The State Board of Higher Education Budget and Finance Committee met by conference call on Monday, April 20, 2015, at 4:30 p.m. CDT. The call originated in the NDUS office, 10th floor of the State Capitol, Bismarck, ND.

SBHE Budget and Finance Committee members participating:

- Mr. Don Morton, Chairman
- Mr. Grant Shaft
- Dr. Kevin Melicher
- Ms. Janice Hoffarth, non-voting

Other NDUS participants:

- Dr. Doug Darling, LRSC
- Mr. Brian Foisy, MiSU
- Dr. Dean Bresciani, NDSU
- Mr. Bruce Bollinger, NDSU
- Ms. Laurie Furuseth, WSC
- Ms. Peggy Lucke, UND
- Dr. Lori Reesor, UND

Mr. Morton convened the meeting at 4:30 p.m.

Chair Morton explained that WSC is making other arrangements with the WSC Foundation to cover the Workforce Training Center project, so WSC has requested agenda item #4 be removed from the agenda.

**March 13, 2015 Meeting Minutes**

Minutes need to be corrected to reflect that UND met with students March 11 and 12, and not March 4 and 5, which is reflected on page 7 of the minutes.

**Mr. Shaft moved**, seconded by Dr. Melicher, to approve the **March 13, 2015, minutes** with the requested changes. Shaft, Melicher, and Morton voted aye. The motion carried.

**SBHE Policy 806.3-Moving Expenses**

Ms. Glatt reported the proposed revisions to Employee Moving Expense policy 806.3 are to provide, at the discretion of the institution, reimbursement or a lump-sum payment to the employee for moving expenses for new hires outside the system. The proposed changes came from the NDUS Controllers. The proposed changes have also been reviewed and recommended by the Human Resource and Administrative Affairs Councils and the Chancellor’s Cabinet.
Ms. Glatt explained current Board policy permits reimbursement of certain actual moving, travel, and living expenses based on receipt. The proposed policy change would permit either reimbursement of certain actual moving, travel, and living expenses based on receipt OR a negotiated taxable lump sum amount for relocation expenses for new employees. There would be no change for relocated employees due to current statutory restrictions.

The changes are intended to: 1.) provide added flexibility to tailor moving payment to each individual position and/or employee location; 2.) to eliminate disincentive inherent in current policy for the employee to perform some or all of moving preparations, instead of outsourcing those to external provider; 3.) with lump sum payment option, reduce the amount of administrative overhead due to reduced number of receipt and expense audits; 4.) with lump sum option, provides a fixed moving cost amount for both the employer and employee upfront at time of hire for budgeting purposes; 5.) with lump sum option, reduces employee frustration about which expenses are reimbursed and which are not reimbursed and at what level.

In response to a question, these changes only apply to hires outside the state of North Dakota. In order to apply the same optional provisions to hires from within the state, statutory changes would be required.

The policy will move forward to the SBHE on first reading at the April meeting and on second reading at the May meeting.

**Mr. Shaft moved**, seconded by Dr. Melicher, to approve the proposed changes to **SBHE Policy 806.3 – Moving Expenses**. Melicher, Shaft, and Morton voted aye. The motion carried.

**MiSU Facilities Revenue Refunding Bonds, Series 2015**
Mr. Foisy requested approval to refund bonds (Series 2006) to achieve a lower interest rate and as a result, overall savings over the remaining life of the bond. The rates at the time of purchase were between 4.8-5.25 percent. After conversations with public financial management, the financial advisors anticipate a rate between 2-3 percent. Financial advisors indicate the anticipated net present value savings will be approximately $724,886.

**Mr. Shaft moved**, seconded by Dr. Melicher, to recommend approval to SBHE 1.) Authorize issuance of not to exceed $4,000,000 **Minot State University Facilities Revenue Refunding Bonds, Series 2015**, for the purpose of refunding the Minot State University Student Services Facilities Revenue Bonds, Series 2006; 2.) Authorize the MiSU President and/or Vice President for Administration and Finance to approve the sale of the bonds provided that the true interest rate not exceed 4.0% provided the present value of the debt service savings is not less than 2%. The approximate final date upon which the principal amount of the obligation will mature or become payable is August 1, 2029; and, 3.) Appoint the firm of Arntson Stewart Wegner PC as the bond counsel and Public Financial Management, Inc.as the financial advisor. Shaft, Melicher, and Morton voted aye. The motion carried.
NDSU Wallman Wellness Center Aquatics Addition Project
Mr. Bollinger said NDSU seeks authorization to proceed with the sale of $10 million in revenue bonds for the subsequent construction of the $11 million Wallman Wellness Center Aquatics Addition, with $1 million to be repaid from student fee revenues.

Ms. Glatt said the SBHE approved an annual fee increase of $58.32 in 2013 in support of the addition. NDSU has been collecting the revenue from this fee increase and this has generated $1M in revenue available for the project at this time. There is a second phase to the fee increase, which was disclosed to the Board in 2013, of an additional $27.12 per semester that will be required beginning Fall 2016. Between these two fee increases, the total increase will be $112.56 per year. There was consideration to approve the Phase 2 fee increase of $27.12 now as part of the project approval; however, due to state statute that requires the Board to approve annual fee increases exceeding one percent, the Fall 2016 increase of $27.12 will need to be considered along with any other fee increases at that time.

Mr. Shaft moved, seconded by Dr. Melicher, to recommend approval to authorize NDSU to proceed with the construction of the Wallman Wellness Center Aquatics Addition Project at an estimated cost of $11,000,000, with $10,000,000 funded from revenue bond proceeds and $1,000,000 from local funds, subject to appropriate legislative approval, including the following:

The issuance of not to exceed $10,000,000 State Board of Higher Education of the State of North Dakota, North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2015B, for the purpose of financing the construction of an Aquatic Center on the North Dakota State University campus as per N.D.C.C. Chapter 15-55;

1. Authorize the execution of a Supplemental Indenture of Trust, Bond Purchase Agreement and Related Documents;

2. Authorize the NDSU President and Vice President for Finance and Administration to approve the sale of the bonds (Series 2015B) at a price not less than 98% of the principal amount thereof and at a true interest rate not exceeding 5.00%. The approximate final date upon which the principal amount of the obligation will mature or become payable is April 1, 2036; and

3. Appoint the firm of Arntson Stewart Wegner PC as the bond counsel and Fieldman, Rolapp & Associates (Independent Financial Advisors to Government) as the financial advisor.

Melicher, Shaft, and Morton voted aye. The motion carried.

Mr. Tonder said Ms. Peggy Lucke will be recognized by UND April 23, 2015, for her 43 years of service to the University of North Dakota and the State of North Dakota.

Meeting adjourned at 4:54 p.m.