

UNIVERSITY PLANNING COMMITTEE**Meeting Minutes**

December 20, 2017

Attendees

| | | |
|-----------------|--------------------|---------------------|
| Andrew Benton | Lee Kats | Edna Powell |
| Paul Caron | Rick Marrs (chair) | Greg Ramirez |
| Michael Feltner | Marilyn Misch | Mark Roosa |
| Rick Gibson | John Mooney | Brian Thomason |
| Gary Hanson | Pete Peterson | Deryck van Rensburg |
| Keith Hinkle | Phil Phillips | Helen Williams |
| Judy Ho | Jeff Pippin | |
| Connie Horton | Steven Potts | |

Absent

Michael Adams

Observers

| | | |
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| Lisa Bortman | Marnie Mitze | Jody Semerau |
| Robin Gore | Jared Price | |

I. Call to Order and Devotional

Provost Marrs called the University Planning Committee (UPC) to order at 8:35 a.m. on December 20, 2017, in the Seaver Board Room at Pepperdine University - Malibu campus. Deryck van Rensburg presented devotional thoughts.

Marilyn Misch and Helen Williams moved and seconded approval of the minutes for October 18, 2017, which were adopted.

II. Budget Process and Updates

Greg Ramirez presented an outline and timeline of the upcoming budget process. At the January meetings of both the University Planning and Steering Committees those involved will explore expenses, form preliminary budgets, begin looking at FY19, and model scenarios. Budget hearings will take place between February 28 and March 2, 2018. New tuition and room and board rates will be presented to the Executive Committee of the Board of Regents in February, the Finance Committee in March, and to all Regents in June.

Over the past five years, Pepperdine's tuition rate changes have increased revenue by 40 million dollars. The majority of this revenue comes from Seaver College and the Graziadio School of

Business and Management. Student population increased in all schools except the School of Public Policy and the School of Law. Student aid output has increased in all schools except SPP, though its decreased tuition rate is part of a school-wide strategic initiative. The University's tuition rate changes have been comparable to those of peer schools over the past five and ten years. Greg presented graphs of tuition change at each school over the past ten years, as well as FY19 projections. Each school will experience a tuition increase of 1.6% to 3.9%. The changes will lead to a \$6.4 to \$8.0 million increase in university-wide revenue.

In response to a question, Greg shared that the historical rates reported are gross and not net. Michael Feltner asked how average net revenue growth can exceed tuition growth, which Greg pointed out is due to increased enrollment. Aiming to follow the methodology of Pepperdine's peers, Michael asked if future university-wide tuition rate analysis could weigh each school based on unit-hours. Helen Williams commented that Asuza Pacific University does not have a peer MTF degree, but rather a MA in Teaching with Credential. Responding to Marilyn Misch's question, Greg share that the University's rate of financial aid discount has decreased.

III. Room and Board Rate Trends and Rate Recommendation

Connie Horton began by sharing that room and board charges make up a significant 11% of the University's income. Over the past ten years, Pepperdine's room and board rate increased 10% and is currently the highest among its peer schools. Off-campus apartments are 28% lower in price than on-campus housing, while a national recommendation for this discrepancy is 20%. Calamigos Ranch is marketing an initiative to compete with us, advertising that it is 25% cheaper than Pepperdine. A recent survey of Pepperdine students currently living off-campus showed that their number one deterrent from on-campus housing was cost, followed by a desire for increased independence, followed by rules and regulations. The wait list for students hoping to gain on-campus housing last year was 130, while 430 new beds will be available with the opening of Seaside Residence Hall. Robin Gore added that approximately one quarter of upperclassmen and women live on campus. Gary Hanson added that there have been past issues with landowners mistreating Pepperdine students, which affects student experience and should be addressed.

Connie recommended a 2.5% increase in room rate and 3.5% increase in board rate due to the following increased operation costs: New labor laws will require in increased resident director salaries; deteriorating furniture in our current halls is in need of replacement; and the opening of Seaside Residence Hall will require increased staff training and wages in addition to increased programming for students.

Pete Peterson asked about a survey of student commuter time.

Phil Phillips responded that the mandated survey is focused on professional staff, though it does include student workers. Connie commended the idea of a future survey.

IV. Construction Updates

Seaside Residence Hall will house around 430 students when it opens in Fall 2018. The project is currently 27 days delayed, though Phil Phillips is confident the time will be made up. Creative built-in features will make the lives of residents easier. For example, all utilities will be installed underneath the exterior hallways so future repairs do not require interfering with student living spaces.

The School of Law is currently receiving updates on the Smith Atrium and Cruso Auditorium.

The debris basin near the the facility services headquarters has been in reconstruction. Soil has been moved from the Drescher campus, creating temporary parking spaces for construction workers there and adding needed volume to the debris basin below. The debris basin will be sodded and serve as a temporary recreation field for students.

The Oasis food bar renovation in Waves Cafe will be completed around February 2018. Oasis will feature a pizza oven, noodle bar, and redesigned dining space.

The first-floor academic space of the Calabasas campus is currently in its design phase. Its design will include a raised ceiling and glass walls to continue the open and accessible feel of its second-floor administrative spaces. This student space will be used by GSBM and GSEP.

Currently work is underway to renew the lease on the West LA campus. The University is working with the landowners to renovate the outdoor space. The current renderings include increased outdoor usability and a two-story open-air entrance atrium.

The Student Recreation Center is experiencing much momentum in fundraising. The Center will be at the current site of Rho Parking Lot and will serve as the home for Pepperdine's basketball and volleyball teams. It will also include 10,000 square feet of student facilities for recreation, fitness, and study. The stadium will seat between four and five thousand people.

V. Bond Updates

In early fall 2017 the University was presented an opportunity to refinance \$20 million of its debt. To take advantage of low interest rates and the current climate before the new tax law takes effect in January, Pepperdine will also borrow \$125 million and use the resources for various projects, including some of those construction updates discussed by Phil Phillips. The Board of Regents

approved the borrowing. The University's finance team was in New York earlier this week for the deal which was expected to close December 21, 2017. Brian Thomason reported that the negotiation in New York City was excellent, resulting in \$135,000 in net cash flow savings and overall savings of \$1.9 million. All-in cost of financing is 3.88% annual net.

VI. Provost's Closing Remarks

The Provost wished the Committee a wonderful holiday season.

VII. Adjournment

The meeting was adjourned at 9:52 a.m. The next meeting of the UPC will convene at 8:30 a.m. on January 17, 2018 in the Seaver Board Room.