The State Board of Higher Education met September 15, 2011, in the Student Center Ballroom, Dickinson State University, 291 Campus Drive, Dickinson, ND. The board president called the meeting to order at 8:34 a.m. MT.

Members present:
- Mr. Grant Shaft, President
- Mr. Duaine Espedgard, Vice-President
- Ms. Kirsten Diederich
- Mr. Terry Hjelmstad
- Dr. John Girard, Faculty Advisor
- Mr. Claus Lembke
- Mr. Mike Haugen
- Mr. Robert Vallie, Student Member
- Mr. Richie Smith
- Ms. Janice Hoffarth, Staff Advisor

Staff members present:
- Mr. William G. Goetz, Chancellor
- Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
- Dr. Michel Hillman, Vice Chancellor for Academic & Student Affairs
- Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning/Exec Director of CTEC
- Mr. Randall Thursby, Chief Information Officer
- Mr. Pat Seaworth, General Counsel
- Ms. Debra Anderson, Public Affairs and Marketing Director
- Mr. Bill Eggert, Director of Internal Audit and Risk Assessment
- Ms. Erika Lorenz, Secretary
- Ms. Marietta Kemmet, Secretary

Presidents and campus dean participating:
- Ms. Kari Knudson for Dr. Larry Skogen, BSC
- Dr. D.C. Coston, DSU
- Dr. Gary Hagen, MaSU
- Dr. Robert Kelley, UND
- Dr. Steve Shirley, VCSU
- Dr. Ken Grosz, DCB
- Dr. David Fuller, MiSU
- Dr. Mike Bower, LRSC
- Dr. John Richman, NDSCS
- Dr. Dean Bresciani, NDSU
- Dr. Ray Nadolny, WSC

President Shaft recognized the achievements of the institutions across the state. These included: DCB Nursing Education students had a 100% pass rate on the 2010-2011 National Council of Licensing exams; DSU nursing graduates scored above the national average on qualifying exams; NDSCS nursing students had a 100% pass rate on the National Council of Licensing exams; UND School of Law inclusion on a list of “Best Value Law Schools” and UND’s
inclusion on a list of military friendly schools; UND and NDSU ranked prominently in the *US News & World Report* rankings of national universities (164 and 181 respectively); VCSU ranked #1 among regional universities in the *US News & World Report*; DSU and MaSU tied for #4 in this report. President Shaft also mentioned partnerships and collaborations among institutions and businesses.

**Chancellor’s Report**

It was moved by Lembke, seconded by Smith, to ratify the Chancellor’s interim action to expand the **Agassiz Hall Renovation** project by $76,500 from $3,668,500 to $3,745,000, from ND Department of Commerce ARRA funding. In addition, approve a funding source change of $64,300 from institutional local funds. Also authorize MaSU to seek Budget Section approval according to NDCC Section 48-01.2-25. Diederich, Haugen, Lembke, Espegard, Vallie, Smith, Hjelmstad, Shaft voted aye. The motion carried.

It was moved by Espegard, seconded by Smith, to approve the Chancellor’s interim action, to retroactively authorize MiSU to proceed with **Swain Hall** at a cost of $13,286,150 to be funded from general funds ($7,582,535), local match ($703,615), and federal funds ($5,000,000). Also, authorize MiSU to seek Budget Section approval of the use of interest earnings, indirect cost recovery, donations, and continuing education net revenue to meet the legislatively mandated match requirement of $703,615. Haugen, Espegard, Smith, Diederich, Lembke, Vallie, Hjelmstad, Shaft voted aye. The motion carried.

It was moved by Lemke, seconded by Vallie, to ratify the MiSU request to increase **geothermal project authority** from $3.5 million to $9.35 million, to be funded from $7.35 million in state appropriations and $2.0 million in Department of Commerce ARRA funds. Furthermore, authorize MiSU to seek Budget Section approval of a reduced project scope according to NDCC Section 48-01.2-25; and, following Budget Section approval, authority to proceed with Area A completion and begin installation of the main campus loop. Lembke, Smith, Haugen, Diederich, Vallie, Espegard, Hjelmstad, Shaft voted aye. The motion carried.

It was moved by Smith, seconded by Espegard, to approve the NDSU request to: 1) increase the authorization of the **Indoor Track Facility** from $5,000,000 to $5,500,000 to be paid from Private funds; 2) to seek Budget Section approval for the increase in authorization; and 3) to proceed with the project once all approvals have been received. Diederich, Smith, Haugen, Vallie, Lembke, Espegard, Hjelmstad, Shaft voted aye. The motion carried.

The Chancellor said the challenges and issues during the next 12 months include the role he will play in the public service mission of education; the budget process; student success; and efficiency, productivity and affordability in higher education. He also reported on a recent meeting held with the North Dakota Petroleum Council and other key oil industry leaders and
their needs. The Chancellor said the 6th annual General Education Summit will be held at UND on September 30th and October 1st. The Chancellor reported on the growing IT needs across the NDUS campuses and how these needs are being addressed. He will begin his campus visits this fall including meeting with the business community, legislators, and campus officials.

Board Presidents Report

• **Approve Chancellor Search Consultant**
  It was moved by Smith, seconded by Diederich, to approve AGB Search as the search consultant for the new Chancellor. Vallie, Espegard, Diederich, Haugen, Smith, Lembke, Hjelmstad, Shaft voted aye. The motion carried.

• **Approve Chancellor Search Committee Membership**
  It was moved by Vallie, seconded by Hjelmstad, to approve the chancellor search committee membership recommendation. Smith, Diederich, Espegard, Lembke, Haugen, Vallie, Hjelmstad, Shaft voted aye. The motion carried.

Board President’s Report

President Shaft directed Mr. Seaworth to request assignment of a hearing officer from the Office of the Administrative Hearings to conduct the hearing on Dr. McCallum’s dismissal and also to schedule the hearings by mid-October. He also reported that outside counsel has been retained to handle this case following consultation with the Chancellor and Mr. Seaworth.

• **Executive Session for attorney consultation regarding DSU President**
  It was moved by Espegard, seconded by Lembke, to hold an executive session, according to NDCC 44-04-19.1 and 44-04-19.2, for the purpose of attorney consultation regarding a pending hearing and “reasonably predictable” litigation related to dismissal of the DSU president; further, the executive session is limited to board members, the faculty advisor to the board, staff senate advisor to the board, chancellor, board general counsel or assistant general counsel, and board administrative secretary. Diederich, Haugen, Lembke, Espegard, Vallie, Smith, Hjelmstad, Shaft voted aye. The motion carried.

The Board executive session convened at 9:15 a.m. MT and concluded at 9:49 a.m. at which time the Board reconvened into an open session.

President Shaft reported the hearing for Dr. McCallum’s dismissal will be open. President Shaft advised the general audience that during the public comment portion of today’s meeting, no comments will be taken regarding Dr. McCallum’s dismissal.

He also asked if anyone had any public comments to let Ms. Anderson know that they wished to comment.
Mr. Shaft said that Mr. Espegard will be the liaison for the construction of the Joint IT facility at UND and the related IT Efficiencies committee and has asked for a report by mid-December.

North Dakota Student Association (NDSA) Report
Mr. William Woodworth, NDSA President reported NDSA held a meeting at UND. He said much of the meeting focused on finishing business from the spring due to the April meeting cancellation. New topics of discussion include mental health services, health insurance for graduate students, and higher education budgeting. Students are supportive of funding for mental health services on the campuses and still support a Higher Education Funding Commission as proposed in SB2300 last session. Formal action will be taken on these issues at the October meeting.

Council of College Faculties (CCF) Report
Dr. Girard said CCF met and elected as its president Ann Smith, NDSCS. In cooperation with the Statewide Staff Senate, CCF is focusing on employee interest in waivers for employees taking on-line courses. CCF intends to be actively involved with the University System and Staff Senate on the compensation report that will be prepared and presented to the Board. Dr. Girard said CCF also is working on a brochure that highlights the work being done by faculty across the state to ensure student success. CCF is interested in assisting with the funding model being developed and would like to arrange a time to meet with the Board concerning the model.

Staff Senate Report
Ms. Hoffarth reported the Staff Senate has joined with CCF to conduct a study of employee interest in waivers for on-line courses. She said they hope to have a report in November. The UND Staff Senate has started a fund drive for MiSU employees and surrounding community.

Board Business
Approve June 16, 2011 and August 15, 2011 meeting minutes
It was moved by Lembke, seconded Vallie, to approve the June 16, 2011, and August 15, 2011, meeting minutes as amended. Haugen, Espegard, Smith, Diederich, Lembke, Vallie, Hjelmstad, and Shaft voted aye. The motion carried.

President Shaft requested the minutes for today’s meeting reflect that at the August 15, 2011 meeting, the Board did not instruct UND to retire the Fighting Sioux nickname and logo but to restart the transition process. He noted that UND is continuing to use the nickname and logo during the transition process.
Board Policy Manual Revisions

Introduction and first reading

441 Degree Credit, Non-Degree Credit and Non-Credit Activities; 508.2 North Dakota Academic and Career and Technical Education Scholarships; 805.1 Tuition

It was moved by Smith, seconded by Diederich, to approve the introduction and first reading of Policy 441 Degree Credit, Non-Degree Credit and Non-Credit Activities; 508.2 North Dakota Academic and Career and Technical Education Scholarships; 805.1 Tuition. Lembke, Smith, Haugen, Diederich, Vallie, Espegard, Hjelmstad, and Shaft voted aye. The motion carried.

805.3 Application, Course, Program and Other Miscellaneous Fees

Mr. Seaworth reviewed the history and said there is not consensus on the proposed revision. In response to a question, Ms. Glatt said the policy has been reviewed and discussed with the Admin. Affairs Council, Academic Affairs Council and has been in front of the Cabinet twice. Based on the input of these groups, the Chancellor has recommended moving the proposed policy changes forward. After discussion, President Shaft recommended pulling Policy 805.3 with the direction that the item be returned to the Cabinet for further discussion, and furthermore, that it be brought back to the Board at the November meeting, with a complete report and recommendation. Without objection, Policy 805.3 was removed from the agenda.

Second reading and final adoption

706.1 Board Member Per Diem Payments

It was moved by Espegard, seconded by Smith, to approve the second reading and final adoption of Policy 706.1 Board Member Per Diem Payments. Smith, Diederich, Espegard, Lembke, Haugen, Vallie, Hjelmstad, and Shaft voted aye. The motion carried.

Section 900 Facilities Policies

Mr. Shaft asked for campus input regarding the item highlighted in the SBHE materials related to costs to be included in the $250,000 project limit. President Kelley indicated that including furniture, fixtures, and equipment (FF&E) in the cost estimate would create day-to-day management difficulties as campuses manage multiple projects, many including grants and contracts, and several of which are primarily FF&E, with perhaps a relatively small construction component. Ms. Glatt reviewed the three options included in the SBHE materials, which were arrived at following extensive committee discussion. She indicated that delaying action on these policies will likely further delay the NDUS ability to move ahead with finalizing the new SB2323 reporting requirement related to capital projects. Mr. Shaft pointed out the sensitivity of this issue, in light of events during the past few years related to capital project expenditures, and noted this is something the SBHE will want to take into consideration. Mr. Shaft asked that this issue be taken back to the Cabinet for discussion, and a recommendation be brought forward to the SBHE at its November meeting, for action.
It was moved by Diederich, seconded by Vallie, to postpone discussion and action on Section 900 Facilities Policies to the November 17, 2011, SBHE meeting. Diederich, Haugen, Lembke, Espegard, Vallie, Smith, Hjelmstad, and Shaft voted aye. The motion carried.

Introduction and final adoption (waive second meeting requirement):

505 International Student Health Insurance

In response to a question from Mr. Espegard, Dr. Hillman said the NDUS would be engaging in a request for proposal process during the current fiscal year to look at the student health insurance plan and provider options. He said a report will be provided in November on that process.

It was moved by Diederich, seconded by Vallie, to approve introduction and final adoption and waive second meeting requirement of Policy 505 International Student Health Insurance. Espegard, Smith, Haugen, Vallie, Lembke, Diederich, Hjelmstad, and Shaft voted aye. The motion carried.

Consent Agendas

Financial and Facility Consent Agenda

It was moved by Lembke, seconded by Diederich, to approve the following financial and facility consent agenda items:

- Appoint representatives to State Grant Advisory Board.
- Ratify Chancellor’s interim action authorizing BSC to name the soon to be constructed physical plant building, the Robert A. Kuntz Physical Plant Building.
- Approve BSC request to ratify and approve the Chancellor’s action in the interim between Board meetings, following consultation with the Board President according to SBHE Policy 304.1, to rename the Bismarck Community Bowl athletic complex on the BSC campus the MDU Resources Community Bowl, in recognition of a generous donation to a project to remodel and upgrade the facility.
- Authorize NDSCS to proceed with $350,000 renovation of Enrollment Services office complex in Haverty Hall funded from tuition revenues
- Authorize NDSCS to proceed with the $1,200,000 renovation of the NDSCS Football Complex to be funded not less than $250,000 from private funds, up to $910,000 from auxiliaries and a contribution of $40,000 from bookstore partner (Validis); furthermore, authorize NDSCS to proceed to the Budget Section for a change in project funding source according to NDCC Section 48-01.2-25.
- Approve NDSU request for authorization to begin fundraising for the Richard H. Barry Hall Commodity Trading Room.
• Approve NDSU request for authorization to expend $2,868,330 of Department of Commerce ARRA grants on the energy performance contract with Energy Services Group previously authorized at up to $2,800,000.

• Approve NDSU request for authorization to increase spending authority on the Heating Plant Hard Car Unloader by $40,000 from $350,000 to $390,000 to be funded from utility sales.

• Approve MisU request to ratify Chancellor’s interim approval to purchase an 8-plex housing unit to accommodate faculty and staff displaced by the recent flooding in Minot. Total cost of $500,000 to be financed through a low-interest loan and repaid with auxiliary revenues.

• Approve MisU request to ratify Chancellor’s interim approval to purchase ten Olympic Village-style housing units to accommodate students displaced by the recent flooding in Minot. Total cost of $2,500,000 to be financed with a low-interest loan and repaid through auxiliary revenues.

• Approve MisU request for authorization to proceed with a campus fiber network rebuild, server room relocation and associated classroom remodel. Total project cost is estimated at $710,000 to be paid with 2011-13 capital assets funding.

Haugen, Espegard, Smith, Diederich, Lembke, Vallie, Hjelmstad, and Shaft voted aye. The motion carried.

It was moved by Smith, seconded by Haugen, to approve the following Academic Consent Agenda items:

• Approve MisU request to offer an Early Childhood Special Education program certificate at a distance

• Approve MisU request to offer a Deaf/Hard of Hearing Education program certificate at a distance

• Approve MisU request to offer BSE in Early Childhood Education both traditionally and at a distance

• Approve MisU request to offer a Special Education Strategist program certificate at a distance

• Approve MisU request to offer a Learning Disabilities graduate program certificate both traditionally and at a distance

• Approve NDSU request to offer a Master of Science Degree and Graduate Certificate in International Infectious Disease Management and Biosecurity (DMB) jointly with Makerere University, Kampala, Uganda at a distance

• Approve UND request for program terminations:
  o Physician Assistant Certificate
  o Graphic Communication Technology Minor

• Approve UND request to offer an Advanced Public Health Nurse Post-Master’s Certificate both traditionally and at a distance
• Approve VCSU request to offer a major in Medical Laboratory Science both traditionally and at a distance
Lembke, Smith, Haugen, Diederich, Vallie, Espegard, Hjelmstad, and Shaft voted aye. The motion carried.

Personnel Consent Agenda
**It was moved** by Haugen, seconded by Smith, to approve NDSU tenure requests for Dr. J. Bruce Rafert and Dr. Kent Sandstrom. Espegard, Smith, Haugen, Vallie, Diederich, Hjelmstad, Shaft voted aye. Lembke voted nay. The motion carried.

**Budget, Audit and Finance Committee (BAFC) Report**
Mr. Espegard said the BAFC reviewed the audits in progress at DSU and the beginning methodology and framework for a System wide internal audit plan based on the LarsonAllen Risk Assessment. He also said BAFC reviewed UND and NDSU internal audit plans, although NDSU’s plan was incomplete pending finalizing of a risk assessment. The committee also reviewed the semi-annual budget status report, and the graduate student waiver stipend practices, and asked for additional information on this topic. The committee recommended approval of the Doctoral Program funding allocation to UND and NDSU in the amount of $130,000 each.

Approve Doctoral Program allocation for 2011-13 biennium
**It was moved** by Espegard, seconded by Lembke, to approve the Doctoral Program allocation of $130,000 for UND and $130,000 to NDSU for support of their Doctoral programs for 2011-13. Vallie, Espegard, Diederich, Haugen, Smith, Lembke, Hjelmstad, and Shaft voted aye. The motion carried.

Major Policy Discussions & Special Reports
**Update on Minard Hall**
President Bresciani indicated that he could not provide additional information to the SBHE on the Minard Hall project due to insurance claims and potential litigation, beyond what was noted in a recent press release.

**Update on MiSU Flood**
President Fuller reported on the events and activities that have taken place at MiSU with regards to flooding issues. He distributed a brochure that contained information about these activities. President Shaft commended President Fuller and the MiSU faculty and staff for their actions during the flood. In response to a question from Mr. Espegard regarding specific MiSU needs, President Fuller responded the primary concern was the enrollment decline and how to improve recruiting.

**SBHE Policy Issue:** Preparation for College: Discussion on Developmental Needs
Dr. Hillman presented an overview concerning the definition of developmental education, the SBHE’s policy on developmental placement, the importance of the issue in ND, and best practices in addressing developmental needs. He said that the annual developmental savings to the system community colleges would be approximately $3 million if students did not need remedial assistance. This means the students are not able to graduate in two or four years and do not enter the labor market impacting the economy by $6 million. Dr. Hillman said a presentation to the North Dakota School Board’s Association addressing the issues surrounding developmental needs of students is planned in October and the Board would learn more about implementation of the common core at the September 27th Joint Boards meeting.

Annual report on Articulation and Transfer
Ms. Johnson updated the Board on Common Course Numbering as presented to the Interim Higher Education Committee. This presentation included information on common course numbering, transfer practices and numbers, and the appeal process related to articulation and transfer.

Mr. Espegard gave a brief update on the Centers of Excellence. He announced that at a recent meeting, approval was given to UND and NDSU for a project in unmanned aerial flight. The project will begin shortly after approval is received from the FAA for the airspace usage.

President Shirley announced that a North Central Association Higher Learning Commission accreditation team has requested a luncheon meeting with Board members in October. An invitation will be forthcoming from VCSU. The visit will take place Tuesday, October 25th from 12:00 p.m. to 1:30 p.m.

Announcements

Future Board Meetings
- November 17 – VCSU
- December 15 – Conference Call
- January 19 – Conference Call

The meeting adjourned at 1:06 p.m.

Executive Secretary
11/17/2011

President

Date