



Draft for Committee Review and Approval

REPORT OF THE INVESTMENTS AND CAPITAL PLANNING COMMITTEE
Meeting
October 20, 2022

The Finance Committee on Investments met at 1:00 p.m. on October 20, 2022, at the Merrill Conference Center at Plymouth State University. Committee members participating at the meeting location: Mike Pilot, Kevin Knarr, George Hansel, and Catherine Provencher; Committee members participating by video conference: Morgan Rutman; Other trustees participating at the meeting location: Frank Edelblut, and President Donald Birx; student representatives: Eric Carter, Dominic Lynch, Jose Calvo, Emily Coutermarch, and Meghan Yianacopolus.

Staff: present at meeting location, (PSU) Tracy Claybaugh; (KSC) Natahlie Houder; (UNH) Wayne Jones and (USNH) Karen Benincasa, Matt Purcell, and Lorna Jacobsen (scribe).

Jeff Croteau and Ryan O'Quinn from Prime Buchholz were in attendance.

Other staff and guests attended by video conference

I. Call to Order

Chairman Rutman called the meeting to order at 1:00 pm noting a quorum sufficient to conduct business. Since he was participating remotely, Vice Chancellor Provencher conducted the meeting.

II. APPROVAL OF CONSENT AGENDA (Moved and duly seconded)

VOTED, that the consent agenda of the October 20, 2022, meeting be approved.

{The Committee voted unanimously to approve this motion}

Items on the Consent Agenda:

- a) Approve minutes of the Committee's meeting of June 23, 2022
- b) Ongoing Capital Projects Report – Information Only.

End of Consent Agenda

III. Update from Prime Buchholz

- A. Review of endowment and operating cash portfolio performance for the period ending September 30, 2022

Mr. Croteau commented on the market environment for the period ending September 30, 2022, noting that all asset categories declined in September with traditional energy having the only positive return year to date. He said the core bond market which has historically tempered negative returns in the equity market was down 14.5%. Mr. Croteau discussed the impact of inflation in the equity and bond markets and said that the Fed has been aggressive in raising rates and has made it clear they will continue to do so until inflation is under control. He said the CPI was 7.9% for one year driving the 10-year average to 2.5%.

Mr. Croteau shared portfolio performance results for the period ending September 30, 2022. The market value of the portfolio was \$530 million, and the portfolio had a return of a -5.7% for the month and was down -3.7% for the fiscal year to date. Chairman Rutman said the Committee's decision to withdraw \$50 million from the endowment last year and invest in the short-term operating funds has resulted in savings of \$8 to \$10 million in market value as the market value of that \$50 million would have been down 15-16%.

Mr. Croteau reviewed the short-term operating portfolio which at the end of May totaled \$275 million. He said performance for the calendar year was a negative -4 %. The Committee discussed the advisability of laddering treasuries rather than using the existing mutual funds for short term investments as the returns would be comparable without the credit risk. Mr. Croteau pointed out that under the current relationship, Prime does not have the authority to purchase individual securities on behalf of USNH in the short-term pool. If the Committee wanted to consider this approach a change in governance could be made.

B. Recap of activity since last meeting

Mr. Croteau referred the Committee to the written report of actions taken between meetings.

C. Verbal update on USNH Treasury Organization

Vice Chancellor Provencher said the organizational structure of USNH treasury department is being evaluated and reorganization of responsibilities and potential outsourcing of certain functions are being considered.

IV. CAPITAL ITEMS

A. First Review of Plymouth State University Hyde Hall Project

USNH Director of Capital Planning Matt Purcell shared information on the plans to renovate Hyde Hall noting it is the heaviest utilized academic building on the PSU campus and in dire need of renovation. He described some of the deficiencies in the building including, limited fire protection, hazardous material and failing pumps.

In answer to questions, Mr. Purcell said the planned renovation would create a redundant mechanical system to prevent flooding and allow for placement of equipment on the roof. He said that most of the project is required deferred maintenance with only about 15% discretionary spending.

In response to comments on the need to understand how projects fit into the long-term strategic plan, President Birx said each time work is proposed on an old building, it is based on PSU cluster model that was implemented 7 years ago. Hyde Hall would be home to the Innovation and Entrepreneurship Cluster.

Mr. Purcell provided details on the project saying it will provide critical upgrades to building infrastructure including heating and ventilation, fire protection through whole building and Air Conditioning. He reviewed the estimated budget for the project noting it is between \$26.5 and \$31 million. He reviewed the timeline for the project saying that construction would begin in the spring of 2023 with construction to be completed by the fall of 2024.

B. First Review of University of New Hampshire Dimond Library Project

UNH Associate Vice President for Facilities Bill Janelle reviewed the UNH Dimond Library pipes replacement project. He said the project replaces heating and cooling pipes that were original to the building. He said there have been pipe failures that have caused flooding and not replacing them could result in a catastrophic failure. Mr. Janelle said UNH reviewed multiple scenarios for the project weighing cost and impact on operations. They have decided to go with a floor-by-floor approach to allow the library to remain open while construction is ongoing. He expects the total cost to be between \$19 and \$23 million and UNH is evaluating funding sources. If approved in January 2023, construction would begin in February 2023 and the building would be complete in June 2024. UNH anticipates coming to the Committee for approval in January.

Trustee Hansel complimented UNH on their scenario/option analysis indicating it is important for trustees to understand what other options were considered when reviewing a project proposal.

V. **Other Business**

A. Next meeting date is January 19, 2023

B. The Committee adjourned at 2:14 p.m.