

## Memorandum of Understanding

**1. Parties.** The parties to this Memorandum of Understanding ("MOU") are Minot State University, 500 University Avenue West, Minot, ND 58707 ("Institution") and Minot State University Development Foundation, 500 University Avenue West, Minot, ND 58707 ("Foundation").

**2. Purpose of MOU.** a. North Dakota Century Code §§ 15-10-48 through 15-10-53 establishes a Challenge Grant Program that involves institutions and institution-related foundations within the North Dakota University System ("NDUS").

b. An institution, in collaboration with its related foundation, may apply to the Grant Review Committee (established by N.D.C.C. § 15-10-51) for grants to fund projects dedicated to the advancement of enhanced academics (as defined in N.D.C.C. § 15-10-53).

c. The statutes (i.e., N.D.C.C. §§ 15-10-48, 15-10-49, and 15-10-50) clearly state that all grants shall be made "to each institution." However, it is apparent from the legislative intent that endowment-related funds should be transferred to, and managed by, the related foundation. In addition, legislative intent may be inferred by the rule adopted by the Grant Review Committee, which includes four members of the House and Senate Appropriations Committees, that "[f]unds will be dispersed to campus foundations for all approved endowed activities."

d. Accordingly, the purpose of this MOU is to govern the transfer of grant funds from the grantee institution to the intended foundation.

**3. Institution responsibilities.** a. Normally, funds received by an NDUS institution must be deposited in a special revenue fund in accordance with N.D.C.C. § 15-10-12. However, the language in that statute (i.e., "unless restricted by the terms of a grant") should be construed in the context of the first sentence of § 15-10-12: "The state board of higher education may...receive donations, gifts, grants, and bequests offered or tendered to or for the benefit of any institution of higher education under its control or subject to its administration, and all moneys coming into the hands of the board as donations, gifts, grants, and bequests must be used for the specific purpose for which they are donated or given." Accordingly, grants approved by the Grant Review Committee for an endowment created by its foundation shall be transferred by the Institution to the Foundation in accordance with the terms of this agreement.

b. The Institution will not retain any amount of an endowment-related grant, for administrative fees or any other purpose, when transferring grant funds from the State Board of Higher Education to the Foundation.

**4. Foundation responsibilities.** a. Except as provided in subparagraph "d" below, the Foundation shall utilize the grant funds only for the endowment described in the application to, and approved by, the Grant Review Committee.

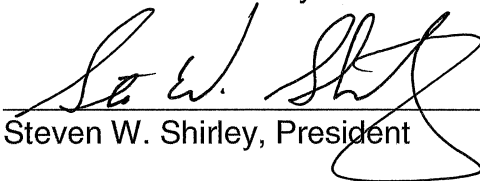
b. Endowment funds receiving Challenge Grant Program grants may be audited, at any time, by the State Auditor, the State Board of Higher Education, or the Institution.

c. The Foundation shall maintain sufficiently detailed records to allow auditors to track Challenge Grant Program grant funds that have been added to or withdrawn from individual endowment accounts.

d. If the Foundation should voluntarily or involuntarily terminate operations, all unexpended grant funds shall be returned to the Institution.


**5. Term.** This MOU shall be effective when signed by representatives of both parties and shall continue as long as the Foundation holds funds received through the Challenge Grant Program.

Minot State University

  
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Steven W. Shirley, President

Date: 8-21-14

Minot State University Development Foundation

  
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Marv Semrau, Executive Director

Date: 8-21-14

Drafted by Murray G. Sagsveen  
NDUS Chief of Staff  
August 21, 2014