

UNIVERSITY PLANNING COMMITTEE

Meeting Minutes

January 18, 2023

Attendees

Jay Brewster (Chair)	President James Gash	Tim Perrin
Sean Burnett	Jaye Goosby Smith	Dean Pete Peterson
Ebony Cain	Connie Horton	Phil Phillips
Dean Paul Caron	Sara Jackson	Steven Potts
Lauren Cosentino	Lee Kats	Greg Ramirez
Dean Deborah Crown	Interim Dean Farzin Madjidi	Jeffrey Rohde
Rick Cupp	Gary Mangiofoco	Dean Mark Roosa
Dean Michael Feltner	Marilyn Misch	Nicolle Taylor

Absent

Gary Hanson	James Prieger
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Observers

Danny DeWalt	Petra Rickertsen	Nicole Singer
Seta Khajarian	Jody Semerau	

Guest Presenters

Sean Michael Phillips	Ben Veenendaal
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I. Call to Order and Devotional

Provost Brewster called the University Planning Committee meeting to order at 8:30 a.m. in the Seaver Board Room. Nicolle Taylor presented devotional thoughts.

Dean Feltner and Marilyn Misch moved and seconded approval of the December 14, 2022 meeting minutes which were adopted.

II. Advancement of Student Learning Council 2021-2022 Flash Report

Seta Khajarian presented ASLC's flash report of program review themes found. It was reported that once all are received ASLC will bring MOUs to UPC as a tool for resource allocation. It was asked and confirmed that the themes map well into the full reports. Members were encouraged to review flash reports for each program. It was asked and reported that these will be accessible on the ASLC Community page once the deans review.

A member commented on the process' significance and the attention which scholars provide to build the review partnership. Enhanced dialogue between ASLC and programs/committees reviewed was suggested to clarify recommendations made, and members were reminded that communication with their school's ASLC representative during the review process is encouraged.

III. Advancement Office FY24 Budget Process

Lauren Cosentino presented an Advancement update on fundraising outlooks. Advancement's reorganization details were reviewed, with reported success in this fiscal year's first quarter. Highlights included fundraising around the Château, Annual Day of Giving, Wave Classic, and parent and alumni giving. Donor giving was presented by top 100, 101-102, and others and a need for greater funding balance between the groups to achieve a successful next campaign was reported. Amount given by major area and number of donors by constituency were compared, highlighting alumni commonalities with other schools and new relationships. International alumni were presented as a target. The Wave Classic and Pepperdine Gives events were reviewed, noting changes that raised the bar: matching gifts allowed for raising over \$1 million through Pepperdine Gives; Wave Classic will expand to include additional sports. The goal to build a reservoir of donors from the current pipeline was articulated. An Advancement strategic plan was reported.

IV. Office of Investment Management FY24 Budget Process

Jeffrey Rohde provided an Investment update on endowment performance and outlooks. Endowment performance was presented, noting an expectation to remain in a good position through December relative to the markets. Peer relative performance detail was presented, highlighting that asset allocation and management has allowed Pepperdine to be near the top of the rankings. Main endowment fund 10-year growth, cumulative return, and endowment payout were presented in detail. It was reported that the University can expect additional support from the endowment for budgeting purposes. Liquidity was presented, highlighting the University's measures to build liquidity over the last few years which has positively influenced net cash flow.

V. Review of External Costs

Nicole Singer presented external and general University expenses. Highlights included a 4% total expense and 6.3% student aid annual growth rate over 10 years. Historical faculty and staff FTE and personnel expenses and external budgets and composition were presented. Influential factors were described. Clarity on tenure-track compared to untenured adjuncts was requested in the faculty numbers. It was requested that future presentations detail expenses relative to CPI, tuition increases, and so on to facilitate understanding whether expenses are outpacing revenue growth.

VI. Review of Personnel

Sean Michael Phillips provided a benefits and compensation overview. Members were reminded of HR's holistic approach to attract and retain Pepperdine's workforce, which has been important during the "great reshuffle". Benefit cost per benefitted employee was detailed, noting relative stability. Members were reminded of the decline due to retirement contribution suspension and expected increase due to the increasing number of benefitted employees. University benefit cost and healthcare insurance cost drivers were presented. Plan migration, employee demographic, and healthcare costs were highlighted. The University's benefits philosophy was reviewed noting the intention to ensure equitable and competitive cost sharing between the University and employees.

Anthem's loss ratio was reviewed, with the upward trend attributed to employees catching up on COVID-delayed care and a healthcare premium increase. Medical insurance renewal increases were

reviewed. 2023 employee contribution rates were compared, noting the single 3% increase in 4 years. Premium versus salary history was presented. It was explained that employees' salary has a higher dollar amount than what is paid in healthcare contributions, so employees remain ahead in salary earnings despite increasing healthcare costs. Medical premium cost share history between the University and employee were reported as relatively stable and compared to benchmarks. Medical cost reduction strategies were presented and included preventative care promotion, benefit plan review, and requesting proposals from other carriers. Pay equity and wage rate difference factors were reviewed. Exempt monthly minimum salaries and minimum wage for the city, state, and county were presented along with the resulting impact on Pepperdine's salary floor.

Cost share percentage on healthcare for singles versus couples and families was requested. A member inquired about remote work trends at Pepperdine compared with national trends. It was responded that Pepperdine is performing similarly and the increase in waived medical plans could be due to remote employees opting for local coverage. It was reported that finding another option to cover out-of-state employees is being discussed. Emerging trends in work from home versus in office was discussed. A member commented on Pepperdine's graduate space allocation to balance cost and provision of the opportunity for community building.

VII. Review of Capital Expenses

Ben Veenendaal presented on capital expense categories noting acceptance of feedback on what needs to be done. Replacement and renewal was defined and examples provided, reporting expected FY24 expenditures at \$12 million. Life cycles and student/community impact were noted as important, and specific projects' progress presented. Project scorecard use to prioritize projects was reviewed and clarified that a favorable scorecard does not directly have a positive impact on insurance premiums. It was explained that Pepperdine does work closely with insurance agents on new projects to discuss potential impact to premiums. Photographs were presented of R&R work in action. Work with the Coastal Commission to be dark sky compliant as well as energy efficient was highlighted through the globe light replacement project.

One-time capital projects were reviewed, noting FY24 estimated expenditures at \$14 million. Title XI compliance through added space on the FFH Mezzanine was detailed. Collaboration with Edison on meter consolidation and Bon Appetit on dining services were reviewed. PCC's transition to an academic building and the Vault project progress were presented. The Mountain project timeline and expected FY24 expenditures at \$95 million were presented. Detail was requested and provided on how the Vault's storage will be allocated, access managed, and benefits.

VIII. Adjournment

The meeting adjourned at 10:07 a.m. The next University Planning Committee meeting will convene at 8:30 a.m. on February 15, 2023 in the Seaver Board Room.