

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on November 28, 2023 beginning at 9:00 a.m.

Governor's Conference Room – State Capitol

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

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

Governor Burgum called the meeting of the Industrial Commission to order at approximately 9:05 a.m.

**BANK OF NORTH DAKOTA**

Mr. Jared Mack with Eide Bailly gave a presentation of the following Audits for Year Ending June 30, 2023:

- i. Ag PACE Fund
- ii. PACE Fund
- iii. Medical Facility Infrastructure Loan Fund
- iv. Rebuilders Loan Program
- v. Addiction Counselors Internship Loan Program
- vi. Infrastructure Revolving Loan Fund
- vii. School Construction Revolving Loan Fund
- viii. COVID-19 PACE Recovery Program
- ix. Innovation Technology Loan Fund (LIFT)
- x. North Dakota Student Loan Trust Fund
- xi. Clean Sustainable Energy Authority (CSEA)
- xii. Water Infrastructure Revolving Loan Fund
- xiii. Beginning Farmer Revolving Loan Fund

All Funds and Programs mentioned above received clean audits with no findings, aside from the Ag PACE fund. For the Ag PACE Fund, there was a finding of improper recording of gross transfers in and out of the fund resulting from one transaction. Bank management agreed with the finding and recommendation. Bank management made the adjustment and has put the recommended controls in place. The fund received a clean opinion.

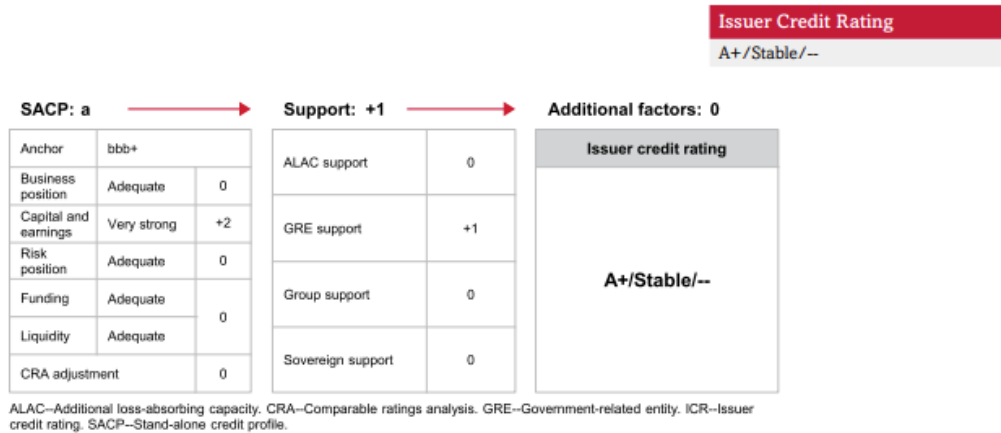
Mr. Todd Steinwand presented the following Non-Confidential Meeting Minutes for the Commission members review:

- i. Finance and Credit Committee September 27, 2023 Meeting Minutes
- ii. Advisory Board September 27, 2023 Meeting Minutes

Mr. Steinwand and Mr. Rob Pfennig presented a Report of the Bank of North Dakota Standard and Poor's Credit Rating which remained at A+/Stable.

# Bank of North Dakota

## Rating Score Snapshot



### Key strengths highlighted:

- Very strong risk-adjusted capital
- Stable ownership by the State of North Dakota since 1919
- Strong credit quality and conservative management

### Key risks highlighted:

- Geographic concentration in North Dakota
- Direct and indirect lending exposure to the cyclical energy and agriculture sectors
- Subject to annual capital transfers to North Dakota

Bank of North Dakota is the only remaining state-owned bank in the continental U.S and has one of the highest risk-adjusted capital (RAC) ratios for rated U.S. Banks. While BND has higher nonperforming assets (NPAs) than peers, these rarely translate to high credit losses, and they maintain a robust loan loss reserve.

**It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that under the authority of North Dakota Century Code Sections 6-09-35, 44-04-18.4, 44-04-19.1, 44-04-19.2, the Industrial Commission enter into executive session for the purposes Bank of North Dakota confidential business and to consider Clean Sustainable Energy Authority confidentiality requests.**

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

**The Commission met in executive session regarding Bank of North Dakota business pursuant to N.D.C.C. 6-09-35 to consider those items listed on the agenda under Bank of North Dakota confidential business. Only Commission members, their staff, Commission staff, and BND staff participated in that executive session.**

After the Bank of North Dakota executive session, the Commission met in executive session to consider Clean Sustainable Energy Authority confidentiality requests. Only Commission members, their staff, and Commission staff participated in that executive session.

Any formal action taken by the Commission occurs after it reconvenes in open session.

Governor Burgum reminded the Commission members and those present in the executive sessions that the discussions must be limited to the announced purposes which is anticipated to last approximately 30 minutes.

The executive session began at approximately 9:26 a.m.

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

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### **BANK OF NORTH DAKOTA**

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

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

#### **BND Members Present**

Todd Steinwand  
Kirby Evanger  
Rob Pfennig

#### **Others in Attendance**

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

### **CLEAN SUSTAINABLE ENERGY AUTHORITY**

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

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

#### **Others in Attendance**

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

Reice Haase  
Brenna Jessen

Industrial Commission Office  
Industrial Commission Office

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The executive ended at 10:05 a.m. and the Commission reconvened in open session at 10:08 a.m.

**During the Bank of North Dakota executive session, the Commission discussed confidential business pursuant to NDCC 6-09-35. No formal action was taken during the Bank of North Dakota executive session.**

**During the Clean Sustainable Energy Authority executive session, the Commission considered confidentiality requests.**

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of its Deputy Director and pursuant to North Dakota Century Code sections 54-63.1-06, 44-04-18.4 and 44-04-19.2 grant the confidentiality requests and determine that the information described in the confidentiality requests consists of trade secrets and/or financial or proprietary information and is confidential.**

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

#### **HOUSING FINANCE AGENCY**

Mr. Victor Chaing and Mr. Ansel Caine, representing Caine Mitter and Associates, presented the NDHFA Bond Trust Fund Performance Report. NDHFA is one of a few state HFAs that has been able to consistently enable lenders to offer first time homebuyers lower mortgage rates. This has been achieved through the management of its existing mortgage portfolio and the use of bond financing techniques that minimize the cost of capital. They have provided more than \$110 million of down payment and closing cost assistance over 20 years, enabling borrowers to purchase their first home, and their penetration of the market is consistently among the highest of State HFAs. NDHFA maintains a program fund balance that is close to the median for all state HFAs reflecting financial strength without accumulating excessive wealth. NDHFA's single family program is rated Aa1 by Moody's Investor Service, and only six HFAs with whole loan programs have higher ratings.

NDHFA Highlights:

- Provides mortgage rates currently 1.00% lower than average rates in the State
- Provided over \$11 million on down payment and closing cost assistance to borrowers in 2022
- Collaborates with 41 State and nine national participating lenders
- Services mortgage loans in-house – only fourteen HFAs service their own mortgages
- Services among the best performing HFA mortgage portfolios
- Consistently high mortgage market penetration among HFAs
- Single family program rated Aa1 by Moody's Investor Service
- Ability to use full range of bond financing techniques including variable rate bonds and swaps
- Funds mortgage loans through both bond financing and whole loans and secondary market sales of GNMA mortgage backed securities. Only five HFAs are positioned to provide both financing vehicles

Ms. Jennifer Henderson presented the Multi-family Programs Award Selection Report. There were 12 development applications received from Mandan, Bismarck, Cavalier, West Fargo, Minot, Jamestown, Rolla, Fargo, and Bismarck, with half being new construction and half being rehabilitation. The available totals prior to the application round were as follows: LIHTC 9 - \$3,728,172, HIF - \$12,097,993.51, HOME - \$2,669,950.01, and HTF - \$2,852,413.21. With the total requests from the 12 applications the amount oversubscribed is as follows: LIHTC 9 - \$3,940,520, HIF - (\$4,397,993.51), HOME - \$3,171,066, HTF - \$2,801,939.

### **SUCCESSFUL APPLICATION SUMMARY**

The Gardenette Phase 1, Phase 2, and Phase 3

Project Location: Multiple Buildings: Gardenette Drive, Jamestown

The Gardenette is a multiphase acquisition rehab project proposing to acquire and rehab an existing 168-unit development. The development is currently comprised of 42 single-story, slab-on-grade fourplexes. All existing 168 units are one bedroom. When construction is complete the rehabilitated development will host a mix of unit sizes to accommodate the variety of household sizes.

The project is divided into phases to maximize funding sources. Each phase is a separate application and must compete on its own. In phase 1, A total of 40 units, 8 three-bedroom units and rehab 32 one-bedroom units. In phase 2, rehabilitation of 40 one-bedroom units. And in phase 3, 50 one-bedroom and 20 two-bedroom units to round out the entire development and ensure we're meeting the housing needs in Jamestown. In total 150 units down from 168.

Total Development costs include \$13 million for phase 1, \$12.8 million phase 2, and \$22.6 million for phase 3 for a total of \$58 million. Stride Development PBC, St. Paul, MN, is the project developer who will be partnering with Community Works ND (CWND) a non-profit partner who will be part of the final ownership entity. CWND will provide property management and will be contracting with a community service provider to provide tenant support coordination services to the residents.

All three applications were selected for funding. Phase 1 to receive \$1,100,000 of 9% LIHTCs. Phase 2 to receive \$1,082,900 of 9% LIHTCs, and phase 3 to receive \$1,032,000 of 4% LIHTCs, \$3,000,000 in HIF, and will require a tax exempt bond issuance which is still to be determined.

Avalon At Mandan

Project Location: 1300 Collins Avenue, Mandan.

Avalon at Mandan is the new construction of a 25-unit two-story rowhome project, all of the units have 3-bedroom floor plans to accommodate households with children. The project is an infill development and is located in close proximity to both an elementary and middle school, and is not far from the new high school development. The project is also walking distance from a universal park. Project amenities include onsite leasing office and community room space. The project will be partnering with a local service provider to provide tenant support coordination onsite. Total development costs are estimated at \$9.4 million.

The project is a joint venture with Domera Development, LLC, a Georgia LLC, and CUBIT Development Group, LLC. Both organizations, while being new to North Dakota, have experience developing an downing affordable housing projects. Property Management will be provided by Bedrock Property Management, LLC. The application was awarded \$975,000 in 9% LIHTCs.

#### NEX Senior

Property Location: 1728 42<sup>nd</sup> Street South, Fargo

The NEX Senior is a 40-unit, new construction senior community located in the West Acres neighborhood. The project is comprised of 1- and 2- bedroom units as well as onsite management and integrated supportive services. Onsite amenities include a fitness center, community room, in-unit laundry, resident storage, and first floor garage parking. This infill development is in close proximity to pharmacy, grocery, and public transit.

The property will be providing tenant support coordination through a local service provider. The total development costs are estimated to be \$14.7 million. This project will be developed and owned by Commonwealth Development with property management contracted with MetroPlains Management. The application was awarded \$1,100,000 in 9% LIHTCs, \$1,558,248 in HOME, and \$2,852,413.21 in HTF funding.

#### Dakota Apartments- CCI Apartments

Property Location: 301 Boundary Rd W. Cavalier

The Dakota Apartments is a new construction of a 2-story, eight-unit apartment building located in Cavalier. The project proposed will replace an 8-unit complex that was lost to fire several years ago. All units will be 2- bedroom, 2-bathroom, with in unit laundry, and detached garages. The project has an estimated total development cost of \$3,075,000.

The project is being developed by Red River Community Housing Development Organization (CHDO) a nonprofit organization that is closely related to the Red River Regional Council and has been inactive for several years. The final ownership will be a local investor group. Property management is yet to be determined. The application was awarded \$1,700,000 in HIF funding.

#### Additional Awards

During the application round, the agency received three applications for additional funding from previously selected applications, all three projects were selected for funding. Projects that submit an award for additional funding are competitively selected based on score, the amount of the request, and available funds.

### DEPARTMENT OF MINERAL RESOURCES

Dr. Lynn Helms and Mr. Mark Bohrer presented for consideration of approval the following cases:

- i. **Order 33073 for Case 30460** regarding the confiscation of all production-related equipment and salable oil at the Carpentier 1-16 well (File No. 9965), NENE Section 16, T.163N., R.91W., Portal Field, Burke County, ND.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 33073 issued in Case 30460 approving the confiscation of all production-related equipment and salable oil at the Carpentier 1-16 well (File No. 9965), NENE Section 16, T.163N., R.91W., Portal Field, Burke County, ND, operated by WW Oilfield Services, or any working interest owner, pursuant to NDCC §§ 38-08-04 and 38-08-04.9.**

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

- ii. **Order 33074 for Case 30461** regarding the confiscation of all production-related equipment and salable oil at the BP NORTH HAAS 1-4-20-163-82 well (File No. 30616) SENE Section 20, T.163N., R.82W., North Haas Field, Bottineau, ND.
- iii. **Order 33075 for Case 30462** regarding the confiscation of all production-related equipment and salable oil at the BP NORTH HAAS 4-1-20-163-82 well (File No. 30638), NESE Section 20, T.163N., R.82W., North Haas Field, Bottineau County, ND.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 33074 issued in Case 30461 approving the confiscation of all production-related equipment and salable oil at the BP NORTH HAAS 1-4-20-163-82 well (File No. 30616), SENE Section 20, T.163N., R.82W., North Haas Field, Bottineau County, ND, operated by Noah Energy Inc., or any working interest owner, pursuant to NDCC §§ 38-08-04 and 38-08-04.9, and that the Industrial Commission approves Order 33075 issued in Case 30462 approving the confiscation of all production-related equipment and salable oil at the BP NORTH HAAS 4-1-20-163-82 well (File No. 30638), NESE Section 20, T.163N., R.82W., North Haas Field, Bottineau County, ND, operated by Noah Energy Inc., or any working interest owner, pursuant to NDCC §§ 38-08-04 and 38-08-04.9.**

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

- iv. **Order 32941 for Case 30329** regarding amendments to the “General Rules and Regulations for the Conservation of Crude Oil and Natural Gas” codified as Article 43-02 North Dakota Administrative Code.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order 32941 issued in Case 30329 authorizing amendments to Article 43-02 "Mineral Exploration and Development" codified as Chapters 43-02-03 (Oil and Gas Conservation), 43-02-08 (Stripper Well and Stripper Well Property Determination), 43-02-10 (Certification of Secondary and Tertiary Recovery Projects-Determination of Incremental Production), and 43-02-15 (Certification of Restimulation Wells) of the North Dakota Administrative Code.**

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

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

Mr. Tom Erickson and Mr. Tyler Hamman gave a presentation of the State Energy Research Center Annual Report.

In 2023, North Dakota’s 68th Legislative Assembly passed Senate Bill SB2161 in continuing support of SERC efforts. This bill reaffirms SERC’s mandate, changes the end date of SERC activities, and raises the biennium funding limit. Funding for SERC activities, up to \$7.5 million per biennium, is provided from a small portion of the oil and gas production and extraction taxes. Currently, SERC funding has been directed by the Legislature through June 30, 2029, and activities will continue according to the scope of work with the North Dakota Industrial Commission (NDIC) through that date.

The past year of SERC activities has resulted in:

- Continuation of several exploratory research projects and activities across all facets of North Dakota energy.
- An increase in the number of new innovations and inventions.
- Supporting multiple federal proposals with a strong potential impact to the state.
- Initiating an effort to coordinate the development of a grid resiliency plan for North Dakota.
- Engaging the public and technical audiences by attending conferences and presenting on energy-related topics.
- Thirteen North Dakota students completing the Energy Hawks Program.
- Collaboration across the state's institutions of higher education.

Because SERC funding had all been allocated during the previous year, no new major fundamental research concepts were started this year. The 17 projects that were ongoing at the end of last year continued, with 13 of them being completed. Four projects remain ongoing and are anticipated to wrap up this year. New research projects will begin late summer 2023.

NDIC approved the use of SERC funds this year to support proposal development in response to three federal funding opportunities, each with a strong potential to impact North Dakota. Proposals were prepared and submitted on time. In addition, SERC funding was used to support an effort for developing a North Dakota electric grid resiliency plan to identify, evaluate, and address risks associated with potentially widespread and/or long-term electrical power outages. This project is ongoing at the time of this reporting.

Throughout the past year, EERC staff took advantage of opportunities to attend and present at conferences and meetings regarding energy-related topics. One such opportunity was speaking at the Energy Progress & Innovation Conference (EPIC) as part of promoting energy education in the state. This conference was held January 24–26, 2023, in Bismarck, North Dakota.

During the summer of 2022, 13 students, including one from North Dakota State University, one from Bismarck State college, one from Minot State University, and ten from UND, participated in the Energy Hawks Program. Three concept research projects were developed and presented by the students to EERC research staff and are summarized in this report.

The 2023 Energy Hawks Program commenced in May 2023 and includes 14 students: 13 from UND and one from Minot State University. The 2023 program includes an in-person tour of western North Dakota, a team-building workshop at the EERC, and on-site and hybrid on-site/virtual participation at the EERC. The 2023 program is scheduled to wrap up in August and, similar to previous years, the Energy Hawks will present research concept papers.

The overall efforts of SERC will continue over the coming year, beginning with a new round of fundamental research projects anticipated to start late summer 2023. As appropriate, results will be presented to NDIC, the Energy Development and Transmission Committee, and the next North Dakota Legislative Assembly.



**Mr. Haase presented for consideration of approval funding under Contract SERC 2019-01 Task 2 – Provide Prompt Expertise for North Dakota: CO<sub>2</sub> Enhanced Oil Recovery Incremental Oil Production Forecast, \$135,000.**

The memo reads as follows:

“During the 2023-2025 biennium, \$750,000 is available for the Commission to contract for on-demand studies under Contract SERC 2019-01 Task 2 – Provide Prompt Expertise for North Dakota. The EERC is requesting the Commission to authorize \$135,000 under Task 2 for a 5-month investigation to forecast incremental oil production associated with CO<sub>2</sub> enhanced oil recovery (EOR) in North Dakota’s conventional and unconventional reservoirs.

The forecast will focus on realistic development scenarios in the 2024–2045 timeframe and will include the projected CO<sub>2</sub> supply availability and demand and a prediction of yearly net CO<sub>2</sub> use and incremental oil production across the specified time frame. The proposed effort will build on work that the EERC performed in 2014 and 2019 and the IHS 2016 report. CO<sub>2</sub> EOR production forecasts for the Bakken petroleum system will leverage results and findings from pilot-scale EOR efforts and the body of work produced through the EERC-led Bakken Production and Optimization Program (BPOP). The EERC will work with the North Dakota tax department and/or an experienced tax advisor consultant to forecast associated tax revenue flow and estimate the value of a potential extraction tax break for incremental production associated with CO<sub>2</sub> EOR. A final report will include a discussion of results, what assumptions and inputs were used, and what future activities could reduce the uncertainty of the forecasts. The 5-month investigation is estimated to require up to \$135,000 and is proposed to commence in January 2024.”

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission authorizes \$135,000 from Contract SERC 2019-01 Task 2 – Provide Prompt Expertise for North Dakota for the purpose of completing a forecast of incremental oil production associated with CO<sub>2</sub> enhanced oil recovery in North Dakota during the 2024-2045 timeframe.**

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

#### **NORTH DAKOTA RENEWABLE ENERGY PROGRAM**

Mr. Reice Haase gave a presentation of the Renewable Energy Program Project Management and Financial Report. The Fund currently has \$994,658.51 uncommitted dollars, and \$6,658,140.70 committed. There has been a total of 70 cumulative projects with 18 of those projects still being active. There has been a total of \$23.5 million granted with a project value of \$154.7 million.

Mr. Haase presented for consideration of approval the following Renewable Energy Program Grant Round 52 applications:

- i. **R-052-A** – Smart Holistic Zero Waste Utilization Paradigm (SHOWUP); Submitted by Surjit Gupta, UND; Total Project Costs: \$3,780,360; Recommended Funding: \$500,000. Summary: This project is to recycle used wind turbine blades by three methods: gasification, milled into 3D-printing feedstock, and thermoset polymers.

- ii. **R-052-B** – Prairie Horizon Carbon Management Hub; Submitted by Kevin Connors, EERC; Total Project Costs: \$3,225,000; Recommended Funding: \$100,000. Summary: Development of CO<sub>2</sub> storage hub for renewable diesel and hydrogen production facility; Up to 5 m tons/year captured.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves the recommendation of the Renewable Energy Council, authorizing \$600,000 in funding from the Renewable Energy Fund, and authorizing the Office of the Industrial Commission to enter into contracts for the following Renewable Energy Program projects:**

**R-052-A – Smart Holistic Zero Waste Utilization Paradigm (SHOWUP); Submitted by Surojit Gupta, UND; Total Project Costs: \$3,780,360; Funding Amount: \$500,000**

**R-052-B – Prairie Horizon Carbon Management Hub; Submitted by Kevin Connors, EERC; Total Project Costs: \$3,225,000; Funding Amount: \$100,000**

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

#### **NORTH DAKOTA LIGNITE RESEARCH, DEVELOPMENT AND MARKETING PROGRAM**

Mr. Haase gave a presentation of the Lignite Research, Development and Marketing Program Project Management and Financial Report. The Fund currently has \$1,878,160.85 uncommitted dollars, and \$29,782,659.56 committed. There has been a total of 254 cumulative projects with 28 of those projects still being active. There has been a total of \$134.8 million granted with a project value of \$2.7 billion.

Mr. Mike Holmes presented for consideration of approval the following Lignite Research, Development and Marketing Program Grant Round 103 application:

- i. **LRC-103A:** High-Value Products from Produced Water Mineralization via Reaction with Anthropogenic CO<sub>2</sub>; Submitted by Semplastics EHC LLC; Total Project Costs: \$356,494; Recommended Funding: \$100,000. Summary: The objective is to develop and demonstrate a cost-effective method to mineralize sodium, lithium, and other elements in the brine while capturing and storing CO<sub>2</sub>. The carbonates would be used to produce samples of building products such as panels, coated mixed carbonates in polypropylene, and sodium carbonate or other commercially useful sodium compounds.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves the recommendation of the Lignite Research Council, authorizing \$100,000 in funding from the Lignite Research Fund, and authorizing the Office of the Industrial Commission to enter into a contract for the following project:**

**LRC-103A: High-Value Products from Produced Water Mineralization via Reaction with Anthropogenic CO<sub>2</sub>; Submitted by Semplastics EHC LLC; Total Project Costs: \$356,494; Funding Amount: \$100,000**

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

Mr. Andrew Sorbo, Vice President of Strategic Initiatives at Minnkota Power Cooperative, presented a Report on the completion of projects FY19-88-220 and FY22-99-244 related to carbon capture at the Milton R. Young station.

### Capture

#### MHIA/Kiewit FEED Study

- Working on the FEED Study with MHIA and Kiewit
  - Began February 1, 2023
  - To be Complete April 1, 2024
  - Self-Funded (no federal/state assistance)
- Not a standard FEED Study
  - Are now in the design freeze/procurement stage with the Consortium
  - Ends with “lump-sum turn-key” price (not an estimated cost)
  - EPC contract being negotiated in parallel with the FEED work

### Storage

#### Carbon Storage

- Largest fully-permitted CO<sub>2</sub> storage facility in the United States
- Second storage facility permit received in October 2023
- Strong local support from landowners, county and community

#### Storage Facilities by the Numbers

- 17,000 acres of seismic survey
- 20,000+ feet drilled
  - 2 stratigraphic test wells
- 2,500+ feet of core rock recovered
- East Site- 97% Landowner consent
  - Total about 19,000 acres
  - Broom Creek and Deadwood
- West site- 80.33% Landowner consent
  - Total about 29,000 acres
  - Broom Creek
- A combined capacity to store 222 million metric tons of CO<sub>2</sub> over 20 years.

### Finance

#### TC Energy Corporation

- Project Commercialization Lead – Strategic Partner
- Market cap = about \$52 billion
- Global HQ in Calgary, AB (US HQ in Houston, TX)
- Total Assets = \$114 Billion
- Rated Baa1 and BBB+ by Moody’s Investor Services, Inc. and Standard & Poor’s Rating Services, respectively

- About 57,900 miles of Natural Gas (NG) pipelines
  - Delivers 25% of N. America’s NG demand
- About 3,000 miles of liquid pipelines
- 7 power generation facilities (about 4,200 MW)
- TC Energy Hub-Scale CCS Projects
- Initiated the “Alberta Carbon Grid”, TCE’s goal to transport and store up to 20 million tons of CO<sub>2</sub> per year through hubs across Alberta, serving diverse sectors and customers

#### State and Federal Funding Opportunities

- 2022 – Inflation Reduction Act (IRA)
  - Increased 45Q tax credit from \$50/ton to \$85/ton for CO<sub>2</sub> storage
  - Necessary, due to supply chain and inflationary challenges, and associated price contingency
- 2021 – Bipartisan Infrastructure Law (BIL)
  - DOE Demonstration Projects Program
  - Recognizes projects require additional risk mitigation
  - Funding Opportunity Announcement
    - February 2023
    - DOE grants of up to \$350M each for two coal-based CCS projects
    - Expected selection in 2023
- Clean Sustainable Energy Authority (CSEA) Loan (State of North Dakota)
  - \$100M in 2021-2023 Biennium
  - \$150M in 2023-2025 Biennium

#### Carbon Capture in North Dakota

- Ideal geology
- State Leadership, policy, legal framework and support of CCUS
  - Planning for carbon capture/EOR for 15 years
  - ND has Class VI storage permitting primacy (MRV still through EPA)
  - LRC/NDIC Integral to advance position achieved
- Supportive Local Community
- Expanded 45Q makes geologic storage without oil production feasible
  - No exposure to crude oil production and price risk
  - Unlock future EOR potential
- Supportive Board of Directors and Leadership

#### What’s Next?

- Complete the FEED Study
- Complete the EPC Contract
- Complete West Site MRV
- Achieve the DOE grant
- Assemble the information and strategy to support a financial investment decision by end of Q2 2024.

**OFFICE OF THE INDUSTRIAL COMMISSION**

Ms. Karen Tyler presented for consideration of approval the October 31, 2023 meeting minutes.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the October 31, 2023 meeting minutes.**

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

Mr. Haase presented for consideration of approval the 2024 Industrial Commission Meeting Schedule.

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the following 2024 Industrial Commission Meeting Schedule:**

<b>Primary:</b>	<b>First Alternate:</b>
<b>Thursday, January 25<sup>th</sup>, 2024</b>	<b>N/A</b>
<b>Wednesday, February 28<sup>th</sup>, 2024</b>	<b>N/A</b>
<b>Tuesday, March 26<sup>th</sup>, 2024</b>	<b>Thursday, March 28<sup>th</sup>, 2024</b>
<b>Tuesday, April 30<sup>th</sup>, 2024</b>	<b>Thursday, April 25<sup>th</sup>, 2024</b>
<b>Tuesday, May 28<sup>th</sup>, 2024</b>	<b>Thursday, May 30<sup>th</sup>, 2024</b>
<b>Tuesday, June 25<sup>th</sup>, 2024</b>	<b>Thursday, June 27<sup>th</sup>, 2024</b>
<b>Tuesday, July 30<sup>th</sup>, 2024</b>	<b>Thursday, July 25<sup>th</sup>, 2024</b>
<b>Tuesday, August 27<sup>th</sup>, 2024</b>	<b>Thursday, August 29<sup>th</sup>, 2024</b>
<b>Tuesday, September 24<sup>th</sup>, 2024</b>	<b>Thursday, September 26<sup>th</sup>, 2024</b>
<b>Tuesday, October 29<sup>th</sup>, 2024</b>	<b>Thursday, October 31<sup>st</sup>, 2024</b>
<b>Tuesday, November 26<sup>th</sup>, 2024</b>	<b>Thursday, November 28<sup>th</sup>, 2024</b>
<b>Tuesday, December 17<sup>th</sup>, 2024</b>	<b>Thursday, December 19<sup>th</sup>, 2024</b>

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

Ms. Tyler presented for consideration of approval a Compensation Recommendation for Mr. Vance Taylor, North Dakota Mill.

The memo reads as follows:

“Fiscal Year 2023 was a record year for the North Dakota Mill. Profits were \$17,238,265 which was an increase from the prior year's profits of 14,677,789 and an all-time record high for the Mill.

When Vance Taylor was hired by the Industrial Commission his compensation package included an annual bonus opportunity based on performance, up to 30% of base salary. Thirty percent of Vance's current base salary of \$358,378.02 is \$107,513.

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

The gain sharing payout for FY 2023 for Mill employees was 27.78% as compared to 22.47% in 2022. The maximum bonus amount under this component of the compensation plan is \$71,675. All four gain sharing criteria goals were met, and profits as previously stated were a new record for the Mill. Based on the gain sharing payout portion, it is my recommendation that Vance receive the full amount applicable under the 20% component.

The remaining 10% of the 30% bonus potential is \$35,837.80. For this component I recommend \$30,462. Vance and the Mill management team achieved numerous goals that were established by the Commission in the Mill's 2023 strategic plan including successful recognition and celebration of the Mill's 100-year anniversary, re-certification under the Food Safety Systems Certification 3-year audit, the addition of new significant customers, and growth in the conversion margin of 16.8%. Leadership succession planning, acquisition or partnership opportunities, and implementation of 4-shift operations are among the established goals toward which progress has been made but which will necessitate additional focus going forward.

Vance continues to do an excellent job leading the North Dakota Mill team in the operation of an enterprise that delivers exceptional products and services. **For the 2023 fiscal year I am recommending a bonus totaling \$102,137.00."**

**It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Interim Executive Director and approve a bonus for the North Dakota Mill President in accordance with the applicable contract and policy, in the amount of \$102,137.00, calculated based on 100% of the gain sharing component and 85% of the strategic plan component.**

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

With no further business, Governor Burgum adjourned the meeting of the Industrial Commission at 12:56 p.m.

North Dakota Industrial Commission



Brenna Jessen, Recording Secretary



Reice Haase, Deputy Executive Director



Karen Tyler, Interim Executive Director