

**North Dakota State Board of Higher Education
Budget and Finance Committee**
May 18, 2021, Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met via Teams/conf. call on May 18th, at 2:30 p.m. CT.

SBHE Budget and Finance Committee members participating:

Mr. Tim Mihalick, Chair
Dr. Casey Ryan
Ms. Danita Bye
Ms. Retha Mattern, non-voting advisor

Other participants:

Chancellor Hagerott
Ms. Tammy Dolan, NDUS
Ms. Sonya Koble, BSC
President Easton, DSU
President Van Horn, MaSU
Mr. Mike Pieper, UND
Mr. Brent Winiger, MiSU
Ms. Cynthia Rott, NDSU
Mr. Bruce Bollinger, NDSU
Ms. Brenda Zastoupil, NDUS
President Darling, LRSC
Mr. David Krebsbach, NDUS
Mr. Jed Shivers, UND
Ms. Sharon Schwartzbauer, NDUS
Ms. Karla Stewart, UND
Ms. Maryann Olson, CTS
Ms. Dawn Seaver, UND
Ms. Danielle Robins, U3 Advisors
Ms. Renae Bloms, OMB
Mr. Jeffrey Volk, Incoming Board Member
Mr. Eric Olson, AG Office

President Armacost, UND
Mr. Kent Anderson, DSU
Ms. Karin Hegstad, NDSU
Ms. Lisa Mock, DCB
Mr. Jeffrey Holm, UND
President Richman, NDSCS
Ms. Jane Grinde, NDUS
Ms. Cara Halgren, UND
Mr. Corry Kenner, LRSC
Ms. Karla Stewart, UND
Mr. Riley Yadon, WSC
Mr. Westley Wintch, VCSU
Ms. Sharon Loiland, UND
Mr. Troy Noeldner, UND
Ms. Debbie Storrs, UND
Ms. Terry Meyer, NDUS
Mr. Tyler Hoch, Stifel, Nicolaus & Company

1. **Agenda**

Ryan moved, Bye seconded, to approve the agenda.

Bye, Ryan, and Mihalick voted yes.

2. **DSU Proceed with Fundraising for New Athletic Complex**

Ryan moved, Bye seconded, to recommend approval for authorization to DSU [to proceed with fundraising for a new athletic complex](#) with an estimated Phase I cost of \$7,000,000 that includes \$913,000 previously authorized.

Ryan, Bye, and Mihalick voted yes.

3. **DSU Tuition Model Factor Change Request**

Ryan moved, Bye seconded, to recommend approval for [DSU Tuition Model Factor Change Request](#).

Bye, Ryan, and Mihalick voted yes.

4. **UND Subscription Tuition Rate**

Ms. Dolan explained that policy 805.1, regarding tuition, would have to be amended to allow UND's request for subscription tuition rate. SBHE policies go through a review process that allows Council(s) and Chancellor's Cabinet to add input/concerns/recommendations for the Board to consider.

Ryan moved, Bye seconded, to table [UND's Subscription tuition rate](#) request until the June committee meeting, for further consideration.

Ryan, Bye, and Mihalick voted yes.

5. **UND Sale of 421 Princeton Street (and two adjacent vacant lots)**

Ryan moved, Bye seconded, to recommend approval, contingent on legal review and protections put in place for UND, in the event the project is not completed, for [UND to sell 421 Princeton Street and two adjacent vacant lots](#) (419 Princeton Street and a negotiated portion of 425 Princeton Street) to total an estimated 28,800 sq. ft.; further, request the SBHE or a designee of the Board to approve the terms of the conveyance.

Bye, Ryan, and Mihalick voted yes.

6. **2021-23 Biennial Budget Guidelines**

Mr. David Krebsbach reviewed the [proposed 2021-23 Biennial Budget Guidelines](#).

Committee stated it is important to remain on the path of student affordability and remain competitive.

Ryan moved, Bye seconded, to recommend approval of the proposed 2021-23 Biennial Budget Guidelines.

Bye, Ryan, and Mihalick voted yes.

7. **Discussion on UND New and Renovated Student Housing**

[UND resolution presented this day which authorizes UND to proceed with private development of state infrastructure as per NDCC 48-02.1 to acquire a new and renovated student housing.](#)

Further, authorize the Chancellor to approve release of this resolution once all legal and financial arrangements have been approved by legal counsel for UND and the SBHE as well as the Chancellor's Office.

The committee members and Chancellor discussed potential factors to consider:

- The effects of expansion on digitization efforts
- Changes in labor market
- Accuracy of long-term projections
- Future students will continue to be required to pay debt on this student housing project
- Consider a shorter term loan

University of North Dakota representatives indicated students and parents were both surveyed about student housing and the interest for the project was extremely positive and in high demand for the proposed type of student housing is. They also reviewed the CFI ratios that the Higher Learning Commission monitors and the projections indicate they would continue to be within limits. Any further discussion/information will take place at a future meeting.

8. **NDSCS Career Academy**

President Richman and Committee members discussed the proposed [NDSCS Career Academy](#)

- Policy 909, SBHE approval for lease only, remaining responsibility of the NDSCS Foundation
- Per Mr. Olson, this proposed capital project does not need SBHE approval per policies 902.1 and 902.3. He also requested more time to review the documentation provided
- Legal Counsel, Mr. Matt Hammer and Foundation's attorney has reviewed; however, AG Attorney/SBHE Attorney, Mr. Eric Olson has not reviewed
- NDSCS (Wahpeton campus) verses NDSCS campus in Fargo – competition, program duplication, student access, and community support
 - President Richman stated the career academy would not hinder, but enhance Wahpeton campus, Fargo campus is intended to expand on K12 offerings and NDSCS would be the advanced education as the final piece for programs offered. An example is high school welding class, onto an additional year of training at the current academy, if the student wants the two-year welding degree, they will come to NDSCS.
- The project is a twenty-million-dollar project in its current form (as presented today), which would not include state funding, therefore no SBHE approval required
- Noted – the possibility it could become a thirty-million-dollar project, if state dollars are requested, which would require SBHE approval
- Proposed effective date for lease is October 2022
- Cost of lease for the new academy is anticipated to be less expensive than the current lease, on current academy in Fargo
- Proper process from 2017 to current
 - President Richman stated that the SBHE has guided his pursuit for the career academy through approval of his annual performance goals since 2017.
 - Additional evidence – performance goals approved by the SBHE since 2017 to move this project forward
- Unknown liabilities

Ryan moved, Mihalick seconded, to recommend moving the draft lease agreement forward to the full SBHE for further discussion and consideration, pursuant to policy 909, and subject to legal review.

Bye, Ryan, and Mihalick voted yes.

9. **Legislative Update**

Ms. Tammy Dolan reviewed [outcomes of legislative session](#); she indicated a more comprehensive review will take place at the full Board meeting.

The meeting adjourned at 3:30 p.m. CT.

Approved June 15, 2021.