

ITEM NUMBER III. A:

SIX-YEAR CAPITAL PLAN (ACTION)

PURPOSE OF ITEM:

This item provides information on the upcoming annual submission of the University's Six-Year Capital Plan for Board approval.

APPROPRIATE COMMITTEE:

FINANCE AND LAND USE

BRIEF NARRATIVE:

Presentation figures provide updates to projects presently in progress as well as planned projects seeking approval and/or funding. Project debt capacity for FY24 through FY28 includes a listing of existing debt, which is presently predominantly in support of Fuse at Mason Square. Approved projects in progress include actual and projected expenditures, along with the estimated completion dates for each active project. Projects seeking BOV approval include a request for authorization to expend \$249M in auxiliary reserves for real estate acquisition and other projects that are ineligible for Commonwealth funding. Projects planned for Commonwealth submission have been previously approved by the BOV and are presented as an advisory for Mason's proposed FY24 Commonwealth funding request. Approved projects not in progress include those projects presently pending funding or scope development to proceed. This list additionally includes three prior authorizations that will be reverted due to change in scope or project direction.

Mason annually submits a six-year capital plan to the Virginia Department of Planning and Budget (DPB). The deadline for submission typically occurs between July and September. Building projects and critical deferred maintenance requests submitted in 2021 and 2022 will be resubmitted for FY24 Capital Budget Requests (CBRs), and will remain on Mason's prospective project list pending confirmation of funding approval. Projects proposed for FY24 Commonwealth funding approval include the following:

- Student Innovation Factory Building
- Interdisciplinary Science & Engineering Building
- Business School Building
- Critical Deferred Maintenance

Student Innovation Factory Building

This \$33M request includes a Student Innovation Factory Building that will be preceded by an Engineering and Science Sector Planning Study. The new construction capital project is the first building recommended as part of the Sector Study, and will be followed by or constructed concurrently with a new Interdisciplinary Science and Engineering academic building under a separate budget request. The new Student Innovation Factory Building will be the first of several phases identified in the implementation plan for the Sector study. The Student Innovation Factory Building will be an approximately 60K GSF industrial-style pre-engineered or equivalent building to house student project space as required by CEC and COS for capstone coursework and student competition project work (e.g. sustainability projects, concrete canoe, bridge, robotics, solar car, Baja car), and other large format student design and innovation projects. Building size determination was based on comparable projects at other Research 1 institutions. The Student Innovation Factory Building will be a single story, high-bay, flexible, open warehouse space, suitable for developing and testing of land-, air- and water-based student projects. The building program will include open shop/project space, with limited enclosed tool/project storage, as well as code-based building support spaces. Site selection for this building was driven by proximity to the campus central plant in support of student project work relating to sustainability and energy efficiency, and also to leverage resources and support available by the adjacent Facilities shops.

Interdisciplinary Science & Engineering Building 1

This \$165M project is an approximately 150K GSF interdisciplinary science and engineering building on the Fairfax campus. This building would provide replacement space for the future demolition of David King and Planetary Science Halls, and be the second phase of development needed to address a critical specialized instructional laboratory deficiency identified as part of

Mason's recent 20-year Master Planning study. The building program includes predominantly specialized instructional wet and dry laboratory spaces, along with classrooms, collaboration and academic support spaces. The primary occupants of this new interdisciplinary building would be the College of Engineering and Computing, the College of Science, the College of Education & Human Development and the College of Visual and Performing Arts. The building would be 5-7 stories in height, and would respond to architectural elements of existing academic buildings within the campus core. It would frame a new central quad as a primary gathering space in the heart of the Fairfax campus, opposite the Johnson Student Center. Site selection allows for construction of the new building prior to demolition of 2 adjacent buildings (David King and Planetary Science Halls) with critical facility indices. Demolition of these 2 adjacent buildings is not included in the scope of this request, but would be phased in to reveal the new central quad. Circulation elements would be integrated with the new building program, based on concepts identified in Mason's 20-year Master Plan as part of the vision for the central quad.

Business School Building

The School of Business (SBUS) boasts Mason's fourth largest enrollment and second largest projected growth of the ten academic units. SBUS additionally supports the second largest undergraduate online program, the largest unit represented in Mason Korea, INTO and Advance programs. However, SBUS notably lacks a dedicated building to support their operations, enrollment and growth, as other smaller units have. SBUS maintains a significant presence on Fairfax for undergraduate programs and Arlington's Mason Square for graduate programs. SBUS at Fairfax presently relies on 44K assignable square feet (ASF) in four shared buildings on-campus and 12K ASF in off-campus lease space, all of which have reached capacity.

The proposed new \$165M building will be approximately 200K gross square feet (GSF), centrally located to facilitate interdisciplinary collaboration between SBUS and other Mason Units, and a defining element of the northern quad envisioned in Mason's Master Plan. This new building would provide dedicated space to support

approximately 6,500 full-time equivalent (FTE) students including approximately 2,000 FTE business majors, approximately 2,000 non-business students and 4% annual planned growth.

The building program would include dedicated teaching, collaboration and student engagement space for SBUS, plus replacement space as a result of demolition of Lecture Hall to accommodate the new building site. Replacement space would include one approximately 3,000 ASF and two approximately 1,000 ASF university shared classrooms, along with support space for those classrooms. In 2018, SBUS developed an initial space program for the building, which includes the following elements:

- Teaching spaces
 - Technology-rich classrooms
 - Trading rooms
 - Lecture halls
- Student service spaces
 - Career services
 - Student success
 - Maker space
 - Student organizations
- Engagement spaces
 - Executive development suite
 - Incubator/start-up space
 - Behavioral research lab
 - Video studio

Building elements identified during the 2018 study will inform the conceptual planning study including a Detailed Project Program and cost estimates to support project implementation.

Critical Deferred Maintenance

The University's buildings are nearing a 30-year average age and major building systems are reaching the end of their useful life. Mason Facilities has implemented a Facility Condition Assessment Program (FCAP) to physically inspect each campus building on a 3-year cycle. Based upon the FCAP's review and assuming annual maintenance reserve allocations from the Commonwealth remain consistent, over the next 5 years Mason will have a deficit in funding for critical deferred maintenance of E&G buildings of \$36 million. The University is requesting a

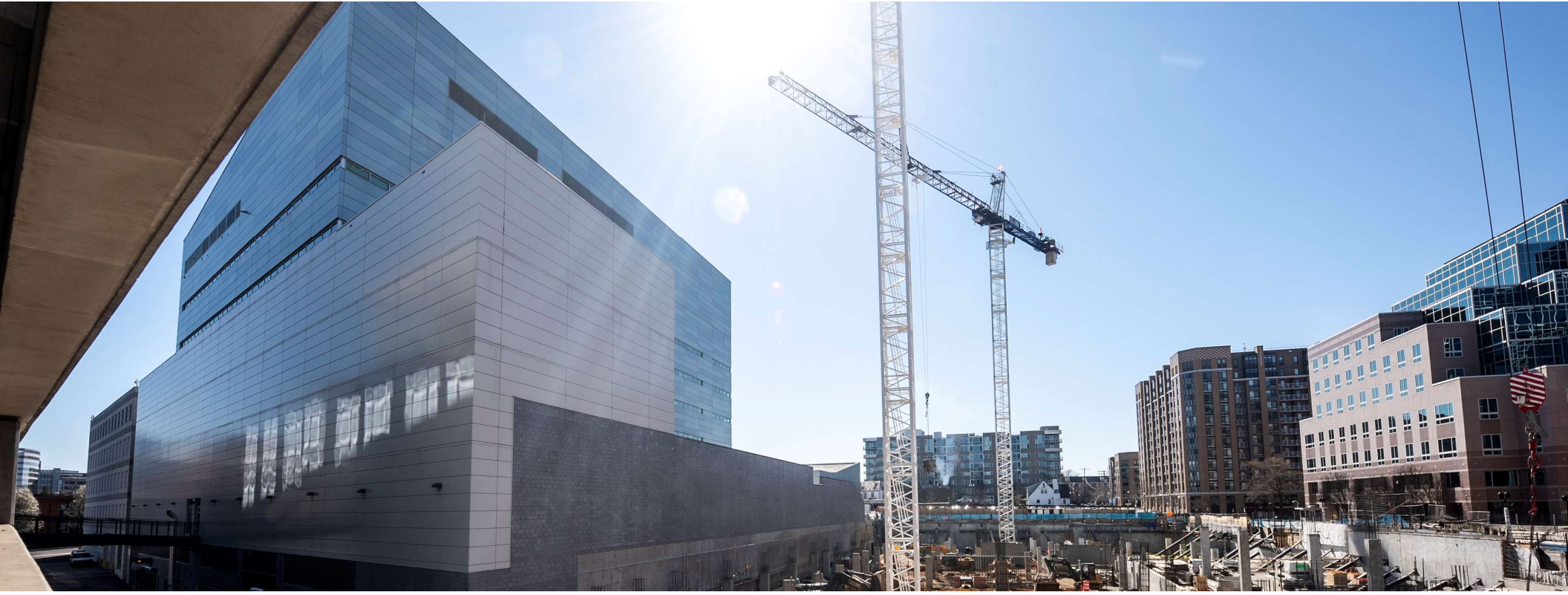
capital project to aggregate the critical deferred maintenance. Funding would be used for replacement and repair projects for all E&G buildings for the following building elements:

- Aging roofs, windows, exterior doors, and repairs to exterior wall systems
- Interior doors, flooring, and ceilings; repairs to existing fire walls; and refresh of interior painting.
- Main electrical equipment, fire alarm systems, fire pumps, and generators; and repairs to existing plumbing and fire suppression systems.
- Heating, cooling, and ventilation equipment, controls, and distribution systems at the end or beyond their useful life.
- Elevators and lifts at or beyond their useful life.
- Sidewalks and ADA repairs

The University will also take the opportunity to look for energy efficiency with the replacement of systems. These efficiencies will be assessed in the electrical equipment, HVAC equipment, and building envelope. Without the investment into these buildings, the buildings will continue to depreciate to the point where replacement will be necessary.

STAFF RECOMMENDATION:

Board approval of the proposed Six-Year Capital Plan.



Six-Year Capital Plan

Capital Matters

Capital Investment Opportunity

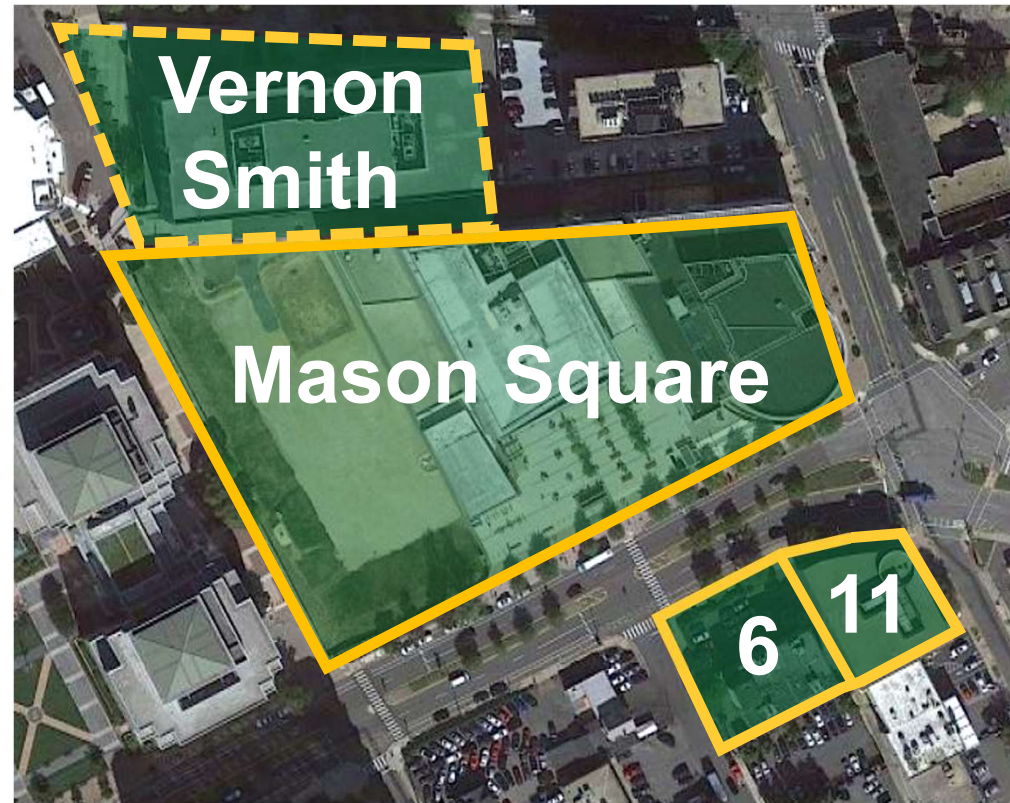
- **Mason is well-positioned to take advantage of opportunities that invest in the university's future**
- **Mason established cash reserves to achieve Tier 3 authority**
 - **Balances earn minimal returns**
 - **Generally, reserves should not fund operating costs**
- **Deployment of cash reserves for capital assets maintains balance sheet strength**

Capital Investment

Mason is positioned to make strategic capital acquisitions

- **Lots 6 & 11** (3300 N Fairfax Dr.)
 - Closed: April 6, 2023
- **Vernon Smith Hall** (VSH)
 - Owner: GMU Foundation (GMUF)
- **Masonvale**
 - Owner: Mason Housing Inc (MHI)

These acquisitions secure future opportunity and assets



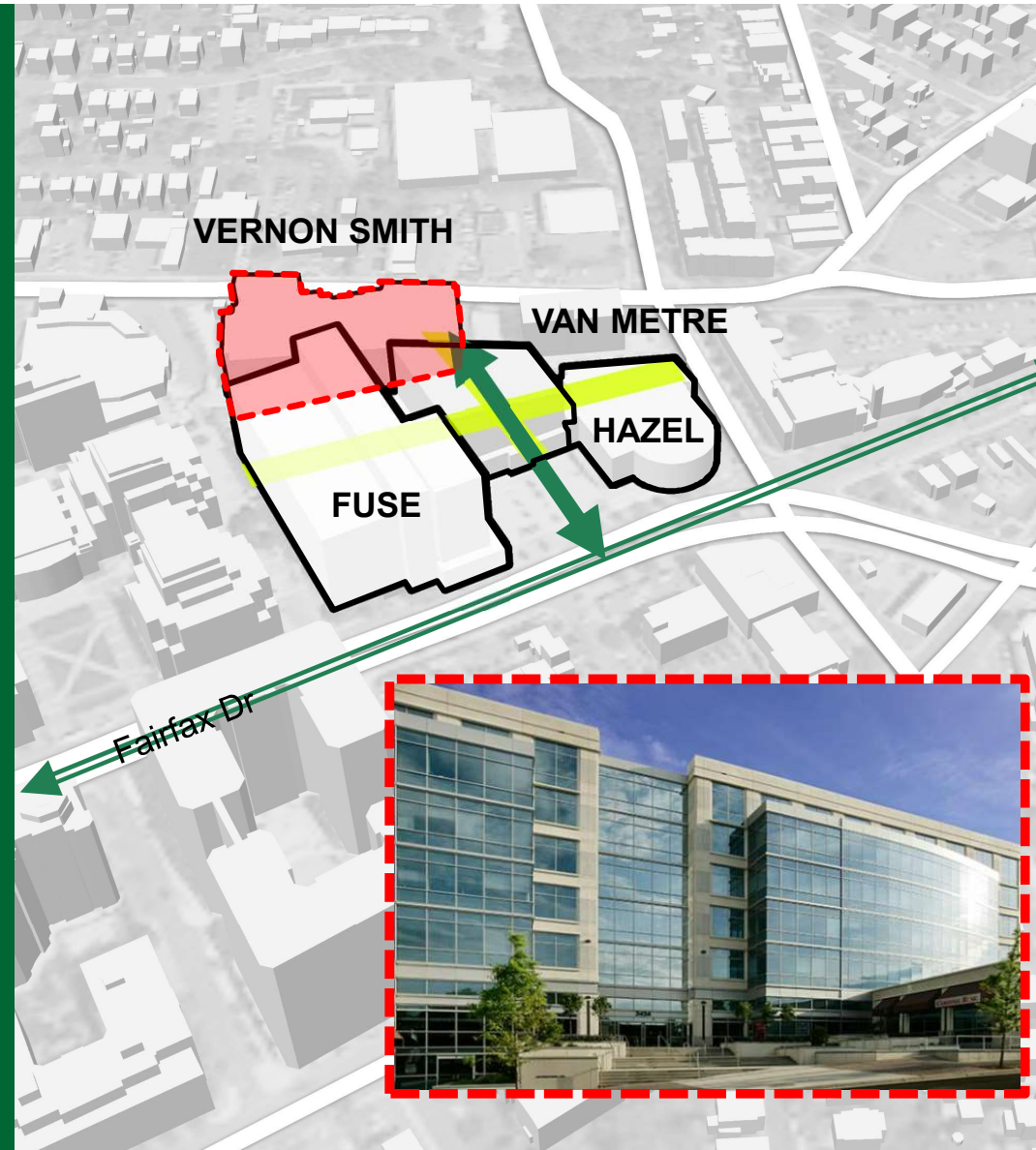
Vernon Smith Hall

Benefits:

- Asset strategically located
- 671 underground parking garage spaces
- Aligns parking under one vendor
- Skybridge connects directly to Fuse building
- Appraised value is \$107 million
- Potential \$30M in aggregate positive net cash flow FY24-26
- Capacity for Mason expansion

Considerations:

- Potential lease-up risk after FY26



Masonvale

Benefits:

- MHI debt included on Mason debt
- Current capital structure negatively impacts required rental rates and ability to reinvest in assets
- \$3.45M NOI prior to debt service in FY23
- Control affordability for Masonvale residents
- Reinvest in deferred maintenance and improvements for the assets

Considerations:

- Estimated cost of ~\$42M
- Currently nonrecourse debt of Mason



Lots 6 & 11: 3300 North Fairfax Dr.

Closed on April 6, 2023

Operational Plan:

- Maximize cashflow and manage lease expirations to align with long term plan
- Property will be managed by Lincoln Properties



Projects Seeking BOV Approval

Seeking BOV
Approval



	Previously Authorized (NGF)	Current Authorization Request (NGF)*	Total Authorization	Projected FY Start
Real Estate Acquisitions Phase 2 ⁽¹⁾ (Vernon Smith Hall)	\$0	\$107.0	\$107.0	FY23
Real Estate Acquisitions Phase 3 (Masonvale)	\$0	\$45.0	\$45.0	FY23
Real Estate Acquisitions Phase 4 (Strategic Acquisitions)	\$0	\$50.0	\$50.0	FY24
Energy Efficiency Investments	\$0	\$7.5	\$7.5	FY24
Housing Renovations Phase 1	\$0	\$25.0	\$25.0	FY24
Recreation Athletic Complex (RAC) Addition / EagleBank Arena Renovation ⁽²⁾	\$15.5	\$14.5	\$30.0	FY24
Total	\$15.5	\$249.0⁽³⁾	\$264.5	

- (1) Real Estate Acquisitions Phase 1 was previously approved by the BOV with a \$40.0M NGF budget. Phase 2 acquisition cost is still being determined. Authorization is up to \$107M. Project may be pursued with Commonwealth Submission in FY23 or FY24.
- (2) Project was previously approved by the BOV in 2016 with a \$15.5M NGF budget. Approval would increase overall NGF budget to \$30.0M, pending funding availability.
- (3) Current requested authorization of \$249.0M will be funded with Auxiliary Reserves.

(millions)

FY24 Planned Commonwealth Submission

	GF Authorization	NGF Authorization	Total Authorization
Student Innovation Factory Building	\$33.0	\$0	\$33.0
Interdisciplinary Sci. & Eng. Building - 1 (ISEB-1)	\$150.0	\$15.0	\$165.0
Business School Building ⁽¹⁾	\$82.5	\$82.5	\$165.0
Critical Deferred Maintenance	\$36.0	\$0	\$36.0
Total	\$301.5	\$97.5	\$399.0

(1)Project was previously approved by BOV in May 2019 with \$165M NGF budget. Project will be submitted as part of the University's 2024 Commonwealth Capital Plan submission. If approved, funding will be split between NFG and GF.

(millions)

Approved Projects Not In Progress

BOV Approved Projects not in Progress	GF Authorization	NGF Authorization	Total Authorization	BOV Approval	Estimated Completion Date
Business School ⁽¹⁾	\$0	\$165.0	\$165.0	May-2019	TBD
Concert Hall Renovation	\$0	\$25.0	\$25.0	May-2018	TBD
Total	\$0	\$190.0	\$190.0		

(1) Project was previously approved by BOV with \$165M NGF budget. Project will be submitted as part of the University's 2024 Commonwealth Capital Plan submission. If approved, funding will be split between NFG and GF.

Commonwealth Approved Projects not in Progress	GF Authorization	NGF Authorization	Total Authorization	Future GF Authorization	BOV Approval	Commonwealth Approval
Point of View–Cottages	\$4.0	\$4.0	\$8.0	\$0	N/A	April-2020
Academic VIII ⁽¹⁾	\$0	\$7.5	\$7.5	\$192.5	May-2019	May-2020
Virtual Online Campus ^{(1) (2)}	\$0	\$0.5	\$0.5	\$10.5	May-2019	May-2020
Fairfax Student Housing PPEA ⁽²⁾	\$0	\$0	\$0	TBD	< 2018	
Fairfax Mixed Use PPEA ⁽²⁾	\$0	\$0	\$0	TBD	< 2018	
Total	\$4.0	\$12.0	\$16.0	\$203.0		

(1) Only planning funds have been approved for these projects. Construction authorization will need to be requested as part of a future annual Commonwealth capital plan submission. Approval would move planning funds from NGF to GF.

(2) Planned to revert authorization to the state in FY2024

(millions)

Staff Recommendation to Board

The Finance & Land Use Committee recommends approval of the proposed Six-Year Capital Plan.

Approved Projects In Progress

	GF Authorization	NGF Authorization	Total Authorization	BOV Notice to Proceed	Commonwealth Approval	Expenditures to Date as of June 2022	Projected FYE-23 Expenditures	Projected FYE-24 Expenditures	Remaining Authorization	Estimated Completion Date
Aquatic Center Capital Renewal	\$0	\$16.5	\$16.5	July-2020	April-2021	\$0.1	\$0.5	\$7.0	\$8.9	Sep-2024
Life Science Engineering Building	\$107.1	\$0	\$107.1	June -2011	May-2013	\$6.6	\$17.0	\$64.0	\$19.5	Jan-2025
Expand Central Plant Capacity	\$8.2	\$0	\$8.2	May-2019	May-2020	\$0.2	\$0	\$7.3	\$0.7	Dec-2025
Telecom Infrastructure, Ph 1	\$10.5	\$0	\$10.5	May-2018	May-2019	\$1.2	\$4.0	\$5.0	\$0.3	Sep-2023
Telecom Infrastructure, Ph 2	\$12.3	\$11.0	\$23.3	May-2019	May-2020	\$0	\$0	\$2.0	\$21.3	Sep-2025
Telecom Infrastructure, Ph 3	\$14.3	\$9.7	\$24.0	May-2021	June-2022	\$0	\$0	\$2.0	\$22.0	Sep-2026
Recreation Athletic Complex (RAC) Addition ⁽¹⁾	\$0	\$15.5	\$15.5	Feb-2016	May-2016	\$0	TBD	TBD	\$15.5	TBD
Johnson Center HVAC Repairs	\$0	\$8.0	\$8.0	April-2018	N/A	\$0.3	\$1.0	\$4.0	\$2.7	Feb-2025
Activities Building	\$0	\$11.0	\$11.0	May-2019	N/A	\$0	\$0	\$1.0	\$10.0	Oct-2025
Land Acquisition Ph 1	\$0	\$40.0	\$40.0	May-2022	N/A	\$0	\$16.7	\$23.3	\$0	TBD
Maintenance Reserve	\$5.9	\$0	\$5.9	N/A	N/A	Rolling	Rolling	Rolling	Rolling	Rolling
TTIP Bachelors Capital Invest. ⁽²⁾	\$23.0	\$0	\$23.0	May-2019	May-2020	\$8.1	\$5.0	\$2.0	\$7.9	Sep-2027
FUSE (IDIA)	\$90.0	\$163.8 ⁽³⁾	\$253.8	May-2019	May-2020	\$31.8	\$55.5	\$112.0	\$55.0	July-2025
Total (In Progress)	\$271.3	\$275.5	\$536.7			\$48.3	\$99.7	\$229.6	\$163.8	

⁽¹⁾ Former Name "Construct Basketball Training, Wrestling and Athlete Academic Support Center".

⁽²⁾Tech Talent Investment Program

⁽³⁾NGF include \$86M from Mason and \$78M of private equity.

(millions)