



REPORT OF THE INVESTMENTS AND CAPITAL PLANNING COMMITTEE
Meeting
June 22, 2023

The Investment and Capital Planning Committee met at 12:30 p.m. on June 22, 2023, at the Memorial Union Building at UNH. Committee members participating at the meeting location: Amy Begg, Mike Pilot, Kevin Knarr, and Catherine Provencher; Committee members participating by video conference: Morgan Rutman and George Hansel; Other trustees participating at the meeting location for some or all of meeting: Rick Ladd, Frank Edelblut, PSU President Don Birx and KSC President Melinda Treadwell. USSB representatives Tom Lynch and Erik Carter

Staff: present at meeting location, (KSC) Nathalie Houder; (UNH) William Janelle, Ken Weston, Wayne Jones and Adam Kohler; (PSU) Tracy Claybaugh 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 June 22, 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 April 20, 2023
- 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 May 31, 2023

Mr. Croteau commented on the market environment for the period ending May 31, 2023, sharing insights on inflation, rate increases and the debt ceiling resolution. He reviewed performance by asset class and shared that the first three weeks of June have been positive.

Mr. Croteau shared portfolio performance results for the period ending May 31, 2023. The market value of the portfolio was \$559.6 million, and the portfolio had a return of 4.8% for the fiscal year to date. He reviewed performance by sector and reviewed the current asset allocation.

Mr. O'Quinn reviewed the short-term operating portfolio for the period ending May 31, 2023. He said Prime Buchholz transitioned to a management role for short term investments and their team works closely with the USNH Treasurer's Office on liquidity needs. He reported that both operationally and performance-wise things are going well. He said the return for the fiscal year to date was 2.8 % and the portfolio value was \$240 million.

B. Recap of activity since last meeting

Mr. Croteau commented on some recent changes in the portfolio and referred the Committee to additional information on the two new funds.

IV. USNH Finance Update

A. Review Cash Flow Projections

Assistant Vice Chancellor for Financial Affairs, Karen Benincasa reviewed current cash flow projections for FY23 indicating noting that \$16M in capital expenditures was shifted from FY23 to FY24 but no other changes had been included in the FY23 update and revised ending cash balance is expected to be \$244 million. The Committee discussed factors impacting cash flow in the FY24 budget including lower debt principal payments and spending on strategic investments. It was pointed out that while cash will be spent for Board-approved strategic investments, returns on those investments will not begin to be realized until FY25.

B. Treasury Organization Update

This item was not discussed because of time constraints.

V. **CAPITAL ITEMS**

A. Approve FY24 Capital Budget

VOTED, on recommendation of the Chief Administrative Officer and the Presidents' Council, that the following motion be approved and recommended to the Financial Affairs Committee for their consideration.

MOVED, that the Financial Affairs Committee approve and recommend to the Board of Trustees the FY24 Capital Budget of \$157.8 million including the Baseline Budget of

(\$100.4M) PLUS FY23 Carryforward of(\$15.9M), PLUS Strategic Investments of (\$41.6M).

{The Committee voted unanimously in favor of this motion}

Vice Chancellor Provencher provided an overview of the proposed FY24 Capital Budget of \$157.8 million noting that it includes 1) a baseline budget of \$100.4 million, of which \$68 million is USNH-funded which is consistent with the BOT approved parameter of 1 X Depreciation, 2) a carryforward of \$15.9 million from FY23 and 3) \$41.6 million in strategic investment spending. The capital budget includes various funding sources. Campuses answered questions on the prioritization of deferred maintenance projects noting that decisions are informed by the Sightline Report, input from faculty, staff and students and decisions are made by campus leadership with consultation with the USNH Director of Capital Planning at PSU and KSC. There was a discussion on the level of deferred maintenance relative to annual capital expenditures on all campuses and how the master plan will further inform decisions on investments in buildings.

B. UNH Field House Women's Locker Room – First Look

UNH Associate Vice President Bill Janelle shared UNH's plans for a renovation of the Women's locker room including a separation of the Varsity facilities from the public locker rooms and upgrades to electrical, HVAC, lighting and restrooms. The project will be in the range of \$10m -\$12m and set to be completed in 2025.

A request was made for UNH to include information on the number of people using the locker room facility and the relative size of the space compared to the men's facility when they bring the project back for approval.

C. Approve UNH Thermal Energy Storage Tank Project

VOTED, on recommendation of the UNH President, that the following motion be presented for consideration by the Board of Trustees,

MOVED, on recommendation of the Investment and Capital Planning Committee, that the Board of Trustees approve a project budget not to exceed \$11.2 million dollars for the Thermal Energy Storage Tank project with source of funds intended to be \$6.8 million in UNH operating reserves, \$1.15 in federal grant, and \$3.25 in investment tax credit, **AND FURTHER** UNH funds will be used, as needed, in advance of receiving the grants and tax credits. In the event the anticipated grants and tax credits are not received, the shortfall will be covered by UNH funds within their authorized capital budget.

{The Committee voted unanimously in favor of this motion}

Mr. Janelle shared details of UNH's \$11.2 million Thermal Energy Storage Tank Project. He provided background on the decision to use this approach to increase capacity needed for the renovated Spaulding Hall noting that it is an efficient, sustainable solution. He discussed the funding sources indicating UNH is able to take advantage of two sources of federal funding to reduce the project cost. Committee members asked questions on the project including questions about the expected life of the

asset, the buildings it will service, and the plans for the exterior of the tank. UNH said the intent is for the tank to be incorporated into the campus landscape in a visually appealing way that communicates UNH's commitment to sustainability – not hidden but celebrated.

D. Approve KSC Holloway Hall Renovations

MOVED, on recommendation of the Keene State College President, that the Investment and Capital Planning Committee, approve a \$2.1 million project budget for Holloway Hall renovations, **AND FURTHER**, that the source of funds for the project be \$2.1 million from Keene State College unrestricted funds.

{The Committee voted unanimously in favor of this motion}

KSC Vice President Houser provided details on KSC's plans to renovate Holloway Hall indicating that the building has significant deferred maintenance needs and there is risk that if KSC does not proceed with the project, building failures will make the building uninhabitable.

E. USNH Master Plan Update

Vice Chancellor Provencher referred Committee members to the meeting materials, noting this was an information item only.

F. UNH Heating and Hot Water Pipe Replacement

Vice Chancellor Provencher referred Committee members to the UNH provided information on an ongoing project to replace a hot water steam pipe loop on campus that is close to the level requiring Board approval. This is an information only item in the event the costs increase above the \$5 million which will require Board approval.

V. **Other Business**

A. Next meeting date is October 19, 2023

B. The Committee adjourned at 2:18 p.m.