



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: Greg Tewksbury, (Chairman), Mike Pilot, Kass Ardinger, Jamie Burnette, Kevin Knarr, George Hanson, Brian McCabe and Peter Paolitto. 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 Houdry, B Luftkin; (PSU) Tracy Claybaugh, (UNH), 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 93-(d).

Return to Public Session

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 Followup

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 additional 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, systemwide 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 2022~~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) are the MAXIMUM rate increases allowed. However, to meet market conditions for distance programs, the UNH College of Professional Studies, the relevant graduate school may choose to reduce 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 8 (v)2 (e)MCID 26 o(uv)2 (n(i)-2 (on of)3 (7%)3 (a)4 (

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/longterm 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 reduction 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.