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OFFICE OF THE PRESIDENT

TO: Dr. Richard Hanson, President

FROM:

John Adams 

DATE:

March 3, 2010

SUBJECT:

Resignation

I hereby submit my resignation as Vice President for Finance & Administration at North Dakota State University, effective immediately. As agreed in our meeting of February 25, 2010, my salary and benefits will be paid through June 30, 2010.

I also submit to you a letter dated November 18, 2008 (attached) that I submitted to President Chapman, providing caution of our budgetary situation for the future. Meetings held throughout the spring and summer of 2009 between President Chapman, Karla Mongeon-Stewart and myself, continued discussions of our financial picture. NDSU began the year with a balanced budget on the appropriated side, and the \$2.5 million shortfall recently resolved was not known, nor foreseen, until mid-fall semester 2009. I refuse to accept personal responsibility for this situation, as the primary causes of the shortfall rest throughout the University.

As to the local funds shortfall, Karla and I met continuously with President Chapman until his departure to attempt to resolve those issues, but to no avail. He simply left the University with the situation unresolved. I refuse to accept full responsibility for this issue as well, given our numerous attempts to resolve the problem prior to your start as interim.

The other issue mentioned in our meeting of February 25, 2010, is the remodeling project for Old Main 101/102 President's Office (attached letter dated November 16, 2009.) I was told by President Chapman that the Chancellor had given the okay to begin the project, but "not to take it to the Board (SBHE)." I requested and urged President Chapman to wait six months to a year to start the project. (Cathy Backer was present during that conversation.) His response, in a very intimidating manner, was to get it done. Following the guidance of my colleague at UND, Mr. Bob Gallagher (who had completed a similar project there in a similar manner prior to President Kelly's arrival), I decided to break the project into several separate projects to keep the remodeling under the Board approval limit of \$250,000. While I know this was the wrong approach, I also felt my only choice was to proceed or risk losing my job. I accept full responsibility for this decision. There should be no retaliation against anyone else at NDSU.

In closing, I regret that my departure from the University has to be in this way. Everything I have done for NDSU has been in the best interests of the institution, its students and the staff of the Finance & Administration Division. I wish only the best for the university.

Cc: William Goetz, NDUS Chancellor  
Enclosures (2)

To: President Chapman  
From: John Adams, VP for Finance & Administration  
Subject: Budget Concerns – FY 2008-09 and 2009-11 Biennium  
Date: November 18, 2008

The intent of this letter is to express budget concerns that have been brought to my attention from Karla Mongeon-Stewart. The details can be examined in the three attached documents. A summary of the concerns follows:

**FY 2007-08 Carryover:** Attachment 1 shows how the \$2,986,333 carried over from last fiscal year have been allocated, leaving \$115,455 in one-time funds available for future allocation. Items highlighted in pink have already been allocated; remaining items will be distributed when positions are filled or when funds are needed.

**FY 2008-09 Additional Enrollment Tuition Increases:** Attachment 2 shows how the \$1.0 million from additional enrollment have been allocated. Funds remaining for allocation total \$286,722. Items on this sheet in blue have already been allocated.

**FY 2008-09 Discretionary Funds:** The budget transfer from Student Affairs has been completed and allocations to date from the Fund total \$1.5 million. If all expense items are fully funded and conservative revenue projections from IDC, interest, Minnesota reciprocity funds and other sources do not improve, the Fund is facing a possible deficit of \$3.5 million. (Karla and I have a meeting scheduled for Friday, November 21<sup>st</sup> with Academic Affairs to discuss DCE transfers.)

**2009-11 Biennium Equity Funding:** Attachment 3 is a short analysis prepared by Karla looking at the projected shortfall in the next biennium. Assuming we receive the full equity funding as requested by the SBHE, there will be a shortfall of nearly \$800 thousand after funds are allocated to building leases and additional faculty needs most recently approved. Searches for these positions have already begun. There is another \$2.3 million in needs that already exists for which funding will be required. Finally, another \$2.2 million in funding requests have been submitted for your potential approval. These additional needs could be met with a 4% tuition increase each year of the biennium, and with an increase in student enrollment of 400 students in fall 2009. Without both of these increases there are serious concerns about meeting budget in the new biennium.

As I stated above, the intent of this memo is to raise awareness about concerns Karla and I have about the budget and to serve as a basis for continuing discussions.

Attachments

Cc: Karla Mongeon-Stewart

**To:** President Chapman  
**From:** John Adams, Vice President of Finance & Administration  
**Date:** November 16, 2009  
**Subject:** NDSU Old Main 101-102 Renovation

Per your request, the following information provides the timeline and discussion of the renovation project for Old Main 101 and 102.

- Late June, 2009 – You indicated that you would be out of the office on business and vacation during the month of July and it would be a good time to begin the remodeling of the office spaces (President's Office 102, and adjoining former Customer Account Services office 101, to be completed as a building conference room). Chancellor Goetz approved the project, as long as costs could be kept below \$250,000. Bids were solicited and work began in late July. Total project expenses were projected to be approximately \$300,000. Jim Roers, owner of the construction firm winning the bid and completing the work, agreed to provide a \$70,000 gift-in-kind as a personal favor to me, thus keeping the cost of the project under \$250,000. Work continued through the summer and into the fall.
- Early October, 2009 – Concerns were raised with Chancellor Goetz about this project and other projects underway or nearing completion in Old Main. I drafted a letter and sent it to him on October 8 explaining the status of these projects, and further explaining that the other three projects were totally independent of the 101-102 remodel.
- October 23, 2009 – The State Board of Higher Education adopted changes to SBHE Policies 902.1 and 902.3 concerning capital projects. These changes now require all costs associated with a project to be included in calculating the total cost, including the cost of furniture, gifts-in-kind, etc. At the time, I anticipated that since the Old Main projects were started prior to these changes that they would not apply.
- Early November, 2009 – The NDUS Office directed that projects currently underway should be presented to the SBHE at the November 19 meeting, if projected to be above \$250,000. They also directed that revised Policies 902.1 and 902.3 be followed. As a result, the Old Main 101-102 project must now be presented with a total cost of \$435 thousand, including furniture (please note that Jim Roers has indicated he may not be able to meet the gift-in-kind; thus I have assumed the cost will be covered by the University). There have also been concerns raised by members of the State Auditor's Office that simultaneous projects within a building should be bundled together and presented for approval, if above the \$250 thousand threshold. Consequently, in consultation with Vice Chancellor Laura Glatt, I agreed to bundle all four of the Old Main repair and remodeling projects together as one agenda item for the Board's approval. Total cost of these projects is \$805 thousand. The attached letter to Chancellor Goetz provides details of the projects.

Please let me know if you have any questions.