

EXECUTION OF DOCUMENTS POLICY

By resolution adopted on June 8, 2021, pursuant to Section 10.03 of the Sixth Amended and Restated Bylaws of Pepperdine University, the Board of Regents has approved this Execution of Documents Policy. As used in this Policy, the phrase “execution of documents” includes the authorization to expend University funds and bind the corporation.

A. ANY TRANSACTION OR DOCUMENT

Any two of the Chair, Vice Chair(s), Secretary, and Assistant Secretary of the Board of Regents may execute any document on behalf of the University.

B. TRANSACTIONS FOR TWO-PERCENT OR LESS OF THE GROSS OPERATING BUDGET

Any two of the President, Executive Vice-President, Provost, and Chief Operating Officer, in consultation with the Chief Financial Officer (or the CFO’s designee), may execute any document for two-percent (2%) or less of the current fiscal year’s gross operating budget for the University as approved by the Board of Regents, so long as the funds to be expended have been identified and allocated in an appropriate budget (e.g., operating or capital budget).

For example, the FY21 Gross Operating Budget is \$573 million; $\$573 \text{ million} \times .02 = \11.5 million ; thus \$11.5 million is the maximum limit of this authority during FY21. This maximum limit shall be referred to as “2GOB.”

C. TRANSACTIONS IN EXCESS OF TWO-PERCENT OF THE GROSS OPERATING BUDGET

Any two Authorized Officers (as defined below) may execute the following documents in excess of 2GOB:

1. Transactions specifically authorized by the Board of Regents or which are necessary or appropriate to complete such transactions;
2. Capital projects approved by the Board of Regents. However, if actual capital project costs are expected to exceed more than five-percent (5%) of the estimated cost presented to the Board at the time the project was approved, then the authority for additional costs shall be reviewed and, if appropriate, approved by the Finance and Administration Committee of the Board of Regents;
3. Current and planned gift agreements which have been approved by the University Gift Review Committee (if the Gift Review Committee deems the agreement to present extraordinary risk or exposure to the University, it will require approval by the Board of Regents or a committee thereof); or

4. Debt repayments, draw-downs on lines-of-credit, fund transfers, surety bonds, and similar documents.

D. AUTHORIZED OFFICERS: TRANSACTIONS FOR \$3 MILLION OR LESS, INVESTMENTS AND BANKING

1. Transactions for \$3 million or Less

Any two of the following officers (hereinafter “Authorized Officers”) may execute any document for \$3,000,000 or less:

- a. President
- b. Chancellor
- c. Provost
- d. Executive Vice President
- e. Senior Vice President and Chief Investment Officer
- f. Senior Vice President for Strategic Implementation
- g. Vice President for Advancement
- h. Chief Operating Officer
- i. Vice President and Chief Business Officer
- j. Chief Financial Officer
- k. Vice President and Chief of Staff, President’s Office
- l. Chief Information Officer
- m. Controller
- n. Director of Athletics
- o. Vice Provost
- p. Associate Vice President for Planning, Operations and Construction

2. Investments and Banking

Any two Authorized Officers, may execute any and all documents to effect transactions described below:

- a. Investment transactions that involve the commitment to purchase, transfer, convert, borrow, lend, endorse, sell, assign, set over, and deliver any security or investment asset (including but not limited to cash, cash like securities, shares of stock, partnership interests, real estate interests, bonds, debentures, notes, subscription warrants, stock purchase warrants, evidences of indebtedness, or swaps) now or hereafter standing in the name of, or owned by, the University, or any other asset received as a gift or held for investment purposes.
- b. The opening of bank, asset, security, escrow and custodial accounts, and other accounts to hold assets or securities of a nature contemplated by D.2.a. For

transactions described in D.2.a and D.2.b, the Directors of Investments and Trust and Estate Services are considered Authorized Officers in addition to those listed in D.1.

3. Transactions for \$500,000 or Less

- a. The President, acting alone, may execute any document for \$500,000 or less.
- b. Any one of the Authorized Officers, acting alone, may execute any document for \$50,000 or less.
- c. The Chief Operating Officer or the Chief Financial Officer may approve the delegation to execute documents to any officer or employee of the University in amounts of \$25,000 or less.

E. ROUTINE AND RECURRING TRANSACTIONS

1. Any one of the following roles, acting alone, may execute documents for any amount for purposes described below in E.2, provided the expenditure is routine, recurring, and part of the operating budget:
 - a. President
 - b. Executive Vice President
 - c. Senior Vice President and Chief Investment Officer
 - d. Senior Vice President for Strategic Implementation
 - e. Chief Operating Officer
 - f. Vice President and Chief Business Officer
 - g. Chief Financial Officer
 - h. Controller
 - i. Director of Payroll
 - j. Payroll Manager
 - k. Accounts Payable Manager
 - l. Associate Vice President, Human Resources and Business Services

2. Purposes for which routine and recurring expenditures can be made pursuant to E.1:
 - a. Dental Insurance
 - b. FICA Tax
 - c. Flexible Spending Accounts
 - d. Income Tax Withholding
 - e. Life and AD&D Employee Assistance Plan
 - f. Long Term Disability
 - g. Medical Insurance
 - h. Pension Plans
 - i. Payroll Deductions
 - j. State Disability Insurance
 - k. Tax Levies
 - l. Unemployment Insurance
 - m. Utilities
 - n. Wage Garnishments
 - o. Worker Compensation.

F. LIMITATIONS ON AUTHORITY

1. Each person's authority shall cease upon termination of employment in the position for which the authority to execute documents was delegated. Authority shall automatically be conferred on subsequent holders of the Authorized Officers' positions and the positions listed in E.2. Such authority shall also continue for changes of title without substantial changes in duties.
2. Except for the second required signature for transactions over \$50,000, and except in circumstances when the person with direct administrative and budgetary responsibility is unavailable to do so, all transactions should be authorized by the person responsible for the budget or account where the expenditure will be charged.
3. So that those responsible for the University's finance operations are aware of significant transactions, it is preferred that the second signature on expenditures in excess of \$50,000 be that of the Chief Operating Officer, the Chief Financial Officer, or the Controller. Unless specifically authorized by the Board of Regents or in this Policy, no officer, agent, or employee of the University shall have any power or authority to bind the University by any contract or engagement or to pledge its credit, to draw checks or orders for the payment of money, or otherwise to render it liable for any purpose for any amount.

G. REPORTING

1. Each quarter, a written report shall be submitted to the Board of Regents briefly describing each transaction:
 - a. involving a sum of five-percent (5%) of 2GOB (as defined above in B) or more entered into pursuant to the authorization described above (e.g. the FY21 2GOB = \$11.5 million; $\$11.5 \text{ million} \times .05 = \575 thousand), and
 - b. effected pursuant to Section D.2.b. Such reporting to the Board shall not include recurring expenses such as utility, employment tax, employee benefit, or lease payments, contracts for services, or expenditures that have been specifically authorized by the Board of Regents.
2. The sum involved in any transaction shall be the amount of the obligation of the University created by the execution of a contract, without regard to any portion of such obligation which could be avoided by the exercise of any right given to the University, in its discretion, to rescind, terminate or modify such contract. The determination of the sum involved in a transaction shall be made in good faith, and the foregoing limitation shall not be avoided by dividing any transaction into a series of related transactions each involving a smaller sum.