Members present:
  Mr. Duaine Espegard, President
  Dr. Terry Hjelmstad
  Mr. Sydney Hull
  Mr. Don Morton
  Ms. Kathleen Neset
  Dr. Kirsten Diederich, Vice President
  Ms. Kari Reichert
  Mr. Grant Shaft
  Ms. Janice Hoffarth, Staff Senate Adviser
  Mr. Don Morton

Staff members present:
  Dr. Hamid Shirvani, Chancellor
  Dr. John Haller, Interim Vice Chancellor for Academic and Student Affairs
  Dr. Lisa Feldner, Vice Chancellor for Information Technology and Institutional Research
  Ms. Kirsten Franzen, Chief Compliance Officer
  Mr. Noah Brisbin, Special Assistant

The State Board of Higher Education met on Monday, June 3, 2013, at 10:35 a.m., in the Missouri Room, Rough Riders Hotel, 301 3rd Avenue, Medora, ND. The meeting was called to order at 10:43 a.m.

**It was moved** by Neset, seconded by Espegard, to renegotiate a continued two-year contract with Chancellor Shirvani with revisions of additional contractual language and parameters for an evaluation process suggested by Ms. McGrane.

Ms. Neset stated that her motion was a show of support for Chancellor Shirvani; the recommendations to make changes to the existing contract would add sufficient detail to its terms. Mr. Shaft agreed in showing support for chancellor. Looking at the mechanics of the negotiation process, however, he expressed that he would want to provide flexibility by approving both a continuation contract and a separation agreement proposal.

Ms. Reichert stated her agreement Ms. Neset to the extent of the direction for the Board, the Pathways plan, and the movement toward a solidified, centralized system. She restated her doubt of the capabilities of the current chancellor to carry this to fruition; she observed that the most important part of the chancellor’s responsibilities is to build relationships, teamwork, and commitment.

Mr. Hull asked for a clarification of the details of the contract offered in Ms. Neset’s motion; Ms. Neset stated that it would be a two-year contract with more sufficiently detailed contractual language and the addition of terms regarding the chancellor’s assessment. Mr. Shaft noted that the Board’s conversation with Ms. McGrane showed the need to clarify the parameters of evaluation terms that would be included in a continuation contract.
Dr. Diederich explained that President Espegard, Mr. Morton, and herself had conversed with Narcissa Polonio, vice president of the Association of Community Council Trustees, who recommended conducting a pre-assessment of the chancellor if he were to continue his contract. The assessment would include confidential interviews with NDUS presidents and Board members. Dr. Polonio would assist in putting together new goals for chancellor, Dr. Diederich explained, and suggested that the chancellor’s movement toward the achievement of those goals be evaluated after six months. The evaluation process would occur in June and July.

Mr. Shaft welcomed including terms to that effect in an offered continuation contract, noting that President Espegard and Dr. Diederich would need latitude for negotiation while maintaining the contractual content approved by the board. Ms. Neset stated that she was comfortable with the clarification of the evaluation process.

Ms. Reichert noted that when performance evaluations reveal problems, the process assumes that there is a capacity for improvement, accountability, and the acknowledgement of past problems. She stated her concern about the presence of that capacity in this negotiation. Ms. Reichert concluded that this evaluation process would not improve the Board’s risk for the six months before the next evaluation of the chancellor.

President Espegard summarized that the Board would undertake a thorough evaluation of the chancellor that would move the system forward. He noted that the Board had concurred yesterday that the system is moving in the right direction without being totally satisfied with how it is being led. President Espegard stated that an evaluation and assessment could reveal areas for improvement from a management standpoint, while asserting that the success of the Pathways program would be key for the state of North Dakota.

Espegard and Neset voted yes; Morton, Shaft, Reichert, Diederich, Hjelmstad, and Hull voted no. The motion failed.

It was moved by Shaft, seconded by Hull, to offer both a continued contract with Chancellor Shirvani adding contractual language and clarifying the evaluation process and Option 2 for a separation agreement with Chancellor Shirvani, should he not accept the revised continuation contract.

Mr. Hull asked if the motion noted a preference for a continuation of the chancellor’s contract; Mr. Shaft and President Espegard replied that both options would be presented to the chancellor and he would decide which proposal to accept.

Espegard, Shaft, Neset, and Hull voted yes; Morton, Reichert, Diederich, and Hjelmstad voted no. The motion failed.

It was moved by Shaft, seconded by Morton, to accept Option 2 as presented by Ms. McGrane as a proposal for a separation agreement with Chancellor Shirvani. Espegard, Morton, Shaft, Reichert, Neset, Diederich, Hjelmstad, and Hull voted yes. The motion carried.

The meeting adjourned at 11:01 a.m.