

STATE BOARD OF HIGHER EDUCATION
Minutes- January 15, 1998
Bismarck, North Dakota

The State Board of Higher Education met over the Interactive Video Network January 15, 1998. The president called the meeting to order at 8:00 A.M. Members participating were:

Paul Ebeltoft, President	Beverly Clayburgh
Joe Peltier, Vice President	Craig Caspers
Cynthia Kaldor	Shane Waslaski, Student Member
Jeanette Satrom	Kay Fulp, Faculty Representative
John Hoeven	

Presidents and Executive Deans participating in the meeting were:

Dr. Ken Baker, UND	Dr. Thomas Plough, NDSU
Dr. Ellen Chaffee, MaSU/VCSU	Dr. Erik Shaar, MiSU/MiSU-BC
Dr. Phil Conn, DSU	Mr. Garvin Stevens, UND-W
Dr. Sharon Etemad, UND-LR	Dr. Donna Thigpen, BSC
Dr. Jerry Olson, NDSCS	

Staff members participating in the meeting were:

Larry A. Isaak, Chancellor
Michel Hillman, Vice Chancellor for Academic Affairs
Laura Glatt, Vice Chancellor for Administrative Affairs
H. P. Seaworth, General Counsel & Executive Secretary
Stacy Herron, Director of Communications
Peggy Wipf, Director of Financial Aid
Carol Asplund, Administrative Officer

Minutes

It was moved by Mrs. Clayburgh, seconded by Mr. Peltier, and unanimously carried to approve the minutes of the November 20-21, 1997 minutes as distributed.

Student Association Report

Willie Maxwell, President of the North Dakota Student Association, said NDSA members request the Board to proceed cautiously when considering restructuring the tuition model. They are also discussing the SAGE project, the common calendar, and the student lobbyist position for the 1999 legislative session. Chancellor Isaak and Vice Chancellor Glatt will visit with students over the Interactive Video Network January 25 from 2:00 to 4:00 P.M. to discuss their concerns.

Council of College Faculties Report

Mrs. Fulp reported that the Council of College Faculties is preparing for the all-faculty conference to be held in Bismarck April 24-25, 1998. The Common Course Numbering System meeting will precede the conference on April 23.

Other issues the Council is working on are tuition charges and participation in the faculty workload study. The Council will meet over IVN January 27.

Special Orders

North Dakota Scholars Rules

Ms. Wipf reviewed proposed changes to the North Dakota Scholars Rules. The changes conform to the statute requiring awards be made in January instead of April, the final ACT test date is October instead of December of the senior year, and eligible scholar candidates must rank in the upper 20th percentile of their graduating class. **It was moved** by Mrs. Kaldor, seconded by Mr. Peltier to approve the amended rules. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

Consent Agenda

It was moved by Mr. Waslaski, seconded by Mrs. Clayburgh to approve consent agenda items 1 through 9. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

1. Accept grants and contracts received by **NDSU, UND, MaSU, and MiSU.**
2. Permit **North Dakota State University** to authorize the architect to prepare construction drawings at an estimated project cost of \$600,000 for Phase I of the renovations to the Skills and Technology Training Center with specifications calling for alternates allowing for options that could bring the project cost to \$750,000 depending on additional fund-raising. Legislative authority is \$1,000,000. For the current financial situation, the general fund will provide \$400,000 and \$200,000 will be from income generated through fund raising efforts. If more than \$200,000 is raised from outside sources, the project will be increased accordingly. Further permit the Vice Chancellor for Administrative Affairs to accept bids and award contracts.
3. Permit **North Dakota State University** to proceed with miscellaneous campus steam line repairs, air handling systems, air conditioning, water line replacements and associated costs related to replacements, i.e., streets, concrete, etc. Estimated cost of the project is \$300,000. Funding source is the 1997-99 capital improvement budget.
4. Permit **North Dakota State University** to proceed with the bidding phase for the Engineering and Architecture Addition (Ehly Hall). The \$1,200,000 addition, funded from private donations, was authorized by the 1997 Legislature. NDSU prefers to advertise for bids this winter in order to possibly secure favorable bid proposals and to facilitate spring groundbreaking. Permission will be requested of the Vice Chancellor for Administrative Affairs to award the contracts and an updated financial status report will be provided at that time and when ratification by the Board is requested.
5. Authorize **North Dakota State University** to lease the mineral interest for oil and gas on land located at the Dickinson Research Center at the next State Oil and Gas

Lease auction. Further authorize the Chancellor and Board to execute all necessary documents associated with the sale of the leases. The tract of land is in Billings County, Township 138N, range 101W, Section 12, Quarters NE ¼, NW ¼, N ½SW ¼, SE ¼SW ¼, and SE ¼.

6. Ratify the action of the Vice Chancellor for Administrative Affairs in awarding the following contracts for the Cyril Moore Hall Renovation project at Minot State University. The 1995 Legislature authorized and funded \$4,000,000 for this project.

General – Rolac Contracting	\$2,248,100
Mechanical – Mowbray & Sons	1,100,568
Electrical – Main Electric	<u>467,819</u>
	\$3,816,487

7. Award the architect and engineer contract to Hulsing & Associates, Architects, P.C. for the renovation and expansion of the Student Center at **Dickinson State University**. The estimated cost of the project is \$2,000,000. President Conn explained that a student fee increase approved in 97-98 by the students will provide the necessary revenue to retire \$1,000,000 in revenue bonds authorized in the 1997 legislative session. One-half of the remaining \$1,000,000 will come from oil revenues and \$500,000 will come from auxiliary reserves.

8. Award a contract to Foss Associates for architect/engineering services for remodeling the basement of Smith Hall at the **University of North Dakota**. Estimated cost of the project is \$800,000. Funds will be provided by FEMA and housing reserves.

9. Permit the University of North Dakota to award the following contracts for remodeling a laboratory in Harrington Hall. Funds will be provided from a National Science Foundation grant and state appropriated plant improvement funds.

McFarlane Sheet Metal	\$121,528
Fume Hoods	24,974
Cabinets	<u>27,940</u>
	\$174,442

President Baker presented a request to name the Center for Aerospace Sciences at the **University of North Dakota** the “John D. Odegard School of Aerospace Sciences” and to name CAS I the “John D. Odegard Hall.” **It was moved** by Mrs. Satrom, seconded by Mrs. Clayburgh to approve this request. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

300 Governance and Organization

Dr. Hillman presented **Dickinson State University’s** request to amend the Faculty Senate Constitution to modify the composition of the Teacher Education Council. **It was moved** by Mrs. Kaldor, seconded by Mrs. Satrom to approve the amended Faculty Senate Constitution. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

400 Academic Affairs

Dr. Hillman explained that beginning in the year 2000, North Dakota law will require that candidates sitting for the CPA exam complete 150 credit hours. To satisfy this requirement, Dr. Hillman reviewed **North Dakota State University's** request for authorization to offer the Bachelor of Accountancy to satisfy this requirement. It has the recommendation of the Cabinet and Academic Affairs Council to approve. **It was moved** by Mr. Peltier, seconded by Mr. Waslaski to approve the request. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

Dr. Hillman reviewed requests for the following changes in the College of Engineering at **North Dakota State University**. The Cabinet and Academic Affairs Council concurs with the changes.

1. Merge the Department of Industrial Engineering and Management with the Department of Engineering Technology to create a Department of Industrial & Manufacturing Engineering.
2. Terminate the B.S. in Aero-Manufacturing Engineering Technology.
3. Approve a new B.S. with a major in Manufacturing Engineering.

It was moved by Mr. Hoeven, seconded by Mr. Caspers to approve the requested changes in the College of Engineering at **NDSU**. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

In response to Mr. Ebeltoft's question on collaboration between UND's and NDSU's engineering programs, Dr. Craig Schnell said a report will be made to the Board at the May meeting.

Dr. Hillman presented **North Dakota State University's** request to change the name of the College of Humanities and Social Sciences to College of Arts, Humanities, and Social Sciences. **It was moved** by Mr. Peltier, seconded by Mrs. Kaldor to approve the request. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

800 Financial Affairs

Board President's Comments

Mr. Ebeltoft made the following comments before the Board considered the audits:

"There has been much written and said about the recent financial audit as it relates to the University of North Dakota and another negative fund balance report for UND. Today the Board will focus on what UND must now do to repay the funds owed to the borrowed funds and today the Board will begin consideration of any policy changes that may be needed. We will ask President Baker and his staff to present their plans to repay the funds owed. I trust that all of you understand that we must take up these matters in a public meeting because we are a public body. The same was required on January 5 when

the Board Audit Committee met. Board members asked tough questions at that meeting because they were, and continue to be, extremely concerned about the fund deficits, and particularly another major fund deficit at UND, when several funds deficits were reported to us last year. As the governing Board for this institution, we have a responsibility to look into these matters. The constitution and laws that create the Board of Higher Education require us to have fiscal oversight. The Board takes that mandate very seriously. We must take it seriously or else we lose the public's trust. A recent poll gave very high ratings to the University System and its campuses. We dare not let the public's confidence be eroded. Today, the Board will not reopen the same issues already discussed by the Audit Subcommittee on January 5. Instead, we will focus on how these negative balances will be paid and on policy.

“Board members have reviewed the matter about whether the negative fund balance was disclosed to the Board sooner than by this audit. We are satisfied that previous audits would not have allowed the Board nor the System Office to know that there was a negative fund balance related to the Medical School project. The facts simply do not support that there was pre-audit notice of this deficit. We feel that that issue is now behind us. The Board will not engage today or elsewhere in a ‘he said, she said’ debate that serves absolutely no purpose other than to drive wedges deeper and wider. Such a debate is extremely unhealthy for the University of North Dakota and the entire University System. The deficit in the Medical School is large and it is the result of added costs for the Medical School project. The issue before us now and in the future is no longer about who knew what when and who knew when the negative balances should have been reported to us. The issue before us is that there is a major negative fund balance in the Medical School that we must deal with in a manner that will do the least harm to the institution and to the Medical School and to the students. That is the Board’s focus today and into the future on this issue.”

Audits

The Board’s Audit Subcommittee met January 5 to review the North Dakota University System Comprehensive Annual Financial Audit, the General Controls Audit of the UND Computer Center, and the Internal Controls/Compliance Audits for Bismarck State College, Mayville State University, Minot State University, UND-Williston. At that meeting, Mr. Ebeltoft asked President Baker to prepare plans to repay the funds owed on the Medical School project. Dr. Baker presented two options for the Board’s consideration:

1. The entire deficit would be covered in January 1998, with the Medical School providing \$215,000 and the balance of \$645,144 coming from the proceeds of the Rehab Hospital sale. The Medical School would then repay \$215,048 each year for three years (6/30/98, 6/30/99, 6/30/00) the funds borrowed from the Rehab proceeds.
2. The deficit would be covered over a three-year period, with the Medical School providing \$286,715 each year for the three years until the deficit is retired by June 30, 2000.

Dean Wilson said he prefers Option 1 as it provides more flexibility for developing new curriculum, hiring professionals, obtaining laboratory equipment, etc. Revenue will

come from residency programs, patient care, and family practice clinics. In response to a question from Mr. Ebeltoft, Dean Wilson indicated that this would not require an increase in current fees. **It was moved** by Mr. Hoeven, seconded by Mrs. Clayburgh to accept the *North Dakota University System Comprehensive Annual Financial Audit* and approve Option 1 for the repayment of the Medical School debt. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

Gordy Smith, Audit Manager at the State Auditor's Office, reviewed with the Board the *Performance Audit Report of State Procurement Practices* of the University System. The focus of the audit is the University System's compliance with laws, rules, and regulations surrounding procurement and covered the period July 1, 1995 through December 31, 1996. Because UND, NDSU, and NDSCS each has a purchasing department and comprise the majority of the purchases in the University System, these were the institutions the auditors tested. Mr. Smith's review covered the auditor's recommendation and management's response. A copy of the audit is filed in the System office. It was the consensus of the Board to consider the audit report again at its February meeting since there was not adequate time to review the report prior to the Board meeting.

John Grettum, Audit Manager at the Fargo State Auditor's Office, reviewed the *Internal Control/Compliance Audit Reports* for DSU, NDSU, and NDSCS covering FY96 and FY97. Mr. Grettum reviewed the recommendations and the institutions' responses. He said there were no material findings or weaknesses in the reports. The Board's Audit Subcommittee had earlier reviewed Internal Control/Compliance Audit Reports for BSC, MaSU, MiSU, and UND-Williston and recommended acceptance. **It was moved** by Mr. Peltier, seconded by Mrs. Kaldor to accept the audit reports for **BSC, DSU, MaSU, MiSU, NDSCS, NDSU, and UND-Williston**. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

It was the recommendation of the Board's Audit Subcommittee to accept the *General Controls/Compliance Audit* for the **UND** Computer Center. **It was moved** by Mr. Peltier, seconded by Mrs. Clayburgh to accept the audit of the UND Computer Center. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

Policy

Chancellor Isaak presented amendments to Policy 902.9 Construction Process – Change Orders which have the endorsement of the Administrative Affairs Council and the Cabinet. Amendments relate to disclosing information on the change order forms that will more clearly show the total cost of the project, how modifications will impact the original budget, and the source of funds to support the change order. **It was moved** by Mrs. Satrom, seconded by Mrs. Kaldor to approve Policy 902.9 on introduction and first reading. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried. Exhibit A.

Following discussion, the President Ebeltoft asked the Chancellor to draft a policy for the Board's consideration relating to regular reporting on total construction costs, projected costs, and source of funds for the projected costs. This will be presented at the February meeting.

University of North Dakota

Mr. Beiswenger presented the **University of North Dakota's** request to approve the Resolution Authorizing the Issuance of \$22,535,000 University of North Dakota Housing Auxiliary Facilities Improvement and Refunding Revenue Bonds, Series 1998A for the purposes of refunding UND Housing and Auxiliary Facilities Refunding Revenue Bonds, 1988 Series A, refunding UND Housing and Auxiliary Facilities Improvement Revenue Bonds, 1988 Series B, and financing a revenue-producing parking lot and related improvements in connection with the Center for Rural Technology. Mr. Beiswenger said total savings generated by refinancing is approximately \$3.9 million. The University of North Dakota intends to take the majority of savings, approximately \$3,645,000, during the first four years and use it for the following projects.

- Remodel lower level of Smith Hall for student rooms
- Laundry room renovations in Smith, Squires, west, Fulton & Johnstone
- Handicap suite renovations in McVey, Noren and West
- Ventilation system and bathroom renovations in Johnstone, Fulton and Smith
- Entryway renovations in McVey and West
- Elevator renovations in Fulton, Smith, Bek, Squires and Walsh
- Various roofing projects
- New windows in Squires
- Various apartment upgrades, such as elevators in the Gallery Apts, laundry room upgrades, cabling, etc.
- Squires Dining Center seating expansion

It was moved by Mr. Peltier, seconded by Mrs. Satrom to approve this request. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

Mr. Seaworth explained that UND requested approval of a Master Aircraft Lease/Purchase Agreement with Koch Financial because the FAA requires any documents submitted to the FAA for filing must be originals. **It was moved** by Mr. Waslaski, seconded by Mrs. Clayburgh to approve the Master Lease/Purchase Agreement with Koch Financial Corporation. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

Policy

Mr. Seaworth reviewed amendments to Policy 1901.2 Computing Facilities that update the existing policy. **It was moved** by Mrs. Kaldor seconded by Mr. Waslaski to approve Policy 1901.2 Computing Facilities on first reading. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried. Exhibit B.

Mr. Seaworth reviewed amendments to the following policies that, except for tenured faculty, eliminate appeals to the Board when employees are dismissed for

disciplinary actions. **It was moved** by Mr. Peltier, seconded by Mrs. Clayburgh to approve the following policies on second reading and final passage. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried. Exhibit C.

Policy 305.4 Employees of Institutions – Non-renewal and Dismissals

Policy 306.3 System office Staff – Non-renewal and Dismissals

Policy 605.4 Hearings and Appeals

Human Resource Policy Manual Part 27

Mr. Seaworth recommended adopting Policy 507 Student Publications on second reading. The purpose of the amendments is to eliminate the requirement that the institution chief executive approve policies adopted by the student publications board. **It was moved** by Mrs. Kaldor, seconded by Mr. Waslaski to approve Policy 507 on second reading and final passage. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried. Exhibit D.

Mr. Seaworth reviewed amendments to Policy 611.6 updating the policy to conform to recent law changes eliminating the requirement that confidential projects be approved by the Board. **It was moved** by Mrs. Kaldor, seconded by Mrs. Clayburgh to adopt on second reading and final passage Policy 611.6. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried. Exhibit E.

Mr. Seaworth explained amendments to Policy 1912 Public Records states that student records would remain confidential even if federal law does not guarantee confidentiality of student disciplinary proceedings. **It was moved** by Mrs. Satrom, seconded by Mr. Peltier to approve Policy 1912 on second reading and final passage. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried. Exhibit F.

Board Member/Campus Reports

There were no Board Member reports. The Board accepted the campus reports. Mr. Stevens notified the Board that the North Central Accrediting Team will visit UND-Williston April 10-12, 2000.

Public Comment

Doug Carpenter, member of the Grand Forks City Council; Denise Markovich, UND Professor; Executive Dean Garvin Stevens; Todd Chrzanowski, UND student; Don Piper, UND Professor; and Barry Brode, UND director of television center, spoke in support of President Baker.

The meeting adjourned at 11:00 A.M. The next meeting of the State Board of Higher Education will be February 19-20, 1998 at North Dakota State College of Science, Wahpeton.

