

**North Dakota State Board of Higher Education
Budget and Finance Committee**
June 18, 2019, Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met via conference call on June 18th at 3:30 p.m. CT. The call originated on the 10th floor of the State Capitol, NDUS Conference Room, 600 E. Boulevard Ave., Bismarck, ND.

Chair Hacker called the meeting to order at 3:30 p.m. CT.

SBHE Budget and Finance Committee members participating:

Mr. Nick Hacker, Chair
Dr. Casey Ryan
Mr. Dan Traynor
Mr. Tim Mihalick
Mr. Andy Wakeford

Other participants:

Chancellor Hagerott	Ms. Cynthia Rott, NDSU
Ms. Tammy Dolan, NDUS	Ms. Jane Grinde, NDUS
Mr. Halvorson, LRSC	Ms. Joann Kitchens, LRSC
Ms. Cynthia Rott, NDSU	Mr. Mike Pieper, UND
Mr. Westley Wintch, VCSU	Mr. Brent Winiger, MiSU
President Shirley, MiSU	Ms. Becky Collins, BSC
Mr. Dennis Gladden, NDSCS	Mr. Riley Yadon, WSC
Mr. Jed Shivers, UND	Mr. Dave Krebsbach, NDUS
Ms. Laura Nelson, DSU	Mr. Rick Tonder, NDUS
Mr. Dave Krebsbach, NDUS	Ms. Kristie Hetzler, NDUS
Ms. Patty Schock, NDUS	Ms. Terry Meyer, NDUS
Ms. Maryann Olson, NDUS	Ms. Karol Riedman, NDUS
Ms. Robin Putnam, NDUS	Ms. Billie Jo Lorus, Dir of Communications
Mr. Eric Olson, Asst. A.G. and General Counsel	

1. **Agenda**

Ryan moved, Mihalick seconded, to approve the agenda.

Ryan, Mihalick, Traynor, and Hacker voted yes.

2. **Meeting Minutes**

Mihalick moved, Ryan seconded, to approve the May 14, 2019, meeting minutes.

Mihalick, Ryan, Traynor, and Hacker voted yes.

3. **Policy 302.3 Budget and Finance Committee**

Ms. Dolan reviewed the proposed amendments to [policy 302.2](#). She explained policy 302.3 establishes the BFC responsibilities, which currently includes establishing annual budget guidelines and reviewing semi-annual budget status reports. The proposed changes would

move the budget guideline process to once every two years. Additionally, budget status reports would be reduced to one per year rather than the current semi-annual reports.

Annual budget guidelines are currently approved in March during non-legislative years and May in legislative years. The proposed changes would expand the May (legislative year) guidelines to cover the entire biennial budget period. The second-year annual budget guideline process would be eliminated. Moving to biennial budget guideline process has several advantages, including:

- Budget guidelines would be aligned with the Legislative Assembly that appropriates state dollars for a two-year period. The appropriations bill generally contains any salary increase directives and tuition rate increase limitations, both of which are applicable for the entire biennium.
- Institutions will be saved the time & effort needed to prepare & submit the required documentation to obtain SBHE budget approval every year. Institutions have indicated that they will likely continue their internal budgeting processes each year.
- The change would enable longer-term planning because maximum tuition rate increases, salary guidelines and other budget directives would be known a year in advance.
- Institutions would be able to announce tuition rates earlier, which would improve transparency and potentially aid in marketing & recruitment of new students.

Semi-annual budget reports are now presented to the BFC in September and March. The proposed changes would eliminate the September report that reflects activity through June 30. This report is somewhat duplicative of the financial statements and annual financial review; which, cover the same time period. The March budget status report would continue to provide the BFC with key information to understand the institutions' financial status. Additionally, the institutions would be able to request any adjustments to approved tuition rates or other budgetary guidelines when the March report is presented.

Traynor moved, Ryan seconded, to recommend approval of policy 302.2

Traynor, Mihalick, Ryan, and Hacker voted yes.

Ms. Putnam reviewed the following proposed amendments to policies [804](#), [804.1](#), and [810](#):

4. **Policy 804 Equipment and Personal Property Leases**
AND
5. **Policy 804.1 Tax Exempt Bond Issues and Lease Purchase Financing**
AND
6. **Policy 810 Deposit of Funds; Investments; Endowment and Gift Funds**

Traynor moved, Ryan seconded, to recommend approval of policies 804, 804.1, and 810 (agenda items 4, 5, & 6).

Mihalick, Ryan, Traynor, and Hacker voted yes.

Ms. Grinde reviewed the following proposed amendments to HR policies [20](#) and [22](#):

7. **HR 20 Other Paid Leave**
AND
8. **HR 22 Family Leave (FMLA)**

Traynor moved, Ryan seconded, to recommend approval of HR policies 20 and 22 (agenda items 7 and 8).

Traynor, Mihalick, Ryan, and Hacker voted yes.

9. **UND Sell Building/Property Stanford Road**

UND to [sell the following building/property: 1225 Stanford Road](#) (with an insurable value over \$250,000), and request the SBHE or a designee of the board to approve the terms of the conveyance. Further, appoint Dr. Ryan to be the Board point of contact and to oversee the sale.

AND

10. **UND Sell Building/Property 40th Street**

UND to [sell the following building/property: 715 N 40th St](#) (Gallery Apartments) (with an insurable value over \$250,000), and request the SBHE or a designee of the board to approve the terms of the conveyance. Further, appoint Dr. Ryan to be the Board point of contact and to oversee the sale.

Ryan moved, Traynor seconded, to recommend approval of UND's sales of buildings/properties on Stanford Road and 40th Street and to appoint Dr. Ryan to oversee the sales (items 9 and 10).

Mihalick, Ryan, Traynor, and Hacker voted yes.

11. **UND Raze Dakota Hall**

[UND to raze the following building: Dakota Hall](#) (with an insurable value over \$250,000).

AND

12. **UND Raze Four additional buildings**

[UND to raze four buildings](#): 3106 5th Avenue N., 506 Harvard St., 2920 5th Avenue N. and 325 Princeton St. - each with an insurable value over \$250,000.

Ryan moved, Mihalick seconded, to recommend approval for UND to Raze Dakota Hall and four additional buildings, items 11 and 12.

Traynor, Ryan, Mihalick, and Hacker voted yes.

13. **UND Raze Steam Plant Building**

Ryan moved, Mihalick seconded, to recommend approval for UND to [raze the Steam Plant building](#) (with an insurable value over \$250,000).

Ryan, Mihalick, Traynor, and Hacker voted yes.

14. **UND O'Kelly Hall Increase Spending**

Traynor moved, Mihalick seconded, to recommend approval for UND to increase spending authorization and scope of [third floor renovation of O'Kelly Hall](#) from \$2,243,000 to \$2,750,000 (an increase of \$507,000 to be paid from appropriated (\$407,000) and local (\$100,000) funds) to cover expanded project scope: additional asbestos abatement and added furniture for more staff.

Mihalick, Ryan, Traynor, and Hacker voted yes.

15. **MISU Formal Fundraising**

Ryan moved, Traynor seconded, to recommend approval of MiSU acting through the MSU Foundation, to proceed with a [formal fundraising campaign](#) of up to \$1,600,000 for repairs and improvements on the MSU Summer Theater facility.

Traynor, Ryan, Mihalick, and Hacker voted yes.

16. BSC Purchase Health Science Building

Traynor moved, Ryan seconded, to recommend approval for [BSC to purchase the Health Science Building from BSC Foundation](#) Property Holdings, LLC, a subsidiary of the BSC Foundation.

Traynor, Ryan, Mihalick, and Hacker voted yes.

17. LRSC Begin Fundraising

Mihalick moved, Traynor seconded, to recommend approval for LRSC requests permission, pursuant to SBHE Facilities Policy 902.1.1, to [begin a fundraising](#) campaign to raise the \$1,322,625 needed to augment funding made available by the 66th ND Legislative Assembly for the purpose of constructing the Curtis and Annette Hofstad Agriculture Center on the campus of LRSC.

Ryan, Mihalick, Traynor, and Hacker voted yes.

18. LRSC Transfer from Operations to Capital Assets

Traynor moved, Ryan seconded, to recommend approval for LRSC's [transfer of \\$8,339 from the LRSC operations line](#) to the capital assets line, as authorized in SB2003 (Section 20), for the 2017-19 biennium. LRSC will use these funds for the required match on miscellaneous building repair projects.

Mihalick, Ryan, Traynor, and Hacker voted yes.

The Committee also requested the System Office continue to work with legislature to eliminate the need for or establish a dollar threshold for similar requests in the future.

19. NDUSO Appropriation Transfer for BSC, DSU, and WSC

Traynor moved, Ryan seconded, to recommend approval for NDUSO [Appropriation Transfer Requests](#) to BSC, DSU, and WSC.

Traynor, Ryan, Mihalick, and Hacker voted yes.

20. NDUSO and SBHE FY20/21 Biennial Budgets

Ms. Dolan reviewed the [NDUSO and SBHE FY20 and FY21 Biennial Budgets](#). She explained the 2019-2021 (FY20 and FY21) biennial budget was developed in accordance with the guidelines approved by the BFC on 5/14/2019. SBHE policy 802.6 (g) requires the SBHE shall approve the Board and system office annual operating budgets, and SBHE policy 302.3 requires SBHE approval of proposed campus assessments exceeding \$10,000.

Mihalick moved, Traynor seconded, to recommend approval of the FY20 and FY21 NDUSO and SBHE biennial budgets.

Ryan, Mihalick, Traynor, and Hacker voted yes.

The Committee members and system office staff discussed the following three projects (items 21, 22, and 23):

21. UND to proceed with [construction of a new Memorial Union](#).

22. UND request approval of the attached resolution authorizing University of North Dakota to issue not more than [\\$80,000,000 in UND Housing and Auxiliary Facilities](#) Revenue Bonds, Series 2019,

and authorize the execution of related documents for financing the construction of a new Memorial Union.

23. [UND Raze Memorial Union](#).

After discussion it was determined to delay action on agenda items 21, 22, and 23. The delay is due to their complexity, the scope, and to will allow the Interim President additional time to review, consider, and provide the committee his input.

The meeting adjourned at 4:45 p.m. CT.

Approved September 17, 2019.