PACE UNIVERSITY

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Westchester Administrative Staff Council January 10, 2014

The meeting was called to order at 9:01AM.

Guest speaker: President Stephen J. Friedman

Pace broke ground on the master plan and the Environmental Center project is moving forward.

When the University refinanced outstanding debt, we added \$10 million to our existing debt to move the Environmental Center and begin work. The Center is being moved first because it sits in the middle of the property on which one of the new residence halls will be built.

The next step is finalizing the financing for PLV construction, which will be in excess of \$100 million and will be funded by the sale of the Briarcliff campus (BR), a modest alumni fundraising campaign, and \$79 million in new bonds.

Pace recently met with Standard and Poor's. We want to maintain our rating, which was upgraded a few years ago. Due to the increased debt, we might lose the upgraded rating, but the Board and President Friedman agree that the project is essential to the future of Pace in Westchester, which is in turn essential to the future of Pace. We will know about our rating in a few weeks.

If all goes well, construction will begin in March. The first phase will be completed Fall 2015. BR is on the market, but the timing of the sale is complicated. Students can't move out of BR until the new residence halls are completed. There is one significant negotiation underway. Construction might be completed before BR is sold. The two new residence halls will add 170 more beds to the campus. BR staff will move into more conventional office space. This is, in many ways, the single most important thing that is going on at Pace.

President Friedman has been spending more time fundraising. Development and Alumni Relations (DEVAR) is fully ramped up and moving forward. They are raising \$10M for PLV. The NYC renovations will be fully funded by fundraising – it's a longer-term campaign and encompasses more students.

Pleasantville had a very successful 50th anniversary dinner. It was a very good strategy to identify 50 faculty and staff members who have good relationships with alumni, and we will repeat that theme every year. DEVAR is also changing the structure of Reunion. There will be three age-appropriate events for each campus.

In connection with the 50th anniversary dinner, a Gold Ribbon Committee that required a \$10,000 donation was formed. A PLV alumnus who is COO of a major NYC major company just pledged \$500,000 for the Kessel renovation. President Friedman has formed a President's Advisory Council in NYC and Westchester to involve successful alumni who have not been active with the University.

The President's Advisory Council meets twice a year. They spend time discussing a major strategic issue facing Pace, and higher education in general. They feel engaged with Pace. We also have a Parent's Council. One of the things Pace can do better is to take advantage of the generosity of parents while students are here. The University now has a database of parents.

DEVAR has also revived the Corporate Reps program, using alumni in senior management to reach out to their fellow alumni within larger corporations.

The first new residence hall will be called Alumni Hall. PLV alumni are being asked to show their support by making a contribution to name a room or suite (about \$25,000). The concept of Alumni Hall and a residence hall filled with the names of alumni is a great idea. The University recently received a \$3 million gift from Alfred Goldstein - who also was the donor for the Goldstein Fitness Center and Goldstein Academic - for labs in NYC. When the PLV labs were renovated via the Dyson Foundation grant, it helped push enrollment in biology and life sciences.

Fundraising in general is 50-60% above where the University was at this time last year. We have received a \$1 million gift to support

construction in NYC. It is a first-time gift by an alumnus of whom DEVAR wasn't aware two years ago.

President Friedman returned from a trip to China just before Christmas. He had 20-25 meetings in Beijing, Shanghai and Hong Kong. It's hard to track young alumni once they return to China. The older alumni are interesting, and the University is building important relationships with them that will bring great benefits over time.

It is still extremely early, but enrollment applications are significantly ahead of last year (about 8% in PLV and 17% in NYC). The next few years will be challenging in PLV because of the construction. The discount rate will be significantly higher here than in NYC to offset this. The future of the PLV campus is very bright and exciting. There will be a few years of disruption, but the results will be terrific.

Question: Did you use a translator in China? Yes, I did.

The proximity of the NYC campus to the Chinatown community is important. There is a Confucius Institute at Pace. The Chinese government pays for part of it – it's a joint venture with the Chinese Ministry of Culture and a publishing company. There are hundreds of Confucius Institutes worldwide (90 in US, 4 in NY). President Friedman spoke at a Confucius Institute convention. Their Director has promised Pace more support. They are funding trips to China for Pace professors who meet counterparts at Chinese universities and incorporate their information into our courses. The Chinese recognize that English is the language of worldwide transactions. Chinese business schools have local and global programs, and the global program is taught totally in English.

Question: Is the plan to get short-term debt waiting for sale of BR campus?

When we do the financing, there will be enough funds to complete the entire project without the sale of BR. Pace can always sell BR – it's an attractive property. It's a question of price. The timing of the sale won't affect the pace of construction here. If it isn't sold before construction, we'll use the proceeds when it is sold to pay down short-term debt.

Question: If Pace's S&P rating is downgraded, what is the effect on alumni giving?

It's not good news, but it's not terrible news. There would be a higher rate on the debt. Pace is viewed as a good borrower. If S&P says Pace's rating will be downgraded, we'll stop and take a look at the consequences. President Friedman believes that this project is critical to the University. Pace needs to be more attractive, attract better students, and bring down the discount rate. All of the market research that has been done shows the bifurcated campus is viewed as a negative. It makes half of our residential students commuters. Bringing the students together will make for more vibrant student life.

Question: Do you envision doing outreach to countries other than China?

Provost Uday Sukhatme visited India last year and will continue to do so. President Friedman is thinking of going to Brazil. The Law School has had a large footprint there for a long time, and it's one of Pace's top four countries for undergraduate international students (China, Brazil, Turkey and France). There is a long-term demographic dip in the number of high school students in the Northeast. We've weathered this well. Pace's enrollment has grown every year since 2007. Our employment results are better than the national average, and student loan default rates are low because our students are getting good jobs. The Performing Arts Program in NYC has become a flag carrier for Pace. There is a terrific University Relations group now and very good, effective publicity.

Foreign students are very important during this period. Pace's enrollment management group has been very innovative in developing international recruitment programs. President Friedman wants to expand the number of international students in PLV.

Committee Reports

<u>Treasurer's Report</u> We have \$5,165 remaining in our budget for the picnic.

Benefits Committee No report.

Faculty Council Representative No report.

<u>Picnic Committee</u> We'll need volunteers as we get closer to the picnic.

New Business

The December meeting minutes were approved.

Other announcements

Today is the closing date for the special awards nomination database.

Vincent Birkenmeyer, Residential Life, reported that approximately \$500 was raised for the student whose family home burned down just before Thanksgiving.

The Snow Ball is on February 7. This is a student gala, but staff and faculty are also invited to attend.

The meeting was adjourned at 10:02AM.

Respectfully submitted by Michele Camardella.

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