



Draft for Committee Review and Approval

REPORT OF THE INVESTMENTS AND CAPITAL PLANNING COMMITTEE
Meeting
June 27, 2024

The Investment and Capital Planning Committee met at 10:45 a.m. on June 27, 2024, at The University of New Hampshire.

Attendance at first session:

Committee members participating at the meeting location: Morgan Rutman, Mike Pilot, Wayne Semprini, George Hansel and Catherine Provencher; Committee members via video conference – Kevin Knarr; Other trustees participating at the meeting location for some or all of meeting: Peter Paul, Frank Edelblut, and PSU President Don Birx

Staff: present at meeting location, (PSU) Tracy Claybaugh, (KSC) Nathalie Houder; (USNH) Karen Benincasa, Tia Miller and Lorna Jacobsen (scribe).

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

Other staff and guests attended in person and by video conference.

Call to Order

Chairman Rutman called the meeting to order at 10:45 am noting a quorum sufficient to conduct business.

APPROVAL OF CONSENT AGENDA (Moved and duly seconded)

VOTED, that the consent agenda of the June 27, 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 March 7, 2023

End of Consent Agenda

UPDATE FROM OCIO PRIME BUCHHOLZ

Mr. O'Quinn commented on the market environment for the period ending May 31, 2024, sharing insights on inflation and interest rates. He said the market continues to do well with positive returns in almost all areas. He reviewed performance by asset class and offered comments on performance. Mr. O'Quinn shared Prime Buchholz's view on the market outlook stressing the need to remain disciplined.

Mr. O'Quinn reviewed the portfolio performance results for the period ending May 31, 2024. He said the market value of the portfolio was \$615 million, and the portfolio had a return for the month of 2.5% and for the fiscal year to date 10.9%. He noted that as of today, the portfolio is up to \$622 million. He reviewed USNH's allocation relative to target and commented on performance by sector. Mr. O'Quinn said that performance for June is expected to be 1%, which would result in a 12% return for the year. He explained the returns in the Private Equity sector saying that the USNH portfolio is less mature than some endowment funds.

Vice Chancellor Provencher noted that the portfolio has grown 40%, and that is net of years of annual payout and net of the \$50M withdrawal for Strategic Investments, over the years that Chairman Rutman has served on the Investment Committee and thanked him for his leadership.

Mr. Jarry presented benchmark information comparing the returns achieved by USNH to the E&F peer group for similar portfolio sizes, and to the NACUBO endowment peer group for similar size. He also compared USNH's asset allocation to the two groups. USNH compares very favorably with peers, with performance consistently in the top two quartiles. Chairman Rutman attributed much of the positive performance to good decisions in hiring Prime Buchholz and the efficiency of the OCIO model of advisory services.

Mr. O'Quinn reviewed the short-term operating portfolio for the period ending May 31, 2024. He said the return for the month was .6% and 5.8% for the fiscal year to date total return, He said the portfolio value at the end of May was \$181 million.

Mr. O'Quinn reviewed progress in the Private Equity Market explaining that USNH is underweight relative to target and will continue to make consistent commitments. He pointed out several recent investments and in response to a question, said that Prime Buchholz believes they are getting access to top tier funds.

Mr. O'Quinn reviewed actions taken by Prime Buchholz since the last meeting. He said Prime Buchholz submitted a \$10M Adage redemption effective on 6/30/2024 to bring the position below the 15% investment policy statement manager position limit; will submit additional redemption in Q3 as needed if position grows back above 15%.

Discussion of Public Reporting on Investments

The Committee discussed the public reporting on investments and possible options for making more information available to the public on an regular and on-going basis. Chairman Rutman suggested that Prime Buchholz assist USNH in compiling what other public institutions, as well as the NH Pension Fund and the NH Charitable Foundation, provide on their websites.

Chairman Rutman thanked Prime Buchholz for their good work over the years for the University System. Mr. O'Quinn said it has been a pleasure working with Chairman Rutman and thanked him for his leadership and insights.

Nonpublic Session

At 11:35 a.m. the following motion to enter nonpublic session was made by Vice Chancellor Provencher and duly seconded. The motion was approved by roll call vote. In addition to trustees, campus CFOs attended the non-public session.

MOVED, that the Investments Committee & Capital Planning Committee (ICPC) go into nonpublic session for the purposes of discussing (1) matters which, if discussed in public, could adversely affect the reputation of individuals other than members of the committee, and (2) confidential financial information, as authorized by RSA 91-A:3.II (c) and (j)..

Return to Public Session

Upon a motion to exit nonpublic session, made by Vice Chancellor Provencher, duly seconded, and approved by roll call vote, Chairman Rutman reconvened the public meeting at 12:00 p.m. and the Committee took the following action.

Approve Extension of Contract for Outsourced Chief Investment Officer Services

VOTED, on recommendation of the chief administrative officer, that USNH continue its agreement for OCIO investment services with the existing investment advisor, Prime Buchholz, through June 2028 with an option to extend for one additional year (FY29) and; AND FURTHER that the USNH Treasurer be authorized to finalize and sign the necessary documents with Prime Buchholz.

(The Committee unanimously approved this motion}

At 12:20 PM Chairman Rutman recessed the meeting until 1:00 PM

Attendance at Second Session:

Committee members participating at the meeting location: Morgan Rutman, Mike Pilot, Wayne Semprini, George Hansel and Catherine Provencher; Committee members via video conference – Kevin Knarr; Other Trustees in attendance: Kass Ardinger, Jamie Burnett, Emily Coutermarsh, Patrick Griffin, Peter Paul, Jacqueline Eastwood, Cathy Green, Representative Rick Ladd, Frank Edelblut, Shawn Jasper, Senator James Gray; Christiana Thornton, McKenzie Murphy, David Westover, President Donald Birx, President James Dean, and President Melinda Treadwell; Other Trustees participating by video conference: Joel Nkounkou.

Staff presenting at meeting location: (UNH) Wayne Jones, and Bill Janelle, Marian McCord; (KSC) Nathalie Houder, MB Luftkin; (PSU) Tracy Claybaugh; (USNH) Catherine Provencher, Matt Purcell, Chad Pimentel, Karen Benincasa, Tia Miller and Lorna Jacobsen (scribe).

Presenting on the master plans were Greg Jenks from DumontJanks and Brad Rogers from Perkins Will.

Campus Master Plan Updates

Overview and Introductions

Matt Purcell, USNH Director of Capital Planning, described the master planning process saying that every ten years the campuses create a road map for future decisions and investments. He said the master plan is a process, not a product and thanked all the leadership on the campus master planning committees. He introduced the consultant from DumantJanks who worked on the KSC and PSU master plans, and the consultant from Perkins Will who did UNH's master plan.

Greg Jenks presented the master plans for both Keene State College and Plymouth State University. He described the key ideas that guided the planning process including the need to right-size the campuses. He discussed key buildings for possible renovation, deferred maintenance, parking concerns, open space, residential space, and opportunities to improve each campus. Recommendations were grouped as Priority Moves, Desirable Moves and Aspirational Moves. He recognized the involvement of campus committees and municipalities for their participation in the process.

Trustees asked questions about buildings that are underutilized and the ability to sell or lease space, environmental concerns like flooding. A request was made to include current square footage and projected square footage if the plans are implemented in the final reports.

Mr. Rogers presented the UNH master plan, describing the process and noting that it covered all three campuses (Durham, Concord and Manchester). He discussed space utilization, deferred maintenance, opportunities for consolidation, and recommendations for renovating certain buildings. Options for the Law School and UNHM will be discussed with the incoming President.

CAPITAL ITEMS

First Look – PSU Hub renovations

Because of time constraints, this project was not presented but trustees were referred to the materials in the meeting package and President Birx communicated his desire to alert the Board that they are evaluating options to renovate the HUB and will come back to the Board in the future.

Project Approvals

PSU Samuel Read Hall Renovations for Expanded Nursing Program

VOTED, on recommendation of the Plymouth State University President, that the Investment and Capital Planning Committee, approve a \$3.8 million project budget for Samuel Read Hall renovations for the Nursing Program expansion, **AND FURTHER**, that the source of funds for the project be \$2.1M of Federal Grants and \$1.7M from Strategic Investment funding.

{The Committee voted unanimously in favor of this motion}

Mr. Purcell presented the project to renovate Samuel Read Hall reviewing the scope and budget. Chairman Rutman pointed out that the renovation would double the capacity for the nursing program.

UNH – Ocean Mapping Center of Excellence

VOTED, on recommendation of the UNH President, that the following motion be presented for consideration by the Investment and Capital Planning Committee

MOVED, on recommendation of the Investment and Capital Planning Committee, that the Board of Trustees approve a project budget not to exceed \$25 million dollars for the Ocean Mapping Center of Excellence and High Bay project (Plan B in attached materials) with source of funds intended to be federal funds from NOAA and NIST contingent on the approval of the new UNH President after 7/1/24.

{The Committee voted unanimously in favor of this motion}

Vice Provost McCord presented the NOAA Ocean Mapping facility renovation at UNH. She provided background, justification, and details on the benefits and value of the project.

Mr. Janelle described the scope, program, budget and timeline. He said UNH is requesting approval for the first phase of the project which is funded by grants and eliminates the risk associated with the complex funding proposal that combines grant funding with tax credits and BFA financing,

Vice Chancellor Provencher said USNH and UNH are doing due diligence on the expanded scope which would utilize other funding mechanisms and are planning on returning to the Committee in the future once additional information and plans are available.

Trustees expressed support for the project and given the great demand for high bay space, encouraged UNH to continue to evaluate the larger project.

INFORMATIONAL ITEMS

USNH Capital Projects Updates

OTHER BUSINESS

Next meeting date is October 24, 2024

The Committee adjourned at 3:10 p.m.