



Approved 4/20/23

FINANCIAL AFFAIRS COMMITTEE
January 19, 2023

The Financial Affairs Committee met at the Memorial Union Building at the University of New Hampshire on January 19, 2023.

Financial Affairs Committee members participating at the meeting location: Mike Pilot (FAC Chair), Kass Ardinger, Jamie Burnett, Kevin Knarr, Peter Paul, Greg Tewksbury, and Amy Begg; Committee members participating by teleconference: Morgan Rutman and George Hansel; Other trustees participating at the meeting location: Frank Edelblut, Zachary Christie, Jackie Eastwood, Cathy Green, Shawn Jasper, Christina Thornton, McKenzie Murphy, Christian Merheb President Donald Birx, President James Dean, and President Melinda Treadwell: David Westover; and Joel Nkounkou. Senator James Gray participated remotely.

Staff present at meeting location, (UNH) Marcel Vernon, Wayne Jones:(KSC) Nathalie Houder, James Beeby (USNH) Catherine Provencher, Chad Pimentel, Karen Benincasa, Tia Miller, Matt Purcell and Lorna Jacobsen (scribe).

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

I. Call to Order:

At 2:45 pm Chairman Pilot called the meeting to order and reviewed the items on the agenda. He indicated the need for a nonpublic session at the end of the meeting.

II. Approve Consent Agenda (Moved and duly seconded)

MOVED, that the consent agenda of the January 19, 2023, meeting of the Financial Affairs Committee be approved.

{The Committees voted unanimously by roll call vote in favor of this motions}

Items on the Consent Agenda:

- 1) Approve minutes of the Joint meeting of the Financial Affairs and Investment and Capital Planning Committees.
- 2) ERM Update on Financial Health – Informational Item

End of Consent Agenda

III. Actual and Projected Financial Results

A. FY23 (P1) projected financial results

Vice Chancellor Provencher introduced the CFOs indicating that each would be discussing their campus P1 results.

USNH Assistant Vice Chancellor for Financial Affairs, Karen Benincasa reviewed the current annual financial projection for FY23, relative to the Board-approved Adjusted Budget. She reported a projected increase in the recurring operating margin of \$4M resulting in a \$2 million loss projected for FY23.

She said that non-recurring OM improvement is primarily the result of higher than budgeted FEMA recoveries and the systemwide recurring operating margin improvement is primarily the result an expected reduction in fringe benefit expenses as employee medical costs are projected to be lower than budget. She said that projected student revenues are expected to be consistent with budget and employee compensation is projected to be lower primarily as a result of reduced fringe benefit costs. She said expected ending cash balance is favorable to budget and noted inflation and employee headcount as risks.

Campus CFOs provided insight on their respective campus results, highlighting enrollment numbers, net tuition and other changes. They each discussed what they see as risks mentioning increased operating costs, particularly with utilities and general inflation.

Opportunities identified by the CFOs included partnering with businesses, cost containment including review of contracts, shared programs between institutions, expanded summer programs and conferences, increased support from the state, and technology improvements.

Chairman Pilot thanked the financial leadership at the system office and campuses and congratulated KSC on meeting their enrollment projections.

Vice Chancellor Provencher identified another risk as being the federal debt ceiling issues and the potential timing challenge with getting federal cash for financial aid, research programs, and FEMA reimbursements. Campuses are working to drawdown eligible funds as soon as possible.

B. Status of Employee Headcount Reporting

Vice Chancellor Provencher reviewed a report on employee headcount explaining how complicated it is to compare current headcount to pre-CERP headcount as a result of significant restructuring over the last few years She said that compared to the September 2019 (pre-CERP baseline), full time positions across the system as of November 2022 have decreased by 261. As

of Oct 2021, USNH estimated CERP reductions, net of add backs, would result in a decrease of 300 FTEs. She indicated that a number of positions were hired for strategic investments like ERP and the GSC merger. If those FTEs are pulled out, we are on track. She said it is a challenge to monitor.

Campus administrators described some of the factors that make it hard to track headcount including reorganizations, temporary strategic positions, and a growing research enterprise.

Trustee Knarr shared an observation on the staff to faculty ratio indicating that it has shifted to a higher percentage of staff. President Dean said that positions are added that are important to students but are not faculty members such as mental health support and academic advisors. The Committee agreed that it is a metric that should be monitored and understood.

An additional recommendation was made to review FTEs by functional areas such as auxiliary services, etc.

Chairman Pilot asked that the Presidents' Council and CFOs continue to work on future reporting that would be helpful for management and the BOT to continue to monitor changes in the future.

IV. Debt Related Items

A. Approve Debt Restructuring Delegation Motion

VOTED, on recommendation of the Interim Chancellor that the attached 5-year debt restructuring delegation resolution (*attached to the minutes*) be approved and the following motion presented for consideration by the Board of Trustees

MOVED, on recommendation of the Financial Affairs Committee that the attached 5-year debt restructuring delegation resolution be approved by the Board of Trustees

{The Committees voted unanimously by roll call vote in favor of this motions}

Vice Chancellor Provencher said a similar 10-year standing debt restructuring delegation was in place for USNH up until December 31, 2021, when the delegation expired. She said the 5-year debt restructuring delegation was drafted in collaboration with USNH Financial Advisors (PFM), USNH General Counsel's Office, and external legal/bond counsel. This delegation will allow USNH to proceed with time sensitive actions related to restructuring USNH's existing outstanding debt (not new borrowings) to enable net present value savings and/or other significant improvements in the risk profile of the USNH debt portfolio with the FAC Chair and USNH Treasurer approval. She referred Committee members to the recommendation from USNH Financial Advisors, PFM, which provides some background for this request as well as a summary of the current outstanding debt this delegation covers.

B. Approval to Issue Debt for UNH Hetzel Hall

VOTED, on recommendation of the Interim Chancellor that the attached resolution be approved, and the following motion presented for consideration by the Board of Trustees on January 20, 2023

MOVED, on recommendation of the Financial Affairs Committee that the attached resolution (*attached to the minutes*) to authorize the issuance of tax-exempt and taxable bonds and delegate authority to USNH officials for the renovation of UNH Hetzel Hall be approved.

{The Committees voted unanimously by roll call vote in favor of this motions}

Vice Chancellor Provencher said The Hetzel Hall renovation project was approved by the Investment and Capital Planning Committee on October 20, 2022, and approved by the Board of Trustees on October 21, 2022. This resolution authorizes the issuance of debt to finance the project.

V. **Update on Strategic Initiatives**

Campus CFOs briefly described the status of their campus strategic initiatives. No issues were raised with regard to progress.

Chairman Pilot asked Trustees if there were any topics that they would like to introduce that have not had ample time for discussion.

Trustee Walker congratulated Vice Chancellor Provencher on the recent Moody's credit rating upgrade for USNH.

Commissioner Jasper asked questions about space utilization and Campus CFOs shared how they were using the recommendations in the space utilization study. A suggestion was made to consider using unused dormitories for workforce housing if not needed.

VI. **Approve UNH's request to establish an Honors College**

VOTED, on recommendation of the UNH President, that the following motion be recommended to the Board of Trustees for consideration on January 20, 2023:

MOVED, on recommendation of the Financial Affairs Committee, that UNH's proposal for establishing an Honors College be approved as described in the memorandum from President Dean dated January 5, 2023.

{The Committee voted unanimously in favor by roll call vote of this motion}

President Dean said that UNH has had an Honors Program for a number of years and described the reasons why an Honors College is important to UNH. Some of the advantages are seen in attracting and retaining students. He said it is standard for a large research institution.

A. Non-Public Session

At 4:23 p.m. the following motion to enter nonpublic session was made by Trustee Pilot and seconded by Trustee Rutman. The motion was approved by roll call vote. In addition to trustees, system and UNH campus administrators with a need to participate attended the non-public session.

B. Return to Public Session

A motion was made to exit nonpublic session duly seconded, and approved, Chairman Rutman reconvened the public meeting at 4:30 p.m. and the following action was taken:

VOTED, pursuant to RSA 91-A:3.III, to seal the minutes of the non-public session and withhold disclosure of an action taken in non-public session because disclosure at this time would render the proposed action ineffective.

{The Committees voted unanimously in favor by roll call vote of this motions}

VII. Other Business

- A. Chair or Committee Comments
- B. The next meeting date is April 20, 2023.
- C. The Committee adjourned at 4:35 p.m.

UNIVERSITY SYSTEM OF NEW HAMPSHIRE
BOARD OF TRUSTEES

5-Year Debt Restructuring Delegation Resolution

PROPOSED MOTION

MOVED, on recommendation of the Interim Chancellor and the Financial Affairs Committee that the following standing resolution be presented for consideration by the Board of Trustees:

MOVED, on recommendation of the Financial Affairs Committee, that the Board of Trustees of the University System of New Hampshire ("USNH") hereby authorizes and approves the refinancing of any USNH Bonds that are outstanding from time to time ("Outstanding USNH Bonds") issued by the New Hampshire Health and Education Facilities Authority ("NHHEFA" or "the Authority") on behalf of USNH in whole or in part from this date until December 31, 2027 if it is determined that the interest rates and/or other debt-related factors become favorable to USNH to enable net present value savings and/or other significant improvements in the risk profile of the USNH debt portfolio; **AND FURTHER**

The Chairman of the Financial Affairs Committee of this Board of Trustees is duly authorized and is hereby delegated the power to approve all or a portion of the above mentioned refinancing and/or to enter into or terminate any interest rate swap agreement, forward contract, or similar arrangements or transactions (the "Interest Rate Swap Transactions"), if in the sole judgment of the Chairman of the Financial Affairs Committee it is in the best interests of USNH to do so; **AND FURTHER**

The USNH Treasurer and the Chairman of the Financial Affairs Committee of this Board of Trustees are duly authorized and are hereby delegated the power to approve the form, terms and provisions of any and all agreements, documents, certificates, and materials to be entered into in connection with any Interest Rate Swap Transactions or termination thereof authorized, as is beneficial to USNH, and to negotiate and approve any and all matters with regard to costs, including the funding of costs through the use of tax-exempt or taxable bond proceeds, and any costs related to the termination of the Interest Rate Swap Transactions; and the power to provide for the termination of any Interest Rate Swap Transactions by entering into a termination agreement or other similar agreement and any related documentation; **AND FURTHER**

The USNH Treasurer and the Chairman of the Financial Affairs Committee of this Board of Trustees are duly authorized and are hereby delegated the power to approve the form, terms and provisions of all documents, certificates and offering materials to be entered into in connection with the refinancing; to negotiate and approve any and all matters with regard to costs related to the issuance of refunding bonds or contracts; and to direct conversions of the Outstanding USNH Bonds or any bonds issued to refinance the Outstanding USNH Bonds, from time to time until the bonds are fully paid or retired and in whole or in part, from one interest rate mode to any other available interest rate mode as is beneficial to USNH; **AND FURTHER**

The USNH Treasurer, and the USNH Assistant Vice Chancellor for Financial Affairs in the USNH Treasurer's absence, is duly authorized and is hereby delegated the power to execute and deliver all documents, certificates, and offering materials or instruments on behalf of USNH, UNH, KSC, or PSU necessary or appropriate to accomplish the refinancing of any Outstanding USNH Bonds, including but not limited to, the loan agreement with the New Hampshire Health and Education Facilities Authority, any tax regulatory agreement, any continuing covenants agreement or other agreement providing for the direct purchase of any refunding bonds authorized hereby by any

purchaser of such bonds, any agreement providing for liquidity support or credit enhancement for any refunding bonds authorized hereby, and any continuing disclosure agreement; and to monitor and execute any and all contractual arrangements necessary for USNH to remain in good standing on all aspects of the Outstanding USNH Bonds or of any bonds issued to refinance the Outstanding USNH Bonds and as determined to be beneficial to USNH from time to time until the bonds are fully paid or retired; **AND FURTHER**

The Secretary of USNH is duly authorized and is hereby delegated the power to attest to any such documents or instruments or apply the corporate seal of USNH, UNH, KSC, or PSU to any such documents or instruments; **AND FURTHER**

The Executive Committee of this Board of Trustees is duly authorized and is hereby delegated the power to adopt any resolution necessary or desirable in connection with the issuance, sale and delivery of the refinancing instruments.

UNIVERSITY SYSTEM OF NEW HAMPSHIRE

Resolution to approve authorization for issuance of tax-exempt and taxable bonds and delegation of authority to USNH officials.

MOVED, on recommendation of the Interim Chancellor and the Financial Affairs Committee that the following motion be presented for consideration by the Board of Trustees on January 20, 2023:

MOVED, on recommendation of the Financial Affairs Committee, that The Board of Trustees of the University System of New Hampshire ("USNH") hereby authorizes and approves the incurrence of indebtedness in the form of tax exempt or taxable bonds with a maturity not to exceed 30 years and the participation in all transactions on behalf of USNH relating to the issuance, sale and delivery by the New Hampshire Health and Education Facilities Authority ("NHHEFA" or "the Authority") of its University System of New Hampshire Issue, Series 2023A Bonds (the "Bonds") in a principal amount not to exceed \$30,000,000 from time to time in one or more series to finance the costs of the renovation of UNH Hetzel Hall, which project was approved by this Board of Trustees on October 21, 2022 and other eligible projects at USNH institutions as may be approved by the Board of Trustees or as may approved by the Presidents of UNH, PSU and/or KSC as within their delegated authority as appropriate and to finance such related issuance and other costs as may be required; **AND FURTHER**

The Chair of the Financial Affairs Committee of this Board of Trustees is duly authorized and is hereby delegated the power to approve all or a portion of the above mentioned Bonds as 30-year term or shorter term debt by method of sale to include public negotiated or competitive or direct bank placement, fixed rate or variable rate debt, taxable or tax exempt, and/or to enter into a long-term interest rate swap or other arrangements if in the sole judgment of the Chair of the Financial Affairs Committee it is in the best interests of the University System of New Hampshire to do so; **AND FURTHER**

The USNH Treasurer is duly authorized and is hereby delegated the power to approve the form, terms and provisions of all documents, certificates and offering materials to be entered into in connection with the Bonds; to negotiate and approve any and all matters with regard to the issuance of the Bonds, including but not limited to capitalized interest, bond insurance, bond premiums or discounts, management and legal fees, the final face amount of the Bonds, remarketing fees, and self-liquidity arrangements or bank liquidity facilities; and to direct conversions, from time to time and in whole or in part, of the Bonds from one interest rate mode to any other available interest rate mode as is beneficial to USNH; **AND FURTHER**

The USNH Treasurer, and the USNH Assistant Vice Chancellor for Financial Affairs in the USNH Treasurer's absence, is duly authorized and is hereby delegated the power to execute and deliver all documents, certificates, and offering materials or instruments on behalf of USNH, UNH, KSC, or PSU necessary or appropriate to accomplish the financing of the Bonds, including but not limited to,

the loan agreement with the Authority, any tax regulatory agreement, any continuing covenants agreement or other agreement providing for the direct purchase of any refunding bonds authorized hereby by any purchaser of such bonds, any agreement providing for liquidity support or credit enhancement for any refunding bonds authorized hereby, and any continuing disclosure agreement; and to monitor and execute any and all contractual arrangements necessary for USNH to remain in good standing on all aspects of the Bonds and is beneficial to USNH from time to time until the bonds are fully paid or retired; **AND FURTHER**

The Secretary of USNH is duly authorized and is hereby delegated the power to attest to any such documents or instruments or apply the corporate seal of USNH, UNH, KSC, or PSU to any such documents or instruments; **AND FURTHER**

The Executive Committee of this Board of Trustees is duly authorized and is hereby delegated the power to adopt any resolution necessary or desirable in connection with the issuance, sale and delivery of the Bonds.