



DRAFT

FINANCIAL AFFAIRS COMMITTEE
March 20, 2025

The Financial Affairs Committee met at the University Of New Hampshire in Durham on March 20, 2025.

Financial Affairs Committee members participating at the meeting location: Gregg Tewksbury, (Chairman), Mike Pilot, Kass Ardinger, Maureen Beauregard, Jamie Burnett, Kevin Knarr, George Hansel, Brian McCabe; Other trustees participating at the meeting location: Jacqueline Eastwood, Cathy Green, Shawn Jasper, Ethan Dupuis, MJ Condon, Mackenzie Murphy, Senator James Gray, Wayne Semprini, President Donald Birx, President Elizabeth Chilton, President Melinda Treadwell and Chancellor Catherine Provencher.

Staff presenting at meeting location: (UNH) Aaron Howell and Bill Janelle; (KSC) Nathalie Houder, MB Lufkin; (PSU) Tracy Claybaugh; (USNH), Chad Pimentel, Karen Benincasa, Tia Miller, and Lorna Jacobsen (scribe).

Additional Faculty, Staff, and students participated in person and by video conference.

Call to Order:

At 3:00 pm Trustee Tewksbury called the meeting to order and provided an overview of the agenda topics, noting that it is a very challenging time in higher education which will require collaboration and thinking outside the box. He encouraged thinking about the system as a whole in decision making in addition to thinking about individual institutions.

Approve Consent Agenda (Moved and duly seconded)

VOTED, that the consent agenda for the Financial Affairs Committee's meeting of March 20, 2025, be approved.

{The Committees voted unanimously in favor of this motions}

Items on the Consent Agenda:

- A. Approve the minutes of October 24, 2024 meeting
- B. ERM update on Financial Health – Information Only

End of Consent Agenda

FY25 Updated Projections

Vice Chancellor Benincasa reviewed high-level FY25 current systemwide projections vs the FY25 budget approved by the Board of Trustees, and FY24 actual results. She said that in total, projections are relatively consistent with FY25 Budget; however, medical costs are significantly higher than budget and UNH gift spending is less than budget. She said the recurring Operating Margin variance to budget is \$1.2 million, which is not significant for an institution of USNH's size; however, the variance needs to be addressed. She reviewed the projections by institution and recurring activity excluding grants. She reviewed actual Fall undergraduate enrollment, FY25 projected capital spending, and Cash Flow and Total projected cash and investments. She said Cash and Investments are projected to decrease from FY24 year end actuals of \$476M to \$445M primarily because of \$67 million of projected net cash spending offset by a transfer of \$30M from another quasi endowment approved by FAC in October 2024.

Vice Chancellor Benincasa discussed the risks and opportunities associated with the projections and FY26. Risks included: Enrollment declines faster than restructuring initiatives can be implemented; Operating margin improvements expected from Strategic Investments may not be realized; Medical costs continue to rise at a higher rate than revenues; Potential credit rating downgrade based on operating activity (loss) projected for FY25; Potential federal funding reductions which includes the risk of residual/unfunded expenses to be covered by USNH. Opportunities include: Potential higher Short-Term Investment Returns; Additional restructuring initiatives to be implemented once future vision/strategy is developed; and savings from future debt refunding.

Campus CFOs and Presidents provided details and insights on their projections. Trustee Pilot said trustees need to be able to rely on financial management. He complimented the CFOs saying that while the news was not all good, he has confidence in the level of operational control and their ability to understand and explain the variances.

Chairman Tewksbury reported that the Presidents' Council has made a commitment to mitigate as much of the unfavorable budget variances as possible and provide updates at future Executive Committee meetings on the status of their efforts.

Update on Strategic Investments

Vice Chancellor Benincasa shared background on the strategic investment funding approved by the Board of Trustees in October of 2022. She reviewed the status by campus and initiative said the total amount expected to be invested for initiatives outlined is consistent with the total amount approved in Oct 2022 of \$120 million over five years. She reviewed the returns on the investments to date and commented that there are two initiatives where the projected returns are still being evaluated.

USNH Vice Chancellor for Technology and CIO Bill Porier gave an update of the status of the ERP project. He said Finance and HR are operational with enhancements and functionality improvements ongoing. He said turnover of key personnel on the project has been an issue causing some delays. He said the Student Information System work has started.

Approval of USNH NHI Farnum Hall Lease Agreement (Moved and Duly seconded)

VOTED, on recommendation of the USNH Chancellor, that the Financial Affairs Committee approve a new lease for approximately 6,641 square feet at New Hampshire Technical Institute Concord's Community College, for an initial term of 10 years commencing around July 2025 with the option to extend one additional 10-year term to allow the USNH System Office to co-locate with CCSNH and generate additional value for New Hampshire's public higher education systems.

(The Committee unanimously approved this motion)

Vice Chancellor Benincasa said the USNH System Office will relocate to CCSNH Concord campus effective July 2025. She said this is a significant reduction in space for USNH and an opportunity to collaborate with CCSNH. The initial term of the lease is for 10 years with an option to renew for another 10 years. Trustee Ardinger suggested that a tour be offered to Legislators once USNH moves.

Research Presentation

President Chilton gave a presentation on Research Funding at UNH joined by members of the UNH team. She described the role Research has in UNH's mission and its importance to student recruitment and to the State of NH. She described the volume of Research awards and expenditures, the funding sources and UNH's investment in Research. She explained the direct and indirect costs of Research and the F&A recovery rate and the barriers to full F&A recovery.

President Chilton said UNH must focus on its strengths and the size of the Research portfolio needs to be and will be a part of the strategic plan UNH is currently developing,

Other Business

Chairman Tewksbury thanked the trustees and management for their engagement and said the Board will be relying on leadership to get USNH through the tough road ahead.

Next Meeting Date is June 26, 2025

The Committee adjourned at 5:30 PM.