – To assist students and their families by supplementing the federal student aid programs to meet the costs of the students' education.

General Program Requirements –

1. The borrower cannot be in default on any educational program loans.
2. The borrower and, when applicable, the cosigner must be U.S. citizens.
3. The borrower must be attending a degree granting institution, be making satisfactory academic progress and be enrolled in an eligible Title IV program.
4. The institution must participate in the Federal Direct Loan Program and be declared eligible by SLND.

Credit Criteria – In order to be eligible to receive a loan, the prospective borrower or cosigner(s) upon whose creditworthiness the loan is sought (the "Creditworthy Applicant") must meet the credit criteria as set by the Bank's Investment Committee.

Eligible Uses – Cost of attendance, fees, supplies, room and board, transportation and other educational expenses authorized by the school or by the Bank's Investment Committee.

Funding Limit – Loan limits will be established by the Bank's Investment Committee.

Fees – Administrative fees, late fees, NSF fees and collection fees) will be determined by the Bank's Investment Committee.

Interest – The interest rate on the loan may be variable or fixed. The Bank's Investment Committee determines the parameters used to set interest rates and maximum rates.

Disbursement of Loan – Loan disbursement parameters will be established by the Bank's Investment Committee.

Repayment – A loan will enter repayment six months after the borrower graduates, ceases to be enrolled or decreases their enrollment to less than half-time. The minimum monthly payment is typically $50. Deferment and forbearance options may be available to borrowers needing temporary assistance.

A cosigner release option is available for borrowers who meet the requirements as set by the Bank's Investment Committee.

Default – The bank's Investment Committee will determine on what date of delinquency a loan will be in default**.**

Any loans on which the guaranty agency has paid a claim and it is subsequently determined to be uncollectable due to an origination/servicing error, the guarantee will be voided, and the loan will be repurchased by the bank.

Any loans on which the guarantee has been voided will be charged off. A recommendation to charge-off a loan must be presented to the Bank's Investment Committee for their approval whenever the charge-off amount exceeds $1,000. A decision to discontinue collection efforts on a charged off loan will be presented to the Problem Loan Committee for their approval.

The Problem Loan Committee will review the affected loans on a regular basis as specified in the General Loan Policy.

All non-accrual and charge-off activity will be completed and reported to the Bank's Investment Committee on a regular basis.

Term – Loan terms will be established by the Bank's Investment Committee.

Consolidation – The Bank may participate in a consolidation loan program which refinances all eligible education loans and combines them into a single DEAL Consolidation or DEAL One Loan. Loan parameters including credit criteria, eligible loans, interest rates, repayment options and terms will be established by the Bank's Investment Committee.

Exceptions – Exceptions to this policy should be approved only in limited circumstances. Exceptions may include "look back" loans which allow schools to certify a DEAL loan after the school term has ended. Justification for exceptions to policy should be based upon compelling reasons and should not represent undue risk or exposure to the Bank. Any exception must be approved in writing by the Leader of Student Loan Performance, Leader of Processing, Leader of Customer Service ~~the New Loans Supervisor, the Student Loan Manager~~ or the Education Market Manager.

Career Education & Alternative Learning Loan (CEAL)

General Information – The Bank may make the Career Education & Alternative Learning Loan (CEAL) as approved by the Industrial Commission. This authority shall specifically include entering into any agreements with Student Loans of North Dakota (SLND) for the purpose of guaranteeing all loans made under the program.

Loan Purpose – To assist North Dakota residents and prospective North Dakota residents in pursuit of alternative education and career education trainings and certifications.

General Program Requirements –

1. The borrower cannot be in default on any educational program loans.
2. The borrower and, when applicable, the cosigner must be U.S. citizens.
3. The borrower must be attending a program from an institution that has been approved for this program from the Bank's Investment Committee.

Credit Criteria – In order to be eligible to receive a loan, the prospective borrower or cosigner(s) upon whose creditworthiness the loan is sought (the "Creditworthy Applicant") must meet the credit criteria as set by the Bank's Investment Committee.

Eligible Uses – Cost of attendance, fees, supplies, room and board, transportation and other educational expenses authorized by the school or by the Bank's Investment Committee.

Funding Limit – Loan limits will be established by the Bank's Investment Committee.

Fees – Administrative fees, late fees, NSF fees and collection fees will be determined by the Bank's Investment Committee.

Interest – The interest rate on the loan may be variable or fixed. The Bank's Investment Committee determines the parameters used to set interest rates and maximum rates.

Disbursement of Loan – Loan disbursement parameters will be established by the Bank's Investment Committee.

Repayment – A loan will enter repayment six months after the borrower graduates, ceases to be enrolled or decreases their enrollment to less than half-time. The minimum monthly payment is typically $50. Deferment and forbearance options may be available to borrowers needing temporary assistance.

A cosigner release option is available for borrowers who meet the requirements as set by the Bank's Investment

Committee.

Default – The Bank's Investment Committee will determine on what date of delinquency a loan will be in default**.**

Term – Loan terms will be established by the Bank's Investment Committee.

Exceptions – Exceptions to this policy should be approved only in limited circumstances. Justification for exceptions to policy should be based upon compelling reasons and should not represent undue risk or exposure to the Bank. Any exception must be approved in writing by the Leader of Student Loan Performance, Leader of Processing, Leader of Customer Service or the Education Market Manager.

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

Mr. Hardmeyer presented proposed amendments to the Bank of North Dakota Advisory Board Policy for consideration. The proposed change is that when the Bank Advisory Board receives audits and reports, they should acknowledge the findings, approve management's corrective action plans and ensure appropriate corrective actions are implemented. It was noted that this is adding governance responsibility. A question was raised regarding compensation. Mr. Hardmeyer indicated that the Bank Advisory Board members get paid the legislative per diem rate. Mr. Hardmeyer felt this was not adequate for the responsibilities given to the Board members. In response to a question, Ms. Fine indicated that a prior Industrial Commission determined that all advisory boards would get paid the same amount. A question was raised regarding the Bank Advisory Board's perception of their level of compensation. Mr. Hardmeyer indicated that many are not concerned about the pay, but he would discuss compensation levels with them and report back to the Industrial Commission. He noted that they have significant responsibilities in addition to advising Bank management and the Commission. The Bank Advisory Board members meet monthly with Bank management and add significant value to the Bank's operations.

Governor Burgum noted that there may be a need to consider a name change as well since there is a governance component to the work that they do --perhaps Advisory and Oversight Board or Fiduciary and Governance Board.

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the Bank of North Dakota Advisory Board recommendation and approves the amendments to the Bank of North Dakota Advisory Board Policy as follows:

Purpose
This policy statement establishes the purpose, duties, and functional responsibilities of Bank of North Dakota Advisory Board of Directors which is established to enlist the help of private enterprise and to encourage more active use of the purposes of which Bank of North Dakota was created pursuant to Chapter 6-09-02.1 and 6-09-02.2 of the North Dakota Century Code.

Elements
I. Membership

The Governor shall appoint an Advisory Board of Directors consisting of seven persons, at least two of whom must be officers of banks, the majority of the stock of which is owned by North Dakota residents, and at least one of whom must be an officer of a state or federally chartered financial institution. The Governor shall appoint a Chairman, Vice Chairman, and Secretary. The term of directors is four years. The Industrial Commission shall define the duties of the Advisory Board.

II. Meetings

A. One-half or more of Committee members shall constitute a quorum.
B. A majority of Committee members present must vote favorably to carry a motion.

C. Meeting minutes will be kept by the recording secretary and be designated non-confidential or confidential.

III. Duties

A. Meet regularly with the management of Bank of North Dakota to review the Bank's operations to determine whether recommendations should be made by the Board to the Industrial Commission relating to improved management performance, better customer service, and overall improvement in internal methods, procedures, and operating policies of the Bank.
B. Make recommendations to the Industrial Commission relating to the establishment of additional objectives for the operation of Bank of North Dakota.
C. Make recommendations to the Industrial Commission concerning the appointment of officers of Bank of North Dakota.
D. Meet regularly with the Industrial Commission to present any recommendations concerning Bank of North Dakota.
E. In addition to the foregoing and pursuant to authorization from the Industrial Commission, act on behalf of the Bank with respect to the powers and functions of the Bank.
F. Review and approve loans within established lending authority.
G. Annually review the Advisory Board of Directors to Bank of North Dakota policy.
H. Complete an annual performance review of the President of the Bank.

Audit Committee

I. Purpose

The Advisory Board will serve as the Audit Committee. The Audit Committee will provide assistance to the North Dakota Industrial Commission in fulfilling its statutory and fiduciary responsibilities for audits and examinations of Bank of North Dakota.

II. Responsibilities

The Audit Committee will carry out the following responsibilities:

<u>Financial Statements</u>

Review and discuss with management and the independent auditor the annual audited financial statement of Bank of North Dakota and programs and funds administered by Bank of North Dakota.

- ND Guaranteed Student Loan Program (SLND)
- Ag PACE Fund (Agriculture Partnership in Assisting Community Expansion
- PACE Fund (Partnership in Assisting Community Expansion)
- Beginning Farmer Revolving Loan Fund
- Community Water Facility Loan Fund
- Rebuilders Loan Program
- College SAVE
- Medical Facility Infrastructure Loan Program
- Infrastructure Loan Fund
- Addiction Counselor Internship Loan Program
- School Construction Assistance Loan Fund

<u>Internal Control</u>

A. Determine that the Bank has adequate administrative, operating, and internal controls, and that it is operating in accordance with its prescribed procedures.
B. Determine the Bank has adequate controls to ensure compliance with applicable laws, regulations and other requirements.
C. Evaluate the adequacy and effectiveness of the Bank’s internal accounting control environment through discussions and reviews of reports issued by the Bank’s internal auditors, independent auditors, bank examiners and other external audit and review entities. In addition, determine that appropriate corrective action is being taken by management to address noted internal control weaknesses.

External Audit & Reviews

A. Review audit and examination plans of the independent auditors and the Department of Financial Institutions.

B. Review reports issued by independent auditors, bank examiners and other external audit or review entities, acknowledge findings, approve management's corrective action plans and ensure appropriate corrective action plans are implemented, ~~including all management responses to such reports.~~

C. Appraise the effectiveness of external audit efforts through regular meetings with the independent auditors.

Audit Committee is responsible for oversight of the Bank's assurance providers, which include Internal Audit, Compliance, Credit Review and Information Security. Below is a list of responsibilities as it relates to each assurance provider.

I. Internal Audit

A. Annually review the Internal Audit Policy.

B. Review and approve the annual reports and work plans for Internal Audit.

C. Review quarterly Internal Audit Status report.

D. Review Annual Risk Acceptance Tracking Report annually.

E. Review reports issued by Internal Audit, acknowledge the findings, approve management's corrective action plans and ensure appropriate corrective actions are implemented. ~~Review internal audit findings and ensure appropriate corrective actions are implemented by the affected service area.~~

F. Review the activities, staffing, and organizational structure of the Internal Audit function and appraise the effectiveness of internal audit efforts through regular meetings with the internal auditors.

G. Participate in the selection, compensation, evaluation, and where appropriate, replacement of the Chief Risk Officer (CRO). The CRO may only be removed with the approval of the Audit Committee.

H. Review results of internal and external assessments as described in the Internal Audit Quality Assurance Program and ensure the appropriateness of Internal Audit's corrective action, as necessary.

I. Annually review and approve Internal Audit's Strategic Plan.

J. Annually review Risk Assurance Map.

II. Compliance

A. Review external reports, acknowledge the findings, approve management's corrective action plans and ensure appropriate corrective actions are implemented.

B. Review and approve the internal annual report and work plans for Compliance.

III. Credit Review

A. Review and approve the annual reports and work plans for Credit Review

B. Review annual and quarterly credit quality reports prepared and issued by Credit Review / Credit Administration.

C. Review the activities and effectiveness of the credit review staff and provide feedback on the status of lending related issues identified and reported by credit review through meetings with Credit Review manager as needed.

D. Review reports issued by Credit Review, acknowledge the findings, approve management's corrective action plans and ensure appropriate corrective actions are implemented.

IV. Information Security

A. Reasonably understand the business case for information security and the business implications of information security risks.

B. Review assessments of the information security program's effectiveness - Annual Reports and other reporting as appropriate

C. Provide expectation and requirement to management and hold management accountable for central oversight and coordination, assignment of responsibility and effectiveness of information security program.

D. Review reports issued by Information Security, acknowledge the findings, approve management's corrective action plans and ensure appropriate corrective actions are implemented.

Other Responsibilities

A. The Audit Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities, and personnel of the Bank, its external auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities, the Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Bank, its independent legal counsel or independent auditor to attend a meeting of the Audit Committee.

B. Establish a mechanism for employees to anonymously report concerns about questionable accounting, internal accounting control or auditing matters to the Audit Committee Chair.

C. Determine whether restrictions are being placed by management on the scope of examinations and audits.

D. Advisory Board is responsible to evaluate and approve management's acceptance of risk related to any internal/external audit or review findings/recommendations to determine if acceptance of risk is reasonable or if further action is required of management.

E. Provide regular and free access to the Chief Risk Officer or Internal Audit Manager, Compliance Specialist, Credit Review Manager and Information Security Manager, including sessions and interim communications between each, as appropriate.

III. Reporting

A. Report to the Industrial Commission about BND Audit Committee activities and issues that arise with respect to the quality or integrity of the Bank's financial statements, the Bank's compliance with legal or regulatory requirements, the performance and independence of the Bank's external auditors, and the performance of the internal audit function.

B. Prepare an annual report to the North Dakota Industrial Commission summarizing the work performed in fulfilling the Audit Committee's responsibilities.

Mr. Hardmeyer presented the Bank of North Dakota Advisory Board November 21, 2019 nonconfidential meeting minutes.

Pursuant to N.D.C.C. 6-09-35, the Industrial Commission entered executive session. Governor Burgum reminded the Commission members and those present in the executive session that the discussion during executive session must be limited to those items listed on the agenda which is anticipated to last between 20 and 30 minutes. It was noted that any formal action by the Commission would occur after it reconvened in open session. Commission members, their staff, and BND staff remained but the public was asked to leave the room. Governor Burgum closed the meeting at 3:33 p.m. to discuss the following items:

- Presentation of Non-Accrual Loans Quarterly Recap/Detail
- Presentation of Problem Loans-Adversely Classified Quarterly Recap
- Determination of the Loan Chargeoffs and Recoveries for the year ending December 31, 2019 with 10-Year Summary
- Determination of Uncollectable Loans
- Presentation of Off-Balance Sheet Risk Quarterly Recap
- Presentation of Bank of North Dakota Advisory Board November 21, 2019 confidential meeting minutes. Other Bank of North Dakota confidential (as defined under N.D.C.C. 6-09-35) business

BND EXECUTIVE SESSION

Members Present:
Governor Doug Burgum
Attorney General Wayne Stenehjem
Agriculture Commissioner Doug Goehring

Bank of North Dakota Personnel Present:

Eric Hardmeyer	Bank of North Dakota
Todd Steinwand	Bank of North Dakota
Kirby Evanger	Bank of North Dakota

Others in Attendance:

Leslie Oliver	Governor's Office
Reice Haase	Governor's Office
Jessie Pfaff	Department of Agriculture
Karlene Fine	Industrial Commission Office
Andrea Pfennig	Industrial Commission Office

The meeting reconvened in open session at 3:47 p.m. and Governor Burgum invited the public to return to the meeting room. He noted that during its executive session, the Commission made the following motions:

It was moved by Commissioner Goehring and seconded by Attorney General Stenehjem that the Industrial Commission accepts the recommendation of the Bank of North Dakota Advisory Board and approves the Loan Charge-Offs totaling $4,944,473.80 and Recoveries totaling $1,637,228.54 for the period January 1, 2019 through December 31, 2019. (The $4,944,473.80 includes the 2019 loan charge-offs that are deemed uncollectible.) On a roll call vote Governor Burgum, Attorney General Stenehjem, Commissioner Goehring voted aye. The motion carried unanimously.

It was moved by Attorney General Stenehjem and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Bank of North Dakota Advisory Board and makes the determination that the following loans charged off in the year 2019 totaling $540,190.19 are determined uncollectible:

Name of Borrower	**UNCOLLECTIBLE AMOUNT**
Lucky Lawns, LLC	**$ 98,539.74**
Astoria Minot, LLC	**$408,168.37**
Foundation Plumbing, LLC	**$ 15,128.29**
Legacy Custom Cabinets, Inc.	**$ 18,353.79**
	$540,190.19

And that the following previous loan charge-offs are deemed uncollectible:

Name of Borrower	**Year**	**UNCOLLECTIBLE AMOUNT**
MMC Ventures, LLC	**2016**	**$3,043,142.97**
MMC Ventures, LLC	**2017**	**$ 106,603.81**
		$3,149,746.78

And also determines as uncollectible in 2019 are $377,738.63 of student and residential loans which are not reportable under GLB.

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

At this time Commissioner Goehring left the meeting.

Mr. Hardmeyer stated, in regard to the question raised earlier in the meeting, Bank staff reviewed data and noted the Bank participates in 18-19% of the total amount of commercial loans originated in North Dakota.

ADMINISTRATIVE BUSINESS

Ms. Fine presented the draft December 17, 2019 non-confidential Industrial Commission meeting minutes for consideration.

It was moved by Attorney General Stenehjem and seconded by Governor Burgum that the December 17, 2019 non-confidential meeting minutes be approved. On a roll call vote, Governor Burgum and Attorney General Stenehjem voted aye with Commissioner Goehring absent and not voting. The motion carried.

Ms. Fine presented proposed transfers from Industrial Commission agencies/programs for the 2019-2021 biennium for the Industrial Commission Administrative Office for the Commission's consideration.

It was moved by Attorney General Stenehjem and seconded by Governor Burgum that the Industrial Commission accept the recommendation of the Industrial Commission Executive Director/Secretary and approve the following 2019-2021 biennium transfers from the Commission agencies/programs for the Industrial Commission Administrative Office as follows:

Western Area Water Supply Authority	**$ 150,000**
Bank of North Dakota	**$ 165,689**
Student Loan Trust	**$ 135,436**
State Mill	**$ 129,455**
Housing Finance Agency	**$ 119,488**
Outdoor Heritage Fund	**$ 140,711**
Lignite Research Fund	**$ 112,090**
Oil and Gas Research Fund	**$ 112,090**
Renewable Energy Fund	**$ 53,822**
Public Finance Authority	**$ 53,822**
	$1,172,603

On a roll call vote, Governor Burgum and Attorney General Stenehjem voted aye with Commissioner Goehring absent and not voting. The motion carried.

Ms. Fine presented the proposed Industrial Commission 2020 meeting schedule for consideration. She noted that the plan is to do joint meetings with the Bank Advisory Board, Housing Finance Agency Advisory Board and the Public Finance Authority Advisory Committee.

It was moved by Attorney General Stenehjem and seconded by Governor Burgum that the Industrial Commission 2020 meeting schedule be approved as follows:

January 21, 2020	**Governor's Conference Room – 1:00 p.m.**
March 9, 2020	**Governor's Conference Room – 12:00 noon**
March 24, 2020	**Governor's Conference Room – 12:00 noon**
April 30, 2020	**Governor's Conference Room – 12:00 noon**
May 29, 2020	**Governor's Conference Room – 9:30 a.m. to 1:00 p.m.**
July 9, 2020	**Governor's Conference Room – 12:00 noon**
July 29, 2020	**Governor's Conference Room – 12:00 noon**
August 20, 2020	**Governor's Conference Room in a.m. and Grand Forks in the afternoon (times to be determined)**
September 22, 2020	**Governor's Conference Room – 12:00 noon**
October 22, 2020	**Governor's Conference Room – 12:00 noon**
November 23, 2020	**Governor's Conference Room – 12:00 noon**
December 15, 2020	**Governor's Conference Room – 12:00 noon**

On a roll call vote, Governor Burgum and Attorney General Stenehjem voted aye with Commissioner Goehring absent and not voting. The motion carried.

With no further Industrial Commission business, Governor Burgum adjourned the meeting at 3:54 p.m.

North Dakota Industrial Commission

Karlene Fine, Executive Director and Secretary