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**North Dakota State Board of Higher Education**  
February 15, 2022, Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met via Teams/conf. call on February 15<sup>th</sup>, at 2:30 p.m. CT.

Chair Mihalick called the meeting to order at 2:30 p.m. CT.

SBHE Budget and Finance Committee members participating:

- Mr. Tim Mihalick, Chair
- Mr. Nick Hacker
- Ms. Danita Bye
- Mr. Jeffry Volk
- Ms. Retha Mattern, non-voting advisor

Other participants:

- |                                |                         |
|--------------------------------|-------------------------|
| Chancellor Hagerott            |                         |
| Mr. David Krebsbach, NDUS      | President Armacost, UND |
| Ms. Sonya Koble, BSC           | Mr. Kent Anderson, DSU  |
| President Easton, DSU          | Ms. Karin Hegstad, NDSU |
| President Van Horn, MaSU       | Ms. Lisa Mock, DCB      |
| Mr. Mike Pieper, UND           | Mr. Jeffrey Holm, UND   |
| Mr. Brent Winiger, MiSU        | Ms. Cynthia Rott, NDSU  |
| Ms. Jane Grinde, NDUS          | Mr. Jed Shivers, UND    |
| Mr. Bruce Bollinger, NDSU      | Ms. Cara Halgren, UND   |
| Ms. Brenda Zastoupil, NDUS     | Mr. Corry Kenner, LRSC  |
| President Darling, LRSC        | Ms. Karla Stewart, UND  |
| Mr. David Krebsbach, NDUS      | Ms. Dawn Seaver, UND    |
| Mr. Westley Wintch, VCSU       | Ms. Maryann Olson, CTS  |
| Ms. Sharon Schwartzbauer, NDUS | Ms. Sharon Loiland, UND |
| Ms. Karla Stewart, UND         | Mr. Troy Noeldner, UND  |
| Ms. Terry Meyer, NDUS          | Ms. Debbie Storrs, UND  |
| Mr. Eric Olson, AG Office      |                         |

**1. Agenda**

Volk moved, Bye seconded, to approve the agenda, with an amendment to include an update on the NDUS retirement plan.

Volk, Bye, Hacker, and Mihalick voted yes.

**2. January 18, 2022, Meeting Minutes**

Bye moved, Hacker seconded, to approve the January 18, 2022, meeting minutes, as presented.

Bye, Volk, Hacker, and Mihalick voted yes.

NDSU requests amendments to the motions approved on January 27, 2022, items 3 and 4:

**3. Amend January Motion for NDSU Softball Indoor Facility**

Volk moved, Bye seconded, to recommend approval for NDSU to increase the project authorization of the [Softball Indoor Facility](#) project from \$2,000,000 to \$2,600,000 (a difference of \$600,000) to be funded from special funds (including donations and/or local sources); seek Legislative Budget Section approval per NDCC Section 48-01.2-25, specify that changes in legislatively approved projects seek further legislative approval, or authorization from the interim budget section if the legislature is not in session.

Bye, Hacker, Volk, and Mihalick voted yes.

**4. Amend January Motion for NDSU Nodak Insurance Football Performance Complex**

Volk moved, Bye seconded, to recommend approval for NDSU to increase the project authorization of the [Nodak Insurance Football Performance Complex](#) project from \$37,200,000 to \$50,000,000 (a difference of \$12,800,000) to be funded from special funds (donations); seek Legislative Budget Section approval per NDCC Section 48-01.2-25, specify that changes in legislatively approved projects seek further legislative approval, or authorization from the interim budget section if the legislature is not in session.

Hacker, Bye, Volk, and Mihalick voted yes.

**5. MaSU Steam Plant addition and installation natural gas boilers**

The request to increase the project budget of the Steam Plant addition and installation natural gas boilers is due to inflation/increased costs.

Bye moved, Hacker seconded, to recommend approval for [MaSU to increase the project budget from \\$1,600,000 to \\$1,998,970](#) (a difference of \$398,970) to be funded from General Fund Carryover, Tier funding and/or operating funds; and further seek Legislative Budget Section approval per NDCC 48-01.2-25; and proceed with finishing the project contingent on Budget Section approval, as presented.

Hacker, Volk, Bye, and Mihalick voted yes.

**6. UND transfer of the NDUS System Office Tier II and Tier III capital building fund appropriation line**

Volk moved, Bye seconded, to recommend approval for UND's [request to ratify Chancellor's approval of \\$4,361,801 and \\$2,250,000](#), respectively, transfer of the NDUS System Office Tier II and Tier III capital building fund appropriation line to the UND capital building fund appropriation line, as presented.

Volk, Bye, Hacker, and Mihalick voted yes.

Committee members requested that Mr. Krebsbach provide a document explaining the tiered funding models at a future meeting or via email, Mr. Krebsbach agreed.

**7. Discussion on Presidential Compensation**

Mr. Eric Olson explained that at the February 23<sup>rd</sup> full Board meeting, the SBHE Budget and Finance Committee was granted full authority to continue discussions and decision making, regarding presidential compensation study. He requested clarification on whether the last bid process/submissions should be terminated so the vendors can be notified that no award will be made. Mr. Olson stated that if the committee chooses to change/alter the original IFB, the process will have to begin over.

The committee discussion included, but was not limited to the following:

- Cost and time to continue and/or to start the process over

- Timeline to complete
- IFB vs RFP – IFB for simple benchmarking and comparing to peer institutions, RFP much broader in scope
- Presidential compensation study only, the current IFB included the Chancellor/system office
- Competitive market(s), inflation, cost of living, and several years of no or minimal salary increases for all system-wide employees
- Upcoming Legislation and budgets

The committee acknowledged the need for salary adjustments throughout the system to address inflation. They noted the presidential compensation study is a starting point based on being in the middle of two presidential searches that require identifying a salary range.

The committee inquired whether the current IFB could be amended and re-issued. Mr. Olson explained that it was written as a single contract to be awarded for six groups based upon the lowest bid combined, partial awards are not permissible.

Bye moved, Hacker seconded, to terminate the current IFB, remove groups included in the original IFB, and proceed with a new IFB, and limit it to presidential compensation(s).

Hacker, Bye, Volk, voted yes. Mihalick voted no.

Mr. Olson stated he would work with the system office and CTS to put together a revised IFB and requested a special BFC meeting to approve it prior to distribution for bids. The committee members indicated it was not necessary to hold a special meeting because they are requesting to narrow the previous IFB. The committee will review and consider approval at their March meeting.

#### **Addition to agenda – update on NDUS Retirement Plan**

Mr. Eric Olson stated he had several discussions with the system office staff and others regarding steps that need to be taken with respect to the retirement plan. He indicated there is a lot of moving parts, such as, terms of oversight of the record keeper, the plan administrator, fiduciary responsibility, hiring an outside attorney with subject matter expertise, and those discussions are ongoing.

Mr. Volk recommended the first step is to consider hiring outside legal counsel that is well versed in management of retirement funds. Mr. Olson explained the hiring of an outside law firm is exempt from procurement law(s) under statute. He recommends engaging in an informal process, seeking multiple quotes to ensure selection of a well-qualified firm/attorney. He stated the Board could delegate the authority to the Chancellor, as the plan administrator, to complete the hiring process. If the Board grants authority to the Chancellor to hire outside counsel, he would not need to come back to the Board for further approval.

Bye moved, Volk seconded, to recommend authorizing Chancellor Hagerott, as the NDUS Retirement Plan Administrator, to hire outside legal counsel to advise on the NDUS retirement plan oversight and review, using plan administrator funds available.

Bye, Volk, Hacker, and Mihalick voted yes.

The meeting adjourned at 3:40 p.m. CT.

Approved March 22, 2022.