EXECUTIVE COMMITTEE
AUGUST 1, 2019

SYSTEM OFFICE
CONCORD, NH

MEETING MINUTES

Trustee Participants: Joe Morone, chair, Jamie Burnett, vice chair, Kass Ardinger, secretary, Amy Begg, Don Birx, Jim Dean, Jackie Eastwood, Cathy Green, Cailee Griffin, George Hansel, Shawn Jasper, Todd Leach, Scott Mason, Chris Pope, Mark Rubinstein, Morgan Rutman, Marjorie Smith, Wally Stevens, Melinda Treadwell, Alex Walker, David Westover

Call to Order
Chair Morone called the meeting to order at 10:00 am.

Minutes
Trustee Rutman moved, Trustee Eastwood seconded the following motion. A vote was taken and the motion carried.

VOTED, that the Executive Committee approve the minutes of the Executive Committee of June 28, 2019 as presented.

Downtown Durham/66 Main Street Projects

A. Review of Debt Capacity

Vice Chancellor Provencher reviewed preliminary financial results for the fiscal year ending June 30, 2019. She said results indicate that USNH will end FY19 with a 2.7% operating margin (OM) which is significantly better than the .4% OM projected at P2. She said that most of the improvement is due to one-time, non-recurring improvements and not ongoing activities. These include an increase in Short Term Investment Income, accrual adjustments in the fringe pool, and an expense reduction in depreciation due to timing of capital spending. She said that preliminary results also indicate that UFR will show an improvement of $10 million over what was projected at P2 and will improve Debt Capacity. Vice Chancellor Provencher reviewed several different scenarios with OM at different levels and the resulting impact on debt capacity. She cautioned that the figures are preliminary and subject to audit.

The UNH recommendation for the hotel development and sale of 66 Main Street and an analysis of the estimated net present value of cash flow prepared by USNH financial advisor PFM were
discussed. It was noted that the proposal, while projected to be profitable to UNH over the 60 years, has intangible benefits that are equally or more important for strategic purposes. Chairman Morone noted that a key change in the UNH proposal since it was reviewed by the Financial Affairs Committee at the June Board meeting is that the replacement dormitory would now be financed through operating funds (i.e., depreciation funding) rather than by issuing new debt. The revised proposal would thus not have an impact on USNH’s debt capacity.

B. Presentation of the B&D Housing Master Plan and Discussion

1. Undergraduate Housing

Alan Resnick and Meg Green from B&D Housing described the work they did on the UNH student housing master plan and explained the results of their demand analysis. Their analysis shows that with the decline in the number of incoming freshmen, UNH’s demand for undergraduate housing slightly exceeds capacity. More importantly, the mix of housing stock is out of balance, with an oversupply of traditional housing and a shortage of suite style housing and apartments.

Trustees asked questions and received responses on current room and board policies, pricing compared to the surrounding communities, enrollment projections and strategies UNH is employing to address the drop in freshman enrollment.

There was a discussion on deferred maintenance needs in Hetzel and Alexander Halls and Trustee Jasper expressed concern over UNH’s plan to convey Alexander Hall to the developer and the ability of the current proposal to address the over crowding of freshman in forced triples.

2. Graduate Student Housing

Mr. Resnick reviewed the findings on graduate student housing and commented on its strategic importance to UNH. He discussed the criteria that are important to graduate students and the obstacles that can make it difficult to find suitable housing.

UNH administrators shared information about the past and current housing arrangements for graduate students and several different strategies for accommodating them in the future, including partnering with private enterprises such as the developer for 66 Main Street. It was noted that the remaining Forest Park units, which in previous years had housed graduate students with families, were being torn down this summer.

Dr. Jones discussed the different types of graduate students and enrollment projections noting that most of the growth will be in professional master’s programs and those students are not as likely to need housing.

C. Next Steps and Decisions
A campus map was projected highlighting the proposed projects and possible locations for a new dormitory. Trustees asked questions about the component agreements for the two projects proposed by UNH, suggested negotiating points, and requested that a number of due diligence items and questions be addressed.

President Dean thanked the trustees for attending the special meeting and for their level of examination and thought.

Chairman Morone said that the proposed motions allow UNH to continue with due diligence and negotiations on the 66 Main Street Project and the Downtown Hotel Project. The action does not constitute final approval of either project and does not authorize UNH to agree to any terms or conditions without prior approval of the Executive Committee.

Chairman Morone moved the following motion, Trustee Rutman seconded the motion. A vote was taken and the motion carried unanimously.

**66 Main Street Project**

*VOTED*, on recommendation of the UNH President, that the Executive Committee authorizes UNH to proceed with continued due diligence and negotiations for the sale of property located at 66 Main street and related agreements with Elliot Sidewalk Communities; **FURTHERMORE**, the UNH President shall keep the Executive Committee informed of the status and progress of this work and when finalized bring the terms and conditions of the sale to the Executive Committee for approval.

Trustee Morone moved the following motion. Trustee Eastwood seconded the motion. A vote was taken and the motion carried unanimously.

**Downtown Hotel Project**

*VOTED*, on recommendation of the UNH President, that the Executive Committee formally authorizes UNH to move forward with negotiations and the due diligence with Elliot Sidewalk Communities, for a development on a 1.84 acre of land located on the UNH Campuses on the corner of Main street and Mill Road which will include a ground lease and transfer of ownership of the existing buildings on the site and renovation of Hetzel Hall into a boutique hotel and razing Alexander Hall to create an above ground parking deck; **FURTHERMORE**, the UNH President shall keep the Executive Committee informed of the status and progress of this work, and when finalized bring the terms and conditions of the transactions to the Executive Committee for approval.

There was a discussion on the impact this project could have on the hospitality program and information shared about the demise of the New England Center hotel and conference center. The experience, good and bad, of other colleges and universities with hotels was suggested as a source of helpful information.

**Nonpublic Session**

A roll call vote was taken to go into nonpublic session at 1:00 pm
VOTED, that the Executive Committee go into nonpublic session for the purpose of discussing (1) the hiring, employment, evaluation, and compensation of public employees and other personnel matters, (2) collective bargaining, (3) proprietary, commercial, and/or confidential information, (4) matters which, if discussed in public, would advantage certain non-governmental participants in the competitive marketplace of higher education and disadvantage USNH and its component institutions, and (5) consultation with legal counsel, as authorized by RSA 91-A, 2, II (a) and (b); 91-A:3, II (a), (b), and (l); and 91-A:5, IV.

At 1:05 pm, the committee approved the following motion and went into executive nonpublic session.

VOTED, that the Executive Committee go into executive nonpublic session for the purpose of discussing CEO compensation and the hiring and compensation of public employee, as authorized by USNH Board Bylaws, Article V, Section 4g.

A motion was made and seconded to come out of nonpublic session at 1:40 pm.

[Editorial note: The committee originally sealed the minutes of the non-public session but the condition for the automatic unsealing of the minutes occurred immediately at the conclusion of the meeting. As a result, the following vote is unsealed and included in these minutes.]

While in nonpublic session the committee unanimously approved the following motion. Moved by Trustee Rutman, Seconded by Trustee Burnett.

VOTED, on recommendation of the Executive Performance Review Subcommittee, and with endorsement by the Compensation Committee, the Executive Committee hereby determines: (1) keeping USNH CEOs’ compensation competitive with peer group benchmarks used in the independent market analysis is in the best interest of USNH and the state of New Hampshire; and (2) the recommended pay at risk awards will help keep the CEOs’ compensation competitive with peer group benchmarks; and (3) the recommended awards comply with the Board of Trustees Executive Total Compensation policy, BOT V.F.2 FURTHERMORE, the Executive Committee, for the reasons cited, hereby approves fiscal year 2019 Pay-at-Risk awards for the USNH CEOs in the following amounts: USNH Chancellor Todd Leach: $51,900; UNH President James Dean: $102,600; GSC President Mark Rubinstein: $39,500; PSU President Donald Birx: $52,400; Melinda Treadwell: $42,400, to be paid as soon as administratively possible but no later than August 30, 2019.

Retreat – Discussion and Agenda
Chair Morone shared main points from his one-on-one meetings with trustees.
• Strong consensus that Educational Excellence should be one of the twin pillars of trustee governance. The Board should pursue its fiduciary responsibilities through Financial Affairs, and its public mission through Educational Excellence. Each host campus president and provost will work with Trustee Eastwood, Educational Excellence Chair, and Trustee Green, Educational Excellence Vice Chair to set agenda discussing their institutions academic strategy.

• Strong consensus that Friday Board meetings are not productive, and that insufficient time is spent on strategic issues. As one possible remedy, at each meeting, the host campus president should spend up to 90 minutes reviewing their strategic plan for the institution. Presentations by students and faculty should be held at the Thursday evening dinner. The Board would also like to have a more systematic understanding of the higher education market and emerging enrollment-related trends. As a first step, it would like the Chancellor to prepare and present a 5-year market analysis and projection at its annual retreat. And, on Friday morning of each board meeting, it would like to hear a presentation, possibly utilizing outside expertise, on a major market trend.

• The Board would also like to explore how best to make the system a source of benefit and advantage to the individual institutions. It was agreed to discuss at the retreat the lessons learned from the current system-wide initiatives (procurement, IT and communications), and how best to apply those lessons to the next wave of system-wide initiatives (shared enrollment strategy, shared courses, and distance learning).

Adjourn

There being no further business the meeting was adjourned at 2:50 pm.