



DRAFT

FINANCIAL AFFAIRS COMMITTEE
October 24, 2024

The Financial Affairs Committee met at Keene State College on October 24, 2024.

Financial Affairs Committee members participating at the meeting location: Gregg Tewksbury, (Chairman), Mike Pilot, Kass Ardinger, Jamie Burnett, Kevin Knarr, George Hansel, Brian McCabe and Peter Paul; Other trustees participating at the meeting location: Maureen Beauregard, Isabella Falcetti, Mackenzie Murphy, Christiana Thornton, Jacqueline Eastwood, Cathy Green, MJ Condon, Ethan Dupuis, Representative Rick Ladd, Frank Edelblut, Shawn Jasper, Senator James Gray, Wayne Semprini, David Westover, President Donald Birx, President Elizabeth Chilton, President Melinda Treadwell and Chancellor Provencher;

Staff presenting at meeting location: (UNH) Wayne Jones, Ken Weston, Adam Kohler and Bill Janelle; (KSC) Nathalie Houder, MB Luftkin; (PSU) Tracy Claybaugh; (USNH), Chad Pimentel, Karen Benincasa, Kara Bean, Tia Miller and Lorna Jacobsen (scribe).

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

Call to Order:

At 3:20 pm Trustee Tewksbury called the meeting to order and announced the need for a non-public session.

Nonpublic Session

At 3:25 p.m. the following motion to enter nonpublic session was made by Chairman Tewksbury and duly seconded. In addition to trustees, campus CFOs attended the non-public session.

MOVED, that the Financial Affairs Committee go into nonpublic session for the purposes of discussing (1) Consideration of the acquisition, sale, or lease of real or personal property which, if discussed in public, would likely benefit a party or parties whose interests are adverse to those of the general community, as authorized by RSA 91-A:3 (d).

Return to Public Session

Upon a motion to exit nonpublic session, made by Chairman Tewksbury, duly seconded, and approved, Chairman Tewksbury reconvened the public meeting at 4:05 p.m. and the Committee took the following action.

VOTED, pursuant to RSA 91-A:3.III, that the minutes of the nonpublic session be

sealed until the USNH Treasurer and Vice Chancellor for Finance determines that disclosure would no longer render the nonpublic session's proposed action ineffective.

(The Committee unanimously approved this motion by roll call vote)

Approve Consent Agenda

VOTED, that the consent agenda for the Financial Affairs Committee's meeting of October 24, 2024, be approved.

{The Committees voted unanimously in favor of this motion}

Items on the Consent Agenda:

- A. Approve the minutes of June 27, 2024, meeting
- B. Suspend the 25% enrollment limitation on Out-of-State Undergraduates at UNH

End of Consent Agenda

Update on Fall 2024 Enrollment (FY25) and impact on FY25 Primary Student Revenue

Vice Chancellor Benincasa reviewed enrollment results on a system-wide basis based on Fall 2024 R+30 enrollment. She reported that the current system-wide FY25 primary student revenue estimates are consistent with the FY25 budget approved in June 2024. She provided institutional details noting that UNH and KSC are estimated to be at budget and PSU projections are under budget by \$1.1 million.

Vice President Claybaugh said PSU leadership is actively working on plans to try to achieve the FY25 budgeted operating margin despite this projected reduction in primary student revenue,

Campus CFOs and Presidents provided details and insights on their results.

Update on Strategic Investment Funding

Vice Chancellor Benincasa said that in October 2022, approximately \$92 Million of Strategic Investments were approved by the Board of Trustees, including \$40 Million for the ERP project. Funding was identified for \$59 Million, and the remaining funding (\$33 Million) was to be identified within existing systemwide funds. Management has developed a funding plan for the remaining \$33 million using the Debit Mitigation Quasi Endowment. There is currently available 'excess' funding of approximately \$30 Million based on the actual FY24 balances. She said the recommendation is to allocate \$30 Million of reserves/fund balance in FY25 to fund Strategic Investments and move that amount to an internally designated fund. Since cash is not needed at this time, management is asking that the \$30 Million is transferred to the Long-Term Treasury

Investment Quasi Endowment to be invested alongside the endowment fund until needed.

VOTED, on recommendation of the Chancellor, that the Financial Affairs Committee liquidate \$30 million from the Debt Risk Mitigation Quasi-Endowment and that the fund balance be transferred to an Internally Designated Fund for the Strategic Investments approved by the BOT in October 2022.

AND FURTHER, since cash is not needed at this time, transfer the \$30 Million to the Long-Term Treasury Investment Quasi Endowment to be invested alongside the endowment fund until needed.

(The Committee unanimously approved this motion)

September Retreat Follow-up

Chancellor Provencher said that in response to the discussion at the retreat in September, the Presidents' Council has been working on reimagining what USNH looks like in the next five to ten years and developing a challenge statement that outlines the direction forward. She shared some of the specific steps they are taking. In response to a question, she said that while she meets with CCSNH Chancellor Rubenstein regularly, this work is primarily for USNH's strategic plan.

Trustee Pilot said the Presidents were charged with 6 goals/objectives, in addition to institutional goals, and said these goals (listed below) are important for trustees to keep in mind as the presidents and Chancellor will be evaluated on them.

1. Lead the effort to develop and deliver on a 5-year system-wide vision and strategy by the end of the fiscal year, including strategies that will alleviate the cash burn projected over the next five years.
2. Support the continued strengthening of collaborations between USNH and CCSNH, particularly in student enrollment initiatives.
3. In collaboration with presidents, implement recommendations made by Grant Thornton for reasonable and easily understandable methodologies to allocate shared costs and revenues, to include allocation of State appropriations.
4. Assess progress and risks and actively support and champion the ERP implementation.
5. Articulate a vision for online education in collaboration with the Presidents Council.
6. Actively support and champion the unification of ET&S with the system level; support opportunities for system-wide standardization including data/reporting, customer relationship management (CRM) tools, and Web environment.

Trustee Ardinger commented that in the past the Board has held each president responsible for their own institution's goals and the focus has shifted to include, in addition to campus goals, system-wide goals.

Approve FY26 Maximum Tuition Rates, Mandatory Fees and Room and Board Rates

VOTED, on recommendation of the Presidents' Council, that the following motion be recommended for consideration by the Board of Trustees

MOVED, on recommendation of the Financial Affairs Committee that, effective for academic year 2025-26, the maximum tuition rate, mandatory fees, room and board rate annual increases as presented on the attached schedule be adopted as the maximum amounts authorized.

(The Committee unanimously approved this motion)

Vice Chancellor Benincasa said the Board of Trustees is charged with approving tuition and fees. She reviewed the maximum tuition, room and board, and mandatory student fees proposed by the campus presidents (rates are provided in detail in the materials and are the MAXIMUM rate increases allowed). However, to meet market conditions for on-line programs, the UNH College of Professional Studies or the relevant graduate school may choose to reduce non-resident rates so that all students pay the same regardless of residency.

Each component of the Cost of Attendance was compared with peer institutions. A request was made for overall cost of attendance comparisons for all New England institutions.

Approve FY26 Budget Assumptions and Parameters

VOTED, that FY26 budget planning assumptions and parameters as outlined on the attached be approved for use in developing the FY26 budget.

{The Committee voted in favor of this motion with one vote in opposition}

Vice Chancellor Benincasa reviewed the proposed assumptions and parameters to be used in developing the FY26 budget noting many are consistent with prior years. She reported that the Investment and Capital Planning Committee recommended a long-term investment return assumption of 7% and a short-term investment return assumption of 3%. USNH Endowment pool payout will continue with the current methodology. She reviewed the key assumptions and including the proposed assumption for state appropriation is \$91.2 million (Governor's Budget Target which is a 4% reduction vs FY25 Budget) subject to change during the State's FY26/FY27 budget process, if appropriate, no new debt issued in FY26 (excludes refinancing opportunities), USNH-funded systemwide capital spending, excluding strategic investments and

unspent FY25 budgeted capital which may carry forward into FY26 as a result of timing changes, should be targeted at a maximum of 1x annual depreciation, and aligned with the multi-year/long-term capital plans.

Vice Chancellor Benincasa said that any material and new non-recurring items, or if an institutional budget will not meet the 1% OM target, must be approved by the FAC Chair and the ICPC Chair by April 30, 2025.

Trustee Knarr said that he would be voting in opposition to the motion because the operating margin target was not aspirational enough. He said he does not object to any of the other assumptions and the opposition is not a reflection of the lack of faith in the intentions or desire of leadership. He indicated he could potentially consider approving a 1.5%, 1.75% or 2% recurring operating margin; however, based on the project cash burn we are facing, he believes something more than 1% is necessary.

Campus presidents shared their thoughts on the operating margin assumption noting that they have already taken aggressive measures at cost cutting/revenue improvements and will continue to do so. Committee members shared their opinions on the viability of the set of assumptions, concerns with the state budget situation, and the possible need to revisit assumptions in March.

Informational Items

FY24 Financial results highlights

Debt update and refinancing opportunity

Vice Chancellor Benincasa said the assumptions do not include any new debt but she described a refinancing opportunity on the 2015 bonds that could be considered in April 2025 pursuant to the standing BOT motion which provides for refinancing opportunities if in the best interest of the System.

Other Business

Next Meeting Date is March 20, 2025

The Committee adjourned at 5:30 PM.