

The Ohio State University
Board of Trustees

April 7, 2017

**THURSDAY, APRIL 6, 2017
FINANCE COMMITTEE MEETING**

Michael J. Gasser
Brent R. Porteus
W. G. Jurgensen
Jeffrey Wadsworth
Alexander R. Fischer
Halie M. Vilagi
Corbett A. Price
Alan VanderMolen
Alex Shumate (*ex officio*)

Location: Longaberger Alumni House
Mount Leadership Room

Time: 12:15-1:30pm

ITEMS FOR DISCUSSION

- | | |
|--|---------------|
| 1. <i>Fiscal Year 2017 Interim Financial Report - Ms. Devine</i> | 12:15-12:20pm |
| 2. <i>University Financial Scorecard - Ms. Devine</i> | 12:20-12:25pm |
| 3. <i>Major Project Status Report - Ms. Readey</i> | 12:25-12:35pm |
| 4. <i>Annual Waiver Report for the 2016 Calendar Year - Mr. Chatas</i> | 12:35-12:45pm |

ITEMS FOR ACTION

- | | |
|---|---------------|
| 5. Approval to Enter Into Professional Services Contracts - Mr. Kasey | 12:45-12:50pm |
| 6. Acquisition of Real Property: 1596 Highland Street - Mr. Kasey | |
| 7. Reappointment to the Self-Insurance Board - Mr. Chatas | 12:50-12:55pm |

Executive Session	12:55-1:30pm
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The Ohio State University
Board of Trustees

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**THE OHIO STATE UNIVERSITY BOARD OF TRUSTEES
FINANCE COMMITTEE**

TOPIC: Fiscal Year 2017 Interim Financial Report - January 31, 2017

CONTEXT: The purpose of this report is to provide an update of financial results

SUMMARY: The highlighted areas include:

- Review of comparative financial statements
- State Support
- OSU Wexner Medical Center
- Enrollment
- Research
- Auxiliary Operations

REQUESTED OF THE FINANCE COMMITTEE: No vote required; for information only

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- I. Summary
- II. Financial Statement Review - For the Seven Months Ended January 31, 2017
 - A. Interim Financial Statements
 - B. Revenues
 - C. Expenses
 - D. Revenues Less Expenses
 - E. Investments
 - F. Cash Flows
 - G. Cash and Investments
- III. Financial Highlights - For the Seven Months Ended January 31, 2017
 - A. State Support Outlook
 - B. OSU Wexner Medical Center
 - C. Enrollment
 - D. Research
 - E. Auxiliary Operations

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I. Summary

Consolidated revenues through the first seven months of fiscal year 2017, excluding investment income, were \$3,668 million, representing an increase of \$207 million, or 6.0% over the same period of fiscal year 2016. The revenue increase is primarily in Healthcare revenues, which were up \$126 million. Additional details on revenue trends are provided below:

- Healthcare revenues for the OSU Health System and OSU Physicians (OSUP) increased \$126 million, or 7.1%, to \$1,895 million. The Health System accounted for \$110 million of the increase. Total outpatient visits were 2.1% above prior year. Total inpatient visits were 4.0% above prior year and the total number of patients treated in inpatient beds was above prior year by 3.5%. OSUP revenues increased \$15 million primarily due to patient volume growth.
- University revenues through the first seven months of fiscal year 2017 increased by \$53 million to \$1,564 million compared to the same period in fiscal year 2016.
 - Net student tuition and fees increased \$15 million, to \$530 million or 2.9% over the same period of fiscal year 2016 primarily due to increases in nonresident enrollment for summer, autumn, and spring semesters of 5.6% and a nonresident surcharge increase of 5%.
 - Gifts increased \$11 million, to \$167 million or 7.3% over prior year primarily due to increases in current use gifts.
 - Grant and contract revenues increased \$7 million, or 1.6%, to \$444 million, due primarily to funding increases by the State of Ohio for healthcare and research programs.
 - State share of instruction, line item and capital appropriations increased by \$22 million, due primarily to increases of \$15 million in state share of instruction and state line-item appropriations, and \$7 million in state capital appropriations.
- Auxiliary revenues for the first seven months of fiscal year 2017 increased \$28 million, to \$210 million. \$25 million of the increase relates to an increase of beds in the North Residential District and additional sales of meal plans to second-year students. Athletics revenues increased \$2 million, due primarily to football revenue increases.

Consolidated expenses for the seven months ended January 31, 2017 were \$3,416 million, up \$180 million, or 5.6%, over the same period of fiscal year 2016. The growth is primarily a result of increases in healthcare expenses.

- Healthcare expenses of \$1,613 million increased \$106 million, or 7.0%, primarily due to increases in operating costs from new volumes with the James Cancer Hospital and Critical Care Center.
- University expenses increased \$58 million to \$1,623 million for the first seven months of fiscal year 2017 compared to the same period of fiscal year 2016, primarily due to increases in salaries, operating expenses, and depreciation.
- Auxiliary expenses of \$180 million increased \$15 million for the first seven months of fiscal year 2017 compared to the same period of fiscal year 2016, primarily due to increased housing and dining expenses from Student Life.

Overall, revenues grew at a quicker pace than expenses driven primarily by the strong performance of healthcare. The year-to-date increase in consolidated net position (excluding net investment income and interest expense) improved by \$27 million, from \$225 million in fiscal year 2016 to \$252 million in fiscal year 2017.

Total cash, restricted cash, and temporary investments increased \$242 million from June 30, 2016. Deposits and advance payments for goods and services increased \$472 million primarily due to spring 2017 semester student enrollment. Gifted endowment and other long-term investments increased \$425 million primarily due to market value increases of \$213 million and principal additions of \$295 million, offset by distributions of \$96 million. For the first seven months ended January 31, 2017 (FYTD), the LTIP earned a net of investment fee return of 7.21% versus a Policy Benchmark of 5.39%, resulting in outperformance

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of 1.82%. During that period, our Global Equities returned 10.07%, followed by Real Assets at 5.23%, and Global Fixed Income at 2.51%. Actual performance figures differ from the financial statements due to a 3-month lag in reporting market values for certain alternative investments.

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II. Financial Statement Review - For the Seven Months Ended January 31, 2017

A. Interim Financial Statements (in thousands)

CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED
January 31, 2017 and June 30, 2016

	As of January 2017	As of June 2016	Increase/Decrease Dollars	%
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 763,129	\$ 550,076	\$ 213,053	38.7%
Temporary investments	1,588,685	1,515,904	72,781	4.8%
Accounts receivable, net	643,540	565,346	78,194	13.8%
Notes receivable - current portion, net	25,578	25,578	-	0.0%
Pledges receivable - current portion, net	35,322	35,322	-	0.0%
Accrued interest receivable	17,926	19,295	(1,369)	-7.1%
Inventories and prepaid expenses	245,235	115,172	130,063	112.9%
Investments held under securities lending program	5,121	27,589	(22,468)	-81.4%
Total Current Assets	<u>3,324,536</u>	<u>2,854,282</u>	<u>470,254</u>	<u>16.5%</u>
Noncurrent Assets:				
Restricted cash	758,857	802,707	(43,850)	-5.5%
Notes receivable, net	45,429	41,526	3,903	9.4%
Pledges receivable, net	65,546	65,546	-	0.0%
Long-term investment pool	4,031,172	3,616,562	414,610	11.5%
Other long-term investments	147,895	137,737	10,158	7.4%
Capital assets, net	<u>4,993,486</u>	<u>4,970,398</u>	<u>23,088</u>	<u>0.5%</u>
Total Noncurrent Assets	<u>10,042,385</u>	<u>9,634,476</u>	<u>407,909</u>	<u>4.2%</u>
Total Assets	<u>13,366,921</u>	<u>12,488,758</u>	<u>878,163</u>	<u>7.0%</u>
Deferred Outflows:				
Pension	675,833	675,833	-	0.0%
Other deferred outflows	<u>21,779</u>	<u>22,416</u>	<u>(637)</u>	<u>-2.8%</u>
Total Assets and Deferred Outflows	<u>\$ 14,064,533</u>	<u>\$ 13,187,007</u>	<u>\$ 877,526</u>	<u>6.7%</u>
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 524,694	\$ 492,332	\$ 32,362	6.6%
Deposits and advance payments for goods and services	711,807	239,699	472,108	197.0%
Current portion of bonds, notes and leases payable	62,794	62,794	-	0.0%
Long-term bonds payable, subject to remarketing	596,435	596,435	-	0.0%
Liability under securities lending program	5,121	27,589	(22,468)	-81.4%
Other current liabilities	<u>81,720</u>	<u>93,957</u>	<u>(12,237)</u>	<u>-13.0%</u>
Total Current Liabilities	<u>1,982,571</u>	<u>1,512,806</u>	<u>469,765</u>	<u>31.1%</u>
Noncurrent Liabilities:				
Bonds, notes and leases payable	2,665,292	2,729,577	(64,285)	-2.4%
Net pension liability	2,794,992	2,794,992	-	0.0%
Compensated absences	162,378	159,874	2,504	1.6%
Self-insurance accruals	92,239	94,616	(2,377)	-2.5%
Amounts due to third-party payors - Health System	59,993	42,745	17,248	40.4%
Obligations under annuity and life income agreements	29,957	29,276	681	2.3%
Refundable advances for Federal Perkins loans	32,110	32,110	-	0.0%
Other noncurrent liabilities	<u>112,490</u>	<u>113,462</u>	<u>(972)</u>	<u>-0.9%</u>
Total Noncurrent Liabilities	<u>5,949,451</u>	<u>5,996,652</u>	<u>(47,201)</u>	<u>-0.8%</u>
Total Liabilities	<u>7,932,022</u>	<u>7,509,458</u>	<u>422,564</u>	<u>5.6%</u>
Deferred Inflows:				
Parking service concession arrangement	439,820	445,439	(5,619)	-1.3%
Pension	122,376	122,376	-	0.0%
Other deferred inflows	<u>19,241</u>	<u>19,342</u>	<u>(101)</u>	<u>-0.5%</u>
Total Deferred Inflows	<u>581,437</u>	<u>587,157</u>	<u>(5,720)</u>	<u>-1.0%</u>
Net Position:				
Net investment in capital assets	2,425,725	2,382,715	43,010	1.8%
Restricted:				
Nonexpendable	1,550,466	1,370,064	180,402	13.2%
Expendable	1,005,195	908,953	96,242	10.6%
Unrestricted	<u>569,688</u>	<u>428,660</u>	<u>141,028</u>	<u>32.9%</u>
Total Net Position	<u>5,551,074</u>	<u>5,090,392</u>	<u>460,682</u>	<u>9.1%</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 14,064,533</u>	<u>\$ 13,187,007</u>	<u>\$ 877,526</u>	<u>6.7%</u>

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**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND OTHER CHANGES IN NET POSITION - UNAUDITED**

Comparative Year-To-Date

January 31, 2017 and January 31, 2016

	January 2017	January 2016	Increase/Decrease	
			Dollars	%
Operating Revenues:				
Student tuition and fees, net	\$ 530,170	\$ 515,249	\$ 14,921	2.9%
Federal grants and contracts	187,956	186,215	1,741	0.9%
State grants and contracts	43,606	39,419	4,187	10.6%
Local grants and contracts	10,571	8,916	1,655	18.6%
Private grants and contracts	145,283	144,682	601	0.4%
Sales and services of educational departments	94,314	92,338	1,976	2.1%
Sales and services of auxiliary enterprises	209,861	181,495	28,366	15.6%
Sales and services of the OSU Health System, net	1,614,603	1,504,159	110,444	7.3%
Sales and services of OSU Physicians, Inc., net	279,972	264,800	15,172	5.7%
Other operating revenues	18,921	22,765	(3,844)	-16.9%
Total Operating Revenues	<u>3,135,257</u>	<u>2,960,038</u>	<u>175,219</u>	<u>5.9%</u>
Operating Expenses:				
Educational and General:				
Instruction and departmental research	554,384	542,507	11,877	2.2%
Separately budgeted research	277,014	270,092	6,922	2.6%
Public service	98,512	94,684	3,828	4.0%
Academic support	116,761	113,089	3,672	3.2%
Student services	55,266	55,740	(474)	-0.9%
Institutional support	173,419	159,773	13,646	8.5%
Operation and maintenance of plant	68,642	68,417	225	0.3%
Scholarships and fellowships	72,591	67,675	4,916	7.3%
Auxiliary enterprises	179,818	164,431	15,387	9.4%
OSU Health System	1,358,124	1,258,352	99,772	7.9%
OSU Physicians, Inc.	255,303	248,946	6,357	2.6%
Depreciation	206,163	192,396	13,767	7.2%
Total Operating Expenses	<u>3,415,997</u>	<u>3,236,102</u>	<u>179,895</u>	<u>5.6%</u>
Operating Loss	(280,740)	(276,064)	(4,676)	1.7%
Non-operating Revenues (Expenses):				
State share of instruction and line-item appropriations	278,610	263,839	14,771	5.6%
Federal subsidies for Build America Bonds interest	6,235	6,214	21	0.3%
Federal non-exchange grants	52,103	52,847	(744)	-1.4%
State non-exchange grants	4,771	5,410	(639)	-11.8%
Gifts	123,720	108,847	14,873	13.7%
Net investment income (loss)	279,136	(203,913)	483,049	-236.9%
Interest expense on plant debt	(70,737)	(48,939)	(21,798)	44.5%
Other non-operating revenues(expenses)	901	1,261	(360)	-28.5%
Net Non-operating Revenue (Expense)	<u>674,739</u>	<u>185,566</u>	<u>489,173</u>	<u>263.6%</u>
Income (Loss) before Other Revenues, Expenses, Gains or Losses	393,999	(90,498)	484,497	-535.4%
Other Changes in Net Position				
State capital appropriations	22,964	15,562	7,402	47.6%
Private capital gifts	6,205	4,865	1,340	27.5%
Additions to permanent endowments	37,514	42,284	(4,770)	-11.3%
Total Other Changes in Net Position	<u>66,683</u>	<u>62,711</u>	<u>3,972</u>	<u>6.3%</u>
Increase (Decrease) in Net Position	460,682	(27,787)	\$ 488,469	-1757.9%
Net Position - Beginning of Year	5,090,392	4,992,309		
Net Position - End of Period	<u>\$ 5,551,074</u>	<u>\$ 4,964,522</u>		

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STATEMENTS OF CASH FLOWS

Years Ended January 31, 2017 and January 31, 2016

(in thousands)

	January 2017	January 2016	Incr/(Decr) to Cash Dollars	%
Cash Flows from Operating Activities:				
Tuition and fee receipts	\$ 662,436	\$ 634,697	\$ 27,739	4.4%
Grant and contract receipts	405,936	376,556	29,380	7.8%
Receipts for sales and services	2,239,545	1,967,876	271,669	13.8%
Payments to or on behalf of employees	(1,493,519)	(1,439,883)	(53,636)	3.7%
University employee benefit payments	(413,890)	(422,486)	8,596	-2.0%
Payments to vendors for supplies and services	(1,144,758)	(1,015,088)	(129,670)	12.8%
Payments to students and fellows	(68,122)	(71,823)	3,701	-5.2%
Student loans issued	(8,071)	(6,900)	(1,171)	17.0%
Student loans collected	4,641	6,126	(1,485)	-24.2%
Student loan interest and fees collected	1,449	1,865	(416)	-22.3%
Other receipts	12,380	12,483	(103)	-0.8%
Net cash provided (used) by operating activities	<u>198,027</u>	<u>43,423</u>	<u>154,604</u>	<u>356.0%</u>
Cash Flows from Noncapital Financing Activities:				
State share of instruction and line-item appropriations	278,610	263,839	14,771	5.6%
Non-exchange grant receipts	56,874	58,257	(1,383)	-2.4%
Gift receipts for current use	123,720	108,847	14,873	13.7%
Additions to permanent endowments	37,514	42,284	(4,770)	-11.3%
Drawdowns of federal direct loan proceeds	313,500	314,861	(1,361)	-0.4%
Disbursements of federal direct loans to students	(314,351)	(313,593)	(758)	0.2%
Repayment of loans from related organization	(473)	447	(920)	-205.8%
Amounts received for annuity and life income funds	1,633	1,105	528	47.8%
Amounts paid to annuitants and life beneficiaries	(952)	(287)	(665)	231.7%
Agency funds receipts	4,686	4,763	(77)	-1.6%
Agency funds disbursements	(4,646)	(4,351)	(295)	6.8%
Net cash provided (used) by noncapital financing activities	<u>496,115</u>	<u>476,172</u>	<u>19,943</u>	<u>4.2%</u>
Cash Flows from Capital Financing Activities:				
Proceeds from capital leases	4,230	-	4,230	100.0%
State capital appropriations	22,698	17,015	5,683	33.4%
Gift receipts for capital projects	6,205	4,865	1,340	27.5%
Payments for purchase or construction of capital assets	(218,268)	(222,727)	4,459	-2.0%
Principal payments on capital debt and leases	(64,847)	(45,835)	(19,012)	41.5%
Interest payments on capital debt and leases	(63,172)	(50,053)	(13,119)	26.2%
Federal subsidies for Build America Bonds interest	5,259	5,238	21	0.4%
Net cash provided (used) by capital financing activities	<u>(307,895)</u>	<u>(291,497)</u>	<u>(16,398)</u>	<u>5.6%</u>
Cash Flows from Investing Activities:				
Net (purchases) sales of temporary investments	(72,781)	53,153	(125,934)	-236.9%
Proceeds from sales and maturities of long-term investments	1,141,737	853,778	287,959	33.7%
Investment income	67,728	46,478	21,250	45.7%
Purchases of long-term investments	(1,353,728)	(970,348)	(383,380)	39.5%
Net cash provided (used) by investing activities	<u>(217,044)</u>	<u>(16,939)</u>	<u>(200,105)</u>	<u>1181.3%</u>
Net Increase (Decrease) in Cash	<u>169,203</u>	<u>211,159</u>	<u>\$ (41,956)</u>	<u>-19.9%</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,352,783</u>	<u>1,020,691</u>		
Cash and Cash Equivalents - End of Period	<u>\$ 1,521,986</u>	<u>\$ 1,231,850</u>		

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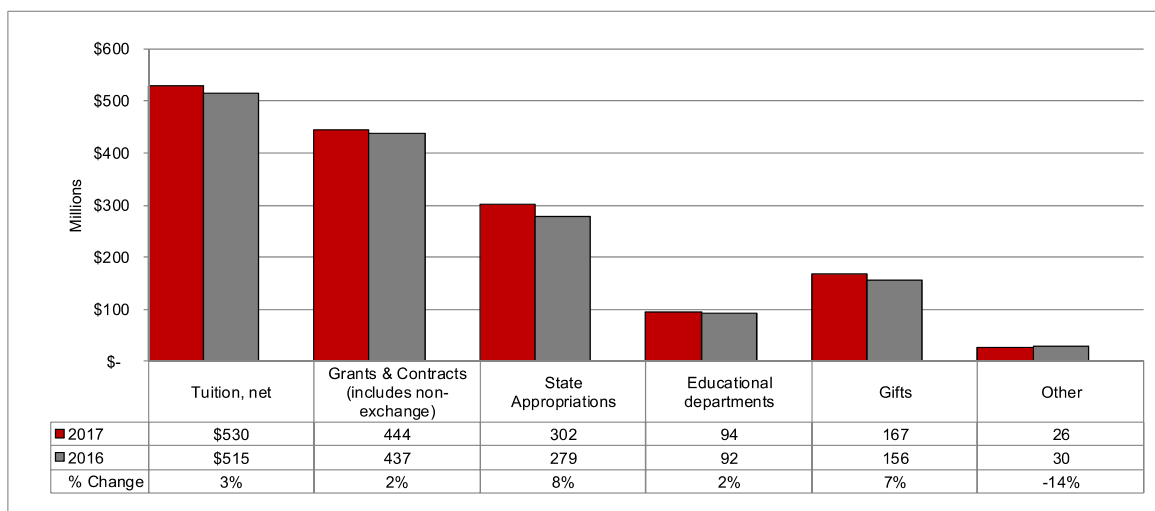
B. Revenue

Consolidated revenues through the first seven months of fiscal year 2017, excluding investment income, were \$3,668 million, representing an increase of \$207 million, or 6.0% over the same period of fiscal year 2016. The breakdown of comparative year-to-date revenues between the University, Auxiliary, and Healthcare (the OSU Health System hospitals and OSUP) follows.

University

University revenues for the first seven months of fiscal year 2017 were \$1,564 million up \$53 million compared to the first seven months of fiscal year 2016. Major components of university revenues were as follows:

University Revenue YTD First Seven Months Fiscal Year 2017 vs. Fiscal Year 2016



Net student tuition and fees increased \$15 million, to \$530 million, compared with the first seven months of fiscal year 2016. Student tuition through January represents revenue from summer, autumn, and a portion of spring terms. Net tuition revenue increased primarily due to a 5.6% increase in non-resident enrollment and a 5% increase in the non-resident surcharge. Overall, total enrollment increased 1.3% for the 2016/2017 academic year compared to 2015-2016 academic year.

Grant and contract revenues increased \$7 million, or 1.6%, to \$444 million, due primarily to funding increases by the State of Ohio for healthcare and research programs

State appropriation revenues increased \$22 million, or 7.9%, to \$302 million, due primarily to increases from the Ohio Department of Higher Education of \$13 million in state share of instruction, \$2 million in state line-item appropriations, and \$7 million in state capital appropriations.

Gifts increased \$11 million, to \$167 million, a 7.3% increase over the prior seven months ended January 31, 2016, reflecting increases in current use and capital gifts offset by decreases in permanent endowment gifts.

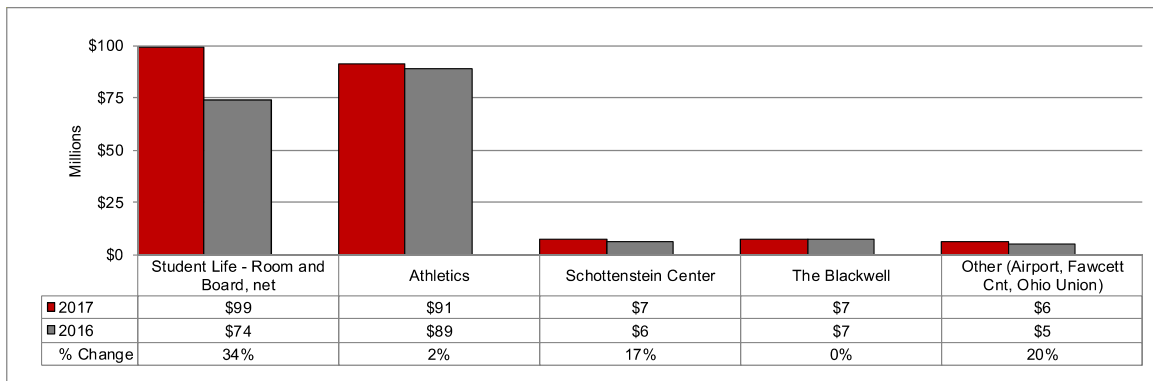
Auxiliary

Auxiliary revenues for the first seven months of fiscal year 2017 increased \$28 million, to \$210 million, compared to the first seven months of fiscal year 2016. Major components of auxiliary revenues were as follows:

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Auxiliary Revenues YTD First Seven Months Fiscal Year 2017 vs. Fiscal Year 2016

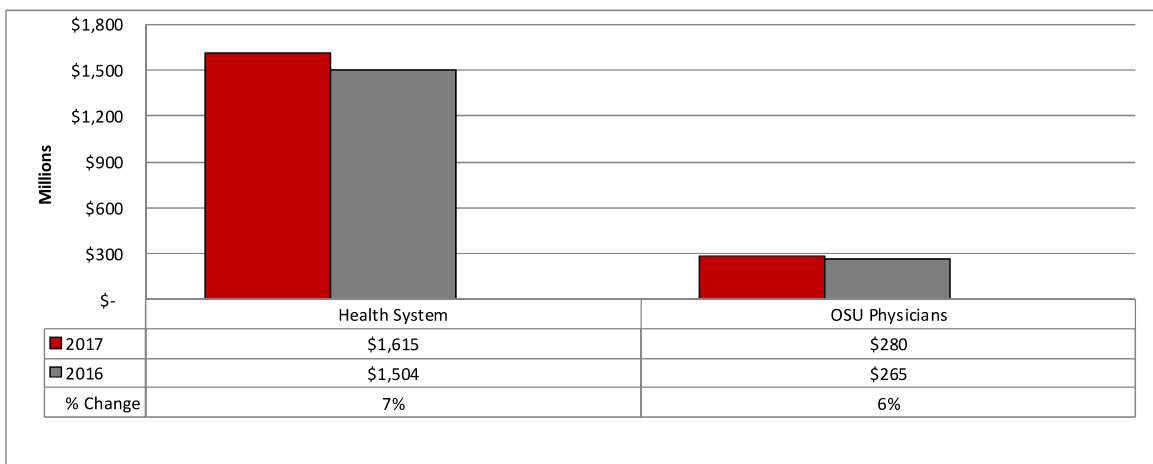


Student Life revenues increased \$25 million due to an increase in residence hall occupancy due to the addition of new beds in the North Residential District (NRD) at the start of the autumn semester and additional meal plans sold with the second year residency program.

Healthcare

Total healthcare revenue for the first seven months of fiscal year 2017 increased \$126 million, or 7.1%, to \$1,895 million, compared to the first seven months of fiscal year 2016.

Healthcare Revenues YTD First Seven Months Fiscal Year 2017 vs. Fiscal Year 2016



Consolidated OSU Health System revenues of \$1,615 million increased \$111 million, or 7.3%, in the first seven months of fiscal year 2017 over the same period in 2016. Total outpatient visits were 2.1% above prior year and 3.6% below budget. The total number of patients treated in inpatient beds was above prior year by 3.5%. OSU Physicians revenue for the first seven months of fiscal year 2017 increased \$15 million, or 5.7%, to \$280 million compared to \$265 million for the same period of fiscal year 2016. The increase in OSUP revenues is due to patient volume growth and medical center investments.

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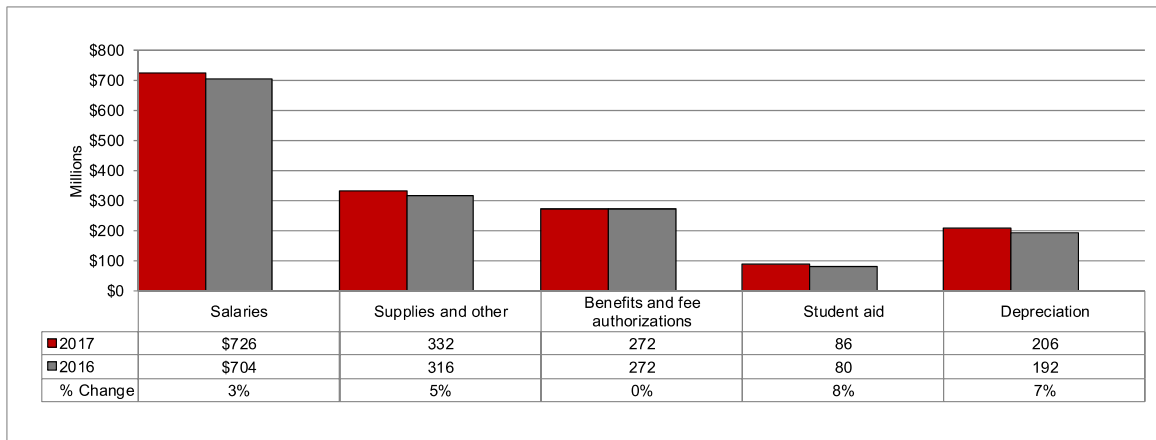
C. Expenses

Consolidated expenses of \$3,416 million for the first seven months of fiscal year 2017 increased \$180 million, or 5.6%, compared to the first seven months of fiscal year 2016 of \$3,236 million. The mix of expenses remained constant between years, with salaries and benefits comprising 57% and supplies and other expenses making up 33% of total operating expenses. The breakdown of comparative year-to-date expenses between University, Auxiliary, and Healthcare follows.

University

University expenses for the first seven months of fiscal year 2017 of \$1,623 million were up \$58 million, or 3.7% compared to the first seven months of fiscal year 2016. Major categories of university expenses were as follows:

University Expenses YTD First Seven Months Fiscal Year 2017 vs. Fiscal Year 2016



Salaries increased \$22 million in the first seven months of fiscal year 2017 over the comparable period in fiscal year 2016 due to increases in university merit pool of 2%. In addition to merit increases, the university added new hires across colleges and disciplines, including hiring of faculty for discovery themes and support new enrollments.

Supplies and other expenses increased \$16 million primarily due to the Workday Enterprise Project of \$9 million. Benefits are unchanged due to a balancing of expenses driven by the 2% salary guideline increase offset by a 4% decrease in the average composite rate for all benefits. Depreciation increased due to the opening of residence and dining halls in the North Residential District.

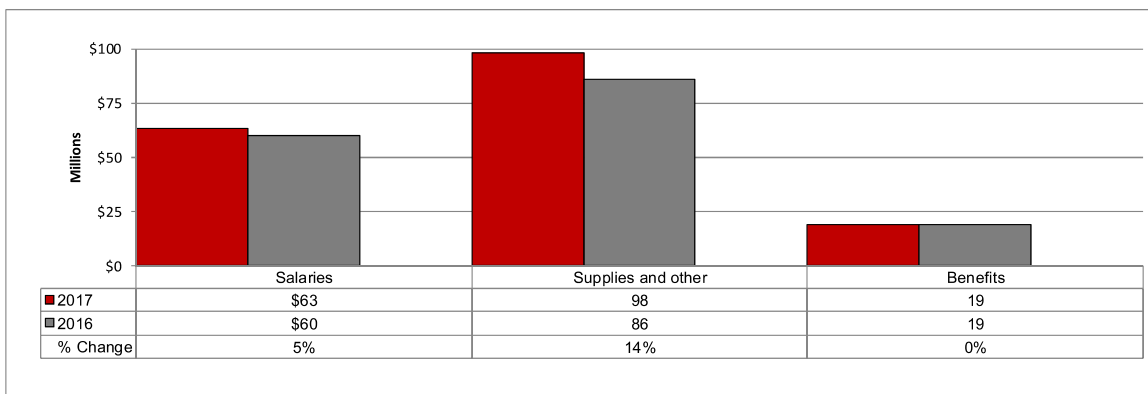
Auxiliary

Auxiliary expenses for the first seven months of fiscal year 2017 of \$180 million were up \$15 million, or 9.1% compared to the first seven months of fiscal year 2016. Major categories of auxiliary expenses were as follows:

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Auxiliary Expenses YTD First Seven Months Fiscal Year 2017 vs. Fiscal Year 2016

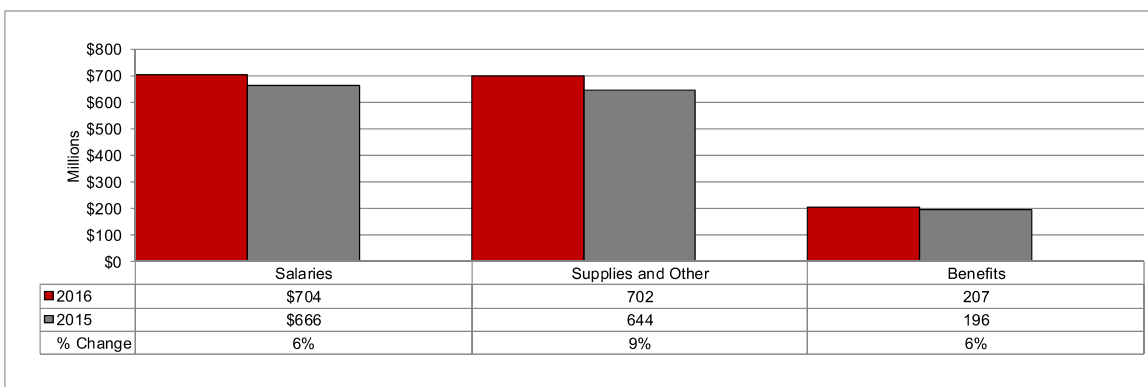


Salaries increased \$3 million in the first seven months of fiscal year 2017 over the comparable period in fiscal year 2016. Supplies and other expenses increased \$12 million, primarily due to increases related to housing and dining costs.

Healthcare

Healthcare expenses for the first seven months of fiscal year 2017 of \$1,613 million were up \$106 million, or 7.0% compared to the first seven months of fiscal year 2016. Major categories of healthcare expenses were as follows:

Healthcare Expenses YTD First Seven Months Fiscal Year 2017 vs. Fiscal Year 2016



Salaries increased \$38 million in the first seven months of fiscal year 2017, or 5.7% over the comparable period in fiscal year 2016 due to increases in staffing levels. Supplies and other expenses increased \$58 million, or 9.0%, primarily due to increases in operating costs from new volumes with the James Cancer Hospital and Critical Care Center and the cost of drugs at the retail pharmacy. Benefits increased \$11 million or 5.6% due to staffing increases and salary guideline increase.

D. Revenues Less Expenses (Margins)

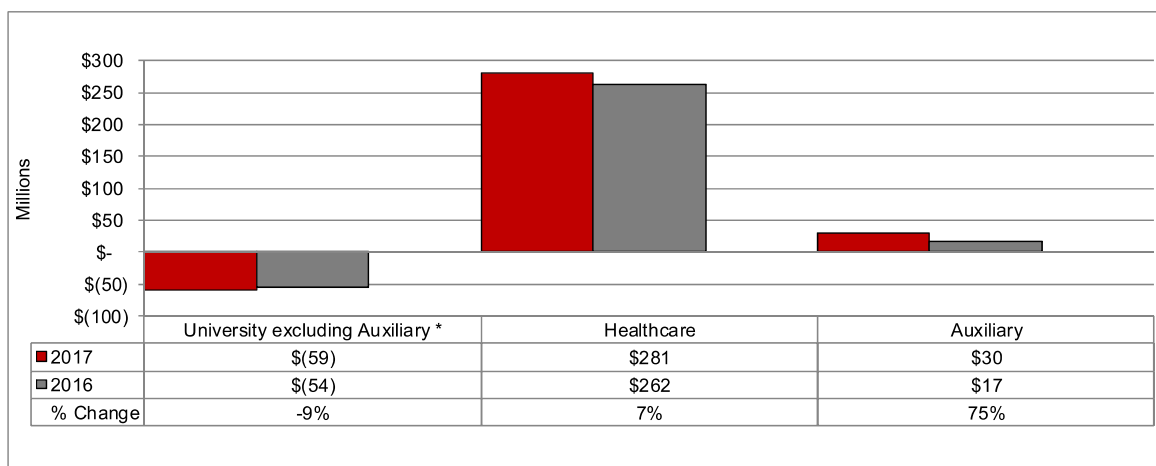
Consolidated revenues, excluding investment income and interest expense, less expenses for The Ohio State University increased \$27 million, from \$225 million to \$252 million, for the first seven months of fiscal year 2017 compared to the first seven months of fiscal year 2016. University (excluding auxiliary) margins

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decreased \$5 million, Healthcare margins increased \$19 million, and auxiliary margins increased \$13 million for the first seven months of fiscal year 2017 compared to last year.

**Revenue Less Operating Expense by Area YTD
First Seven Months Fiscal Year 2017 vs. Fiscal Year 2016**



* These figures exclude endowment distributions. Adjusted margins, including year-to-date distributions, were \$37 million in 2017 and \$30 million in 2016.

E. Investments

For seven months ended January 31, 2017, the market value of the university's Long-Term Investment Pool (LTIP) increased \$414.6 million to \$4.03 billion. Changes in total valuation are summarized below:

	2017	2016
Market Value at June 30	\$ 3,616,562	\$ 3,659,387
Net principal additions	295,055	188,523
Change in market value	212,777	(249,098)
Income earned	47,422	43,050
Distributions	(95,930)	(84,135)
Expenses	(44,714)	(44,605)
Market Value at January 31	<u>\$ 4,031,172</u>	<u>\$ 3,513,122</u>

Net principal additions include new endowment gifts (\$36.9 million), reinvestment of unused endowment distributions (\$1.7 million), and other net transfers of University monies (\$256.4 million). Change in market value includes realized gains (losses) on the sale of investment assets and unrealized gains (losses) associated with assets held in the pool at January 31, 2017. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$34.7 million), University Development related expenses (\$9.5 million) and other administrative related expenses (\$0.5 million).

LTIP Investment Returns

For seven months ended January 31, 2017 (FYTD), the LTIP earned a net of investment fee return of 7.21% versus a Policy Benchmark of 5.39%, resulting in outperformance of 1.82%. During that period, our Global Equities returned 10.07%, followed by Real Assets at 5.23%, and Global Fixed Income at 2.51%. Actual

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performance figures differ from the financial statements due to a 3-month lag in reporting market values for certain alternative investments.

The comparable seven-month period ended January 31, 2016 saw a net of investment fee return of (5.78%) versus a (5.38%) Policy Benchmark for underperformance of 0.40%. During that period, our Real Assets returned 3.91%, followed by Global Fixed Income at (0.52%) and Global Equities at (9.47%).

Temporary Investments

For the seven month ended January 31, 2017 (FYTD) the Intermediate Investments earned a return of 0.14% (+\$1.1 million) outperforming the BofA ML 1-3 Yr US Gov't/Credit benchmark (-0.18%) by 0.32%. Short-Term Investments earned 0.99% (+\$5.0 million) outperforming the 90 Day T-Bill benchmark (+0.23%) by 0.76%.

The comparable seven-month period ended January 31, 2016, saw Intermediate Investments earn a return of +0.44% (+\$2.8 million). Short-Term Investments returned +0.20% (+\$0.8 million) for this same period.

F. Cash Flows

Cash flows provided by operating activities were \$198 million through the first seven months of fiscal year 2017, compared with \$43 million for the same period in fiscal year 2016. The increase in cash is due primarily to sales and services from healthcare.

Cash flows provided by noncapital financing activities were \$496 million through the first seven months of fiscal year 2017, compared with \$476 million for the same period in fiscal year 2016. The increase is primarily due to increases of current use gifts and state share of instruction.

Capital outlay for the seven months ended January 31, 2017 approximated \$218 million. Health system project and equipment expenditures approximated \$83 million; the \$16 million project to renovate floors 7-11 of the west wing of University Hospital for the Brain and Spine Institute is slated for completion in early 2017. Student Life projects comprised \$39 million; the final phase of the North Residential District Transformation student housing opened autumn semester. Other significant investment includes \$24 million within the academic buildings where major projects include the second phase of the Veterinary Medicine Enhancement and Expansion, and the Pomerene and Oxley Halls renovation. University equipment expenditures approximated \$28 million. An additional \$16 million in capital was invested in regional campuses. Total capital assets, net of accumulated depreciation increased \$23 million, to \$5 billion.

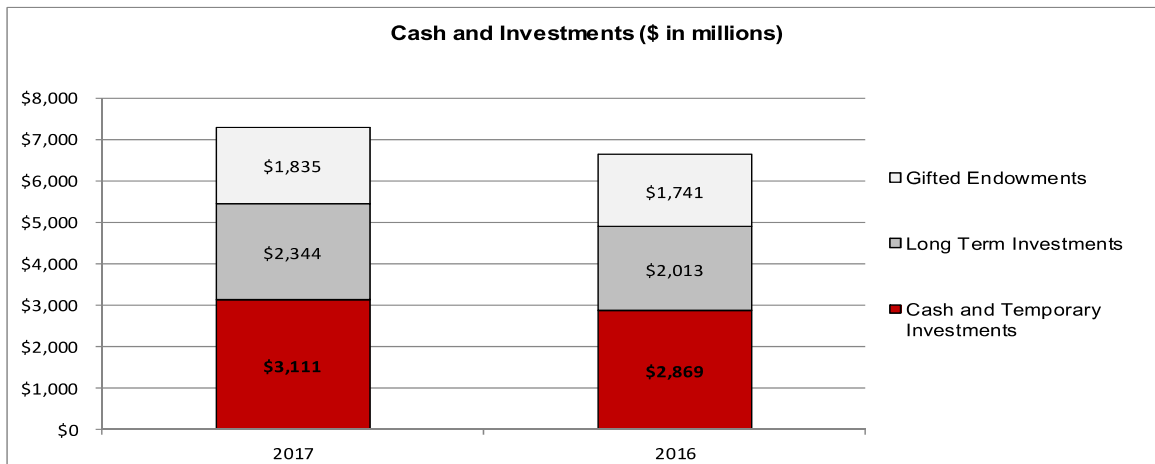
Net cash used by investing activities was \$217 million for the first seven months of fiscal year 2017, compared to net cash used by investing activities of \$17 million for the comparable period in fiscal year 2016. The net cash outflow relates primarily to purchases of long-term investments.

G. Cash and Investments

From June 30, 2016 to January 31, 2017, total university cash and investments increased by \$667 million, to \$7.3 billion. Cash and short-term investments increased \$242 million from student fees for spring semester. Gifted endowment and other long-term investments increased \$425 million primarily due to market value increases.

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III. Financial Highlights - For the Seven Months Ending January 31, 2017

A. State Support Outlook

The Office of Budget and Management (OBM) reports January tax receipts totaled \$2,061 million and were \$91.6 million or 4.3% below estimates. On a year-to-date basis, tax receipts were \$388 million or 2.9% below estimates. A shortfall in income taxes caused the unfavorable variances.

The January unemployment rate for Ohio was 5.0%. The Ohio rate did not change from the previous month or from one year ago. The U.S. unemployment rate in January was 4.8 percent, 0.1 percentage points higher than the previous month but .01 percentage points lower than January 2016.

OBM reports January disbursements for higher education totaled \$181.9 million and were \$3.4 million or 1.8% below estimates. This variance was primarily due to disbursements for the Choose Ohio First Scholarship Program, which were \$2.8 million below the monthly estimate because of realigning the payment schedules.

B. OSU Wexner Medical Center

For the first seven months of the fiscal year ending June 30, 2017, the Wexner Health System's Excess of Revenue over Expense was 4.4% above budget and 9.0% below the prior year.

- Inpatient admissions were 4.0% above prior year and the total number of patients treated in inpatient beds was above prior year by 3.5%.
- Total outpatient visits were 3.6% below budget and 2.1% above prior year.
- Adjusted admissions were 2.6% above budget and 6.8% above prior year.
- Operating revenue per adjusted admission was 1.9% below budget and 0.3% below the prior year.
- Operating expense per adjusted admission was 2.0% below budget and 1.0% above prior year.
- Total operating revenue of \$1,565.8 million was 0.6% above budget and 6.5% above prior year.
- Total operating expense of \$1,387.3 million was 0.5% above budget and 7.9% above prior year.
- Operating EBIDA margin was 1.4% above budget, days cash on hand totaled 118.3 days, and debt service coverage was 2.4% above budget.

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C. Enrollment

Columbus Campus

Enrollment is 1% above budget at the Columbus campus and is up 1% compared to fiscal year 2016. The following tables are based on the combined student headcounts for all three semesters.

	Fiscal Year 2017 Actual Vs. Budget Headcounts				Fiscal Years 2016 & 2017 Headcount Comparison			
Student Level	Actual	Budget	Change	% Chg	FY 2017	FY 2016	Change	% Chg
Undergraduate	99,048	98,054	994	1.0%	99,048	97,861	1,187	1.2%
Graduate	26,072	25,667	405	1.6%	26,072	25,583	489	1.9%
Professional	7,507	7,522	(15)	-0.2%	7,507	7,443	64	0.9%
Grand Total	132,627	131,243	1,384	1.1%	132,627	130,887	1,740	1.3%

As shown below, resident enrollments remained nearly flat between fiscal year 2016 and fiscal year 2017 and are up nearly 1% above budget. Non-resident enrollment is 6% above fiscal year 2016 and is up 3% to budget. For the academic year-to-date, total enrollment has increased 1% between fiscal year 2016 and fiscal year 2017 and is 1% above budget.

	Fiscal Year 2017 Actual Vs. Budget Headcounts				Fiscal Years 2016 & 2017 Headcount Comparison			
Residency Status	Actual	Budget	Change	% Chg	FY 2017	FY 2016	Change	% Chg
Resident	96,682	96,184	508	0.5%	96,682	96,851	(159)	-0.2%
Non-Resident	35,935	35,059	876	2.5%	35,935	34,036	1,899	5.6%
Grand Total	132,627	131,243	1,384	1.1%	132,627	130,887	1,740	1.3%

Regional Campuses

The following table is based on the combined student headcount for all three semesters. Overall, regional campus enrollment increased slightly from fiscal year 2016 and is 3% above budget. Enrollments increased for Lima, Marion, and Newark campuses and decreased for Mansfield and ATI between fiscal year 2016 and fiscal year 2017. While Marion increased 5%, Mansfield and ATI decreased 4% between this fiscal year and last fiscal year.

Lima, Marion, and Newark campuses were up from their projection for fiscal year 2017, ranging from just under 3% to 15%, while Mansfield and ATI were below budget (2% and 6%, respectively).

	Fiscal Year 2017 Actual Vs. Budget Headcounts				Fiscal Years 2016 & 2017 Headcount Comparison			
Campus	Actual	Budget	Change	% Chg	FY 2017	FY 2016	Change	% Chg
Lima	2,309	2,220	89	4.0%	2,309	2,231	78	3.5%
Mansfield	2,507	2,627	(40)	-1.5%	2,587	2,707	(120)	-4.4%
Marion	2,410	2,098	312	14.9%	2,410	2,302	108	4.7%
Newark	5,149	5,004	145	2.9%	5,149	5,048	101	2.0%
ATI	1,511	1,599	(88)	-5.5%	1,511	1,575	(64)	-4.1%
Grand Total	13,966	13,548	418	3.1%	13,966	13,863	103	0.7%

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D. Research

Through the first seven months of fiscal year 2017, direct cost expenditures from Office of Sponsored Programs projects totaled \$221.5 million with \$63 million of associated Facilities and Administrative (F&A) cost recoveries, making overall expenditures, up less than 1%, essentially identical to spending in the same period in fiscal year 2016. F&A recovery remains up by 4.7%, reflecting a change in the direct cost mix toward expenses that incur F&A as opposed to the high equipment and renovation expenses incurred in the HRSA-funded cancer hospital build.

Awarded dollars, a leading indicator of the state of the research enterprise, continue to be up, by 4.5% overall. This includes an 11.8% increase in federal dollars. Awards from our top funder, the National Institutes of Health (NIH), are up by 26.3%, despite the fact that because of the continuing resolution on the federal budget, NIH is funding awards at 90% of the previously approved level. Awards from National Science Foundation, Department of Defense (DOD), and Department of Labor are also up.

The federal government is operating under a Continuing Funding Resolution (CR) for Fiscal Year 2017 through April 28, 2017. Congress is considering various options on 2017 appropriations, which could result in a yearlong CR, an omnibus appropriations bill, or a combination of the two. President Trump will submit his Fiscal Year 2018 budget to Congress in mid-March. The measure is expected to be broad in nature outlining topline program numbers and goals. While federal research funding is rebounding from past budget crises and sequestration, the federal budget caps are reinstated in 2018. Both Congress and the Administration have indicated a willingness to raise the caps on defense programs, but it is unclear how non-defense programs, including research, will fare. It is also likely that some specific areas of research, such as climate science and the humanities, will be targeted for reductions.

Non-federal dollars are 14.9% lower compared to this time last year. A drop in state funding can explain most of this difference, and that drop is mostly due to the very large award made in November 2015 of \$21 million in Third Frontier funding for the Neurotechnology Innovations Translator (NIT).

E. Auxiliary Operations

Auxiliaries are entities that exist to furnish goods or services to students, faculty, staff, or the general public for a fee. Auxiliary operations are essentially self-supporting. Examples at OSU include: Athletics, Schottenstein Center, the Blackwell, Fawcett Center, Drake Union, housing and dining operations, recreational sports and the Ohio Union. Each of these operations is discussed below.

Athletics Department

For the period ending January, 2017

(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 128,069	\$ 124,069	\$ 4,000	3.2%
Expenses	\$ 120,664	\$ 109,876	\$ 10,788	9.8%
Net Income	\$ 7,405	\$ 14,193	\$ (6,788)	-47.8%

Revenues are \$4.0 million ahead of the prior year. The increases are primarily due to sponsorship revenue of \$1.6 million, concessions at football games of \$864,000, and proceeds from the sale of a donated home of \$620,000. Expenses are \$10.8 million above prior year primarily due to increases capital expenditures of \$4.7 million, personnel costs of \$2.9 million, and grants in aid of \$1.5 million.

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Schottenstein Center

For the period ending January, 2017
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 17,177	\$ 14,780	\$ 2,397	16.2%
Expenses	\$ 16,116	\$ 14,888	\$ 1,229	8.3%
Net Income	\$ 1,061	\$ (108)	\$ 1,168	-1084.3%

Revenues are \$2.4 million better than prior year primarily due to the International Champions Cup soccer match in July 2017. Expenses are \$1.2 million above prior year primarily due to increased cost of sales related to the events of \$2.9 million, offset by decreased debt service expenses of \$1.6 million.

Blackwell Inn

For the period ending January, 2017
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 7,458	\$ 7,286	\$ 172	2.4%
Expenses	\$ 7,068	\$ 7,253	\$ (185)	-2.5%
Net Income	\$ 390	\$ 33	\$ 356	1067.2%

Revenues are \$172,000 better than prior year mainly due to growth in room revenue. The room revenue increase is due to stronger average rate and revenue per available room. The average rate of \$163.20 is currently \$13.28 better than last year and the revenue per available room of \$116.76 is better than last year by \$7.67. The room rate revenue is offset slightly by lower occupancy rate, which is down by 1.2 points. Expenses are \$185,000 lower than prior year primarily due to variable expense decreases because of fewer banquets and events and savings measures in place.

Housing & Dining

For the period ending January, 2017
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 113,125	\$ 86,992	\$ 26,133	30.0%
Expenses	\$ 93,616	\$ 83,288	\$ 10,328	12.4%
Net Income	\$ 19,509	\$ 3,704	\$ 15,805	426.7%

Housing and dining revenues are up \$26 million. Housing increased by \$17 million primarily due to the opening of new residence halls and the second-year residency requirement (\$16.4 million) and rental income (\$363,000). Dining revenue is above prior year by \$9 million driven by the additional meal plans sold with the second year residency program. Housing and dining expenses are up \$10.3 million from the prior year. Housing expenses are \$5.2 million above the prior year due to increased expenses related to new residence halls and residency requirements. Dining expenses are \$5.1 million above prior year due primarily to increased cost of sales and other operating expenses driven by additional meal plan sales.

Recreation Sports

For the period ending January, 2017
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 12,792	\$ 12,545	\$ 247	2.0%
Expenses	\$ 10,159	\$ 10,196	\$ (37)	-0.4%
Net Income	\$ 2,633	\$ 2,349	\$ 284	12.1%

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Revenues are tracking \$247,000 above prior year primarily due to increases in fees and memberships, programs and rental income. Expenses are \$37,000 lower than the prior year, with reduction in debt service expense offsetting increases in operating expenses.

Ohio Union

For the period ending January, 2017

(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 8,813	\$ 8,630	\$ 183	2.1%
Expenses	\$ 8,164	\$ 8,106	\$ 58	0.7%
Net Income	\$ 649	\$ 524	\$ 125	23.9%

Revenues are \$183,000 higher than prior year primarily due to higher event related income. Expenses are \$58,000 above prior year primarily due to higher facility repair and maintenance costs, offset by lower personnel costs.

Fawcett Center

For the period ending January, 2017

(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 2,639	\$ 2,450	\$ 190	7.7%
Expenses	\$ 2,192	\$ 2,146	\$ 46	2.2%
Net Income	\$ 447	\$ 304	\$ 144	47.3%

Fawcett Center revenues are up \$190,000 compared to prior year. Food and beverage revenues are up a total of \$155,000 due to growth in conferences and events. Office Space rental revenue is up \$35,000 due to 3% annual increase and 3.5% increase for WOSU. Expenses are \$46,000 higher than the prior year primarily due to increases in variable expenses related to increased food sales and utility expenses.

Drake Union

For the period ending January, 2017

(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 680	\$ 664	\$ 16	2.5%
Expenses	\$ 416	\$ 413	\$ 4	0.9%
Net Income	\$ 264	\$ 251	\$ 13	5.1%

Revenues are up \$16,000 from the previous fiscal year. The increase is due to the fact that the office space is fully rented and the annual 3% rent increase. Expenses are relatively flat compared to the prior year.



April 2017 Board Meeting
FY 2017 | Through January 2017

Consolidated Financial Scorecard (\$ in thousands)		2017 YTD Actual	2017 YTD Budget	Actual vs. Budget
A. Financial Snapshot (in thousands)				
1. Total Revenue excluding endowment performance		3,725,915	3,638,034	↑
2. Total Expenses		3,610,992	3,672,856	↓
3. Current Net Margin		460,743	235,810	↑
4. Change in Net Assets		181,607	33,629	↑
5. Change in Net Assets excluding endowment performance		731,037	125,000	↑
B. Institutional Financial Metrics				
1. Liquidity - Primary Reserve Ratio		0.7	0.4	↑
2. Liquidity - Days Cash on Hand		192	120	↑
3. Actual Debt Service to Operations		4.00%	4.00%	↔
		2016-17 Actual	2016-17 Benchmark	Actual vs. Benchmark
4. Short Term Investment Pool Return		1.39%	0.85%	↔
5. Intermediate Investment Pool Return		1.75%	0.93%	↔
6. 1 Year Long Term Investment Pool Return		9.89%	12.12%	↓
7. 3 Year Long Term Investment Pool Average Return		4.78%	4.86%	↔
8. Credit Rating		AA	AA	↔



April 2017 Board Meeting

FY 2017 | Through January 2017

University Financial Scorecard (\$ in thousands)		2017 YTD Actual	2017 YTD Budget	Actual vs. Budget
A. Revenue Drivers (in thousands)				
1. Tuition and Fees		639,316	622,842	↑
2. Grants and Contracts (exchange)		393,757	359,450	↑
3. Advancement Cash Receipts		117,416	112,354	↑
4. SSI		224,398	219,532	↑
5. State Line Item Appropriations		54,212	52,119	↑
6. Net Contribution from Auxiliary Enterprises		35,992	21,476	↑
B. Financial Snapshot (in thousands)				
1. Total Revenue excluding endowment performance		1,995,399	1,807,281	↑
2. Total Expenses		1,890,997	1,948,958	↓
3. Current Net Margin		200,332	(49,758)	↑
4. Change in Net Assets		420,412	98,127	↑
5. Change in Net Assets excluding endowment performance		253,954	3,839	↑
C. Performance Metrics (Columbus Campus only)				
1. Enrollment - summer, fall and spring		132,627	131,243	↑
2. Credit Hours - summer, fall and spring		1,702,158	1,678,077	↑



April 2017 Board Meeting
FY 2017 | Through January 2017

MEDICAL CENTER FINANCIAL PERFORMANCE				2016-17 Actual	2016-17 Budget	Current Status
A. Revenue Drivers						
1. Patient Admissions				35,987	35,404	↑
2. Patients in Beds including Obs area				43,202	42,816	↑
3. Patient Discharges				35,917	35,153	↑
4. Total Surgeries				25,337	24,665	↑
5. Outpatient Visits				1,010,635	1,048,669	↑
6. ED Visits				77,521	78,836	↑
B. Activity Metrics						
1. Adjusted Admissions				67,752	66,067	↑
2. Operating Revenue / Adjusted Admit				\$ 23,111	\$ 23,570	↓
3. Expense / Adjusted Admit				\$ 20,476	\$ 20,892	↑
C. Financial Snapshot (in thousands)						
1. Operating Revenues				\$ 1,565.8	\$ 1,557.2	↔
2. Total Expenses				\$ 1,387.3	\$ 1,380.3	↔
3. Gain from Operations				\$ 178.5	\$ 176.9	↔
4. Excess Revenue Over Expenses				\$ 95.7	\$ 91.7	↑
D. Performance Metrics						
1. Operating EBIDA Margin				18.1%	17.9%	↔
2. Days Cash on Hand				118.3	0.0	
3. Debt Service Coverage				5.7	5.6	↑

























Major Project Updates

Projects Over \$20M

April 2017



PROJECT STATUS REPORT – PROJECTS OVER \$20M

PROJECT	APPROVALS			BUDGET	ON TIME	ON BUDGET
	Des	Con				
Vet Hospital Enhancement and Expansion	✓	✓		\$32.8M		
Pomerene and Oxley Halls Renovation	✓	✓		\$59.0M		
Schottenstein Expansion	✓	✓		\$31.5M		
Schumaker Student-Athlete Development Center	✓	✓		\$43.0M		
Wexner Medical Center – 72-Bed Build Out	✓	✓		\$60.0M		
700 Ackerman – Consolidated Call Center	✓			\$21.8M		
Covelli Multi-Sport/Jennings Wrestling	✓	✓		\$49.7M		
Advanced Materials Corridor – Phase 1	✓			\$59.1M		
Cannon Drive Relocation – Phase 1	✓	✓		\$51.7M		
Postle Partial Replacement	✓			\$95.0M		
Ohio Stadium Upgrades	✓	✓		\$39.1M		

Key:

-  On track
-  Watching closely – actions are being taken to keep on track
-  Not on track



POMERENE AND OXLEY HALLS RENOVATION

Renovate Pomerene and Oxley Halls for Translational Data Analytics/Data Analytics, History of Art, and Linguistics departments. Spaces include classroom/instructional space, computer labs, offices, and meeting/conference areas

Renovate 27,500 GSF in Baker Commons for the Office of Disability Services

PROJECT FUNDING

auxiliary funds; state funds

CURRENT PROJECT BUDGET

construction w/ cont \$48.1M
total project \$59.0M

PROJECT SCHEDULE

BoT approval 8/14
construction 10/15-3/18

CONSULTANTS

architect of record
construction manager at risk
Acock Associates
Gilbane

PROJECT UPDATE

Baker Commons construction is complete and the spaces occupied

Demolition and abatement work are complete and interior restoration is underway



On Time



On Budget

CANNON DRIVE RELOCATION – PHASE 1

In partnership with the City of Columbus, raise Cannon Drive between King Avenue and Herrick Drive above the 500-year flood level. Phase 2 will raise Cannon Drive up to Woody Hayes Drive and the campus will be protected from the 500-year storm event.

Work will also include utility service lines under the relocated Cannon Drive and stub out piping to serve future development, as well as the restoration of the rivers edge, informal recreation areas and landscaping

PROJECT FUNDING

university funds

CURRENT PROJECT BUDGET

construction w/cont \$44.1M
total project \$51.7M

PROJECT SCHEDULE

BoT approval 11/16
construction 9/17-12/19

CONSULTANTS

architect of record

EMHT, Inc.

PROJECT UPDATE

enabling projects have been identified and initiated

enabling projects may affect the schedule for the Cannon Drive construction work



On Time



On Budget



The Ohio State University
Board of Trustees

April 7, 2017

THE OHIO STATE UNIVERSITY BOARD OF TRUSTEES
FINANCE COMMITTEE

April 6, 2017

TOPIC: Annual Waiver Report for the 2016 Calendar Year

SUMMARY:

2016 Calendar Year (1/1/2016 - 12/31/2016)

A total of 1,005 waivers of competitive bidding were approved as sole source, emergency or for economic reasons, and by Board of Trustees resolution totaling approximately \$294.4 million.

- Forty-one percent (41%) or \$121 million of spend was sole source waivers
- One percent (1%) or \$2 million of spend was emergency purchase waivers
- Twenty-nine percent (29%) or \$85 million of spend was for sufficient economic reason
- Twenty-nine percent (29%) or \$86 million of spend was Board of Trustees resolution waivers

2015 Calendar Year (1/1/2015 - 12/31/2015)

A total of 1,073 waivers of competitive bidding were approved as sole source, emergency or for economic reasons, and by Board of Trustees resolution totaling approximately \$296.1 million.

- Fifty-seven percent (57%) or \$169 million of spend was sole source waivers
- Three percent (3%) or \$8 million of spend was emergency purchase waivers
- Fifteen percent (15%) or \$46 million of spend was for sufficient economic reason
- Twenty-five percent (25%) or \$73 million of spend was Board of Trustees resolution waivers

Year-Over-Year Comparison

Year-over-year the decrease in number of waivers was 68 and the waiver spend was \$1.6 million.

- Primarily due to decrease in Instructional and Academic Research Equipment and Services of \$22.1 million
- This is partially offset by waivers from Medical Center authorized by Board of Trustees resolutions increasing by \$(20.1) million

**The Ohio State University
Competitive Bid Waiver Report for calendar year 2016**

<u>Category</u>	<u>Sufficient Economic Reason</u>					<u>Emergency</u>			<u>Sole Source</u>			<u>Total</u>		
	<u>Reason</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>	<u>Count</u>
Academic Support	\$ 1,571,403	18	\$ -	0	\$ 4,005,076	18	\$ 5,576,479	36						
Administrative Support Equipment and Services	\$ 54,389,026	63	\$ 492,172	6	\$ 8,396,153	54	\$ 63,277,351	123						
Instructional and Academic Research Equipment and Services	\$ 11,190,139	112	\$ 659,777	7	\$ 24,680,394	144	\$ 36,530,310	263						
Health Systems - Merchandise for Resale							\$ -	0						
Health Systems - Professional Health Care Services	\$ 2,366,341	18	\$ 233,765	3	\$ 2,163,950	16	\$ 4,764,056	37						
Health Systems - Administrative Equipment and Services	\$ 15,786,772	59	\$ 621,549	5	\$ 82,066,852	173	\$ 98,475,173	237						
TOTAL WAIVERS	\$ 85,303,681	270	\$ 2,007,263	21	\$ 121,312,425	405	\$ 208,623,369	696						
Waivers Authorized by BOT Resolutions							\$ 27,465,886	214						
Health Systems - Waivers Authorized by BOT Resolutions							\$ 58,362,510	95						
TOTAL BOT Resolutions							\$ 85,828,396	309						
GRAND TOTAL							\$ 294,451,765	1,005						

The Ohio State University
Competitive Bid Waiver Report for calendar year 2015

<u>Category</u>	<u>Sufficient Economic Reason</u>	<u>Count</u>	<u>Emergency</u>	<u>Count</u>	<u>Sole Source</u>	<u>Count</u>	<u>Total</u>	<u>Count</u>
Academic Support	\$ 3,766,042	17	\$ 2,937,431	2	\$ 4,052,446	21	\$ 10,755,919	40
Administrative Support Equipment and Services	\$ 11,210,933	41	\$ 954,190	8	\$ 27,818,363	62	\$ 39,983,486	111
Instructional and Academic Research Equipment and Services	\$ 9,697,975	96	\$ 200,840	4	\$ 48,760,250	136	\$ 58,659,065	236
Health Systems - Merchandise for Resale							\$ -	0
Health Systems - Professional Health Care Services	\$ 3,083,766	21	\$ 2,799,000	11	\$ 4,833,569	16	\$ 10,716,335	48
Health Systems - Administrative Equipment and Services	\$ 17,814,550	52	\$ 1,255,002	12	\$ 84,004,034	205	\$ 103,073,586	269
TOTAL WAIVERS	\$ 45,573,266	227	\$ 8,146,463	37	\$ 169,468,662	440	\$ 223,188,391	704
Waivers Authorized by BOT Resolutions							\$ 34,590,919	274
Health Systems - Waivers Authorized by BOT Resolutions							\$ 38,302,392	95
TOTAL BOT Resolutions							\$ 72,893,311	369
GRAND TOTAL							\$ 296,081,702	1,073

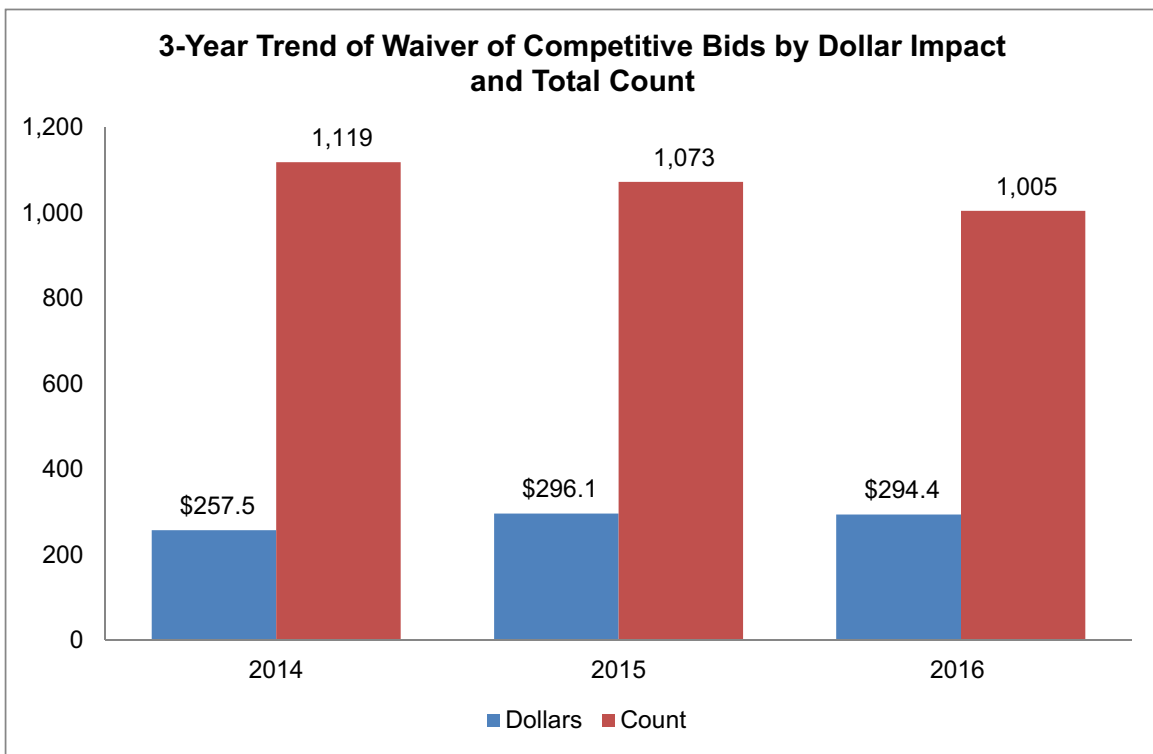
**The Ohio State University
Competitive Bid Waiver Report Comparison for 2016 and 2015**

<u>Category</u>	<u>Sufficient Economic Reason</u>					
	<u>Reason</u>	<u>Count</u>	<u>Emergency</u>	<u>Count</u>	<u>Sole Source</u>	<u>Count</u>
Academic Support	\$ (2,194,639)	1	\$ (2,937,431)	(2)	\$ (47,370)	(3)
Administrative Support Equipment and Services	\$ 43,178,093	22	\$ (462,018)	(2)	\$ (19,422,210)	(8)
Instructional and Academic Research Equipment and Services	\$ 1,492,164	16	\$ 458,937	3	\$ (24,079,856)	8
Health Systems - Merchandise for Resale	\$ -	0	\$ -	0	\$ -	0
Health Systems - Professional Health Care Services	\$ (717,425)	(3)	\$ (2,565,235)	(8)	\$ (2,669,619)	0
Health Systems - Administrative Equipment and Services	\$ (2,027,778)	7	\$ (633,453)	(7)	\$ (1,937,182)	(32)
TOTAL WAIVERS	\$ 39,730,415	43	\$ (6,139,200)	(16)	\$ (48,156,237)	(35)
Waivers Authorized by BOT Resolutions					\$ (7,125,033)	(60)
Health Systems - Waivers Authorized by BOT Resolutions					\$ 20,060,118	0
TOTAL BOT Resolutions					\$ 12,935,085	(60)
GRAND TOTAL					\$ (1,629,937)	(68)

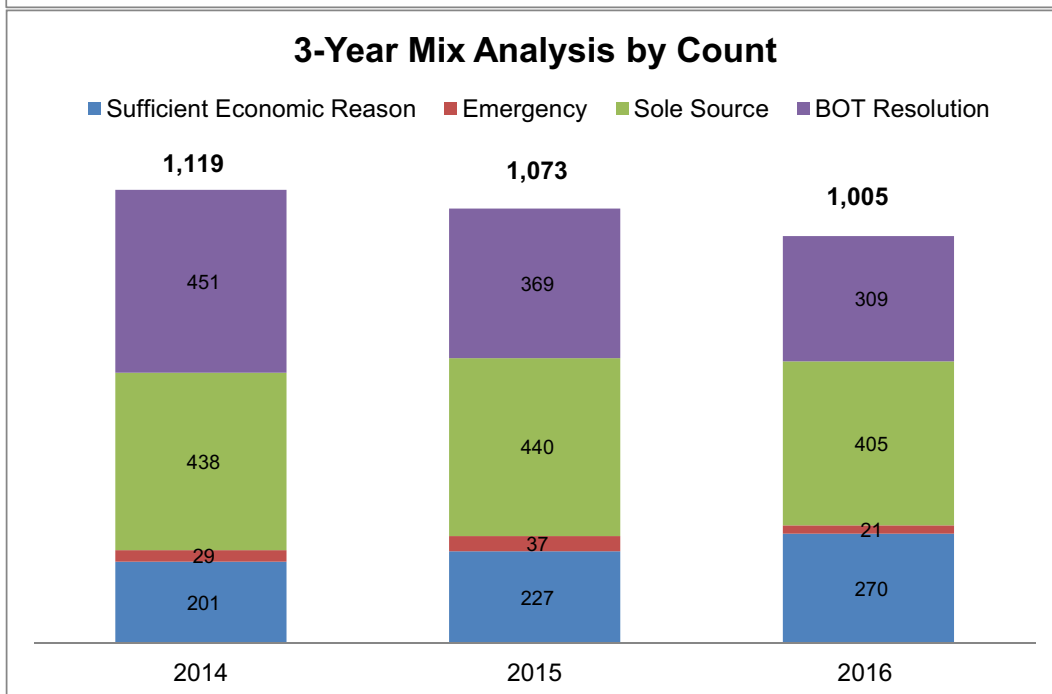
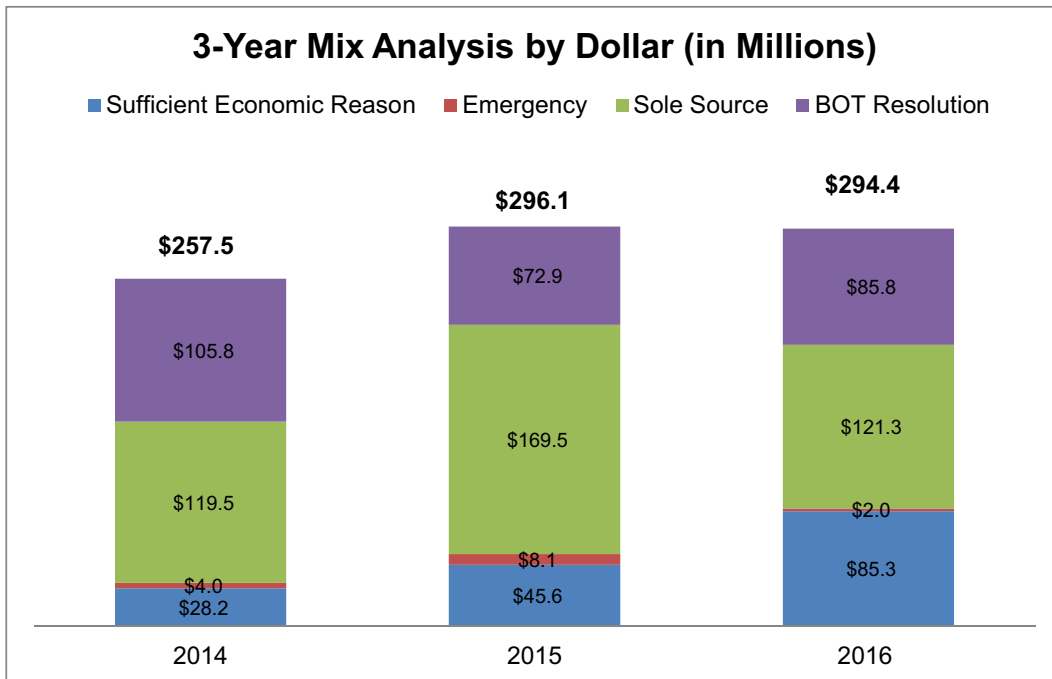
Annual Waiver Report for Calendar Year 2016

Waiver of Competitive Bids Summary 2014 - 2016

Waiver Type	2014		2015		2016	
<i>(\$ in Millions)</i>	Dollars	Count	Dollars	Count	Dollars	Count
Sufficient Economic Reason	\$ 28.2	201	\$ 45.6	227	\$ 85.3	270
Emergency	\$ 4.0	29	\$ 8.1	37	\$ 2.0	21
Sole Source	\$ 119.5	438	\$ 169.5	440	\$ 121.3	405
BOT Resolution	\$ 105.8	451	\$ 72.9	369	\$ 85.8	309
TOTAL	\$ 257.5	1,119	\$ 296.1	1,073	\$ 294.4	1,005



Waiver of Competitive Bids Summary Calendar Years 2013 - 2016



The Ohio State University
Board of Trustees

April 7, 2017

APPROVAL TO ENTER INTO PROFESSIONAL SERVICES CONTRACTS

Arts District Program
Health Sciences Campus Program
Interdisciplinary Research Building Program
Wexner Medical Center Ambulatory Program
Wexner Medical Center Hospital Program

Synopsis: Approval to enter into professional services contracts, as detailed in the attached materials, is proposed.

WHEREAS each programming study may exceed \$250,000 requiring Board of Trustee review and approval; and

WHEREAS the total project cost for each study will be determined as a part of the professional services selection process; and

WHEREAS the Board of Trustees will receive routine project updates, including a review of final deliverables; and

WHEREAS in accordance with the attached materials, the university desires to enter into professional contracts for the following projects:

	<u>Estimated Total Project Cost</u>	<u>Funding Source</u>
Arts District Program	\$200,000 - \$250,000	university funds
Health Sciences Campus Program	\$200,000 - \$250,000	auxiliary funds, university funds
Interdisciplinary Research Building Program	\$300,000 - \$450,000	auxiliary funds, university funds
Wexner Medical Center Ambulatory Center Program	\$350,000 - \$400,000	auxiliary funds
Wexner Medical Center Hospital Program	\$4,000,000 - \$5,500,000	auxiliary funds
Estimated Total	\$5,050,000 - \$6,850,000	

NOW THEREFORE

BE IT RESOLVED, That the president and/or senior vice president for business and finance be authorized to enter into professional services contracts for the projects listed above in accordance with established university and state of Ohio procedures, with all actions to be reported to the board at the appropriate time.

The Ohio State University
Board of Trustees

April 7, 2017

BACKGROUND

The Ohio State University (OSU) campus master plan, Framework 2.0, is a long-term guiding vision that imagines transformational research and learning environments over the next decade and beyond. It comprehensively supports our academic and outreach missions - and we are excited to begin exploring possibilities for realizing this grand vision to strengthen Ohio State's position as a national flagship public research university. To advance Framework 2.0, additional study is needed to best understand the scope and priority of projects, which will be guided and informed by the university's strategic plan currently being developed. As responsible stewards of physical and financial resources, individual projects will be reviewed thoroughly at planning, design and construction phases with qualifying projects subject to approval by Ohio State's Board of Trustees.

The university is seeking board approval to engage stakeholders in programming studies over the next six to 12 months for five projects.

While specific and more detailed deliverables will be established by stakeholders for each project, final documentation will include:

- Written and graphic program of requirements adhering to elements such as university design guidelines and space standards, code compliance issues, environmental issues, circulation, pathways for service traffic, staff amenities and phased implementation options.
- Site plans indicating entry and circulation to the buildings, parking, site, storm water management and utility requirements.
- Conceptual design as appropriate including block diagrams, stacking diagrams, massing, depictions of key spaces and siting.
- Cost estimates including enabling projects.
- Project schedule including "critical path" items and phasing scenarios during project implementation.

ARTS DISTRICT

The university is committed to exploring high-quality, modern learning environments for interaction across arts disciplines, including theatre and music performance spaces. These developments advance a comprehensive vision for an Arts District at 15th Avenue and High Street that would also open the university's front door and create a vibrant connection to the heart of the University District. A previous planning study, the Arts District Master Plan, was approved in April 2016. The proposed programming effort will further explore the opportunities for physical and programmatic adjacencies with a focus on state-of-the-art spaces for the Department of Theatre, School of Music and Wexner Center for the Arts. The final program should consider how planned facilities will elevate existing programs locally, regionally and nationally. Phasing considerations, including enabling projects and the associated impact on instruction and research, will be detailed.

HEALTH SCIENCES CAMPUS

Planning for the Health Sciences Campus will include upgraded and shared facilities for all Health Sciences colleges. Functional programmatic requirements, space needs and critical adjacencies will be identified with a focus on leading-edge curricular delivery methods (education spaces including labs), student support spaces, patient experiences, and compliance with university space standards and guidelines. Potential phasing alternatives related to existing buildings and replacement facilities will be explored.

The Ohio State University
Board of Trustees

April 7, 2017

INTERDISCIPLINARY RESEARCH BUILDING

The university seeks a new standard and bold vision for interdisciplinary, collaborative research environments. The proposed programming effort should consider leading-edge research experiences; “best practices” within the “best of class” research buildings; recently constructed research spaces that exhibit cost effective and efficient operations; code compliance; and compliance with university standards and guidelines.

Siting is generally on Ohio State’s Mid-Western campus, outlined by Framework 2.0 as a research and learning corridor located south of Woody Hayes Drive. Key neighbors include the College of Veterinary Medicine and the College of Food, Agricultural, and Environmental Sciences. While siting is influenced by district planning currently underway, alternatives for spaces and configurations within the site will be explored. A preliminary study estimates that the facility could include vivarium space, lab cores, wet lab facilities, dry research spaces, and building support, depending upon final service arrangement and phasing.

WEXNER MEDICAL CENTER AMBULATORY CENTER

The Wexner Medical Center will provide guidance for medical services to be included in a new Ambulatory Center. The largest single services are the James Cancer Hospital’s ambulatory programs and the Wexner Medical Center’s ambulatory programs. Siting is influenced by district planning currently underway and is generally on west campus. Alternatives for spaces and configurations within the site and buildings based on functional requirements and space needs will be identified.

Programming recommendations should consider leading-edge patient experiences; “best practices” within the “best of class” ambulatory centers; recently constructed clinical spaces that exhibit cost effective and efficient operations; code compliance; and compliance with university standards and guidelines.

WEXNER MEDICAL CENTER HOSPITAL

Programming services will identify spaces and configurations within a Bed Tower and Clinical Services Podium as a potential major addition to the Wexner Medical Center’s main inpatient campus. Functional requirements and space needs as well as siting options for clinical services will be explored. Potential phasing alternatives related to existing buildings and the possibility of the total or partial replacement of Rhodes Hall and Doan Hall will be addressed.

The Wexner Medical Center will provide guidance for medical services to be included in the hospital. The program recommendations should consider leading-edge patient experiences; “best practices” within the “best of class” hospitals; recently constructed clinical spaces that exhibit cost effective and efficient operations; code compliance; and compliance with university standards and guidelines.

The Ohio State University
Board of Trustees

April 7, 2017

ACQUISITION OF REAL PROPERTY

1596 HIGHLAND STREET
COLUMBUS, FRANKLIN COUNTY, OHIO
PARCEL 010-049877-00

Synopsis: Authorization to purchase real property located at 1596 Highland Street, Columbus, Franklin County, Ohio, is proposed.

WHEREAS The Ohio State University seeks to purchase improved real property located at 1596 Highland Street, Columbus, Ohio identified as Franklin County parcel 010-049877-00; and

WHEREAS the property is currently zoned as a AR-4 residential district and consists of a three-story multi-family apartment building; and

WHEREAS this is a strategic acquisition and supports market driven innovation detailed in Framework 2.0; and

WHEREAS all costs associated with the acquisition of the property will be provided by the Land Purchase Reserve fund and all costs associated with maintenance, repairs, and any improvements will be provided by the Office of Planning and Real Estate:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the president and/or senior vice president for business and finance be authorized to take action required to effect the purchase of the referenced property in the name of the state of Ohio for the use and benefit of The Ohio State University, at a purchase price of \$975,000 and upon terms and conditions deemed to be in the best interest of the university.

The Ohio State University
Board of Trustees

April 7, 2017

**APPROVAL FOR ACQUISITION OF REAL PROPERTY
1596 HIGHLAND STREET IN FRANKLIN COUNTY, OHIO**

BACKGROUND

Background

The Ohio State University seeks to acquire from Joanne 1596, LLC, approximately 0.16 acres of improved real property to support the future development of the Innovation District contemplated in Framework Plan 2.0. The improvements include a three-story multi-family apartment building comprised of approximately 6,480 square feet (collectively, the "Property"), and is one of two parcels needed to assemble an entire block in the acquisition zone.

Location and Description

The Property is located at the northeast corner of Highland St and 10th Ave. The apartment building is comprised of six units, all occupied by residential tenants. The site is zoned as an AR-4 residential district.

Property History

The property is titled to Joanne 1596, LLC and will be acquired in the name of the State of Ohio for the use and benefit of The Ohio State University. Acquisition will require approval of the State Controlling Board.

Acquisition of Property

Planning and Real Estate (PARE) recommends that the 0.16± acres of improved real property be acquired for a purchase price of \$975,000.00 and under other terms and conditions to be negotiated in the best interest of the university. The source of funding for the acquisition is the Land Purchase Reserve fund. The Office of Planning and Real Estate will operate the property with the goal of replenishing the land purchase reserve prior to redevelopment.



**ACQUISITION OF .12 ACRES OF REAL PROPERTY
1596 HIGHLAND STREET
COLUMBUS, FRANKLIN COUNTY, OHIO 43201
PARCEL ID #010-049877**



Prepared By: The Ohio State University
Office of Planning and Real Estate
Issue Date: March 1, 2017
The Ohio State University Board of Trustees

The Ohio State University
Board of Trustees

April 7, 2017

REAPPOINTMENT TO THE SELF-INSURANCE BOARD

Synopsis: Reappointment of a member to the Self-Insurance Board, is proposed.

WHEREAS the Board of Trustees directed that a Self-Insurance Board be established to oversee the university Self Insurance Program; and

WHEREAS all members of the Self Insurance Board are appointed by The Ohio State University Board of Trustees upon recommendation of the president; and

WHEREAS the term of member Reed Fraley expires on April 30, 2017:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approve that the following individual be reappointed as a member of the Self Insurance Board effective May 1, 2017 for the term specified below:

Reed Fraley, term ending June 30, 2019 (reappointment)

BE IT FURTHER RESOLVED, That this appointment entitles each member to any immunity, insurance or indemnity protection to which officers and employees of the university are, or hereafter may become, entitled.