



Draft for Committee Review and Approval

REPORT OF THE INVESTMENTS AND CAPITAL PLANNING COMMITTEE
Meeting
March 7, 2024

The Investment and Capital Planning Committee met at 12:30 p.m. on March 7, 2024, at Keene State College. Committee members participating at the meeting location: Morgan Rutman (Chair), Kevin Knarr, Wayne Semprini, George Hansel and Catherine Provencher; Committee member Mike Pilot participated via video call; Other trustees participating at the meeting location: Don Birx, Frank Edelblut; Representing the Governor's Office James Gerry

Staff: present at meeting location, (KSC) Nathalie Houder; (UNH) Wayne Jones and Bob Brown Marian McCord and Bill Janelle; (PSU) Tracy Claybaugh, (USNH) Karen Benincasa, Matt Purcell, William Janelle, Tia Miller and Lorna Jacobsen (scribe).

Ryan O'Quinn and Tim Jarry from Prime Buchholz were in attendance.

Other staff and guests attended by video conference and a number of trustees joined the Committee in progress after other meetings ended.

Call to Order

Chairman Rutman called the meeting to order at 12:30 pm noting a quorum sufficient to conduct business.

APPROVAL OF CONSENT AGENDA (Moved and duly seconded)

VOTED, that the consent agenda of the March 7, 2024, meeting be approved.

{The Committee voted unanimously to approve this motion}

Items on the Consent Agenda:

Approve minutes of the Committee's meeting of October 19, 2023

End of Consent Agenda

UPDATE FROM OCIO PRIME BUCHHOLZ

Mr. O'Quinn introduced Tim Jarry saying he is the new member on the Prime Buchholz team for USNH. Mr. Jarry described his background and said he was looking forward to working with USNH.

Mr. O'Quinn commented on the market environment for the period ending January 31, 2024, noting that the economy has remained robust, and the markets have been strong. He reviewed the portfolio performance results for the period ending January 2024. He said the market value of the portfolio was \$598 million, and the portfolio had a return for the month of .7%, and 5.6% for the fiscal year to date. He noted that as of February the portfolio had grown to over \$600M. He reviewed performance by sector and noted the lag in reporting on private equity investments and said the performance for those investments is as of September 2023.

Mr. Jarry reviewed the short-term operating portfolio for the period ending January 31, 2024. He said the return for the month was .5% and 4.2% for the fiscal year to date total return. He said the portfolio value at the end of January was \$340 million.

Mr. O'Quinn reviewed asset allocation and expected returns on the endowment investment portfolio. He said Prime Buchholz works with USNH to set long-term expectations for budget planning. He said Prime Buchholz's 8.4% return assumption for the endowment's asset mix is based on their 2024 risk & return assumptions and remains supportive of the USNH 7.0% return budget assumption. Chairman Rutman asked for a comparison of USNH returns with those of the NACUBO endowment study and other benchmark groups Prime Buchholz tracks going forward.

Mr. O'Quinn called attention to the actions taken by Prime Buchholz since the last meeting.

ANNUAL REVIEW OF INVESTMENT POLICIES AND GUIDELINES

VOTED, on recommendation of the Treasurer, that the proposed revisions to the Investment Guidelines, included in the Committee materials and as revised at the meeting at the meeting be approved.

{The Committee voted unanimously in favor of this motion}

Assistant Vice Chancellor for Financial Affairs, Karen Benincasa said the USNH Treasurer's Office has reviewed the current Investment Policies and Guidelines, consulted with USNH Outsourced Chief Investment Officer, Prime Buchholz, and has no recommended changes to the Investment Policy but has recommendations for modifications to the guidelines. She reviewed the proposed modifications as summarized in the meeting materials.

Chairman Rutman asked that the guidelines include a requirement that the OCIO reports to the Committee at each meeting if investments are out of the target range, both for individual managers and asset classes. He also asked that USNH Treasurer's Office provide notice at each meeting to the Committee if they are or expect to go below 60 days cash on hand target.

CAPITAL PLANNING ITEMS

COMMITTEE'S FIRST REVIEW OF FUTURE PROJECTS REQUIRING BOT APPROVAL

The following projects were presented to the Committee for a first review.

PSU Samuel Read Hall and PE Center Renovations

Mr. Purcell reviewed the Samuel Read Hall and the PE Center Renovations at PSU. He discussed project scope, program, budget, and timeline for each and answered questions from Committee members. He explained the funding and said \$800K from the previously approved White Mountain Apartment renovation will be shifted to Samuel Read Hall. In response to a question, President Birx said the grant funding for Samuel Read Hall is a federal grant from the Department of Health and Human Services. Chairman Rutman said the Samuel Read Hall project should be highlighted and promoted as it aligns with a State need for nurses.

Chairman Rutman said while he does not feel it is the Committee's role to micromanage, communication to the Committee about any shifting of strategic investment funding is important as PSU was communicating.

UNH NOAA Ocean Mapping Facility

Marian McCord, UNH Senior Vice Provost for Research, Economic Engagement and Outreach, provided background and justification, for the NOAA Ocean Mapping facility. Mr. Janelle reviewed details of the project scope, program, budget, and timeline. In response to questions from Committee members, Vice Provost McCord said the project is 100% grant funded, will be owned by UNH and leased by NOAA. It is proposed as the first new building on the West Edge and serve as an anchor for an innovation center. Committee members asked for information on the term of the lease, expected operating costs, ROI and other details but encouraged UNH to maximize the opportunity and get outside expertise to advise in developing this transformative project which may include public/private partnerships, land leases, etc. Provost Jones said UNH is working on plans, exploring additional grants, and information will be available in a few months. Treasurer Provencher agreed that this project and potential future expansion related to this project provides opportunities for UNH; however, UNH/USNH needs to perform the due diligence necessary to fully understand the financial impacts on USNH's balance sheet and limited resources, etc.

UNH Jackson Estuarine Laboratory

Mr. Janelle reviewed details of the project scope, program, budget, and timeline for the Jackson Laboratory renovations.

KSC Elliot Center renovation

Mr. Purcell reviewed details of the project scope, program, budget, and timeline for the Elliot Center renovations at KSC. He said that the project has \$1.5 million of State funding appropriated for the FY25/FY26 biennium and an additional \$4 million will be part of the State Capital Appropriation request for FY26-FY27.

In response to a question on construction costs, Mr. Purcell said things are better than they have been with material cost stabilized and more interest and competition on the labor side.

ACTION ITEMS

APPROVE STATE CAPITAL APPROPRIATION REQUEST FOR FY26 TO FY31

VOTED, on recommendation of the Presidents' Council, that the following motion be approved by the Investments and Capital Planning Committee for recommendation to the Full Board of Trustees

MOVED, on recommendation of the Investment and Capital Planning Committee, that the six-year capital projects plan for FY26-FY31 as described in the attached document be approved **AND FURTHER**, that the Chief Administrative Officer is authorized to adjust the request, if needed, after consultation with the Presidents' Council and BOT leadership, as well as prepare the final documents for submission to the NH Department of Administrative Services by April 12, 2024

{The Committee voted unanimously in favor of this motion}

Vice Chancellor Provencher presented the State Capital Appropriation request for FY26 to FY31. She said the six-year request totals \$70 million dollars with \$20 million requested for FY26-FY27. She said the request includes projects on all the campuses and reviewed the projects and allocation of funding. She noted that the request is due to the State on April 12 and will require approval of the Full Board of Trustees. She explained how the Presidents' Council arrived at the amount, noting that it increases in each biennium but understands the State's competing demands.

Trustee Hansel said he supports the request, and appreciates the need for eliminating deferred maintenance, but would like to see more aspirational projects that reflect state priorities and initiatives of the State in the future.

Vice Chancellor Provencher said the request will be written with language to provide flexibility in the event project funding needs to be shifted between projects.

APPROVE KSC CARLE HALL RENOVATIONS

VOTED, on recommendation of the Keene State College President, that the Investment and Capital Planning Committee, approve a \$2.3 million project budget for Carle Hall renovations, **AND FURTHER**, that the source of funds for the project will be from the allocated Board of Trustees Strategic Investment Funds.

{The Committee voted unanimously in favor of this motion}

Mr. Purcell reviewed the proposed renovations to Carle Hall at KSC. He said the \$2.3 million project will be funded from the Board of Trustees Strategic Investment. This project is a major priority for KSC and the Residential Life program. The renovation of Carle Hall is an investment in community living to improve the first-year experience, improve retention and maximize utilization of housing units. Work is scheduled to commence in the summer of 2024 and be completed by the end of the fall term. In response to a question, he explained how the work will be accomplished with students still occupying the building.

APPROVE RENOVATIONS TO UNH WOMENS' LOCKERROOM

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 \$10.5 million dollars for UNH Women's Locker Room Renovations project with source of funds intended to be UNH operating reserves.

{The Committee voted unanimously in favor of this motion}

Mr. Janelle presented the \$10.5 million project to renovate the Women's Locker room at UNH previously reviewed by the Committee in June 2023. He reviewed the rationale, project scope, and timeline indicating that the project would begin in April 2024 and be completed in August 2025. Because the project is over the \$10 million authority delegated to the UNH President, Full Board of Trustee approval is required. He described the improvements and said the project will correct a number of deficiencies.

INFORMATIONAL ITEMS

USNH Capital Projects Updates

Report accepted without discussion.

OTHER BUSINESS

GSC Building Sale

Vice Chancellor Provencher provided a brief update on negotiations for the sale of the GSC building on Hall Street indicating that the State has requested a reduction in price below the appraisal value USNH obtained and the amount appropriated in the State budget. She indicated USNH would continue to negotiate with the State and try to come up with a final price both parties could support.

Next meeting date is June 27, 2024

The Committee adjourned at 2:35 p.m.