

North Dakota State Board of Higher Education

July 20, 2021, Special Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met via Teams/conf. call on July 20, at 2:00 p.m. CT.

Chair Mihalick called the meeting to order at 2:00 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. Karin Halgren, UND
Ms. Tammy Dolan, NDUS	President Armacost, UND
Ms. Sonya Koble, BSC	Ms. Karin Hegstad, NDSU
Mr. Westley Wintch, VCSU	Mr. Keith Johnson, NDSCS
President Van Horn, MaSU	Dean Migler, DCB
Mr. Mike Pieper, UND	Mr. Jeffrey Holm, UND
Mr. Brent Winiger, MiSU	President Richman, NDSCS
President Bresciani, NDSU	Mr. Bruce Bollinger, NDSU
Mr. Jed Shivers, UND	President Jensen, BSC
Mr. Corry Kenner, LRSC	Ms. Terry Meyer, NDUS
Mr. David Krebsbach, NDUS	
Mr. Jeffry Volk, Incoming Board Member	
Mr. Eric Olson, AG Office	

1. BSC Gateway to Science Lease Amendment

Ms. Rebecca Collins reviewed the proposed [BSC Gateway to Science Lease Amendment](#), she explained the warranty deed between the City of Bismarck and BSC included a reversionary clause specifying transfer of the property would be reversed should construction not start within a specific time frame. During subsequent years, the Bismarck City Commission (Commission) allowed for deferment of the reversion until 2019. To date, no further action has been solicited from or taken by the Commission to further extend the reversion date. BSC and Gateway to Science will be proposing a warranty deed modification to the Commission that would terminate the reversionary clause if Gateway to Science completes construction by 7/1/2024. The attached ground lease Amendment 001 would remove references to the reversionary clause if the Commission approves the warranty deed modification.

Ryan moved, Bye seconded, to recommend approval of BSC's amendment to the Gateway to Science Lease.

Bye, Ryan, and Mihalick voted yes.

Mr. Jed Shivers reviewed the following UND requests, items 2 – 4:

2. UND SMHS Compensation & Health Insurance Transfer

And;

Ryan moved, Bye seconded, to recommend approval of [UND's SMHS Compensation & Health Insurance Transfer](#).

Bye, Ryan, and Mihalick voted yes.

3. UND P3 Housing Project

Mr. Jed Shivers explained the [UND P3 project](#), stating several UND apartment properties and residence halls have significant deferred maintenance needs and have reached the end of their usability. An assessment of these facilities, as outlined in UND's master plan, indicates that renovation of these properties is not a financially viable option. These buildings will be demolished in conjunction with a coordinated affiliated housing public private partnership (P3).

The committee discussed several components of the proposal, including but not limited to:

- Recruitment and retention for students
- Reduction in deferred maintenance costs and utility and operating expenses
- Creation stronger student community space, eliminating a large housing footprint on campus
- The 40-year term
- Current student needs/wants verses future student needs/wants

NDUS legal counsel noted there was initial concerns he raised, however, as noted on page 34 of the attached document, he confirmed that the project does comply with state law and risk allocations are not commercial unreasonable.

Ryan moved, Bye seconded, to recommend approval of the resolution presented this day (pg. 38 of the attached documentation) 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.

Bye, Ryan, and Mihalick voted yes.

4. UND Raze 29 Apartments and 6 Residence Halls

Committee members requested that any family names associated with the buildings be contacted and confirm there is no opposition by those families/donors.

Ryan moved, Bye seconded, to recommend approval of UND's request of [Raze 29 Apartments and 6 Residence Halls](#), contingent on compliance with the State Historical Society and SBHE Policies 903 and 902.12.

Ryan, Bye, and Mihalick voted yes.

5. Update on MN/ND Reciprocity Memorandum of Understanding

Mr. David Krebsbach explained to implement the statutory authority and the formal interstate agreement negotiated between the two states, this administrative [memo of understanding](#) (MOU) has been prepared to cover the 2021-22 administrative procedures. For Minnesota, the appropriate agency is the Minnesota Office of Higher Education (OHE). For North Dakota higher education, the appropriate agency is the North Dakota University System Office.

Bye moved, Ryan seconded, to recommend approval the proposed MN/ND Reciprocity Memorandum of Understanding.

Ryan, Bye, and Mihalick voted yes.

The meeting adjourned at 2:25 p.m. CT.