North Dakota State Board of Higher Education
Minutes of the September 3, 2014, Meeting, via Conference Call

Board Chair Diederich called the meeting to order at 2:00 p.m. CT.

Members present:

Dr. Kirsten Diederich, Board Chair
Mr. Grant Shaft
Ms. Kari Reichert
Dr. Kevin Melicher
Dr. Eric Murphy, Faculty Adviser
Dr. Terry Hjelmstad, Vice Chair
Ms. Kathleen Neset
Ms. Janice Hoffarth, Staff Adviser
Mr. Don Morton
Mr. Christopher McEwen

Interim Chancellor present: Dr. Larry C. Skogen

Institution Presidents or representatives present:

Dr. Ken Grosz, Dean, DCB
Dr. Doug Darling, President, LRSC
Dr. Gary Hagen, President, MaSU
Dr. John Richman, President, NDSCS
Mr. Bruce Bollinger, Vice President for Finance and Administration, NDSU
Dr. Robert Kelley, President, UND
Dr. Margaret Dahlberg, Interim President, VCSU
Mr. David Clark, Interim President, BSC
Dr. Steve Shirley, President, MiSU
Dr. Ray Nadolny, President, WSC

NDUS senior staff present:

Dr. Lisa Feldner, Vice Chancellor for Information Technology and Institutional Research
Mr. Murray Sagsveen, Chief of Staff and Director of Legal Services
Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
Ms. Linda Donlin, Director of Communications and Media Relations
Ms. Connie Spryczynatyk, Director of Strategic Planning
Mr. Timothy Carlson, Chief Auditor
Mr. Rick Tonder, Director of Facilities Planning
Ms. Cynthia Goulet, Assistant General Counsel
Ms. Kristie Hetzler, Executive Assistant to the State Board of Higher Education

Approval of Agenda
Hjelmstad moved, Morton seconded, to approve the Board agenda.
Neset, Morton, Hjelmstad, McEwen, Reichert, Melicher, and Diederich voted yes. Shaft not voting. The motion carried.

2015-2017 Capital Projects
Interim Chancellor Skogen explained the steps and process that were taken in considering the prioritization of the institutions’ capital project requests. He indicated a SBHE approved capital project list is due to the Office of Management and Budget (OMB) by September 15, 2014. OMB will consider the NDUS operational budget and the capital projects to develop the governor’s recommendation that will move forward to state legislature for a final decision.

Board members asked presidents to confirm that space utilization, workforce demand, and programs were considered in their requests. The presidents indicated that information had been considered; they also indicated there are no concerns regarding duplication or competition. Interim Chancellor Skogen stated that several of those questions have already been addressed during the system-wide master plan process. The Board approved the master plan on June 26, 2014.

### Chart A: 63rd Legislative Action

<table>
<thead>
<tr>
<th>Rank</th>
<th>Campus Priority</th>
<th>Campus</th>
<th>Project Title</th>
<th>Type of Project</th>
<th>Project Cost</th>
<th>State - Running Total</th>
<th>Reduction in Deferred Maint.</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>1</td>
<td>UND</td>
<td>Medical School</td>
<td>Completion of Medical School</td>
<td>$ 62,000,000</td>
<td>$ 62,000,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Chart B: Valley City Flood Mitigation

<table>
<thead>
<tr>
<th>Rank</th>
<th>Campus Priority</th>
<th>Campus</th>
<th>Project Title</th>
<th>Type of Project</th>
<th>Project Cost</th>
<th>State - Running Total</th>
<th>Reduction in Deferred Maint.</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>2</td>
<td>VCSU</td>
<td>Fine Arts Building</td>
<td>New Construction, including demolition</td>
<td>$ 25,850,000</td>
<td>$ 25,850,000</td>
<td>$ 7,763,660</td>
</tr>
</tbody>
</table>

### Chart 1: 2015-17 Major State General Fund Capital Project Priority Recommendations

#### Life-Safety Priorities
Projects listed below address a significant life safety condition, resulting in increased risk of personal injury or other claim. In general, the projects also address a significant deferred maintenance liability. Total deferred maintenance removed in this category: **$15,971,504**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Campus Priority</th>
<th>Campus</th>
<th>Project Title</th>
<th>Type of Project</th>
<th>Project Cost</th>
<th>State - Running Total</th>
<th>Reduction in Deferred Maint.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>VCSU</td>
<td>Heating Plant Replacement</td>
<td>New Construction, including demolition</td>
<td>$14,289,000</td>
<td>$14,289,000</td>
<td>$12,426,504</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>NDSU</td>
<td>Dunbar Hall II</td>
<td>New Construction, including demolition</td>
<td>$45,900,000</td>
<td>$60,189,000</td>
<td>$3,020,000</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>DCB</td>
<td>Nelson Science Center</td>
<td>Renovation</td>
<td>$1,098,789</td>
<td>$61,287,789</td>
<td>$525,000</td>
</tr>
</tbody>
</table>

### Chart 2: 2015-17 Major State General Fund Capital Project Priority Recommendations Deferred Maintenance Priorities
Projects listed below address, in the order of magnitude, the amount of deferred maintenance being completed compared to overall project cost. The projects may also address negative life safety conditions, improve
functionality, or correct accreditation concerns which rank lower than the deferred maintenance mitigation. Total deferred maintenance addressed in this category: $16,146,423

<table>
<thead>
<tr>
<th>Rank</th>
<th>Campus Priority</th>
<th>Campus</th>
<th>Project Title</th>
<th>Type of Project</th>
<th>Project Cost</th>
<th>State</th>
<th>Other</th>
<th>State - Running Total</th>
<th>Reduction in Deferred Maint.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>BSC</td>
<td>Major Campus Infrastructure</td>
<td>Replacement</td>
<td>$1,575,000</td>
<td>$1,575,000</td>
<td>$1,200,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>NDSCS</td>
<td>Campus Water, Sewer Infrastructure</td>
<td>Replacement</td>
<td>$13,298,000</td>
<td>$14,873,000</td>
<td>$13,298,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>LRSC</td>
<td>Switchgear, Electrical Service, Window Replacement</td>
<td>Replacement</td>
<td>$1,648,423</td>
<td>$16,521,423</td>
<td>$1,648,423</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Chart 3: 2015-17 Major State General Fund Capital Project Priority Recommendations**

Program/Accreditation Priorities

Projects listed below address, in the order of magnitude, the relative importance each has to a strategic or corrective program need. Although projects may have scope components which reduce deferred maintenance or consider life safety elements, the primary purpose of the project is to advance the mission of the institution. Note that based on the ranking criteria approved by the master plan consultant, the projects below are all lower in numerical ranking than any of the projects which address either safety or deferred maintenance, above. Projects highlighted may not be a consideration for general fund appropriations, and if so should be transferred to the non-state general fund appropriated category. Total potential deferred maintenance addressed in this category: $9,000,000

<table>
<thead>
<tr>
<th>Rank</th>
<th>Campus Priority</th>
<th>Campus</th>
<th>Project Title</th>
<th>Type of Project</th>
<th>Project Cost</th>
<th>State</th>
<th>Other</th>
<th>State - Running Total</th>
<th>Reduction in Deferred Maint.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>NDSU</td>
<td>Accreditation Projects (Sudro Hall Addition)</td>
<td>Addition/Renovation</td>
<td>$32,000,000</td>
<td>$32,000,000</td>
<td>$4,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>UND</td>
<td>Strategic Renovation/Renewal</td>
<td>Renovation/ replacement</td>
<td>$10,000,000</td>
<td>$42,000,000</td>
<td>$5,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>WSC</td>
<td>Allied Health Facility</td>
<td>New Construction</td>
<td>$14,000,000</td>
<td>$56,000,000</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>NDSCS</td>
<td>Fargo Expansion Phase 1</td>
<td>New Construction</td>
<td>$10,000,000</td>
<td>$66,000,000</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>1</td>
<td>MiSU</td>
<td>Career and Technical Education (CTE)</td>
<td>New Construction</td>
<td>$8,000,000</td>
<td>$74,000,000</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Chart 4: 2015-17 Major State General Fund Capital Project Priority Recommendations for NDSU Related Entities**

As per NDCC, the projects listed below are to be included in the 2015-17 general fund budget request without alteration by the SBHE.

<table>
<thead>
<tr>
<th>Affiliate Location</th>
<th>Project Title</th>
<th>Type of Project</th>
<th>Project Cost</th>
<th>State</th>
<th>Other</th>
<th>State - Running Total</th>
<th>Reduction in Deferred Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Station</td>
<td>Veterinary Diagnostic Lab</td>
<td>New construction</td>
<td>$18,000,000</td>
<td>$18,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Station</td>
<td>Meats Lab Facility</td>
<td>New construction</td>
<td>$7,600,000</td>
<td>$25,600,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CREC, LREC,</td>
<td>Seed Cleaning Facilities</td>
<td>Replacement</td>
<td>$5,250,000</td>
<td>$30,850,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliate Location</td>
<td>Project Title</td>
<td>Type of Project</td>
<td>Project Cost</td>
<td>State - Running Total</td>
<td>Reduction in Deferred Maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------</td>
<td>-----------------</td>
<td>-------------</td>
<td>-----------------------</td>
<td>-----------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCREC, WREC</td>
<td>No requests</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Chart 5: 2015-17 Major Non-State General Fund Capital Project Priority**

<table>
<thead>
<tr>
<th>Campus</th>
<th>Project Title</th>
<th>Type of Project</th>
<th>Project Cost</th>
<th>Funding Source</th>
<th>Reduction in Deferred Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>UND</td>
<td>Student Engagement</td>
<td>Misc. Renovations</td>
<td>$6,000,000</td>
<td>Private</td>
<td></td>
</tr>
<tr>
<td>NDSU</td>
<td>Aquatic Center</td>
<td>Expansion</td>
<td>$11,000,000</td>
<td>Revenue bond/local</td>
<td></td>
</tr>
<tr>
<td>NDSU</td>
<td>Memorial Union Dining Center Expansion &amp; Accessibility</td>
<td>Addition/renovation</td>
<td>$1,000,000</td>
<td>Local</td>
<td></td>
</tr>
<tr>
<td>NDSU</td>
<td>Residence Dining Center Kitchen Remodel &amp; Roof Replacement</td>
<td>Renovation/Repair</td>
<td>$2,000,000</td>
<td>Local</td>
<td>$300,000</td>
</tr>
<tr>
<td>NDSU</td>
<td>Low Rise Lavatories-Phases IV and V</td>
<td>Remodel</td>
<td>$2,327,775</td>
<td>Local</td>
<td>$1,582,500</td>
</tr>
<tr>
<td>NDSCS</td>
<td>Robertson Hall Restroom Renovation</td>
<td>Renovation</td>
<td>$1,500,000</td>
<td>Private/local</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>VCSU</td>
<td>Health, Wellness, and Physical Education Facility</td>
<td>New Construction</td>
<td>$16,000,000</td>
<td>Private/local</td>
<td>N/A</td>
</tr>
<tr>
<td>VCSU</td>
<td>W.E. Osmun Fieldhouse Addition-Phase 2</td>
<td>Addition</td>
<td>$3,647,750</td>
<td>Private</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$43,475,525</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Chart 6: Projects Not Included in Recommendations**

<table>
<thead>
<tr>
<th>Campus</th>
<th>Project Title</th>
<th>Type of Project</th>
<th>Project Cost</th>
<th>Other</th>
<th>Reduction in Deferred Maint.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSC</td>
<td>Student Union LL Renovation</td>
<td>Renovation</td>
<td>$600,000</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>DCB</td>
<td>Dorm Updates and Remodeling</td>
<td>Renovation/Remodel</td>
<td>$3,784,076</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>DCB</td>
<td>Health and Wellness Facility</td>
<td>New Construction</td>
<td>$4,500,000</td>
<td>$4,500,000</td>
<td>N/A</td>
</tr>
<tr>
<td>DSU</td>
<td>May Hall HVAC &amp; Window Replacement</td>
<td>Renovation/Replacement</td>
<td>$4,032,960</td>
<td></td>
<td>$4,032,960</td>
</tr>
<tr>
<td>DSU</td>
<td>Student Academic Center</td>
<td>New Construction</td>
<td>$14,884,665</td>
<td></td>
<td>$1,390,353</td>
</tr>
<tr>
<td>LRSC</td>
<td>Dakota Precision Ag Center Facility</td>
<td>New construction</td>
<td>$12,405,968</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>MaSU</td>
<td>Classroom Building Renovation</td>
<td>Renovation</td>
<td>$9,632,060</td>
<td></td>
<td>$1,970,000</td>
</tr>
<tr>
<td>MaSU</td>
<td>Old Main Renovation</td>
<td>Renovation</td>
<td>$19,267,525</td>
<td></td>
<td>$7,836,000</td>
</tr>
<tr>
<td>MISU</td>
<td>Expand Geo Thermal</td>
<td>Expansion</td>
<td>$4,500,000</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Institution</td>
<td>Project Title</td>
<td>Description</td>
<td>Amount Requested</td>
<td>Amount Recommended</td>
<td>Funding Source</td>
</tr>
<tr>
<td>-------------</td>
<td>---------------------------------------------</td>
<td>------------------------------------------</td>
<td>------------------</td>
<td>-------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>MISU</td>
<td>Purchase and Renovate Augustana Church</td>
<td>Renovation/Purchase</td>
<td>$2,500,000</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>NDSU</td>
<td>Accreditation Projects (Engineering Building)</td>
<td>Addition/Renovation</td>
<td>$27,900,000</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>NDSU</td>
<td>Crop Quality Food Science Facility (Harris Hall replacement)</td>
<td>Replacement, including demolition</td>
<td>$32,000,000</td>
<td>$1,980,000</td>
<td></td>
</tr>
<tr>
<td>UND</td>
<td>Infrastructure Pool</td>
<td>Replacement</td>
<td>$40,000,000</td>
<td>$6,037,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$176,007,254</td>
<td>$23,246,313</td>
<td></td>
</tr>
</tbody>
</table>

Project Justification Narrative, BFC recommendation 8/19/2014

Chart A: 63rd Legislative Action

Project Title: UND – SMHS Appropriation Balance
Amount Requested: $62,000,000
Amount Recommended: $62,000,000
Funding Source: State General Funds
The 63rd Legislative Assembly authorized $122,450,000 for the construction of the new Medical School. Construction is underway on the Grand Forks campus. $60,450,000 in state general funds were appropriated during the current 13-15 biennium, with borrowing authorized for the balance of $62,000,000 per Section 23 of SB2003 (2013) as follows:

SECTION 28. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES FACILITY PROJECT - LOAN AUTHORIZATION. The legislative assembly authorizes the construction of the university of North Dakota school of medicine and health sciences facility project to be funded in two phases as provided under this section. The capital assets line item in subdivision 5 of section 1 of this Act includes the sum of $60,450,000, or so much of the sum as may be necessary, for phase 1 of the project. The university of North Dakota may also seek funding from the capital projects contingency pool in accordance with section 24 of this Act for costs associated with phase 1 of the project. During the biennium beginning July 1, 2013, and ending June 30, 2015, and continuing into the biennium beginning July 1, 2015, and ending June 30, 2017, the state board of higher education may borrow the sum of $62,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for completion of phase 2 of the school of medicine and health sciences facility project. The state board of higher education shall seek funding from the sixty-fourth legislative assembly to repay the loan authorized under this section.

Chart B: Valley City Flood Mitigation

Project Title: VCSU FINE ARTS BUILDING, including demolition of Foss and McCarthy
Amount Requested: $25,850,000
Amount Recommended: $25,850,000
Funding Source: State General Funds
This request responds to the efforts of the City of Valley City to establish permanent flood protection for the VCSU campus and surrounding area. The proposed building will consolidate all of VCSU’s fine arts programs under one roof, along with communication arts programs, providing updated facilities for the fine arts programs, and professional communication, language, and literature programs. The facility will replace the current Foss Hall, assisting in Valley City’s permanent flood protection efforts,
and will allow VCSU to relocate the remaining programs in McCarthy Hall and raze it, thereby removing two older buildings from VCSU’s deferred maintenance list.

Project includes removal of Foss Hall-music building ($2,177,916) and McCarthy Hall ($5,585,744). Valley City is located in the Sheyenne River valley, one of the oldest post-glacial stream beds in the upper plains. The river drains a large area of eastern North Dakota agricultural land as it flows south, then eastward to the Red River of the North. Recently, and due to heavy winter snow followed by a rapid spring melt, the Sheyenne River flooded and significantly damaged Valley City where the river flows through the center of the community, and directly past VCSU.

Mitigation of this type of seasonal flooding is most often accomplished by creating a path of unimproved green space (flood way) adjacent to the river, with permanent flood walls constructed to contain the peak flows as the river current moves unimpeded through the community. Creating the path requires the purchase and subsequent demolition of structures currently adjacent to the river.

VCSUs Foss Hall is within the planned flood way, and must be removed in order to ensure the proper operation of the permanent flood protection system. Due to economic limitations, Valley City is unable to fund the purchase and removal of the building, and therefore seeks assistance from the State of North Dakota to not only remove the building, but cost share on the permanent flood protection system which will benefit all state agencies (including VCSU) within Valley City.

With consideration for a new facility, VCSU recognized an opportunity to demolish another facility on the VCSU campus having significant deferred maintenance and limited opportunity for improvement (McCarthy Hall), and subsequently expand the project to consolidate art programs under one roof. As a result, the project is driven by a number of factors, not all of which are part of core NDUS needs. Discussions regarding this project should reference all the various stake holders to ensure the appropriate constituents voice their support and responsibility.

The VCSU Fine Arts Building ranks third in capital project priority recommendations as it corrects a significant amount of deferred maintenance through demolition, which in turn results in improved operating efficiencies by replacing facilities with modern, cost effective units. In addition, the primary initiative for new construction is the demolition of Foss Hall. Consideration to support removal of the building should be considered carefully should a breach or failure of the flood protection in the future be the result of not removing the facility.

Category 1: Projects with Significant Life – Safety Mitigation

Project Title: VCSU Heating Plant Replacement
Amount Requested: $14,289,000
Amount Recommended: $14,289,000
Funding Source: State General Funds
Currently, VCSU has limited energy resources for heating due to a lack of overall natural gas supply to this area. During extreme cold spells, the utility provider curbs the use of natural gas in order to ascertain sufficient supply for residential customers, effectively limiting VCSU to other energy sources. For practical purposes, alternative sources include coal, fuel oil, or propane.
The existing coal-fired boilers at VCSU are placed within a stand-alone facility, and distribute steam to the campus via direct-buried steam lines. This type of heating system is common within institutional settings whereby a central plant serves many buildings, and generates numerous cost efficiencies as a result. It also creates a single point of failure for all campus as no individual building has a separate stand-by source of heat.

The existing boilers and heating plant structure have significant deferred maintenance liabilities, as well as sub-standard egress and ventilation. The boiler has failed on numerous occasions, and cannot be economically repaired. Boiler replacement efforts would require substantial amounts of demolition to the facility, greatly reducing the cost effectiveness of the repair. As a result, the most efficient long-term solution is to replace both the boiler systems and building, correcting all life-safety issues within the heating plant, as well as mitigating future life safety concerns for loss of heat during severe weather. The anticipated plan is to replace the three old outdated boilers with two new efficient boilers.

The VCSU Heating Plant replacement project has therefore risen to the top of the capital project priority recommendation due to the critical nature of its use, and the subsequent potential catastrophic results of the upcoming near-certain failure.

**Project Title:** NDSU Dunbar Hall II-Phase I, including demolition of Dunbar (Chemistry, Biochemistry, Geosciences, Biological Sciences)

**Amount Requested:** $45,900,000

**Amount Recommended:** $45,900,000

**Funding Source:** State General Funds

Construction of a new six-story building (referred to as Dunbar II) for replacement of the current Dunbar Hall and the subsequent demolition of the original building. The new building would be situated on the north side of the current Ladd/Dunbar complex and would be completed prior to demolition of Dunbar I in order to allow operations to move out of that facility and directly to the new building.

This project would significantly upgrade out-of-date and potentially hazardous facilities in the current Dunbar building, accommodate past and future growth of the Department of Chemistry & Biochemistry, and result in the consolidation of Chemistry & Biochemistry into one building complex. The Department of Geosciences has also been programmed into this building due to existing synergies, thereby enabling the consolidation of the Department of Geosciences into a single space with room for growth and allowing the department to move completely out of Stevens Hall (it is currently distributed between Stevens and Geosciences Hall). The move of Geosciences from Stevens would create additional room for the Department of Biological Sciences, which also is very constrained for space. Finally, the new building will be critical for accommodating shared core laboratories for the Center for Protease Research (a center established via NIH COBRE grants) and for materials graduate and undergraduate education and research. The additional square footage provided is needed to improve the education experience of graduate students and undergraduate opportunities along with fostering the needs of PhD programs. To accommodate research functions within traditional educational facilities, NDSU has crafted a co-use facility within the existing Dunbar Hall. Although functional, it relies on single-station systems which
create a single point of failure for critical ventilation needs. In addition, the capacity use of the building has created egress and life-safety concerns which must be addressed.

Correcting the above deficiencies within Dunbar Hall is possible, but it would require vacating the facility as the renovation work would render the building unsuitable for occupancy. As there are no surge facilities available on campus, a temporary solution for occupancy elsewhere is impossible, and attempting to do so would have severe detrimental effects on the function of all departments. With consideration for the lack of temporary space, the unsuitability of Dunbar Hall for its current use, and the overall high level of deferred maintenance of virtually every system within the building, the most cost effective solution is construction of a new facility followed by the subsequent relocation of occupants and demolition of Dunbar Hall.

In a future phase, Ladd Hall will be renovated. Remaining will be the construction of a new building to be located in the footprint of the original Dunbar facility.

The NDSU Dunbar II Project occupies the second highest priority recommendation position due to the urgent nature of conditions that pose life-safety threats to the occupants, as well as the significant amount of deferred maintenance that will be removed as a result of the subsequent demolition of the existing Dunbar Hall.

Project: DCB Nelson Science Center Renovation  
Amount Requested: $1,098,789  
Amount Recommended: $1,098,789  
Funding Source: State General Funds

This project, although high in deferred maintenance mitigation, also addresses a major life-safety concern within the existing teaching laboratory spaces. Low ceiling heights, coupled with an inadequate ventilation system, allow for unacceptable levels of formaldehyde (a carcinogen) fumes to accumulate near the breathing zone with this 1972, 16,000 SF structure. The unmistakable odor is noticeable for hours after the completion of class lab work, suggesting that both HVAC capacity and operation are inadequate.

The project scope includes installation of a new perimeter heating system and piping, new return air ducting, new HVAC controls, a new heat exchanger, and exhaust system. In addition, the project also includes new FF&E components that improve the teaching spaces such as instructor desks, lab workstations, student tables & chairs, storage, demonstration tables, and fume hoods.

As indicated above, the substantial deferred maintenance being corrected is significant. Overall, the facility structure is somewhat dated, but the design and layout well serve the type of education currently being delivered at DCB, and will do so well into the future with the proposed renovations.

The Nelson Science Center is a relatively small project in comparison to others on the capital project priority list. Nevertheless it provides an extraordinary ROI for the NDUS and DCB based on the life-safety and deferred maintenance liability mitigation it offers. If not funded as a stand-alone capital project, it should be included as part of a deferred maintenance pool.
Project Title: BSC Major Campus Infrastructure  
Amount Requested: $1,575,000 (excluding special assessments request)  
Amount Recommended: $1,575,000  
Funding Source: State General Fund  
BSC has grouped together a number of major infrastructure projects that, when taken as a whole, present an extraordinary reduction in critical deferred maintenance needs for the campus. Project includes:  
- replacing outdated and inefficient boilers with new high-efficiency units (est. $675,000)  
- new primary electrical distribution system (est. $500,000)  
- new IP telephone system, in cooperation with either UND or NDSU (est. $300,000)  
- new in-line filter system for irrigation system (est. $100,000)  
In total, the BSC Major Campus Infrastructure project has enormous ROI in terms of system functionality and future operating efficiency savings. The original request included $950,000 in funding for special assessment debt retirement which has been removed, although a portion of the debt has been included in the request for one-time special assessment payment funding.

Project Title: NDSCS Campus Water & Sewer Infrastructure  
Amount Requested: $13,298,000  
Amount Recommended: $13,298,000  
Funding Source: State General Funds  
This project was specifically identified within the Paulien and Associates NDUS System-Wide Master Plan as an appropriate and urgent infrastructure investment which will wholly reduce deferred maintenance by the value of the project. (The value of other infrastructure projects within the system and included in this request have not been calculated or included within the current $800,000,000 estimate.) This project has the potential to greatly reduce future operating costs due to the nature of the infrastructure being replaced: Sewer and water mains, which often fail during extreme cold, can be very difficult and expensive to repair during winter months, and cause a significant amount of disruption to buildings served by the utilities.  
Project scope of work includes: $1,595,000 for planning-fees-permits; $3,264,900 for the actual sewer and water mains (including new fire hydrants, etc.); $7,618,100 for restoration of roadways and parking lots (some of this will be for storm water appurtenance as it is tied to the paving); and a contingency of $820,000. Although some infrastructure repairs and improvements have been completed in the past, most have been part of a larger capital improvement whereby the infrastructure work was directly related to the larger project and did not serve a broader field of facility components. Additional infrastructure work may be requested in the future as this project does not replace all the utility infrastructure, but instead only that which should be replaced at this time.  
The NDSCS Campus Water and Sewer Infrastructure project may not directly impact program needs or other ranking criteria as directly as projects scopes which affect improvements within buildings. Nevertheless, the risk-avoidance provided by this type of forward-thinking planning is both commendable and practical, and results in a high-ranking for this project.
Project Title: LRSC Switchgear, Electrical Service, Window Replacement project
Amount Requested: $1,648,423
Amount Recommended: $1,648,423
Funding Source: State General Funds

The project scope includes replacement of electrical distribution switchgear (the primary building disconnect) and electric service panels which are original to the building construction and no longer have repair or replacement parts available. In addition, the panels are at capacity, with replacement allowing additional circuits to be added as demand for technology and other related energy needs grow. A thermal scan of the existing panels when under operation identifies hot spots which suggest a high probability for near term failure. Estimated cost of the replacement is $807,930.

A number of wood frame windows throughout the college facilities are in need of replacement. Energy loss through the existing windows is high, many have lost functionality, and are aesthetically unpleasing. In addition, the window decay has caused masonry components surrounding the windows to decay, and must be repaired as part of the window replacement. Estimated cost of the repairs is $840,490.

Similar to other infrastructure repairs within the system, the LRSC project presents extraordinary ROI on deferred maintenance reduction as well as reduced operating costs. In general, the project addresses both critical and deferred maintenance needs, but like many other similar improvements does not have a direct impact on other ranking criteria.

The above stated, the electrical work and window replacement remains an excellent investment, and should be considered strongly for inclusion within a list of projects funded by a deferred maintenance pool should it not be considered for stand-alone funding.

Category 3: Projects Addressing Program or Accreditation Needs

Note that the projects listed below have merit, but they fall in a lower ranking due to the lack of deferred maintenance (in general) resolved as a result of the project. In addition, the lack of sufficient space utilization information system-wide makes program/accreditation based needs difficult to justify as there are no data benchmarks at each campus which can adequately support the need.

Project Title: NDSU Sudro Hall Renovation, Addition, Accreditation / Program needs (Pharmacy, Nursing and Allied Health)
Amount Requested: $32,700,000
Amount Recommended: $32,700,000
Funding Source: State General Funds

Project scope includes an approximately 93,000 SF addition to Sudro Hall and associated renovation to the existing facility for pharmacy, nursing, and allied science programs. Recent accreditation facility reviews indicate that the both the amount and quality of space available for these programs are insufficient to maintain accreditation standards for the health profession programs, and subsequently NDSU is at risk to lose accreditation should corrections not be completed in a timely manner.
New and renovated spaces will include classrooms, research & clinical laboratories, student study and library space, and the associated improvements in learning technology. The investment will make the needed improvements to quality of education and training while addressing the physical size of spaces used for this function. Specifically, the new space will address ACPE accreditation concerns for pharmacy, as well as additional space needs for program grown in nursing, Masters of Public Health, two-way nursing distance education between Bismarck and NDSU, new training requirements within inter-professional education, and new programs planned for MHA, MS Education, and nursing genetic counseling.

This project has significant merit, but does not rise very high in prioritization as it does not address a significant amount of deferred maintenance. Based on the accreditation reports, the overcrowding and other issues will be a detriment for NDSU program certification in the future, and must be addressed at the earliest opportunity. In addition, planned program growth will be compromised without some form of facility expansion at NDSU as current space needs are critical.

**Project Title: UND Strategic Renovation and Renewal**

**Amount Requested:** $40,000,000  
**Amount Recommended:** $10,000,000  
**Funding Source:** State General Funds

Strategic Renovation and Renewal pool funding is directed at improvements within existing buildings which accommodate the needed changes in classroom design and function, as well as general building improvements which re-purpose facilities to create space utilization efficiencies. With consideration for the ongoing evolution of classroom design which meets the needs of yet-to-be-determined technologies and methods, the actual scopes of work can be resolved over time, better managing the funding and facilities together.

The following projects are included within the funding pool, although budgets indicated are only placeholders for potential scopes of work which will evolve as noted above.

- Re-deployment of the existing SMHS  $ 10,000,000
- Chester Fritz Library modernization  $ 7,000,000
- Chester Fritz Auditorium repurposing  $ 5,000,000
- Shared clinical space development  $ 5,000,000
- Classroom technology renovations upgrades  $ 8,000,000
- Classroom building renovations  $ 5,000,000

**TOTAL**  $40,000,000

The Strategic Renovation and Renewal Pool has exceptional merit, but combines a number of large projects which could technically be separated into several smaller projects. The pool does accommodate a more flexible approach to resolving strategic needs, and allows the institution to more efficiently adapt to the changing pedagogy. Although the projects, depending upon scope of work, may address a significant amount of life safety and deferred maintenance, they cannot be prioritized using that criteria without further development of specific plans.
Note: The amount recommended has been reduced from the amount requested by 75%, but does not suggest a single stand-alone project would be funded by the entire appropriation. Instead, the request remains a pool allocation, and could potentially include any of the projects listed above.

Project Title: WSC Allied Health Facility
Amount Requested: $14,000,000
Amount Recommended: $14,000,000
Funding Source: State General Fund
Scope of work includes construction of a 30,000 sf instructional facility for Allied Health programs adjacent to Frontier Hall on the WSC campus. The facility would be used collaboratively within the NDUS to address critical training needs in NW North Dakota. The Healthcare Workforce Initiative specifies that training health care professionals within the State of North Dakota is the most practical (and most likely successful) way to create and maintain an adequate health care work force in our state.

Growing in parallel with the economy and related jobs in western North Dakota, the demand for health care workers can only be met by creating educational opportunities for the broad spectrum of student categories in this area. Many non-traditional students in the oil patch seeking an education and eventual employment in the health care industry are currently captured by existing economic or other needs and therefore unable to travel any appreciable distance to participate in training opportunities.

This student example represents one of many groups which can fill the health care workforce void, but the educational program opportunity must be made local. In addition, students familiar with the area, and possibly having familial or other strong ties with the region, have a much greater potential of remaining both within the education program as-well-as the local career opportunity upon graduation.

The WSC Allied Health Facilities strikes at the core of this issue by providing a setting for a cooperative and collaborative education that includes WSC, UND-SMHS, and the local health care provider. It is an urgent need, and rises to the top as a priority due to critical need in western North Dakota.

Project Title: NDSCS Fargo Expansion Phase I
Amount Requested: $65,000,000
Amount Recommended: $10,000,000
Funding Source: State General Fund
Project scope for Phase I would consist of land acquisition (est. $7 million), related site infrastructure costs (est. $2 million) and approximately $1 million for architectural – engineering services which would accommodate design of the site infrastructure as well as complete a substantial amount of the remaining program and schematic design effort for the entire project.

NDSCS is expanding program offerings, increasing flexible scheduling options, and enhancing student services to a greater number of adult and other non-traditional students at the NDSCS -Fargo location. The existing 56,433 sq. ft. STTC facility is quickly reaching capacity, and is not adequately designed to meet the developing programming and student support needs. Enhanced flexible, state-of-the-art facilities will be imperative if NDSCS is to provide the necessary instructional, student support and administrative services required to respond to the expectations of the increasing workforce needs of the state.
A pre-design analysis of existing and projected needs estimates that an approximately 210,000 sq. ft. facility will be required to accommodate the Fargo area. It would be possible to separate the overall facility needs into projects of 170,000 and 40,000 square feet in that order of construction.

The Fargo expansion presents an extraordinary opportunity for Fargo residents as well as NDSU. It suggests (and this has been confirmed by the master plan consultant) that development of two year programs in Fargo will stop a significant amount of out-migration to Minnesota, where students can enroll in two year programs nearby. In addition, the students enrolled in Minnesota have a propensity to remain in Minnesota institutions, and may not transfer as readily to NDSU if interested in going beyond a two-year degree offering.

Note: The facility component cost of $55,000,000 for the Phase 1 project has been removed, leaving the land acquisition and site development which must be completed prior to construction of the building improvements.

**Project Title: MiSU CTE Building**

**Amount Requested:** $9,000,000 - $10,000,000  
**Amount Recommended:** $8,000,000  
**Funding Source:** State General Fund

Scope of work includes approximately 19,000 SF in new construction. The facility would be located on the north end of the Minot State campus (north of the MSU Dome parking lot) next to the newly constructed Plant Facilities building. Project is a multi-purpose, multi-function facility which includes space for the variety of programs listed below, in addition to administrative and support areas.

**Background:** In 1996, when Dakota College at Bottineau became aligned with Minot State University, a priority for this new affiliation was for Bottineau’s community college to bring its authority to offer job preparation programming of two years or less to Minot. Minot State and Dakota College are in a unique position to assume the responsibility for career and technical education in this region of North Dakota. Dakota College at Bottineau would be able to offer 1- and 2-year programs in such areas as health information, paramedic technology, medical assistant, information technology, information management, business, caregiver services, land management, and paraeducation.

In addition, the other two-year colleges in North Dakota would be invited into this facility to offer such in-demand programs that might include electrical, plumbing, carpentry, automotive technology, welding, HVAC/R, etc. Of course, much of this would depend on the overall space availability in the new facility, demand, availability of faculty, and other financial considerations. However, there would clearly be new opportunities for all five two-year campuses throughout North Dakota to serve the Minot region through a brokering arrangement with MSU and DCB and thereby assist the state in helping provide the appropriate workforce to satisfy the growth and development of the Bakken.

The Minot Public School District has an impressive CTE program on the Magic City campus, and we would look forward to partnering with Minot High and working closely to create collaborative efforts and new opportunities for their students. Additionally, MSU has a strong relationship with the Minot Catholic School system and we would anticipate working with Minot Bishop Ryan as well as other regional high schools to create new career options for students in the region.

Opportunities would also be available to ensure students taking their first or second year of college coursework would have an associate of arts and an associate of science pathway to transfer and enroll...
directly into Minot State University, similar to the current options available through the MSU-DCB Passport program.

**Project Title: NDSU Accreditation Project (Engineering)-Phase 1**

- **Amount Requested:** $27,200,000
- **Amount Recommended:** $27,200,000
- **Funding Source:** State General Funds

The primary scope of work for this project is a new approximate 68,000 SF facility which connects to the civil and industrial engineering buildings. The building will be used to create classroom and other learning spaces which will be used by all the engineering disciplines; as well as providing additional space needed for the current growth of undergraduate students which are fueling the growth of the North Dakota energy economy.

The new space will also address the needs for the growing enrollment of graduate students by upgrading laboratory spaces used for the engineering disciplines. The new facility will attract and retain top researchers that are essential faculty for any competitive graduate school by providing the necessary research space. In turn, the college will eventually attract the best and brightest from around the world by offering the most modern facilities and top faculty in all engineering disciplines.

Although the project is has excellent ROI potential on the merits of increased enrollment alone, more importantly it addresses the concerns that have created a potential for programs to fall out of compliance with accreditation criterion in the future. Specifically, it includes unresolved issues for inadequate and outdated space for instruction, laboratory experiences, and computer technology applications; as well as overcrowding in spaces that are designed for smaller colleges and not that of NDSU with over 2,100 undergraduate and 350 graduate students.

Currently, NDSU is leasing space off campus for a number of colleges and related operations that would optimally be located under the same roof. The situation points to an overall shortage of adequate space, which is best demonstrated by the College of Engineering. Although not directly associated with buildings having life-safety or deferred maintenance needs, the new facility will be the first step in addressing those buildings which do in the near future.

With consideration for the forecasted demand for STEM graduates in fields such as mechanical, electrical, civil, and other engineering disciplines within North Dakota, investments now in the engineering programs at NDSU are both critical and timely. With the potential loss of accreditation at stake, this project has risen to a high priority.

**Chart 4: NDSU Related Entities**

As per statute, the projects listed are to pass through SBHE consideration and be remanded to the Governor for consideration without SBHE revision.

**Project Description: Main Station Veterinary Diagnostic Lab**

- **Amount Requested:** $18,000,000
- **Funding Source:** State General Fund
Scope of Work: A new and modern facility to house the veterinary diagnostic laboratory (VDL) at North Dakota State University. Minimum of 20,000 square feet (current facility is approximately 8,000 square feet) and be designed to allow cost effective addition of laboratory space, as needed, to meet future testing demands (e.g., meat testing, analysis of feed and animal samples for petroleum residues, international export testing). The facility should include adequate laboratory and office space for sample receiving, toxicology, serology, information technology, administration, clinical pathology, gross pathology, histology, quality assurance, bacteriology/mycology, virology and molecular diagnostic sections. In addition, space to house a library and conference/meeting room that can accommodate presentations for producer groups, veterinary groups and student groups should be included. Since the future of carcass rendering is uncertain, it is necessary to install a tissue digester to insure safe and adequate carcass disposal capacity. A new VDL needs to have dedicated Biosafety Level 3 necropsy/laboratory space (including the ability to capture effluent) to safely address current and future public health threats and potential introductions of foreign animal diseases. This facility should have a biosecure visitor’s entry with dedicated bathrooms. Adequate parking space, semi-truck and trailer access and a radiology room are needed. An enclosed receiving area that will allow for off-loading of animal carcasses, as well as live animals that may require euthanasia is required. Appropriate storage for archiving records and data storage is necessary. Adequate freezer space for individual labs and lockup of samples involved in litigation cases is important. The post mortem laboratory should have access points that allow shower-in/shower-out capability for personnel as well biosecure entry and exit points to safely contain animal and human pathogens. The entire building must be sufficiently secure with electronic card key access to individual laboratories. An alarm system including monitoring of major equipment and a back-up power source are necessary as well. Building surveillance cameras are suggested.

The NDAES Veterinary Diagnostic Lab (VDL) may lose accreditation because it does not meet modern laboratory standards. Loss of accreditation would affect North Dakota veterinarians and livestock producers relying on the facility for test results; would affect affiliation with the National Animal Health Laboratory Network (subsequently affecting funds for diagnostic equipment, proficiency testing for regulatory diseases, partial salary support for an IT position, and would prevent competition for surveillance testing contracts); would restrict access to Federal funds for bioterrorism preparedness and partial funding of technical support; inhibits the ability to conduct regulatory testing for animals crossing state and international borders; restricts surveillance of diseases of human health significance, such as rabies, anthrax, and West Nile virus; and affects the ability of the VDL to participate in the Veterinary Laboratory Response network for toxicology testing. Veterinary clinics often require the use of an accredited veterinary diagnostic lab for biopsies and bacterial culture. The loss of accreditation would result in significantly higher costs for animal health and regulatory testing for North Dakota livestock producers, veterinarians, and the public. The state would be unable to respond to animal health emergencies in a timely fashion.

**Project Title:** Main Station Meats Lab Facility  
**Amount Requested:** $7,600,000  
**Funding Source:** State General Fund  
**Current Conditions:** A new/upgraded facility is urgently needed. The current Meats Lab is approximately 7,500 sq. ft. and was built in the 1950’s and no longer serves the needs of modern meat science research. Annual repair and maintenance costs to the current facility continue to increase.
Additionally, the Lab continues to struggle to meet the U.S. Department of Agriculture inspection requirements for safe meat handling and processing. A new facility is necessary because opportunities to grow the state’s livestock industries are tied to the knowledge of the end product and how that product meets the needs of national and international consumers.

Scope of Work: Design features of a 19,000 sq. ft. facility would include animal holding and handling areas, an abattoir, processing and fabrication rooms, research labs, walk-in coolers and freezers, sensory evaluation labs, preparation kitchens, conference rooms, and other miscellaneous support, storage, and equipment rooms.

**Project Title: CREC, LREC, NCREC, WREC Seed Cleaning Facilities**

**Amount Requested:** $5,250,000  
**Funding Source:** State General Fund

Scope of Work: Replace Seed cleaning facilities at CREC, LREC, NCREC, and WREC. Each Center will have one mill, with appropriate air screen cleaner, indent mill and gravity mill, augers, conveyors, and cyclone dust cleaning system. The capacity would be approximately 300 bu/hr, depending on type of crop being cleaned. The facility will have the appropriate electrical, ventilation, and heating necessary for electric eye separators (at CREC, NCREC, and WREC) to ensure a high quality product.

Current facilities are antiquated, lack reliable capability to ensure high quality seed, are slow, and inefficient. These facilities were designed to handle cereal crops and have limited/no capability of cleaning pulse crops and other fragile seed that are in high demand. Also, the existing facilities pose considerable worker safety issues. The request is for four portable mills and building facility for the mill. Each Center will have one mill, with appropriate air screen cleaner, indent mill and gravity mill, augers, conveyors, and cyclone dust cleaning system. The capacity would be approximately 300 bu/hr, depending on type of crop being cleaned. The facility will have the appropriate electrical, ventilation, and heating necessary for electric eye separators (at CREC, NCREC, and WREC) to ensure a high quality product.

**Chart 5: Non-State Funded Projects**

Non-state funded projects are justified by each campus, with SBHE consideration related to affordability, need, and other measures considered when the project comes forward for approval should it be approved by the legislature. With that consideration, the projects are typically forwarded for inclusion within the Governor’s budget, with campuses justifying the need during the legislative session. As with all capital projects, the SBHE has final authority for approval once approved by the legislature.

**Project Title: BSC Student Union Renovation**

**Amount Requested:** $600,000 state  
**Amount Recommended:** $600,000 local  
**Funding Source:** see above

The project would include renovation of 8,500 sf in the lower level of the Student Union: new flooring, paint and lighting in the existing meeting rooms and offices, construction and furnishing of two new meeting rooms, construction of hallway from loading dock elevator to lower level book area, and updated furnishings for existing meeting rooms (alternate #6 of original bid). The project
would also include lower level exterior entrance canopy and screen wall around mechanical and electrical equipment (alternate #4 in original bid).

The renovation of the lower level of the Student Union was included in the scope of the current Student Union renovation project which was approved for Revenue Bond funding by the legislature in 2013-15 session. Due to significant cost escalations in the Bismarck area, contractor bids came in much higher than budget. BSC needed to accept a deduct alternate for the lower level to stay within legislative authorization.

Upon completion of the addition and upper level renovation in December 2014, the main level of the student union will include auxiliary services (bookstore and foodservice), student governments/clubs, and student life support. The lower level will consist of nonfunctional space (vacated by the bookstore), student support functions (advising & counseling, office of associate VP of student affairs) and three meeting rooms. A main entrance to the building will be from the east parking lot through the east doors on the lower level. Students', employees' and visitors' first impression of the building will be dingy, outdated and non-functional space -- a sharp contrast to the modern, bright, inviting and functional space of the main level.

Additionally, the campus will lose two large meeting rooms upon completion of main level renovations. Space on campus is at a premium, and meeting rooms for employee and visitor use continues to grow. Replacing the lost main floor meeting rooms on the lower level is needed to keep up with demand for use.

This project has merit, but does not address a significant amount of deferred maintenance, or life safety issues, and therefore ranks fairly low in overall priority.

**Project Title: UND Student Engagement**

**Amount Requested:** $6,000,000  
**Amount Recommended:** $6,000,000  
**Funding Source:** Donations/Private

Background: In January 2014 the State Board of Higher Education authorized UND to raise funds of up to $6,000,000 to support the expansion of space available and tailored to enhance student engagement. Funds will be used for renovation and/or new construction for a variety of facility needs which, although not yet designed, would be developed in consideration for the need to better engage students in the academic process of learning.

In anticipation of success in raising the necessary funding, this non-state funded project is being submitted for Legislative approval.

Note: This project may be submitted to the Office of the Governor for inclusion within the state matching grant program.

**Project: NDSU Aquatic Center**

**Amount Requested:** $11,000,000  
**Amount Recommended:** $11,000,000
Funding Source: revenue bond/local
Scope of Work: Project would expand Wellness Center facilities on campus with the inclusion of an aquatic center immediately adjacent to the existing facility. Swimming/aquatic activity is a lifetime recreational activity and is a component of physical wellness that NDSU cannot currently offer because it does not have a functional swimming pool on campus.

Project Title: NDSU Memorial Union Dining Center Expansion and Accessibility
Amount Requested: $1,000,000
Amount Recommended: $1,000,000
Funding Source: local funds
The project consists of expanding the space for more seating and accessibility in the Union Dining Center in the Memorial Union. There has been a general 18% increase in traffic, serving 1,000 students during lunchtime and with an average of 1,900 per day. Due to the consistent rush-hour of users, the rising number of people would be better served by increasing the amount of tables and seating. Dining currently serves various persons with disabilities. Specific tables are reserved to accommodate their needs. However, due to the lack of space, these tables are adjacent to the serving lines. The additional traffic aforementioned has created a hardship for these individuals to sit with their meal companions.

Project Title: NDSU Residence Dining Center Kitchen Remodel and Roof Replacement
Amount Requested: $2,000,000
Amount Recommended: $2,000,000
Funding Source: local funds
Scope of Work: The project consists of remodeling the kitchen and replacing the roof. The remodel will replace piping stacks and mechanical including improved ventilation for ovens and grilles as well as increasing the utilization of space for prepping and cooking meals. Existing coolers and freezers will be moved and expanded for ease of storing food. The mechanical work will create additional penetrations to a roof that will need to be replaced because of existing tears around the edges of the membrane. Addressing both projects at one time will be more cost effective and offer greater protection for the facility.

Project Title: NDSU Low Rise Lavatories- Phases IV and V
Amount Requested: $2,237,775
Amount Recommended: $2,237,775
Funding Source: local funds
Scope of Work: The project consists of remodeling the low-rise residence halls bathrooms by replacing the piping stacks, mechanical (including improved ventilation) and more private areas for showers, sinks and lavatories. This project would be completed in five phases, beginning with the residence hall with the most damaged stacks. The residence halls included in this project include: Reed and Johnson Halls, North and South Weible, and Burgum. Energy conservation will be utilized along with long lasting and sustainable finishes.
Note: The projects are a continued series of investments by NDSU to reduce deferred maintenance within the resident hall facilities.
Project Title: Minard Hall Settlement Agreement  
Amount Requested: $600,000  
Amount Recommended: $600,000  
Funding Source: Insurance proceeds, legal settlements, possible deficiency appropriations and other available funds  
The NDSU request is for additional authorization for additional costs in the mediated settlement agreement for Minard Hall. Original Authorization: $22,874,300. Requested total additional authorization: $23,474,300.

Project Title: NDSCS Robertson Hall Restroom Renovation  
Amount Requested: $1,500,000  
Amount Recommended: $1,500,000  
Funding Source: private/local funds  
Scope of work: This project includes the renovation and repair of existing restrooms within Robertson Hall; including fixture replacement, new finishes, service piping, and other sundry tasks related to the renovation of the restroom facilities.

Project Title: DSU Woods Hall Renovation  
Amount Requested: $7,500,000  
Amount Recommended: $7,500,000  
Funding Source: local ($600,000) oil impact grant ($800,000) revenue bonding ($6,1000,000)  
Woods Hall (1965) has been maintained in good condition but has not been significantly renovated since the original construction. As a current nation-wide best practice, DSU is planning to convert the facility from a traditional resident hall to a modern suite style living space that is more conducive to academic success for students living on campus. The scope of work includes renovation of approximately 35,000 square feet of interior space including mechanical and electrical systems as well as hazardous material abatement.

Project Title: VCSU Health, Wellness and Physical Education Facility  
Amount Requested: $16,000,000  
Amount Recommended: $16,000,000  
Funding Source: $15,000,000 private and $1,000,000 state challenge  
Scope of Work: Construction of a new wellness facility on the VCSU campus that will include classroom, faculty and lab space; fitness equipment; an indoor walking track; multipurpose courts; and pool. The facility will be used to support Athletic Training, Exercise Science, Health Education, and Physical Education academic programs, as well as serve as a wellness center for the student population.

Project Title: VCSU W.E. Osmon Fieldhouse Addition-Phase 2  
Amount Requested: $3,467,750  
Amount Recommended: $3,467,750  
Funding Source: private  
Background: The Osmon Fieldhouse has obtained significant repairs over the years, including restoration of the primary wood-structure beams which support the roof. It is a notable landmark within Valley City, and serves as a focal point to the entrance for VCSU. The additions to the fieldhouse will be
accomplished in phases, and include the following features which will be accomplished in priority order. They include, but are not specific to priority as: Additional fitness and wellness components, a new west entrance and parking lot, a west-side addition that provides multipurpose space, and the required restrooms and support facilities throughout.

**Project Title: DCB Dorm Updates and Remodeling (Including Gross Hall and Mead Hall)**

**Amount Requested:** $3,784,076 (state)

**Amount Recommended:** $3,784,076 (local)

**Funding Source:** state funds

**Scope of Work:** Gross Hall Improvements

This campus housing project involves the renovation of 39 resident rooms and 2 central restrooms. Renovations include new furniture, fixtures, ceiling tiles, carpeting, lighting, windows and doors. The existing windows were installed in 1963. Their age requires extensive annual maintenance, and air infiltration creates discomfort within the dorm rooms. The present windows do not have thermal break or insulating glass. Both floors of this housing unit have a central restroom facility. The remodeling of these restrooms will provide residents with move privacy and comfort. Finally, all outstanding projects, identified in the campus ADA plan, will be addressed.

**Scope of Work:** Mead Hall Improvements

The Dining room is located in the lower level of Mead Hall and is the only cafeteria in the food service plan. Delivery to the kitchen on this same level is difficult. An elevator would provide access to these areas as well as the upper floors of the building. Both floors and wings of this housing unit have central restroom facilities. The remodeling of these restrooms will provide residents with move privacy and comfort.

**Project Title: DCB Allied Health & Wellness Center**

**Amount Requested:** $6,864,118

**Amount Recommended:** $6,864,118

**Funding Source:** $3,432,059 DCB fund raising and $3,432,059 City of Bottineau

**Scope of Work:** This project includes the construction of a joint-use facility for delivery of DCB allied health programs; and wellness activities for both DCB students and the City of Bottineau. It will accommodate new programming endeavors in health information management and community paramedicine, and build on the current level of 23 programs either received or broadcast by DCB via IVN.

**Chart 6: Projects Not Included in Recommendations**

**Project Title: DSU May Hall HVAC & Window Replacement**

**Amount Requested:** $4,032,960

**Funding Source:** State General Funds

May Hall presents itself as one of many landmark historical buildings within the SBHE portfolio across the State of North Dakota. Like Old Main at MaSU, it serves a vital function on campus in terms of its physical presence, but also remains fully functional as configured (or with the potential to reconfigure) for the foreseeable future. With consideration for its historic stature as well as its functional capability, maintenance investments in May Hall have an excellent ROI in terms of operating costs and efficiencies.
Replacing windows and HVAC systems work on both sides of the energy front, where one helps with heat loss/migration, and the other provides heating and cooling more efficiently. Together the improvements make the air quality and living environment much more conducive to productive learning and living. Because of the significant cost associated with the two improvements, the project should be considered as a stand-alone effort and not as a part of a deferred maintenance pool. Work should be accomplished within the next four years to avoid potential system failure, and as such should be considered a priority in the future if not funded in 2015-17.

**Project Title: DSU Student Academic Center**  
**Amount Requested:** $14,884,665  
**Funding Source:** State General Funds  
The proposed Student Academic Center presents a strong mix of programmatic improvements, life-safety considerations, operational efficiencies, and reductions in deferred maintenance that, when combined, offer a strong argument for funding. The project pre-planning has been concise and thorough, with careful consideration given to the size, location, and function of the new facility. The deferred maintenance reductions and life-safety aspects of this project rise from the planned relocation of programs currently located in a sub-standard building environment. The Visual Arts department will be relocated to this facility from a former Department of Transportation facility. This structure has significant deferred maintenance, is inadequate for use, poses egress and fire protection problems, and has insufficient ventilation for the current utilization. Strategically, the DSU Student Academic Center offers an extraordinary value for higher education in this region. It will provide modern learning spaces, modern collaborative spaces, and be located centrally to provide easy access for all DSU departments. By eliminating the deferred maintenance and life safety liabilities present within the existing Department of Transportation facility, future savings in operation and maintenance costs will be realized.  
In consideration for the multiple benefits offered by this project, that must include the potentials for restoring lost enrollment, the DSU Academic Center is a practical, cost-conscious project that ranks high as a priority for DSU and the NDUS.

**Project Title: LRSC Dakota Precision Ag Center Facility**  
**Amount Requested:** $12,405,968  
**Funding Source:** State General Funds  
Created in 2006 as a N.D. Center of Excellence by Department of Commerce, the DPAC has been twice funded under that initiative and has attracted funded participation by numerous federal agencies. The program is designed to train precision agriculture technicians, and conduct research into design and development of precision technologies which will spur business development. It is currently operating from leased space originally used as an implement dealership. The total amount of space available is wholly inadequate for the function of the program, and presents numerous egress, ventilation, and fire protection concerns which must be corrected. In addition, the location of the space is not conducive to the development of programmatic synergies which would be created if the program was located on the campus proper.
The LRSC DPAC Facility presents a significant life-safety concern which should be addressed. When coupled with the programmatic benefits of a new facility, this project rises on the list of priority recommendations and represents tremendous value for the estimated cost.

**Project Title:** MaSU Classroom Building Renovation  
**Amount Requested:** $9,632,060  
**Funding Source:** State General Funds

With an original construction date of 1968, the MaSU Classroom Building has accrued a significant amount of deferred maintenance, and requires numerous improvements in order effectively provide educational service to students.

Currently, the facility is not ADA accessible, and has insufficient restroom fixtures to meet current code occupancy requirements. The building envelope requires maintenance to avoid any potential weather related damage including structural compromise.

With consideration for the deferred maintenance needs and ADA accessibility requirements, the most cost effective solution to keep this building fully functional is a complete mechanical/electrical renovation, interior space reconfiguration with new finishes, and a modest addition which will accommodate the ADA accessibility requirements along with additional classroom space for the facility.

The MaSU Classroom Renovation project is a commendable venture which includes repairs that must be completed either separately from the renovation as part of a deferred maintenance pool, or together with a major renovation effort. With consideration for the existing conditions, this project could effectively wait for the following biennium if certain deferred maintenance items can be addressed in the short term.

**Project Title:** MaSU Old Main Renovation  
**Amount Requested:** $19,267,525  
**Funding Source:** State General Funds

Certainly a landmark in North Dakota, Old Main has served faithfully over the entire course of history at MaSU. The structure is remarkably sound, with a location and overall layout that remains conducive to programs and teaching methods inherent to the MaSU mission. As with many older structures, significant renovations present challenges both in construction as well as viability: The relative cost must be weighed in comparison to new construction.

With consideration for the “value of presence” retained in this historic structure, as well as its structural soundness, renovation costs are justified and most likely offer more improved space per dollar than new construction. The overall scope of work contains all the key elements necessary to bring the structure into compliance with applicable codes, and will result in a modern building with a historic shell.

Careful consideration has been given to other options, including “do nothing” and demolition in review of this request. Long-term viability will be maintained with the investment, but certain loss of fidelity will result if no action is taken in the years ahead. The ability to invest in a one-time renovation vs. multiple small projects will greatly reduce the inevitable total cost, as well as reduce disruption for occupants.

With that consideration, the Old Main Renovation ranks high as a capital project priority.

**Project Title:** MiSU Geothermal Expansion  
**Amount Requested:** $4,500,000  
**Funding Source:** State General Funds
This project would result in operational cost savings, but does not address a significant deferred maintenance need. Other campus projects which would provide both operational savings as well as deferred maintenance would be more appropriate and rank higher, but were not included as a request.

Project Title: MiSU Purchase and Renovate Augustana Church  
Amount Requested: $2,500,000  
Funding Source: State General Funds

Although the structure appears to be in remarkably good condition, costs for renovation appear to be excessive in terms of space gained or improved. Existing space utilization information does not suggest additional space (for the suggested programs) is needed at MiSU.

Project Title: NDSU Crop Quality Food Science Facility (Harris Hall replacement)  
Amount Requested: $32,000,000  
Funding Source: State General Funds

NDSU’s Harris Hall currently houses the Crop Quality Food Science (CQFC) programs within a very cramped and antiquated research & teaching environment. Of particular merit in notation, the existing facility houses the cereal chemistry/cereal quality program which is one of only two in the nation. The programs are key components in maintaining North Dakota crop quality, with the Food Safety program the only one in the nation offering certificate, B.S., M.S., and Ph.D degrees.

The building shortcomings created by deferred maintenance on system components (some now failing) has resulted in occupants accommodating their own needs with methods best described as “primitive” and “crude”. It includes inadequate HVAC, lack of safety systems, decaying plumbing systems, and a host of other concerns that greatly reduce the quality of life within this facility both as a place of work and education.

In addition to the effective elimination of deferred maintenance within the existing facility, the project also includes the demolition of the North Lord & Burnham greenhouse, reducing the overall amount of space operated and maintained on the campus.

Although the life-safety concerns for the existing building are present, they are dwarfed by the deferred maintenance liabilities which must be addressed before the facility becomes unfit for occupancy. This preponderance of need results in ranking the Crop Quality Food Science facility at the top of the deferred maintenance priority listing.

Project Title: UND Infrastructure Pool  
Amount Requested: $40,000,000  
Funding Source: State General Funds

As a means to identify and group significant deferred maintenance repairs and safety/security improvements into a single project request, the UND has completed a high-level needs assessment with the appropriate budget estimates which will allow for project scopes to be developed more fully based on prioritizations as the work is completed. This innovative approach will allow UND to complete necessary work, with adjustments to the budget made as needed. With consideration that estimates will grow and compress, the overall funding request will accommodate the anticipated variation.

The UND Infrastructure Pool request of $40M includes the following projects:

- Steam Plant Boiler Replacement $6,075,000
- Steam Plant Coal Storage Improvements $2,750,000
Electrical Distribution Improvements $15,000,000
IT Infrastructure Improvements $5,000,000
Paving Improvements – Parking Structure $8,000,000
Building Security / Safety Infrastructure $2,500,000
Contingency $675,000

To clarify by example, and if funded to the full $40,000,000 requested, UND may undertake replacement of the steam boiler as identified in the VFA report, as well as the Electrical Distribution Infrastructure. The electrical infrastructure could be bid in phases that suits the nature of electrical distribution as a point-to-point component in which specific segments can be fully completed while others remain in the current condition. Should steam plant boiler costs increase, budget for the electrical distribution could be transferred as needed to complete the work, with the subsequent completion of the electrical distribution system being a future funding request if necessary.

The above projects are long-range, planning intensive operations which must be completed over several years (boiler replacement could take as much as 4 years). With consideration for the current construction cost environment, early commitments to construction will require that the full funding pool be either appropriated or somehow guaranteed through lending in a means similar to that of the School of Medicine and Health Sciences facility currently under construction.

Overall, the infrastructure improvement pool is an ambitious undertaking which removes a significant amount of deferred maintenance on the UND campus. With the addition of safety and security needs, the project rises to the upper level of prioritization and therefore merits careful consideration. Of special note is the inclusion of a parking structure: Due to the high cost of constructing EPA approved flat parking, along with the escalating costs of snow removal (snow must be hauled off-site), parking structures are comparable in life cycle costs to flat parking. Both are beyond the ability to be self funded by users, and should be approached as a utility infrastructure no different than water or storm sewers.

McEwen moved, Morton seconded, to approve and request the following be included within the governor’s 2015-2017 budget request to the 64th Legislative Assembly:

1. Project listed on Chart A: 63rd Legislative Action
2. Project listed on Chart B: Valley City Flood Mitigation
3. All projects listed Chart 1: 2015-17 Major State General Fund Capital Project Priority Recommendations - Life-Safety Priorities
4. All projects listed in Chart 2: 2015-17 Major State General Fund Capital Project Priority Recommendations – Deferred Maintenance Priorities
5. All projects listed in Chart 3: 2015-17 Major State General Fund Capital Project Priority Recommendations – Program/Accreditation Priorities
6. All projects listed in Chart 4: 2015-17 Major State General Fund Capital Project Priority Recommendations – NDSU Related Entities
7. All projects listed in Chart 5: Chart 5: 2015-17 Major Non-State General Fund Capital Project Priorities
8. All funding requests specified in the Summary Recommendations for 15-17 Biennium (above) with the included stipulations and requirements, excluding those items already included in the SBHE approved 15-17 operating budget request.

Neset, Morton, Hjelmstad, McEwen, Reichert, Shaft, Melicher, and Diederich voted yes. The motion carried.
2015 Presidential Salaries
Mr. Morton presented the presidential salary recommendations that the SBHE Budget and Finance Committee approved as follows:
- UND President Kelley, MaSU President Hagen, DSU President Coston, NDSCS President Richman, BSC Interim President Clark, LRSC President Darling, NDSU President Bresciani 3%;
- WSC President Nadolny 5% to recognize higher cost of living in Williston.

Melicher moved, Hjelmstad seconded, to approve 2015 presidential salaries.

Neset, Morton, Hjelmstad, McEwen, Reichert, Shaft, Melicher, and Diederich voted yes. The motion carried.

Chief Auditor Appointment Letter
The Audit Committee approved the re-appointment of Timothy Carlson as the Chief Auditor through June 30, 2016, with a salary adjustment. Ms. Neset proposed an amendment to the appointment letter approved by the Audit Committee. She requested that the phrase “but is exempt from policy 608.2”, be removed from the letter. This appointment is subject to review and extension on an annual basis, on or about July 1 of each year.

Morton moved, Hjelmstad seconded, to approve, with the amendment, the appointment letter, and salary recommendation for the Chief Auditor position.

Neset, Morton, Hjelmstad, McEwen, Reichert, Shaft, Melicher, and Diederich voted yes. The motion carried.

SBHE Schedule Change
Chair Diederich stated she will be out of the country during the next scheduled Board meeting on September 25, 2014. She would like the meeting to be moved to October 2, 2014.

Melicher moved, McEwen seconded, to approve changing the September 25, 2014, Board meeting to October 2, 2014. The meeting is scheduled to be at North Dakota State College of Science, Fargo location.

Neset, Morton, Hjelmstad, McEwen, Reichert, Shaft, Melicher, and Diederich voted yes. The motion carried.

Higher Learning Commission
Interim Chancellor stated that the letter and report from the Higher Learning Commission (HLC) is for informational purposes only.

The meeting adjourned at 3:35 p.m. CT.

Approved on October 30, 2014, by the State Board of Higher Education.