Present: Lieutenant Governor Drew Wrigley, Representative Bob Martinson, Rick Burgum, Senator Joan Heckaman, Kathleen Neset, and Connie Nicholas.

Lt. Gov. Drew Wrigley called the meeting to order at 2:34 p.m.

The Lt. Gov. asked grant review committee members, presidents, and foundation directors if there were any questions about or objections to the meeting minutes from Jan. 5, 2015, or Feb. 13, 2015. Sen. Joan Heckaman moved to approve the meeting minutes, Kathleen Neset seconded. Motion carried.

Committee Business

Dickinson State University Receivership

The receiver, Sean Smith, asked that the committee not release the approved funds to Dickinson State University (DSU). He assured the committee that there should be a roadmap for how DSU and its Foundation will move forward by the end of June 2015. Smith also assured the committee that, at this point, the funds that the DSU Foundation had already raised are protected from creditors. Smith believes he could have a report to the committee regarding the Foundation’s status by the end of June 2015.

The Lt. Gov. stated that he is worried that this won’t be enough time to make an educated decision before the biennium ends.

Neset asked Smith if an action plan needed to be in place prior to the committee releasing the funds. Smith stated that he wants to make sure the funds are protected and can’t be touched by creditors. Neset said that this is probably the one time DSU and its Foundation needs the money most. Smith added that there is an outstanding monetary judgement against the foundation currently.

The Lt. Gov. asked if the committee could hypothetically disperse the funds to the other schools if they weren’t given to DSU.

Rep. Bob Martinson asked Smith if there was any way creditors could touch the money the DSU Foundation had raised. Smith is under the impression that the money the Foundation had raised could be protected by the state.

Sen. Heckaman asked if the committee could make a request of the budget section committee to hold DSU’s approved dollars over into the next biennium. The Lt. Gov. didn’t know if the committee has the authority to do that.

Neset asked if the committee doesn’t disperse the funds to DSU now, do they go back to the legislature. The Lt. Gov. confirmed that the funds would indeed be returned to the legislature.

The Lt. Gov. asked the college and university presidents, along with the foundation directors, present if they would have enough time to apply for the money should it not be issued to DSU. There was a general consensus that some schools would. Marv Semrau, Vice President of Advancement for Minot
State University (MiSU), reminded the committee that MiSU didn’t receive the full amount of one of their applications during the competitive funding round.

Rep. Martinson stated that according to the statute, technically, the committee simply needs to have “awarded” the funds to a school. The statute doesn’t include any language about needing to have disbursed them by the end of the biennium. The Lt. Gov. asked Smith if he agreed with that interpretation. Smith believed that to be a good reading of the legislation.

Sen. Heckaman would like to go through budget section approval. Rep. Martinson stated that he would prefer to avoid budget section approval at all costs. Instead, Rep. Martinson would like for the Lt. Gov. to visit with the Attorney General regarding the funds already “technically” being awarded. Smith said he would also be happy to speak with the Attorney General about Rep. Martinson’s interpretation. Rep. Martinson then suggested that the committee have DSU’s awarded match funding given to Smith, so that he could hold onto it for DSU. Smith preferred that he not be given that responsibility.

Semrau noted that the checks for match funding are written to the North Dakota University System (NDUS), who then disburses them to the schools. NDUS could potentially hold the funds for DSU then.

Rep. Martinson asked Smith if he believes the committee will be able to eventually award and disburse funds to DSU. Smith said that it is his hope that the committee will be able to do just that with confidence someday soon.

Neset stated that she believes the other colleges and universities need to be prepared to submit applications for match funds as a contingency plan. Rick Burgum added that the schools should be continually fundraising.

Smith stated that he would speak with the Attorney General’s Office about options the committee may have legally and report back to the Lt. Gov. He also added that he would have a full report on the situation by June 22, 2015.

**Draft Meeting Calendar**
The Lt. Gov. pointed out the upcoming meeting dates, times, and deadlines for the upcoming year. Laura Anne Schratt, NDUS, requested that the application due dates be moved to the Friday prior to the already outlined deadlines, so that NDUS would have more time to create meeting materials. Ashley Portra noted that she would make that change.

**Review of New Statute and Discussion**
The Lt. Gov. thanked those who had helped get the Challenge Fund legislation passed for the upcoming biennium. He especially wanted to thank the senators and representatives who serve on the grant review committee.

The Lt. Gov. then began reviewing the major changes that had been made to the statute:

- The University of North Dakota (UND) and North Dakota State University (NDSU) will have the opportunity to be awarded $7 million each – the first $2 million of that must be used for scholarships.
- One-quarter of one percent of any grant award will be retained by the State Board of Higher Education for administrative expenses. The Lt. Gov. introduced Laura Anne Schratt, Terry
Meyer, and Sharon Schwartzbauer to the committee. The three will be taking over the administration of the committee.

- The committee may award up to an additional $500,000 to any institution that reaches its allotted $1 million in match grants. There was some confusion as to how much extra would actually be awarded. The Lt. Gov. stated that he believes this section to be saying there will be $500,000 extra available to each school. Burgum asked if that really does apply to each school. Sen. Heckaman clarified that there is only an extra $500,000 total, which is accessible to the colleges and universities listed in Section 2, and once that $500,000 is exhausted, it is gone. She added that this was included because of MiSU’s situation during the current biennium. MiSU was awarded their entire $1 million very early on in the biennium. MiSU suggested to the legislature that more money be available to them in the next biennium. This was the legislature’s solution while allowing the other colleges and universities to remain on a level playing field with MiSU.

- The president of a college or university may appoint a designee to present an application to the committee. The president must, however, provide a written statement to the committee stating that they are aware of the application and support it.

- Each member of the grant review committee is entitled to receive compensation in the amount of $135 per day plus reimbursement for expenses. This excludes anyone who already receives a salary or other compensation as an employee or official of North Dakota.

- Any scholarships intended solely for the benefit of athletics are not to be matched. The Lt. Gov. reiterated to the colleges and universities to be sure that their scholarship applications are academic based. Sen. Heckaman stated that she believes student athletes to be students, first and foremost. Rep. Martinson reminded the colleges and universities that including the word “athletic” in applications will now be a red flag moving forward.

Sen. Heckaman also noted that there will no longer be a legislative management study related to this legislation.

Burgum noted that the grant review committee doesn’t want to see applications for new capital construction projects or building repairs disguised as something else.

Terry Olson, Executive Director of Williston State College’s (WSC) Foundation, asked if WSC would be able to continue applying for match funding for the completion of their TrainND facility because they were previously approved to receive match funds. OR would this be considered a new capital project? Rep. Martinson and Burgum said that that would more than likely no longer be eligible under the new legislation. The Lt. Gov. agreed. Burgum said that the point of the Challenge Fund is to help the schools raise money for stuff that is typically difficult to do so for – scholarships and endowments. Burgum said that buildings are easy to get donors for.

Sen. Rich Wardner joined the meeting. The Lt. Gov. asked Sen. Wardner for his thoughts on the situation with the DSU Foundation. Sen. Wardner thinks the money should be held and would like to eventually see it released to DSU.

DeAnna Carlson Zink, Executive Vice President and Chief Executive Officer of the University of North Dakota Alumni Association and Foundation, asked if the committee would like to continue having the application presentations made in person. The Lt. Gov. said yes. He believes presentations should be made in person. Rep. Martinson doesn’t agree and thinks it is a waste of time for people to drive to Bismarck for meetings. Carlson Zink then asked if there would be any changes made to the Challenge Fund Rules of Operation and Procedures. The Lt. Gov. said that they will be updated for
the next meeting. Carlson Zink asked if the seven year pledge timeline will still be acceptable. The Lt. Gov. responded that that would remain the unchanged.

The Lt. Gov. notified the committee that they would have to better define the term “educational infrastructure” as it is used in the legislation and Rules of Operation and Procedures. Portra explained that the Auditor’s Office had instructed the committee to do so in order to ensure that approved applications would be adhering to the legislation and supported by the terms of the Challenge Fund. This instruction came after the Auditor’s Office had questioned whether or not an application made by NDSU, the NDSU University Mentoring Award, fell under the umbrella of educational infrastructure.

Susan Omdalen, NDSU Development Foundation and Alumni Association Senior Major Gift Officer, explained that NDSU defines educational infrastructure as anything that supports education and the mission of the university. She said that the NDSU University Mentoring Award application had scope approval and that it supported the university's educational mission. The NDSU University Mentoring Award is a way to encourage better communication between faculty members, and between faculty and students.

Neset stated that educational infrastructure doesn’t need to be a physical object. She believes that the definition should include that an application for a project must support the institution’s academic mission.

The Lt. Gov. asked if anyone was uncomfortable with using the terminology Omdalen and Neset brought forward. There were no objections. He added that a new definition of education infrastructure would be brought to the next meeting.

Committee Administrative Transition
Portra explained that because one-quarter of one percent of each grant awarded would be sent to the State Board of Higher Education, the administration of the grant review committee would be the responsibility of their employees at the start of the next biennium.

Continued Committee Interest
The Lt. Gov. explained that because the statute for the current biennium was only meant to outline two years, a new committee would need to be formed for the coming biennium. However, there wasn’t specification stating that current grant committee members couldn’t be reappointed. He asked that all committee members let him know whether or not they would like to remain on the committee.

The Lt. Gov. thanked the committee members for their service and said that he greatly appreciated them.

Neset stated that she loves the Challenge Fund grant review committee meetings. She loves to see Rep. Martinson. She also noted that Terry Hjelmstad has resigned, so he will now longer be serving on the committee.

Update Contact Information
Portra requested that the committee members, college and university presidents, and foundation directors provide their updated contact information to her.

Rep. Martinson moved to adjourn the meeting. Neset seconded. Motion carried.

Meeting adjourned at 3:29 p.m.