



REPORT OF THE INVESTMENTS AND CAPITAL PLANNING COMMITTEE
Meeting
March 20, 2025

The Investment and Capital Planning Committee met at 10:55 a.m. on March 20, 2025, at the University of New Hampshire in Durham, NH.

Committee members participating at the meeting location: Kevin Knarr, Mike Pilot, Wayne Semprini, George Hansel, Brain McCabe and Karen Benincasa; Other trustees participating at the meeting location for some or all of meeting: Kass Ardinger, Shawn Jasper, James Gray, Jamie Burnett, Cathy Green, Ethan Dupuis, MJ Condon, Gregg Tewksbury, Mackenzie Murphy, David Westover, Pat Griffin, Maureen Beauregard, and PSU President Don Birx, KSC President Melinda Treadwell, UNH President Elizabeth Chilton and Chancellor Catherine Provencher.

Staff: present at meeting location, (PSU) Tracy Claybaugh, (KSC) Nathalie Houder; (UNH) Aaron Howell, Marion McCord, Bill Janelle, and Ken Weston; (USNH), Francine Ndayisaba, Tia Miller, and Lorna Jacobsen (scribe).

Ryan O'Quinn and Tim Jarry from Prime Buchholz were in attendance for the investment portfolio review and review of investment guidelines.

Other staff and guests attended by video conference.

Call to Order

Chairman Knarr called the meeting to order at 10:55 am noting a quorum sufficient to conduct business.

APPROVAL OF CONSENT AGENDA (Moved and duly seconded)

VOTED, that the consent agenda of the March 20, 2025, meeting be approved.

{The Committee voted unanimously to approve this motion}

Items on the Consent Agenda:

Approve minutes of the Committee's meeting of October 24, 2024

End of Consent Agenda

UPDATE FROM PRIME BUCHHOLZ

Mr. O'Quinn commented on the market environment. He reviewed the portfolio performance results for the period ending January 31, 2025, noting that it was before the recent disruption to the market. He said the market value of the portfolio was \$654 million, and the portfolio had a return for the fiscal year to date of 6.9%, Calendar year 2.2%, and over the trailing year 13.7%, all ahead of benchmarks. He said the USNH portfolio is well positioned to sustain market volatility and returns compare well to benchmarks and peers. He said in February, the portfolio was down 60 basis points but the endowment portfolio still has a positive return as of today because it is well diversified.

Mr. Jarry reviewed the short-term investment pool noting the total fund (excluding other cash accounts) was \$282 million at the end of January and had a return of 6%. He said Prime has been reducing investment in T. Rowe Price because of the credit spread. He said the yield on the portfolio of 4.6% compares favorably to benchmarks.

Mr. O'Quinn recapped several changes to the portfolio since the last meeting including some changes in the Fixed Income category from short term to longer term, a new \$10M position with long/short manager Jericho, He said that In late December, Prime submitted a \$10M Adage redemption effective on 3/31/2025 to bring the position below the 15% investment policy statement manager position limit. Given the recent equity market downturn, that position is no longer at the 15% mark, so they may reduce the amount of redemption or rescind it.

Annual Review and Update of Investment Policies and Guidelines

Update to Investment Guidelines

Vice Chancellor Benincasa said that in accordance with policy, each year the ICPC reviews the Investment Guidelines which includes the actual and target asset allocations for the USNH Endowment Fund. She discussed several areas for potential updates to the guidelines including the minimum liquidity balance, the purpose of excess cash, daily liquidity and near-term investments, and asset allocation.

Vice Chancellor Benincasa, communicated that the USNH endowment is different than UNHF and KEA's endowment because it has a large component of unrestricted, institutionally directed funds or quasi-endowment funds. She reviewed the composition of the endowment as of June 30, 2024, noting that of the \$628 million, \$387 million (62%) is unrestricted quasi-endowment funds. She said the directional models shows that beginning in FY26, funds will need to be withdrawn from the endowment to support operations if nothing is done to offset the demographics and trends included in the direction model which was different than a financial plan. She said consideration should be given to revising the asset allocation for the USNH endowment fund to ensure a reasonable asset allocation remains in the LTTI quasi funds are liquidated and used for operating activity.

Vice Chancellor Benincasa said current guidelines state that USNH will target a total of approximately 60 days cash and short-term investments on hand. Policy states that the purpose of Excess Cash/Daily Liquidity/Near-Term Investments is 'To optimize earned income on long-term

funds which will be expended by USNH only in the event of severe financial emergency or unusual capital and/or operating needs. She raised several items for consideration with the policy including keeping more cash on hand, noting that some institutions target 90 days. Maintaining enough funds to cover a year of debt service was also mentioned. Chancellor Provencher said there are risks with issuing debt and noted the Higher Education Industry outlook was recently updated by Moody's from stable to negative. The Committee discussed historical cash flow, projected cash burn, and the considerations surrounding these policies. Chairman Knarr said a portion of the Short-Term Cash and Investments is accrued gift balances that have not been spent and said it is important to keep gift spending in line with donor intent.

It was recommended that until further changes/actions are identified which will offset the future funding needs from LTTI invested alongside the endowment fund, USNH should temporarily suspend any further investment in illiquid investments which represents approximately \$105M (16%) of the total endowment portfolio. Additionally, approximately \$47 million of unfunded commitments have already been made which will be offset by distributions at some level. Once an updated 5-year financial plan is developed or by October 2025, whichever is sooner, action should be taken to modify the asset allocation accordingly, if needed.

Vice Chancellor Benincasa expressed concern about making new commitments to Private Equity and recommended a temporary pause in additional investments in Private Equity/illiquid investments until an updated 5-year plan is available and said Management will work with Prime Buchholz to provide analysis and peer information regarding the various tiers of cash/investments, purpose of each, minimum and maximums for the Committee to consider.

The following motion was moved and duly seconded:

VOTED, on recommendation of the Treasurer, that the proposed revisions to the Investment Guidelines, included in the Committee materials, be approved.

Effective March 20, 2025, and until further notice, USNH will temporarily refrain from investing USNH Endowment funds in additional Private Equity or other illiquid investments regardless of the current asset allocation targets and policy ranges outlined in section 3.4.3.3 of the Investment Guidelines

{The Committee voted unanimously to approve this motion}

There was a discussion on the timing of the five-year strategic plan. Trustee Pilot said the Presidents' Council has been working for six months on the future vision and strategy and it is important for the Trustees to understand the critical thinking and structure as the information is needed to inform the budget decision in June. The trustees communicated that while the 5-year plan may not be final in June, the Presidents' Council would need to present enough information on the elements and related cost savings and operating performance improvement to assist with FY26 budget decisions and give the trustees the opportunity to support or object the direction.

The Committee paused for a lunch break and reconvened at 1:00 PM

Capital Projects – Session 2

First Look – UNH

Whittemore Center

University Architect, Ken Weston presented the plans to renovate and upgrade the student-athlete-facing side of the 30-year-old Whittemore Center. He said the project will support UNH's nationally recognized men's and women's ice hockey programs and described the three target areas for modernization: Team space; Strength and conditioning; and Sports medicine. He said the Phased project will allow for construction concurrent with hockey season and events. He reviewed several options for renovation and their related costs.

UNH Athletic Director Allison Rich explained the justification for the improvements and discussed risks and benefits. She said there are 500 student athletes at UNH which represents approximately \$6.5 million in tuition.

The Committee discussed the project cost, project delivery method and a request was made for more specific information on the impact the project would have on fundraising and recruitment. In response to a question, Athletic Director Rich said the donor who purchased the naming rights did so expecting the project to go forward.

Morse Hall

Associate Vice President for Facilities William Janelle presented the plans for an infrastructure improvement project for Morse Hall. He said the project will replace building wide HVAC equipment to reduce operating costs and maintain humidity and temperature tolerances required for research grants. He said the building is the home of the Institute for the Study of Earth Oceans and Space (EOS) and the project will be phased to allow for ongoing research. He said laboratory spaces cannot consistently maintain temperature and humidity tolerances required by grant terms putting research funding at risk. In response to a question, Vice President McCord said that while they have not lost any grants because of the condition of the building, they have had to stop work and fix deficiencies which increases time and costs both of which are capped on federal grants.

PCAC Life Safety Project

Mr. Janelle described the programs housed within PCAC and the project elements planned to address life safety issues. The project will include installation of new fire suppression system, fire pump, piping, and controls for the entire building, fire alarm renewal, lighting replacements in the Johnson Theater and other life safety upgrades to existing catwalk. He said failure to make improvements would put operations at risk. He noted the Johnson Theater is the largest venue on campus. The project will be done in two phases, with Johnson Theater completed in December 2025 and the Art and Music Wing in September 2026. He said UNH has been working with the State Fire Marshall on a plan to address this critical deferred maintenance.

Approval – UNH

District Heat and Hot Water

(Moved and duly seconded)

VOTED, on recommendation of the UNH President, that the Investment and Capital Planning Committee, approve a budget not to

exceed \$6.5 million dollars for the replacement of district heating lines and the domestic hot water heating plant located in Smith Hall with the source of funds intended to be UNH reserves as currently budgeted and/or included in the multi-year capital plan.

{The Committee voted unanimously to approve this motion}

Mr. Janelle described the project which includes the replacement of domestic hot water (DHW) heating plant located in Smith Hall that also serves the Scott and Sawyer Residence Halls. He said the existing system is at the end of its useful life. He said the project is essential to maintain safe and comfortable residence halls for students.

The Committee had a brief discussion about the project approval policy which requires a first look and approval at a second meeting. Trustees Pilot and Knarr said there is need to address deferred maintenance in a timely manner and it might be possible to fast track projects if they meet certain criteria. Chairman Knarr requested a recommendation from the CFOs on how best to move forward with approvals on life safety and critical deferred maintenance projects to ensure they are approved and completed as quickly as possible.

INFORMATIONAL ITEMS

USNH Capital Projects Updates

OTHER BUSINESS

Next meeting date is June 26, 2025

The Committee adjourned at 2:15 p.m.