ND Higher Education Challenge Fund Meeting
August 20, 2014 – 9:30 a.m.
Governor’s Conference Room
Conference Call in Number: 888-346-3559 Participant Passcode: 58503

Present: Lieutenant Governor Drew Wrigley, Kathy Nesen, Representative Bob Martinson, Terry Hjelmstad, Connie Nicholas, Senator Karen Krebsbach, and Rick Burgum.

The Lt. Gov. called the meeting to order at 9:40 a.m.

Meeting Minutes Review
The Lt. Gov. requested clarification in the July meeting minutes. He recommended, “The challenge grant dollars will be charged only the standard investment fee for an endowment.” Burgum moved for approval of the July 14, 2014 meeting minutes as amended, Nicholas seconded. Motion carried.

Committee Business
Introductions
The Lt. Gov. introduced the committee to Ashley Portra who will be transitioning into Kayla Effertz’s position with the committee.

Summary of Distributed Funds to Date
The Lt. Gov. offered to entertain questions regarding the summary of funds distributed. Bismarck State College (BSC) stated that they had received a $166,250 grant that needed to be reflected in the summary. Nesen and Rep. Martinson commented they were surprised at how much money was still available.

Burgum suggested that rules be created to make it easier for smaller schools to access funds. Nesen said that that had been discussed previously.

DeAnna Carlson Zink (UND) asked when the competitive funding round applications are due. The Lt. Gov. clarified that the first round of applications are due on January 2, 2015.

Nicholas asked if schools would raise all funds available to them. Nesen and the Lt. Gov. didn’t think that all of the schools would.

The Lt. Gov. requested that a scope approval column be added to the summary of funds distributed chart for the next meeting.

Rep. Martinson wondered if the committee had made a mistake in telling schools that funds would be available in a larger pool after the first application round and some committee members agreed. Brad Barth (NDSCS) recommended that the committee not minimize the “challenge” of the Challenge Grant. He thinks their school is working harder on making asks because they are more motivated now by the grant program.
Neset asked if NDSCS expects to submit a larger number of applications toward the end of the year. Barth confirmed that they would be submitting quite a few applications in December.

Quarterly Reports
The Lt. Gov. directed the committee’s attention to the quarterly reports provided in their meeting materials. Effertz reminded the committee that the reports may be questioned for more information. Effertz asked about the UND College of Business Facility and the Collaborative Energy Center match funds reported. Carlson Zink said the building funds have not been released from the NDUS office. The Lt. Gov. asked if UND has full approval from the state for their project. Carlson Zink confirmed that they did. Effertz directed Carlson Zink to follow up with NDUS for release of funds.

Updated Guidelines and Legislative Recommendations
The Lt. Gov. postponed discussion on the proposed Memorandum of Understanding (MOU) and legislative recommendations until Murray Sagsveen, NDUS Chief of Staff, joined the meeting.

IVN Meeting Option
Kristie Hetzler (NDUS) presented information about utilizing IVN for future committee meetings. She reported that using IVN would be convenient; however, she asked the committee to consider:
- Committee meetings would have to be held at BSC in order to use IVN.
- The deadlines for materials submitted to the committee would need to be earlier so that NDUS would have time to set up locations for schools to present their applications at.
- Meeting materials would continue to be e-mailed to committee members and participating schools.
- NDUS would need to provide the conference call line and information.
- Technical errors might come up.

Nicholas suggested that a conference call option should be provided, in case issues did arise. She then asked if there would be any conflicts regarding NDUS’s ability to secure locations. Hetzler didn’t expect there to be any problems.

The Lt. Gov. said he would entertain any further questions or concerns regarding this option. Effertz noted that this option would require added coordination, administration, and time provided by NDUS.

Rep. Martinson suggested that no changes be made. Nicholas asked for feedback from the school representatives in attendance.

Burgum said that it is difficult to hear what is going on from the current conference call method. Nicholas agreed and proposed that the committee try using IVN for the next meeting but wanted to know if people could still call in on the conference line if they didn’t want to travel to a host school to use IVN. Hetzler confirmed that they would still be able to.
The committee decided to try using IVN for the following October meeting.

Sagsveen joined the meeting.

*Updated Guidelines (cont.)*

Sagsveen presented an MOU to be used by the schools and their foundations. Sagsveen said that basically, the MOU states that the match funds approved for each school would be awarded to the school. It would then be the school's responsibility to disperse funds to its foundation when necessary.

The Lt. Gov. asked for clarification of section 3b of the MOU. Sagsveen replied that this section of the MOU was added to ensure that the school could not assess a fee to the foundations when transferring money to them. Effertz noted that there should be clarification in the wording of the section that accounts for how foundation staff members are paid. Nicholas asked Effertz which schools might be affected if the wording was not changed. Effertz didn't know off the top of her head. Sagsveen said he would amend section 3b. The Lt. Gov. pointed out that the MOU is a short-term fix and a long-term solution would be developed when reviewing the legislation later. Sagsveen pointed out that he did work with the State Auditor's office while creating the MOU. He added that he would make the requested clarifications to the MOU and send it out to committee members, university presidents and foundation directors.

*Application for Funding*

*University North Dakota*

President Robert Kelley was allowed to present UND's application because he would be leaving the meeting early. Kelley noted that the Aerospace/UAS Research Building funding would be utilized to expand the new facility. UND is looking for a $1,000,000 challenge fund grant to fund the construction of a four-story, 69,315 square foot building with a basement. The building is designed to hold classrooms, research labs, simulator bays, secure areas for UAS and classified research, offices, student spaces and gathering areas, along with a large multi-purpose area. He confirmed that budget approval had been secured. Rep. Martinson moved to approve both the funding for the Aerospace/UAS Research Building and the Collaborative Energy Complex. Neset seconded the motion to approve both applications.

Pres. Kelly presented information about the application for the funding of the Collaborative Energy Complex. UND applied for a $26,250 grant that would be matched through a private donation of $52,500. The donation will be paid in equal amounts over seven years beginning November 15, 2014. Budget approval had been secured for this application. Both motions were carried.

*Legislative Recommendations (cont.)*

The Lt. Gov. stated that two legislative recommendations were presented for the Challenge Fund. He proposed that his staff would draft a proposal from the suggestions made and then allow the committee, university presidents and foundation directors to
review the changes. The Lt. Gov. opened the floor for any other suggestions. Burgum suggested that the committee should change the amount of match amount the schools can receive in favor of endowments because it is easier to raise money for bricks and mortar.

Scope Approval

Bismarck State College

Interim President Dave Clark presented information for the BSC Foundation Endowment and Current Support for Scholarships and Program Support application. They are requesting $916,875. Interim Pres. Clark offered to entertain questions about the application but Neset said that everything looked to be in order.

Nicholas moved to approve. Neset seconded. Motion carried.

Williston State College

President Raymond Nadolny presented information about WSC's two scope applications. The Vern and Karma Deane Owan Endowment would be awarded to agriculture and art students. The Alva J. Field Scholarship Fund awarded to students who are graduates of high schools in Williams County. The Fund would be supported by the Alva J. Field Trust and its board members. The Trust has agreed to give the WSC Foundation $200,000 per year for five years.

The scope applications came to a total of $525,000.

Neset moved for approval and Nicholas seconded. Motion carried.

Lake Region State College

President Doug Darling shared that LRSC would like to edit the scope approval which they previously submitted and had approved. Darling stated that LRSC had not had as much success getting pledges as they expected. The amendment to their application simply would allow for gifts or pledges of any dollar amount to be made to the school.

Nicholas moved for approval and Hjelmstad seconded. Motion carried.

Effertz requested that LRSC resubmit their scope application in the correct format.

Application for Funding

Dickinson State University

DSC was unable to present their application as President D.C. Coston was unable to be on the phone to do so. They would be allowed to present at the end of the meeting if President Coston would be able to do so then.

Lake Region State College

Pres. Darling gave the committee an overview of LRSC's two applications for funding. Grant funding for the Technical Center would total $66,152.30 and would be used to furnish classrooms with technology. The Lt. Gov. asked if LRSC had budget approval
for both applications. Pres. Darling confirmed that they did. The Lt. Gov. asked what
level they were approved at. Pres. Darling commented that he didn't realize he needed
budget approval for additional classroom technology. Neset posed the question of
whether or not this campaign was within the legislation's guidelines to the committee.

Nicholas moved to approve the application subject to budget section approval. Rep.
Martinson seconded. Motion carried.

The Lt. Gov. asked for clarification on the types of scholarships LRSC was asking for
support for their second application, the Endowments for Scholarship Support. Pres.
Darling responded that the scholarships would be program specific and not athletic
scholarships.

Motion carried.

_Bismarck State College_
Interim Pres. Clark asked the Lt. Gov. for permission to turn his presentation over to
Gordon Binek, BSC Foundation Executive Director. The Lt. Gov. allowed him to do so
and asked that Binek proceed. Binek broke the 12 funding applications into three
categories. He stated that the first 10 applications were for new and existing endowed
scholarships. These included:

- Alec Anagnost Memorial Scholarships
- Frank and Joanne Bavendick Scholarship Fund
- Ronald Becker Memorial Scholarships
- Paul and Judy Bodmer English Scholarships
- Marvin and Lois Erdmann Scholarships
- Great Plains Energy Scholarships
- Dr. Beulah M. Hedahl Memorial Scholarship Fund
- Dr. Kermit Lidstrom Scholarship Fund
- LeRoy and Ella Nayas Scholarships
- Doris Orr Memorial Scholarship Fund

The Academic Achievement Excellence Scholarships and the Robert and Lillian Ward
Scholarship Fund were different. Binek specified that all scholarships would be used as
a retention incentive. He said scholarships would be strictly academic, used for tuition,
and not used for student services activities. The total sum of the requested grant
funding was $425,066.

Nicholas moved to approve all 12 applications and Rep. Martinson seconded.

The Lt. Gov. asked for Binek to give more detail about the use of Leach Foundation
grant funds. Binek stated that the Leach Foundation does not receive state funding. The
Lt. Gov. asked that Binek provide more information about the use of the Doris Orr
Memorial Scholarship Fund. Binek clarified that this would also be an academic
scholarship. Effertz pointed out that the Great Plains Energy Conference utilizes state
funding already. Nicholas stated that there may be a conflict of interest regarding the Great Plains Energy Conference application. BSC agreed to remove the application.

Motion carried.

Dickinson State University
President Coston was unable to join the conference call so DSU agreed to resubmit their applications when the president could be in attendance.

The Lt. Gov. asked Sagsveen for an update on the master plan utilization. Sagsveen requested that he have more time to prepare a formal update for the next meeting. The Lt. Gov. granted the request.

Meeting adjourned at 11:02 a.m.