

ND STATE BOARD OF HIGHER EDUCATION
Minutes—June 15, 2006
Williston, ND

BREAKFAST MEETING

Board members met for breakfast in the Stevens Hall Squire Inn to interact with leaders from student government, staff senate, and faculty senate. No action was taken.

BUSINESS MEETING

The State Board of Higher Education met in Stevens Hall Room 216. The Board president called the meeting to order at 8:45 a.m. Members present:

Ms. Pamela Kostelecky, President	Dr. Richard Kunkel
Mr. John Q. Paulsen, Vice President	Ms. Patricia Olson
Ms. Sue Andrews	Mr. Richie Smith
Mr. Bruce I. Christianson	Dr. John Pederson, Faculty Advisor
Ms. Beverly Clayburgh	

Presidents, campus deans, and campus representatives present:

Dr. Donna Thigpen, BSC	Dr. Ken Grosz, MiSU-BC
Dr. Rich Braun, DSU	Mr. Mike Renk, NDSCS
Mr. Doug Darling, LRSC	Dr. Craig Schnell, NDSU
Dr. Pam Balch, MaSU	Dr. Charles Kupchella, UND
Dr. David Fuller, MiSU	Dr. Joe McCann, WSC

Staff members present:

Dr. Robert L. Potts, Chancellor
Dr. Michel Hillman, Vice Chancellor for Academic & Student Affairs
Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
Mr. Eddie Dunn, Vice Chancellor for Strategic Planning/Executive Director CTEC
Mr. H.P. Seaworth, General Counsel/Executive Secretary
Ms. Debra Anderson, Public Affairs Director
Ms. Sheila Tibke, SBHE Administrative Secretary/Financial Aid Assistant

Senator Larry Robinson and Representative Ole Aarsvold attended portions of the meeting.

MINUTES

It was moved by Paulsen, seconded by Olson, to approve the minutes of the March 27, 2006, and April 5-6, 2006, meetings. Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

BOARD PRESIDENT'S REPORT

President Kostelecky:

- ♦ Thanked board and cabinet members for responding to the board self-assessment survey.
- ♦ Reported the Interim Higher Education Committee visited MiSU and MiSU-BC on May 10. Mr. Christianson shared his observations of this visit.
- ♦ Reported the Interim higher Education Committee visited LRSC on May 11. Dr. Kunkel shared his observations of this visit.
- ♦ Reported the Interim Higher Education Committee visited DSU on June 13. President Kostelecky shared her observations of this visit.
- ♦ Asked Mr. Dunn for an update on the centers of excellence. He reported that all eleven proposals approved by the Commission received approval from the Budget Section.
- ♦ Reported Governor Hoeven appointed Charles Murphy, Fort Yates, and Nicholas Rogers, NDSU student, to the SBHE and reappointed Ms. Andrews for another term on the Board. The Council of College Faculties has reappointed Dr. Pederson as the faculty advisor.
- ♦ Acknowledged Dr. Kunkel and Ms. Olson for their contributions to the SBHE.
- ♦ Thanked Presidents Thigpen and Balch for their dedication and commitment to BSC, MaSU, and the State of North Dakota.

CHANCELLOR'S REPORT

Chancellor Potts:

- ♦ Asked the Board to delay #37 (approval of presidents' contracts) until a special Board meeting, possibly in July to allow time to complete the presidential evaluations and to collect further salary information. Hearing no objections, President Kostelecky announced action on the presidents' contracts will be postponed until later.
- ♦ Acknowledged members of the board of the North Dakota affiliate of the Miss America Scholarship organization. Ms. Olson was a contestant in this year's pageant. Ms. Olson and members of the scholarship board explained the scholarship program.
- ♦ Recognized the contributions of Dr. Donna and Sloan Thigpen, Dr. Pam and Patrick Balch, and Board members Dr. Kunkel and Ms. Olson.
- ♦ Reported the Western Interstate Commission for Higher Education held a commissioners meeting in Bismarck on May 22.
- ♦ Thanked the private sector Roundtable members for their support of the NDUS 21% budget request.

- ♦ Reported the P-16 Task Force met June 7. A special joint boards meeting will be held July 11 at which time a full report from the Task Force will be presented. He said the most specific recommendation will likely be to have clear admission standards.
- ♦ Complimented President Kostecky for leading the BSC presidential search process.
- ♦ Indicated later in the meeting he will make recommendations that Gordon Binek be appointed as interim president at BSC and Gary Hagen be appointed as interim president at MaSU
- ♦ Reported BSC has formed a partnership with Bismarck Public Schools. Bismarck Public Schools will lease land from BSC to construct a 50,000 square foot career and technical education facility.
- ♦ Thanked the NDUS staff members, ConnectND team, and faculty and staff on NDUS campuses for their hard work during the year.

Chancellor Potts mentioned the following challenges that lie ahead for the NDUS.

- ♦ He said it is very important to maintain the momentum of the Roundtable and centers of excellence initiative. Governor Hoeven has announced that he will propose an additional \$30 million for centers of excellence in 2007-09.
- ♦ The P-16 Task Force will be forwarding recommendations in the early fall that will be good for North Dakota and are in accord with what is happening in other states.
- ♦ The NDUS needs to do a better job attracting out-of-state and international students because of the demographics in North Dakota.
- ♦ Faculty salaries and the backlog of deferred maintenance are issues that need to be addressed.
- ♦ The NDUS has internal issues that need to be resolved, which will be mentioned later in the meeting during the chancellor's contract agenda item. Chancellor Potts pledged his support to the Board in resolving these issues.

ND STUDENT ASSOCIATION REPORT

There was no NDSA report.

COUNCIL OF COLLEGE FACULTIES REPORT

Dr. Pederson:

- ♦ Reported the CCF passed two resolutions 1) supporting a unified university system while allowing for individual campus flexibility as being in the best interests of the taxpayers, the students, the system faculty and staff and that terminating the chancellor's contract now is not warranted and would be detrimental to the best interests of the NDUS; and 2) opposes the use of any State of North Dakota monies in pursuing any lawsuit brought by or on the behalf of UND against the actions of the NCAA concerning the ongoing use by UND of its current

logo and nickname and urges the SBHE to grant UND authority to alter its symbolic representation.

- ♦ Reported CCF officers for 2006-07: president - Thomas Barnhart, vice president – Harlene Hatterman-Valenti, secretary – Lisa Borden King, and SBHE faculty advisor – John Pederson.
- ♦ Reviewed part of the executive compensation report regarding faculty salaries. The CCF requested Dr. Pederson advocate to the Board that \$4 million, or a portion of the funds allocated to equity funding, or any other sources the SBHE would deem appropriate, be reallocated to increase faculty salary funding to 6% for each year of the next biennium.

BSC PRESIDENTIAL SEARCH

President Kostelecky provided an update on the BSC presidential search.

MAJOR POLICY DISCUSSIONS & SPECIAL REPORTS

UND Nickname and Logo

Mr. Seaworth provided background on the Board's roles and responsibilities concerning athletic programs and precedence for Board involvement. Historically, he said, the Board has not intervened in athletic team names. However, December 21, 2000, the Board held a special meeting to discuss controversy concerning the UND Fighting Sioux nickname and adopted a motion that UND retain the Sioux name and Indian symbol. Discussion at that meeting indicated that the Board felt it was appropriate for the Board to intervene because of the statewide public interest in the issue. In November 2005, Dr. Kupchella reported the NCAA action (prohibiting UND to display the Fighting Sioux logo and nickname at postseason games or to host postseason games where the logo and nickname are displayed) and the Board adopted a resolution supporting UND's appeal of the NCAA decision and directing that if it is determined advisable to move forward with another option, UND should bring back such recommendation through the chancellor to the Board. Mr. Seaworth reported the chancellor has received a request from UND asking that the Board consider possible litigation against the NCAA.

Dr. Kupchella added that UND has treated the nickname and logo respectfully. He reported that the entire Tribal Council from Spirit Lake and the Judicial Committee of the Standing Rock Tribal Council spent a day on the UND campus and went away satisfied that what UND does is respectful and appropriate. The Spirit Lake Tribe has adopted a long-standing resolution giving UND approval to use the nickname and logo.

It was moved by Christianson, seconded by Paulsen, that according to NDCC sections 44-04-19.1 and 44-04-19.2, the SBHE hold an executive session for the purpose of attorney consultation regarding possible litigation involving the NCAA and the UND nickname and logo; further, that this executive session is limited to the Board members, chancellor, general counsel, the Attorney General and members of his staff, Dr. Kupchella and his counsel. President Kostelecky indicated that Ms. Tibke would also be present to record the discussion. Andrews,

Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

The Board retired to the Alumni Room for the executive session at 9:45 a.m. CT. Present were Board members Kostelecky, Clayburgh, Andrews, Paulsen, Olson, Christianson, Kunkel, and Smith; Attorney General Stenehjem; Dr. Kupchella and Julie Evans, UND general counsel; Chancellor Potts, Mr. Seaworth, and Ms. Tibke. Tag Anderson, Assistant Attorney General, participated by phone. The Board discussed possible litigation involving the NCAA concerning the UND nickname and logo.

Board members reconvened in Room 216 at 11:00. **It was moved** by Clayburgh, seconded by Olson, that the Board authorizes a lawsuit against the NCAA regarding recent NCAA action concerning the use of the Sioux name and logo at UND, provided all costs and expenses of the suit are paid with funds donated for that purpose and with no use of public funds. Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

BOARD BUSINESS

Board Policy Manual Revisions

It was moved by Christianson, seconded by Smith, to adopt the following resolutions.

SBHE Policy 611.10 – Employee Responsibility and Activities: Theft and Fraud (new policy)

RESOLVED, that new SBHE Policy 611.10 as fully shown on the attached draft of new SBHE Policy 611.10 is hereby approved on introduction and first reading.

SBHE Policy 409 – Degrees Offered

RESOLVED, that amendments to SBHE Policy 409 as fully shown on the attached draft of revised SBHE Policy 409 are hereby approved on second reading and final passage, effective immediately.

SBHE Human Resource Policy Section 2 – Appointments

RESOLVED, that amendments to HR Policy Section 2 as fully shown on the attached draft of revised HR Policy Section 2 are hereby approved on second reading and final passage, effective immediately.

SBHE Human Resource Policy Section 20 – Leave

RESOLVED, that amendments to HR Policy Section 20 as fully shown on the attached draft of revised HR Policy Section 20 are hereby approved on second reading and final passage, effective immediately.

SBHE Human Resource Policy Section 27 – Appeal Procedures

RESOLVED, that amendments to HR Policy Section 27 as fully shown on the attached draft of revised HR Policy Section 27 are hereby approved on second reading and final passage, effective immediately.

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried. Exhibit A.

Consent Agendas

Academic Consent Agenda

It was moved by Andrews, seconded by Paulsen, to approve the following academic requests.

- ♦ A Bachelor of Science in Education in Early Childhood Education/Early Elementary Education at Mayville State University
- ♦ A Doctor of Philosophy in Materials and Nanotechnology at North Dakota State University
- ♦ A Master of Arts in Forensic Psychology at the University of North Dakota
- ♦ An Engineered Surfaces Center at the University of North Dakota
- ♦ A Program Certificate in Agronomy Technician at Williston State College

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

Dr. Jim Brosseau, faculty member at the UND medical school, expressed his opposition to the proposed merger of the Department of Community Medicine into the Department of Family Medicine to be called the Department of Family and Community Medicine. Also, Senator Lee sent a letter to the Board and Chancellor Potts opposing this merger.

President Kupchella and Dr. Joshua Wynne, executive associate dean and associate dean for academic affairs at UNDSMHS, spoke in favor of the departments merging.

It was moved by Smith, seconded by Kunkel, to approve the proposed merger of the Department of Community Medicine at the UND School of Medicine and Health Sciences into the Department of Family Medicine and be called the Department of Family and Community Medicine at the University of North Dakota. Andrews, Christianson, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. Clayburgh voted no. The motion carried.

Financial and Facility Consent Agenda

It was moved by Christianson, seconded by Andrews, to approve the following financial and facility requests.

- ♦ Approve FY07 annual SBHE budget

	2004-05 Actual Expenditures	2005-06 Budget Amount	2006-07			
			Per Diem @ \$100		Travel	Total
			# days	amount	amount	Proposed
John Q. Paulsen			53	\$ 5,300	\$ 4,000	\$ 9,300
Bev Clayburgh			53	5,300	4,000	9,300
Pam Kostelecky			47	4,700	3,500	8,200
Sue Andrews			47	4,700	3,500	8,200
Bruce I. Christianson			47	4,700	3,500	8,200
Richard Smith			47	4,700	3,500	8,200
Charles Murphy			47	4,700	3,500	8,200
Pool			12	1,200	1,000	2,200
			353	35,300	26,500	61,800
Nicholas Rogers			37		3,500	3,500
				35,300	30,000	65,300
Faculty Advisor:						
John Pederson			33		2,000	2,000
Per Diem	\$21,718	\$35,300				
Travel	19,450	32,000				
TOTAL	\$41,168	\$67,300		\$ 35,300	\$ 32,000	\$ 67,300

- ♦ Authorize Dickinson State University to proceed with the Stickney Auditorium Theatrical Lighting and Electrical Feeder Upgrade Project. Estimated cost: \$160,000. Source of funds: 2005-07 capital improvement line item.
- ♦ Authorize North Dakota State University to increase the project authorization for the Stockbridge Hall and University Village-B Court roof replacement projects from \$204,000 to \$655,000. Source of funding: housing local repair and replacement fund.
- ♦ Authorize the University of North Dakota to accept as a gift the UND Student Memorial from the UND Foundation.
- ♦ Authorize the University of North Dakota to accept as a gift the restoration of the Adelphi Fountain from the UND Foundation.
- ♦ Authorize the University of North Dakota to accept as a gift miscellaneous landscape improvements in the area adjacent to the Hughes Fine Arts Center.

- ♦ Authorize the University of North Dakota to accept as a gift the Hopper-Danley Memorial Spiritual Center from the UND Foundation.
- ♦ Authorize the University of North Dakota to demolish asbestos-containing building components within Squires Hall.

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostecky voted aye. The motion carried.

It was moved by Christianson, seconded by Andrews, to approve responses to FY05 audit recommendations:

- ♦ NDUS audit report
- ♦ Bismarck State College internal control and compliance report
- ♦ Dickinson State University internal control and compliance report
- ♦ Mayville State University internal control and compliance report
- ♦ Minot State University internal control and compliance report

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostecky voted aye. The motion carried.

It was moved by Christianson, seconded by Andrews, to approve changes to TIAA-CREF contract – adopt TIAA-CREF’s suggested Core investment menu; Lifecycle Funds will be the default investment choice, and advice and planning service will be available. Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostecky voted aye. The motion carried.

It was moved by Christianson, seconded by Andrews, to authorize Mayville State University to reduce tuition for non-resident US students, from 2.67 times the resident rate, to a tuition rate equivalent to 1.5 times the North Dakota resident rate beginning in the fall of 2006. Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostecky voted aye. The motion carried.

It was moved by Christianson, seconded by Andrews, to authorize the University of North Dakota to increase the undergraduate Nursing Program Fee, effective fall 2006, to \$300 per full-time undergraduate students per semester for five semesters and pro-rated for part-time students at the rate of \$25 per credit. Fall 2006 senior nursing students will continue to pay the current \$150 per semester for the 2006-07 academic year and pro-rated for part-time seniors at a rate of \$12.50 per credit. Beginning fall 2007, the new rate will apply to all students admitted to the program. Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostecky voted aye. The motion carried.

Personnel Consent Agenda

It was moved by Paulsen, seconded by Olson, to appoint Ms. Carol Goodman to a second term on the State Board of Agricultural Research and Education. This term would run from July 1,

2006, through June 30, 2010. Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

MAJOR POLICY DISCUSSIONS & SPECIAL REPORTS (continued)

Annual Operating Plan

Mr. Dunn reported on the status of the achievements and/or progress toward the seven objectives in the NDUS Strategic Plan/Annual Operating Plan for 2005-06.

Budget Requests

Ms. Glatt presented the major capital project priority list for 2007-09, proposed allocation of \$4 million for capital assets funding, and \$10 million one-time deferred maintenance funding in the 2007-09 budget request.

It was moved by Paulsen, seconded by Andrews, to adopt the following resolution.

RESOLVED, that the SBHE approves and adopts the attached state funded 2007-09 Major Capital Project Priority List recommended by the Budget and Finance Committee, the recommended allocation of pooled funds in the NDUS office to projects on that list, and authorization to include non-state funded projects as outlined in sections 2 and 3 of attachment 2 in the 07-09 biennial budget request.

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

It was moved by Paulsen, seconded by Andrews, to adopt the following resolution.

RESOLVED, that the capital assets increase requested in the 2007-09 budget request shall be allocated as provided under option #1 in the attached Summary of Options for \$4 Million Capital Assets Increase.

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

It was moved by Clayburgh, seconded by Paulsen, to adopt the following resolution.

RESOLVED, that the SBHE approves and adopts the attached Proposed Allocation of \$10 Million Deferred Maintenance Request Summary of Outstanding Deferred Maintenance Needs.

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

Above budget requests attached as Exhibit B.

BOARD BUSINESS (continued)

BSC Interim President

Chancellor Potts recommended Mr. Gordy Binek be appointed as the interim president of Bismarck State College.

It was moved by Smith, seconded by Christianson, to adopt the following resolution.

RESOLVED, that Gordon Binek is appointed BSC Interim President, effective July 1, 2006, according to terms and conditions stated on the attached Interim Presidential Contract, which is hereby approved.

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried. Exhibit C.

MaSU Interim President

Chancellor Potts recommended Dr. Gary Hagen be appointed as the interim president of Mayville State University.

It was moved by Kunkel, seconded by Andrews, to approve the following resolution.

RESOLVED, that Dr. Gary Hagen be and he hereby is appointed Mayville State University Interim President, effective July 1, 2006, according to terms and conditions in the attached Interim Presidential Contract, which is hereby approved.

Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

SBHE Self-assessment

President Kostelecky mentioned the survey responses to the 2006 SBHE self assessment survey and said she hoped Mr. Paulsen and the Board will use these comments in the agenda and objectives for 2006-07.

Presidents' Contracts

Delayed until a special meeting in July.

Chancellor's Contract

President Kostelecky reported she has completed the evaluation of the Chancellor and it is a positive evaluation. She said the Chancellor's contract and compensation issues will be delayed until such time in July when the presidents contracts are discussed.

Chancellor Potts made the following comments.

Thank you, Madam President, members of the Board. I would like to have this conversation that I'm about to have with you in an executive session like you discussed

this earlier this morning, but North Dakota law will not allow that. So I'm going to make this statement to you as you consider this item about my contract, which has another year to run unless we take action with regard to it. Let me thank you first for the opportunity that the Board members who were here in the spring of 2004 gave me to move to North Dakota to join the University System as chancellor. Irene and I truly love North Dakota and its people. We've worked hard to fulfill our responsibilities as defined in your oral statements to us when we were being recruited here, in your official policies and procedures, and as stated in the roles and responsibilities statement that had been adopted by the Board shortly before I was employed by you. I deeply appreciate the two written evaluations of my job performance that you have given to me through your Board presidents last year and this year, indicating that you believe I have fulfilled my responsibilities expected of me as your chancellor, and particularly I appreciate your vote of confidence at the May 17 Board meeting.

However, I cannot continue to be an effective chief executive officer of the system and lead our excellent team into another legislative session without explicit authority and backing from this Board to insist that all of the policies, procedures, and directives of the Board and specifically the roles and responsibilities, are implemented fully and uniformly throughout the University System. I must request the Board either take steps at your meeting today to address the issues that concern me and ten of the eleven campus executive officers or that you authorize your president to negotiate and implement an equitable end to my service as your chancellor. I don't think it's necessary for me to describe the details of my concerns to you here today. They've been well documented in comments made to you and the Interim Committee on Higher Education by consultant Mary McKeown-Moak of MGT of America, Inc. this spring, by the two resolutions adopted and delivered to you by ten of the eleven campus system CEO's, by a resolution presented to you at your May meeting by the Council of College Faculties, and most recently, by some of the responses to question three and objective 3-3 in your self assessment survey and in my individual communications with you over the last several weeks and months.

If your decision is that you wish to address the issues that have been raised in a forthright manner and for me to continue to serve as your chancellor, then I would request that you give your president the authority to amend my contract to include explicit language defining clearly the scope of my duties and the authority to apply and enforce the written policies, procedures, and positions of the Board in a uniform manner. In the event that you decide you wish to leave things as they are and negotiate an equitable termination of my service as chancellor, I pledge to you my utmost cooperation in transitioning to an interim chancellor or other type of Board executive with the administrative philosophy and understanding of his or her role and responsibility more closely in accordance with the Board's current practices. I'll be pleased to answer any question you may have about this matter. Thank you.

Vice President Paulsen asked Chancellor Potts what it is about the roles and responsibilities that make him feel he does not have adequate authority to execute the position appropriately.

Chancellor Potts responded that one of the campus presidents has refused to accept his authority as chancellor and has basically charted his own course and his own way to report to the Board.

It was moved by Christianson, seconded by Olson, that the SBHE reaffirm its confidence in the Chancellor's leadership, and to confer express authority to act as the chief executive officer of the NDUS to apply and enforce the SBHE policies (except 305.1-5), procedures, directives and roles and responsibilities; further, the Board President be directed and authorized to amend the Chancellor's current employment contract to include explicit language defining the scope of his duties and delegating to him the authority and responsibility to take such action as may be necessary to enforce the same.

Mr. Christianson said the motion clarifies that the Board is in charge and the chancellor is the Board's executive and is expected to perform under the policies and procedures. It does not give the Board president authority to change the policies and procedures but to include the language of the policies, procedures, and roles and responsibilities in the chancellor's contract.

Chancellor Potts, responding to a question from Vice President Paulsen, said he is requesting that he be given the explicit authority in his contract to apply the existing policies and roles and responsibilities in a uniform manner and that all the presidents are required to report to him. He added that he would like clarification if he is the chief executive officer of the NDUS. Chancellor Potts said he was recruited to be a strong chief executive officer and that he cannot perform those duties in the current environment.

Christianson, Olson, and Kostelecky voted aye. Andrews, Clayburgh, Kunkel, Smith, and Paulsen voted no. The motion was defeated.

Vice President Paulsen suggested the Roles and Responsibilities Task Force complete their work. Mr. Smith agreed. Chancellor Potts said he was concerned with this process since he is not a part of the Task Force but the campus president in question is a member.

It was moved by Smith, seconded by Andrews, to authorize the Board President to negotiate with Chancellor Potts on his resignation.

Chancellor Potts commented that the Board needs to think in terms of how this system is going to operate and whether it is going to operate as a system or a group of independent institutions. He said a CEO cannot insist that ten campuses comply with the roles and responsibilities and then have one campus that goes off and does whatever it chooses to do. This is the fundamental problem and the issue the Board needs to address, whether he stays on as chancellor or someone new is hired to replace him. He went on to say that this is not about the two individuals involved, since they will someday be replaced by others, but about how the NDUS will function in the long-term.

Mr. Christianson **made a substitute motion**, seconded by Clayburgh, to delay action until July 11, 2006, and that the Roles and Responsibilities Task Force be directed to complete their work and bring recommendations and that this particular issue with the chancellor be resolved on the

11th day of July. Andrews, Christianson, Clayburgh, Kunkel, Olson, Smith, Paulsen, and Kostelecky voted aye. The motion carried.

PUBLIC COMMENT

There was no public comment.

ANNOUNCEMENTS

A meeting of the joint boards will be held at the Bismarck Doublewood on July 11, 2006. The next State Board of Higher Education meeting will be held via conference call on August 17, 2006.

REVIEW OF BOARD MEETING

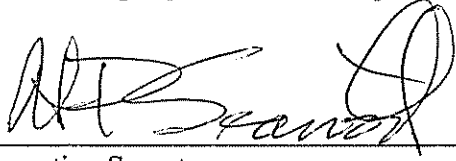
Dr. Pederson questioned the appropriateness of excluding the faculty advisor from the executive session. Mr. Seaworth responded the motion explicitly stated that the members of the Board go into executive session in addition to names of other individuals. Membership on the Board, as stated in the North Dakota constitution, includes only the eight voting members. The faculty advisor position was created by the legislature. Since the faculty advisor is not a voting member, Mr. Seaworth said he interpreted the motion to mean that only the members of the Board and the others individually named were to be in the executive session.

Vice President Paulsen presented President Kostelecky with a gavel trophy for serving the past year as president of the State Board of Higher Education and thanked her for her for a job well done.

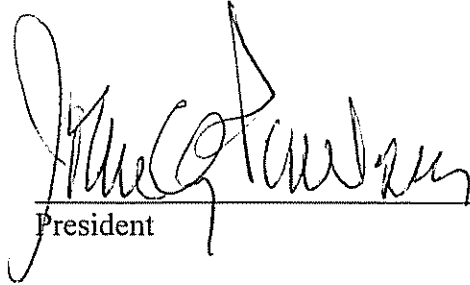
COMMUNITY MEETING

Community and business leaders from the Williston area met with the Board, NDUS staff, and campus presidents to discuss how the private sector, community leaders, the legislature, the Governor's Office, K-12, and the NDUS can work together to further the mission of the North Dakota Higher Education Roundtable to enhance the economy of North Dakota while providing excellence in education to our students. No action was taken.

The meeting adjourned at 2:15 p.m. CT



Executive Secretary



President

August 17, 2006

Date

**SUMMARY AND RECOMMENDATION
INTRODUCTION AND FIRST READING
NEW SBHE POLICY 611.10**

Summary

In the NDUS Audit Report for the Year Ending June 30, 2005, the Office of State Auditor reviewed NDUS policies and procedures regarding fraud risk containment, detection, or deterrence and noted a lack of policies addressing these matters. The SAO recommended a review of NDUS procedures, practices, and policies to “provide a minimum level of assurance that NDUS personnel are required to review and report any potential or actual fraud.” In response, the Administrative Affairs Council developed and recommended a new SBHE Policy 611.10, relating to employee responsibilities. The policy requires adoption of controls designed to minimize opportunities for theft, fraud or unlawful use of public resources and includes a requirement that employees report suspected theft or fraud to designated officials.

The proposed policy is consistent with similar policies at public higher education institutions in other states. The Chancellor’s Cabinet on May 31, 2006 reviewed the policy and concurs with the AAC recommendation.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that new SBHE Policy 611.10 as fully shown on the attached draft of new SBHE Policy 611.10 is hereby approved on introduction and first reading.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

**NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION
POLICY MANUAL**

SUBJECT: PERSONNEL

EFFECTIVE:

Section: 611.10 Employee Responsibility and Activities: Theft and Fraud

1. Each employee, as a basic condition of employment, assumes responsibility for safeguarding and preserving the assets and resources of the state and university system and its institutions, particularly those for which the employee is responsible.
2. Each institution and the system office shall develop and implement controls designed to minimize opportunities for theft, fraud or unlawful or improper use of public resources, including funds, supplies and property. The controls must include a process for reporting of suspected theft, fraud or unlawful or improper use of public resources, designation of an officer with responsibility for receiving and investigating such reports, a process for investigation, audit or referral to law enforcement officials if there is reasonable basis to suspect theft, fraud, or unlawful or improper use of public resources and a report summarizing findings, disposition and, if appropriate, recommendations for additional controls to prevent recurrence.
3. Each employee is expected to report suspected theft, fraud or unlawful or improper use of public resources to a supervisor, department head, chief fiscal officer or other institution or system officer designated with responsibility for receiving and investigating such reports.
4. An employee found to have engaged in theft, fraud or unlawful or improper use of public resources, or an employee with knowledge of such acts by another who unreasonably fails to report such information as required by this policy, is subject to discipline, up to and including dismissal.
5. As used in this policy, “theft, fraud or unlawful or improper use of public funds or property” includes:
 - a. stealing, larceny or embezzlement;
 - b. making or altering documents or files with the intent to defraud;
 - c. purposely inaccurate accounting or financial reporting at any level;
 - d. fraudulent conversion or misappropriation of public resources, including funds, supplies or other property;
 - e. improper handling or reporting of financial transactions;
 - f. authorizing or receiving compensation for goods not received, services not performed or hours not worked, including payment or receipt of a bribe, kickback or other unlawful or unauthorized payment.

HISTORY:

**SUMMARY AND RECOMMENDATION
SECOND READING AND FINAL ADOPTION
AMENDED SBHE POLICY 409**

Summary

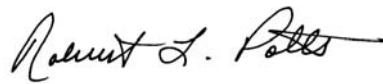
SBHE Policy 409 includes definitions of certificates, programs and degrees authorized by the SBHE. The policy also contains a listing of all degrees approved at all campuses.

In the definitions, the Academic Affairs council recommends substituting the terms “Program Certificate” for “Certificate Program” and “Program Diploma” for “Diploma Program” to incorporate terms now in common usage. Also, the AAC recommends removal of the listing of specific degrees approved at each campus, which is in subsection 4 of the policy, to a system procedure. Having this list in the policy means the SBHE is required to take separate action (usually with readings at two meetings) every time the SBHE approves a new program or grants approval to discontinue a program. Since the SBHE has already acted on the program request, taking time at two additional meetings to update the listing is unnecessary. The same purpose served by including this list in a SBHE policy is accomplished by publishing the list in a NDUS procedure, which can be updated at the time the SBHE approves (or discontinues) a program or degree. The Chancellor’s Cabinet on March 22, 2006 considered and concurred with the recommended changes. The SBHE approved introduction and first reading on April 5, 2006.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that amendments to SBHE Policy 409 as fully shown on the attached draft of revised SBHE Policy 409 are hereby approved on second reading and final passage, effective immediately.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

**NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION
POLICY MANUAL**

SUBJECT: ACADEMIC AFFAIRS

EFFECTIVE: December 15, 2005

Section: 409 Degrees Offered

1. Institutions in the North Dakota University System offer the following certificates and degrees:

Certificate of Completion. A certificate awarded for the completion of:

1. a non-credit course of study, or
2. an undergraduate course of study of less than 16 credit hours, or
3. a graduate course of study of less than 8 credit hours.

~~Certificate Program~~ Program Certificate. A ~~certificate program~~ program certificate is a specialized course of study requiring at least 16 credit hours at the undergraduate level or 8 credit hours at the graduate level.

~~Diploma Program~~ Program Diploma. A ~~diploma program~~ program diploma represents completion of a prescribed program of two years or less in a vocational-technical field with some general education course work.

Associate in Arts (A.A.) and Associate in Science (A.S.). These associate degrees consist primarily of diverse, introductory-level courses in general education and professional areas and require at least 60 semester credit hours. Required courses for the A.S. degree place greater emphasis on the sciences than is true of the A.A. Both degrees prepare students for transfer to baccalaureate programs and meet General Education Transfer Agreement (403.7) requirements. They do not designate a specific program or major.

Associate in Applied Science (A.A.S.). The Associate in Applied Science degree combines vocational-technical coursework with general education coursework. In the vocational-technical specialty field, the degree prepares students for jobs. The general education area provides broader education than would be available in a certificate or diploma program with at least 15 credit hours of general education required, but typically does not meet the 36 credit hour General Education Transfer Agreement (403.7) requirements. The A.A.S. requires a minimum of 60 semester credit hours and it may designate a specific field of study.

Associate in Science – Nursing (A.S.N.) This associate degree prepares individuals in the knowledge, techniques and procedures for promoting health, providing care for sick, disabled, infirm, or other individuals or groups, including instruction in the administration of medication and treatments, assisting a physician during treatments and examinations, referring patients to physicians and other health care specialists, and planning education for health maintenance. This degree requires at least 60 semester hours. The degree prepares students for transfer to a baccalaureate program and meets General Education Transfer Agreement requirements.

Bachelor of Applied Science (B.A.S.). The bachelor of applied science degree combines vocational-technical coursework with general education. This degree requires a minimum of 120 semester hours of credit, the first 60 of which would typically be an Associate in Applied Science degree and, at least 30 upper division credit hours. The specific course of study would be developed through articulation agreements. This degree requires a total of 36 general education credit hours usually through a combination of AAS and BAS level work and, as such, not all general education credits would necessarily meet the general education transfer agreements (403.7) requirements.

Bachelor of Arts (B.A.) and Bachelor of Science (B.S.). The bachelor's degrees require a minimum of 120 semester credit hours, comprised of academic courses in general education which meet the general education transfer agreement (403.7) requirements, major, minor, concentration, and/or elective areas. The B.A. is designed to give academic breadth in the liberal arts, usually with a major in the humanities or social sciences. The B.S. prepares students in disciplines such as the sciences and mathematics, or in the professions.

Bachelor of Accountancy (B.Acc.), Bachelor of Architecture (B.Arch.), Bachelor of Business Administration (B.B.A.), Bachelor of Fine Arts (B.F.A.), Bachelor of Landscape Architecture (B.L.A.), Bachelor of Music (B.M. or B.Mus.), Bachelor of Science in Aeronautics (B.S.A.), Bachelor of Science in Agriculture and Biosystems Engineering (B.S.A.B.En.), Bachelor of Science in Applied Physics (B.S.A.P), Bachelor of Science in Athletic Training (B.S.A.T.), Bachelor of Science in Atmospheric Sciences (B.S.At.Sc.), Bachelor of Science in Chemical Engineering (B.S.Ch.E.), Bachelor of Science in Chemistry (B.S.Chem.), Bachelor of Science in Civil Engineering, (B.S.C.E.), Bachelor of Science in Clinical Laboratory Science (B.S.CLS.), Bachelor of Science in Computer Science (B.S. C.Sci.), Bachelor of Science in Community Nutrition (B.S.CN.), Bachelor of Science in Construction Engineering (B.S.Con.E.), Bachelor of Science in Criminal Justice Studies (B.S.CJS), Bachelor of Science in Cytotechnology (B.S.Cyto.), Bachelor of Science in Dietetics (B.S.D.), Bachelor of Science in Education (B.S.Ed.), Bachelor of Science in Electrical Engineering (B.S.E.E.), Bachelor of Science in Environmental Geoscience (B.S.E.G.), Bachelor of Science in Environmental Geology and Technology (B.S.EGT.), Bachelor of Science in Fisheries and Wildlife Biology (B.S.FWB), Bachelor of Science in Geological Engineering (B.S.G.E.), Bachelor of Science in Geology (B.S.Geol.), Bachelor of Science in Industrial Engineering and Management (B.S.I.E.Mgt.), Bachelor of Science in Industrial Technology (B.S.I.T.), Bachelor of Science in Manufacturing Engineering (B.S.Mfg.E.), Bachelor of Science in Mechanical Engineering (B.S.M.E.), Bachelor of Science in Nursing (B.S.N.), Bachelor of Science in Occupational Safety and Environmental Health (B.S.OSEH.), Bachelor of Science in Pharmacy (B.S. in Pharm.), Bachelor of Science in Physical Education (B.S.P.E.), Bachelor of Science in Physical Education and Exercise Science (B.S.PEXS), Bachelor of Science in Public Administration (B.S.P.A.), Bachelor of Science in Rehabilitation and Human Services (B.S.R.H.S.), Bachelor of Science in Recreation and Leisure Services (B.S.RLS.), Bachelor of Science in Social Work (B.S.S.W.), Bachelor of Social Work (B.S.W.). These degrees require a minimum of 120 semester credit hours and prepare students for professional activity in the areas named in the degrees.

Bachelor of General Studies (B.G.S.), Bachelor of Arts (B.A., no major), and Bachelor of University Studies (B.U.S.). These degrees require a minimum of 120 semester credit hours. Each degree signifies that the student has completed an individually designed course

of study that does not correspond directly to a standard academic or professional major curriculum. These degrees must meet the general education transfer agreement (403.7) requirements.

Master of Arts (M.A.) and Master of Science (M.S.). The master's degrees require a minimum of 30 semester credit hours in courses that carry graduate credit. The M.A. is usually in the humanities or social sciences. The M.S. is usually in the sciences, mathematics, or the professions.

Master of Architecture (M.Arch.), Master of Arts in Teaching (M.A.T.), Master of Business Administration (M.B.A.), Master of Education (M.Ed.), Master of Engineering (M.Engr.), Master of Environmental Management (M.E.M.), Master of Music (M.M.), Master of Music Education (M.M.E), Master of Occupational Therapy (M.O.T), Master of Physician Assistant Studies (M.P.A.S.), Master of Public Administration (M.P.A.), Master of Science in Applied Economics (M.S.A.E.), Master of Science in Aviation (M.S.A.), Master of Science in Geological Engineering (M.S.GeoE), Master of Science in Space Studies (M.S.S.S.), Master of Science in Technology Education (M.S.T.E.), Master of Social Work (M.S.W), Master of Physical Therapy (M.P.T.). These master's degrees require a minimum of 30 semester credit hours in courses that carry graduate credit. Each degree signifies advanced education in the field named in the degree title.

Master of Fine Arts (M.F.A.). The master's degree in fine arts is the terminal degree in visual arts and requires a minimum of 60 semester credit hours beyond the baccalaureate degree.

Masters of Military Logistics (M.M.L.). This masters degree in military logistics is a professional degree used exclusively for military personnel and requires 34 semester credits beyond the baccalaureate degree.

Education Specialist (Ed.S.). The Education Specialist degree requires a minimum of 60 semester credit hours in courses that carry graduate credit. The degree is a professional degree for certification in an educational field.

Specialist's Diploma (Spec.Dip.). The Specialist's diploma requires 64 semester credits beyond the baccalaureate degree. It recognizes advanced preparation for practice in a service field.

Doctor of Physical Therapy (D.P.T.). The Doctor of Physical Therapy degree requires a minimum of 91 semester credits beyond the bachelor degree.

Doctor of Education (Ed.D.). The Doctor of Education degree requires a minimum of 90 semester credit hours beyond the bachelor's degree in courses that carry graduate credit. It recognizes the completion of academic preparation for professional practice in education.

Doctor of Musical Arts (D.M.A.). The Doctor of Musical Arts requires a minimum of 90 semester credit hours beyond the bachelor's degree.

Doctor of Arts (D.A.), Doctor of Medicine (M.D.), Doctor of Pharmacy (Pharm.D.),

Juris Doctor (J.D.). The D.A., M.D., and J.D. degrees, each with its own requirements, are terminal degree programs that prepare individuals to teach at the postsecondary level, to take residency training in medicine, to practice pharmacy, or to practice law, respectively.

Doctor of Nursing Practice (DNP). The Doctor of Nursing Practice degree requires 80 semester hours beyond the bachelor's degree. This degree prepares nurses to make contributions to evidence-based practice through professional leadership and scholarly practice and to function as clinical educators of future nurses. The DNP degree neither replaces nor competes with PhD programs in nursing.

Doctor of Philosophy (Ph.D.). The Doctor of Philosophy degree requires a minimum of 90 semester credit hours beyond the bachelor's degree in courses that carry graduate credit, with a substantial component of independent research.

First-Professional Degree. Law (J.D.), Medicine (M.D.), Pharmacy (Pharm. D.) An award that requires completion of a program that meets all of the following criteria: (1) completion of the academic requirements to begin practice in the profession; (2) at least 2 years of college work prior to entering the program; and (3) a total of at least 6 academic years of college work to complete the degree program, including prior required college work plus the length of the professional program itself.

2. The Board authorizes each institution with teacher education programs to award, under Policy 403.8, major equivalencies in areas where they have Board approved majors and minor equivalencies in areas where they have Board approved minors.
3. An option represents completion of a select group of courses within an approved academic program. Options may also include specializations, emphases and concentrations. An option is not an academic program and Board approval is not required to transcript an option.
4. The Board authorizes each institution to award Certificates of Completion. ~~Certificate and Degree programs are authorized as follows:~~

~~Bismarck State College~~

~~Certificate programs, Diploma programs, A.A., A.A.S., A.S.~~

~~Dickinson State University~~

~~Certificate programs, A.A., A.A.S., A.S., B.A., B.A.S., B.S., B.S.Ed., B.S.N., B.U.S.~~

~~Lake Region State College~~

~~Certificate programs, Diploma programs, A.A., A.A.S., A.S.~~

~~Mayville State University~~

~~Certificate programs, A.A., B.A., B.A.S., B.G.S., B.S., B.S.Ed., B.U.S.~~

~~Minot State University~~

~~Certificate programs, A.S., B.A., B.A.S., B.F.A., B.G.S., B.S., B.S.Ed., B.S.N., B.S.W., Ed.S., M.A.T., M.Ed., M.M.E., M.S.~~

Minot State University-Bottineau Campus

~~Certificate programs, Diploma programs, A.A., A.A.S., A.S.~~

North Dakota State College of Science

~~Certificate programs, Diploma programs, A.A., A.A.S., A.S., A.S.N.~~

North Dakota State University

~~Certificate programs, B.A., B.Acc., B.Arch., B.F.A., B.L.A., B.Mus., B.S. in Pharm., B.S., B.S.A.B.En., B.S.C.E., B.S.Chem., B.S.Con.E., B.S.E.E., B.S.I.E.Mgt., B.S.M.E., B.S.Mfg.E., B.S.N., B.U.S., D.M.A., D.N.P., Ed.D., Ed.S., M.A., M.Arch., M.B.A., M.Ed., M.M., M.M.L., M.S., Ph.D., Pharm.D.~~

University of North Dakota

~~Certificate programs, B.A., B.Acc., B.B.A., B.F.A., B.G.S., B.M., B.S., B.S.A., B.S.A.P., B.S.A.T., B.S.At.Sc., B.S.C.E., B.S.Ch.E., B.S.Chem., B.S.CJS, B.S.CLS., B.S.CN., B.S.C.Sci., B.S.Cyto., B.S.D., B.S.E.E., B.S.Ed., B.S.E.G., B.S.EGT., B.S.FWB., B.S.G.E., B.S.Geol., B.S.I.T., B.S.M.E., B.S.N., B.S.OSEH., B.S.P.A., B.S.P.E., B.S.PEXS, B.S.R.H.S., B.S.RLS., B.S.S.W., D.A., D.P.T., Ed.D., J.D., M.A., M.B.A., M.D., M.Ed., M.Engr., M.E.M., M.F.A., M.M., M.O.T., M.P.A., M.P.A.S., M.P.T., M.S., M.S.A., M.S.A.E., M.S.GeoE, M.S.S.S., M.S.T.E., M.S.W., Ph.D., Spec.Dip.~~

Valley City State University

~~Certificate programs, A.A., B.A., B.S., B.S.Ed., B.U.S., M.Ed.~~

Williston State College

~~Certificate programs, Diploma programs, A.A., A.A.S., A.S.~~

4. Institutions are authorized to transcript, list and award Certificates of Completion consistent with their Board approved missions without specific Board approval for each certificate. Each institution shall keep a current list of credit based Certificates of Completion on file in the System office. The transition of a Certificate of Completion to a Certificate or Degree program requires Board approval.
5. Board approval is required for all new Certificate programs (not Certificates of Completion), Diploma programs, and Degree programs as they are to appear on student records and catalog announcements. The Chancellor shall adopt procedures governing requests for approval and shall maintain a list of all Board-approved certificates and degrees for each institution.
6. Campuses should use NCA Higher Learning Commission guidelines to define terminal degrees.

HISTORY: New policy. SBHE Minutes, June 25, 1987, page 5614.
Amendment SBHE Minutes, June 27-28, 1988, page 5731.
Amendment SBHE Minutes, January 20, 2000
Amendment SBHE Minutes, April 4, 2000.
Amendment SBHE Minutes, May 30, 2001.
Amendment SBHE Minutes, February 22, 2002.
Amendment SBHE Minutes, April 18, 2002.

Amendment SBHE Minutes, May 8-9, 2003.
Amendment SBHE Minutes, November 20, 2003.
Amendment SBHE Minutes, September 16, 2004
Amendment SBHE Minutes, September 15, 2005.
Amendment SBHE Minutes, December 15, 2005.

**SUMMARY AND RECOMMENDATION
SECOND READING AND FINAL ADOPTION
AMENDED HR POLICY SECTION 2**

Summary


HR Policy Section 2 defines terms used for different categories of NDUS employees in human resource policies. In addition to these definitions, subsection 2.4 attempts to define entitlement to credit for service as a temporary employee for the purpose of determining annual accrual rate if a temporary employee is hired in a permanent position. Annual leave accrual rates are set forth in a separate policy and range from 8 to 16 hours per month, depending on length of service.

Subsection 2.4 of the policy is confusing because it does not include guidelines concerning how prior credit is determined or whether it should be tied to number of hours worked in addition to number of years and months of temporary employment. This has resulted in different interpretations by the campuses. Further, because temporary employees are not entitled to leave accrual, some HR officers questioned whether a provision granting entitlement to service credit makes sense. Following discussion, the HR Council voted to recommend repeal of section 2.4. The Chancellor's Cabinet considered and concurred with this recommendation at its March 22, 2006 meeting. The SBHE approved introduction and first reading on April 5, 2006.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that amendments to HR Policy Section 2 as fully shown on the attached draft of revised HR Policy Section 2 are hereby approved on second reading and final passage, effective immediately.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

NORTH DAKOTA UNIVERSITY SYSTEM HUMAN RESOURCES POLICY MANUAL

2. APPOINTMENTS

- 2.1 - *Staff Employee*** - A person employed primarily for work other than teaching, research, or holding a position the institution's president has excluded from the broadbanding system by designation.
- 2.2 - *Regular Staff Employee*** - A person who satisfactorily completes a probationary period, (See Section 4) who is appointed to a continuing position, and who is employed at least seventeen and one-half hours per week if hired before August 1, 2003 or twenty hours per week if hired on or after August 1, 2003, and at least twenty weeks each year. The policies and benefits included in this manual shall apply to all such persons except when specifically excluded by statute or these policies (See Section 10, for example).
- 2.3 - *Temporary Staff Employee*** - A person employed in a position of intermittent or limited duration not to exceed one year, a seasonal position, or in a position working less than seventeen and one-half hours per week if hired before August 1, 2003, or less than twenty hours per week if hired on or after August 1, 2003. The policies and benefits included in this manual shall not apply to temporary employees except as noted. A temporary staff employee may be terminated at any time with or without cause.
- 2.4 - ~~Employees do not earn annual or sick leave benefits while on temporary status. However, when a temporary employee is changed to regular status, credit will be given for the employee's prior length of service for the purpose of determining the annual leave accrual rate.~~**
- 2.5 - *Full-time Staff Employee*** - A regular staff employee employed for forty hours or more per week.
- 2.6 - *Part-time Staff Employee*** - A regular staff employee employed for less than forty hours per week.

History:

- Amend. Sec. 2.2, 2.3, 2.3.1, 2.4, 2.5 SBHE Minutes, June 20-21, 1991, pg 6143.
Amend. Sec. 2.3.1 SBHE Minutes, June 24, 1993, pg 6374.
Amend. Sec. 2.1, 2.2, 2.3, 2.3.1, 2.4, 2.5, 2.6 SBHE Minutes, March 20, 1997, pg 6744.
Amend. Sec. 2.1 SBHE Minutes, April 17, 1998, pg 6874.
Amend. Sec. 2.2, 2.3, SBHE Minutes, January 15, 2004.

**NORTH DAKOTA UNIVERSITY SYSTEM
HUMAN RESOURCES POLICY MANUAL**

Amend. Sec. 2.2, SBHE Minutes, June 17, 2004.

**SUMMARY AND RECOMMENDATION
SECOND READING AND FINAL ADOPTION
AMENDED HR POLICY SECTION 20**

Summary

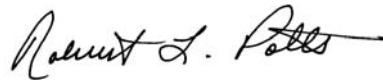
HR Policy Section 20 concerns employee entitlement to annual, sick and other leave benefits. Subsection 20.4 relates to “storm days,” or days when institutions are officially closed due to severe weather and additional pay for employees required to work on these days even though the institution is closed and most employees are not required to report to work. The HR Council has recommended two changes to subsection 20.4: 1) insertion of the word “regular” in front of the word “employees” to clarify that only regular employees (and not temporary and part-time employees) are entitled to storm day benefits; and 2) language providing that an employee who had previously scheduled annual or other leave on a day the institution is closed due to severe weather is not entitled to “storm pay.”

These amendments are intended to clarify this entitlement to ensure consistent application at all institutions. The Chancellor’s Cabinet on March 22, 2006 considered and concurred with the recommended changes. The SBHE on April 5, 2006 approved introduction and first reading.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that amendments to HR Policy Section 20 as fully shown on the attached draft of revised HR Policy Section 20 are hereby approved on second reading and final passage, effective immediately.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

NORTH DAKOTA UNIVERSITY SYSTEM HUMAN RESOURCES POLICY MANUAL

20. LEAVE

20.1 - *Funeral Leave* - An approved absence from work, with pay, of up to twenty-four working hours, may be provided to an employee to attend or make arrangements for a funeral, as a result of a death in the employee's family, or in the family of an employee's spouse.

20.1.1 - Family means husband, wife, son, daughter, father, mother, stepparents, brother, sister, grandparents, grandchildren, stepchildren, foster parents, foster children, brother-in-law, sister-in-law, daughter-in-law, and son-in-law.

20.1.2 - Funeral leave for employees working less than forty hours per week will be prorated.

20.2 - *Jury Duty* - An employee shall be allowed leave with pay for jury or other legal duty when subpoenaed for such service. Any compensation received for such duty may be retained by the employee.

20.2.1 - When an employee is called as a witness on behalf of the State, and the employee's institution reimburses the employee for mileage, sustenance and room (which it may do), no witness fee or mileage may be claimed by said employee, no time shall be deducted for the absence of such employee, and such employee shall be deemed to be performing duties or services for the State.

20.2.2 - When an employee is called as a witness when the institution is not a party to the action and the institution does not reimburse such employee for mileage, sustenance, and room, the employee may collect witness fees and mileage from the proper party if the employee is on authorized leave.

20.2.3 - An employee who is personally interested in or a party to a criminal or civil action or who voluntarily appears as a witness must charge their absence against earned annual leave or request leave without pay.

20.3 - *Military Leave* - An employee who is a member of the National Guard or Armed Forces Reserves shall be granted military leave annually in accordance with Sections 37-01-25 and 37-01-25.1 of the North Dakota Century Code which provides:

20.3.1 - Military leave with pay shall be granted to all state employees up to a maximum of twenty work days for those employees who have been employed continuously for a period of ninety days or more immediately preceding the leave.

20.3.2 - In addition, any military leave of absence necessitated by a full or partial mobilization of the reserve or national guard forces of the United States of America, or

NDUS Human Resources Manual
Section 20. Leave, Cont'd.

emergency state active duty, shall be without loss of pay for the first thirty days less any other military leave which may have been granted during the calendar year.

20.3.3 - If leave is required for weekend, daily or hourly periods of drill for military training on a day on which the employee is scheduled to work, the employee must be given the option of time off with a concurrent loss of pay for the period missed, or must be given an opportunity to reschedule the work period so the reserve or national guard weekend, daily, or hourly drill or period of training occurs during time off from work without loss of status or efficiency rating.

20.3.4 – Employees are also covered under the federal Uniformed Services Employment and Reemployment Rights Act, 38 USC § 4301 et.seq., which provides that members of the uniformed services are entitled to leave without pay and to reemployment rights upon return to civilian employment. The time requirements for reporting back to work after completion of service vary depending upon the length of the leave, and can be found at 38 USC § 4312.

20.4 - Storm Days - Official closing of the institution during periods of severe weather will be announced over local radio stations and when necessary, by department heads. Return to normal working conditions shall be announced in the same manner. Only employees designated by the department head may be required to work during the period when the institution is officially closed. All other regular employees shall be granted leave with pay for hours which they would normally work during a storm period. If an employee is not scheduled to work because of a previous arrangement, including annual or sick leave, the employee is not entitled to storm pay. All employees properly authorized to work shall receive additional pay for hours worked during the official closing.

20.4.1 - When the institution remains open during inclement weather, employees unable to report to work shall notify their supervisor and take annual leave or leave without pay.

20.5 - Conferences or Convention Leave - Two days per year may be allowed for employee organization conference/convention leave. Attendance is limited to three institutional officers, any state officers on campus, one delegate at large, and one delegate for each fifty members. If the conference/convention is held on a working day, the delegates will be paid as usual. If it is not a working day there will be no reimbursement. Leave may be denied if the employee's absence would unduly disrupt the operations or services of the institution.

20.6 - Leave Sharing Program - All non-temporary, non-probationary employees with over six months of continuous service with the State are eligible to receive shared leave pursuant to the following conditions:

- a) The appropriate campus official has determined that the employee meets the criteria described in this section.
- b) The employee has abided by University System policies regarding the use of sick leave.
- c) The employee's use of shared leave, including both annual and sick leave, does not exceed four months in any twelve month period.

NDUS Human Resources Manual
Section 20. Leave, Cont'd.

20.6.1 - Employees may donate leave to other state employees pursuant to the following conditions:

a) Annual Leave Donations --

1. The receiving employee has exhausted or will exhaust, all annual leave, sick leave, and compensatory time off due to an illness, injury, impairment, or physical or mental condition, that is of an extraordinary or severe nature, and that involves the employee, a relative of the employee, or a household member of the employee.
 - "relative of the employee" is limited to the spouse, child, stepchild, grandchild, grandparent, stepparent, or parent of the employee.
 - "household members" means those persons who reside in the same home, who have reciprocal duties to and do provide financial support for one another. This includes foster children and legal wards even if they do not live in the household.
 - "extraordinary or severe" means serious, extreme, or life threatening. It does not include conditions associated with normal pregnancy.
2. The condition has caused, or is likely to cause, the receiving employee to go on leave without pay or terminate employment.
3. The donating employee donates leave in full hour increments and retains a leave balance of at least forty hours.

b) Sick Leave Donations --

1. The receiving employee has exhausted, or will exhaust, all annual leave, sick leave, and compensatory leave due to an illness, injury, impairment, or physical or mental condition, that is of an extraordinary or severe nature.
2. The condition has caused, or is likely to cause, the receiving employee to go on leave without pay or terminate employment.
3. The employee may not donate more than five percent of the employee's accrued leave hours, and all leave must be donated in full hour increments.

20.6.2 - The institution shall require the employee to submit, prior to approval or disapproval, a medical certificate from a licensed physician or health care practitioner verifying the severe or extraordinary nature and expected duration of the employee's condition.

20.6.3 - Donated leave is transferable between employees in different state entities.

20.6.4 - One hour of donated leave must be regarded as one hour of shared leave for the recipient.

20.6.5 - Any donated leave may only be used by the recipient for the purposes specified within this policy and is not payable in cash.

20.6.6 - All forms of paid leave available for use by the recipient must be used prior to using shared leave.

NDUS Human Resources Manual
Section 20. Leave, Cont'd.

20.6.7 - Any shared leave not used by the recipient during each occurrence as determined by the institution may be retained by the recipient.

20.6.8 - All donated leave must be given voluntarily. No employee may be coerced, threatened, intimidated, or financially induced into donating leave for purposes of the leave sharing program.

History:

Amend. Sec. 20.2.2, 20.3.1, 20.3.2, 20.3.3, 20.3.4, 20.4, 20.5 SBHE Minutes, June 20-21, 1991, pg 6143.

Amend. Sec. 20.6 SBHE Minutes, June 24, 1993, pg 6374.

Amend. Sec. 20.1, 20.1.1, 20.1.2, 20.2.1, 20.2.3, 20.3, 20.3.2, 20.3.4, 20.4, 20.5, 20.6, 20.6.1 SBHE Minutes, March 20, 1997, pg 6744.

Amend. Sec. 20.3.4 SBHE Minutes, April 17, 1998, pg 6874.

Amend. Sec. 20.4 SBHE Minutes, November 18-19, 1999.

Amend. Sec. 20.1.1 SBHE Minutes, April 26-27, 2001.

**SUMMARY AND RECOMMENDATION
SECOND READING AND FINAL ADOPTION
AMENDED HR POLICY SECTION 27**

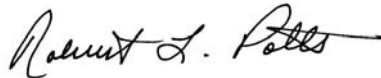
Summary

HR Policy Section 27 establishes procedures that apply to appeals by broadbanded employees from certain personnel actions. Subsection 27.2 of the policy provides for an appeal from “disciplinary action.” The reference to “disciplinary action” is misleading because, although the procedures do apply to appeals from disciplinary action, the procedures also apply to appeals from dismissal due to a reduction in force. To correct this misleading reference, the HR Council recommended deletion of the word “discipline” in subsection 27.2. The Chancellor’s Cabinet on March 22, 2006 concurred with this recommendation. The SBHE on April 5, 2006 approved introduction and first reading.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that amendments to HR Policy Section 27 as fully shown on the attached draft of revised HR Policy Section 27 are hereby approved on second reading and final passage, effective immediately.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

NORTH DAKOTA UNIVERSITY SYSTEM HUMAN RESOURCES POLICY MANUAL

27. APPEAL PROCEDURES

27.1 - A Staff Personnel Board shall be appointed by the president of each institution to hear employee appeals and employee grievances pursuant to Section 28.6.4. This Board shall consist of three appointed members. The three members shall appoint a chairperson who shall conduct the hearing, unless the Staff Personnel Board appoints a hearing officer pursuant to Section 27.3.

27.2 - Any regular staff employee who has been suspended without pay, dismissed for cause, changed to lower pay rate, or dismissed due to a reduction in force, may request a hearing with the Staff Personnel Board by filing a written notice, accompanied by a specification of the reasons or the grounds upon which the appeal is based with the appropriate campus official. Such appeal must be filed within five working days following such disciplinary action. The Staff Personnel Board shall hear both sides of the appeal and, after weighing all evidence presented to the Board, consider whether adequate cause for the institution's action existed, reporting its findings of fact, conclusions, and recommendation to the president.

27.3 - The Staff Personnel Board may appoint some other person as a hearing officer with authority to conduct pre-hearing meetings, supervise discovery, advise the Staff Personnel Board, or preside over the hearing.

27.3.1 - The Staff Personnel Board may hold joint pre-hearing meetings with the parties in order to (a) simplify the issues, (b) effect stipulations of facts, (c) provide for the exchange of documentary or other information, or (d) achieve such other appropriate pre-hearing objectives as will make the hearing fair, effective, and expeditious. The employee, the institution, and their representatives shall participate in pre-hearing meetings upon request and comply with the directives of the Staff Personnel Board or its representative.

27.3.2 - The Staff Personnel Board shall serve written notice of hearing on the employee and the president, or their representatives at least twenty calendar days prior to the hearing.

27.3.3 - The employee and the institution may stipulate to a decision on the basis of the written statements, in which case the Staff Personnel Board shall make its decision on that basis.

27.3.4 - During the proceedings, the institution is entitled to have counsel, and the employee is entitled to have a representative or counsel of their choice at their own expense. Proceedings concerning the removal of an employee shall be closed, unless the employee requests that the proceedings be open. Either party or the Staff Personnel Board may invite up to two observers each to attend the proceedings.

NDUS Human Resources Manual
Section 27. Appeal Procedures, Cont'd.

27.3.5 - A record of the hearing or hearings shall be made at the institution's expense and shall be accessible to both parties. The record shall be made by a reporter or a stenographer, or by the use of an electronic recording device. A party shall be provided a copy of the record, or part of the record, at the requesting party's expense.

27.3.6 - The findings of fact, conclusions and the decision shall be based solely on the evidence received by the Staff Personnel Board. The burden of proof that grounds for the institution's action exist shall rest with the institution and be satisfied by a preponderance of the evidence in the record considered as a whole.

27.3.7 - The Staff Personnel Board may admit any evidence which is of probative value in determining the issues or if the interests of justice will best be served by admitting the evidence. Every reasonable effort shall be made to obtain the most reliable evidence available. The Staff Personnel Board may grant adjournments to enable either party to investigate evidence as to which a valid claim of surprise is made.

27.3.8 - The employee shall be afforded an opportunity to obtain necessary witnesses and documentary or other evidence. The institution shall cooperate with the Staff Personnel Board in securing witnesses and making available documentary and other evidence. The employee and the institution shall have the right to confront and cross-examine all witnesses. Testimony may be taken by deposition, including deposition by telephone, or witnesses may testify by telephone, facsimile, video, or other electronic means, as long as such use does not substantially prejudice the rights of any party. Affidavits may be received into evidence upon stipulation of the parties.

27.3.9 - The Staff Personnel Board's findings of fact, conclusions, and recommendations, with supporting reasons, shall be reported, in writing, to the president, the employee, or their representative. If the institution's action was a notice of dismissal and if the Staff Personnel Board concludes that adequate cause for dismissal has been established, but that a lesser penalty would be more appropriate, it may so recommend with supporting reasons. The president shall make a final decision and provide written notice of the decision to the Staff Personnel Board and the employee within fifteen calendar days of receiving the report.

History:

Amend. Sec. 27, 27.1, 27.2, 27.3, 27.4, 27.4.1, 27.5, 27.5.1, 27.6, 27.6.1, 27.6.2, 27.6.3, 27.6.4, 27.6.4.1, 27.6.5, 27.7 SBHE Minutes, June 20-21, 1991, pg 6143.

Amend. Sec. 27, 27.1, 27.2, 27.3, 27.3.1, 27.3.2, 27.3.3, 27.3.4, 27.3.5, 27.3.6, 27.3.7, 27.3.8, 27.3.9, 27.4, 27.5, 27.5.1 SBHE Minutes, March 20, 1997, pg 6744.

Amend. Sec. 27 SBHE Minutes, January 15, 1998, pg 6823.

Amend. Sec. 27.2 SBHE Minutes, May 12, 1999, pg 6984.

SUMMARY AND RECOMMENDATION MAJOR CAPITAL PROJECT PRIORITY LIST

Summary

SBHE Policy 902.1 provides that in conjunction with biennial budget preparation, each campus shall submit to the Chancellor a prioritized list of major capital projects. The policy establishes project categories, listed in order of priority and outlines criteria for determining rank order of projects. Following visits to each campus to inspect facilities and meet with campus officials concerning proposed projects, Vice Chancellor Glatt prepared the attached May 30, 2006 memorandum to the SBHE Budget and Finance Committee recommending a 2007-09 Capital Project Priority List. According to SBHE Policy 302.7, the Budget and Finance committee is to make recommendations to the SBHE regarding biennial capital budget spending guidelines, including priorities for new construction and major renovations.

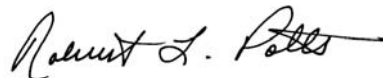
Following review and discussion, the Budget and Finance committee on June 5, 2006 recommended: 1.) the state funded 2007-09 Major Capital Project Priority List set out in the attached May 30, 2006 Memorandum from Laura Glatt to the SBHE Budget and Finance Committee; 2.) allocation of the sum of \$913,875 pooled in the NDUS office in the 2007-09 budget request to three projects on the list (MiSU Dome floor replacement, MiSU-BC steam line replacement and BSC Schafer Hall renovation); and, 3.) the non-state funded 2007-09 major capital projects outlined in sections 2 and 4 of attachment 2.

All of the projects the Budget and Finance Committee recommends are worthy of funding and I agree with the Budget and Finance Committee recommendations.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that the SBHE approves and adopts the attached state funded 2007-09 Major Capital Project Priority List recommended by the Budget and Finance Committee, the recommended allocation of pooled funds in the NDUS office to projects on that List, and authorization to include non-state funded projects as outlined in sections 2 and 3 of attachment 2 in the 07-09 biennial budget request.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

SUMMARY AND RECOMMENDATION CAPITAL ASSETS INCREASE ALLOCATION

Summary

Included in the 2007-09 budget request the SBHE approved at its May 2006 meeting is an increase of \$4 million for capital assets. The capital assets funds are used at NDUS campuses for basic maintenance and repairs and to pay required local special assessments.

The Administrative Affairs Council developed several options for distribution of these additional funds. The options are summarized on the attached Summary of Options for \$4 Million Capital Assets Increase. Following discussion, the Administrative Affairs Council recommended option #1. On May 31, 2006, the Chancellor's Cabinet voted, on a vote of 9 to 2, to support the recommendation of the Administrative Affairs Council to adopt option #1. On June 5, 2006, the SBHE Budget and Finance committee adopted that recommendation. I concur.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that the capital assets increase requested in the 2007-09 budget request shall be allocated as provided under option #1 in the attached Summary of Options for \$4 Million Capital Assets Increase.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

SUMMARY AND RECOMMENDATION DEFERRED MAINTENANCE REQUEST

Summary


Included in the 2007-09 budget request the SBHE approved at its May 2006 meeting is a \$10 million one-time request to address deferred maintenance needs. The total cost to address all outstanding deferred maintenance for NDUS facilities now exceeds \$117 million. If funded, this \$10 million request will permit NDUS institutions to begin to address that problem.

The Administrative Affairs Council developed the attached Proposed Allocation of \$10 Million Deferred Maintenance Request Summary of Outstanding Deferred Maintenance Needs. The Chancellor's Cabinet on May 31, 2006 recommended the proposed allocation and on June 5, 2006 the SBHE Budget and Finance committee adopted that recommendation. I concur.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that the SBHE approves and adopts the attached Proposed Allocation of \$10 Million Deferred Maintenance Request Summary of Outstanding Deferred Maintenance Needs.



Robert L. Potts, Chancellor


Date of Meeting: June 15, 2006

NORTH DAKOTA

UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

TO: SBHE Budget and Finance Committee

FROM: Laura Glatt 

DATE: May 31, 2006

RE: BFC agenda item #5 materials

1. 2007-09 Major Capital Project Priority List
2. Proposed allocation of \$4.0 million increase in capital assets funding in 2007-09 biennial budget request (part of \$63.0 million funding increase). Cabinet members, with the exception of UND and LRSC, recommend option #1.

Page 1 - Summary of Options - Summary of the 4 proposed options.

Page 2 - Option 1 - The targets in the current capital assets funding model, call for funding 100% of OMB formula by 2013-15 (See "Pg 7 OMB Wkshts") 100% of current outstanding deferred maintenance by 2017-19 (See "Pg 8 Def Mnt"). I recalculated amounts that would be necessary to fund similar increases in each of the remaining biennia to reach the targets by the specified dates (pages 6 and 9). Option 1 uses this model to allocate the \$4 million.

Page 3 - Option 2 - This allocates the \$4 million based on the OMB building and infrastructure formula, and brings all campuses to 19.4% of OMB formula. Since MiSU-BC is already at 20.57%, they get no allocation in this option. Deferred maintenance isn't considered in option 2.

Page 4 - Option 3 - Allocates \$2 million based on the OMB formula (brings all to 15.67% of formula) and \$2 million for deferred maintenance.

Page 5 - Option 4 - Calculated \$4 million on the OMB formula and \$4 million for deferred maintenance, and took the average of the 2.

Pages 6-9 include additional detail referred to above.

3. Proposed allocation of \$10.0 million in one-time funding to address deferred maintenance needs.

G:\aura\wpdocs\Board\capital assets agenda materials

State Capitol - 600 E Boulevard Ave , Dept 215, Bismarck, ND 58505-0230
Phone: 701 328 2960 • Fax: 701 328 2961
E-mail: NDUS office@ndus.nodak.edu • Web: www.ndus.nodak.edu


The North Dakota University System is governed by the State Board of Higher Education and includes:
Bismarck State College • Dickinson State University • Lake Region State College • Mayville State University •
Minot State University • Minot State University-Bottineau Campus • North Dakota State College of Science •
North Dakota State University • University of North Dakota • Valley City State University • Williston State College

NORTH DAKOTA

UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

TO: Members, SBHE Budget and Finance Committee

FROM: Laura Glatt 

DATE: May 30, 2006

RE: Recommend 07-09 Major Capital Project Priority List

SBHE Policy

SBHE policy 902.1 requires the Chancellor to present a rank ordered list of major capital projects to the SBHE in conjunction with the biennial budget preparation.

The priorities are to be consistent with the following categories as outlined in 902.1, which are listed in order of priority (except that a and b have equal priority):

- a. Projects that meet life, health and safety requirements
- b. Projects that are necessary to comply with local, state, and federal law or requirements.
- c. Projects that preserve current assets.
- d. Projects that represent new strategic investments through the enhancement of current assets or the creation of new assets.

SBHE policy also outlines several evaluation criteria for determining the rank order of the projects. These were used in the evaluation process in conjunction with the priority categories listed above. A copy of the SBHE policy is included as Attachment 1.

The 2006 campus master plans suggest the NDUS has a deferred maintenance backlog exceeding \$117.8 million on state funded facilities. Almost \$5.0 million of this amount is related to health/safety needs.

Funding associated with major capital projects appropriated directly from state general fund in the 05-07 biennium, totaling \$913,875, has been pooled in the NDUS Office budget in the 2007-09 budget request. It is recommended that this funding be allocated to priorities #1, 9 and 10 below. The remainder of the projects to be funded by state bonding proceeds or new state general fund appropriations.

State Capitol - 600 E. Boulevard Ave., Dept. 215, Bismarck, ND 58505-0230
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The North Dakota University System is governed by the State Board of Higher Education and includes:
Bismarck State College • Dickinson State University • Lake Region State College • Mayville State University •
Minot State University • Minot State University-Bottineau Campus • North Dakota State College of Science •
North Dakota State University • University of North Dakota • Valley City State University • Williston State College.

07-09 State Funded Major Capital Project Priority Recommendation

Consistent with these policy directives and guidelines, I recommend the following funding priorities for inclusion in the 2007-09 biennial budget request:

Campus Recommended Priorities (GF=general fund)

1. MiSU Dome Floor Replacement

\$ 168,200 GF

\$ 168,200 SF

This project would replace the running track which has been deemed unsafe by State Risk Management and who has recommended that it be closed for public use. In 1996, a built-up floor system was installed over the original 1980 surface. This surface consists of 3 layers of plywood on rubber feet with a thin pan-n-pour synthetic running track; the balance of the floor is hardwood maple installed over 2 layers of plywood on rubber feet. This hardwood system is salvageable, but the running track requires replacement. According to a consultant, the floor was installed to 1996 specifications, but did not allow sufficiently for expansion and the weight of the bleacher systems. MSU has not hosted an indoor meet for 4 years, and 6 local/regional indoor track meets that were scheduled for Spring 2006 were cancelled.

2. MaSU West Hall Renovation or other alternative

\$3,957,000 GF

This project would bring West Hall into compliance with current building and safety codes, improve the working and learning environment for students, faculty and staff, provide accessibility for the physically challenged and restore the exterior of an aging building that will be lost if action is not taken. The proposed design calls for changes including health and safety improvements such as emergency egress protection of horizontal corridors, doors and vertical stairs, fire/smoke alarm and fire suppression systems and new toilet facilities; new energy efficient and environmentally sound mechanical systems to comply with current standards for air quality; new electrical systems to provide drastically improved lighting, power distribution and telecommunications network; expansion of former dorm room spaces into larger spaces to accommodate 20-40 students or open office areas; an elevator to connect four occupied floor levels in compliance with the Americans with Disabilities Act; re-roof, tuck point masonry, apply sealants and caulking, restore and repaint wood surfaces and repair the main entrance "porch."

An alternative project which would allow MaSU to abandon use of West Hall and permit consolidation of, and reduction of, overall campus space into more modern and functional facilities may be appropriate OR a project which allows MaSU to utilize alternative utility sources.

3. UND O'Kelley Hall

\$2,200,000 GF

Due to building code restrictions, no additional space renovation can be completed without significant improvements to the building mechanical and electrical systems in this academic and research facility. This stems from a requirement to meet current codes once a percentage of floor space has been modernized. All modernizations to date, costing \$600,000+ have been paid from

other UND resources. The code required improvements include fire protection systems, accessibility improvements, and ventilation corrections. This project will permit UND to continue using alternative funding sources to complete the scope of work that includes space renovation.

4. LRSC Wind Energy Project

\$1,673,000 GF

Erect a wind turbine to generate the majority of the electrical energy needed for the facility, including energy to be used by a new electric boiler proposed to replace the current natural gas boilers. This turbine could provide all of the electrical energy needed by the institution and could likely replace energy costs of up to \$200,000 per year based on current energy costs. The turbine would also provide a closed lab for students to learn about this important North Dakota resource. Current estimates place the cost of the wind turbine at \$1,500,000 and the new boiler at \$173,000.

5. NDSU Minard Hall Renovation-Phase I and 2

\$5,000,000 GF

Currently the main classroom building on campus it houses the College of Arts, Humanities and Social Sciences, along with Psychology and Mathematics. The existing building contains 78,000 square feet of classrooms and faculty offices constructed in three (3) phases beginning in 1903. It has been renovated a number of times over the past 100+ years to meet the changing uses of the building. Its exterior is structurally sound, but the interior is in need of a complete renovation after 34 years of heavy use. The last renovation was in the late nineteen sixties when windows were replaced, an elevator, ventilation and air conditioning systems added, heating and electrical systems upgraded, and space rearranged and decorated.

The renovating of historic Minard Hall will consist of asbestos abatement, new structural members for the existing roof, new windows, new elevator, and various ADA, fire code and HVAC upgrades.

Phases I and II provides funding adequate to address exterior improvements, including window replacement, tuckpointing, roof replacement and some interior remodeling. Phase III, to be completed in a future biennia, would consist of updates to electrical and HVAC systems and completion of interior remodeling.

6. MiSU Swain Hall

\$7,036,150 GF

Constructed in 1952, Swain Hall is a 51,858 square foot, three-story building. It includes a gymnasium, classrooms, offices, exercise and weight training areas, locker rooms and showers. The building for the most part is an academic area serving the Department of Teacher Education and Human Performance and is being used for physical education and training classes and intramurals. Swain Hall also contains faculty offices and a fitness facility for the general university population.

The lighting is inadequate, the original plumbing and heating are outdated and ventilation is nearly nonexistent. The building requires the opening of windows to introduce fresh air to regulate the temperature. Original plumbing is galvanized piping in glazed block walls, which has deteriorated to the point of leaking through the walls in numerous areas. Swain Hall also contains a significant amount of asbestos that needs to be abated.

The proposed 15,250 square foot, two-story addition along with the renovations of existing space would meet the needs of the physical education (human performance) department and user entitlements of Swain Hall. Those needs include an exercise/physiology lab, first aid training lab, dance studio, staff offices, adequate storage, expanded classroom space and men's and women's dressing rooms and locker rooms, student/faculty health center, gymnasium floor replacement and handicapped accessibility access improvements. Renovation of the existing space would include the upgrade/replacement of the electrical, heating, ventilating and air conditioning, and fire/smoke alarm systems.

7. NDSCS Steam Line Distribution **\$1,670,420 GF**

The existing lines range in age from 28-21 years. The average life expectancy of direct-burial lines (common in the 1960's and 1970's) is approximately 20 to 25 years. Two sections of line currently are leaking. NDSCS will monitor the leaks and repair, as needed, on an emergency basis. The college repaired a major break on the south side of campus in the fall of 2005. The proposed steam line replacement project assumes installation of the direct-burial pipe versus tunnel.

In 2001-03, NDSCS received \$624,437 for partial steam line replacement. They also received \$2,000,000 in 1999-2001 to assist with steam line replacement, electrical system upgrades and roof replacement projects.

8. VCSU Steam Line Distribution **\$2,200,000 GF**

The existing steam distribution system has exceeded the expected useful life by as much as 10 years. Several of the joints in the lines have been replaced. Determining the location of failures and repairing them is difficult with the direct buried lines, and can be dangerous and expensive during cold weather.

The replacement of current steam lines and insulation will result in an energy savings from the loss of steam into the ground.

The project would include distribution piping in the power house, replacing the main steam line that runs from the power house to steam vaults across campus, and individual lines to each building. We would add a metering system to allow us to collect data by building.

9. MiSU-BC Steam Line Distribution **\$ 252,000 GF**

Replace 850 linear feet of direct-buried steam and condensate lines that were installed between 1963 and 1971. These lines extend from the heating plant to six campus buildings. Water and

condensate are dripping from the return lines, located in the boiler room, indicating that the lines are leaking steam and that ground water has penetrated the exterior conduit. According to engineering firm of Prairie Engineering P.C., direct buried steam lines of the type of an estimated life span of 20 to 25 years – These lines are 35 to 43 years old. Some of the lines are buried under asphalt roadway and sidewalk, which will have to be replaced to facilitate pipe installation. During 1998, a 150 foot section of broken direct-buried steam line was replaced. This section was newer than the lines currently in service.

10. BSC Schafer Hall Renovation **\$ 543,000 GF**

Renovation needs to be completed in the Business Office and the Computer Center areas. Renovation will consist of removal of asbestos ceilings, asbestos floor tile, lighting upgrades, and heating/ventilation upgrades along with better utilization of space.

An addition of approximately 1,100 square feet will be done to accommodate the growing needs of the IT department.

The 1997 Legislature provided a \$965,000 appropriation for the first phase of Schafer Hall renovation. These funds enabled the college to convert old laboratories to usable classroom space and to remove central stairs which did not meet fire codes. The 1999 Legislature provided funds for the completion of the 2nd and 3rd floor hallways and a music center addition which was part of the Schafer Hall renovation master plan.

The 2001 Legislature provided \$596,000 for additional Schafer Hall renovation. BSC received a budget adjustment from the budget section to use other college funds to complete the renovation of the 2nd and 3rd floor of Schafer Hall. The adjustment provided for a project budget of \$700,000.

Renovation on 1st floor began in the summer of 2004 using plant improvement dollars appropriated by the 2003 Legislative Assembly for capital assets and carryover funds.

In 2004, office areas were renovated for Financial Aid and Student Affairs. During the summer of 2005, renovation was done for Student Records and Admissions using plant improvement dollars appropriated by the 2005 Legislative Assembly for capital assets and carryover funds.

Experiment Stations Recommended Priorities

1. Main Station Research Greenhouse Complex-Phase II **\$9,000,000 GF**

Secure greenhouse space to conduct research on transgenic crops to meet consumer demands and to respond to the threat of bioterrorism. This project will continue new construction and will implement the renovation of selected existing greenhouses in order to address the critical need for state-of-the-art greenhouse space for NDAES researchers.

Each greenhouse compartment within a range shall have de-ionized and regular water systems, a fertilizer injection system, heating, lighting, ventilation and environmental controls. Independent room access is required for security purposes and to minimize contamination of rooms by workers and transported plant material. Approximately 24 compartments, each 800 sq. ft. in size, are needed to meet current and expected future demands for high quality research space.

The headhouse area will include 8 laboratories, controlled environment seed storage rooms, a large threshing/storage room, propagating material room, freezer room, three drying rooms (with 15 dryer units), two large growth chamber areas sufficient for 24 chambers each. The structure shall include restrooms and changing/locker rooms. It will be planned with future expansion in mind to conform to the future needs of NDAES research priorities and goals.

2. Carrington, Hettinger, and North Central Headquarters Office Buildings Addition and Renovation \$1,107,750 GF

Carrington Research Extension Center Headquarters Office Building Addition \$ 465,000

The proposed project consists of the construction of an addition to the existing REC office/meeting building that would include a dedicated room for video conferencing and computer instruction, additional office space, and a room for equipment storage. The current facility is fully utilized, and subsequently, we are unable to effectively accommodate expanding technologies and programs. The estimated 3,000 sq. ft. addition would allow for expansion of our programs and outreach services.

Hettinger Research Extension Center Headquarters Office Addition \$ 222,750

Construction and dedication of the existing center was completed in 1991. Use of the facility has grown immensely to the point that more room is needed for office and conference uses. Annual use of the meeting and conference complex has grown from around 4,000 in 1991 to approximately 10,000 in 2001. Part of this growth comes from the interactive connection for distance learning directed from other NDUS entities and the computer cluster located here that is used by many people and entities for technology training. Funds utilized for establishment of the technology supplied from the center came from local and grant fund sources. The original facility was constructed from community and grant fund sources without any requirement for North Dakota general fund dollars.

North Central Research Extension Center Office & Technology Transfer Building Addition \$ 420,000

All offices in the current building are fully occupied, so three workstations are being used in the room designed to be the electronic library. The use of video-conferencing and "teleplant medicine" have exceeded our expectations and have also caused congestion in the classroom and video-conferencing room. The proposed addition would add additional office space, specimen analysis areas, and data processing rooms to the current office and technology transfer building. The project would also encompass the replacement of the present carpeting and painting the existing headquarters office building.

3. Beef Research Facility

\$950,000 GF

The Beef Research Facility is needed to fully utilize the potential for beef research at NDSU and to better serve the state's beef producers. It will help fulfill a need for integrated research capabilities in the areas of beef cattle nutrition, reproduction, and management that will complement the Beef Systems Center of Excellence.

The proposed research facility would be approximately 58' X 720' and consist of 36 pens. The building itself would be 30' X 720' and would provide shelter for the cattle and a covered drive-through feeding alley. In addition, an 80' X 58' building would be constructed on the end of the building to house handling facilities, scales, chutes, and a feed preparation center. The facility would be designed to accommodate all aspects of beef cattle management, nutrition, and reproductive physiology research including cow-calf, backgrounding, and finishing.

Forest Service Recommended Priorities

1. Storage Buildings and Outdoor Recreation Facilities \$120,000 GF

Construct two storage buildings and one outdoor restroom. Facilities would provide for vehicles, materials, five fire strike team engines, and recreation equipment. Storage facilities will be steel construction with cement floors. The outdoor restroom will be ADA accessible.

The storage facilities will provide protection for vehicles and equipment, reduce daily transportation of maintenance equipment, provide needed for storage for materials, and provide storage and maintenance space for fire vehicles and equipment. The facilities will save time and reduce equipment maintenance costs. The outdoor restroom will serve two public recreation areas.

07-09 Non- State Funded Major Capital Project Recommendation

Sections 2 and 4 of Attachment 2 outlines several projects recommended for inclusion in the 07-09 biennial budget request to be paid from non-state sources. These projects total \$101,791,000. Funding for all these projects is not currently readily available, but may become available later during the 07-09 biennium. If these projects are authorized by the legislature, campuses would have to return to the SBHE at a later date to gain the authority to proceed with the project, at which time the availability of funding can be validated.

Funding History

Attachment 3 is a three biennia history of projects which have received state funding support.

07-09 State Bonding Availability

Karlene Fine, Industrial Commission, has indicated that based on the current sales tax income and the current interest rates there may be bonding authority of \$37 million available in the 07-09 biennium, within the current statutory limitations.

NORTH DAKOTA

UNIVERSITY SYSTEM

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SBHE Policies

SUBJECT: INTRODUCTION

EFFECTIVE: February 19,
2004

Section: 902.1 Construction Process-Legislative Approval; List of
Funding Requests

1. All buildings and other improvements shall be constructed within the limits of the State appropriations, bond issues, or other specific allocations of funds made by the State Board of Higher Education. An institution may not significantly change or expand a project the Board or the legislature has specifically authorized, except with Board and, when required according to NDCC § 48-02-20, legislative approval.
2. The Board shall authorize all requests for state or federal legislative appropriations and all other fund sources for new building construction, major renovations, or major building additions. This includes authorization to proceed with a fund raising campaign. Institutions shall apprise the Chancellor of plans for new building construction, major renovations, or building additions.
3. In conjunction with biennial budget preparation, each campus shall submit to the Chancellor a prioritized list of projects that are defined below in subparagraphs a and b, consistent with the goals and strategies set forth in the campus master plan. The project descriptions shall include the total estimated cost, including cost of construction (both internal and external), demolition, equipment and furnishing of the building, addition, renovation or other improvement. The project descriptions shall also include estimates of current and future costs and funding sources of operating costs and all other improvements directly related to or necessitated by the requested improvements. The Chancellor, in consultation with the campuses, shall submit a prioritized list of system projects to the Board for their consideration. The Board shall approve a rank order list of funding requests for major capital projects from all fund sources listed in categories defined in subparagraphs a and b.
 - a. (1) Major renovations to existing facilities.

(2) Major renovations to existing infrastructure, including technology upgrading. b. New construction and additions to existing facilities, including the cost of renovating existing facilities that are made necessary by an addition or new construction. Major capital project priorities shall be consistent with the following categories, which are listed in order of priority (except that a and b have equal priority):

- a. Projects to meet life, health and safety requirements.
 - b. Projects that are necessary to comply with local, state, or federal law or requirements.
 - c. Projects that preserve current assets.
 - d. Projects that represent new strategic investments through the enhancement of current assets or the creation of new assets.
4. The Board shall use the following criteria to determine a rank order of projects listed. These criteria are not weighted, but shall be considered in their totality when determining rank order of priorities.
- a. Project addresses current life, health and safety issues.
 - b. Project addresses compliance with local, state or federal law or requirements.
 - c. Project corrects significant deferred maintenance.
 - d. Project addresses a critical maintenance need defined by those which must be addressed, and which, if neglected, could result in substantial damage to the structural integrity of the building.
 - e. Project meets a compelling programmatic justification consistent with campus mission and strategic goals.
 - f. Project has been partially funded by the legislature in a previous biennium, but is not yet complete.
 - g. Project is highly rated by campus and is supported by significant outside funding.
 - h. Space will be used to advance a specific program or activity that is a high priority of the state.
 - i. Project addresses an urgent infrastructure need.
 - j. Project is consistent with campus master plan and institutional priorities.

- k. Project is necessary based on clearly demonstrated condition of existing space.

Reference: [NDUS Procedure 902](#)

HISTORY: New policy. SBHE Minutes, January 12-13, 1984, page 5200.
Amendment SBHE Minutes, December 7, 1989, page 5915.
Amendment SBHE Minutes, January 20, 1994, page 6430.
Amendment SBHE Minutes, December 21, 1995, page 6603.
Amendment SBHE Minutes, December 20, 1996, page 6711.
Amendment SBHE Minutes, April 4, 2000.
Amendment SBHE Minutes, February 19, 2004.

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NDUS 2007-09 Major Capital Project Ranking

6/6/2006

ATTACHMENT 2

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Project Description	Campus	Project Type	State	Other	Total	Cost		Other Source
A=addition; R=renovation; NC=new construction								
Section 1: CAMPUSES - STATE FUNDED PROJECTS RECOMMENDED FOR INCLUSION IN 2007-09 BUDGET REQUEST								
Ranked State Funded Projects Requested (Campuses)								
1	Dome-athletic floor replacement	MISU	R	\$169,000	\$169,000	\$338,000		local/private
2	West Hall renovation	MaSU	R	\$3,957,000		\$3,957,000		
3	O'Kelly Hall-Ireland Lab renovation	UND	R	\$2,200,000		\$2,200,000		
4	Wind energy project	LRSC	NC	\$1,673,000		\$1,673,000		
5	Minard Hall renovation	NDSU	R	\$15,000,000		\$15,000,000		
6	Swain Hall renovation/addition	MISU	A/R	\$7,037,000		\$7,037,000		
7	Steam line/electrical distribution replacement	NDSCS	R	\$2,867,000		\$2,867,000		
8	Steamline replacement	VCSU	R	\$2,200,000		\$2,200,000		
9	Steam line replacement	MISUB	R	\$252,000		\$252,000		
10	Schafer Hall renovation - 1st floor	BSC	R	\$543,000		\$543,000		
Total Ranked State Funded Projects - Campuses				\$35,898,000	\$169,000	\$36,067,000		

Section 2: Non-State Funded (Unranked) Projects Recommended for Inclusion in 2007-09 Budget Request								
	Whitney Stadium renovation/addition	DSU	R/A		\$8,000,000	\$8,000,000		gifts/local
	Dakota Hall elevator	MISU	R		\$340,000	\$340,000		aux./local
	Pioneer Hall elevator	MISU	R		\$363,000	\$363,000		aux./local
	Parking lot	NDSCS	NC		\$714,000	\$714,000		revenue bond
	Robertson Hall renovation	NDSCS	R		\$6,000,000	\$6,000,000		revenue bond
	Living Learning Center West	NDSU	NC		\$11,000,000	\$11,000,000		revenue bond
	Center for Transportation Study	NDSU	NC		\$5,500,000	\$5,500,000		federal
	Ellig softball complex	NDSU	R		\$4,500,000	\$4,500,000		private
	Indoor track facility	UND	NC		\$15,000,000	\$15,000,000		grants/gifts
	Wilkerson Dining Center	UND	R		\$4,000,000	\$4,000,000		revenue bond
	SMHS Lab & admin renovations	UND	R		\$9,800,000	\$9,800,000		grants/gifts
	American Indian Center	UND	NC		\$10,000,000	\$10,000,000		grants/gifts
	Earth Systems Science Building	UND	NC		\$5,000,000	\$5,000,000		grants/gifts
	Memorial Union-north entrance	UND	R/A		\$4,500,000	\$4,500,000		grants/gifts
	SMHS-Bismarck FPC/Graduate Center	UND	NC		\$4,500,000	\$4,500,000		rev bnds/grants/gifts
	EERC Commercialization Center	UND	NC		\$5,000,000	\$5,000,000		grants/gifts
	Crighton Building addition	WSC	A		\$1,400,000	\$1,400,000		local,private
							\$0	
Total Non-State Funded Projects - Campuses				\$0	\$95,617,000	\$95,617,000		

NDUS 2007-09 Major Capital Project Ranking

6/6/2006

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Project Description	Campus	Project Type	State	Other	Total	Other Source	

A=addition; R=renovation; NC=new construction

Section 3: EXPERIMENT STATIONS AND FOREST SERVICE - STATE FUNDED PROJECTS RECOMMENDED FOR INCLUSION IN 2007-09 BUDGET REQUEST

Ranked State Funded Projects Requested (Experiment Stations and Forest Service)							
1	Research greenhouse complex-Phase II	Exp Sta.	NC/R	\$9,000,000		\$9,000,000	
2	Hdqtr office bldgs renovation/addition (3)	Exp Sta.	R/A	\$1,108,000		\$1,108,000	
3	Beef Research Facility	Exp Sta.	NC/R	\$950,000		\$950,000	
1	Storage Buildings and Outdoor Restroom Facilities	For. Svc.	NC	\$120,000		\$120,000	
Total Ranked State Funded Projects				\$11,178,000	\$0	\$11,178,000	

Section 4. Non-State Funded (Unranked) Projects Recommended for Inclusion in 07-09 Budget Request (Experiment Stations and Forest Service)							
	Waste management facility	Exp Sta	NC		\$351,000		oil revenue
	Parking lot and landscape	Exp Sta	R		\$350,000		oil revenue
	Bio-secure Animal Facility	Exp Sta	NC		\$5,473,000		federal
Total Non-State Funded Project				\$0	\$6,174,000	\$0	

TOTAL - NDUS Major Capital Projects Recommended for Inclusion in 2007-09 Budget Request				\$47,076,000	\$101,960,000	\$142,862,000	
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NDUS 2007-09 Major Capital Project Ranking

6/6/2006

(1) (2) (3) (4) (5) (6) (7) (8)
 Project Description Campus Project Type State Other Total Other Source

A=addition; R=renovation; NC=new construction

Section 5. ADDITIONAL INFORMATION - CAMPUSES TOP RANKED STATE PROJECTS REQUESTED

Campuses Top Ranked State Funded Projects							
1	Schafer Hall renovation - 1st floor	BSC	R	\$543,000		\$543,000	
2	Plant services building	BSC	NC	\$503,000		\$503,000	
1	Stoxen Library Phase I - addition	DSU	A	\$8,000,000		\$8,000,000	
2	Center for Ag Education/Research	DSU	A	\$4,000,000		\$4,000,000	
1	Wind energy project	LRSC	NC	\$1,673,000		\$1,673,000	
2	Cold storage garage addition	LRSC	NC	\$248,000		\$248,000	
1	West Hall renovation	MaSU	R	\$3,957,000		\$3,957,000	
2	Classroom building accessibility and renovation	MaSU	R	\$848,800		\$848,800	
1	Swain Hall renovation/addition	MISU	A/R	\$7,037,000		\$7,037,000	
2	Dome-athletic floor replacement	MISU	R	\$169,000	\$169,000	\$338,000	local/private
1	Steam line replacement	MISUB	R	\$252,000		\$252,000	
2	Thatcher Hall roof replacement	MISUB	R	\$62,000		\$62,000	
1	Steam line/electrical distribution replacement	NDSCS	R	\$2,867,000		\$2,867,000	
2	Horton Hall renovation	NDSCS	R	\$4,505,000		\$4,505,000	
1	Minard Hall renovation	NDSU	R	\$15,000,000		\$15,000,000	
2	Ceres Hall renovation	NDSU	R	\$4,160,000		\$4,160,000	
3	Heating plant boiler #4 retubing	NDSU	R	\$2,540,000		\$2,540,000	
1	O'Kelly Hall-Ireland Lab renovation	UND	R	\$2,200,000		\$2,200,000	
2	Steam generation facility	UND	NC	\$29,000,000		\$29,000,000	
3	SMHS Allied Health Facility	UND	NC	\$20,400,000		\$20,400,000	
1	Steamline replacement	VCSU	R	\$2,200,000		\$2,200,000	
2	Life safety/ADA projects	VCSU	R	\$818,000		\$818,000	
1	Petroleum Production & Technology Center	WSC	NC	\$754,000	\$250,000	\$1,004,000	local,federal,private
2	Rural Development Center	WSC	NC	\$3,581,000	\$2,000,000	\$5,581,000	private
						\$0	
TOTAL #1 Ranked Campus Projects				\$115,317,800	\$2,419,000	\$117,736,800	

**NDUS
PRIOR CAPITAL PROJECT FUNDING - STATE FUNDS**

	<u>2005-07</u>	<u>2003-05</u>	<u>2001-03</u>	<u>1999-2001</u>	<u>Total - Last Four Biennia</u>
<u>BSC</u>					<u>868,000</u>
Schafer Hall remodel - 2nd/3rd floors			596,000		
Schafer Hall hallway renovation				72,000	
Schafer Hall renovation-music dept				200,000	
					<u>9,982,604</u>
<u>DSU</u>					<u>843,419</u>
Murphy Hall Renovation - Phase II	4,100,557				
Murphy Hall Renovation - Phase I		5,882,047			
					<u>843,419</u>
<u>LRSC</u>					<u>2,625,000</u>
Science Lab renov /classroom addition	343,875				
Auditorium renovation/addition				499,544	
					<u>2,625,000</u>
<u>MASU</u>					<u>5,551,000</u>
Steamline Replacement Phase II		1,355,000			
Steamline Replacement Phase I			510,000		
Boiler repair/fuel storage/steamline replace				760,000	
					<u>5,551,000</u>
<u>MISU</u>					<u>2,643,000</u>
Old Main Renovation			5,551,000		
					<u>2,643,000</u>
<u>MISU-B</u>					<u>4,846,000</u>
Thatcher Hall Addition	2,500,000				
Central heating plant electrical upgrade			75,000		
Fire alarm system upgrade				68,000	
					<u>4,846,000</u>
<u>NDSCS</u>					<u>6,003,848</u>
Electrical Distribution-Phase II	736,000				
Electrical Distribution-Phase I			1,326,640		
Steamline Distribution			624,437		
Roof replacement			158,923		
Electrical/steamline distribution/roof replace				2,000,000	
					<u>6,003,848</u>
<u>NDSU</u>					<u>8,877,339</u>
Hazardous Material Handling/Storage	3,500,000				
Energy Improvement Program			296,348		
Animal Care Facility				2,207,500	
					<u>8,877,339</u>
<u>UND</u>					<u>2,432,300</u>
Energy improvement program	2,331,554				
Energy improvement program			3,990,785		
Electrical distribution system				1,540,000	
Storm sewer & area drainage				1,015,000	
					<u>2,432,300</u>
<u>VCSU</u>					<u>1,500,000</u>
Bleacher replacement	250,000				
Gralchen Gym Elevator & Emergency Exits		785,300			
Boiler/steam piping replacement			850,000		
Sprinklers & exit upgrades				547,000	
					<u>1,500,000</u>
<u>WSC</u>					<u>65,000</u>
Health & Wellness Center Addition				1,500,000	
					<u>65,000</u>
<u>Forest Service</u>					<u>2,000,000</u>
Seed processing facilities	65,000				
					<u>2,000,000</u>
<u>Main Station</u>					<u>1,010,000</u>
Research Greenhouse Complex	2,000,000				
					<u>1,010,000</u>
<u>Research Centers</u>					<u>1,010,000</u>
Central Grasslands Hdqtrs Office Addition	270,000				
North Central Agronomy Lab/Greenhouse	440,000				
Langdon hdqtrs & conference center			300,000		
					<u>1,010,000</u>
TOTAL	<u>16,536,986</u>	<u>8,022,347</u>	<u>14,279,133</u>	<u>10,409,044</u>	<u>49,247,510</u>

NORTH DAKOTA UNIVERSITY SYSTEM

Summary of Options for \$4 Million Capital Assets Increase

	(1)	(2)	(3)	(4)
	OPTION 1 - Based on Original Cap Assets Funding Model Methodology	OPTION 2 - Brings all to 19.4% OMB Formula, Excludes Def Mnt in Calculation	OPTION 3 - \$2M to Bring all to 15.67% OMB Formula + \$2M Def Mnt	OPTION 4 - Average of Separate Allocations Based on OMB Formula & Def Maintenance
BSC	\$125,816	\$156,889	\$114,726	\$113,076
LRSC	\$54,033	\$102,439	\$83,719	\$60,523
WSC	\$62,116	\$114,673	\$78,960	\$60,206
UND	\$1,568,048	\$1,863,243	\$1,751,336	\$1,618,378
NDSU	\$987,741	\$946,078	\$949,756	\$982,771
NDSCS	\$339,202	\$373,989	\$255,727	\$284,965
DSU	\$182,153	\$52,718	\$150,974	\$177,333
MaSU	\$181,644	\$71,645	\$203,108	\$221,254
MISU	\$286,233	\$161,067	\$205,567	\$270,414
VCSU	\$180,246	\$152,497	\$192,869	\$195,440
MISU-BC	\$21,934	\$0	\$9,014	\$9,015
FOREST SERVICE	\$10,834	\$4,762	\$4,244	\$6,625
Total	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
	(Page 2, Col 6)	(Page 3, Col 7)	(Page 4, Col 10)	(Page 5, Col 9)

NORTH DAKOTA UNIVERSITY SYSTEM

OPTION 1 - Original Capital Asset Funding Model Methodology (100% OMB Formula by 2013-15 and Deferred Maintenance by 2017-19)

	(1)	(2)	(3)	(4)	(5)	(6)
	2007-09 Formula Funding to Reach OMB Formula by 2013-15	2007-09 Def Mnt Funding to Reach 100% Deferred Mnt by 2015-17	Total - 2007-09	Current 2005-07 Appropriation	2007-09 Increase Needed	\$4 Million Request, Based on Proportionate Share of Total (Col 5)
BSC	\$702,004	\$96,970	\$798,974	\$243,481	\$555,493	\$125,816
LRSC	256,172	26,051	\$282,223	43,662	\$238,561	\$54,033
WSC	352,691	8,036	\$360,727	86,475	\$274,252	\$62,116
UND	7,300,747	1,922,928	\$9,223,675	2,300,545	\$6,923,130	\$1,568,048
NDSU	4,625,978	1,427,250	\$6,053,228	1,692,226	\$4,361,002	\$987,741
NDSCS	1,976,635	274,316	\$2,250,951	753,332	\$1,497,619	\$339,202
DSU	765,193	422,727	\$1,187,920	383,690	\$804,230	\$182,153
MaSU	491,771	519,204	\$1,010,975	208,994	\$801,981	\$181,644
MiSU	1,328,960	531,664	\$1,860,624	596,870	\$1,263,754	\$286,233
VCSU	720,491	333,732	\$1,054,223	258,416	\$795,807	\$180,246
MiSU-BC	181,327	25,239	\$206,566	109,725	\$96,841	\$21,934
FOREST SERVICE	72,591	11,883	\$84,474	36,638	\$47,836	\$10,834
Total	\$18,774,560	\$5,600,000	\$24,374,560	\$6,714,054	\$17,660,506	\$4,000,000
	(Page 6, Col 6)	(Page 9, Col 2)				(Page 1, Col 1)

NORTH DAKOTA UNIVERSITY SYSTEM

Option 2 - Allocate Based on % of OMB Building & Infrastructure Formula

	(1)	(2)	(3)	OPTION 2 - Bring all to 19.4% OMB Formula (But not < 2005-07 funding)				(7)
	Extr Repairs- Bldg & Infrastruc (See Note 1)	Deferred Maintenance (See Note 2)	Total Outstanding Needs	Current 2005-07 Appropriation (See Note 3)	% OMB Formula (Column 1) (Col 4/Col 1)	2007-09 19.4% Column 1 (But Not < 2005-07) (Col 1 x 19.4%)	19.39% (Col 6/1)	2007-09 Increase (Col 6-Col 4)
BSC	\$2,064,719	\$2,040,000	\$4,104,719	\$243,481	11.79%	\$400,370	19.39%	\$156,889
LRSC	753,446	548,000	1,301,446	43,662	5.79%	\$146,101	19.39%	\$102,439
WSC	1,037,325	169,000	1,206,325	86,475	8.34%	\$201,148	19.39%	\$114,673
UND	21,472,785	40,454,000	61,926,785	2,300,545	10.71%	\$4,163,788	19.39%	\$1,863,243
NDSU	13,605,819	30,026,000	43,631,819	1,692,226	12.44%	\$2,638,304	19.39%	\$946,078
NDSU	5,813,631	5,771,000	11,584,631	753,332	12.96%	\$1,127,321	19.39%	\$373,989
DSU	2,250,568	8,893,166	11,143,734	383,690	17.05%	\$436,408	19.39%	\$52,718
MaSU	1,446,385	10,922,900	12,369,285	208,994	14.45%	\$280,639	19.40%	\$71,645
MiSU	3,908,706	11,185,000	15,093,706	596,870	15.27%	\$757,937	19.39%	\$161,067
VCSU	2,119,090	7,021,000	9,140,090	258,416	12.19%	\$410,913	19.39%	\$152,497
MiSU-BC	533,315	531,000	1,064,315	109,725	20.57%	\$109,725	20.57%	\$0
FOREST SERVIC	213,503	250,000	463,503	36,638	17.16%	\$41,400	19.39%	\$4,762
TOTAL	\$55,219,292	\$117,811,066	\$173,030,358	\$6,714,054	12.16%	\$10,714,054	19.40%	\$4,000,000

See Pg 7, Col 4 See Pg 8, Col 5

See Pg 1, Col 2

NOTES:

0.19391

- (1) The amounts in column 1 are based upon the 2007-09 OMB Infrastructure and Building formula worksheets.
- (2) The amounts in column 2 are based upon the outstanding deferred maintenance amounts that were identified in the 2007-09 campus master plans.
- (3) One-time appropriations (from 2005-07) have been eliminated from the totals in column 4 for the following: WSC \$90,000 repairs in Stevens Hall; MaSU \$150,000 repairs in Old Main; MiSU \$80,000 repairs in the Student Union Ballroom.

NORTH DAKOTA UNIVERSITY SYSTEM

Option 3 - Allocate \$2M Based on % of OMB Building & Infrastructure Formula and \$2M Based on Deferred Maintenance

	(1)	(2)	(3)	(4)	(5) OPTION 3 - \$2M to bring all to 15.67% OMB Formula + \$2M Def Mnt					(10)
	Extr Repairs- Bldg & Infrastruc (See Note 1)	2007-09 Outstanding Deferred Maintenance (See Note 2)	%DefMnt	Total Outstanding Needs	Current 2005-07 Appropriation (See Note 3)	% OMB Formula (Column 1) (Col 5/Col 1)	\$2 Million-%OMB Formula (But Not < 2005-07) (Col 1 x 15.67%)	15.67%	\$2 Million Based % Def Mnt (Col 3 x \$2M)	2007-09 Increase (Cols7+9-Col 5)
BSC	\$2,064,719	\$2,040,000	1.7316%	\$4,104,719	\$243,481	11.79%	\$323,575	15.67%	\$34,632	\$114,726
LRSC	753,446	548,000	0.4652%	1,301,446	43,662	5.79%	\$118,077	15.67%	\$9,304	\$83,719
WSC	1,037,325	169,000	0.1435%	1,206,325	86,475	8.34%	\$162,565	15.67%	\$2,870	\$78,960
UND	21,472,785	40,454,000	34.3380%	61,926,785	2,300,545	10.71%	\$3,365,121	15.67%	\$686,760	\$1,751,336
NDSU	13,605,819	30,026,000	25.4866%	43,631,819	1,692,226	12.44%	\$2,132,250	15.67%	\$509,732	\$949,756
NDSCS	5,813,631	5,771,000	4.8985%	11,584,631	753,332	12.96%	\$911,089	15.67%	\$97,970	\$255,727
DSU	2,250,568	8,893,166	7.5487%	11,143,734	383,690	17.05%	\$383,690	17.05%	\$150,974	\$150,974
MaSU	1,446,385	10,922,900	9.2715%	12,369,285	208,994	14.45%	\$226,672	15.67%	\$185,430	\$203,108
MiSU	3,908,706	11,185,000	9.4940%	15,093,706	596,870	15.27%	\$612,557	15.67%	\$189,880	\$205,567
VCSU	2,119,090	7,021,000	5.9595%	9,140,090	258,416	12.19%	\$332,095	15.67%	\$119,190	\$192,869
MiSU-BC	533,315	531,000	0.4507%	1,064,315	109,725	20.57%	\$109,725	20.57%	\$9,014	\$9,014
FOREST SVC	213,503	250,000	0.2122%	463,503	36,638	17.16%	\$36,638	17.16%	\$4,244	\$4,244
TOTAL	\$55,219,292	\$117,811,066	100.00%	\$173,030,358	\$6,714,054	12.16%	\$8,714,054	15.78%	\$2,000,000	\$4,000,000
	See Pg 7, Col 4	See Pg 8, Col 5					\$0			See Pg 1, Col 3
							0.156716			

NOTES:

- (1) The amounts in column 1 are based upon the 2007-09 OMB Infrastructure and Building formula worksheets.
- (2) The amounts in column 2 are based upon the outstanding deferred maintenance amounts that were identified in the 2007-09 campus master plans.
- (3) One-time appropriations (from 2005-07) have been eliminated from the totals in column 4 for the following: WSC \$90,000 repairs in Stevens Hall; MaSU \$150,000 repairs in Old Main; MiSU \$80,000 repairs in the Student Union Ballroom.

NORTH DAKOTA UNIVERSITY SYSTEM

Option 4 - Average of % of OMB Building & Infrastructure Formula & Deferred Mnt

	(1)	(2)	(3)	(4) (5) (6) (7) \$4 Million to bring all to 19.4% OMB Formula (But not < 2005-07 funding)				(8)	(9)
	Extr Repairs- Bldg & Infrastruc (See Note 1)	Deferred Maintenance (See Note 2)	Total Outstanding Needs	Current 2005-07 Appropriation (See Note 3)	% OMB Formula (Column 1) (Col 4/Col 1)	2007-09 19.4% Column 1 (But Not < 2005-07) (Col 1 x 19.4%) (Col 6/1)	2007-09 Increase (Col 6-Col 4)	\$4 Million Based on % Def Mnt (Col 3 x \$4M)	Average of Columns 7 & 8
BSC	\$2,064,719	\$2,040,000	\$4,104,719	\$243,481	11.79%	\$400,370 19.39%	\$156,889	\$69,263	\$113,076
LRSC	753,446	548,000	1,301,446	43,662	5.79%	\$146,101 19.39%	\$102,439	\$18,606	\$60,523
WSC	1,037,325	169,000	1,206,325	86,475	8.34%	\$201,148 19.39%	\$114,673	\$5,738	\$60,206
UND	21,472,785	40,454,000	61,926,785	2,300,545	10.71%	\$4,163,788 19.39%	\$1,863,243	\$1,373,521	\$1,618,378
NDSU	13,605,819	30,026,000	43,631,819	1,692,226	12.44%	\$2,638,304 19.39%	\$946,078	\$1,019,463	\$982,771
NDSCS	5,813,631	5,771,000	11,584,631	753,332	12.96%	\$1,127,321 19.39%	\$373,989	\$195,941	\$284,965
DSU	2,250,568	8,893,166	11,143,734	383,690	17.05%	\$436,408 19.39%	\$52,718	\$301,947	\$177,333
MaSU	1,446,385	10,922,900	12,369,285	208,994	14.45%	\$280,639 19.40%	\$71,645	\$370,862	\$221,254
MISU	3,908,706	11,185,000	15,093,706	596,870	15.27%	\$757,937 19.39%	\$161,067	\$379,761	\$270,414
VCSU	2,119,090	7,021,000	9,140,090	258,416	12.19%	\$410,913 19.39%	\$152,497	\$238,382	\$195,440
MISU-BC	533,315	531,000	1,064,315	109,725	20.57%	\$109,725 20.57%	\$0	\$18,029	\$9,015
FOREST SVC	213,503	250,000	463,503	36,638	17.16%	\$41,400 19.39%	\$4,762	\$8,487	\$6,625
TOTAL	\$55,219,292	\$117,811,066	\$173,030,358	\$6,714,054	12.16%	\$10,714,054 19.40%	\$4,000,000	\$4,000,000	\$4,000,000
	See Pg 7, Col 4	See Pg 8, Col 5							See Pg 1, Col 4

0.19391

NOTES:

- (1) The amounts in column 1 are based upon the 2007-09 OMB Infrastructure and Building formula worksheets.
- (2) The amounts in column 2 are based upon the outstanding deferred maintenance amounts that were identified in the 2007-09 campus master plans.
- (3) One-time appropriations (from 2005-07) have been eliminated from the totals in column 4 for the following: WSC \$90,000 repairs in Stevens Hall; MaSU \$150,000 repairs in Old Main; MISU \$80,000 repairs in the Student Union Ballroom.

NORTH DAKOTA UNIVERSITY SYSTEM

Biennial Appropriations Needed to Reach 100% OMB Formula by 2013-15

(Revised Percentages in Columns 7-10 to Equalize Increases in Each Biennium)

	Total Needs-Proposed Capital Asset Formula			Current 2005-07 Appropriation		Bienn Approp Needed to Reach 100% OMB Formula by 2013-15 (Excl Def Mnt)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Extr Repairs- Bldg & Infrastruc (See Note 1)	Deferred Maintenance (See Note 2)	Total Outstanding Needs	Current 2005-07 Appropriation (See Note 3)	% OMB Formula (Column 1)	2007-09 34% Column 1	2009-11 56% Column 1	2011-13 78% Column 1	2013-15 100% Column 1
BSC	\$2,064,719	\$2,040,000	\$4,104,719	\$243,481	11.79%	\$702,004	\$1,156,243	\$1,610,481	\$2,064,719
LRSC	\$753,446	\$548,000	1,301,446	43,662	5.79%	\$256,172	\$421,930	\$587,688	753,446
WSC	\$1,037,325	\$169,000	1,206,325	86,475	8.34%	\$352,691	\$580,902	\$809,114	1,037,325
UND	\$21,472,785	\$40,454,000	61,926,785	2,300,545	10.71%	\$7,300,747	\$12,024,760	\$16,748,772	21,472,785
NDSU	\$13,605,819	\$30,026,000	43,631,819	1,692,226	12.44%	\$4,625,978	\$7,619,259	\$10,612,539	13,605,819
NDSCS	\$5,813,631	\$5,771,000	11,584,631	753,332	12.96%	\$1,976,635	\$3,255,633	\$4,534,632	5,813,631
DSU	\$2,250,568	\$8,893,166	11,143,734	383,690	17.05%	\$765,193	\$1,260,318	\$1,755,443	2,250,568
MaSU	\$1,446,385	\$10,922,900	12,369,285	208,994	14.45%	\$491,771	\$809,976	\$1,128,180	1,446,385
MISU	\$3,908,706	\$11,185,000	15,093,706	596,870	15.27%	\$1,328,960	\$2,188,875	\$3,048,791	3,908,706
VCSU	\$2,119,090	\$7,021,000	9,140,090	258,416	12.19%	\$720,491	\$1,186,690	\$1,652,890	2,119,090
MISU-BC	\$533,315	\$531,000	1,064,315	109,725	20.57%	\$181,327	\$298,656	\$415,986	533,315
FOREST SERVICE	\$213,503	\$250,000	463,503	36,638	17.16%	\$72,591	\$119,562	\$166,532	213,503
TOTAL	\$55,219,292	\$117,811,066	\$173,030,358	\$6,714,054	12.16%	\$18,774,560	\$30,922,804	\$43,071,048	\$55,219,292
	See Pg 7, Col 4	See Pg 8, Col 5			Biennial Increases	\$12,060,506 (Page 2, Col 1)	\$12,148,244	\$12,148,244	\$12,148,244

NOTES:

- (1) The amounts in column 1 are based upon the 2007-09 OMB Infrastructure and Building formula worksheets.
- (2) The amounts in column 2 are based upon the outstanding deferred maintenance amounts that were identified in the 2007-09 campus master plans.
- (3) One-time appropriations (from 2005-07) have been eliminated from the totals in column 4 for the following: WSC \$90,000 repairs in Stevens Hall; MaSU \$150,000 repairs in Old Main; MISU \$80,000 repairs in the Student Union Ballroom.

UPDATED OMB BUILDING AND INFRASTRUCTURE FORMULAS

(1)	Updated Extraordinary Repairs Formula 2007-09		
	(2)	(3)	(4)
AGENCY	Bldg Formula <5 yrs (-0-); >4 yrs (2%/yr)	OMB Infrastruc Calculation - Updated	Total Proposed Revised Formula
BISMARCK STATE COLLEGE (227)	1,517,712	547,007	\$2,064,719
LAKE REGION STATE UNIVERSITY (228)	579,631	173,815	\$753,446
WILLISTON STATE UNIVERSITY (229)	653,071	384,254	\$1,037,325
UNIVERSITY OF NORTH DAKOTA (230)	14,692,366	6,780,419	\$21,472,785
NORTH DAKOTA STATE UNIVERSITY (235)	9,564,289	4,041,530	\$13,605,819
ND STATE COLLEGE OF SCIENCE (238)	4,301,222	1,512,409	\$5,813,631
DICKINSON STATE UNIVERSITY (239)	1,907,131	343,437	\$2,250,568
MAYVILLE STATE UNIVERSITY (240)	989,447	456,938	\$1,446,385
MINOT STATE UNIVERSITY (241)	3,002,268	906,438	\$3,908,706
VALLEY CITY STATE UNIVERSITY (242)	1,732,132	386,958	\$2,119,090
MINOT STATE UNIVERSITY - BOTTINEAU (243)	389,797	143,518	\$533,315
FOREST SERVICE [244]	63,293	150,210	\$213,503
NDUS TOTAL	\$39,392,359	\$15,826,933	\$55,219,292

(Page 3, Col 1)

NORTH DAKOTA UNIVERSITY SYSTEM
SUMMARY OF OUTSTANDING DEFERRED MAINTENANCE NEEDS
2007-09 Biennium (As of May 2006)
State Funds

Name	(1)	(2)	(3)	(4)	(5)
	Category 1 Health & Safety	Category 2 ADA	Category 3		Total Outstanding Needs-Categories 1-3
			Networking	Major Repairs	
BSC	\$473,000	\$114,000	\$189,000	\$1,264,000	\$2,040,000
LRSC	0	0	36,000	512,000	548,000
WSC	50,000	29,000	90,000	0	169,000
UND	1,177,000	3,367,000	6,010,000	29,900,000	40,454,000
NDSU	894,000	1,511,000	381,000	27,240,000	30,026,000
NDSCS	373,000	8,000	0	5,390,000	5,771,000
DSU	635,576	511,041	580,000	7,166,549	8,893,166
MaSU	642,700	856,400	28,200	9,395,600	10,922,900
MiSU	581,000	633,000	157,000	9,814,000	11,185,000
VCSU	59,800	166,000	31,200	6,764,000	7,021,000
MiSU-BC	10,000	30,000	0	491,000	531,000
FOREST SERVICE	17,000	0	3,000	230,000	250,000
TOTAL	\$4,913,076	\$7,225,441	\$7,505,400	\$98,167,149	\$117,811,066

(Page 3, Col 2)

NOTES:

Category 3 (major repairs) consists of roofs, streets, sidewalks, parking lots, curb, gutter, mechanical systems, HVAC heating plant and electrical projects.

NORTH DAKOTA UNIVERSITY SYSTEM

Biennial Appropriations Needed to Reach 100% Deferred Maintenance by 2017-19

\$5.6 Million Funded in 2007-09, followed by increases of \$5.6 Million/biennium until fully funded (2017-19)

	(1)		\$5.6 Million Funded in 2007-09, followed by increases of \$5.6 Million/biennium until fully funded (2017-19)					
	2007-09 Outstanding Deferred Maintenance (See Note 1)		(2) 2007-09	(3) 2009-11	(4) 2011-13	(5) 2013-15	(6) 2015-17	(7) 2017-19
BSC	\$2,040,000	1.7316%	\$96,970	\$193,939	\$290,909	\$387,878	\$484,848	\$585,456
LRSC	548,000	0.4652%	26,051	52,102	78,154	104,205	130,256	\$157,232
WSC	169,000	0.1435%	8,036	16,072	24,108	32,144	40,180	\$48,460
UND	40,454,000	34.3380%	1,922,928	3,845,858	5,768,782	7,691,712	9,614,640	\$11,610,080
NDSU	30,026,000	25.4866%	1,427,250	2,854,499	4,281,749	5,708,998	7,136,248	\$8,617,256
NDSCS	5,771,000	4.8985%	274,316	548,632	822,948	1,097,264	1,371,580	\$1,656,260
DSU	8,893,166	7.5487%	422,727	845,454	1,268,182	1,690,909	2,113,636	\$2,552,258
MaSU	10,922,900	9.2715%	519,204	1,038,408	1,557,612	2,076,816	2,596,020	\$3,134,840
MiSU	11,185,000	9.4940%	531,664	1,063,328	1,594,992	2,126,656	2,658,320	\$3,210,040
VCSU	7,021,000	5.9595%	333,732	667,464	1,001,196	1,334,928	1,668,660	\$2,015,020
MISU-BC	531,000	0.4507%	25,239	50,478	75,718	100,957	126,196	\$152,412
FOREST SERVICE	250,000	0.2122%	11,883	23,766	35,650	47,533	59,416	\$71,752
TOTAL/Biennium	\$117,811,066	100.0000%	\$5,600,000	\$11,200,000	\$16,800,000	\$22,400,000	\$28,000,000	\$33,811,066
	See Pg 8, Col 5		\$5,600,000	\$16,800,000	\$33,600,000	\$56,000,000	\$84,000,000	\$117,811,066

NOTES:

See Pg 2, Col 2

(1) The amounts in column 1 are based upon the outstanding deferred maintenance amounts that were identified in the 2007-09 campus master plans.

(Increases per year, beginning 2007-09 = 5,600,000)

NORTH DAKOTA UNIVERSITY SYSTEM
PROPOSED ALLOCATION OF \$10 MILLION DEFERRED MAINTENANCE REQUEST
SUMMARY OF OUTSTANDING DEFERRED MAINTENANCE NEEDS
2007-09 Biennium (As of May 2006)
State Funds

Name	(1)	(2)	(3)		(4)	(5)	(6)	(7)
	Category 1 Health & Safety	Category 2 ADA	Networking	Major Repairs	Total Outstanding Needs-Categories 1-3	% of Outstanding Def Maintenance	\$10 Million Based on Col 6%	
BSC	\$473,000	\$114,000	\$189,000	\$1,264,000	\$2,040,000	1.732%	\$173,159	
LRSC	0	0	36,000	512,000	548,000	0.465%	46,515	
WSC	50,000	29,000	90,000	0	169,000	0.143%	14,345	
UND	1,177,000	3,367,000	6,010,000	29,900,000	40,454,000	34.338%	3,433,803	
NDSU	894,000	1,511,000	381,000	27,240,000	30,026,000	25.487%	2,548,657	
NDSCS	373,000	8,000	0	5,390,000	5,771,000	4.899%	489,852	
DSU	635,576	511,041	580,000	7,166,549	8,893,166	7.549%	754,867	
MaSU	642,700	856,400	28,200	9,395,600	10,922,900	9.272%	927,154	
MISU	581,000	633,000	157,000	9,814,000	11,185,000	9.494%	949,401	
VCSU	59,800	166,000	31,200	6,764,000	7,021,000	5.960%	595,954	
MISU-BC	10,000	30,000	0	491,000	531,000	0.451%	45,072	
FOREST SERVICE	17,000	0	3,000	230,000	250,000	0.212%	21,220	
TOTAL	\$4,913,076	\$7,225,441	\$7,505,400	\$98,167,149	\$117,811,066		\$10,000,000	

NOTES:

Category 3 (major repairs) consists of roofs, streets, sidewalks, parking lots, curb, gutter, mechanical systems, HVAC, heating plant and electrical projects.

SUMMARY AND RECOMMENDATION APPOINTMENT OF INTERIM PRESIDENT AT BSC

Summary

BSC President Donna Thigpen has announced her retirement, effective June 30, 2006. The search for her successor is underway and if the search proceeds as scheduled, the SBHE will select the next BSC president in November. Although it is possible the person selected may be able to assume duties as early as January 2007, it is also possible that prior commitments may prevent that person from assuming office until later in 2007. Accordingly, the SBHE needs to appoint an interim president for the term beginning July 1, 2006 and continuing until the next president takes office.

SBHE Policy 601.1 does not establish a process for appointment of an interim president. Although on at least one occasion (in 2002 at MaSU), the SBHE appointed an interim president search committee, the SBHE has more often asked the chancellor to recommend to the SBHE an interim president. Accordingly, I have in consultation with President Kostelecky conducted a number of interviews and consulted with a broad range of people concerning candidates for the position of interim president at BSC.

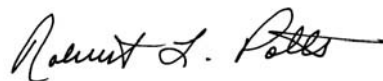
I have concluded that BSC Vice President for College Advancement and Federal Relations Gordon Binek is the right person to fill this interim position and I recommend his appointment. Mr. Binek has agreed to accept the appointment. Mr. Binek is well known at BSC and in the community and I am confident his appointment will be favorably received on campus and in the community.

Our general counsel has prepared a draft contract, which is attached for your review and approval. The contract provides for an appointment for a term beginning July 1, 2006 and continuing until the next BSC president takes office (sometime between January 1 and July 1, 2007). According to contract terms, Mr. Binek will continue to fulfill his duties as Vice President for College Advancement and Federal Relations.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that Gordon Binek is appointed BSC Interim President, effective July 1, 2006, according to terms and conditions stated on the attached Interim Presidential Contract, which is hereby approved.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

DRAFT
NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION
INTERIM PRESIDENTIAL CONTRACT

The following contract is offered to you on behalf of the North Dakota State Board of Higher Education and is subject to all applicable Board policies. Job duties and responsibilities shall be those established by law and Board policy and otherwise defined by the Board and Chancellor or in this document.

Name: Gordon Binek

Position: Interim President

Institution: Bismarck State College

Annual Salary: \$125,000 (on an annual basis) plus fringe benefits provided by law and policy and subject to payroll deductions, paid twice monthly in equal installments during the term of appointment.

Term: July 1, 2006 through December 31, 2006, or such other ending date between December 31, 2006 and July 1, 2007 when the next BSC President takes office.

Special Conditions:

1. This is an interim appointment to serve as BSC President until the Board appoints the next BSC President and that person takes office. The date the next BSC President takes office is not known at this time, but it is expected not earlier than January 1, 2007 and not later than July 1, 2007. Accordingly, this appointment terminates on the date the next BSC President takes office or June 30, 2007, whichever first occurs.
2. In addition to the above annual salary, you are entitled to payment of a vehicle allowance in the amount of \$10,000 (on an annual basis), paid twice monthly (in equal installments) during the term of your appointment.
3. It is understood that you will continue to fulfill your duties as Vice President for College Advancement and Federal Relations at BSC during this interim appointment.
4. You are delegated full authority and expected to fulfill all duties and responsibilities of the BSC President as set forth in state laws and Board policies, including SBHE Policy 305.1.
5. As provided in SBHE Policy 604.1, after the Board establishes its annual objectives you shall prepare your objectives for the twelve-month period beginning July 1, 2006 and submit those objectives to the Chancellor for approval.

Academic Appointment: None

Please indicate your acknowledgment and acceptance of this contract by signing and returning one copy to me.

Robert L. Potts, Chancellor

I accept the terms and conditions described above.

Accepted: _____

Date: _____

RESUME FOR GORDON A. BINEK

PERSONAL INFORMATION:

Name: Gordon A. Binek
Address: 4408 Pleasant Valley Road South
Mandan, North Dakota 58554
Telephone: 701-224-5697

EDUCATION:

Certified Fund Raising Executive (CFRE); 1990.
Recertified 1993, 1996, 1999, 2002, 2005.

Master's in Management Degree, University of Mary, Bismarck, ND; 1996.

Bachelor of Science Degree in Business Administration, National College of Business,
Rapid City, SD; 1970. Minors in Economics and Accounting.

Trinity High School, Dickinson, ND; 1967.

WORK EXPERIENCE:

Vice President for College Advancement and Federal Relations, Bismarck State College,
Bismarck, ND; 1999 – Present.

Director of College Advancement, Bismarck State College, Bismarck, ND; 1996 –1999.

Development Officer, University of Mary, Bismarck, ND; 1991 – 1996.

Director of Development, Heartview Foundation, Mandan, ND; 1990 – 1991.

Executive Director, West River Health Services Foundation, Hettinger, ND; 1984 – 1990.

Reeder City Auditor, City of Reeder, ND; 1983 – 1990.

Office Manager, Wagner Bros./Tom Wagner & Sons, Inc., Reeder, ND; 1974 – 1984.

Purchasing Agent, City of Rapid City, SD; 1970 – 1974.

ADDITIONAL EXPERIENCE:

Grant Administrator, Community Development Block Grant, City of Reeder, ND; 1989 – 1990.

Board Member Southwest Region-North Dakota, FmHA Board to administer a 1989 grant for housing rehabilitation of low-income homes.

Elected member of the Reeder (ND) Park Board; 1976 – 1990. Secretary-Treasurer, 1979 – 1990.

COMMUNITY SERVICE ORGANIZATIONS:

Member, Lions Club: Reeder, ND; 1974 – 1990. Offices held: Secretary, Vice President and President. Capital City Lions, Bismarck, ND; 1994 – Present.

Security First Bank Community Advisory Board, Mandan, ND; 2000 – Present.

St. Alexius Hospital Lay Advisory Board, Bismarck, ND; 2002 – Present.

Member, Toastmasters Club: Hettinger, ND; 1985 – 1990. Offices held: Administrative Vice President and President. Mandan, ND; 1991 – 1992.

Blue Cross and Blue Shield of North Dakota Subscribers Committee; 1980 – 1984.

PROFESSIONAL AFFILIATIONS:

Association of Governing Boards Planning Committee for the national conference of colleges with assets under 100 million dollars, 2006

Member, North Dakota Chapter of the Association of Fund Raising Professional/National Society of Fund Raising Executives; 1984 – Present. Offices held: Program Officer 1988 – 1990, Program Chair 1994 - 1995, Diversity Program Chair 1995 – 1996, President Elect 1990-91, President 1992, Board of Directors 1988 – 2001. **1994 Outstanding Fund Raising Executive in North Dakota.** Survey Course on Fund Raising Chair and instructor 1994. CFRE Survey Course Proctor June 1999.

Association of Fundraising Professional's Emeritus Society; 2002.

Western Dakota Estate Planning Council Board of Directors; 2000 – Present.

North Dakota General Contractors Office Manager's Conference; 1974 – 1984. Chairman 1980-81.

EDUCATION VITAE:

CRD National Conference 1999 – 2005.

Association of Governing Boards Conference for Community Colleges 2001 –2006.

Crescendo Advanced Training Seminars 1997, 1998, 2001.

AACC National Conference 2000.

NSFRE Mid-America Fund Raising Conference 1987 - 1992, 1994, 1997.

Bismarck – Mandan Fund Raisers Network 1990 – 2000.

Leadership 2000 Management Series 1998.

Case District 6 Conference 1998.

North Dakota Chapter of AFP/NSFRE quarterly workshops 1985 – Present.

The First Course in Fund Raising, NSFRE International Conference 1986 (scholarship recipient).

R & R Newkirk Comprehensive Planned Giving Seminar 1987, Estate Planning Seminar 1993, Estate Planning for the Philanthropic Client 1995.

NSFRE International Conference 1991.

Development Symposium for Rural Hospitals 1989.

John Brown Jr. Charitable Trusts Workshop 1986.

VOLUNTEER PRESENTATIONS:

Estate Planning for Churches 1999, 2000, 2002.

Planned Giving for Small Shops 1999, 2000, 2001, 2004, 2005.

Boards and Fund Raising 1999, 2000, 2001, 2002, 2003, 2006.

**SUMMARY AND RECOMMENDATION
APPOINTMENT OF INTERIM PRESIDENT AT MaSU**

Summary

MaSU President Pamela Balch has announced her resignation, effective June 30, 2006. It is planned that the search for her successor will begin in the fall, following submission of a report of a working group I asked to make recommendations concerning financial and other challenges that MaSU faces. It is likely the search will result in selection of a new president at MaSU early in 2007 but the new president may not assume the duties of that office until June or July of 2007. Accordingly, the SBHE needs to appoint an interim president, for the term beginning July 1, 2006 and continuing until the next president takes office.

SBHE Policy 601.1 does not establish a process for appointment of an interim president. Although on at least one occasion (in 2002, at MaSU), the SBHE appointed an interim president search committee, the SBHE has more often asked the chancellor to recommend to the SBHE an interim president. Accordingly, I have in consultation with President Kostelecky conducted a number of interviews and consulted with a broad range of people concerning candidates for the position of interim president at MaSU.

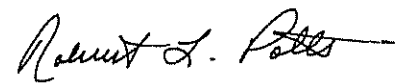
I have concluded that Dr. Gary Hagen (resume attached) is the right person to fill this interim position and I recommend his appointment. Dr. Hagen has agreed to accept the appointment if you extend an offer.

Our general counsel has prepared a draft contract, which is attached for your review and approval. The contract provides for an appointment for a term beginning July 1, 2006 and continuing until the next MaSU president takes office (not later than July 1, 2007). According to contract terms, Dr. Hagen will continue to fulfill his duties as Vice President for Academic Affairs. The contract includes explicit language directing implementation of a plan to address the institution's financial and other problems.

Recommendation

Therefore, I recommend the SBHE adopt the following resolution:

“RESOLVED, that Dr. Gary Hagen be and he hereby is appointed Mayville State University Interim President, effective July 1, 2006, according to terms and conditions in the attached Interim Presidential Contract, which is hereby approved.”



Robert L. Potts, Chancellor

Date of Meeting: June 15, 2006

DRAFT
NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION
INTERIM PRESIDENTIAL CONTRACT

The following contract is offered to you on behalf of the North Dakota State Board of Higher Education and is subject to all applicable Board policies. Job duties and responsibilities shall be those established by law and Board policy and otherwise defined by the Board and Chancellor or in this document.

Name: Gary D. Hagen

Position: Interim President

Institution: Mayville State University

Annual Salary: \$127,391 (on an annual basis) plus fringe benefits provided by law and policy and subject to payroll deductions, paid twice monthly in equal installments during the term of appointment.

Term: July 1, 2006 through June 30, 2007, or such other ending date between December 31, 2006 and June 30, 2007 when the next MaSU President takes office.

Special Conditions:

1. This is an interim appointment to serve as MaSU President until the Board appoints the next MaSU President and that person takes office. The date the next MaSU President takes office is not known at this time, but it is expected not earlier than January 1, 2007 and not later than July 1, 2007. Accordingly, this appointment terminates on the date the next MaSU President takes office or June 30, 2007, whichever first occurs.
2. You are entitled to a housing/hosting allowance in the amount of \$10,000 (on an annual basis), paid twice monthly (in equal installments) during the term of your appointment.
3. You are entitled to payment of a vehicle allowance in the amount of \$11,000 (on an annual basis), paid twice monthly (in equal installments) during the term of your appointment.
4. You are delegated full authority and expected to fulfill all duties and responsibilities of the MaSU President as set forth in state laws and Board policies, including SBHE Policy 305.1.
5. It is understood that you will continue to fulfill your duties as MaSU Vice President for Academic Affairs during this interim appointment and that you may at your discretion make a temporary appointment or appointments to assist you with those duties.
6. MaSU has financial and other challenges that require immediate attention. Accordingly, you are expected to implement a plan developed by a work group appointed by the Chancellor to make recommendations to address problems at MaSU, as modified and approved by the Chancellor and

SBHE. The report of that group is due not later than June 30, 2006. You are also expected to aggressively pursue additional funding, including grants and contracts and donations and funding from other sources.

7. As provided in SBHE Policy 604.1, you shall prepare your objectives for the twelve-month period beginning July 1, 2006 and submit those objectives to the Chancellor for approval. Due to a compelling need for immediate action to address financial and other challenges at MaSU, you are directed to prepare draft objectives following receipt of the report of the work group appointed by the Chancellor to make recommendations to address problems at MaSU. In addition to other suitable objectives, the objectives shall include concrete measures designed to implement or begin to implement those recommendations, subject to further guidance from the Board and Chancellor. You shall submit the draft objectives to the Chancellor not later than July 31, 2006, or at such other time the Chancellor approves.
8. Effective immediately upon execution of this Contract following SBHE approval, you are granted full authority prior to July 1, 2006 concerning personnel actions at MaSU, following consultation with current MaSU President Balch and the Chancellor.
9. It is understood that you will not be a candidate in the search for a new MaSU President, unless requested by the search committee or the SBHE.
10. Upon termination of this interim appointment, you are entitled to continue in your current position as MaSU Vice President for Academic Affairs with present academic appointment and rank under current contract terms, including a salary adjustment consistent with annual salary adjustments for other MaSU administrators on July 1, 2006.

Academic Appointment: You will retain your academic appointment and rank (tenured Professor of Business and Computer Studies).

Please indicate your acknowledgment and acceptance of this contract by signing and returning one copy to me.

Robert L. Potts, Chancellor

I accept the terms and conditions described above.

Accepted: _____

Date: _____

DR. GARY D. HAGEN

**R. R. 1 Box 3
Mayville ND 58257
701-786-4787**

Education: University of North Dakota; 1986 - Ph.D. in Business Education, Related Fields in Business Administration. Dissertation: A Comparison of Microcomputer Uses in North Dakota Business and Secondary Business Education Programs.

University of North Dakota, 1975-77, M.S. in Business & Vocational Education.
University of North Dakota, 1970-74, B.S. in Business Administration.
Northwood High School, 1967-70, Diploma.

Work Experience:

Vice-President for Academic Affairs – 1998 - present

The VPAA is the chief Academic Officer and reports directly to the president. This person assumes overall responsibility for the university in the absence of the president, including the leadership, management, and administration of the academic functions of the university. Reporting to the VPAA are six academic division chairs, Library Director, IVN network coordinator, the Chief Information Officer, all campus technology personnel, and the HeadStart/Child Development Center Coordinator.

Responsibilities:

- leadership for academic planning and any changes in academic programs
- leadership for student-centered learning and instructional innovation
- leadership in the development/application of instructional technologies
- administration of summer school
- leadership for accreditation functions, assessment, and program review
- administration of faculty personnel policies, records, and procedures, including hiring, assignments, evaluation, promotion, and tenure.
- assurance of reasonable and equitable faculty assignments to and participation in committee work and other university service functions
- administration of academic activities such as academic standards, student progress assessment, dean's list, honor's day, and commencement
- administration of policies and procedures regarding curriculum development and oversight
- administration of policies and procedures regarding student progress
- participation in and encouragement of grant proposals/projects to pursue academic initiatives
- leadership for faculty orientation and development
- leadership for academic strategic planning within the university strategic planning framework
- development of academic budget recommendations and management of academic budgets
- promotion of positive community, school, and business relations in both Valley City and Mayville areas
- leadership in developing corporate and industry partnerships

Chief Information Officer 1997 - 1998

Responsibilities:

- all aspects of the University's information technology systems
- direct the use of IT to support the goals of the University
- management and definition of computer and communication activities
- provide leadership in the day to day operations of the Information Technology functions
- provide direction and vision for the future with regards to Information Technology
- oversee the Computer Center, HelpDesk, and Title III positions
- ensure that all aspects of our conversion to a notebook university are met
- work closely with faculty to ensure diffusion of technology into the classroom

This position requires time management skills in directing a variety of projects in addition to an understanding of the ways in which IT can be applied within the organization. Also required is supervisory/management experience and the flexibility to deal with people at a variety of levels, both internally and externally. An additional duty is the role of Records Manager for the university.

Chairperson, Business Division

1990-1997, Professor of Business and Computing (tenured), Mayville State University.

Responsibilities include:

- provide vision, secure funding, and furnish leadership in technological innovations and classroom integration of technology
- classroom instruction, student advising, and committee duties.
- coordinate, promote, and supervise all programs within the division of business
- coordinate and supervise the development of inter-disciplinary courses within the university and with our collaborative partner Valley City State University
- plan and coordinate teaching schedules of division faculty
- evaluate faculty performance and recommend promotions and tenure
- provide for divisional staffing needs
- maintain division records, including syllabi of all division courses
- develop and maintain the computer lab
- teach a variety of microcomputer application courses, Business Policies, and Insurance

Professor of Business and Computing

-1976 to 1997, Professor of Business

-Responsibilities included:

- all aspects of classroom instruction
- academic advising
- committee work and grant writing

Adjunct Faculty 1996-Present

Minot State University

Hagen Consulting – computer consultant for area businesses

Farm Owner/Operator 1975-1991, summers

-Farm owner and operator, Northwood, ND. Duties included all aspects of farm management and marketing.

Graduate Teaching Assistant 1974-75

- Graduate Teaching Assistant, University of North Dakota, College of Business.

Teaching Assignments: (classes taught)

Microsoft Office	Basic Programming
Computers in Society	Business Policies
Microcomputer Applications in Business	Principles of Insurance
Multimedia Presentation Systems	Database Management in Business
Small Business Management	Data Processing
Advanced Records Management	Office Management
Records Management	History & Philosophy of Vocational Ed.
Dbase III & IV	Advanced Records Management
Lotus 1-2-3 (many versions)	Harvard Graphics
Lotus Smart-Suite	Numerous short courses in computing

Professional Responsibilities:

- Member of the Connect ND Oversight Committee
- Original member of the Legislative Interim Roundtable on Higher Education
- Led the "Task Force for Curricular Differentiation" in 2002-2003. This effort was funded as part of the Success II initiative. The purpose was to streamline and update the academic area of MSU so the campus could prepare for a new future. The results affected nearly 30% of every course offered on campus. Nearly 25% of courses taught were eliminated, and approximately \$235,000 was freed for new curricular development. These savings help fund remote sites, new majors, an update of all education majors, and new classes. Enrollment the next fall was up by 10%.
- Past member of the Legislative Higher Education Committee's subcommittee on financial accountability
- Member of the State Wide Interactive Video Network Advisory Board
- Member of the Academic Affairs Council
- Past member of the Datawarehouse Committee (Project Apollo) – advisory committee member for a project designed to create a state-wide administrative computer system
- Member of local Economic Development Commission
- Member of local Planning and Zoning Commission
- Board of Directors – Trail County Technology Center
- Writing team for U.S. Department of Education Strengthening Institutions Planning Grant, March 2, 2000 - Title III Development Grant.
- Co-author of a \$1.7 million Title III Grant to apply multimedia instruction on a campus-wide basis. This vision created a full-time faculty multimedia trainer position, the creation of a faculty co-hort training program, a research design to measure the effectiveness of multimedia techniques on student achievement, and provided for the installation of multimedia equipment in every classroom on campus.

- Developed and taught the state's first required general education course in computing
Computers in Society
- Chairperson of Board of Directors to oversee all aspects of the Title III technology grant
- Computers Users Committee member
- Bush Grant recipient (3 times)
- NCA Self-Study Coordinator – The 2005 visit was “flawless” with no citations, no additional reports required, and a 10-year accreditation. I oversaw all phases of the visit.
- Oversaw the 2005 NCATE accreditation process.
- Committee assignments and participation:

Technology Planning Committee – Chairperson	Institutional Budget Committee
Financial Aids Committee	Student Affairs Committee
Grant Awards Committee - Chairperson	Admissions & Academic Standards
Faculty Development Committee - Chairperson	Various Ad-hoc Committees
Chair of the Faculty Association	
- Conducted professional presentations to state and regional professional organizations, including our state Education Association and the Regional Small College Computing Symposium.

Professional Memberships (current and past):

Delta Pi Epsilon - Graduate honor society
 Pi Omega Pi - Business honor society
 NBEA - National Business Education Association
 NDPEA - North Dakota Public Employee Association
 NEA - National Education Association
 BOEA - Business and Office Education Association
 NDBOEA - North Dakota Business and Office Education Association
 AMA - American Marketing Association

Community Service:

Member of Mayville Lutheran Church, head usher, usher, greeter, men's club.
 Community Club - past treasurer.
 Planning and Zoning Commission member
 Community Technology Planning Committee member

References:

Dr. Ellen Chaffee, President	Dr. Paul Olscamp – Past Interim President at MSU
Mr. Larry Issak, past Chancellor	Dr. Mark Langemo, Professor