

**North Dakota State Board of Higher Education**

November 15, 2022, Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met November 15<sup>th</sup>, via Teams/conf.

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  
Mr. Jeffry Volk  
Ms. Danita Bye  
Mr. Kevin Black  
Mr. Michael Linnell, non-voting advisor

Other participants:

Chancellor Hagerott  
Mr. David Krebsbach, NDUS  
Ms. Rebecca Collins, BSC  
Mr. Jerry Rostad, NDUS  
Mr. Steve Benson, MaSU  
Ms. Jane Grinde, NDUS  
Mr. Brent Winiger, MiSU  
Mr. Bruce Bollinger, NDSU  
President Shirley, MiSU  
Ms. Brenda Zastoupil, NDUS  
Ms. Karla Stewart, UND  
Mr. Keith Johnson, NDSCS  
Mr. Darin King, CTS  
Mr. Rick Tonder, NDUS  
Ms. Krista Lambrecht, WSC  
Mr. Rick Tonder, NDUS  
Ms. Lisa Johnson, NDUS  
Ms. Tammy Dolan, NDUS  
Mr. Godsoe - Bond, Schoeneck & King  
Mr. Pierce - Bond, Schoeneck & King

President Armacost, UND  
Dr. John Miller, DSU  
Ms. Jamie Wilke, NDUS  
President Darling, LRSC  
Ms. Gina Haugen, NDSU  
Dean Carmen Simone, DCB  
Ms. Erica Buchholz, VCSU  
Mr. Mike Pieper, UND  
Ms. Ericka Buchholz, VCSU  
Mr. Darin King, CTS  
President Van Horn, MaSU  
Ms. Amber Hill, MaSU  
Ms. Terry Meyer, NDUS  
Ms. Dina Cashman, NDUS  
Mr. Mark Jirik, NDSU  
Mr. Terry Nelson, UND  
Ms. Jamie Wilke, NDUS  
Ms. Cynthia Rott, NDSU

1. **Agenda**

Bye moved, Black seconded, to approve the agenda, with the inclusion of a discussion on the budget items, if time allows, at the request of member Volk.

Black, Volk, Bye, Hacker, and Mihalick voted yes.

2. **Meeting Minutes**

Volk moved, Bye seconded, to approve the October 18<sup>th</sup> meeting minutes.

Bye, Hacker, Black, Volk, and Mihalick voted yes.

### 3. NDUS Retirement Plan

a. Solicitation letter for [Retirement Plan Investment Consultant Services](#)

Attorney John Godsoe reviewed the attached draft documentation that was requested by the committee at their meeting. He explained that it authorizes the firm to send the request for qualification (RFQ) and informal solicitation process to seek investment consultant services for the NDUS retirement plans.

The committee had a thorough discussion regarding the language and the scope of services they are requesting at this time. There were concerns expressed that the language is too broad; and could imply the search includes the record keeper. The committee also discussed the role of the NDUS retirement plan record keeper is a separate component from the NDUS retirement advisor/consultant. The RFP is seeking an advisor/consultant that will conduct the services listed in the attached documentation. Mr. Godsoe explained which NDUS plans are currently serviced by Teachers Insurance and Annuities Association of America ("TIAA") as recordkeeper. The Chancellor of the NDUS serves as Plan Administrator of the plans being reviewed, which are separate from the North Dakota PERS defined benefit plan. The North Dakota PERS defined benefit plan is not included in this request for proposal ("RFP").

- Different roles of a 321 and 338 plan advisor, the proposed RFP seeks advisor who consults but would not have the authority on specific investments within the pools.
- Conflict of interests lists all Board members, including non-voting members, clarified the designations (fiduciary responsibilities).
- Include Human Resource staff for input and support; a recent survey indicates NDUS employees are very satisfied with TIAA services; the committee agrees to proceed with caution on behalf of faculty and staff.
- Search for a record keeper would be a separate RFP/RFP and could occur after the advisor reviews the plans, at the discretion of the SBHE.
- RFP issue to 10-15 service providers.

Black moved, Volk seconded, to recommend approval for Bond, Schoeneck & King to move forward with the RFQ to acquire investment consultant services for NDUS retirement plans and to provide the SBHE Budget and Finance Committee responses for evaluation.

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

Motion passed.

Mr. Godsoe stated the timeline would be approximately 30-days to receive responses, and allow time for the review process at the beginning of 2023.

b. Informational - [Revenue Credit Balances by plan](#)

Mr. David Krebsbach explained that the committee requested the revenue credit balance and that not all plans have a revenue credit, and some have more than the others. The committee discussed percentages, dollar amounts, and whether each plan would pay for the advisor review independently. Mr. Godsoe stated that in most cases the plan itself is responsible for the charges. Mr. Krebsbach will research how they have been distributed historically and bring it back to the committee to continue discussions. The TIAA representatives agreed that NDUS and the committee will have the time to discuss further. No action required at this time, informational/discussion only.

4. **UND Resolution Auth to Modify University Facilities Bond**

Bye moved, Hacker seconded, to recommend approval for [UND resolutions authorizing modification of the University Facilities Bond](#), Series 2021 tax-exempt bonds issued by the University of North Dakota Alumni Association & Foundation to finance the construction of an addition to the Pollard Athletic Center.

Bye, Hacker, Black, Volk, and Mihalick voted yes.

5. **UND Clarification 2021 Merrifield/Twamley Hall**

Black moved, Bye seconded, to recommend approval for UND to seek clarification of 2021 special session law enabling the Merrifield / [Twamley Hall](#) renovation project during the 2023 legislative session.

Hacker, Bye, Volk, Black, and Mihalick voted yes.

6. **WSC Fundraising Existing Baseball and Softball Fields**

Bye moved, Volk seconded, to recommend approval for WSC to increase previously approved fundraising authority for the renovation of WSC's [existing baseball and softball fields](#) from \$4,000,000 to \$7,313,939 (a difference of \$3,313,939) to be funded from donations and extend authorization to include construction. Further request authorization to seek legislative approval for the project during the upcoming 2023-24 legislative session.

Bye, Hacker, Black, Volk, and Mihalick voted yes.

7. **Proposed 2023-24 Room, Board, and Fee Guidelines**

Ms. Jamie Wilke explained the guidelines are mainly the same as the prior year, with the biggest change being the language related to a cost increase potentially needed to reflect the appropriations approved by the 2023 Legislative Assembly. If the guidelines are approved by the Board, the system office will provide templates to the institutions to begin reviewing their room, board, and mandatory course/program fees for the academic year 2024. The institutions will have until February 2023 to return them to the system office for review, if the institutions are requesting an increase above the 1% threshold, then the Budget and Finance Committee (BFC) and ultimately the full Board would take under consideration for approval in March 2023. If they do not request over 1%, it would be an informational report.

Hacker moved, Bye seconded, to recommend approval for the [Proposed 2023-2024 Room, Board, and Fee Guidelines](#).

Black, Volk, Bye, Hacker, and Mihalick voted yes.

**Committee Discussion/Reports/Informational**

8. [Lease Agreements as of FYE 6/30/2022](#)

Ms. Jamie Wilke reported that the system office worked with the institutions to update the dollar amounts from the October meeting. The capital and operating leases across the system have been categorized at the request of the committee. The report shows the capital lease principal balances as of June 30, 2022, and then there is a column for the operating. There is also a page detailing the leases by institution with the lease start date and terms. The committee discussed whether reporting leases to the committee is necessary after they have already gone through Board approval. It will be re-considered as the Board moves forward in their review of NDUS business processes.

9. **Added agenda item – Budget Process Discussion only**

Member Volk inquired on the status of the NDUS budget request that was discussed in June of 2022. Chancellor Hagerott explained the budget cycle process and that the system office and institutions are continuously working through their requests. There are currently several working groups and meetings occurring based off the solid framework discussed and laid out in June. There are several layers of the process and the legislative committee assignments have not been made yet, more discussion will take place closer and/or during session. The committee further discussed specific components of tiered funding available to the institutions and the Challenge Grant Fund Committee. The tiered funding will continue to be discussed; the Challenge Grant Committee is chaired by the Lieutenant Governor and consists of legislators and two Board members that will work through legislation that appropriates that funding.

The meeting adjourned at 3:55 p.m. CT.