

BOARD OF VISITORS GEORGE MASON UNIVERSITY

Meeting of March 1, 2018 MINUTES

PRESENT: Rector Davis, Vice Rector Peterson, and Secretary Purvis; Visitors Alcalde, Cumbie, Dwoskin, Hazel, Marquez, Petersen, Prowitt, Schar, Witeck, and Zuccari; Faculty Representative Renshaw; Student Representatives Kanos and Quillen; President Cabrera; and Secretary pro tem Cagle.

ABSENT: Visitors Ahmed, Blackman, and Chimaladinne.

I. Rector Davis called the meeting to order at 1:25 p.m.

II. Approval of the Minutes

Rector Davis called for any corrections to the minutes of the Executive Committee and full Board meeting of December 13, 2017. Hearing none, the minutes stood approved as written.

III. Rector's Report

Rector Davis commented that Mason's sports teams have been magnificent, noting the women's basketball team won the first round the previous evening. He shared a video of the final moments of the previous three men's basketball games where the games were won with buzzer beaters. The Board acknowledged the wins with applause. Rector Davis noted the final regular season game would be held Saturday, March 3, followed by the A10 Tournament at the Capital One Center in Washington, DC. He announced he had a suite for the first round of games and asked that anyone interested in attending to let him know. He asked Secretary pro tem Cagle to let the Board know once the date and time details were confirmed.

Rector Davis called on Brad Edwards, AVP and Director of Intercollegiate Athletics, for student athlete highlights. Mr. Edwards reported it had been a record year for the women's basketball team, noting freshman Nicole Cardaño-Hillary was voted A10 Rookie of the Year and Natalie Butler was voted A10 Women's Basketball Player of the Year. The Board responded with applause. Mr. Edwards noted the women's basketball team would play George Washington the following day in the A10 Quarter Finals Tournament in Richmond.

Rector Davis reported that when the University Budget was approved on May 11, 2017, it included a salary increase for employees, including President Cabrera. Rector Davis explained that under the President's contract, any change to the President's salary requires the approval of the Board of Visitors. Rector Davis read the resolution that satisfied that requirement:

WHEREAS, on May 11, 2017, the Board of Visitors approved the 2017-2018 budget, which included a 3% salary increase for faculty and staff; and

WHEREAS, effective July 10, 2017, President Ángel Cabrera became eligible for a three percent (3%) increase to his base salary, of which two percent (2%) of the increase would be paid from state funds, and one percent (1%) of the increase would be paid from non-state funds; and

WHEREAS, effective July 10, 2017, President Cabrera's annualized base salary was increased by three percent (3%) to \$563,927; and

WHEREAS, in accordance with Section D.1 of President Cabrera's First Amendment to Employment Agreement dated March 24, 2016, any salary adjustment requires approval by the Board of Visitors;

NOW, THEREFORE, BE IT RESOLVED:

The Board of Visitors approves and ratifies the July 10, 2017, increase of three percent (3%) of President Cabrera's annualized base salary.

Rector Davis called for a motion to approve the resolution. It was **MOVED** by Visitor Hazel and **SECONDED** by Visitor Cumbie to approve the resolution as presented. Rector Davis opened the floor for discussion. There was none.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE

(Attachment 1 - Resolution: Base Salary Increase for President Cabrera)

Rector Davis reminded the Board members of the Finance and Land Use Informational Session on April 11, 2018, noting the topics would be the Commonwealth budget, FY 2018 financial plan, and a financial forecast. He noted the session would be in preparation for the tuition and fees discussion and vote at the May 3 full Board meeting. He encouraged all members to attend.

IV. President's Report

President Cabrera referred to the President's Report (Attachment 2). He highlighted the following:

- Four Mason PhD students were selected as finalists in the highly competitive Presidential Management Fellows Program, noting that of the 6,300 applicants this year only 417 were chosen as finalists;
- The State Council of Higher Education in Virginia (SCHEV) honored Fred Bemak with the Outstanding Faculty Award, one of only twelve faculty in the Commonwealth receiving this award. Dr. Bemak is a professor in the College of Education and Human Development. President Cabrera noted that Dr. Bemak and his wife, Dr. Rita Chung, also a Mason professor, lead an organization called "Counselors

Without Borders” that goes to areas of the world impacted by natural disasters to provide counseling and psychological services.

President Cabrera recognized and welcomed Dr. Bill Hazel, former Secretary of Health for the Commonwealth, noting he served under two different Governors. President Cabrera noted Dr. Hazel played an important role in bringing attention to the opioid crisis and leading the creation of multidisciplinary spaces to find complex solutions. President Cabrera announced that Dr. Hazel was joining Mason to put together a multidisciplinary group at Mason in order to play a large role in how the nation deals with this crisis. The Board responded with applause.

President Cabrera continued to highlight and provide comments on the topics from his report as follows:

- Stephen Fuller provided a successful Washington economic update at the Annual Mason and United Bank (formerly Cardinal Bank) Economic Conference.
- The partnership with Northern Virginia Community College (NOVA) to develop a smooth transition from NOVA to Mason is in the implementation phase. President Cabrera noted that faculty and advisors from NOVA and Mason (200 total) have met and are working together on curriculum to ensure that when a student starts at NOVA and intends to transfer to Mason, they know exactly what classes to take to accomplish their goal.
- The partnership with Wiley is now a reality with three master’s programs and two certificate programs that began in January 2018 with a total of 93 students.
- Research expenditures have increased over last year more than 10%, which is twice the goal; new awards have increased 35% which is more than three times the goal. President Cabrera extended special thanks to Ms. Jennifer “J.J.” Davis, SVP for Administration and Finance, and her team, for negotiating with federal agencies an increase in Facilities and Administrative recovery rates for research grants.
- Enrollment continues to grow with an increase of more than 1,000 students over last year. President Cabrera noted that over the last decade, approximately half of the entire growth in enrollment in the Commonwealth has been driven by Mason. He reported that according to a new SCHEV report, last year Mason accounted for 60% of the total growth in the Commonwealth. President Cabrera noted Mason is able to grow at this rate while improving all of the outcomes, but noted this growth has an impact on resources like housing.
- While fundraising is below last year’s pace, there are several new gifts to be announced soon that should put Mason on track to

successfully attain the annual goal of \$60 million. President Cabrera noted the campaign receipts stand above \$560 million toward the target of \$600 million by December 2018.

- Efforts to improve faculty and staff diversity have resulted in positive results. This year, the full-time instructional faculty hires from underrepresented groups rose by 4.7 percent points, placing Mason in the top half of doctoral universities in Virginia.
- Peterson Hall has been completed and opened in January 2018. President Cabrera invited the members to walk through the building and the public spaces after the meeting. He reported the Potomac Environmental Science Center on Belmont Bay opened in January 2018. President Cabrera noted there would be official openings for both facilities in the next few months.
- President Cabrera noted this year he is serving as Chairman of the Virginia Council of Presidents, a group of all the presidents of Virginia public universities and the Chancellors of the community colleges and the group has been active in providing advice to federal elected officials regarding legislation that affects higher education. President Cabrera reported joint letters have been sent U.S. legislators from all Virginia presidents concerning: (1) the reauthorization of the Higher Education Act (the PROSPER Act); (2) the DACA legislation; and (3) the tax reform. President Cabrera reported on his activity in Richmond during the budget process, especially regarding the gap in per student funding from the Commonwealth. He noted and thanked Board members who had been active in working with the outgoing Virginia administration to include significant investments for Mason in the introduced budget. President Cabrera reported the introduced budget included \$14 million over the biennium of increases in Mason's operating appropriation, plus \$15 million of new financial aid, representing a third of the additional \$45 million financial aid dollars put in the budget by former Governor McAuliffe. President Cabrera provided an update on the differences in the House and Senate budgets relative to Mason, noting both the House and Senate budgets include an additional capital appropriation of \$21 million for Mason for the increased cost of the expansion of Bull Run Hall for engineering space. President Cabrera reported the House budget includes a \$40 million investment to create a center of excellence in cybersecurity in northern Virginia. He noted Mason's support for the project and its impact on the economy, but the concern that it will be operated by Virginia Tech. President Cabrera highlighted Mason's leadership in the cybersecurity area, noting Mason is the number one school in the Commonwealth for computer science, information technology, and cybersecurity in terms of numbers and third party ranking and recognition. He reported advocacy efforts with members

of the General Assembly to co-lead this project. President Cabrera noted Mason's history of collaboration, citing the Online Virginia Network (OVN) initiative with Old Dominion University. He thanked the members for their efforts and continued support on the cybersecurity initiative. President Cabrera noted there had been a record number of meetings with legislators, noting a wonderful alumni session with the Northern Virginia Legislative Caucus in attendance. He reported Governor Northam attended and provided kind remarks to the Mason alumni and the northern Virginia legislators. President Cabrera noted he has spoken with the northern Virginia legislators regarding Mason's priority issues and the budget.

- President Cabrera noted at the recent Council of Presidents meeting, Senator Tim Kaine spoke to the group on Higher Education Reauthorization. President Cabrera reported Visitor Marquez and he had the honor of attending a ceremony at the residence of the Spanish Ambassador where Senator Tim Kaine was awarded the highest award given to a foreign national for his efforts to strengthen the ties between Spain and the U.S. President Cabrera noted he was in Korea for the first Mason-Korea graduation. President Cabrera announced that there was potential for a high level cabinet member visit to campus on March 6, 2018; details would be forthcoming if the visit was confirmed.

He thanked the entire administrative team for their work and efforts on the immediate and important goals of the University.
(Attachment 2 – President's Report)

V. Board of Visitors Continuing Education (per HB1952)

Provost David Wu addressed the Board and reviewed a document of talking points that supported the cybersecurity initiative previously addressed by President Cabrera. Dr. Wu highlighted the following: Mason's impressive enrollment growth; Carnegie R1 research status; one of the most economically and socially diverse student population in the U.S.; graduates with the highest starting salaries in the Commonwealth; one of the lowest student loan default rates in the U.S.; and leader in the field of information computing technologies. Dr. Wu explained that many Virginia institutions, like Virginia Tech, started their engineering schools with the traditional fields of engineering based primarily on physical sciences (mechanical engineering, chemical engineering, etc.), but Mason's engineering school started as a school of information, science, and technology. He noted this is an area of Mason's traditional strength, growing the STEM and health student population by a significant amount, and doubling the size of the engineering school since 2012. Dr. Wu reported Mason is ranked 8th in the U.S. in cybersecurity programs and consistently ranked in the top 20 in terms of data analytics. He reviewed the bar graph of degree enrollments in cyber and

information and computing technology areas, noting Mason has the largest Bachelors and Masters enrollment among Virginia R1 schools. Dr. Wu highlighted the rate of growth, noting the cybersecurity program has grown 44% in research awards, 69% in overall research volume, and almost 14% in enrollment growth. He reported that Fairfax County has over 9,000 technology firms and about 500 cybersecurity companies, supported by a workforce educated at Mason. Dr. Wu noted the 125,000 Mason alumni who live in northern Virginia are the backbone of the economy. He encouraged the members to share this information in support of the cyber initiative. The Board members responded with applause.

Rector Davis encouraged the members to use this information if they have an opportunity to speak with legislators or anyone in the Governor's cabinet over the next few weeks.

(Attachment 3 – Continuing Education Document)

VI. Committee Reports

A. Audit Committee

Rector Davis called on Chairman David Petersen to provide a report from the Audit Committee. Chairman Petersen reported the committee received a briefing from Lisa Kemp, Controller, on the status of the Auditor of Public Accounts annual audit of the University's financial statements, noting the work is progressing on schedule. He reported that, to date, no material weaknesses have been identified and the work is expected to be complete in the April/May timeframe. Chairman Petersen noted the committee received an update from Julian Williams, VP of Compliance, Diversity and Ethics, on the status of the University's process for monitoring compliance with laws and regulations. Chairman Petersen reported the committee discussed the advantages Mason has in terms of its compliance program and the current decentralized structure, but discussed the future growth impact on that structure while maintaining compliance with current and future compliance regulations, noting the current resource-stretched environment. He noted that compliance is a key focus for the Enterprise Risk Management process in 2018 and beyond, and the committee consensus was that this area continues to need ongoing executive and Board attention to ensure Mason is being proactive in all compliance areas. Chairman Petersen reported the committee also reviewed and audit status report as presented in the Board materials.

B. Academic Programs, Diversity and University Community Committee

Rector Davis called on Chairman Alcalde to provide a report from the Academic Programs, Diversity and University Community Committee. Chairman Alcalde reported the committee received an overview from Provost Wu, received updates on two initiatives, reviewed three reports, and voted on several Action Items. She reported Provost Wu spoke on five key issues:

Mason Impact Initiative; study abroad; faculty satisfaction and engagement; transformative partnerships for access; and the search for the Dean of the College of Humanities and Social Sciences, noting the search is on schedule to be completed by late Spring. Chairman Alcalde noted five finalists would be coming to campus in late March or early April. She reported there was change in search firms to provide a larger outreach, noting there are a number of finalists from underrepresented groups.

Chairman Alcalde reported the committee received a strategic enrollment update from David Burge, VP of Enrollment Management, who highlighted the enrollment planning to support Strategic Goal #4 of 100,000 career-ready graduates; ensuring access and student success; determining, achieving and maintaining optimum enrollment; delivering effective programming and financial planning. Chairman Alcalde reported Mason plans to increase Virginia and out-of-state enrollments to 42,885 students by FY2024, which assumes ADVANCE gains, online programs, and new international students. She reported Mr. Burge presented information on international student enrollment, noting the number of international student is growing and the U.S. Market share has declined by 7% while Canada's and Australia's has increased, citing national marketing strategies, path to immigration and work permitting as critical factors for this growth; Mason's Fall 2017 international enrollment was up by 3.3%. Chairman Alcalde reported there were decreases in INTO Mason Academic English and non-degree international. She noted Mason is implementing new discounting strategies, simplifying the application process and building support for structured programs to increase enrollment.

Chairman Alcalde noted the Annual Reports for Fall 2017 were provided in the Board materials, noting 26.5% of full-time instructional and research faculty were either a member of a historically underrepresented racial/ethnic group or a non-resident alien, and 94% of full-time instructional faculty members continued to be employed at Mason, comparable to the attrition rates over the past 5 years.

It was **MOVED** by Chairman Alcalde and **SECONDED** by Secretary Purvis to approve the Faculty and Program Action Items in block as presented in the Board materials. Rector Davis opened the floor for discussion. There was none.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE

C. Development Committee

Rector Davis called on Chairman Hazel to provide a report from the Development Committee. Chairman Hazel reported the committee received a briefing from Chris Clark-Talley, AVP in the Office of Alumni Relations, on

the upcoming 50th Anniversary Celebration of the Alumni Association and the work that has been accomplished in preparation for this event. Chairman Hazel noted 198 alumni had been interviewed to provide background, themes, and perspectives on Mason. He noted the event will be May 12, 2018 at 5:30 p.m. at EagleBank Arena.

Chairman Hazel reported the committee received a briefing from Zofia Burr, Dean of the Honors College, who reported 1,509 students currently participate in the Honors College, a significant increase since 2007. Chairman Hazel noted the comparison of Mason's Honors College students to other public universities and elite private colleges, who have Honors Colleges, where Mason students' SATs are equivalent, the number of awards granted to the graduates is skewed in Mason's favor, 90% or more graduates find employment in their field of study, and the increased diversity of the Honors College students is more reflective of Mason's overall student population. He noted the Honors College needs more resources, advisors, faculty, research opportunities, scholarships and paid internships. Chairman Hazel reported Dr. Burr was joined by Gerald Gordon, President and CEO of the Economic Development Authority in Fairfax County and Chair of the Honors College Advisory Board, who stressed the need for increased funding to help place more students in more paid internships in preparation for their jobs after graduation.

Chairman Hazel reported the committee received a campaign update from Janet Bingham, Vice President of University Advancement and Alumni Relations, noting it is currently at \$571.7 million with 10 months remaining in the campaign. Chairman Hazel noted the following three recent gifts:

- \$3 million from C. Boyden Gray
- \$2 million from the founder of J. Crew, through Planned Giving
- \$1.5 million from John Toups

He noted there are some additional gifts in the pipeline and that the campaign is on track to attain the \$600 million goal by year end.

D. Research Committee

In the absence of Research Committee Chairman Ahmed and Vice Chairman Blackman, Rector Davis called on Chairman pro tem Purvis to provide a report from the Research Committee. Chairman pro tem Purvis reported the committee reviewed the performance for awards for 2017-18, with performance indicators trending upward, noting research expenditures are up 10% over the same time last year, with award dollars up almost 30%. She noted the committee heard a brief report about the proposed Cyber X program. She reported the committee also received an update from Marilyn Smith, CIO, concerning Mason's plans to provision secure computing systems

and trusted data governance mechanisms to comply with new Federal regulations around controlled unclassified information.

E. Finance and Land Use Committee

Rector Davis called on Chairman Peterson to provide a report from the Finance and Land Use Committee. Chairman Peterson noted that President Cabrera covered a number of topics from the committee meeting in his report to the Board. Chairman Peterson highlighted the numbers and demographics of Mason students noting, that of the 36,000 students in 2017, 80% are in-state, 70% are undergraduate, and 69% are full-time. He reported that within the undergraduates, 39% are first-generation, 50% are from underrepresented groups, and 14% are age 25 or older. Chairman Peterson reported that as Mason's student population grows, the University continues to stay diversified and support those in need economically. He noted that Ms. J.J. Davis shared concerns that growth does not come without some sacrifices and changes and that the growth is going to happen without some of the major dollars that the State previously provided. Chairman Peterson noted that things may need to be done differently, perhaps creating a new business model, noting the limitation of space and dollars. He reported the committee discussed the new Mason incentive model, which was first started in 2016, running parallel with the existing model that year; it was implemented in 2017 and continues to provide focus for the departments to be aware of income and expenses and how the units fit into the overall University financial picture. Chairman Peterson mentioned the budget process in Richmond, previously highlighted by President Cabrera, noting the budget includes benefits to Mason that are likely the best Mason has had in recent memory. He acknowledged the efforts of many people in the room who had an impact on those results, noting the process started many years ago by showing the growth and accomplishments of Mason with the least amount of State funding. Chairman Peterson noted there was a \$1 billion difference between the House and Senate budgets, primarily due to Medicaid, but there are good things in both versions that are to Mason's benefit.

Chairman Peterson reported the Committee reviewed and approved two Action Items for presentation to the Board as follows:

- Increase of the Room and Board rate by an average of 3.3%
- University is in compliance with the current Debt Policy and approves the Debt Management Policy as presented in the Board materials

It was **MOVED** by Chairman Peterson and **SECONDED** by Visitor Cumbie to approve the Action Items in block as presented. Rector Davis opened the floor for discussion. There was none.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE

(Attachment 4: Resolution: Debt Management Policy Compliance and Revised Policy)

VII. Closed Session

It was **MOVED** by Vice Rector Peterson and **SECONDED** by Secretary Purvis that the Board go into a Closed Session under the provisions of Section 2.2-3711.A.2 to discuss a Student Matter, Section 2.2-3711.A.4 for the Protection of Privacy in Personal Matter pertaining to a student, Section 2.2-3711.A.29 to discuss a Public Contract, Section 2.2-3711.A.9 to discuss Gifts, Bequests and Fundraising Activities, Section 2.2-3711.A.7 for consultation with Legal Counsel pertaining to actual or probable litigation, Section 2.2-3711.A.8 for consultation with Legal Counsel regarding specific legal matters requiring the provision of legal advice, and Section 2.2-3711.A.1 to discuss a Personnel Matter.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE

It was **MOVED** by Vice Rector Peterson and **SECONDED** by Secretary Purvis that the Board go back into public session and further moved that by ROLL CALL VOTE affirm that only public business matters lawfully exempted from the open meeting requirements under the Freedom of Information Act were heard, discussed or considered in the Closed Meeting, and that only such business matters that were identified in the motion to go into a Closed Meeting were heard, discussed or considered in the Closed Meeting.

Roll call was taken with all present members responding in the affirmative.

Rector Davis recognized Student Representative David Kanos. Mr. Kanos advised the Board that Mason's Student Government would be hosting the first DMV Summit. He explained the student government presidents, vice presidents and up to 3 other student government members from 16 schools in the District, Maryland, and Virginia have been invited to participate. Mr. Kanos noted this would be an opportunity to showcase Mason and discuss the issues of campus climate, mental health, student involvement, and academics. He invited the Board members to attend, noting it would be held Sunday, April 8, 2018 from 9:00 a.m. – 4:00 p.m. in Research Hall. Rector Davis thanked Mr. Kanos and asked Secretary pro tem Cagle to send a reminder to the Board about this event.

VIII. Adjournment

Rector Davis called for a motion to adjourn. It was **MOVED** by Visitor Hazel and **SECONDED** by Visitor Petersen to adjourn the meeting.

MOTION CARRIED UNANIMOUSLY BY VOICE VOTE

Rector Davis adjourned the meeting at 3:28 p.m.

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Respectfully submitted,



Kathy Cagle
Secretary pro tem

- Attachment 1: Resolution: Base Salary Increase for President Cabrera (1 page)
- Attachment 2: President's Report (8 pages)
- Attachment 3: Continuing Education Document (2 page)
- Attachment 4: Resolution: Debt Management Policy Compliance and Revised Policy (9 pages)

**RESOLUTION OF THE BOARD OF VISITORS OF GEORGE MASON UNIVERSITY
AUTHORIZING INCREASE IN BASE SALARY FOR PRESIDENT CABRERA**

WHEREAS, on May 11, 2017, the Board of Visitors approved the 2017-2018 budget, which included a 3% salary increase for faculty and staff; and

WHEREAS, effective July 10, 2017, President Ángel Cabrera became eligible for a three percent (3%) increase to his base salary, of which two percent (2%) of the increase would be paid from state funds, and one percent (1%) of the increase would be paid from non-state funds; and

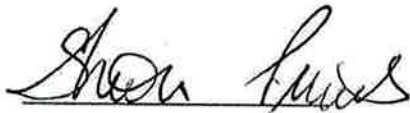
WHEREAS, effective July 10, 2017, President Cabrera's annualized base salary was increased by three percent (3%) to \$563,927; and

WHEREAS, in accordance with Section D.1 of President Cabrera's First Amendment to Employment Agreement dated March 24, 2016, any salary adjustment requires approval by the Board of Visitors;

NOW, THEREFORE, BE IT RESOLVED:

The Board of Visitors approves and ratifies the July 10, 2017, increase of three percent (3%) of President Cabrera's annualized base salary.

Adopted: March 1, 2018



Shawn Purvis
Secretary
Board of Visitors

President's Report

March 1, 2018

[Goals and activity updates since the December 13, 2017 BOV meeting.]

- **Student and Faculty Success**

Mason faculty and students continued to make us proud. Among the highlights:

- Mason's Center for Evidence-Based Crime Policy, directed by David Weisburd and Cynthia Lum, has been selected to house a portion of the multimillion dollar Washington/Baltimore High Intensity Drug Trafficking Areas program.
- Four Mason PhD students were selected as finalists in the highly competitive Presidential Management Fellows Program, administered by the Office of Personnel Management.
- Professors J.P. Auffret and Angelos Stavrou have received an NSF grant to help Virginia counties formulate a more cohesive cybersecurity defense.
- Jazz studies major Carlehr Swanson created "Music is Unity," an outreach program for high schools and nursing homes that emphasizes music as an outlet for stress and healing.
- Health administration and policy professor Alison Cuellar has received a grant from the Robert Wood Johnson Foundation to study the growing trend of physician consolidation and its effect on health care.
- SCHEV honored College of Education and Human Development professor Fred Bemak with the Outstanding Faculty Award.
- Natalie Butler closed out the regular season with her 29th straight double-double, tied for the third-longest such streak in Division I women's basketball history.
- Honors College student Donna Imadi has established nonprofit InvestinYOUth, a mentorship program that connects at-risk high school students with college mentors.
- Kinesiology major Isaiah West worked as a strength and conditioning intern at the NBA Academy Africa over winter break.
- The National Endowment for the Arts awarded the Mason Arts Research Center, co-directed by three psychology professors, a two-year, \$150,000 renewable grant to research how arts participation affects child development.
- Three Mason grad students won 2018 Cosmos Scholars Awards, grants for research needs not covered by other supporting funds.

- **Rankings and Media**

Foreign Policy Magazine named two Schar School graduate degree programs among the Top 50 in the world for careers in international relations.

California-based ranking service Schools.com selected the School for Conflict Analysis and Resolution as the top school in the country for conflict resolution and mediation.

U.S. News & World Report ranked Mason's online applied information technology master's program 23rd nationally, a jump of 13 spots from 2017. The online systems engineering

program, unranked last year, is 57th nationally. The School of Business' MS in accounting tied for 56th among online non-MBA programs, up seven spots from a year ago.

CollegeFactual.com ranked Mason's nursing program 41st of 513 nationwide.

Also, please check our weekly email update of major media hits. Mason faculty, students, staff, and alumni make news every day in major media throughout the region and around the country. Some highlights:

- New York Times: Discovery by Mason researchers that could lead to faster and cheaper testing for tuberculosis is highlighted in a global health piece.
- Washington Post: Mason professors Daniel Lofaro and Edgar Endress cross disciplines to create a robotic orchestra from discarded musical instruments.
- Washingtonian: Mason's Stephen Fuller profiled in a story about the region's economic history.
- Washington Post: Mason graduate and undocumented immigrant Liana Montecinos, BA Philosophy '09, started a nonprofit to help low-income, first-generation students reach higher education.
- WRC-TV4 (NBC): Forensic Science Program Director Mary Ellen O'Toole and her staff featured prominently in an in-depth look at Mason's Crime Scene House.
- Washington Post: A Mason study on diversity hiring in Fairfax County schools is basis of policy changes.
- WTOP: Profile of concussion diagnostic research by Mason's Chip Petricoin and Shane Caswell.

- **Transformative Partnerships**

We continue to explore possible partnerships to expand access to adult learners through online education. The General Assembly is currently considering budget language that would grant the Board of Visitors the ability to engage in those partnerships. We will update you on our progress in a separate briefing.

Mason and NOVA faculty have built over 20 pathway programs under the new ADVANCE partnership. We expect to soon begin marketing the programs for fall 2018 admission.

Our first online graduate programs (three master's programs and two certificates) with Wiley began in January 2018. A total of 93 students enrolled in the five programs.

- **Research and Innovation**

Research activity continues to grow steadily this year. Research expenditures through the end of January were up 10.2% over last year. Facilities and administrative (F&A) costs recovered were up 7.5%. The number of new proposal submissions was up 10.5% while the value of new awards was up 35.5%. The last metric bodes well for increased expenditures during the remaining months of the fiscal year. In sum, our research pipeline is growing rapidly.

We were able to negotiate with federal agencies an increase in F&A recovery rates for research grants.

The Strategic Plan resource planning will seek to identify means by which Mason can continue to rapidly grow research through strategic investments in faculty, facilities, and programs.

- **Enrollment**

Spring enrollments remained strong, continuing our consistent growth trajectory.

Overall university enrollment is up by 2.9% (+1,009) over last Spring for a total of 35,469. In-state enrollment is up by 2.7% (28,419 from 27,683, +736), while out-of-state enrollment is up by 4% (7,050 from 6,777, +273).

New student enrollment is up by 3.0% this Spring (3,574 from 3,471, +103). New Undergraduate enrollment is up by 3.3% (1,955 from 1,893, +62) while new Graduate enrollment is up by 2.6% (1,619 from 1,578, +41).

- **Fundraising**

As of February 25, we had raised \$41.5M, which is \$2.0M below last year's pace. However, we expect to announce several million in new giving over the next few weeks, which should put us back on track for the successful completion of our annual goal of \$60M.

Campaign giving to date is \$563.7M, which is on pace to exceed our revised target of \$600M by December of 2018.

Endowment giving is \$2.7M so far this year compared to \$3.6M at this time last year. We expect to receive additional endowment gifts totaling over \$1M within the next few weeks.

Alumni giving also continues to grow. As of February 25, the total number of alumni donors was 3,980 compared with 3,900 at the same time last year.

- **Faculty and Staff Diversity**

Over the past several years, we have made a concerted effort to improve faculty and staff diversity. As a result of these efforts:

- This year, full-time instructional faculty hires from underrepresented groups rose by 4.7 percent points.
- The gains have increased the percentage of faculty who identify as members of underrepresented groups to 20.4 percent.
- Mason is now third among Virginia's seven doctoral institutions in terms of the diversity of its full-time instructional faculty.

- **Campus for the Future**

Peterson Hall opened in January 2018. The new facility provides world-class teaching and research space and brings online critically needed new capacity that will help us accommodate the rapid growth we continue to experience. A ribbon-cutting ceremony will be held in May.

We occupied the new Potomac Environmental Research & Education Center in Belmont Bay in January. An official opening is scheduled for the Spring.

Planning continues regarding a replacement for Robinson Hall and associated major upgrades to the Fairfax campus utility infrastructure. Design work has been completed and we remain on track for a fall 2018 construction start.

With advice from several BOV members and with the assistance of internal and external consultants, we are pursuing an RFP to possibly develop additional student housing on a property adjacent to West Campus.

- **Strategic Plan**

The Strategic Plan update was approved in December. This spring we are working on a comprehensive financial plan that will guide Strategic Plan implementation going forward. The first step of this process is the development of detailed enrollment forecasts, drafts of which were scheduled to be shared in committee today.

Legislative Update – Federal:

Letter sent to Hill on Higher Ed Bill – On behalf of the Virginia Council of Presidents, every Virginia Member of the U.S. House received a letter expressing “our concerns with certain provisions of H.R. 4508, the Promoting Real Opportunity, Success, and Prosperity through Higher Education Reform (PROSPER) Act.” The legislation would reauthorize the Higher Education Act. The letter argued that the bill’s proposals to end subsidized student loans, graduate PLUS loans, loan forgiveness programs, and the Supplemental Educational Opportunity Grants, and cut Federal Work Study would hurt the neediest students the most. The bill’s Risk-Sharing and program loan repayment provisions would affect those institutions serving the greatest number of disadvantaged students. “We are committed to working for a reauthorization bill that truly advances the key principles of affordability, accessibility, accountability, transparency and innovation. PROSPER comes up short in moving forward in these areas. Virginia has the finest higher education system in the nation and it is our highest priority to maintain this excellence.”

Hill International Exchange Event – I spoke at an event on Capitol Hill to discuss current trends in student mobility noting that international students are vital to the economic vitality of the Fairfax region and the Mason campus. They enrich the community, bring the world closer together, but also learn more about their American peers. The number of international students at Mason has almost doubled in the last 10 years, although the rate of growth has slowed, and more Mason students are studying abroad now more than ever. Also noted are the top three concerns of Mason international students about studying in the U.S.: 1) cost; 2) feeling secure; and, 3) certain policy initiatives of the U.S. government. Other speakers included Ambassador Jennifer Galt who heads the State Department office promoting international exchange and education, Dr. Harris Pastides, president of University of South Carolina, and Rajika Bhandari of the Institute of International Education. The Institute of International Education, under its president Allan Goodman, sponsored the session, which was hosted by the Congressional

Caucus for International Exchange and Study, co-chaired by Reps. Steve Pierce (R-NM), and Jim Himes (D-CT). Reps. Dutch Ruppersberger (D-MD) and Joe Wilson (R-SC) spoke briefly.

Letter sent to Congress Urging Action on DACA - On behalf of the Virginia Council of Presidents, every Virginia Member of Congress received a letter asking for swift action on the Deferred Action for Childhood Arrivals (DACA) program. The letter acknowledges the complexities involved in efforts underway in Congress on behalf of DACA students, also known as Dreamers, and urges their status be codified with permanent resident status including a path to citizenship. The letter points out that, according to the State Council of Higher Education for Virginia, DACA students enrolled at Virginia institutions of higher education totaled 1,326 in academic year 2016-2017. The Council's report further notes that there have been over 12,100 DACA recipients over the years in Virginia producing an estimated \$711.4 million in GDP for the Commonwealth. The letter argues that DACA students provide important intellectual capital to the Commonwealth and are a vital part of the workforce. The prospect of removing DACA status, the letter concludes, places DACA students in a state of heightened anxiety and they are justifiably concerned about what may happen to them.

Legislative Update – State:

2018-20 Biennial Budget:

Mason's 18-month long campaign to increase financial aid operating funds was reflected in the Governor's outgoing budget. The introduced budget included \$15M for financial aid and \$14M for operating funds. In addition, the introduced budget included \$21M for the change of scope of the Bull Run capital construction project which will convert the proposed space from basic classrooms to engineering labs.

The House Appropriations and Senate Finance Committees released their respective budget recommendations on February 18. While not fully reflecting the amounts in the introduced budget, both the House and Senate recommendations are very favorable for Mason. The budget conference committee will now need to finish its work to resolve any differences.

The House budget bill also includes a \$40M investment to create a center of excellence in cybersecurity in northern Virginia to be operated by Virginia Tech and offering opportunities to other universities. We have expressed to House leadership our support for the initiative as well as our strong desire and readiness to co-lead the initiative together with Virginia Tech, given our remarkable leadership in this area, reflected in national rankings and other achievements.

Legislative Outreach:

Our legislative strategy has focused on efforts to maintain the funding in the introduced budget. To this end, I sent personal letters to all members of the Northern Virginia Legislative Caucus and made a formal presentation to the Northern Virginia Legislative Caucus on January 22 with 24 legislators in attendance.

Several members of the Board of Visitors travelled to Richmond to promote our legislative strategy, including Rector Tom Davis, and Visitors Dave Petersen and Jimmy Hazel.

Through our various visits, we have had a record 21 Senators and 42 Members of the House of Delegates plus countless informal contacts. Together with a successful Mason Lobbies Day, alumni visits, and prominent Schar School advertising, our presence in Richmond has been more visible than ever before.

We have also made a concerted effort to gain the support of the various Chambers of Commerce in Northern Virginia. Many of the Chambers included Mason's budget priorities on their respective priority lists. In addition, several former members of the General Assembly have contacted members of the House Appropriations and Senate Finance Committees on Mason's behalf.

Mason Lobbies:

As background, the long-time General Assembly Building is being torn down with the legislative offices now in a temporary location, the Pocahontas Building, a much smaller space. As such, universities were encouraged to cancel all student days in Richmond. The Mason students were steadfast in their desire to continue Mason Lobbies. Accordingly, plans were developed to reduce the number of participants, but ensure their message was heard. On January 31, nearly 40 students (instead of 100) descended on Richmond. They met with countless legislators on matters of concern, including Mason's budget needs. Our students were joined by Governor Northam and Secretary of Education Qarni (a Mason alum) for a photo op on the Capitol steps. The students were also introduced to the House and Senate from the respective galleries.

Mason Alumni Association:

The evening prior to Mason Lobbies, we hosted the annual Mason Alumni Association legislative reception. In addition to hosting Governor Northam and Secretary Qarni, there were more than 100 guests, including 17 legislators in attendance. The highlight of the evening was the Governor and Senator McPike presenting a framed commending resolution on the occasion of the 50th anniversary of the Mason Alumni Association.

Additional Outreach:

In my capacity as Chair of the Council of Presidents, we have been honored to host then Governor-elect Northam at the November 2017 meeting. In January, higher education's outreach was continued by hosting Secretary Qarni. More recently, we hosted Senator Kaine and Secretary of Finance Layne at the February meeting. Each of these events provided excellent opportunities for higher education to work as a team on state and federal matters of shared interest.

Meetings on behalf of Mason have also been attended with Lt. Governor Fairfax, Secretary Qarni, Secretary of Administration Connor, Secretary of Commerce and Trade Lee and Secretary of the Commonwealth Thomasson.

Looking Ahead:

- March 10: General Assembly adjourns
- April 18: Reconvened Session (Veto Session)

External Activities & Speaking Engagements:

- Co-chaired the Governor-elect's Policy Council on Commerce and Trade in December. Discussion focused on the topics of Housing, Energy, Economic Development/Workforce and Structural Reform/Regulatory Issues.
- Extended greetings at the OVN Board Meeting.
- Participated in a Greater Washington Partnership discussion with presidents of universities in Maryland, DC and Virginia, on the future of our region and how the leading employers and universities can build on existing success and partner for a new era of growth.
- Attended Governor Northam's inauguration and related activities.
- Provided the welcome to the 25th Annual Mason and United Bank (formerly Cardinal) Economic Conference with presentations by Professors Steve Fuller, Terry Clower and Leidos' CEO Roger Krone.
- At the invitation of Jean Case (Case Foundation), attended the annual Alfalfa Dinner with high profile political and business leaders.
- Traveled to Madrid, Spain to receive an Honorary Doctorate from alma mater, Universidad Politécnica de Madrid.
- Attended an Economic Club of Washington luncheon with Bank of America CEO Brian Moynihan and Carlyle co-CEO David Rubenstein, as well as other business leaders.
- Participated on an Association for International Education Administrators (AIEA) panel on the topic of "A Renewed Commitment to International Education by University Leadership".
- Attended and continued to Chair the Virginia Council of Presidents meetings (including GPAC/SCHV sessions).
- Participated in various development activities/cultivation dinners and visits with donors and business CEOs.
- Attended 123 Club sessions.

Internal/Campus-Related Activities & Speaking Engagements:

- Presided over the first Mason Korea (MK) Graduation Ceremony in Incheon, where I had meetings with students, faculty, staff and alumni.
- Attended the annual University Holiday Party which is an opportunity to extend appreciation and holiday greetings to faculty and staff.
- Presided over two Winter Graduation ceremonies with Bethany Hall Long (Lt. Governor of Delaware) and Petula Metzler (Prince William General District Court) participating as speakers.
- Attended the Honors College Winter Graduation Reception, an opportunity to extend personal congratulations to the graduates.
- Participated in the Entrepreneurship Open House, providing remarks and introductions of participating entrepreneurial programs.
- Attended and provided remarks at the Faculty and Staff Donor Appreciation Reception.
- Joined by Deb Crawford and David Wu, participated in a SciTech campus visit engaging in conversations related to lab renovations, tours of the Mechanical Engineering labs and IABR and a post-doctoral roundtable discussion.
- Along with Greg Unruh, co-taught several classes of the President's Leadership Seminar.

- Attended and provided remarks at the First Pitch Mason Athletics Dinner, with special guest Dave Martinez, Washington Nationals Manager.
- Toured and received an overview of the Potomac Environmental Research & Education Center (PEREC).
- Participated in the spring semester President's Student Advisory luncheon meeting. Police Chief Rowan provided an update on the Police and Student Taskforce. Josh Cantor also attended and addressed on-campus parking and transportation.
- Spoke to the current cohort of Leadership Legacy on the topic of leadership, to include personal philosophies, experiences and challenges.
- Participated in an ongoing series of one-on-one meetings with the academic deans.
- Hosted an expanded President's Council session inviting mid-level management personnel to participate in the session. Primary focus of the session was an update on current initiatives and strategic planning.
- Attended various Mason basketball and volleyball games.

Outside Board Service:

- Inovio (NASDAQ:INO) (telephonic/in-person meetings).
- Georgia Tech Advisory Board (no meeting attendance this period).
- Bankinter Foundation of Innovation, Madrid, Spain (no meeting attendance this period).
- Northern Virginia Technology Council.
- Consortium of Universities of the Washington Metropolitan Area.
- Tec de Monterrey, Mexico, Academic and Research Board (videoconference meeting).
- Institute of International Education/Council for International Exchange of Scholars Advisory Board.
- Washington Airport Task Force (no meeting attendance this period).
- National Geographic (board meetings in DC and Mexico City).
- Richmond Federal Reserve Board (telephonic/in-person meetings).
- Economic Club of Washington Board (in-person meeting).
- CIT (no meeting attendance this period).

Select Upcoming Events:

- A10 Women's Basketball Tournament – March 2-4
- A10 Men's Basketball Tournament – March 7-11
- Mason Spring Break (University Open) – March 12-16
- Annual Scholarship Dinner – March 22
- Mason Dance Fête / Annual Gala – March 24
- Off Cycle BOV Financial Overview Meeting – April 11
- Potomac Science Center Dedication – April 12
- Dedication of the Peterson Foundation Performing Arts Center – April 22
- Next BOV Meeting – May 3
- Peterson Building Dedication – May 3
- Planning Conference – July 26
- Annual BOV Meeting – July 27

George Mason is a Top National University

Mason is Virginia's largest public university

- Fall enrollment of over 36,000 students

Mason has accounted for 50% of Virginia's enrollment growth in the past few years

- Accounted for more than 48% of public undergraduate student growth in Virginia over the past eight years, and 57% of the growth between 2016 and 2017

Mason is a top research university

- Carnegie Tier 1 Research University (R1), one of only 115 institutions nationwide
- Mason research revenues exceed \$100 million annually

Mason provides access for students from all socio-economic levels

- 37% first generation to attend college; 49% underrepresented populations
- Approximately 30% of Mason's students qualify for need-based Pell grants
- Admits 27% of all Virginia community college transfers each year

Mason provides great ROI for students, the region, and the Commonwealth

- Mason graduates earn the highest starting salaries in the Commonwealth
- Mason has one of the lowest student loan default rates in the country -- ~1.7%
- Money, Kiplinger's Personal Finance and Forbes all cite Mason as a best value
- U.S. News & World Report ranks Mason one of the top 25 in efficiency in the country
- Mason graduates fuel the Northern Virginia economy through their work in aerospace, information technology, government contracting, public service, and K-12 education
- More than 100,000 Mason alumni in the Northern Virginia region

Mason is a Leader in Information and Computing Technologies

Mason is a STEM-H powerhouse

- Over 11,000 of Mason's 36,000 students are enrolled in STEM-H degree programs
- 35% of May 2017 graduates (undergraduate and graduate) were in STEM-H majors, the areas of fastest-growing student enrollment

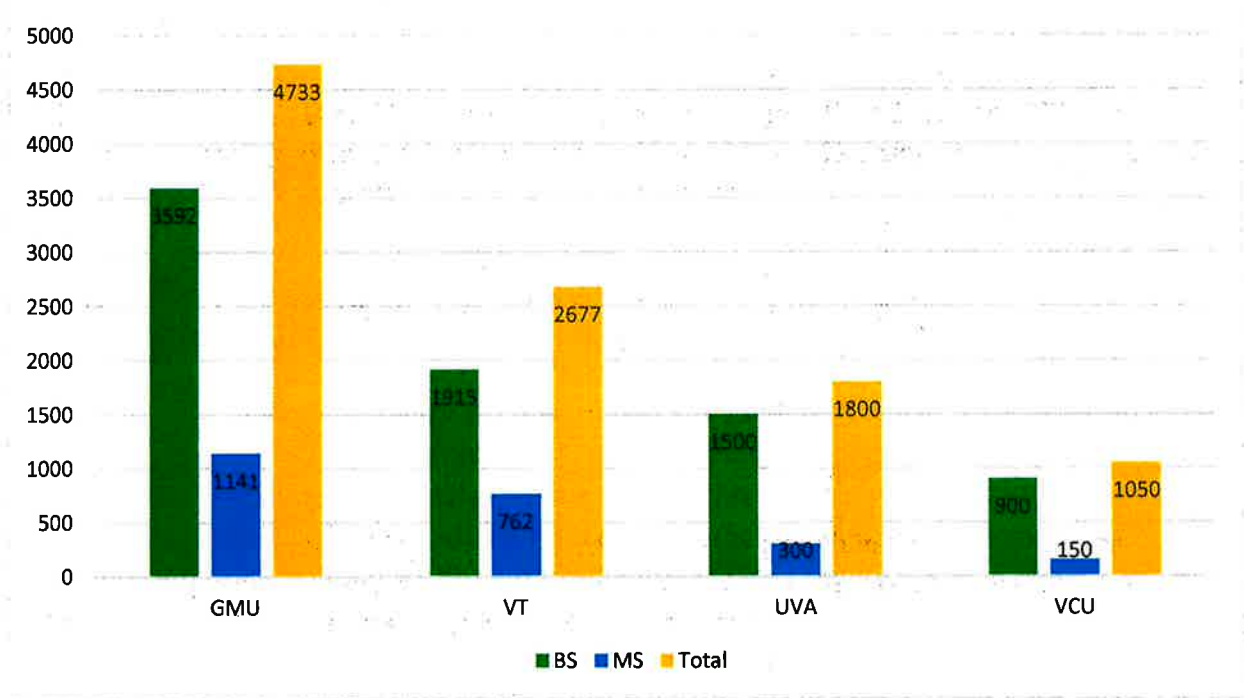
Mason's Cyber and ICT research and education programs are nationally ranked

- In 2017, Mason became the first (and only) Virginia institution awarded a National Center of Excellence in Cyber by the Department of Homeland Security
- Mason ranked 8th among the top 20 cyber security schools in the country
- TechRepublic ranked Mason top 20 best schools for studying big data analytics
- U.S. News & World Report ranked Mason's MS IT program 23rd nationally

- Over the past five years, Mason experienced explosive growth in Cyber and ICT. For instance, research expenditures in cybersecurity grew by **44%**, research awards increased by **69%**, while the enrollment grew by **13.8%** per year.

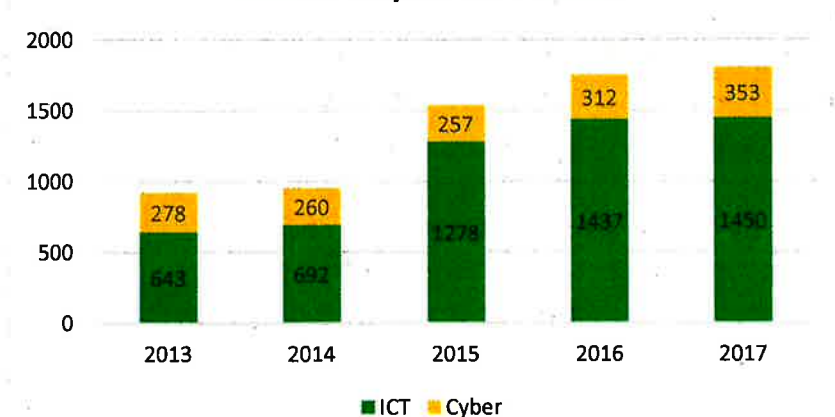
Mason produces the largest number of Cyber/ICT graduates in Virginia

2017 Cyber BS/MS Enrollment Among VA R1's



Mason has the fastest rate of growth in Cyber/ICT, both in Research and in Degree Production

Mason ICT/DS Graduates



**RESOLUTION
OF THE
BOARD OF VISITORS OF GEORGE MASON UNIVERSITY**

WHEREAS, pursuant to the University's Debt Management Policy, the George Mason University Board of Visitors performed its annual review.

NOW, THEREFORE, BE IT RESOLVED that the University is in compliance with its Debt Management Policy and the University hereby adopts the attached 2018 Debt Management Policy to supersede the 2014 Policy in its entirety, effective immediately.

Adopted: March 1, 2018

A handwritten signature in black ink, appearing to read "Shawn Purvis", written over a horizontal line.

Shawn Purvis
Secretary
Board of Visitors



Debt Management Policy

Responsible Office:

Senior Vice President for Administration and Finance

Policy Procedure:

Appendix A : Key Financial Indicators

Related Law, Policy & Guidelines:

Virginia College Building Authority Post Issuance Compliance Policy for Tax-Exempt Qualified Obligations

Treasury Board of the Commonwealth of Virginia Post Issuance Compliance Policy for Tax-Exempt Qualified Obligations

University Policy 2115: Private Business Use

University Policy 2109: Asset Capitalization

Interest Rate Swap Guidelines

I. Scope

This policy applies to all debt financing activities of the University.

II. Policy Statement**Purpose**

George Mason University's mission as a public, comprehensive, research university in the National Capital Region in the Commonwealth of Virginia is to create an innovative and inclusive academic community committed to creating a more just, free, and prosperous world. One of the largest four-year public universities in the Commonwealth, the University continues to grow and expand its programs and mission within the region and the state.

The use of debt is an important funding mechanism for the University's capital plan. This policy links the use of debt to the University's mission and strategic goals during this continued period of growth.

The objectives of the debt policy are to:

- 1) Provide guidelines for debt capacity and affordability assessment in order to maintain the long-term financial health of the University;
- 2) Establish a framework for allocating the use of debt to projects that most strongly support the mission and strategic goals of the University;
- 3) Outline debt management and risk considerations; and
- 4) Provide debt reporting guidelines.

Oversight and Approval

The Board of Visitors shall authorize the issuance of debt and execution of financing agreements. Additionally, federal tax law requires that the Board of Visitors pass a Reimbursement Resolution when required.

The Office of the Senior Vice President for Administration and Finance ("Senior Vice President") is responsible for implementing this policy and for all debt financing activities of the University.

Compliance, Reporting and Monitoring

The Board of Visitors shall no less than annually, and upon requests for debt authorization, review University compliance with this policy. The Senior Vice President will report to the Board of Visitors on the University's debt capacity, debt affordability, and overall financial strength to demonstrate compliance with this policy. The Senior Vice President may establish a debt advisory team to serve in an advisory capacity on debt-related matters.

Goals

The University seeks to manage its debt and overall financial profile as follows:

- 1) Identify and prioritize projects for debt financing that are critical to the mission and advance the strategic objectives of the University;
- 2) Strategically allocate the University's debt capacity to these projects;
- 3) Align the financial position of the University consistent with a minimum rating in the "A" category in order to:
 - a. Maintain access to the capital markets on a standalone basis; and
 - b. Obtain favorable costs of capital, flexibility, and favorable terms;
- 4) Optimize the University's debt composition within its desired risk management profile; and

- 5) Manage the debt repayment schedule of the portfolio in order to preserve debt capacity and flexibility over the longer term, while meeting the liquidity and strategic objectives of the University.

Project Prioritization

It is essential that the University has cost effective access to capital. The University recognizes that debt as a source of capital is limited. The University will make decisions relative to the use of debt as it considers each capital project in the context of the University's mission.

The University will evaluate the funding sources (including but not limited to state funding, cash reserves, philanthropy, self-funding, and debt funding) for proposed capital projects in the context of the project's role in supporting the University's mission and strategic priorities. The University will establish its strategic priorities for capital projects and debt capacity in conjunction with preparation of the six-year capital plan, which is reviewed annually and updated bi-annually. Business plans for debt-funded projects must address the plan to support debt service.

Debt Capacity and Affordability

In evaluating its debt capacity, debt affordability, and overall financial strength, the University will consider its current debt levels, future debt financings, and overall financial health of the University. Debt capacity considers the University's financial resources and the University's ability to leverage its financial resources to finance certain capital projects. Debt affordability considers the University's ability to pay the debt service on an annual basis through its operating budget and identified revenue streams.

The University will benchmark Key Financial Indicators to external sources such as higher education medians for the "A" rating category published by nationally recognized rating agency services (such as Moody's or S&P), universities in its national peer group, or other public universities in the Commonwealth. The University evaluates its performance against these measures with a long-term view and will monitor the trend of the ratios over time. The University recognizes that financing a strategically important project may cause one or more of the financial ratios to perform poorly against the trend, median or peer comparison in the short-term, but the University takes a long term view and evaluates the project accordingly. Based on changing market conditions, the University may modify Key Financial Indicators to better monitor the financial health of the University.

Debt Management

The University views its debt holistically and will manage its debt level, debt composition, and risk profile from a portfolio standpoint.

In considering available financing structures and funding sources, the University will evaluate the benefits, risks, and costs of each financing structure and funding source, including the optimal way to access capital. The financing structure is reviewed within the context of the goals of this policy, and

the University performs a financial and risk analysis to determine the impact of the proposed financing on select financial ratios.

The University may actively manage its debt portfolio to take advantage of current market conditions, either to generate savings, take advantage of financing structures that would optimize its debt structure in the context of its goals or for strategic purposes.

Risk Management

The University recognizes there is a correlation between risk and cost, and there are risks it may assume in order to optimize its debt portfolio. The University also recognizes its debt portfolio risks should be viewed holistically and in the context of its assets, liabilities and operations.

The University evaluates the risks of its debt portfolio to inform decisions regarding the debt structure of the existing portfolio and that of potential new debt.

Risks in the debt portfolio can be broadly categorized as interest rate risk, liquidity risk, and counterparty risk. Interest rate risk impacts the budget and its ability to absorb volatility in interest expense. Liquidity risk impacts the balance sheet and its ability to absorb unexpected calls on liquidity. Counterparty risk represents the impact a counterparty may have on the University's access to the capital markets and its impact on the interest rate and liquidity risk of the University. In addition, the University considers the risks associated with concentration of banking services, credit, and counterparty providers, in order to diversify its dependency risk on individual financial institutions.

The University recognizes the value and flexibility that short-term debt or variable rate financing may contribute to its debt portfolio. The University also recognizes that cost alone should not drive debt portfolio management decisions, as the lowest cost alternative may expose the University to an unacceptable level of risk. While interest rate risks associated with variable rate debt can be mitigated through asset/liability management, liquidity risk and access to the market risk remain in certain financing structures. The University will maintain Committed Debt of no less than seventy percent (70%) of its total debt portfolio.

The University may consider the use of derivative products in order to achieve the goals outlined in this policy. Derivatives may be undertaken by the University only upon quantification and evaluation of their risks and in accordance with the University's Interest Rate Swap Guidelines.

Post Issuance Compliance

The University adheres to the post issuance compliance procedures established through the Treasury Board and the Virginia College Building Authority to ensure it complies with federal tax law requirements for the use of tax-exempt debt. The University established a Private Business Use Policy for the ongoing use of facilities in order to ensure it meets federal tax law requirements for the use of tax-exempt debt financed facilities.

Definitions

- 1) Committed Debt is defined as any debt that is either committed to maturity without a put option by the credit provider or bondholder, or has a put option that is exercisable in no less than two (2) years.
- 2) Debt Composition describes the different types of financing structures that comprise the University's outstanding debt obligations. The financing structures include but are not limited to fixed rate, variable rate, short-term, long-term, direct debt, indirect debt, public debt, private debt, and capital leases.
- 3) Key Financial Indicators are defined as higher education medians published by nationally recognized rating agencies or financial institution.
- 4) Risks
 - A. Interest Rate Risks may include the following:

Market Rate Risk – Traditionally thought of as interest rate risk, but limited to market risk only (risk that interest rates will rise)

Credit Risk – Risk that any actual or perceived change in creditworthiness will result in a higher cost of capital

Tax Risk – Risk that any actual or potential change in Federal and/or State law will adversely impact the pricing or availability of tax-exempt debt

Basis Risk – Risk that interest rate hedges will be inefficient or mismatched

Bank Liquidity or Credit Facility Repricing Risk – Risk that the cost of liquidity facilities to support uncommitted debt or working lines of credit will increase

Swap Counterparty Risk – Risk that expected payments from swap counterparties are not received
 - B. Liquidity Risk may include the following:

Roll/Remarketing Risk – Risk that put bonds, commercial paper or variable rate demand bonds cannot be remarketed or rolled over

Bank Liquidity Facility or Credit Facility Renewal Risk – Risk that liquidity facilities to support uncommitted debt or working capital lines of credit may not be available at all or on acceptable terms

Failure of a Liquidity Facility Provider - Risk that a liquidity facility provider ceases to operate

Swap Collateralization Risk – Risk that collateral may need to be posted under a swap agreement

Swap Termination Risk – Risk of voluntary or involuntary termination of a swap contract

C. Counterparty Risk, may include the following:

Commonwealth of Virginia Risk - Risk that the Commonwealth of Virginia is downgraded, resulting in an increased cost of capital or policies change regarding financing programs

Financial Institutions Risk- Risk that a change in regulations or credit quality of a banking partner could result in an increased interest cost, liquidity risk, or change in terms of service arrangement

- 5) Reimbursement Resolution is a Board approved resolution declaring its intent to issue tax-exempt debt in order to reimburse the University for expenditures incurred more than sixty (60) days prior. The resolution does not obligate or authorize the University to issue tax-exempt debt for the identified projects. In accordance with federal tax law, the University may issue debt to reimburse itself up to three years after the adoption of a Reimbursement Resolution.

III. Dates:

A. Effective Date:

This policy will become effective upon the date of approval by the Board of Visitors.

B. Time Table for Review:

This policy shall be reviewed for compliance by the Board annually.

Date Approved: February 5, 2014

Revision Approved: March 1, 2018

Appendix A : Key Financial Indicators

Key Financial Indicators include the following higher education medians (as provided in the Moody's Public College and University Financial Ratio Definitions Report):

- a. Financial Leverage: This ratio measures the University's ability to repay bondholders from wealth that can be accessed over time or for a specific purpose and is a determinant of medium to long term financial health based on the strength of its balance sheet. Spendable Cash & Investments include cash and investments plus funds held in trust by others plus pledges receivable reported in permanently restricted net assets, less funds permanently restricted by third parties.

Spendable Cash and Investments

Total Debt¹

- b. Debt Service to Operations: This ratio measures the percentage of operating expenses that support debt service and is a determinant of the University's operating flexibility to finance existing obligations and new initiatives. Total operating expense calculation includes interest expenses less student aid.

Annual Debt Service

Total Operating Expense Times 100²

- c. Debt Service Coverage: This ratio measures the University's ability to cover debt service requirements with operating revenues and is a determinant of the strength of the operating income to meet its annual obligations.

Operating Surplus (Deficit) Plus Interest and Depreciation

Annual Debt Service²

- d. Annual Days Cash on Hand: This ratio measures the number of days the University is able to operate (cover its cash operating expenses) from unrestricted cash and investments that can be liquidated annually and is a determinant of the liquidity and flexibility the University maintains to finance existing obligations, potential liquidity funding, and new initiatives.

Annual Liquidity Times 365

Total Expenses Less Depreciation and Unusually Large Non-Cash Expenses²

- a. Operating Reserve: this ratio measures the extent to which a University can rely on wealth that can be accessed over time or for a specific purpose to operate without earning any additional revenue and is a determinant of financial health of the University to meet its current obligations. Spendable Cash & Investments include cash and investments plus

funds held in trust by others plus pledges receivable reported in permanently restricted net assets, less funds permanently restricted by third parties. Total operating expense calculation includes interest expense less student aid.

Spendable Cash and Investments
Total Operating Expenses³

¹ Numerator and denominator include all component units

² Numerator and denominator include only GMU

³ Numerator includes all component units, denominator includes only GMU