I. Call to Order

II. Approval of Minutes

III. Financial Overview

IV. Strategic Matters
   A. Commonwealth Enhanced Capital Authority Pilot Program (ACTION)
   B. Reserve Policy Update

V. Operational Issues
   A. Investment Policy Committee Update
   B. Police and Public Safety Update

VI. Adjournment
Mason Nation

Top 40 Most diverse campuses in the US

R1 Highest Carnegie Research Classification

Success
35% first generation

81% are Virginia Residents

35,000 students
Mason Growth

**Enrollment**
- FY 2000: 22000
- FY 2007: 24000
- FY 2017 (Fall 2016): 26000

**Number of Residential Beds**
- FY 2000: 1000
- FY 2007: 2000
- FY 2017: 3000

**Total Buildings**
- FY 2000: 110
- FY 2007: 120
- FY 2017: 130

**Total Budget** ($ in millions)
- FY 2000: 1100
- FY 2007: 1200
- FY 2017: 1300
FINANCIAL OVERVIEW
State Appropriations – Governor’s Budget Announced December 16, 2016

Market Demand and Price Sensitivity Analysis – December thru February, 2017

Room and Board Rates – Spring 2017

Enrollments Update – Spring 2017
FY 2017 REVENUE BUDGET $1.0B

- Tuition, $353.3
- Mandatory Student Services & Activity Fees, $83.9
- Room & Board, $70.2
- Contracted Services, $32.8
- Community & User Service Fee, $84.9
- Sponsored Research, $104.7
- Philanthropic Activities, $45.0
- One-Time, $2.5
- Operating, $138.6
- Financial Aid, $22.3
- Capital Improvements, $57.8
- *VA State Funding, 22%
- Mason Capital Funds, $5.0
- Enrollment Related Fees, 51%
- All Other Activities, 27%

*pie chart in millions*
FY 2017 EXPENSE BUDGET $1.0B

- **Enrollment Related, 69%**
  - Educational & General, $514.8

- **Capital, 6%**
  - Capital Improvements, $58.4
  - Financial Aid, $22.3
  - Room & Board, $70.2

- **Corporate Activities, 25%**
  - Community & User Service (Non-E&G), $66.4
  - Research Contracts and Grants, $104.7
  - Contracted Services, $32.8
  - Foundation Support for Mason, $45.0

- **One-Time Funding, $2.5**

- **pie chart in millions**
Impact on Mason (current year FY 2017)

**Compensation**
- Commonwealth will not provide portion of 3% salary adjustment
- President and BOV approved Strategic Retention Initiative

**Budget Cuts**
- Mason lost $6M pay policy and $3M in one-time reductions

**Capital**
- Formulated alternative funding scenarios
  - Robinson Hall
  - Utility Infrastructure
State imposed 20% tuition reduction for in-state undergraduate students in FY2000 and rates were held flat through FY2001 and FY2002.

ARRA included in General Fund

Examine the Base: Efficiency & Effectiveness Measures

<table>
<thead>
<tr>
<th>Debt Deauthorization:</th>
<th>4 Year Total</th>
<th>$230M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partial List</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fairfax Concert Hall</td>
<td>$41.1M</td>
<td></td>
</tr>
<tr>
<td>Housing IX</td>
<td>$41.1M</td>
<td></td>
</tr>
<tr>
<td>Economics Building</td>
<td>$30.7M</td>
<td></td>
</tr>
<tr>
<td>Parking Deck IV</td>
<td>$27.2M</td>
<td></td>
</tr>
<tr>
<td>SW Campus Dining</td>
<td>$14.6M</td>
<td></td>
</tr>
</tbody>
</table>

Asset Reutilization

| Mason Inn Conversion     | Historical Loss | $12M  |
| Mason Hall Phase I & II  | Cost Avoidance  | $13M  |
| Science & Technology Campus |               |       |
| **Broadlands Properties**| Sale of Asset   | TBD   |

Base Budget Cuts & Reallocation

5 Year Total $33.1M

No Added Debt

FY 2015, 2016, 2017 $0

*Commonwealth budget revisions after appropriations*
## Capital Projects & Future Debt

### Capital Projects : State Funding & MASON Funding

**Debt Issuance FY 2017 – FY 2020**

($ in millions)

<table>
<thead>
<tr>
<th>Capital Projects</th>
<th>FY 2017</th>
<th>Total</th>
<th>State Funds</th>
<th>MASON Gifts / Cash</th>
<th>MASON Debt</th>
<th>Mason Proposed Debt Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(FY17)</td>
<td>(FY18)</td>
<td>(FY19)</td>
<td>(FY20)</td>
</tr>
<tr>
<td>Academic VII/Research III</td>
<td>Construction</td>
<td>$71.0</td>
<td>$62.0</td>
<td>$9.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robinson Hall</td>
<td>Design</td>
<td>$102.6</td>
<td>$100.0</td>
<td>$2.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility Infrastructure</td>
<td>Design</td>
<td>$44.6</td>
<td>$19.4</td>
<td>$25.2</td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>Planning</td>
<td>$10.0</td>
<td>$10.0</td>
<td></td>
<td></td>
<td>$3.5 $21.7 $0</td>
</tr>
<tr>
<td>Life Science (Bull Run )</td>
<td>HOLD</td>
<td>$43.1</td>
<td>$42.6</td>
<td>$0.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$271.3</td>
<td>$234.0</td>
<td>$12.1</td>
<td>$25.2</td>
<td>$0 $3.5 $21.7 $0</td>
</tr>
</tbody>
</table>
Expendable Financial Resources to Debt

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>13%</td>
<td>16%</td>
<td>18%</td>
<td>25%</td>
<td>28%</td>
<td>43%</td>
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</table>

Target: 30 – 45%
Expendable Financial Resources to Operations

<table>
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<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>17%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>34%</td>
</tr>
</tbody>
</table>

Target: 35% - 50%
Debt Service Burden (Debt Service/Operating Expenses)

- Fiscal Year:
  - 2011: 7.1%
  - 2012: 7.6%
  - 2013: 7.8%
  - 2014: 8.0%
  - 2015: 8.0%
  - 2016: 8.0%

- Target: 5.0 - 7.0%
Philanthropic Support to Mason

dollars in millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollars (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011</td>
<td>$25.9</td>
</tr>
<tr>
<td>FY 2012</td>
<td>$29.8</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$36.4</td>
</tr>
<tr>
<td>FY 2014</td>
<td>$40.1</td>
</tr>
<tr>
<td>FY 2015</td>
<td>$43.9</td>
</tr>
<tr>
<td>FY 2016</td>
<td>$55.2</td>
</tr>
</tbody>
</table>
## State Funding Disparity

<table>
<thead>
<tr>
<th></th>
<th>WMU</th>
<th>Virginia</th>
<th>Virginia Tech</th>
<th>UVA</th>
<th>ODU</th>
<th>Average w/o Mason</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong></td>
<td>$8,294</td>
<td>$9,088</td>
<td>$7,397</td>
<td>$7,209</td>
<td>$6,391</td>
<td>$7,676</td>
</tr>
<tr>
<td><strong>In-State Tuition</strong></td>
<td>15,810</td>
<td>13,515</td>
<td>10,941</td>
<td>10,989</td>
<td>6,348</td>
<td>$11,521</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24,104</td>
<td>22,603</td>
<td>18,338</td>
<td>18,198</td>
<td>12,739</td>
<td>19,197</td>
</tr>
</tbody>
</table>

Mason percent of average is **73%** of total

General fund estimate is based on SCHEV FTE projection in the 2B report, numbers for all institutions will change with actual revised numbers for FY 2017.
Mason Moving Forward

- Diversification of Revenue Streams
- Faster Farther Campaign and the Future of Fundraising
- Tuition Pricing Strategy
- Student Enrollment and Retention
- Commonwealth Base Budget Cuts
- Capital Infrastructure – Prioritize
  - Robinson Hall
  - Utility Infrastructure
Focused exclusively on the unique challenges and opportunities faced by higher education institutions.
Kennedy and Company will:

- Identify, develop, and refine possible tuition/incentive structures;
- Conduct market research and staff interviews;
- Analyze course consumption trends, student demographics, and the potential impact of changes;
- Develop a high-level retention, persistence, and time-to-graduation model; and
- Build a flexible financial model that considers multiple structures and incentives, and delivers a dashboard of estimated likely impacts.
**PLANNED TIMELINE**

### December 2016
- Key meetings with Stakeholders
- Student Survey Preparation
- Staff Interviews
- Market Research on Tuition Structures
- Develop Retention, Persistence & Time-To-Graduation Model

### January 2017
- Hold Student and Administrative Focus Groups
- Launch & Collect Student Survey
- Collect & Analyze Course Consumption, Demographic and Incoming Student data
- Develop Retention, Persistence & Time-To-Graduation Model
- Develop & Refine Financial Model and Estimation Tool
- Develop Initial Tuition Structure & Financial Model

### February 2017
- Collect Student Survey
- Develop & Refine Financial Model and Estimation Tool
- Deliver Final Draft of Tuition Structure Model
- Deliver Final Written Report
STRATEGIC MATTERS
DELEGATED CAPITAL AUTHORITY

I. Background
II. Capital Project Management - changes with Tier 2.5 Authority
III. Approvals and Oversight
IV. Construction Procurement Approval
V. Recommendation
Four Virginia schools have Tier III delegated authority

- University of Virginia
- Virginia Tech
- Virginia Commonwealth University
- College of William and Mary

2016 Acts of the Assembly authorizes 5-year pilot authority to

- James Madison University
- George Mason University

Additional authorization requires BOV approval to implement

- October 2016 – BOV approved financial delegation
- December 2016 – BOV addresses delegation of capital authority

Why delegate authority?

- Grants schools control over projects funded entirely with Non-general funds
- Eliminates time delay associated with “Mother, may I” questions
- Keyed around understanding that delegated schools have personnel and processes in place to effectively manage the university’s capital funds
Capital Project Management

Key Points:

• For non-general fund projects > $2M
• Doesn’t change day to day actions managing our capital programs
• Shifts approval steps from Richmond to Fairfax. In general,
  • Actions formerly approved by Department of Planning and Budget will now be approved by either Senior VP or BOV
  • Actions formerly approved by Department of Engineering and Buildings will now be approved by VP, Facilities
Capital Project Management – New Process

Capital Planning

- Prior – BOV approves 6 year capital plan every May, which includes approval of capital projects. University submits to Department of Planning and Budget for inclusion in Governor’s budget
- Delegated – BOV still approves 6 year capital plan annually, but is no longer required to request inclusion in Governor’s Budget (note: projects that must be funded with bonds must still go through legislative cycle)

Budget Authority

- Prior – Legislative authority granted for university to spend its own money as part of biennial budget process
- Delegated - Unless bond financing is required, BOV action fully authorizes the project

Milestone Approvals

- Prior – Various DPB and/or BCOM in addition to local approval
- Delegated – Local approval only, but increased local oversight for some actions

Procurement

- Prior – Department of General Services approves construction contract type
- Delegated – Local approval of construction contract type
Project Chronology

Annual Capital Plan Established
- Pre-planning studies
- Capital projects scoped
- Projects prioritized

Capital Plan Approved

BOV

SVP

Project Initiation
- Confirms scope, schedule, budget
- Confirms funds available
- Authorizes funds expenditure

Design: Contract Awarded
- Presented to 2-person sub-committee when ready
- Present to Full Board
- Confirms compliance with scope, schedule, budget
- Confirms construction contract type

Design: Review Schematic

BOV

SVP

Design: Complete

VP, Fac

Construction
- Award construction contract
- Complete construction

SVP

VP, Fac

Project Closeout

SVP

Approved By

New Approver
Board of Visitors Actions

Approve Capital Plan

Approve Schematic Design

Approve Significant Changes (> +/-10%)
  • Budget ($)
  • Scope (SF)

Review Progress
  • Stop light chart (in each BOV book)
  • Completion reports (upon project completion)

Under Current Process

Under Delegated Authority
Construction Contract Approval Process

- Under delegated authority, University selects contract type
- Consistent with all Virginia laws
- Firm-fixed price bidding is preferred contract type
- Alternative contracts may be used based upon:
  - Technical complexity
  - Schedule challenges
  - Fast-track construction or multiple packages required
  - Design-phase constructability analysis
  - Early procurement of long-lead items
- Approval of alternate contract types (CM and Design-Build)
  - Approved in writing by VP, Facilities, included in RFQ and posted for 30 days
  - Generally for projects over $10M
  - Must be awarded prior to Schematic Design completion
- Annual report to the Department of General Services
First Recommendation

The Finance & Land Use Committee recommends approval by the Board of Visitors of the resolution granting additional financial authority for capital projects, as detailed on Handout A.

MOTION:_________________

SECOND: ________________
Second Recommendation

The Finance & Land Use Committee recommends approval by the Board of Visitors of the resolution adopting the construction contract procurement process outlined on Page E-13 and E-14, and on Handout B.

MOTION:____________________

SECOND:____________________
The why and what of having reserves are intertwined and fundamental to an organization’s financial capabilities.

Reserves provides a mechanism to ensure:

- Overall Financial Health
- Stability for future growth
- Management of risks

Reserves increase an organization’s ability to respond to temporary changes in its environment. The University seeks to build and grow its reserves to strengthen its overall financial profile.
Objectives of the Policy

- Plan and manage for risk considerations
- Outline the authorization, oversight and reporting requirements
- Establish the framework for reserves that would include targets, use, and replenishment
Types of Reserves

OPERATING RESERVES
• Funds used for short-term cash flow needs due to unanticipated events resulting in a loss of revenues.
• Funds for one-time seed funding for new strategic ideas, innovations, or project/programs.
• Funds for unanticipated one-time expenses.

FACILITY RESERVES
• Funds used for maintenance and repair of existing buildings to preserve the condition and serviceability.
• Funds for facility improvements, rehabilitation and renovations. In addition, replacement of furniture, fixtures and equipment that are fixed in buildings.
• Funds to ensure debt service payments in the event of an interruption of normal operating cash flow.
OPERATIONAL ISSUES
Total Assets: $401.4M

- TIAA Optional Retirement Plan (ORP) $292.6M
- TIAA Cash Match $11.9M
- Fidelity ORP $91.2M
- Fidelity Cash Match $5.7M

Hardship/Loan Information

<table>
<thead>
<tr>
<th>Description</th>
<th>Number/Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Loans</td>
<td>260</td>
</tr>
<tr>
<td>Hardships</td>
<td>10</td>
</tr>
<tr>
<td>Active Loan Balance</td>
<td>$1.4M</td>
</tr>
<tr>
<td>Active Hardship Balance</td>
<td>$26k</td>
</tr>
</tbody>
</table>

*All Data pulled as of 11/4/2016, subject to change thereafter*
Vendor Relations

- Moved funds to share classes with lower fees
- Mapped from frozen TIAA funds
- Added passively managed Vanguard funds
- Had more than 71k customer contacts via call center, individual meetings and website

*All Data pulled as of 11/4/2016, subject to change thereafter*
Faculty Retirement Snapshots

2,278 total faculty enrolled*

Faculty Retirement Participation

- Optional Retirement Program: 81%
- VRS: 19%

Optional Retirement Plan Enrollment

- TIAA: 60%
- Fidelity: 40%

All Data pulled as of 11/4/2016, subject to change thereafter

*4 faculty members had not selected as of the data run date
Faculty Retirement Snapshots: Cash Match

- 74% of eligible faculty and staff have enrolled in Cash Match (2,949 of 4,006)
- Some employees have multiple accounts, duplicates have been removed
- Fidelity is the default fund if not specified by the employee

Enrolled in Cash Match

- TIAA: 40%
- Fidelity: 51%
- ICMA-RC: 9%

*All Data pulled as of 11/4/2016, subject to change thereafter*
Department of Police & Public Safety Update
Mason Chief of Police

Carl Rowan, Jr.
Deputy US Marshal
Special Agent, FBI
Supervisory Special Agent, FBI Office of Legal Counsel
Former Chief of Police (Virginia)
Vice President of Global Security for a worldwide Silicon Valley software company

Graduate: Georgetown University Law Center
Member of the D.C. Bar

Special skill: Building high performance teams
Priorities for 2017

Emergency Preparedness Training
- Active Shooter Response
- University-wide emergency training
- Threat assessment reviews of major campus venues
- Review of campus alert processes

New Community Policing Unit
- Change department’s culture of “no” to a culture of “yes”
- University-wide liaison responsibility

New Recruiting Initiative
- New targeted audiences
- More professional and competitive program
- New reserve officer program
A New Generation of Leadership

- Lots of young talent.
- Reorganization will bring opportunity to promote into command staff.
- Morale is high, attrition has slowed.
- Productivity is up.
- Communication between command staff and officers has improved.
- Enhanced collaboration with local police departments.
George Mason University

LET’S GO MASON!

A University for the World