North Dakota University System Foundation
Meeting Notice and Agenda

The North Dakota University System Foundation will meet Thursday, September 22, 2016 at 1:00 p.m. CST. The meeting will originate at Bismarck State College, National Center of Excellence Building, Room 432, 1500 Edwards Avenue, Bismarck, ND, 58506.

1. Call to Order
2. *#Agenda
3. *#June 2, 2016, Meeting Minutes
5. Awards Update
   a. =Bakken U – Jerry Rostad
   b. =Arts and Humanities Summit Awards – Dr. Richard Rothaus
6. NDUS Foundation Revisions
   a. *#NDUS Foundation Bylaws – Tammy Dolan
   b. *#Policies and Procedures – Tammy Dolan
7. *#Committee Structure – Dr. Mark Hagerott
8. *#NDUS Foundation Potential Areas of Concentration – Dr. Larry Skogen
   a. =Envision 2030 – Dr. Mark Hagerott
9. +Future Meeting Dates – President Melicher
10. Questions/Comments
11. Adjournment

*See supporting document    #action required    +discussion needed    =information only

Contact Rebecca Wimer (701) 328-2974 or rebecca.wimer@ndus.edu prior to the scheduled meeting date if auxiliary aids or services are needed.
The North Dakota University System Foundation
DRAFT Minutes of the June 2, 2016, 9:00 a.m. CT.
Bismarck State College, NECE, Rm 436

Call to Order
Chancellor Hagerott called the meeting to order at 9:00 a.m. CT.

Members Present:
- Mr. Jon Backes (via phone)
- Dr. Kevin Melicher
- Representative Cynthia Schreiber Beck (via phone)
- Dr. Larry C. Skogen
- Mr. Mike Warner (via phone)
- Chancellor Mark Hagerott (ex officio)

Members Absent:
- Ms. Kathleen Neset
- Senator Erin Oban

Others Present:
- Ms. Tammy Dolan, Chief Financial Officer
- Ms. DeeDee Johnson, Special Projects Assistant
- Ms. Laura Schratt, Director of Audit Services
- Ms. Rebecca Wimer, Executive Assistant to the Chancellor

Agenda
It was moved by Warner, seconded by Schreiber Beck, to approve the agenda.

Melicher, Schreiber Beck, Skogen and Warner voted aye. Motion carried.

Meeting Minutes
It was moved by Schreiber Beck, seconded by Warner, to approve the April 14, 2016 minutes.

Melicher, Schreiber Beck, Skogen and Warner voted aye. Motion carried.

Financial Report
Ms. Dolan presented the financial report, from January 1, 2016 – current, for the NDUS Foundation.

It was moved by Schreiber Beck, seconded by Skogen, to approve the NDUS Foundation financial report.

Melicher, Schreiber Beck, Skogen and Warner voted aye. Motion carried.
**NDUS Foundation Revisions**

Ms. Dolan reviewed the proposed changes to the Foundation bylaws. The committee discussed Article V: Trustees: Section 3. Quorum. It was suggested to table this discussion until legal could provide feedback. It was noted in Article IX: Officers and Duties: Section 1. Election and Section 8. Vacancies, that the Secretary Treasurer is elected but in the Operating Agreement it states this position is appointed. The language will be changed to describe the appointment of the Secretary-Treasurer so that it is consistent with the Operating Agreement.

It was moved by Skogen, seconded by Schreiber Beck, to table the NDUS Foundation Bylaws until legal review on Article V: Section 3, relative to quorums. Specifically, can business be conducted with less than a quorum.

Melicher, Schreiber Beck, Skogen and Warner voted aye. Motion carried.

After the meeting, Mr. Nick Vaughn, Attorney General’s Office, confirmed that a meeting can continue with less than a quorum but, as the revised bylaws state in Section 3, no business can be conducted (votes) with less than a quorum present. If four voting members are present at the start of a meeting to establish a quorum and then one leaves, the meeting can continue with three but it would be limited to just discussion. There would be no violation of the open meeting law if the Foundation continued a meeting with just three members.

Ms. Dolan reviewed the proposed changes to the NDUS Foundation policies and procedures. President Melicher suggested to include additional language to Section 2001: Fundraising stating that the NDUS Foundation is here to not only move our university system forward but also support the local institutional Foundations. It was also suggested to further clarify the type of institutional foundation, i.e., existing institutional foundation.

It was moved by Skogen, seconded by Backes, to table the NDUS Foundation policies and procedures until suggested changes are made.

Backes, Melicher, Schreiber Beck, Skogen and Warner voted aye. Motion carried.

It was moved by Warner, seconded by Backes, to approve the NDUS and NDUS Foundation Operating Agreement.

Backes, Melicher, Schreiber Beck, Skogen and Warner voted aye. Motion carried.

Changes will be made to the proposed bylaws and policies and procedures. The Foundation will review these at their next meeting. Until approved, the Foundation will operate under the current bylaws and policies and procedures.

**Envision 2030 Discussion**

Foundation members provided their feedback on the Envision 2030 Summit.

**Dakota Medical Foundation and the Miller Group**

President Melicher and Mr. Warner presented information on the methodologies of other nonprofit organizations, the Dakota Medical Foundation and The Miller Group. President Melicher said that if the NDUS Foundation were to develop a good strategy, the Dakota
Medical Foundation would be willing to help move the Foundation forward by providing some special training and other opportunities.

**Thoughts on Strategy**
Members discussed options for soliciting money for scholarships. They emphasized the need to having someone, possibly an NDUS staff member, work on moving the Foundation forward. President Melicher said that we need to figure out the strategies that will work the best to allow us to grow the Foundation. Dr. Skogen was tasked with developing a list of potential areas of focus/strategies for the group to consider. These will be discussed and narrowed down at the next meeting.

The Foundation discussed offering a faculty recognition award, exact amount yet to be determined, at the upcoming Arts and Humanities Summit at UND on September 29. President Melicher volunteered to lead this effort.

**Future Meeting Dates**
The next meeting of the Foundation will be in September. Proposed meeting dates will be sent out to the members.

President Melicher adjourned the meeting at 10:30 a.m. CT.
NORTH DAKOTA UNIVERSITY SYSTEM FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

June 30, 2016
North Dakota University System Foundation
Notes to the Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Principles

*Fund Accounting* - To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting.

*Office Furnishings* - The cost or donated value of office furnishings and equipment is not capitalized since the Foundation does not deem such amounts to be sufficiently material to warrant capitalization and depreciation.

Note 2 - Organization and Nature of Operations
North Dakota University System Foundation is a North Dakota non-profit corporation whose function includes the support, enrichment, advancement, and improvement of higher education in the state of North Dakota, and the assistance of students, faculty, and staff in higher education in North Dakota.

Note 3 - Tax-Exempt Status
The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and by virtue thereof is also exempt from payment of income tax to the State of North Dakota.
North Dakota University System Foundation
Balance Sheet
June 30, 2016

**Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$6,215.33</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$6,215.33</strong></td>
</tr>
</tbody>
</table>

**Liabilities and Fund Balance**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$0.00</td>
</tr>
<tr>
<td>Fund Balance:</td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>$516.99</td>
</tr>
<tr>
<td>Designated</td>
<td>$5,698.34</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td><strong>$6,215.33</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balance</strong></td>
<td><strong>$6,215.33</strong></td>
</tr>
</tbody>
</table>

See Also Accompanying Notes to the Financial Statements
North Dakota University System Foundation  
Statement of Support and Revenue, Expenses and Changes in Fund Balance  
For the year ended June 30, 2016  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support and Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Total Support and Revenue</td>
<td>$13,551.26</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>($8,297.21)</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>($8,297.21)</td>
</tr>
<tr>
<td><strong>Support and Revenue Over (Under) Expenses</strong></td>
<td>$5,254.05</td>
</tr>
<tr>
<td><strong>Fund Balance, Beginning of Year</strong></td>
<td>$961.28</td>
</tr>
<tr>
<td><strong>Fund Balance, End of Year</strong></td>
<td>$6,215.33</td>
</tr>
</tbody>
</table>

See Also Accompanying Notes to the Financial Statements
North Dakota University System Foundation  
Statement of Cash Flows  
For the year ended June 30, 2016

**Cash Flow from Operating Activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support and Revenue Over (Under) Expenses</td>
<td>$5,254.05</td>
</tr>
<tr>
<td><strong>Net cash provided by Operating Activities</strong></td>
<td><strong>$5,254.05</strong></td>
</tr>
</tbody>
</table>

**Increase (Decrease) in Cash**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$5,254.05</strong></td>
</tr>
</tbody>
</table>

**Cash, Beginning of Year**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$961.28</strong></td>
</tr>
</tbody>
</table>

**Cash, End of Year**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$6,215.33</strong></td>
</tr>
</tbody>
</table>

See Also Accompanying Notes to the Financial Statements
North Dakota University System Foundation  
Statement of Revenue and Expenses  
For the two month period ending August 31, 2016

<table>
<thead>
<tr>
<th>Support and Revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations - Designated</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>Donations - Undesignated</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total Support and Revenue</td>
<td>$10,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Envision 2030</td>
<td>$5,030.46</td>
</tr>
<tr>
<td>SBHE Retreat</td>
<td>$2,021.13</td>
</tr>
<tr>
<td>Bank Fees</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$7,051.59</td>
</tr>
</tbody>
</table>

| Fund Balance, Beginning of Period       | $8,566.99 |
| Fund Balance, End of Period             | $11,515.40 |
BY-LAWS OF THE
NORTH DAKOTA UNIVERSITY SYSTEM FOUNDATION

 ARTICLE I: DEFINITIONS

As used in these By-laws, the word “Foundation” shall mean the North Dakota University System Foundation; the word “Trustee” shall mean a Trustee of the North Dakota University System Foundation; the word “Board” shall mean the Board of Trustees of the North Dakota University System Foundation.

 ARTICLE II: LOCATION OF OFFICE

The office of the Foundation shall be located in any place within the State of North Dakota where the Board may in its discretion direct.

 ARTICLE III: PURPOSE

This Foundation is formed for exclusively charitable, scientific, and educational purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501 (c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code and including, but not limited to, the support, enrichment, advancement, and improvement of higher education in the State of North Dakota, the assistance of students, faculty, employees and officers in public higher education in North Dakota, and support of any of the programs, activities or services of the North Dakota University System.

 ARTICLE IV: MEMBERS

The Trustees of the Foundation shall consist of the President (or Chair) and Vice President (or Vice Chair) of the North Dakota State Board of Higher Education and five other Trustees appointed by the State Board of Higher Education. The Chancellor of the North Dakota University System shall serve as an ex-officio, non-voting Trustee. If any appointed Trustee by death, refusal, resignation, removal or disability fails to serve as Trustee, a replacement shall be appointed by the State Board of Higher Education to fill the remainder of the unexpired term so vacated.

 ARTICLE V: TRUSTEES

Section 1. Number of Trustees. The authorized number of voting Trustees of this Foundation shall be seven which number may be changed by a By-Law duly adopted by a two-thirds majority of the Board at any regular or special meeting thereof, provided that at no time shall the Foundation have fewer than five voting Trustees.

Section 2. Selection and Terms. The terms of the President (or Chair) and the Vice President (or Vice Chair) of the Foundation shall be concurrent with their terms as President (or Chair) and Vice President (or Vice Chair) of the State Board of Higher Education. The other five Trustees shall be appointed by majority vote of the State Board of Higher Education. The initial term of two of the other five Trustees shall be two years and the initial term of the other three Trustees shall be four years; subsequent terms of these five Trustees shall be four years. Trustees shall serve for the duration of their regular terms and until their successors have been duly appointed and qualified. Trustees may be re-appointed to additional terms.

Section 3. Quorum. The presence of a majority of the voting Trustees (four Trustees) shall constitute a quorum of the Board for the transaction of business at any meeting, but less than a quorum may adjourn any meeting from time to time until a quorum is present. The affirmative vote of the majority of those in attendance when a quorum is present shall be sufficient for the transaction of any business by the Board unless the By-Laws specifically provide otherwise. If after a quorum has been declared, the President determines that a quorum is no longer present, the meeting may continue but no substantive business should be conducted. Substantive business includes any action
that requires a vote, such as Bylaw, policy or procedure changes, awarding of grants, or any action resulting in a material, essential or lasting outcome.

Section 4. Compensation. The Trustees shall not receive any compensation for their services as such, but may be reimbursed by the Foundation for any authorized expenses incurred by them in performance of their duties as Trustees.

Section 5: Vacancies. If any appointed Trustee, whether by nature of their position on the State Board of Higher Education, or by approval of same, by death, refusal to serve, resignation, removal or disability, fails to serve as Trustee, a replacement shall be appointed by the State Board of Higher Education to fill the remainder of the unexpired term so vacated.

Section 6. Powers and Duties. Subject to the limitations of the Articles of Incorporation and of pertinent statutes of the State of North Dakota, all corporate powers shall be exercised by or under authority of, and the business and affairs of the Foundation shall be controlled by the Board. Without prejudice to such general powers, but subject to the limitations herein set forth, the Board shall have the power:

- First: To elect and remove at pleasure all officers, agents and employees of the Foundation; to prescribe such duties for them as may be desirable and consistent with the laws of the State of North Dakota, the laws of the United States, and the Articles of Incorporation and By-Laws of the Foundation; and to fix the term of their offices and their compensation.
- Second: To appoint committees as may be needed and grant such committees power and authority of the Board as may be appropriate, except any action taken by committees shall be regularly reported to the Board. No committee may adopt, amend, or repeal these By-Laws.
- Third: Generally, to do and perform every act and thing whatsoever that may pertain to the office of a Trustee or to a Board of a charitable Foundation.
- Fourth: The Trustees shall render an accounting for each fiscal year and shall have an audit of its financial statements by a certified public accountant for each fiscal year.
- Fifth: The Trustees may accept by gift, devise, grant, bequest or in any other manner any property, real or personal, which in their opinion will help accomplish the charitable purposes of the Foundation, and may sell, exchange, lease, mortgage, or otherwise encumber any or all property held by it as they deem necessary and prudent. Funds may be commingled for investment or reinvestment by the Trustees of any securities or other property as prescribed by the laws of the Federal Government or the laws of the State of North Dakota, provided, however, that each fund or trust shall be separately reported for in all regular financial reports issued by the Trustees.
- Sixth: The Foundation, its Executive Committee, Advisory Council and any other special committees are subject to open meeting and open records laws of the state of North Dakota.

ARTICLE VI: MEETING OF TRUSTEES

Section 1. Place of Meetings. Notwithstanding anything to the contrary herein, any meeting (regular, special, or adjourned) of the Board may be held any place within or without the State of North Dakota, which has heretofore been designated for that purpose by resolution of the Board or by consent of the Trustees. Meetings may also be held by conference telephone call.

Section 2. Regular Meetings. Subject to the following section, regular meetings of the Board, of which notice shall be given at least five days prior to the date thereof, shall be held at any such location as may be designated. Regular meetings will be held annually on a date set by the Board.

Section 3. Special Meetings. Special meetings of the Board may be called at any time by order of the President of the Board or by three or more of the Trustees.
Section 4. Notice of Meeting. A member of the Board waives objection to notice of meeting upon attendance at the meeting.


**ARTICLE VII: EXECUTIVE COMMITTEE**

There shall be an Executive Committee consisting of the President, the Vice President and one other Trustee appointed by the President. The Executive Committee shall have and exercise all of the authority of the Board in the operation and management of the Foundation in intervals between meetings of the Board. The authority of the Executive Committee shall nevertheless be subject to such limitations as the Board may prescribe.

The Executive Committee shall be required to keep a record of any and all action taken by it, and report all such action to the Board.

**ARTICLE VIII: ADVISORY COUNCIL**

The Board may appoint an advisory council to assist it in carrying out its charitable, scientific and educational purposes. Said council shall be of a size determined by the Board and shall function in a manner described in the council By-laws as established by the Board.

**ARTICLE IX: OFFICERS AND DUTIES**

Section 1. Election and Appointment of Officers. The officers of the Foundation shall consist of a President, Vice President and a Secretary-Treasurer. They shall be elected by the Board annually for one year terms. The officers shall be chosen from the Trustees except the Secretary-Treasurer is not required to be a Trustee. The President and Vice-President shall be elected by the Board annually for one year terms. The Secretary-Treasurer shall be appointed by the Board.

Section 2. Compensation. Staff members as may be employed may be compensated for their services in amounts determined by the Board except that full-time employees of the North Dakota University System may only be compensated for their expenses.

Section 3. President. The duties of the President of the Board shall be to preside at all meetings of the Board; to authorize the issue and signing of notices of meetings of the Board; to execute all contracts entered into by the Board in accordance with resolutions or orders properly adopted by the Board; and to execute and acknowledge all conveyances authorized by the Board.

Section 4. Vice President. The Vice President shall act in place of the President in the President's absence, or upon the President's disqualification or inability to perform the duties of the office, and shall do and perform all the acts and duties that the President might do if present and acting, upon the above named contingencies.

Section 5. Executive Vice President. The Board shall appoint an Executive Vice President, by majority vote, to serve as chief administrative officer of the Foundation responsible for administration, management, and operation of the Foundation under the direction of the Board. The Executive Vice President is not required to be a Trustee, and is not part of the Executive Committee.

Section 6. Secretary-Treasurer. The Secretary-Treasurer shall, under the supervision and direction of the Board, have custody of and be responsible for the funds, moneys, and accounts of the Foundation and shall
keep and maintain the financial records of the Foundation; sign all checks or drafts upon the funds of the Foundation and perform such other acts as are ordinarily performed by a treasurer of a corporation as well as those duties which are ordinarily performed by a secretary of a corporation.

Section 7. Removal. Officers may be removed by majority vote of the Board at any regular or specially scheduled meeting.

Section 8. Vacancies. Vacancies shall be filled in the same manner as officers are elected or appointed.

**ARTICLE X: COMMITTEES**

Committees of the Board may be created by the Board and shall have such membership and duties as established by the Board.

**ARTICLE XI: BOOKS AND RECORDS**

The Board shall provide for a system of books and records designed to give a clear, accurate, full and detailed account of all the properties and dealings of the Foundation. Such records shall be kept on file at all times in the office of the Foundation and shall be open for inspection at all reasonable times by any Trustee or officer.

The Secretary-Treasurer of the Foundation shall be in charge of the books and records. The Secretary-Treasurer shall see that all notices are duly given in accordance with these By-Laws and shall execute and sign such instruments as the Board shall direct and shall certify to the official acts of the Chair, Vice Chair, or President of the Board.

**ARTICLE XII: TITLE TO ASSETS**

The title to the corporate assets shall be taken and held in the name of the North Dakota University System Foundation.

**ARTICLE XIII: FISCAL YEAR**

The fiscal year of the Corporation shall be July 1 through June 30.

IN WITNESS WHEREOF, we have set our respective signatures this __________ day of ________, 2016.

Signatures:

____________________________________________________________
Trustee

____________________________________________________________
Trustee

____________________________________________________________
Trustee
NDUS Foundation Policy and Procedure Manual

Adopted: April 14, 2016

Rev. June 2, 2016
Rev. September 22, 2016
INDEX

1000 Governance
   1005 Conflicts of Interest

2000 Fundraising
   2001 Fundraising
      2001.1 Cash Gifts and Pledges
      2001.2 Gifts-in-Kind
      2001.3 Planned Gifts

3000 Fiscal Management
   3001 Routine/Small Expenditures
   3005 Payment/Reimbursement of Travel Expenses
   3010 Borrowing
   3015 Investment Policy Statement

4000 Administrative
   4001 Records Retention

Appendix

Bylaws of the NDUS Foundation
NDUS and NDUS Foundation MOU Operating Agreement
1005: Conflicts of Interest

As soon as duality of interest or possible conflicts of interest on the part of any member of the Board is known, or reasonably should have been known, any such conflict shall be disclosed to the Executive Committee and other members of the Board and made a matter of record.

Action by the Executive Committee in connection with such interest shall also be disclosed in writing and made a matter of record.

Any member of the Board having a duality of interest or possible conflict of interest on any matter shall not vote or use his or her personal influence on the matter whenever such duality or possible conflict of interest shall arise.

The minutes of that meeting shall reflect that the conflict was disclosed; the party, who is the subject of the conflict, abstained from voting on the matter; and a quorum was present.

If requested by a majority of the Executive Committee, the foregoing requirements shall not be construed as preventing the member who is the subject of the conflict from briefly stating his or her position in the matter, nor from answering pertinent questions from other members of the Executive Committee since his or her knowledge may be of assistance.

2001: Fundraising

1. The Foundation and its Executive Committee shall coordinate solicitation with the local institutional Foundations. The Foundation upholds the objectives of the NDUS institutional foundations, by providing support and advancement of public higher education in the State of North Dakota. The Foundation may coordinate solicitation with the institutional foundations.

2. Any proposed solicitation of private resources by individual trustees, faculty, staff, and/or university system employees on behalf of the Foundation must be coordinated with and approved by the Executive Committee of the Foundation. This policy is not intended to be restrictive, but rather to insure efficient and effective fundraising by all involved.

3. Gifts in any form, with the exception of in-kind gifts of equipment, etc., obtained and accepted on behalf of the Foundation are to be transmitted to the Foundation, within five days of receipt.

4. The Foundation is responsible for developing, coordinating and approving all gift agreements, and will be responsible for depositing gifts into the Foundation checking account.

5. Gifts will be subject to the policies of both the Foundation and the NDUS State Board of Higher Education.
The Foundation is vested with the authority to accept and dispose of gifts in accordance with Foundation policy, and to accept or reject the terms of any gift in the best interest of the NDUS and/or the Foundation. All proposed gifts and agreements must be reviewed by the Foundation and may be referred to the ND Attorney General’s office as needed.

**2001.1 Cash Gifts and Pledges**

1. All gifts of cash and checks received by any party on behalf of the Foundation shall be forwarded directly to the Foundation, and will include original documentation, including envelopes and corporate matching gift forms that accompany the gift.

2. Pledges for cash gifts should be reported using a Pledge Form available from Foundation.

3. While most cash gifts can be accepted, there are occasions when a donor places restrictions on a gift that would preclude its acceptance by the Foundation. Questions concerning such restrictions should be directed to the Secretary/Treasurer before acceptance of the gift is completed.

**2001.2 Gifts-in-Kind**

1. When any party receives a proposal from a donor to transfer ownership of equipment, library collections or similar property to the Foundation, the proposal and necessary background information shall be provided to the Secretary/Treasurer. If there are special costs or space requirements associated with the gift, these shall be noted, along with the proposed plan for covering such costs or arranging for additional space. The Secretary/Treasurer will consult with the Foundation President or other appropriate parties when there are unusual restrictions or requirements associated with an in-kind gift.

2. The Foundation's acknowledgment letter shall not place a dollar value on the gift. Donors may contribute in-kind gifts and have them qualify for a charitable deduction. IRS requirements for gift substantiation note that the donor has the responsibility for valuing in-kind gifts for tax deduction purposes. Even in cases where the donor's intention is to not claim the in-kind gift as a charitable donation, the Foundation's policy will be to ask the donor to place a value on the in-kind gift.

3. When the Foundation receives a gift that has been appraised in excess of $5,000, the Secretary/Treasurer will send the donor Form 8283, Non-Cash Charitable Contributions. After the donor resubmits Form 8283, with the proper information on the donated property, the Foundation President will sign Part IV and return the form to the donor. In signing the form, the Foundation, as the recipient of the gift, agrees to file an information return (Form 8282), with the IRS if the property is sold, exchanged, or otherwise disposed of within two years after receipt of the gift.

4. If the Foundation cannot accept an in-kind gift, the Secretary/Treasurer will confer with the appropriate parties before making arrangements for the donor to be notified.
2001.3 Planned Gifts

1. Planned giving vehicles such as charitable trusts, bequests, pooled income funds, life insurance and charitable gift annuities may have very specific tax consequences. If a donor expresses an interest in making a gift in this manner, the Secretary/Treasurer should be brought into the discussion at the earliest possible stage and will work with the donor and with the donor's financial and legal advisors in an effort to meet the needs of the Foundation. The gift information will be reviewed for acceptance and then forwarded to the donor.

2. Gifts of land, buildings, and closely held stock or limited partnerships must have the review and approval of the Secretary/Treasurer. Once the donor accepts the terms and conditions of the gift agreement, copies of the signed agreement will be kept in the donor's file maintained by the Foundation.

3. Proceeds of a bequeathed estate are designated per the instruction of the estate. If the Foundation is unable to follow the bequest exactly as stipulated under the will, the Secretary/Treasurer will, after consultation with the President of the Foundation, contact the executor to obtain a mutually acceptable designation. Undesignated bequests will be created as unrestricted bequests and will be used at the discretion of the Foundation.

3001: Routine/Small Expenditures of Foundation Funds

1. Foundation funds may be used only to further the overall purposes of the Foundation. The Secretary-Treasurer must sign all checks or drafts upon Foundation funds. Except as provided in section 2 of this Policy, Board of Trustees or Executive Committee approval is required for all expenditures.

2. The President or the Executive Vice President may approve routine expenditures in amounts not in excess of $750.00, including reimbursement of reasonable travel and other expenses of Foundation Trustees or staff for Foundation meetings, payment for telephone, office equipment, office supplies and other routine office expenses, payment for services or other reasonable and routine expenses associated with Foundation activities, and payment or reimbursement of meals, lodging or other reasonable expenses incurred in support of the programs, activities or services of the North Dakota University System.

Effective: September 27, 2005
Revised: --

3005: Payment/Reimbursement of Travel Expenses

1. Trustees and staff are entitled to payment or reimbursement of travel expenses incurred in connection with Foundation meetings and other Foundation business, from Foundation funds, according to this Policy.
2. Foundation Trustees or staff who are also members of the State Board of Higher Education or NDUS employees are not entitled to reimbursement from Foundation funds for travel expenses paid or reimbursed by the NDUS; for travel in connection with both NDUS and Foundation business, only expenses not paid or reimbursed by the NDUS (including authorized expenses that exceed state reimbursement rates) shall be paid or reimbursed by the Foundation.

3. Mileage for travel in a personal vehicle shall be reimbursed at the rate established for State of North Dakota officials and employees. Actual cost of meals and reasonable lodging expenses shall be paid or reimbursed by the Foundation.

4. Trustees and staff are entitled to payment or reimbursement of expenses for necessary travel to and from Foundation meetings. Other travel expenses incurred in connection with Foundation business may be paid or reimbursed: 1) within the limits of travel budgets for Trustees or staff approved by the Board or the Executive Committee; or 2) for Trustees, as approved in advance by the Executive Committee; for the Executive Vice President, as approved in advance by the President; and, for staff, as approved in advance by the Executive Vice President.

5. Reimbursement shall be made upon submission of a signed expense statement listing mileage and other expenses and including receipts for lodging or any other expense that exceeds $25.00.

**Effective: September 27, 2005**

**Revised:**

### 3010: Borrowing

The Foundation may not incur liabilities in excess of routine timing differences for previously approved expenditures. Any plan to incur indebtedness or loans for any purpose other than previously mentioned must be approved by the Foundation Board and the North Dakota State Board of Higher Education.

### 3015: Investment Policy Statement

1. The overall investment objective for the portfolio is to maximize total return consistent with risks that the Foundation is willing to accept. The stated risk tolerance level is low.

2. The Foundation is authorized to hire Investment Managers once the assets under management reach a level that the Foundation agrees warrants the cost of said professional services.

3. Prior to the retention of any Investment Manager, formal guidelines and limitations for the Investment Managers will be developed which ensure that the assets are being managed in accordance with the investment objectives.
4. A total return strategy will be utilized in meeting the investment objectives. Total return is defined as the combination of interest and dividends, plus capital appreciation (or less capital depreciation) for the period. The Foundation recognizes that fluctuations in market value will occur and that negative returns in any year are possible.

5. The investment of the assets will be diversified in order to minimize the risk of losses, unless under particular circumstances it is clearly prudent not to do so.

**4001: Records Retention**

The Foundation shall collect and retain appropriate records, in any format deemed appropriate, and maintain same in compliance with SBHE Policy 1912.
Appendix

Bylaws of the NDUS Foundation
NDUS and NDUS Foundation MOU Operating Agreement
The mission of the North Dakota University System Foundation is to support, enrich, advance and improve public higher education in the State of North Dakota.
NORTH DAKOTA UNIVERSITY SYSTEM FOUNDATION

POTENTIAL AREAS OF CONCENTRATION

(Listed in an initial priority order)

Student Success: Completion

The Lumina Foundation has led the national charge of increasing post-secondary attainment for American citizens. According to Lumina published information, the United States ranks 13th in global overall attainment. Lumina estimates that 2/3rds of future jobs will require post-secondary education. Thus, Lumina has set as a national goal a completion rate of 60% by 2025. (Lumina’s completion rate was initially calculated on the percentage of the population that had completed an associate degree or higher, but since 2014, Lumina has also included certificates, which generally require less than two years to complete.)

North Dakota’s completion rate in 2008 was 45.2% based on an associate degree or higher. Six years later that number remained unchanged. However, adding in the certificates, North Dakota now stands at 47.2%. The State Board of Higher Education has adopted as part of its new strategic plan Daring to Be Great: The NDUS Edge increasing graduation rates across the entire system. Although the state has not set a specific target in completion (such as 60% by 2025), an emphasis on completion will serve both to help meet the Lumina national target and the SBHE strategic goal. Increased completion rates equate into increased tax revenues, a lower percentage of overall population incarcerated in prisons, lower healthcare costs through improved lifestyles, and much more. For all the right reasons, North Dakota needs to improve its completion rates.

There is much work to be done in this arena. North Dakota’s failure to move the needle off the 45.2% mark for an associate degree or higher does not put us in a good lighted compared to our likely state peers. Montana, though lower than ND, in the same time period moved from 37.7% to 39.6%; South Dakota from 39.4% to 43.1%; Minnesota from 45.1% to 48.9%; and, Wyoming 36% to 38.4%. All our peer states showed progress.

The NDUS Foundation has an opportunity to support all the NDUS institutions by raising funds to support completion initiatives. Likely funding sources include Lumina Foundation, Bill and Melinda Gates Foundation, Bush Foundation, and so forth.

Innovation Awards

Clearly, there’s much blue water between higher education and the land of innovation. In his 2015 book Rise of the Robots, Martin Ford posits, “Higher Education is one of two major US industries that has, so far, been relatively immune to the impact of accelerating digital technology.” (The other, he argues, is health care.) Higher education’s reluctance to change flies in the face of the fact that higher education provides the knowledge workers that are propelling most other industries into the digital technological revolution.
The NDUS Foundation has an opportunity to promote innovation in higher education through annual awards recognizing innovations within institutions or employees of those institutions. To promote innovations where Martin Ford believes higher education has not made progress, these awards could be focused on digital technologies: application, development, or deployment of such technologies.

To acquire funding for such awards, the Foundation would have to develop relationships with national digital technology enterprises, beginning likely with those companies such as NiSC and Microsoft that have national or global footprints and a North Dakota presence.

**Faculty Recognition**

The story is told that when General Dwight Eisenhower became president of Columbia University following his service in World War II, he was walking across campus with the Provost who was explaining a particular problem. An obstacle in solving the problem, the Provost said, was faculty resistance. Ike told the Provost that he just needed to explain to the faculty that the solution was in the best interests of the university. At this point, according to legend, the Provost said, “General, the faculty are the university.”

Everyone in higher education knows that an institution can provide the best facilities, the best services, the best football teams, but without faculty engaging in the learning process with students, one has no institution. The NDUS Foundation can go a long way toward recognizing that fact by presenting annual awards for outstanding student engagement. Because NDUS institutions are so different in missions, there should be three such awards: Research, Regional, and Community College.

Funding for such awards will be more problematic. Seeking funding from business and industries in the state will undoubtedly raise the issue of competition with institutional foundations. The Foundation will have to do some brainstorming about funding sources.

**Collaboration**

An age-old criticism of the University System has been the lack of collaboration among institutions which has, according to some of the critics, created expense through duplication and competition. A recent legislative study once again highlighted “Mission creep leads to duplication and unnecessary costs.” And that, “Collaboration should be an operational imperative.”

The funding formula for the institutions actually encourages competition: the more students an institution has and the more credit hours that are produced result in more appropriated funding for an institution. So the incentive to be competitive exceeds any incentive to collaborate. The Foundation could provide leadership in developing a collaboration incentive program. Funding sources for such a program are not obvious and would require outreach and relationship development by the Foundation.

**High Priority Programs**
This area, while seemingly ripe for grants and donations, is probably the most difficult technically to execute. Programs belong to institutions. The Principal Investigators (PIs) for grants and other funding will undoubtedly be within institutions’ academic colleges and departments. Universities’ and colleges’ advancement officers and grant writers are diligently working these areas now. How the NDUS Foundation would interact within this space—although not impossible—is difficult to envision. But should board members be interested in pursuing programmatic funding, such a conversation may develop fruitful ideas to overcome any obstacles.