



Draft for Committee Review and Approval

REPORT OF THE INVESTMENTS AND CAPITAL PLANNING COMMITTEE
Meeting
April 20, 2023

The Investment and Capital Planning Committee met at 12:30 p.m. on April 20, 2023, at the Alumni Center at Keene State College. Committee members participating at the meeting location: Morgan Rutman (Chair), George Hansel, Mike Pilot, Kevin Knarr, and Catherine Provencher; Other trustees participating at the meeting location for some or all of meeting: Rick Ladd and PSU President Don Birx.

Staff: present at meeting location, (KSC) Nathalie Houder; (UNH) Marcel Vernon; Tracy Claybaugh (PSU); and (USNH) Karen Benincasa, Matt Purcell, Tia Miller 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 12:30 pm noting a quorum sufficient to conduct business.

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

VOTED, that the consent agenda of the April 20, 2023, 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 January 19, 2023
- b) Ongoing Capital Projects Report – Information Only.

End of Consent Agenda

The Committee briefly reviewed the projects on the ongoing capital projects report and USNH Director of Capital Planning shared observations about current pricing in the construction market.

III. Update from Prime Buchholz

A. Review of endowment and operating cash portfolio performance for the period ending March 31, 2023

Mr. Croteau commented on the market environment for the period ending March 31, 2023, sharing insights on the recent bank closures and comments about inflation.

Mr. O'Quinn shared portfolio performance results for the period ending March 31, 2023. The market value of the portfolio was \$564 million, and the portfolio had a return of 4.5% for the fiscal year to date. He reviewed performance by sector and reviewed the current asset allocation reporting on actual allocation compared to target allocation and noting areas where USNH is underweight or overweight. Mr. Croteau described the factors which impact decisions on setting asset allocation targets.

Mr. O'Quinn said the short-term operating portfolio at the end of December totaled \$309.5 million. He said performance for the fiscal year to date was 2.4 %. He noted that Prime Buchholz has been decreasing the allocation to Payden Low Duration in the Short-Term Portfolio in order to shorten the duration of the portfolio while still achieving similar returns.

B. Recap of activity since last meeting

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

IV. USNH Finance Update

A. Review Cash Flow Projections

Assistant Vice Chancellor for Financial Affairs, Karen Benincasa reviewed current cash flow projections noting that the projected cash balance for June 30, 2023, has increased by \$42 million. She explained the reasons for the increase which included reduced recurring capital expenditures and, reduced strategic investments (pushed into FY24); an increase in non-recurring activity primarily due to FEMA Recoveries and an increase in Operating Activities/Changes in Working Capital. She said that Cash and ST Investments balances are expected to be sufficient for FY23; but current projections suggest a possible need for endowment liquidation at the end of FY24. She noted that the P2 projection assumes the a 1% return on ST Investments; however, as of March 2023 the fiscal year to date return is +2.4%.

Vice Chancellor Provencher gave details on the FEMA recoveries and noted that claims can still be submitted for costs incurred before May 11, 2023. Chairman Rutman said the campuses, system office, State of NH and Federal Government all deserve credit for successfully recovering much of the COVID costs.

B. Treasury Organization Update

Ms. Benincasa provided an update on the restructuring in the Treasury Department noting that Prime Buchholz has taken on the OCIO role with short-term investments and the USNH Treasury Team is meeting with them on a monthly basis and communicating daily/weekly with them as well. She said that a contract with PFM has been signed to provide consulting services on banking relationships and treasury operations. Three positions in Treasury were eliminated as part of the restructuring, other positions restructured, and certain tax services outsourced as well.

V. CAPITAL ITEMS

A. Status of Campus Master Planning

Vice Chancellor Provencher provided an update on the campus master planning process. She said UNH has hired a firm and PSU and KSC are evaluating results of RFP. The Committee discussed the merits of having one system-wide master plan created versus three separate plans, and the reasons why the path of three plans was chosen.

VI. Other Business

A. Next meeting date is June 22, 2023

B. The Committee adjourned at 1:48 p.m.