The following draft minutes have not yet been approved by the
ND State Board of Higher Education
Minutes – June 14, 2012

The State Board of Higher Education met Thursday, June 14, 2012, at 8:45 a.m. CT, at the NDSU Alumni Center, Atrium, 1241 University Drive, Fargo, ND.

Members present:
Mr. Grant Shaft, President
Mr. Mike Haugen
Dr. Kirsten Diederich, by phone *
Ms. Janice Hoffarth, Staff Senate Adviser
*Dr. Diederich participated only for the election of officers

Mr. Duaine Espegard, Vice-President
Dr. Terry Hjelmstad
Mr. Robert Vallie, Student Member

Members absent:
Dr. John Girard, Faculty Adviser

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

Presidents/Dean participating:
Dr. Larry Skogen, BSC
Dr. Doug Darling, LRSC interim President
Dr. Ken Grosz, DCB
Dr. D.C. Coston, DSU, by phone
Dr. Robert Kelley, UND
Dr. Steve Shirley, VCSU
Mr. James Foertsch for Dr. Raymond Nadolny, WSC

Board President’s Report

• Update on Oversight Committee
• Approve Document Image Scanning plan

Mr. Thursby presented an overview of the document image scanning plan. ImageNow is the software currently being used by six campuses. He said server security has been a concern as well as an audit recommendation. The recommendation to the SBHE is a subscription model to ImageNow for 300 users and to expand functionality with an annual cost of $52,792. Integration would begin with campuses that do not currently have a document imaging system, with others to follow at a later date. Initial startup costs in FY2013 for campuses not currently using ImageNow would be $5,000. Other current ImageNow users would continue to pay what they have been paying during FY2013, with the SITS budget making up the cost differential. Beginning in FY2014, campuses would be assessed based on use. Each institution would retain its own data, train employees, and create/maintain work flows and processes.
It was moved by Haugen, seconded by Vallie, to approve the document image scanning plan as proposed including: a subscription model for 300 users for ImageNow with subscription costs of $1,200/license annually if less than 300 licenses and $960 if 300 or greater; institutions will be responsible for annual subscription and storage costs with all campuses participating at a minimum number of licenses. In first year institutions would pay costs equivalent to current costs with subsequent years based on usage. The NDUS will be responsible for system maintenance, administration, and security, implement policies and procedures, create standard workflows and processes, governance and institutions responsible for creating and customizing institutional specific workflows, adherence to NDUS policies and procedures, training end-users, maintaining documentation, troubleshooting process specific issues. Diederich, Haugen, Hjelmstad, Vallie, Espegard, and Shaft voted aye. The motion carried.

- **Update on Learning Management System Plan**
  Mr. Thursby presented a brief overview of the learning management system project. He said the recommendation to the SBHE is to delay a decision on a learning management system plan until no later than November 2012 to allow for meaningful faculty input. Mr. Shaft said the Oversight Committee agreed to the delay due to the importance of receiving faculty input.

  President Shaft requested cumulative reports be presented to the SBHE on savings achieved through instituted efficiency initiatives. Mr. Thursby suggested the first report be presented to the SBHE in September 2012.

- **UND logo/nickname**
  Mr. Shaft said a vote on Measure 4; retiring the UND Fighting Sioux logo and nickname, was approved which will allow UND to move forward with retiring the nickname and logo.

  It was moved by Vallie, seconded by Haugen, to add an additional agenda item regarding the retirement of the Fighting Sioux logo and nickname. Vallie, Espegard, Haugen, Hjelmstad, and Shaft voted aye. Diederich was absent. The motion carried.

  It was moved by Espegard, seconded by Hjelmstad, to direct UND to resume the process of retiring the Fighting Sioux logo/nickname, contingent upon the election results being certified by the North Dakota Secretary of State. Espegard, Haugen, Hjelmstad, Vallie, and Shaft voted yes. Diederich was absent. The motion carried.

- **Ratify SBHE President’s action appointing interim President at LRSC**
  It was moved by Espegard, seconded by Hjelmstad, to ratify the SBHE President’s action appointing Dr. Doug Darling as the interim President of LRSC with an annual salary of $118,483. Hjelmstad, Vallie, Espegard, and Shaft voted aye. Haugen voted no. Diederich was absent. The motion carried.

  Mr. Shaft said a LRSC presidential search committee has not yet been named because the SBHE does not have full membership and the new Chancellor takes over in July.

- **Update on Compensation Committee**
  Mr. Espegard said the Compensation Committee met and recommends approval of the FY2013 presidential salary ranges as presented on the agenda. He said the salary ranges have generally
been increased by $20,000 on the low end to tighten the ranges. He said the goal is to reach the salary mid-point.

**It was moved** by Espegard, seconded by Haugen, to approve the FY2013 presidential salary ranges. Hjelmstad, Vallie, Espegard, Haugen, and Shaft voted aye. Diederich was absent. The motion carried.

- **Update on Chancellor Goetz’s retirement**
  Mr. Shaft said Chancellor Goetz has requested paid leave from July 1 – August 31 to allow Dr. Shirvani to assume the Chancellor’s duties and occupy the Chancellor’s office on July 1. Chancellor Goetz will be available for consultation as requested between July 1 and August 31.

  **It was moved** by Espegard, seconded by Hjelmstad, to approve paid leave for Chancellor Goetz beginning July 1, 2012, and ending on Chancellor Goetz’s retirement date of August 31, 2012. The action is a result of Dr. Shirvani assuming the duties of NDUS Chancellor effective July 1, 2012. During the period of leave, Chancellor Goetz will be available for consultation as requested, to assist in the transition of duties and responsibilities to Dr. Shirvani. Haugen, Hjelmstad, Vallie, Espegard, and Shaft voted aye. Diederich was absent. The motion carried.

**Chancellor’s Report**
Chancellor Goetz presented his final report to the SBHE highlighting NDUS accomplishments over the past five years. He said the citizens of North Dakota can be very proud of their university system. Pride in the system has been demonstrated through financial support, realizing benefits from the research at the research universities, and economic growth and diversification as a result of having the presence of a quality higher education system. He said education, research, and student success make a positive difference for all to benefit from.

Mr. Shaft thanked Chancellor Goetz for his service to the NDUS and the SBHE.

**North Dakota Student Association Report**
Mr. William Woodworth said NDSA discussed campus connection and a resolution opposing Measure 2. NDSA will present its resolutions at the July SBHE meeting. Mr. Woodworth said interviews conducted by the Governor for the SBHE student member will begin June 14th. NDSA will be working over the summer to prepare for the legislative session. He said NDSA hopes work will resume on the student fees review. Mr. Woodworth thanked Chancellor Goetz for his service.

**Council of College Faculties (CCF) Report**
Dr. Douglas Munski said CCF discussed the need to seek clarification on the tuition waiver benefit regarding added costs on distance courses. CCF requested a delay on the LMS recommendation until November 2012 to allow for meaningful faculty input. Dr. Munski participated in the SBHE retreat in May. He said faculty members appreciate the positive cooperation between the SBHE, the NDUS Office, and CCF and look forward to working with incoming Chancellor Shirvani.

**Staff Senate Report**
Ms. Hoffarth thanked Chancellor Goetz for his support in the creation of the Staff Senate Adviser position. She recognized outgoing Staff Senate President, Anthony Willer, DSU, the incoming Staff Senate President, James Foertsch, WSC, and President Elect, Scott Staudinger, DSU. Ms. Hoffarth said Staff Senate is concerned that discussion on tuition waivers has not yet come forward to the SBHE. She
said Staff Senate has asked the Human Resource Council to consider adding in-laws to those covered under the dependent sick leave policy. Also, Staff Senate suggests that communications to new employees clearly document that employees who have a spouse with state health insurance, are not eligible for additional health insurance coverage or the cash equivalent.

**BOARD BUSINESS**

**Election of officers**

*It was moved* by Hjelmstad, seconded by Haugen, to elect Mr. Espegard as SBHE President. Haugen, Hjelmstad, Vallie, Espegard, Diederich, and Shaft voted aye. The motion carried.

*It was moved* by Hjelmstad, seconded by Haugen, to elect Dr. Diederich as SBHE Vice-President. Hjelmstad, Vallie, Espegard, Diederich, Haugen, and Shaft voted aye. The motion carried.

**Appoint Budget, Audit, and Finance Committee members**

Mr. Shaft said appointments to the Budget, Audit, and Finance Committee would be delayed until the July SBHE meeting to allow for full SBHE membership.

**Appoint Centers of Excellence members**

Mr. Shaft said appointments to the Centers of Excellence would be delayed until the July SBHE meeting to allow for full SBHE membership.

**Consent Agendas**

*It was moved* by Vallie, seconded by Haugen, to approve the following Financial and Facility Consent Agenda items:

- Approve NDSU request to proceed with fund raising efforts for the renovation of the Family Life Center (FLC) Nutrition, Dietetics and Hospitality Laboratories in the amount of $900,000; furthermore, include the project in the non-state funded capital project requests in the 2013-15 biennial budget
- Ratify Chancellor’s interim action approving additional authorization for construction of a “Scale Up” classroom within UND’s O’Kelly – Ireland Hall from $1,131,381 to $1,448,170 funded approximately $125,000 from student technology fees, and $191,789 from Unrestricted Alumni Funds
- Approve UND request authorizing the amendment of the lease agreement with UND Foundation in connection with the issuance of Not to Exceed $6,500,000 UND Foundation Lease Revenue Bonds for the purpose of refunding UND Foundation, Lease Revenue Bonds, Series 2002
- Approve UND request authorizing the issuance of Not to Exceed $30,000,000 State Board of Higher Education of the State of North Dakota, University of North Dakota Housing and Auxiliary Facilities Refunding Revenue Bonds
- Approve UND request to proceed with general renovation work including electrical upgrades to the existing campus electrical distribution infrastructure at an estimated cost of $475,000, funded from 2011-13 extraordinary repair funds

Hjelmstad, Vallie, Espegard, Haugen, and Shaft voted aye. Diederich was absent. The motion carried.

*It was moved* by Vallie, seconded by Espegard, to approve the following facility and financial requests:

- Approve LRSC request to seek Budget Section authorization for change in project scope per NDCC 48-01.2-25; and, further, subject to Budget Section approval, request SBHE authorization
to proceed with the Wind Turbine project at a cost of $7,181,216, to be funded through energy performance contract, with initial $2,609,920 general fund investment.

- Approve LRSC request for authorization to: 1) Proceed with execution of an Energy Services Agreement with Energy Services Group/Honeywell (ESG) for up to $7,181,216.00 for the acquisition, construction and installation of energy efficient improvements, including a wind turbine, and further to develop and execute contracts and project financing; and 2) Proceed with the execution and delivery of an equipment lease purchase agreement with respect to the acquisition, purchase, financing and leasing of certain equipment under the Energy Services Agreement with ESG; 3) Authorize the President or Vice President of Administrative Services at LRSC to execute the lease at an issuance of not to exceed $5,000,000 in lease purchase financing at a proposed interest rate not to exceed 5.25% and an approximate final date upon which the principal amount of the obligation will mature or become payable of 15 years; and 4) Appoint the firm of Arntson Stewart Wegner P.C., Fargo, North Dakota, as bond counsel.

Mr. Espegard expressed concern regarding the large dollar amount being paid back by a performance contract. Dr. Darling said Energy Services has guaranteed the pay back. Mr. Seaworth said because state law requires the energy contractor to guarantee the contract and post a performance bond, the institution is not at risk.

Vallie, Espegard, Haugen, Hjelmstad, and Shaft voted aye. Diederich was absent. The motion carried.

It was moved by Vallie, seconded by Espegard, to approve the following Academic Consent Agenda items:

- Approve NDSU request for a new program offering a Ph.D. in Exercise Science and Nutrition
- Approve NDSU request for a new program offering a Ph.D. in Counselor Education and Supervision
- Approve NDSU request for a new program offering a Ph.D. in Gerontology
- Approve UND request for Department/School Title Change:
  - From: School of Engineering and Mines
  - To: College of Engineering and Mines
- Approve UND request for Department/School Title Change:
  - From: Department of Geology and Geological Engineering
  - To: School of Geology and Geological Engineering as a component of the College of Engineering and Mines.
- Approve UND request to terminate Program RN to MS

Espegard, Haugen, Hjelmstad, Vallie, and Shaft voted yes. Diederich was absent. The motion carried.

Personnel Agenda
It was moved by Vallie, seconded by Espegard, to approve the Approve UND tenure request. Haugen, Hjelmstad, Vallie, Espegard, and Shaft voted aye. Diederich was absent. The motion carried.

MAJOR POLICY DISCUSSIONS & SPECIAL REPORTS
Approve presidents’ objectives for 2012-13
Chancellor Goetz said he has reviewed the presidents’ objectives for 2012-13 and finds them to be consistent with the NDUS Strategic Plan. He said the objectives may be subject to some additional review and revision by Dr. Shirvani.
It was moved by Vallie, seconded by Haugen, to approve the presidents’ objectives for 2012-13. Haugen, Hjelmstad, Vallie, Espegard, and Shaft voted aye. Diederich was absent. The motion carried.

Approve State Grant Advisory Board appointments
It was moved by Hjelmstad, seconded by Espegard, to approve the appointments of Nathan Elness, Steve Martin, Sandy Klein, and Dr. John Richman to the State Grant Advisory Board. Hjelmstad, Vallie, Espegard, Haugen, and Shaft voted aye. Diederich was absent. The motion carried.

Presentation of 2013-15 major capital project requests

- **BSC** – Dr. Larry Skogen presented the BSC request for a $40,808,000 BSC Communications and Creative Arts Center. Dr. Skogen said the current estimate to renovate BSC’s current library in order to deal with identified structural issues, is $3 million and it would be more cost effective and efficient to build a new facility. He said there are structural and safety concerns for the building shell and foundation as a result of movement in the building foundation, floor slabs and structure and due to the movement of the clay soil. Dr. Skogen said the project would also co-locate soft skills programs in an adequate facility. Dr. Skogen said BSC would not have a traditional library facility but would instead have a learning commons including library services, collaboration space, etc.

- **LRSC** – Dr. Darling presented the LRSC request to expand the Erlandson Technical Center. He said the project adds an additional 24,900 square feet of new space onto the building to allow the college to align the two largest economic development centers, along with the Adult Farm Management program, into one area, and also address high-demand academic program areas. The cost for the Erlandson Technical Center expansion would be $5,947,562. He said the second LRSC priority project is to add approximately 22,400 square feet of new space on two levels, as well as just over 5,000 square feet of renovated space to the existing LRSC Student Center. The added and renovated space will provide needed updates to the Early Childhood Learning Lab and the Visual Arts programs, as well as provide classroom spaces for Music Education, Band, Fitness Trainer Technician program, and Health, Physical Education and Recreation courses. Renovation costs for the Student Center project would be $4,380,954.

- **WSC** – Mr. James Foertsch, WSC Vice-President for Business Services, presented the WSC request for $12,242,478 to renovate Steven’s Hall. The renovations are necessitated by workforce needs, the demands of a growing area, and sky-rocketing construction inflation. The renovations allow for individual faculty and staff offices, upgrading HVAC, Americans with Disabilities Act (ADA) compliance, and asbestos abatement. WSC’s second request is $1.8 million to complete the Campus Drive project Stage 2 as authorized in the 2011-2013 biennium. Landscaping the front drive is consistent with the WSC’s strategic and master plans.

- **NDSCS** – Dr. John Richman and Mr. Dallas Fossum, Physical Plant Executive Director, presented the NDSCS request for renovations to Old Main. There are no plans to add square footage. Enclosed walkways that would link Old Main to Haverty Hall and Old Main to Horton Hall would be added for a climate controlled access to three primary educational buildings on campus. The total requested for the Old Main project is $9,626,452 and includes the cost of demolishing Hektner Hall and Burch Hall. The second project requested by NDSCS is to upgrade water, sewer and infrastructure at a cost of $9,459,000. Dr. Richman said NDSCS is also requesting approval of a non-state appropriated renovation of the football complex including new
locker rooms, coaches’ offices, a training room, storage rooms, public restrooms, concession stand, booster club and a retail store at a cost of $1,350,000.

- UND, including UND School of Medicine and Health Sciences (SOMHS) and UND Law School:
  - **UND SOMHS** – Dr. Joshua Wynne, UND SOMHS Dean, presented three options for expanding the SOMHS. Option one includes the renovation of 42,311 square feet of existing faculty offices and educational space, and the construction of an 80,103-square-foot addition at a cost of $38.5 million. He said option two balances the investment in new facilities with renovations to optimize the educational experience and meet established standards for achieving educational excellence with 48,332 square feet of renovation and 169,390 additional square feet of space at a cost of $68.3 Million. Option three would create an entirely new 376,812 square foot facility that would meet the enrollment needs associated with the workforce initiative and sustain growth for a cost of $124 million.

  - **UND Law School** – UND Law School Dean Katherine Rand said the 2007 UND School of Law’s American Bar Association (ABA) reaccreditation site visit report found the School of Law’s physical facility to be “less than adequate” and characterized an addition to and renovation of the existing law school building as “critical to the success and future” of the School of Law. She said having this project approved in time for the Spring 2014 ABA reaccreditation site visit will indicate to the site visit team that the UND School of Law will have recommended improvements underway, a factor that is crucial to ensuring reaccreditation of the School of Law. The UND Law School project includes expanding educational space to include two seminar rooms, three mid-sized classrooms, two large classrooms, large lecture hall/court room/chambers, improved and enhanced clinic/experiential learning suite, classroom space tailored to skills instruction, including small interview rooms, expanded student study and work space, improved and enhanced student service space, addressing security and noise issues, revisions to the law library, and creating green and energy-saving improvements. Immediate improvements needed are estimated at $4,350,000. Remaining improvements and expansion, for future biennia, are estimated at $8 million with $6 million in state funds and $2 million from private fund raising.

  UND – Ms. Alice Bekke, UND Vice President for Finance, said UND is requesting SBHE approval to seek legislative authority for student housing, which will require revenue bonds, and reauthorization of private fund raising for the COBPA renovation and the indoor track and football practice field.

- NDSU, including Forest Service, and State Board of Agricultural Research and Education (SBARE):
  - **NDSU** - Dr. Dean Bresciani presented NDSU’s request for a $29,600,000 new STEM classroom/lab building. He said most of the current classrooms and laboratories are 40-100 years old and do not have the technology, infrastructure or environment required to meet teaching needs. Spaces in the new building would be for teaching labs and traditional science and engineering classrooms as well as modular “open frame” flexible classrooms that would range in size from room for 20 to an auditorium that would house 250-500 students. NDSU’s second priority is $12,900,000 for the renovation of the Ladd-Dunbar Complex. The project would include moving current teaching labs to the
proposed STEM building and then converting the building complex into a research facility. Dr. Bresciani said the complex presents significant safety concerns for occupants that are magnified by its location in the center of campus. The third priority is a $20,400,000 new facility to replace Harris Hall. Due to inadequate HVAC in Harris Hall, grain dust generated by milling samples of wheat and durum wheat gets recirculated throughout the building, posing a health risk and conditions conducive to explosion and fire.

- **North Dakota Forest Service** – Mr. Larry A. Kotchman, State Forester, presented the North Dakota Forest Service request for a nursery freezer and shop facility at the Towner State Nursery at a cost of $785,000. The nursery freezer and shop facility will allow the Forest Service complete their mechanization project.

- **SBARE** – Mr. Rodney Howe, SBARE President, presented the SBARE requests for $5,925,000 to renovate and construct various agronomy labs, $3,470,000 to renovate various seed-cleaning plants, and $1,650,000 to renovate and construct various livestock facilities. Renovations will address research stations’ safety standards, OSHA regulations, and the replacement of aging equipment. Mr. Howe said the NDSU Extension Service is requesting $1,900,000 to renovate Western North Dakota 4-H camp buildings to meet ADA and safety standards. $950,000 would be state funds and $950,000 in matching funds would be raised privately.

- **MaSU** – Dr. Gary Hagen and Mr. Steve Bensen, Vice President for Business Affairs, presented the request for the replacement and improvements to the Old Gymnasium, noting that they recently changed this project to their number one priority. Rafter collapses, floor collapses, poor ventilation, outdated wiring and plumbing, the lack of a fire alarm system and a lack of safe exit from the building have made this MaSU’s top priority. The project would raze the old facility and construct a 37,344 square foot building at a cost of $5,800,000. Replacing the Old Gymnasium is a primary concern for the safety of students, employees and visitors. Dr. Hagen noted MaSU does not have alternative space available to move Health, Physical Education and Recreation and athletic programs currently housed in the Old Gymnasium. SBHE members expressed concern regarding severe safety issues. MaSU’s second priority is $2,267,000 for campus-wide drainage improvements.

- **MiSU** – Mr. Brian Foisy, Vice President for Administration and Finance, and Mr. Roger Kluck, Assistant Vice President for Facilities Management presented requests for $1,821,905 to relocate Plant Services and a warehouse away from the heart of campus, noting they have recently changed this to their number one priority. Mr. Kluck said the current Plant Services building is not ADA compliant. The project would reduce the amount MiSU pays for rented warehouse space, permit moving art programs closer together on campus, and moving all plant functions under one roof. They presented their number two priority project which is $9,000,000 for continued conversion from a fossil fuel heating system to a more efficient geothermal system. Mr. Kluck said the first phase of the geothermal system, which includes the Wellness Center, will go online next week. The MiSU Dome, Olson Library, Swain Hall, and Memorial Hall will be online by early fall.

- **VCSU** – Dr. Steven Shirley and Mr. Doug Dawes, Vice President for Business Affairs presented the VCSU request for $3,636,466 to renovate Vangstad Hall. The renovation would
allow business and technology programs to be moved to one floor of Vangstad Hall. The other floor would allow for the consolidation of learning services. VCSU is also requesting $1,315,790 for the renovation and remodeling of the W.E. Osmon Fieldhouse. This project would provide eight additional offices, two additional conference rooms, a technology lab, and an elevator as well as updating to meet ADA compliance.

- **DCB** – Dr. Ken Grosz presented the DCB request for $395,600 for a 500kw generator to provide backup power to campus in the event of an outage. DCB is also requesting $810,000 to replace heat piping in Thatcher Hall. The current piping creates ongoing maintenance problems including pipes bursting and difficulty regulating heat. The request is to replace steam pipes with hot water pipes and convert Thatcher Hall to a hot water system.

In response to a question from Mr. Vallie regarding the lack of projects from DSU, Chancellor Goetz said DSU is not in a position to move forward with capital projects due to other campus issues.

**College and university presidents’ briefings**

Dr. Hagen said at MaSU’s graduation ceremonies Senator Elroy Lindaas was awarded an honorary degree and MaSU student, Ashley Haines was awarded a posthumous degree.

Dr. Grosz said Dustin Kenner, a former DCB student and hockey player, was a member of the Los Angeles Kings who won the 2012 Stanley Cup along with Matt Greene from UND. Dr. Grosz believes Dustin is the only community college hockey player to be on two winning Stanley Cup teams, the Los Angeles Kings and the Anaheim Ducks.

Dr. Shirley said Darien Moore is the 2012 NAIA national champion in the hammer throw. Darien is a junior at VCSU.

**Public Comment**

Dr. Doug Schultz, SBR Consulting President, addressed the SBHE regarding the lack of a strategic plan for the NDSU Center for Nanoscale Science and Engineering and a potential conflict of interest in the Office of Research, Creative Activities, and Technology.

Mr. Shaft thanked Chancellor Goetz, Mr. Smith, Mr. Vallie, and Mr. Haugen for their service. He thanked NDUS staff for their assistance during his term as SBHE President.

The meeting adjourned at 2:08 p.m.

Executive Secretary

President

July 12, 2012