

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on October 20, 2022 beginning at 10:45 a.m.

North Dakota Mill and Elevator or Microsoft Teams

Present: Governor Doug Burgum, Chairman  
Attorney General Drew H. Wrigley  
Agriculture Commissioner Doug Goehring

Also Present: This meeting was open through Microsoft Teams so not all attendees are known.  
Agency representatives joined various portions of the meeting.

Governor Burgum called the meeting of the Industrial Commission to order at approximately 10:45am.

**FIRE AND TORNADO REINSURANCE CONTRACT**

Mr. Brennan Quintus presented for approval the consideration of a recommendation from the Insurance Commissioner Jon Godfread regarding bids for the Excess Loss Reinsurance and Equipment Breakdown Coverage for EERC and the NDSU heating plant – Fire and Tornado Fund.

The State Fire and Tornado Fund (“Fund”) provides property insurance coverage to 1,198 policyholders and protects over \$18 billion of total insured value (“TIV”) for the State of North Dakota and its political subdivisions. The Fund is administered by the North Dakota Insurance Reserve Fund (“NDIRF”) through a contract with the North Dakota Insurance Department. The contract has been in place since June 2019.

N.D. Cent. Code § 26.1-22-21 requires the Insurance Commissioner to procure excess loss reinsurance for the Fund with the approval of the Industrial Commission. Currently, the Fund purchases excess loss reinsurance for claims over \$2 million up to \$250 million from Travelers. However, upon the 2022 renewal of the Travelers reinsurance coverage, Travelers excluded explosion coverage at the EERC buildings on the University of North Dakota campus and limited coverage at the heating plant on the North Dakota State University campus to \$12,000,000 (\$10,000,000 excess of the \$2,000,000 retention).

The NDIRF, through its reinsurance intermediary and other insurance agency partners, has obtained coverage for explosion at the EERC buildings on the UND campus and coverage above the \$12,000,000 limit provided by Travelers for the heating plant on the NDSU campus from Starr Surplus Lines Insurance Company. The coverage for the UND EERC buildings is limited to

\$28,000,000 per occurrence in excess of a \$2,000,000 deductible at a premium of \$220,045.77. The coverage for the heating plant at NDSU is provided at a limit of \$37,912,000 per occurrence in excess of a \$12,000,000 deductible at a premium of \$163,312.97. The deductible for each policy will be paid by the Fund with \$10,000,000 of NDSU’s deductible coming from the excess loss reinsurance placed with Travelers.

It was recommended the Fund accept the above quote from Starr Surplus Lines Insurance Company. The NDIRF will continue to work diligently to find additional coverage for the EERC buildings on the UND campus, if needed, and to ensure coverage is available for the Fund and both UND and NDSU upon the

2023 renewals of the excess loss reinsurance and the specialty property coverage placements for UND and NDSU.

Commission members expressed concerns that the insurance industry may be targeting entities connected to fossil fuel production and utilization, creating challenges to secure adequate and appropriately priced insurance coverage.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the North Dakota Insurance Commissioner regarding the Excess Loss Reinsurance Coverage for property coverage provided by the Fire and Tornado Fund and approve the proposal from Starr Surplus Lines Insurance Company which will provide coverage for the UND EERC buildings limited to \$28,000,000 per occurrence in excess of a \$2,000,000 deductible at a premium of \$220,045.77, and coverage for the heating plant at NDSU limited to \$37,912,000 per occurrence in excess of a \$12,000,000 deductible at a premium of \$163,312.97.**

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

#### **NORTH DAKOTA BUILDING AUTHORITY**

Ms. Mindy Piatz presented the North Dakota Building Authority Audit Report for FY ended June 30, 2022.

Ms. Karlene Fine presented for approval the Appointment of Authorized Officers for Building Authority for Joe Morrissette- Director of the Office of Management and Budget, DeAnn Ament- Executive Director of the Public Finance Authority, and Karlene Fine- Industrial Commission Executive Director/Secretary until November 2, 2022 when Karen Tyler becomes Interim Industrial Commission Executive Director/Secretary due to the retirement of Karlene Fine.

**The commission approved a resolution naming Karen Tyler and renaming Joe Morrissette and DeAnn Ament as its Authorized Officers (the "Authorized Officers") to do all things necessary and conveniently jointly or severally to carry out and perform the obligations of the Commission as required under any outstanding North Dakota Building Authority documents and as set out in N.D.C.C. Chapter 54-17.2 effective November 2, 2022.**

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

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

Ms. Jennifer Henderson presented the Report on Multifamily Bond Issuance for Grand Forks Portfolio.

On May 23, 2022 the Industrial Commission executed an Authorizing Resolution, authorizing the issuance of Multifamily Revenue Obligations not to exceed \$25,000,000 along with following operative documents:

1. For the bonds, in a principal amount not to exceed \$15,000,000:
  - a. a Trust Indenture
  - b. a Loan Agreement

- c. a Bond Purchase Agreement
  - d. a Preliminary Official Statement
2. For the note, in a principal amount not to exceed \$10,000,000:
  - a. a Bridge Loan Agreement
  - b. a Bridge Loan Note
3. A Regulatory Agreement.

and authorized the Executive Director and Chief Financial Officer to execute documents in final form so long as changes fell within the approved parameters of the documents as drafted.

#### Transaction Summary as Authorized

The proposal is for an acquisition/rehabilitation of the three properties with total project cost, including acquisition, of approximately \$28,153,472. The the financing is structured as a (i) short-term cash collateralized tax-exempt bond transaction and (ii) a short-term tax-exempt bridge loan note. The developer, The Schuett Companies, Inc., received a conditional commitment from the Agency for \$894,465 in 4% federal Low-Income Housing Tax Credits to be used in conjunction with tax-exempt proceeds. Based on most recent total development budget, the current credit allocation anticipated is \$1,058,931. The final credit allocation will be determined based upon final cost certification and completion of final underwriting at project completion. The Agency will act as the conduit issuer on the above noted tax-exempt obligations. The developer will close on a HUD FHA 221 (d)(4) loan simultaneously with bond closing.

#### Final Issuance Summary

The bond transaction closed on August 16, 2022, with no substantial changes to final documents.

Mr. Flohr presented for approval the consideration to approve the issuance of multifamily tax-exempt bond issuance for Prairie Ridge Residences.

The North Dakota Housing Finance Agency requests **that the Industrial Commission approve the issuance and refunding of multifamily tax-exempt revenue notes and tax-exempt refunding bonds in an amount not to exceed \$17,000,000.**

Prairie Ridge Residences is being developed by Prairie Ridge 4, LLLP which is a partnership between Community Works North Dakota and Mountain Plains Equity Group. The entities have partnered on previous affordable housing projects. The project is an affordable senior housing (55+) project located at 3361 Westrac Drive S in Fargo, ND and is located in close proximity to public transportation, medical services, grocery, and retail. The project will be designed as one 4- story building in a U-shaped configuration with a total of 120 units and amenities will include a reception area, community room with kitchen, library/media room, fitness room, outdoor patio, and onsite property management. Total project costs are currently estimated at \$28,892,588.

The transaction is structured as a tax-exempt non-recourse limited loan purchased by First International Bank, loan proceeds from which will be used for construction financing. Upon construction completion and satisfaction of conditions outlined in the Forward Delivery Bond Purchase Agreement, the loan will be refunded with tax-exempt bonds and will convert to permanent financing and with refunding bonds

purchased by Morgan Stanley. In connection with the bond issuance, the Agency has conditionally committed \$1,358,930 in 4% Low-Income Housing Tax Credits.

The operative documents for the tax-exempt transaction are as follows:

- (a) A resolution authorizing a borrowing and repayment in an aggregate principal amount not to exceed \$17,000,000. (b) the Funding Loan Agreement (c) the Borrower Loan Agreement (d) Trust Indenture (e) Loan Agreement (f) Regulatory Agreement (g) Forward Delivery Bond Purchase Agreement

The Commission, by executing the authorizing resolution, is approving the operative documents in their respective current forms and authorizing the Executive Director and Chief Financial Officer (Authorized Officers) to execute the documents in their respective current forms with such changes as are consistent with the parameters set forth in the authorizing resolution and approved by the Authorized Officers, such approval being evidenced by an Authorized Officer's execution of the documents.

**A resolution was made to authorize the above captioned indebtedness, in an aggregate principal amount not to exceed \$17,000,000; approving the form of certain financing documents and other related documents; authorizing the execution of such documents; and providing for other matters properly relating to thereof.**

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

#### **NORTH DAKOTA MILL AND ELEVATOR**

Mr. Vance Taylor presented the North Dakota Mill and Elevator Quarterly Report.

The Mill experienced a profit of \$2,330,195 in the first quarter compared to a profit of \$3,355,889 last year. Their sales for the first quarter were \$136,953,660 compared to \$101,460,273 last year, which is an increase of 35.0%.

Mr. Vance Taylor presented for approval the consideration of the following capital projects:

- i. G Mill Roof Repair - \$240,000
- ii. Fire Protection Water Pump Replacement - \$225,000

The G Mill roof was damaged by high winds earlier this year and requires replacement. This project installs a new rubber roof with a more wind resistant design and includes a 10-year manufactures warranty for up to 90 miles per hour winds.

The existing fire protection water pump did not pass inspection and has aged to the point where replacement is required. This project replaces the existing fire pump, jockey pump, controller, pressure reducing valve, pipe fittings concrete pad and electrical wiring. The new system will increase flow rating to 2000 gallons per minute from the current 1500 gallons per minute.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves the North Dakota Mill capital projects for G Mill Roof Repair for the amount of \$240,000 and Fire Protection Water Pump Replacement for the amount of \$225,000.**

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

#### **NORTH DAKOTA DEPARTMENT OF MINERAL RESOURCES**

DMR Executive Director, Lynn Helms, presented for consideration of the following cases:

- i. **Order 32128 for Case No. 29558** regarding confiscation pursuant to NDCC 38-08-04 and 38-08-04.9 of all equipment and salable oil at a treating plant in the SWSE of Section 25, T 150N, R 100W, McKenzie County, ND, operated by Clean Petroleum Services, Inc, or any working interest owner.

The location was found back in 2019 and an email was sent to the company. A building, frac tank, a tank battery, offload pad, flowline, large-open top tank inside building, and four 400-barrel upright tanks were found, and a letter was sent to the company's address. In early 2020 a phone conversation with a representative who received the letter stated that they used to bring in oil that needed minimal treatment to be ready to sell and they have not been functional for some time. The location was trying to be sold but it is hard to market. In April of 2021 there was a for sale sign on the property and a conversation with the realtor was had. In November 2021 a call was made to Nuverra to discuss the site with the claim that Nuverra had been given the site. Santec had conducted a site assessment on behalf of Nuverra that revealed no major impacts, but it was determined that acquiring the site was not in their best interest financially due to its size and location.

The recommendation was made by Director Helms to approve the order regarding confiscation of equipment and salable oil with the plan to use AWPSRF to reclaim the site.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order No. 32128 issued in Case No. 29558 to confiscate, under NDCC §§ 38-08-04 and 08-08-04.9, all equipment and salable oil at the treatment plant built in the SWSE of Section 25, T.150N., R.100W., McKenzie County, ND, operated by Clean Petroleum Services, Inc, or any working interest owner.**

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

- i. **Order 32181 for Case No. 29609** regarding an application of Yellowstone River Beef, Inc. for a formal hearing on Grayson Mill Operating, LLC applications for permits to drill in Section 19, T 154N, R 100W, Williams County, ND, pursuant to NDCC Section 38-08-11(4).

The Yellowstone River Beef (YB) concerns are as follows: 1) well pad layout for flare and stormwater drain 2) traffic and access during pad construction 3) fugitive emissions 4) noise effect on cattle. Williston board of adjustment required fencing and trees and told YB to address concerns the to NDIC. Grayson Mill (GM) offered to move the flare and stormwater drain, but YB wants NDIC to confirm changes and give them more time (approx. 6-8 months) to assess and sample the air quality. The business started in 2019, it's zoned heavy industrial, and can't be a nuisance. The open records request submitted to DEQ did not ask about jurisdiction.

GM testified as to having very limited land access in the area, and the 6-8 month delay does not fit the development plan for Feb 2023 with the permits being filed in April 2022 and the need to build land

before winter. There are other industrial uses in the area, proximity to the railroad, and Crestwood pipelines to gather oil, gas, and water. The well to the southwest that is closer to YB has flared all gas since 2009, before YB was started.

The recommendation was made by Director Helms to approve the order denying additional time for monitoring, addressing jurisdiction issues, and addressing how concerns should be mitigated through permit stipulations.

**It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that the Industrial Commission approves Order No. 32181 issued in Case No. 29609 denying the application of Yellowstone River Beef, Inc. for a formal hearing on Grayson Mill Operating, LLC applications for permits to drill the Williston 25-36F 2H, Williston 25-36F 3H, Williston 25-36F 4H, Williston 25-36F 5H, Williston 25-36F 6H, and the Williston 30-31F 1H, located in Section 19, T.154N., R.100W., Williams County, ND, pursuant to NDCC Section 38-08-11(4) and directing the Director of the Department of Mineral Resources to address mitigation of concerns raised by the applicant through permit stipulations.**

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

Director Lynn Helms gave a presentation on the Carbon Dioxide Storage Facility Trust Fund.

Director Lynn Helms gave an update on Litigation:

- i. Case No. 31-2020-CV-0018 – Northern Oil and Gas, Inc. vs. Continental Resources, Inc; Board of University and School Lands and ND Industrial Commission et al
  - a. Discovery is ongoing, Trial date 5/23/22, No settlement proposal to date.
- ii. Case No. 27-2022-CV-00305 – Blue Steel Oil and Gas, LLC vs. North Dakota Industrial Commission, Slawson Exploration Company, Inc and White Butte Oil Operations, LLC
  - a. NDIC order 31501 granting Slawson right to risk penalty appealed to NW District Court McKenzie County – briefing complete 7/11/22 and decision is pending.
- iii. North Dakota Industrial Commission v. U.S. Department of Interior
  - a. motion for scheduling order filed with Judge Traynor 3/1/22. BLM published a June 2022 Oil and Gas Lease Sale EA on 4/18/22 5:14pm CDT with protest period through 5/18/22. DOI admin record incomplete, amended motion to complete administrative record filed 5/27/22. U.S. District Court in DC granted North Dakota’s Motion to Intervene in the NGO’s challenge to the legality of BLM’s quarterly lease sales in Dakota Resource Council et al. v. U.S. Department of the Interior et al., 1:22-cv-01853-CRC on 8/9/22. No 3Q 2022 sale with 113 parcels ready to lease. Considering supplemental motion. Most recent decision in LA et al v DOI removes affects only states that participated so ND conflict removed.
- iv. Dominek v. Equinor et al
  - a. allocation of production from overlapping spacing units to base spacing units – amicus brief on District court certified questions filed 7/22/22 – oral arguments 9/26/22 - decision pending

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that under the authority of North Dakota Century Code Sections 6-09-35, 44-04-19.1 and 44-04-19.2 the Industrial Commission enter into executive session for the purpose of Bank of North Dakota confidential business.**

Governor Burgum stated that the Commission will be meeting in executive session for the Bank of North Dakota business pursuant to N.D.C.C. 6-09-35 to consider those items listed on the agenda under Bank of North Dakota Confidential Business. Only Commission members, their staff, Industrial Commission staff, and BND staff will participate in that executive session.

Governor Burgum reminded the Commission members and those present in the executive session that discussion must be limited to the announced purposes which is anticipated to last approximately 45 minutes.

Any formal action by the Commission on these items will occur after it reconvenes in open session.

The executive session began at approximately 12:30pm.

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

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

**Industrial Commission Members Present:**

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

**Bank of North Dakota Personnel:**

Todd Steinwand, Bank of North Dakota  
Craig Hanson, Bank of North Dakota  
Kirby Evanger, Bank of North Dakota  
Kelvin Hullet, Bank of North Dakota

**Others in Attendance:**

Ryan Nordell	Governor's Office
John Reinke	Governor's Office
Karlene Fine	Industrial Commission Office
Reice Haase	Industrial Commission Office
Karen Tyler	Industrial Commission Office

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The Bank of North Dakota executive session ended, and the meeting reconvened in open session at approximately 1:15pm.

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

Mr. Todd Steinwand presented for approval the consideration of Bank of North Dakota Advisory Board recommendations on amendments to the following two policies:

- i. General Loan Policy
- ii. Advisory Board Policy

BND's management, Investments Committee, and Advisory Board have met to informally discuss and recommend increases to lending authorities at all existing levels as well as the creation of a new BND Advisory Board range of authority from \$25 million to \$35 million. A summary of the rationale and justification for the changes are as follows:

- Turn times for approval would shorten dramatically offering improved customer service, especially for AB/IC level loans which can sometimes be delayed for 4-6 weeks for funding
- Current authority levels have been in place and unchanged for 6+ years (BND's commercial/ag loan portfolio has grown 57% and total assets have grown 39% in this time)
- Credit quality has been rated very strong per the Department of Financial Institutions the last two exams
- Empowerment of our business bankers who would see the biggest increase in number of credit actions coming under their authority. Individual business bankers are reviewed annually for their credit judgement and administration of their loan portfolio and based on that they are assigned an individual authority that may be less than the maximum shown in this analysis
- Efficiency of underwriting for credits of all sizes would improve under fewer "bottlenecks" of time for all credits needing Investments Committee approval and higher (weekly and monthly surges of volumes negates normal workflows and prioritizes higher dollar credits over lower dollar credits)
- All Investments Committee and AB/IC level credits require the prior approval by Dual Approval before advancing, so the normal scrutiny and structuring of these credits would be unchanged
- Loan administration standards pre and post origination including underwriting, on-going monitoring, and problem loan administration all remain unchanged

All credit requests between \$25 million and \$35 million are required to be presented at the Industrial Commission meeting monthly; however, funding of these loans is not contingent upon Industrial Commission approval. Any credit request exceeding \$35 million in aggregate requires the approval of Industrial Commission prior to funding.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Bank of North Dakota Advisory Board to increase lending authorities at all existing authority levels and create a new BND Advisory Board range of authority from \$25 million to \$35 million to improve customer service and underwriting efficiencies while leaving unchanged standards relating to underwriting, monitoring, and problem loan administration, and amend provisions to the Match and Value-Added Loan Guarantee Programs and amend the General Loan Policy.**

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

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Bank of North Dakota Advisory Board and approve an amendment of the Bank of North Dakota Operating Policy titled Advisory Board of Directors to Bank of North Dakota which establishes the Advisory Board's purpose, duties, and**



**functional responsibilities and to create an Audit and Risk Management Committee, a Leadership Development Compensation Committee, and a Finance and Credit Committee and amend the Policy.**

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

Mr. Todd Steinwand presented for approval the consideration of the 2023 BND Holiday Schedule.

**It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Bank of North Dakota Advisory Board and approves the following Bank of North Dakota 2023 Holiday Schedule:**

The 2023 holidays will be observed by the Bank of North Dakota and the Federal Reserve Bank of Minneapolis and its Helena Branch on the following dates: New Year's Day (Monday, January 2\*), Martin Luther King Jr. Day (Monday, January 16), Presidents Day (Monday, February 20), Memorial Day (Monday, May 29), Independence Day (Tuesday, July 4), Labor Day (Monday, September 4), Columbus Day (Monday, October 9\*\*\*), Veterans Day (Saturday, November 11\*\*), Thanksgiving Day (Thursday, November 23), Christmas Day (Monday, December 25).

\*Actual holiday is Sunday, January 1<sup>st</sup>. The holiday will be observed the following Monday.

\*\*BND will be open Friday, November 10<sup>th</sup>. There will be a skeleton crew. Employees who work Friday can choose to take off another day.

\*\*\*All Employee Event for BND. Employees can choose to take another day off.

Note: According to NDCC 1-03-01.1 state offices close at noon on Christmas Eve Day when it falls on a Monday-Thursday.

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

Todd Steinwand presented the Bank of North Dakota Advisory Board August 2 and August 18, 2022 meeting minutes.

### **OIL AND GAS RESEARCH PROGRAM**

Mr. Reice Haase presented the Oil and Gas Research Fund financial report.

The Oil and Gas Research Program had a Cash Balance of \$33,705,173.03 as of July 31, 2022. There was a total of \$5,062,584.29 Non-committed Cash Funding.

Mr. Reice Haase presented for approval the consideration of the Oil and Gas Research Council recommendation to amend Contract G-054-104: "Field Study to Determine the Feasibility of Development Salt Caverns for Hydrocarbon Storage in Western North Dakota" for the purpose of allocating \$986,200 in additional funding.

Senate Bill 2014 passed by the 67th Legislative Assembly included an appropriation of \$9.5 million to the Oil and Gas Research Program (OGRP) from the Strategic Investment and Improvement Fund (SIIF) for the purpose of studying the feasibility of constructing underground salt caverns in North Dakota "for the storage of energy resources, including natural gas, liquified natural gas, NGLs, and hydrogen". The

Industrial Commission approved a proposal from EERC to meet the intent of the bill at its June 9th, 2021 meeting, and Contract G-054-104 was executed.

During the spring and early summer of 2022, a stratigraphic test well was drilled to obtain samples of core from subsurface formations containing salt beds. Due to challenges encountered during drilling, costs exceeded the original \$9.5 million budget.

On July 26<sup>th</sup>, 2022, the Oil and Gas Research Council voted to recommend the Industrial Commission reallocate \$2.5 million from Contract G-049-092: “Underground Storage of Produced Natural Gas” to Contract 054-104 for the purposes of covering immediate plugging and reclamation costs as well as time-sensitive laboratory analysis. During discussion, the Council deferred taking action on remaining costs for modeling and reporting and directed EERC to pursue cost discounts from vendors.

On October 6<sup>th</sup>, 2022, EERC completed the task of securing discounts from vendors. Well completion costs were reduced from previous estimates in part due to departures from earlier authorized costs and from vendor discounts totaling \$263,989. The total amount needed to complete the project is **\$986,200**, which is approximately \$1.3 million below the estimate presented at the July Council meeting.

On October 11, 2022, the Oil and Gas Research Council voted to recommend that the Industrial Commission approves an amendment to Contract 054-104 and allocates \$986,200 in additional grant funding from the Oil and Gas Research Fund for the purpose of completing project tasks as outlined in the table above. The Council further recommended that the Industrial Commission supports a request of the 68<sup>th</sup> Legislative Assembly to reimburse the Oil and Gas Research Fund for a total amount of \$986,200 from SIIF.

Therefore, it was recommended by Mr. Haase that the Industrial Commission approve an additional \$986,200 from the Oil and Gas Research Fund for Contract 054-104 and authorize the Office of the Industrial Commission to amend the contract accordingly.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves an amendment to Contract G-054-104 and authorizes additional funding in the amount of \$986,200 from the Oil and Gas Research Fund to the project.**

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

#### **STATE ENERGY RESEARCH CENTER**

Mr. Charles Gorecki presented the Heartland Hydrogen Hub Concept Paper funded under Contract SERC 2019-01 Task 2 – “Provide Prompt Expertise for North Dakota” for the purpose of supporting a grant application under Section 40314 of the Infrastructure Investment and Jobs Act: Regional Clean Hydrogen Hubs.

Mr. Charles Gorecki presented the Application for Grid Resilience Formula Grant Funds under Section 40101(d) of the Infrastructure Investment and Jobs Act (IIJA).

The Program Narrative is provided by the North Dakota Transmission Authority (NDTA), as the officially designated applicant for the state of North Dakota, as part of the application for funding under the U.S.

Department of Energy's IJA Preventing Outages and Enhancing the Resilience of the Electric Grid Formula Grant Program.

The electricity needs of North Dakota residents are met by investor-owned, cooperative, and municipal utilities. These utilities vary widely in geographic service territory, regulatory, governance, consumer base, and sales volume. NDTA is seeking to fund grid modernization projects, through the above-referenced utilities, that result in a more resilient electrical grid and promote a clean and equitable energy economy in North Dakota. Special attention will be given to disadvantaged, vulnerable, and underserved communities as designated by the Justice40 Initiative and other U.S. government directives.

NDTA is anticipating energy demand growth in North Dakota of 10,000 GWh over the next 20 years. Through the North Dakota State Energy Research Center, a grid reliability assessment is being performed in conjunction with an updated overall State Energy Emergency Plan. These will be completed by September 2023. In conjunction with this grant, NDTA, on behalf of the state of North Dakota, has identified the following objectives and associated metrics for implementing electrical grid resilience enhancement initiatives in North Dakota: (1) Reduce the magnitude and duration of grid outages caused by major disruptive storms/nonstorm events (2) Reduce the frequency and impacts of grid outages caused by major disruptive events (3) Implement grid modernization projects to develop energy solutions that provide lower-cost energy access to disadvantage/underserved communities and promote energy sufficiency and energy justice in these communities while providing clean energy in alignment with the Biden Administration's Justice40 Initiative.

Mr. Tom Erickson presented for approval the Appointment of John Weeda, Transmission Authority Director and Reice Haase, Industrial Commission Deputy Director as Authorized Officials named in the Application for Grid Resilience Formula Grant Funds

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission designates John Weeda, Transmission Authority Director, and Reice Haase, Industrial Commission Deputy Executive Director, as its authorized officers for the purpose of signing and submitting application for grant funding under Section 40101(d) of the Infrastructure Investment and Jobs Act.**

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

Mr. Tom Erickson presented for approval the consideration of reallocating funding under Contract SERC 2019-01 Task 2 for the purpose of IJA grant writing.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley to approve the reallocation of funding under Contract SERC 2019-01 Task 2 for the purpose of IJA grant writing.**

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

**NORTH DAKOTA PIPELINE AUTHORITY**

Ms. Karlene Fine presented the Annual Financial Report for the North Dakota Pipeline Authority.

The ND Pipeline Authority's net position for fiscal year ended June 30, 2022 was \$11,571. Note 1: The Pipeline Authority receives no General Fund dollars. The Industrial Commission upon the recommendation of the Oil and Gas Research Council authorized the transfer of \$600,00 from the Oil and Gas Research Fund to the Pipeline Authority Administrative Fund during the 2021-2023 biennium. The pipeline Authority Administrative Fund must be maintained as a special fund and all monies transferred into the Fund are appropriated on a continuing basis and must be used and disbursed solely for the purpose of defraying the administrative costs incurred by the Pipeline Authority. Note 2: Subsequent to June 30, 2022, the Pipeline Authority made a commitment for administrative services that extends to June 30, 2023 in the amount of \$166,092.

Mr. Justin Kringstad presented the North Dakota Pipeline Authority Annual Report and the North Dakota Pipeline Authority Midstream Update.

North Dakota's petroleum industry started the 2021-2022 fiscal year with WTI oil prices around \$70/barrel. Despite the economically attractive oil price, only 23 drilling rigs were active in July 2021 as the industry remained extremely cautious about the demand outlook post-covid. After an extremely volatile first half of 2022, in June 2022, oil prices had risen to over \$100/barrel and the drilling rig count had slowly increased to the mid-40's.

Average oil production throughout the fiscal year was relatively flat at just under 1.1 million barrels per day, down significantly from the record of 1.5 million barrels per day set in late 2019.

Despite the extreme price and weather volatility experienced over the 2021-2022 fiscal year, the long-term outlook for North Dakota's petroleum industry remains robust. North Dakota's midstream industry continues to position itself to meet current production levels and continues to plan for further expansion in the long term. During the past year, the Pipeline Authority has been fully engaged in continuing efforts to convert production and development information into oil and natural gas transportation solutions. Working alongside industry to produce crude oil and natural gas production forecasts to quantify future pipeline needs and time frames continues to be one of the principal tasks of the Pipeline Authority. Pipeline companies are conservative by nature and these forecasting exercises are very beneficial in providing the confidence needed to move forward with expansion project planning.

During the fiscal year the Pipeline Authority contacted, met with, and shared information with numerous interested parties including, but not limited to, the following:

Enbridge Pipeline	Hess Corporation
TC Energy	Marathon Petroleum
MDU/WBI Energy	True Companies
ONEOK	Crestwood
Alliance Pipeline	BNSF Railway
Northern Border Pipeline	Basin Electric
Moody's Analytics	Sequent Energy
Bakken Midstream/Energy	Barr Engineering
Pembina Pipeline	Energy Transfer Partners
Sumitomo	JPMorgan Chase

SolSpec	GA Group
Kinder Morgan	BP
Oasis Petroleum	Marathon Oil
PetroNerds	Outrigger Energy
ConocoPhillips	SolSpec
Nova Energy	Ovintiv
Steel Reef Infrastructure	Mesa Solutions
Incho	Mineral Tracker
Pivotal Energy Partners	ExxonMobil
UBS	Minnkota Power
Summit Carbon Solutions	Border States Electric
Hex Strategies	Callan
Continental Resources	RBN Energy
4H2 Inc	Citadel Commodities
Cerilon GTL	Enverus
Xcel Energy	Advantage Engineering
Ormat	Northern Plains Nitrogen
EcoVapor	Nustar Energy
Dakota Natural Gas	Sapphire Gas Solutions
Harms Group	United Energy Trading/Rainbow Gas
Frio Valley Pipeline	Grayson Mills
Applied Blockchain	CHS/Cenex
Fufeng	WSP/Parsons Brinkerhoff
Goldman Sachs	Energy Xtractors
SkySkopes	Astute Environmental & Regulatory

In addition, the Pipeline Authority worked with a number of state and federal agencies to gather information and provide expertise on pipeline issues. Those agencies and entities included:

North Dakota Public Service Commission	North Dakota Department of Commerce
North Dakota Transmission Authority	Energy and Environmental Research Center
North Dakota Oil and Gas Division	North Dakota Department of Transportation
North Dakota Governor's Office	Department of Environmental Quality
North Dakota Tax Department	Bank of North Dakota
EmPower North Dakota Commission	US Energy Department of Energy
North Dakota State Water Commission	North Dakota Oil & Gas Research Program
Upper Great Plains Transportation Institute	North Dakota OMB

The ND Pipeline Authority has developed the Natural Gas Pipeline Program, Crude Oil and Natural Gas Production Forecasting, they have focused on Natural Gas Liquids, Natural Gas Capture, and Williston Basin Gas Storage.

## **NORTH DAKOTA OUTDOOR HERITAGE FUND**

Ms. Karlene Fine presented the Outdoor Heritage Fund Financial Report.

The Outdoor Heritage Fund had an ending cash balance of \$4,487,892.10 and outstanding project commitments of \$37,397,036.00 of July 31, 2022.

Mr. Robert Kuylen presented for consideration of approval by the Commission, the Outdoor Heritage Fund Advisory Board recommended Outdoor Heritage Fund Grant Round 21 applications (More details regarding these applications can be found on the Industrial Commission site):

- i. 21-1 (B) Assumption Abbey: Livestock Water and Grazing Distribution and Wildlife Haven, \$34,310
- ii. 21-2 (C) Audubon Dakota: Monarch Core Area Prairie Management Toolbox, \$301,825
- iii. 21-3 (D) Audubon Dakota: Urban Pollinator Plots Project, \$142,058
- iv. 21-5 (C) City of Tioga: Tioga Dam Trail, \$200,000
- v. 21-6 (B) North Dakota Forest Service: North Dakota Statewide Windbreak Renovation Initiative 3.0, \$900,000
- vi. 21-7 (C) ND Natural Resources Trust: Working Grasslands Partnership 6, \$740,000
- vii. 21-8 (D) South Heart Golf Course Building Authority: Reuse of Recycled Water to Reestablish Healthy Soil Conditions and Regenerate Green Space, \$209,589
- viii. 21-10 (D) Valley City Parks and Recreation: Outdoor Recreation Bridge, \$425,000

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendations of the Outdoor Heritage Fund Advisory Board and approves the funding of the following eight projects in the total amount of \$2,952,782 and authorizes the Industrial Commission Executive Director and Secretary to enter into contracts with the applicants as noted below:**

- 1. Assumption Abbey: Livestock Water and Grazing Distribution and Wildlife Haven - \$34,310**
- 2. Audubon Dakota: Monarch Core Area Prairie Management Toolbox - \$301,825**
- 3. Audubon Dakota: Urban Pollinator Plots Project - \$142,058**
- 4. City of Tioga: Tioga Dam Trail - \$200,000**
- 5. ND Natural Resources Trust: Working Grasslands Partnership 6 - \$740,000**
- 6. North Dakota Forest Service: North Dakota Statewide Windbreak Renovation Initiative 3.0 - \$900,00**
- 7. South Heart Golf Course Building Authority: Reuse of Recycled Water to Reestablish Healthy Soil Conditions and Regenerate Green Space - \$209,589**
- 8. Valley City Parks and Recreation: Outdoor Recreation Bridge - \$425,000**

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

Mr. Robert Kuylen presented for consideration of approval by the Commission, the Outdoor Heritage Fund Advisory Board recommendations for amendments to the following contracts:

- i. Cost Increase of \$314,320 to Golden Valley Water Board Contract 020-202 – Odland Dam Sedimentation and Nutrient Removal Project Phase II

- ii. Reallocation of funding between budget categories in the amount of \$30,000 for Contract 017-174: North Dakota Natural Resources Trust: North Dakota Partners for Wildlife

**It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that the Industrial Commission accept the recommendation of the Outdoor Heritage Fund Advisory Board and authorizes the Industrial Commission Executive Director/Secretary to amend Contract 020-202 – Odland Dam Sedimentation and Nutrient Removal Project Phase II to increase the funding award in the amount of \$314,320 for a total of \$1,286,040 of a total project cost of \$1,714,720.**

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

**It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that the Industrial Commission accepts the recommendation of the Outdoor Heritage Fund Advisory Board and authorizes the Industrial Commission Executive Director/Secretary to amend Contract 017-174 – North Dakota Natural Resources Trust – North Dakota Partners for Wildlife and reallocate the current budget, moving the remaining \$30,000 for Grass Seeding over into the approved budget for Wetland Restoration.**

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

#### **WESTERN AREA WATER SUPPLY PROJECT**

Dr. Andrea Travnicek presented the proposed legislation transferring oversight of the Western Area Water Supply Project from the Industrial Commission to the State Water Commission.

- Section 1 of the proposed legislation would state that other than state-guaranteed loans, additional debt that may form the basis of a claim for territorial or franchise protection for industrial water sales for oil and gas exploration and production may be acquired by the authority or member entities only upon approval by the ~~industrial commission~~ state water commission and the emergency commission.
- Section 2 would give the ~~industrial commission~~ Bank of North Dakota the right to review the ability of water depot and lateral sales to meet expenses in subdivisions a through d of subsection 1 of section 61-40-10, and if BND is uncertain of that ability, they shall consider revision of the terms of the loan repayments.
- Section 3 would state that an accounting of industrial water depot and lateral sales collected and distributed by the authority must be reported to the ~~industrial commission~~ state water commission on a monthly basis.
- Section 4 would state that the authority shall provide a report on the rates to the ~~commission~~ water commission and legislative management's water topics overview committee on a regular basis.

#### **NORTH DAKOTA STUDENT LOAN TRUST**

Ms. Karlene Fine presented for approval the Appointment of Authorized Officers.

**A resolution was adopted by the Commission reaffirming the appointment of DeAnn Ament, Public Finance Authority Executive Director, and appointing Karen Tyler, Interim Industrial Commission Executive Director/Secretary as its Authorized Officers jointly or severally to carry out and perform obligations of the Commission as required under any outstanding Student Loan Trust documents effective November 2, 2022.**

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

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

Ms. Karlene Fine presented for approval the consideration of the Industrial Commission meeting minutes

Ms. Karlene Fine presented for approval the consideration of compensation recommendations.

Based on the increase in profits, the compensation package that was included during Vance Taylor's initial hiring, and the several goals that were set by the Commission last year and achieved by Vance and the Mill management team, Karlene recommended he receive a bonus of \$99,684 for FY2022.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Industrial Commission Executive Director/Secretary and authorize a bonus for the North Dakota Mill President, Vance Taylor, for FY 2022 in the amount of \$99,684.**

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

Mr. Lynn Helms recently received his Doctor of Petroleum Engineering from the University of North Dakota. Karlene stated that accomplishing this, in addition to his extremely hectic workload, is to be commended. Karlene recommended a 5% annual salary increase of \$13,155 bringing his annual salary to \$276,271 effective November 1, 2022.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Industrial Commission Executive Director/Secretary and approve an equity increase in compensation for Dr. Lynn Helms by 5% (an increase from \$263,115 to \$276,271) effective November 1, 2022 in response to his achieving his doctorate).**

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

The Commission members thanked both Vance Taylor and Lynn Helms for their hard work and dedication to North Dakota.

**A resolution of appreciation was made**

**Whereas, Karlene Fine began working for the state of North Dakota in 1971 and joined the North Dakota Industrial Commission in 1974, serving most of her remarkable career in her current role as the Industrial Commission Executive Director and Secretary; and**



**Whereas, Karlene represents all the best in public service, throughout her career exemplifying the principles of integrity, respect, dedication, and an unparalleled, never-to-be-matched work ethic.**

**Whereas, Karlene has led with impactful diplomacy and humility; supporting, guiding and collaborating with public and private sector stakeholders for the betterment of North Dakota, earning the admiration and gratitude of all with whom she has worked.**

**Whereas, during her tenure leading the Office of the Industrial Commission, the number of agencies and programs under the Commission's authority has grown extensively, with each new directive successfully launched, supported, and delivering impact to the state as a result of Karlene's dedicated service.**

**Whereas, a well-deserved retirement awaits her, and Karlene will now focus her talent and attention on her beautiful garden and spend more time with her grandson, Now, therefore, the members of the Industrial Commission hereby express deep gratitude to Karlene Fine for her 52 years of service to the citizens of North Dakota and wish her the very best in her retirement.**

**Adopted this 20<sup>th</sup> day of October, 2022.**

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

With no further Industrial Commission business, Governor Burgum adjourned the meeting at 4:30p.m. and the Commissioners participated in a celebration of the 100<sup>th</sup> Anniversary of the Mill from approximately 5:15p.m. – 7:30p.m.

North Dakota Industrial Commission

A handwritten signature in black ink, appearing to read 'Karen Tyler', with a long horizontal line extending to the right.

Karen Tyler, Interim Executive Director and Secretary