

**North Dakota State Board of Higher Education
Budget and Finance Committee Meeting Minutes**

October 9, 2024

The State Board of Higher Education Budget and Finance Committee met via Teams on Wednesday, October 9th at 1:00 p.m. CT., via Teams.

SBHE Budget and Finance Committee members

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| <input checked="" type="checkbox"/> Mr. Kevin Black, Chair | <input checked="" type="checkbox"/> Mr. Jeffrey Volk |
| <input checked="" type="checkbox"/> Mr. Tim Mihalick | <input checked="" type="checkbox"/> Mr. Michael Linnell, Staff Advisor |
| <input checked="" type="checkbox"/> Mr. Curtis Biller | |
| <input checked="" type="checkbox"/> Ms. Danita Bye | |

Institution Presidents/Representatives

BSC President Jensen, Ms. Rebecca Collins, Ms. Sonja Kolbe, **DCB** Dean Simone, **DSU** Mr. Leslie Wietstock, **LRSC** President Darling, Ms. Joanne Kitchens, **MaSU** President Van Horn, Ms. Amber Hill, **MiSU** President Shirley, Ms. Krista Lambrecht, **NDSCS** President Flanigan, Mr. Keith Johnson, **NDSU** Mr. Bruce Bollinger, Mr. Michael Ellingson, Mr. Matt Larson, Dr. Greg Lardy, **UND** Ms. Odella Fuqua, Ms. Karla Stewart, Mr. Thomas Bures, Mr. Mark Johnson, Mr. Mathew Kibbon, **VCSU** President LaFave, Ms. Erica Buchholz, **WSC** President Hirning.

System Office/CTS/Guests

NDUS Chancellor Hagerott, VC David Krebsbach, Ms. Jamie Wilke, Mr. Corey Quirk, VC Jerry Rostad, Mr. Chris Pieske, Mr. Rick Tonder, Ms. Dina Cashman, Mr. Rick Tonder, Ms. Robin Putnam, **AG** Ms. Meredith Larson.

Chair Black called the meeting to order at 1:00 p.m. CT.

1. **Agenda**

Member Volk requested to add a discussion item on budget matters, specifically timeliness of budget reports and management of carryover funds.

The amended agenda was approved by consensus.

2. **Meeting Minutes**

Mihalick moved, Bye seconded, to approve the September 11, 2024, meeting minutes, as presented.

Approved by consensus.

3. **UND Oxford Realty Land Exchange**

The proposal involves trading UND-owned residential parcels for a property owned by Oxford Realty, the following are the details of each parcel:

UND-Owned Parcels:

- Located at 5th Avenue North and Cambridge Street.
- Total area: 23,625 square feet.
- Estimated value: \$175,000.
- Donated to UND in 1973 and 1987.
- No long-term planned use; likely to remain green space.
- Total investment, including demolition costs: \$201,000.

Oxford Realty Parcel:

- Located within UND's campus core.
- Total area: 10,125 square feet.
- Purchased for \$309,000 at a tax auction.
- Estimated value: \$85,000 (post-demolition).
- Demolition cost: \$60,000.
- Total investment: \$369,780.
- Optimal use for UND as a parking lot to alleviate parking issues.

Member Volk raised concerns that the Oxford Realty parcel isn't a fair trade for the UND parcel. UND representatives responded that if they had left the cost to demo the building on the parcel, which is necessary to do, the value would be in line with the UND parcel. Also, if they had appraised the parcel "as is," it would reflect its recent sale at auction for \$315,000. Finally, they noted the trade is beneficial for UND's long-term campus development and offers significant strategic value for UND's campus operations.

Bye moved, Mihalick seconded to approve UND's land exchange with Oxford Realty, as presented:

[UND Oxford Realty Land Exchange](#)

- [Additional Information](#)
- [Appraisals](#)

The committee continued to discuss if the trade is equitable. Member Mihalick understands the equity concerns, however, the gains and alignment to UND's long-term campus plans outweighed simply looking at the dollar value when considering the trade. Chair Black indicated that the trade is actually weighted in favor of UND. The market "spoke" at the recent auction of the parcel which was sold at \$315,000.

Bye, Mihalick, Biller, and Black voted yes. Volk voted no. Motion passes 4 – 1.

4. **UND Information Technology Building Renovations**

Mihalick moved, Biller seconded, to recommend approval for [UND Information Technology Building Renovations](#), as presented.

Volk, Bye, Mihalick, Biller, and Black voted yes. Motion passes 5 – 0.

5. **UND Neuroscience Building HVAC Equipment Upgrade**

Mihalick moved, Volk seconded, to recommend approval for [UND Neuroscience Building HVAC Equipment Upgrade](#), as presented.

Mihalick, Volk, Bye, Biller, and Black voted yes. Motion passes 5 – 0.

6. **UND University & Stanford Road Parking Lot Construction**

Volk moved, Biller seconded, to recommend approval for [UND University & Stanford Road Parking Lot Construction](#), as presented.

Bye, Mihalick, Biller, Volk, and Black voted yes. Motion passes 5 – 0.

7. **BSC Naming of Athletic Facility**

Mihalick moved, Biller seconded, to recommend approval to name [BSC's new athletic facility](#) the Bavendick Center, as presented.

Volk, Bye, Mihalick, Biller, and Black voted yes. Motion passes 5 – 0.

8. **BSC Naming of Polytechnic Facility**

Ms. Collins clarified the naming and purpose of the [BSC's polytechnic facility](#); the new building is an advanced technology center, not a Polytechnic facility, as BSC itself is a Polytechnic institution. This approach ensures the facility's name accurately reflects its function and aligns with the institution's overall identity. She further explained that a legislator had proposed legislation during the last session to name BSC's polytechnic facility after a former BSC President, Dr. Larry C. Skogen, and it was approved. Following session there were discussions with Dr. Skogen and he preferred having the library and English arts building carry his name. The legislator agreed, but it can't be officially done until the upcoming legislative session, by which time the facility will already be in use. BSC's request will not hinder renaming it in the future, if needed, but it ensures clarity for now.

Biller moved, Bye seconded, to recommend approval of BSC's request to name the new building the "Advanced Technology Center," as presented.

Mihalick, Volk, Bye, Biller, and Black voted yes. Motion passes 5 – 0.

9. **BSC Updated JPA Agreement**

Ms. Collins provided the committee with background information on [BSC's request to update the JPA Agreement](#). The Joint Powers Agreement (JPA) needed adjustments based on legal requirements identified by the Attorney General.

Member Volk reiterated his concerns of having the JPA agreement identify the system office as a voting member when BSC originally brought the request to the Board. He recommended that the JPA list Bismarck State College as the voting member. Member Volk also questions why and how long the University of Mary has been a voting member, and why this request has been returned to the Board.

Ms. Collins explained that the JPA was approved by the Board in March, 2024. Subsequently, the Attorney General has rejected the agreement since the North Dakota Century Code precludes having a private non-party to the agreement as a voting member. The agreement has been revised to list the University of Mary as a non-voting member; this change ensures compliance with legal requirements while maintaining the involvement of the University of Mary.

President Jensen and Ms. Collins provided additional historical information to the committee for clarification. The original agreement dates to 1994, with multiple addendums added over the years. The State Board of Higher Education was a voting member on the original document. The City of Bismarck requested to be removed from the agreement, which was allowed, but the attorneys did not permit the removal of the State Board of Higher Education. Assistant Attorney General, Ms. Meredith Larson noted that the Attorney General's office reviews and signs off on JPAs involving state entities and political subdivisions or law enforcement agencies. Bismarck State College (BSC) operates under the authority of the State Board of Higher Education, which is why the board must be involved in the JPA. The committee inquired why the institutions themselves could not replace the Board as the voting member; the response was that since the Board owns the land, not the individual campuses, it needs to be a voting member. The committee discussed potential changes to how JPAs are approved, including giving more discretion to the institutions rather than the governing body, however, any changes would need to comply with state law.

Biller moved, Bye seconded, to recommend approval of BSC's JPA agreement, as presented.

Bye, Mihalick, Biller, and Black voted yes. Volk voted no. Motion passes 4 – 1.

10. **LRSC Tier II and Tier III Funds Transfer**

Volk moved, Mihalick seconded, to recommend approval to ratify Chancellor's approval for LRSC to [transfer from the NDUS System Office Tier II](#) and Tier III capital building fund appropriation line to the LRSC capital building fund appropriation line, as presented.

Volk, Bye, Mihalick, Biller, and Black voted yes. Motion passes 5 – 0.

11. **2025-2026 Room, Board and Fee Guidelines**

Ms. Wilke provided a summary of the 2025-2026 [Room, Board and Fee Guidelines](#); she noted the current request is just the guidelines and the institutions will bring their actual tuition and fee proposals to the Board in March/April timeframe.

Volk moved, Biller seconded, to approve 2025-2026 room, board and fee guidelines, as presented.

Bye, Mihalick, Biller, Volk, and Black voted yes. Motion passes 5 – 0.

12. **SBHE Policy 916.1 Possession of a Firearm or Dangerous Weapon in a Campus Residence**

VC Krebsbach review proposed amendment to [Policy 916.1](#), Possession of a Firearm or Dangerous Weapon in a Campus Residence. The definition mirrors what is in ND Century Code.

Mihalick moved, Bye seconded, to recommend approval of Policy 916.1, as presented.

Bye, Mihalick, Biller, Volk, and Black voted yes. Motion passes 5 – 0.

13. **Report on NDUS Institution Facility Master Plan Process Review**

Mr. Rick Tonder reported on the planning and process that takes place for the NDUS [institution facility master plans](#) (physical plant). He explained the significance of strategic planning and how facility master plans are framed to align with the overall plan; the facility master plan is the most important component of sound fiscal responsibility. He outlined how and why master plans are created and need to be maintained, noting it is a complex process with many factors that require considerable staff work and consultant support. The challenge for smaller NDUS institutions is having adequate staff, staff with master planning experience, and funds to hire a consultant to assist. The presence of a physical plant (campus) has a life-long impact on students, staff, faculty, and community.

14. **Update on OMB/Governor's Budget Meetings**

Chancellor Hagerott/VC Krebsbach provided an update on the OMB budget meetings that took place on September 30 and October 1; the system office presented budgets and answered specific requests for information.

The committee requested that the system office notify all Board members when they are providing budgets and other information to OMB, the legislators, or the Governor. The BFC members stated that the Board is responsible for the system, and should be part of any discussions regarding budgets, system initiatives, and other major components of the system. The system office will notify the Board members of future meetings, presentations, and requests for information to and from legislators, OMB, and the Governor's office.

Added agenda item – Budget Matters

Member Volk expressed dissatisfaction with the timeliness of responses to requests for information from the system office on NDUSO and CTS budgets and other information he has had difficulty obtaining. Chancellor Hagerott and VC Krebsbach stated that they are and have been open to discussing NDUS budgets with Member Volk. Member Volk also has concerns that the message from the system office to legislators is that the Board has full authority over every dollar in the NDUS budgets, yet they have not been provided budget reports. He requested that the BFC receive regular updates going forward. He noted that the most recent system office/CTS budget report for their forty million plus dollar budget didn't have any details or a breakdown of how the funds are being distributed/spent. He requested more information on the carryover dollars. Member Volk concluded by stating the Board is fiscally responsible and should have oversight on specific budget items and on the disposition of carryover funds. Chair Black requested member Volk share a schedule of financial documents requesting both type and frequency. Send to Kevin Black and VC Krebsbach and we can discuss how to distribute information whether it be via the website or via a BFC meeting and the timing of providing the information. Chair Black will communicate with the system office to obtain the information.

The meeting adjourned at 2:40 p.m. CT

Approved November 13, 2024.