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North Dakota State Board of Higher Education
Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met via Teams on February 17, 2026, at 10:30 a.m. CT.

SBHE Budget and Finance Committee members
☒ Mr. Tim Mahalick, Chair
☐ Ms. Michelle Kommer
☐ Mr. Curtis Biller
☒ Mr. Pat Sogard
☒ Mr. Kevin Black

Institution Presidents/Representatives
BSC: Interim President Leingang**,** Ms. Rebecca Collins, **DCB:** Acting Dean Gorder**, DSU:** President Molander**, LRSC:** President Simone**, MiSU:** Ms. Jonelle Watson**, NDSCS:** President Flanigan, Mr. Keith Johnson**, NDSU:** Mr. Bruce Bollinger, Mr. Brent DeKrey, Ms. Deanna Pederson, Ms. Cynthia Rott, Ms. Dorreen Kramer, Mr. Mark Genkinger, Ms. Lisa Ripplinger, Ms. Karin Hegstad, Mr. Travis Aho, **UND:** Ms. Karla Mongeon-Stewart, Mr. Namil Choi, Ms. Becky Lucke, Mr. Thomas Bures, Ms. Odella Fuqua**, VCSU:** Interim President Burgad, Ms. Erica Buchholz, **WSC:** President Hirning, Ms. Deborah Halvorson.

System Office/CTS/Guests
NDUS: Commissioner Sanford, Ms. Bethany Kadrmas, Ms. Christina Pieske, Mr. Dustin Walcker, Ms. Mindy Sturn, Mr. Chris Pieske, Ms. Jane Grinde, Ms. Sharon Schwartzbauer, Mr. Rick Tonder, DC Meredith Larson, Dr. Jennifer Weber, DC Lisa Johnson, Ms. Claire Gunwall, Mr. Eric Jensen, **CTS:** Mr. Corey Quirk, **Attorney General's Office:** Mr. Shaun McNamara, **Guests:** Ms. Angie Mirrione, Dr. Blake Flanders.

1. **Agenda**
   Sogard moved, Black seconded, to approve the agenda, as presented.
   Motion passed unanimously by voice vote.

2. **Meeting Minutes**
   Black moved, Sogard seconded, to approve the January 20, 2026, meeting minutes, as presented.
   Motion passed unanimously by voice vote.

 # Committee Business

3. UND: Name SMHS Dermatology Dept & Endowed Chair
   Ms. Mongeon-Stewart explained that all relevant information about the gift and naming request was included in the packet of information distributed to committee members, and the donor's name would be provided at a later date.
   Black moved, Sogard seconded to approve the name of the SMHS Dermatology Department and Endowed Chair.
   Motion passed, 3-0.

4. [DSU request to transfer Tier II/III funds]
   DC Krebsbach introduced the DSU request to transfer Tier II and Tier III capital building funds, and Bruce clarified that Tier II funds would be used for hot water heater replacements and other projects, while Tier III funds would be allocated to the Ag and Tech Education Building. Mr. Bollinger detailed that the other projects included a generator and updates to the president's house, emphasizing that these were not new projects but ongoing or nearly completed ones, with DSU donations used to meet matching requirements.
   Sogard moved, Black seconded to approve the DSU request to transfer Tier II and Tier III funds, with the edits made by Mr. Bollinger.
   Motion passed, 3-0.

5. BSC Residence Hall Lease-back
   Interim President Leingang and Ms. Collins reported that the ground lease was previously approved, and recent efforts with the Attorney General's Office, particularly Mr. McNamara, led to a tentative agreement on the building lease, with final documents expected soon. Ms. Collins described the project as a 352-bed, $22.8 million facility to address a significant housing shortage, noting the critical timing to meet a fall 2027 opening due to increased demand and construction constraints. Ms. Collins also clarified that financial aspects, including lease payments and occupancy forecasts, were solid, and the remaining negotiations focused on insurance and indemnification clauses, which were resolved satisfactorily. It was discussed among the committee members that this item will be placed on the SBHE agenda for February and Mihalick can provide a recommendation at the time of the SBHE meeting on February 26, 2026.
   No vote was taken.

6. UND Land Sales to NDDOT
   Ms. Mongeon-Stewart outlined the sale of a portion of the Ray Richards Golf Course to NDDOT for $2,380,435.42, including compensation for easements, with proceeds designated for golf course improvements and varsity golf program benefits. She also explained changes to House Bill 1625, which now allow sale proceeds to be used for deferred maintenance and improvements rather than requiring a portion to be endowed, following discussions with the Ray Richards family. Ms. Mongeon-Stewart stated that the funds would primarily address irrigation system replacement and other deferred maintenance, with any surplus benefiting men's and women's golf programs.
   Black moved, Sogard seconded to approve the sale of UND Land to the NDDOT.
   Motion passed, 3-0.
   a. [Ray Richards Golf Course Property]
   b. [West Campus Property]

7. Mid-year Budget Report Exemption Request
   DC Krebsbach explained that DSU's business office is undergoing reorganization and reconciliation, making it difficult to submit an accurate mid-year budget report at this time. Mr. Bollinger clarified that the request is for a delay, not a permanent exemption, and that the report will be submitted once the financial review is complete.
   Black moved, Sogard seconded to approve the mid-year budget report exemption request.
   Motion passed, 3-0.

8. NDUS Retirement Plans
    a. Recommended Changes to Core Investment Line Up
    Ms. Mirrione presented the replacement of the Vanguard Total Bond Market Index with the State Street Aggregate Bond Index and the addition of the iShares Russell Midcap Index, explaining the rationale and the need for board approval. She described changes to the model portfolios, including replacing the total stock index fund due to a strategy shift by CREF, noting that these changes do not require board approval as they fall under the investment manager's authority.
    Sogard moved, Black seconded to approve the recommended changes to the Core Investment Line-Up, as presented.
    Motion passed, 3-0.
    b. Recommended Changes to the Investment Policy Statement
    Ms. Mirrione outlined updates to the Investment Policy Statement, primarily changing references from 'Chancellor' to 'Commissioner' to reflect recent policy changes, with no substantive alterations to plan coverage or methodology.
    Sogard moved, Black seconded to approve the recommended changes to the Investment Policy Statement, as presented.
    Motion passed, 3-0.

Committee Reports/Updates/Discussion

9. Deferred Maintenance Planning
Dr. Flanders presented on the Kansas Board of Regents' approach to facilities maintenance, deferred maintenance funding, and strategic alignment of campus space, sharing detailed data, policy evolution, and lessons learned for potential application in North Dakota.

10. Resource Sharing Between Institutions
Commissioner Sanford presented a discussion on ongoing efforts to formalize resource sharing and shared services agreements among NDUS institutions, focusing on legal structure, reporting, and efficiency improvements, particularly in light of the NDSU-Dickinson State model. DC Larson reported on the collection of service agreements from NDSU and UND, with the goal of drafting a uniform contract for system-wide use, addressing reporting structures and ethical obligations.

11. Dual Credit/Tuition Discussion
Commissioner Sanford summarized discussions with K-12 advocates and legislators about eliminating tuition for dual credit courses, comparing practices in neighboring states and highlighting the importance of credit reimbursement and access.

12. Funding Formula Recommendations Updates
Commissioner Sanford described efforts to shift from a weighted credit-based formula to an FTE-based model with incentive factors, reflecting input from the governor's office, legislative leadership, and campus finance officers. The committee acknowledged the complexity of the new formula, the need for transparency, and the importance of maintaining a formula-based approach to ensure fairness and incentivize desired outcomes, with plans to present detailed models for review in the coming month.

Adjourn

Chair Mihalick adjourned the meeting at 11:52 a.m., CT.