ND Higher Education Challenge Fund Meeting Minutes
October 2, 2013 10:00am-11:30am
Governor’s Conference Room


Call to Order/Meeting Minute Approval
The meeting was called to order by Lt. Governor Wrigley at 10:07am.

The meeting minutes of the July 9, 2013, meeting were moved for approval by Dosch and seconded by Burgum; motion carried. The meeting minutes of July 30, 2013, were corrected to reflect a spelling error; Nicholas moved approval with correction, Burgum seconded; motion carried. Discussion was held on the August 5, 2013, minutes reflecting the approval of Lake Region State College scope approval. The item was tabled to the last item of the agenda for the committee to re-review the proposal to ensure the committees intent was recorded correctly.

Guidelines Discussion
Project Cost Over-run
President Kelly explained that if a capital project comes in at a higher cost, the project must be downsized unless there are other sources of funds to fill the gap. Tim O’Keefe, UND Foundation Executive Director stated that in his opinion the Challenge Funds were not relevant in the oversight of the project.

Gift Type Clarification
(See email from John Klocke in meeting materials). The intent of John Klocke, Mayville State Foundation Director, was to understand qualifying gift types as it relates to donors’ planned gift contributions.

Discussion was centered on the intent of the legislation as to matching the dollars that are available today. Dosch asked if the guidelines say 7 years, would this be outside of the 7 years. Klocke responded that the scenario is that if the donor gave the full amount today; the donation would be matched, but the funding would sit until the donor died. The campus would have immediate use of match dollars for scholarships right away. He went on to further acknowledge that the use of the funds for capital projects would be difficult and this situation would be better suited for endowment activities. With the ND endowment credit, there are wonderful incentives, and this is a big leverage tool. Deanna Carlson Zink, UND Foundation, recommended putting the funds into a term of years on the annuity to be able to meet the needs of the program. This would fall into the legislative intent. The Lt. Governor recommended Carlson’s recommendation with the addition of stopping at the term of 7 years. Lt. Governor and Effertz will create language to be amended into the guidelines to reflect the discussion and bring to the next meeting for approval of the committee.

O’Keefe discussed the strategy and use of new pledges and new money to existing endowments. Committee was in agreement with this approach to fundraising and use of funds.
Application for Funding

University of North Dakota

President Kelly provided an overview of the Collaborative Energy Complex that has three different applications for match funding before the committee for approval. President Kelly explained each application (Neset Consulting, Great River Energy and AE2S) detailing the principle donation amount, the intent of the funds and the requested match amount. President Kelly went on to provide an overview of the College of Business building and the proposed Endowed activities.

Burgum inquired why the UND Foundation would want to leverage the Barry Foundation funds and expire those dollars so quickly. O’Keefe stated that the applications forwarded today requesting match funds are from six of the campuses’ eight colleges. University of North Dakota has found that donors respond best to a one to one match. By using the Barry Foundation match dollars, they are able to almost create that one to one match scenario for their donors.

Dosch inquired if the requests for funds for the capital projects are within the guidelines and also within the guidelines of budget section/legislative approval. Kelly responded that neither have had requests for state dollars and both have been approved to raise money by the State Board of Higher Education. Neither project in their updated form has been approved by the budget section.

Dosch inquired on the use of the funds for the Henry and Judy Herr endowment. Deanna Carlson Zink pointed to page four on the application that details how the funds will be used Dosch stated that the description answered his questions. President Kelly stated that most of the endowments are restricted and it does highlight that if any unrestricted funds are requested for match, UND will be diligent in explaining the use of funds to the committee.

The applications for funding were tabled until clarification on what had been provided to the budget section and what had not.

Scope Approvals

Lake Region State College

Faculty Training and Curriculum Development: President Darling requested approval to raise funds for faculty development and technical program support. Nicholas moved for approval, Burgum seconded, motion carried.

University of North Dakota

Aerospace/UAS Research, Training and Education Building: President Kelly explained this is a $15 million project expansion of the existing Ryan Hall. $10 million has already been raised and new dollars are being requested. Only dollars received after July 1 would be requested to be matched. Dosch moved for approval with funds being distributed pending budget section approval, Nicholas seconded, motion carried.

North Dakota State University

President Bresciani explained the following scope approvals:

- **Food Production Laboratory Complex:** This is an upgrade of the lab complex. Nicholas moved for approval, Burgum seconded, motion carried.
- **Mandan, Hidatsa, and Arikara Nation Endowed Professor of American Indian Public Health:** The private match portion of this endowment would be from the Tribe. Discussion
was held amongst the committee if this source of funds would be eligible. It was agreed that a requirement of the Tribal dollars being eligible, a source description of the funds would be necessary to verify that they were not funds received by the federal government. Nicholas moved for approval with the requirement that the tribal funds have verification of non-federal funds, Warner seconded, motion carried.

- **NDSU Center for Risk and Trading**: Burgum moved for approval, Dosch seconded, motion carried.
- **Graduate Education Enhancement**
- **Chair in Business Ethics**
- **Mandan, Hidatsa, and Arikara Nation Endowed Scholarship in Public Health**
- **Division of Performing Arts Comprehensive Naming Campaign**: This is to be a broad based naming program to name rooms and various elements of the building. Dosch requested that this type of project has more “scope” to it in the future to be able to avoid funding sports complexes and other projects that are borderline academic enhancements. Warner stated he was uncomfortable with this application. President Bresciani assured that there will not be any lack of specificity in the final application for funds. Dosch moved for approval of the NDSU Center for Risk and Trading, Chair in Business Ethics, Mandan Hidatsa and Arikara Endowed Scholarship in Public Health, and the Division of Performing Arts comprehensive Naming Campaign, Nicholas seconded, motion carried.

The scope application from Lake Region State College was distributed to the committee members electronically and in person for review to determine the minutes in question. Discussion was held on the infrastructure proposal. The August 5 minutes should reflect approval for all applications, with the 5% shortfall of the infrastructure project not being eligible for match.

The amended meeting minutes were moved for approval by Nicholas and seconded by Dosch, motion carried.

The Lt. Governor asked that all campuses compile what was different about the fundraising efforts and practices and submit to Kayla as they see fit.

Brad Barth, Foundation Director from Wahpeton, reported that there is a wide variety of experience levels at the table from very senior expert level foundation directors to very new people like him. This fund has significantly challenged the smaller campuses and staffs of the alumni foundations as they are being asked to raise double the amount of funds that have ever been raised. He thanked the committee for the opportunity.

President Kelly confirmed that both the Energy Complex and the College of Business buildings would need to be revisited by the Budget Section. Once that has been done and approved, he would provide written confirmation. Dosch moved for approval of the capital projects of the UND Energy Complex and the College of Business building project pending budget section approval, Nicholas seconded, motion carried.

Dosch moved for the approval of UND endowed activities; Burgum seconded, motion carried. Dosch moved for approval of the UND Aerospace building, Nicholas seconded, motion carried.

Meeting adjourned, 11:55 am, Respectfully submitted: Kayla Effertz