The State Board of Higher Education Budget and Finance Committee met by conference call on Tuesday, September 8, 2015, at 1:30 p.m. CT. The call originated in the NDUS office, 10th floor of the State Capitol, Bismarck, ND.

SBHE Budget and Finance Committee members participating:
Dr. Kevin Melicher
Mr. Greg Stemen
Ms. Emma Tufte

Other NDUS participants:
Mr. Dave Clark, BSC
Mr. Steve Bensen, MaSU
Mr. Bruce Bollinger, NDSU
Ms. Alice Brekke, UND
Ms. Laurie Furuseth, WSC
Mr. Wesley Wintch, VCSU
Mr. Rick Tonder, NDUS
Ms. Laura Glatt, NDUS
Ms. Cathy McDonald
Ms. Kristie Hetzler, NDUS

Dr. Melicher called meeting to order at 1:30 p.m.

1. **Approve September 8, 2015 Meeting Minutes**
   Mr. Stemen moved, seconded by Dr. Melicher, to approve the September 8, 2015, minutes.

   Stemen and Melicher voted yes. The motion carried.

2. **Education Incentive Program**
   Ms. Brenda Zastoupil presented a brief overview of the education incentive programs that the 2015-2017 legislative appropriation provided $3,349,000 for the following:
   • Teacher Shortage Loan Forgiveness Program (TSLFP),
   • Stem Occupations Loan Forgiveness Program (STEM), and
   • Doctoral Program.

Since the 2001-2003 biennia, the program has provided incentives to encourage additional doctoral graduates in North Dakota through the allocation of $130,000 each to UND and NDSU.

   Mr. Stemen moved, seconded by Dr. Melicher, to recommend approval of the allocation of $260,000 from the 2015-2017 Education Incentive Programs, $130,000 each to UND and NDSU, to support the doctoral programs and students at those institutions.

   Stemen and Melicher voted yes. The motion carried.

3. **Semi-annual Budget**
   Campuses are required to report to the State Board of Higher Education on a semi-annual basis (December and June) anytime on or more of the conditions noted below exist. If none of these conditions exist, campuses are not required to submit a report, but must notify the North Dakota University System office that none of these conditions exist. Ms. Cathy McDonald gave an overview, by sections (by campus), of the June 30, 2015 semi-annual budget status report.
Stemen moved, Melicher seconded, to approve the semi-annual budget report and the new budget deficit reduction plan.

Stemen and Melicher voted yes. The motion carried.

4. **Energy and Environmental Research Center**
Ms. Alice Brekke gave an update on UND’s Energy and Environmental Research Center (EERC) deficit status. She stated EERC FY15 deficit was $420,256 which was an improvement over the previous year activity. When added to the carryover deficit from the prior year, the total operating deficit is $2,158,503. The FY15 EERC financial deficit reduction plan was approved by the SBHE Finance Committee in October, 2014 to retire the debt over a period not to exceed 10 years or by not later than 6/30/25. She stated she is comfortable with the progress that has been made and indicated key elements of the plan and progress through June, 2015 are described:
- Increasing annual research expenditure growth rate by increasing awards, and by hiring additional research employees. Efforts this year are specifically focused on increasing funding from the US Dept. of Energy and the state of North Dakota and growing its private sector funding base through strategic relationships. The EERC has set a goal of increasing its research expenditures by over 20% over the next three years.
- Reducing facilities and administration expenditures through efficiency gains by reducing the current FY15 baseline budget by $100,000 and reallocating an additional $100,000 of facilities and administration expenditures toward program development. Additional methods of reducing expenses and reallocating facilities and administration expenditures toward program development will be evaluated as opportunities present themselves.

Stemen moved, Melicher seconded, to continue on the path of the UND’s Energy and Environmental Research Center (EERC) deficit plan that was approved October of 2014 by the SBHE Budget and Finance committee and to remain receiving periodical updates on the status.

Stemen and Melicher voted yes. The motion carried.

5. **BSC Gateway to Science**
Mr. Dave Clark provided an overview of BSC’s request for approval for development of state land under an arrangement in which Bismarck State College (BSC), owner and lessor, enters into a ground lease agreement, with the Gateway to Science (GTS), lessee, on land which was deeded to BSC by the City of Bismarck by a warranty deed in August 2014, with the restriction that the property is used to construct and operate a children’s science center by GTS.

The proposed GTS children’s science center will be located west of the MDU Resources Community Bowl on the campus of BSC, on seven acres of land that the City of Bismarck deeded to the College in August of 2014. The warranty deed transferring the subject property to BSC includes a reversionary clause whereby if Gateway to Science has not commenced with construction by August of 2016, the land reverts to the City of Bismarck.

Mr. Clark indicated there is no vacant space owned by BSC that is available to house the Gateway to Science project.

Stemen moved, Melicher seconded, to recommend authorizing Bismarck State College to proceed with private development of state land as per Senate Bill 2003 [2013] section 3, with limitations as imposed by the warranty deed covenants of the land so developed,
and to execute leases, agreements, or other instruments of service necessary for the 
good and proper development of said property.

Stemen and Melicher voted yes. The motion carried.

6. **Minot State University Athletic Bubble**
   Mr. Rick Tonder explained Minot State University obtained SBHE approval in February of 
2014 to raise funds sufficient for installation of the enclosure. In addition, the SBHE has 
previously approved a Joint Powers Agreement with similar terms and conditions as part 
of the press box powers for the same facility (Herb Parker Stadium). Further authorization 
will allow MiSU to proceed with fundraising knowing the agreement with the City of Minot 
can be fulfilled once fundraising goals have been met.

Stemen moved, Melicher seconded, to recommend authorization for MiSU to enter into a 
Joint Powers Agreement (JPA) with the City of Minot for the purpose of enclosing the 
athletic field with a removable all-season inflatable structure.

Stemen and Melicher voted yes. The motion carried.

Stemen moved to adjourn at 2:30 p.m. CT.

Approved December 2, 2015.