

The Ohio State University
Board of Trustees

January 27, 2017

**THURSDAY, JANUARY 26, 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: 12:00-1:45pm

ITEMS FOR DISCUSSION

- | | |
|--|---------------|
| 1. <i>Fiscal Year 2017 Interim Financial Report - Ms. Devine</i> | 12:00-12:05pm |
| 2. <i>University Financial Scorecard - Ms. Devine</i> | 12:05-12:10pm |
| 3. <i>Major Project Status Report - Ms. Readey</i> | 12:10-12:20pm |
| 4. <i>Wexner Medical Center Financial Overview - Mr. Larmore</i> | 12:20-12:25pm |

ITEMS FOR ACTION

- | | |
|--|---------------|
| 5. Authorization to Enter Into/Increase Professional Services/Construction Contracts - Mr. Kasey, Ms. Readey | 12:25-12:40pm |
| 6. Authorization to Approve Golf Course Membership Dues and Fees - Mr. Chatas | 12:40-12:45pm |

Executive Session	12:45-1:45pm
-------------------	--------------

The Ohio State University
Board of Trustees

January 27, 2017

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

TOPIC: Fiscal Year 2017 Interim Financial Report - November 30, 2016

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

The Ohio State University
Board of Trustees

January 27, 2017

- I. Summary
- II. Financial Statement Review - For the Five Months Ended November 30, 2016
 - A. Interim Financial Statements
 - B. Revenue
 - C. Expenses
 - D. Revenues Less Expenses
 - E. Investments
 - F. Cash Flows
 - G. Cash and Investments
- III. Financial Highlights - For the Five Months Ended November 30, 2016
 - A. State Support Outlook
 - B. OSU Wexner Medical Center
 - C. Enrollment
 - D. Research
 - E. Auxiliary Operations

The Ohio State University
Board of Trustees

January 27, 2017

I. Summary

Consolidated revenues through the first five months of fiscal year 2017, excluding investment income, were \$2,642 million, representing an increase of \$177 million, or 7.2% over the same period of fiscal year 2016. The revenue increase is primarily in Healthcare revenues, which were up \$104 million. Additional details on revenue trends are provided below:

- Healthcare revenues for the OSU Health System and OSU Physicians (OSUP) increased \$104 million, or 8.3%, to \$1,361 million. The Health System accounted for \$82 million of the increase. Total outpatient visits were 3.2% below budget and 2.4% above prior year. The total number of patients treated in inpatient beds was above prior year by 2.7%. OSUP revenues increased \$22 million primarily due to patient volume growth.
- University revenues through the first five months of fiscal year 2017 increased by \$47 million to \$1,115 million compared to the same period in fiscal year 2016.
 - Net student tuition and fees increased \$14 million, to \$407 million or 3.5% over the same period of fiscal year 2016 primarily due to increased enrollment for Autumn 2016. Nonresident enrollment is 5.2% above fiscal year 2016 while resident enrollment is nearly flat.
 - University gifts increased \$14 million, to \$92 million, a 17.6% increase over the prior five months ended November 30, 2015, reflecting increases primarily in current use gifts.
 - State share of instruction, line-item and capital appropriations increased by \$20 million, due primarily to increases of \$10 million in state share of instruction, \$2 million in state line-item appropriations, and \$8 million in state capital appropriations.
- Auxiliary revenues for the first five months of fiscal year 2017 increased \$26 million, to \$167 million. \$18 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. Schottenstein Center revenues were up \$6 million, primarily due to the International Champions Cup (ICC) soccer game held at Ohio Stadium.

Consolidated expenses for the five months ended November 30, 2016 were \$2,442 million, up \$139 million, or 6.0%, over the same period of fiscal year 2016. The growth is primarily a result of increases in healthcare expenses.

- Healthcare expenses of \$1,173 million increased \$86 million, or 8.0%, due to increases in operating costs from new volumes with the James Cancer Hospital and Critical Care Center.
- University expenses increased \$39 million to \$1,139 million for the first five months of fiscal year 2017 compared to the same period of fiscal year 2016, primarily due to increases in salaries, benefits, and operating expenses.
- Auxiliary expenses of \$130 million increased \$13 million for the first five months of fiscal year 2017 compared to the same period of fiscal year 2016, primarily due to increased expenses from Student Life and the ICC soccer game related expenses.

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 \$37 million, from \$163 million in fiscal year 2016 to \$200 million in fiscal year 2017.

Total cash, restricted cash, and temporary investments increased \$15 million from June 30, 2016. Accounts receivable increased \$510 million and deposits and advance payments for goods and services increased \$574 million primarily due to Spring 2017 semester student enrollment. Gifted endowment and other long-term investments increased \$280 million primarily due to market value increases of \$115 million and principal additions of \$225 million, offset by distributions of \$68 million. For the first five months ended November 30, 2016 (FYTD), the LTIP earned a net of investment fee return of 4.48% versus a Policy Benchmark of 2.15%, resulting in outperformance of 2.33%. During that period, our Global Equities returned

The Ohio State University
Board of Trustees

January 27, 2017

6.0%, followed by Real Assets at 4.9%, and Global Fixed Income at 1.3%. Actual performance figures differ from the financial statements due to a 3-month lag in reporting market values for certain alternative investments.

The Ohio State University
Board of Trustees

January 27, 2017

II. Financial Statement Review - For the Five Months Ended November 30, 2016

A. Interim Financial Statements (in thousands)

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED
November 31, 2016 and June 30, 2016

	As of November 2016	As of June 2016	Increase/Decrease	
			Dollars	%
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 527,728	\$ 550,076	\$ (22,348)	-4.1%
Temporary investments	1,589,388	1,515,904	73,484	4.8%
Accounts receivable, net	1,075,381	565,346	510,035	90.2%
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	18,366	19,295	(929)	-4.8%
Inventories and prepaid expenses	142,836	115,172	27,664	24.0%
Investments held under securities lending program	7,409	27,589	(20,180)	-73.1%
Total Current Assets	3,422,008	2,854,282	567,726	19.9%
Noncurrent Assets:				
Restricted cash	766,981	802,707	(35,726)	-4.5%
Notes receivable, net	41,777	41,526	251	0.6%
Pledges receivable, net	65,546	65,546	-	0.0%
Long-term investment pool	3,889,750	3,616,562	273,188	7.6%
Other long-term investments	144,512	137,737	6,775	4.9%
Capital assets, net	5,006,002	4,970,398	35,604	0.7%
Total Noncurrent Assets	9,914,568	9,634,476	280,092	2.9%
Total Assets	13,336,576	12,488,758	847,818	6.8%
Deferred Outflows:				
Pension	675,833	675,833	-	0.0%
Other deferred outflows	21,979	22,416	(437)	-1.9%
Total Assets and Deferred Outflows	\$ 14,034,388	13,187,007	\$ 847,381	6.4%
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 500,187	\$ 492,332	\$ 7,855	1.6%
Deposits and advance payments for goods and services	814,109	239,699	574,410	239.6%
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	7,409	27,589	(20,180)	-73.1%
Other current liabilities	73,761	93,957	(20,196)	-21.5%
Total Current Liabilities	2,054,695	1,512,806	541,889	35.8%
Noncurrent Liabilities:				
Bonds, notes and leases payable	2,724,096	2,729,577	(5,481)	-0.2%
Net pension liability	2,794,992	2,794,992	-	0.0%
Compensated absences	161,019	159,874	1,145	0.7%
Self-insurance accruals	92,635	94,616	(1,981)	-2.1%
Amounts due to third-party payors - Health System	52,809	42,745	10,064	23.5%
Obligations under annuity and life income agreements	29,614	29,276	338	1.2%
Refundable advances for Federal Perkins loans	32,110	32,110	-	0.0%
Other noncurrent liabilities	112,765	113,462	(697)	-0.6%
Total Noncurrent Liabilities	6,000,040	5,996,652	3,388	0.1%
Total Liabilities	8,054,735	7,509,458	545,277	7.3%
Deferred Inflows:				
Parking service concession arrangement	441,426	445,439	(4,013)	-0.9%
Pension	122,376	122,376	-	0.0%
Other deferred inflows	19,292	19,342	(50)	-0.3%
Total Deferred Inflows	583,094	587,157	(4,063)	-0.7%
Net Position:				
Net investment in capital assets	2,381,379	2,382,715	(1,336)	-0.1%
Restricted:				
Nonexpendable	1,457,945	1,370,064	87,881	6.4%
Expendable	975,420	908,953	66,467	7.3%
Unrestricted	581,815	428,660	153,155	35.7%
Total Net Position	5,396,559	5,090,392	306,167	6.0%
Total Liabilities, Deferred Inflows, and Net Position	\$ 14,034,388	\$ 13,187,007	\$ 847,381	6.4%

The Ohio State University
Board of Trustees

January 27, 2017

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND OTHER CHANGES IN NET POSITION - UNAUDITED
Comparative Year-To-Date

November 30, 2016 and November 30, 2015

	November 2016	November 2015	Increase/Decrease	
			Dollars	%
Operating Revenues:				
Student tuition and fees, net	\$ 406,699	\$ 392,853	\$ 13,846	3.5%
Federal grants and contracts	140,422	137,939	2,483	1.8%
State grants and contracts	31,994	28,335	3,659	12.9%
Local grants and contracts	8,489	6,913	1,576	22.8%
Private grants and contracts	94,839	96,140	(1,301)	-1.4%
Sales and services of educational departments	68,967	68,829	138	0.2%
Sales and services of auxiliary enterprises	166,843	140,503	26,340	18.7%
Sales and services of the OSU Health System, net	1,151,193	1,068,988	82,205	7.7%
Sales and services of OSU Physicians, Inc., net	209,472	187,970	21,502	11.4%
Other operating revenues	12,875	17,875	(5,000)	-28.0%
Total Operating Revenues	<u>2,291,793</u>	<u>2,146,345</u>	<u>145,448</u>	<u>6.8%</u>
Operating Expenses:				
Educational and General:				
Instruction and departmental research	381,188	374,275	6,913	1.8%
Separately budgeted research	197,916	191,663	6,253	3.3%
Public service	70,598	67,420	3,178	4.7%
Academic support	90,528	86,011	4,517	5.3%
Student services	40,252	40,669	(417)	-1.0%
Institutional support	113,176	103,699	9,477	9.1%
Operation and maintenance of plant	46,433	47,899	(1,466)	-3.1%
Scholarships and fellowships	51,661	50,434	1,227	2.4%
Auxiliary enterprises	130,434	117,569	12,865	10.9%
OSU Health System	980,602	909,550	71,052	7.8%
OSU Physicians, Inc.	192,263	176,870	15,393	8.7%
Depreciation	147,130	137,426	9,704	7.1%
Total Operating Expenses	<u>2,442,181</u>	<u>2,303,485</u>	<u>138,696</u>	<u>6.0%</u>
Operating Loss	(150,388)	(157,140)	6,752	-4.3%
Non-operating Revenues (Expenses):				
State share of instruction and line-item appropriations	200,260	188,375	11,885	6.3%
Federal subsidies for Build America Bonds interest	4,715	4,327	388	9.0%
Federal non-exchange grants	32,180	32,847	(667)	-2.0%
State non-exchange grants	4,109	4,679	(570)	-12.2%
Gifts	70,849	56,953	13,896	24.4%
Net investment income (loss)	155,530	(81,817)	237,347	-290.1%
Interest expense on plant debt	(49,607)	(34,725)	(14,882)	42.9%
Other non-operating revenues(expenses)	(1,827)	(567)	(1,260)	222.2%
Net Non-operating Revenue (Expense)	<u>416,209</u>	<u>170,072</u>	<u>246,137</u>	<u>144.7%</u>
Income (Loss) before Other Revenues, Expenses, Gains or Losses	265,821	12,932	252,889	1955.5%
Other Changes in Net Position				
State capital appropriations	18,898	11,124	7,774	69.9%
Private capital gifts	3,293	1,709	1,584	92.7%
Additions to permanent endowments	18,155	19,837	(1,682)	-8.5%
Total Other Changes in Net Position	<u>40,346</u>	<u>32,670</u>	<u>7,676</u>	<u>23.5%</u>
Increase (Decrease) in Net Position	<u>306,167</u>	<u>45,602</u>	<u>\$ 260,565</u>	<u>571.4%</u>
Net Position - Beginning of Year	5,090,392	4,992,309		
Net Position - End of Period	<u>\$ 5,396,559</u>	<u>\$ 5,037,911</u>		

The Ohio State University
Board of Trustees

January 27, 2017

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
Years Ended November 30, 2016 and November 30, 2015

	November 2016	November 2015	Incr/(Decr) to Cash Dollars	%
Cash Flows from Operating Activities:				
Tuition and fee receipts	\$ 364,447	\$ 350,182	\$ 14,265	4.1%
Grant and contract receipts	284,472	275,187	9,285	3.4%
Receipts for sales and services	1,588,623	1,404,630	183,993	13.1%
Payments to or on behalf of employees	(1,068,919)	(1,042,056)	(26,863)	2.6%
University employee benefit payments	(301,846)	(311,525)	9,679	-3.1%
Payments to vendors for supplies and services	(873,348)	(748,117)	(125,231)	16.7%
Payments to students and fellows	(48,512)	(46,689)	(1,823)	3.9%
Student loans issued	(4,597)	(4,223)	(374)	8.9%
Student loans collected	3,971	5,143	(1,172)	-22.8%
Student loan interest and fees collected	1,035	1,332	(297)	-22.3%
Other receipts	5,655	9,860	(4,205)	-42.6%
Net cash provided (used) by operating activities	<u>(49,019)</u>	<u>(106,276)</u>	<u>57,257</u>	<u>-53.9%</u>
Cash Flows from Noncapital Financing Activities:				
State share of instruction and line-item appropriations	200,260	188,375	11,885	6.3%
Non-exchange grant receipts	36,289	38,759	(2,470)	-6.4%
Gift receipts for current use	70,849	56,953	13,896	24.4%
Additions to permanent endowments	18,155	19,837	(1,682)	-8.5%
Drawdowns of federal direct loan proceeds	160,500	160,500	-	0.0%
Disbursements of federal direct loans to students	(158,780)	(158,235)	(545)	0.3%
Repayment of loans from related organization	375	318	57	17.9%
Amounts received for annuity and life income funds	1,018	283	735	259.7%
Amounts paid to annuitants and life beneficiaries	(680)	(287)	(393)	136.9%
Agency funds receipts	4,958	4,888	70	1.4%
Agency funds disbursements	(4,632)	(4,351)	(281)	6.5%
Net cash provided (used) by noncapital financing activities	<u>328,312</u>	<u>307,040</u>	<u>21,272</u>	<u>6.9%</u>
Cash Flows from Capital Financing Activities:				
Proceeds from capital leases	4,230	-	4,230	100.0%
State capital appropriations	18,852	12,577	6,275	49.9%
Gift receipts for capital projects	3,293	1,709	1,584	92.7%
Payments for purchase or construction of capital assets	(157,685)	(164,157)	6,472	-3.9%
Principal payments on capital debt and leases	(7,725)	(479)	(7,246)	1512.7%
Interest payments on capital debt and leases	(1,376)	(57)	(1,319)	2314.0%
Federal subsidies for Build America Bonds interest	32	5,238	(5,206)	-99.4%
Net cash provided (used) by capital financing activities	<u>(140,379)</u>	<u>(145,169)</u>	<u>4,790</u>	<u>-3.3%</u>
Cash Flows from Investing Activities:				
Net (purchases) sales of temporary investments	(73,484)	24,298	(97,782)	-402.4%
Proceeds from sales and maturities of long-term investments	1,014,520	373,124	641,396	171.9%
Investment income	41,138	36,264	4,874	13.4%
Purchases of long-term investments	(1,179,162)	(465,082)	(714,080)	153.5%
Net cash provided (used) by investing activities	<u>(196,988)</u>	<u>(31,396)</u>	<u>(165,592)</u>	<u>527.4%</u>
Net Increase (Decrease) in Cash	<u>(58,074)</u>	<u>24,199</u>	<u>\$ (82,273)</u>	<u>-340.0%</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>\$ 1,294,709</u>	<u>\$ 1,044,890</u>		

The Ohio State University
Board of Trustees

January 27, 2017

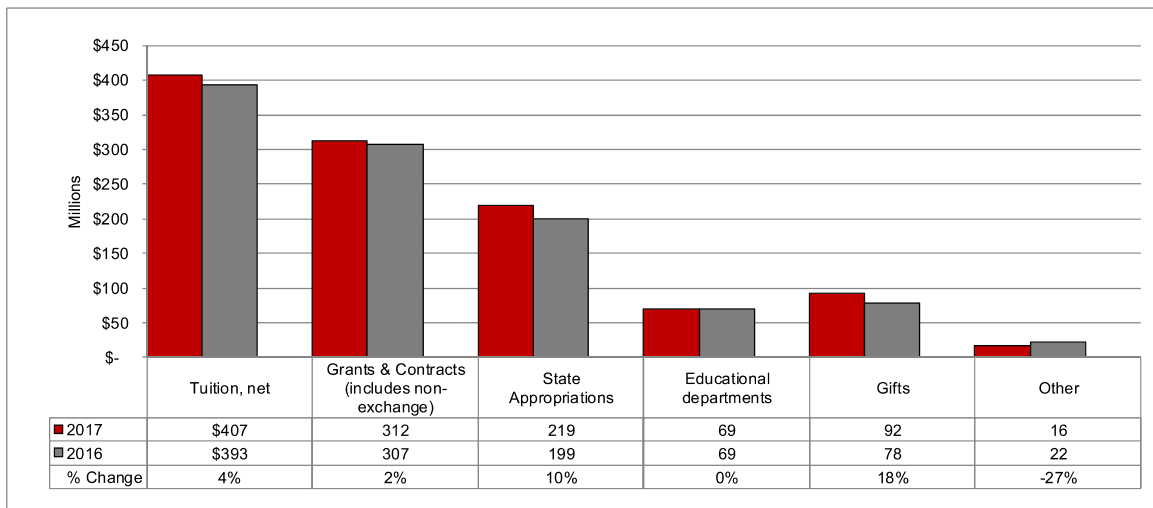
B. Revenue

Consolidated revenues through the first five months of fiscal year 2017, excluding investment income, were \$2,642 million, representing an increase of \$177 million, or 7.2% 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 five months of fiscal year 2017 were \$1,115 million up \$47 million compared to the first five months of fiscal year 2016. Major components of university revenues were as follows:

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



Net student tuition and fees increased \$14 million, to \$407 million, compared with the first five months of fiscal year 2016. Student tuition through November represents revenue from summer and autumn terms. Net tuition revenue increased due to a 1.7% increase in enrollment for Autumn 2016 compared to Autumn of 2015. Resident enrollment is nearly flat (up 0.1%) while non-resident enrollment is 5.2% above prior year terms.

State appropriation revenues increased \$20 million, or 9.9%, to \$219 million, due primarily to increases from the Ohio Department of Higher Education of \$10 million in state share of instruction, \$2 million in state line-item appropriations, and \$8 million in state capital appropriations.

Gifts increased \$14 million, to \$92 million, a 17.6% increase over the prior five months ended November 30, 2015, reflecting increases primarily in current use gifts.

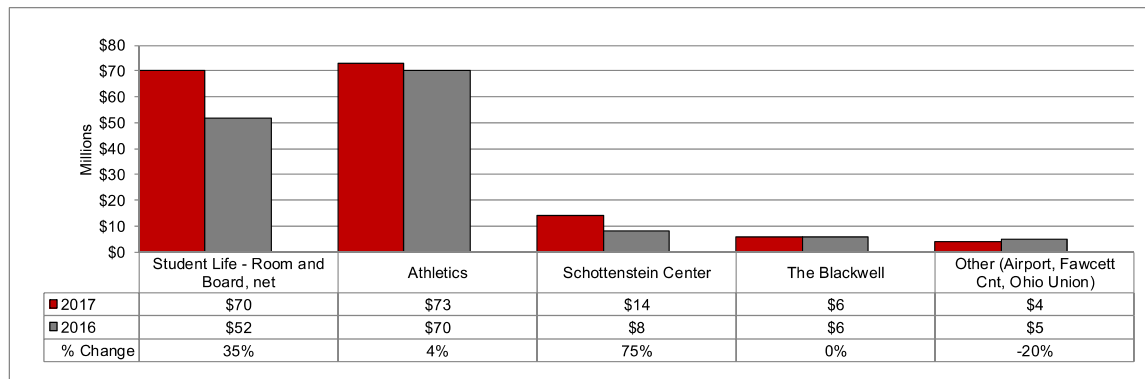
Auxiliary

Auxiliary revenues for the first five months of fiscal year 2017 increased \$26 million, to \$167 million, compared to the first five months of fiscal year 2016. Major components of auxiliary revenues were as follows:

The Ohio State University
Board of Trustees

January 27, 2017

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



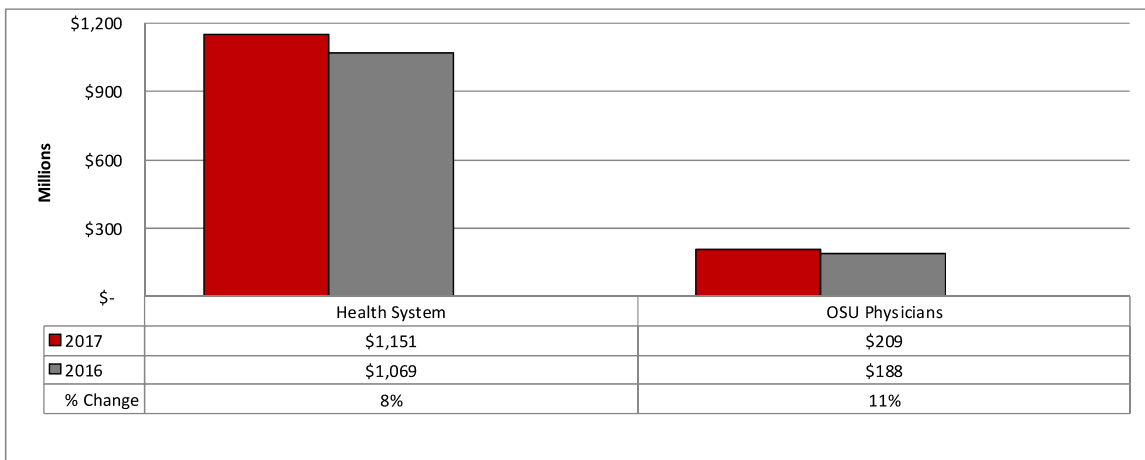
Student Life revenues increased \$18 million due to an increase in residence hall occupancy due to the addition of new beds in the North Residential District at the start of the Autumn semester and additional meal plans sold with the second year residency program.

Schottenstein revenues increased \$6 million due primarily to the \$4.5 million of revenues from the International Champions Cup (ICC) soccer game held at Ohio Stadium in July and \$1.5 million from other events.

Healthcare

Total healthcare revenue for the first five months of fiscal year 2017 increased \$104 million, or 8.3%, to \$1,361 million, compared to the first five months of fiscal year 2016.

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



Consolidated OSU Health System revenues of \$1,151 million increased \$82 million, or 7.7%, in the first five months of fiscal year 2017 over the same period in 2016. Total outpatient visits were 3.2% below budget and 2.4% above prior year. The total number of patients treated in inpatient beds was above prior year by 2.7%. OSU Physicians revenue for the first five months of fiscal year 2017 increased \$22 million, or 11.4%, to \$209 million compared to \$188 million for the same period of fiscal year 2016. The increase in OSUP revenues is due to patient volume growth and medical center investments.

The Ohio State University
Board of Trustees

January 27, 2017

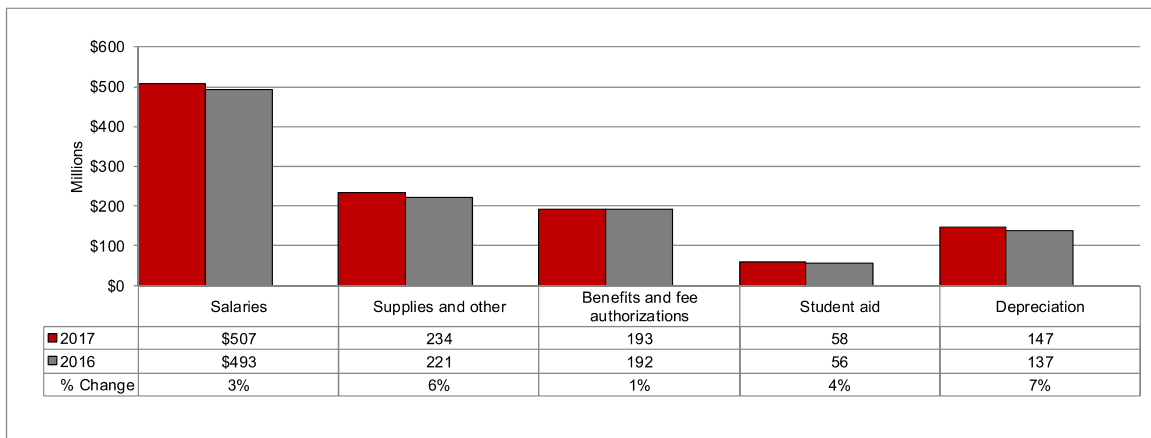
C. Expenses

Consolidated expenses of \$2,442 million for the first five months of fiscal year 2017 increased \$139 million, or 6.0%, compared to the first five months of fiscal year 2016 of \$2,303 million. The mix of expenses remained constant between years, with salaries and benefits comprising 56% and supplies and other expenses making up 34% of total operating expenses. The breakdown of comparative year-to-date expenses between University, Auxiliary, and Healthcare follows.

University

University expenses for the first five months of fiscal year 2017 of \$1,139 million were up \$40 million, or 3.6% compared to the first five months of fiscal year 2016. Major categories of university expenses were as follows:

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



Salaries increased \$14 million in the first five months of fiscal year 2017 over the comparable period in fiscal year 2016 due to increases in average university merit pool of 2%. Supplies and other expenses increased \$13 million. Benefits increased \$1 million, primarily driven by the salary guideline increase. Depreciation increased due to North Residential District.

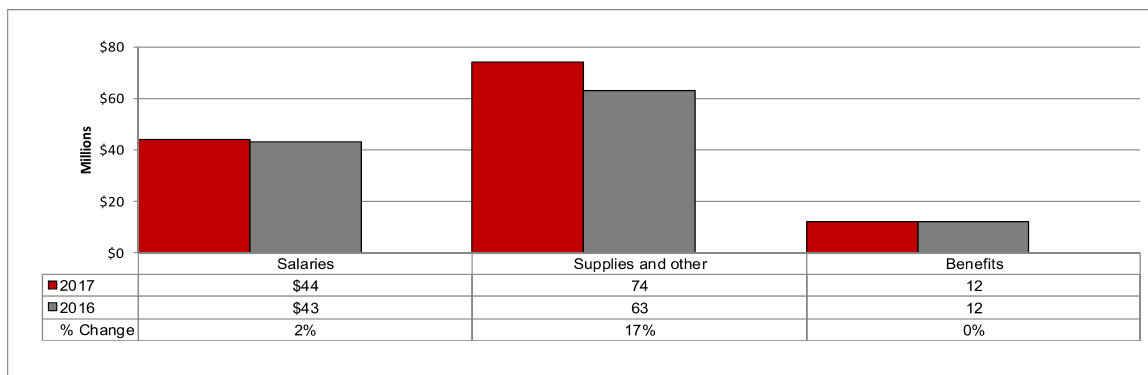
Auxiliary

Auxiliary expenses for the first five months of fiscal year 2017 of \$130 million were up \$13 million, or 10.9% compared to the first five months of fiscal year 2016. Major categories of auxiliary expenses were as follows:

The Ohio State University
Board of Trustees

January 27, 2017

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

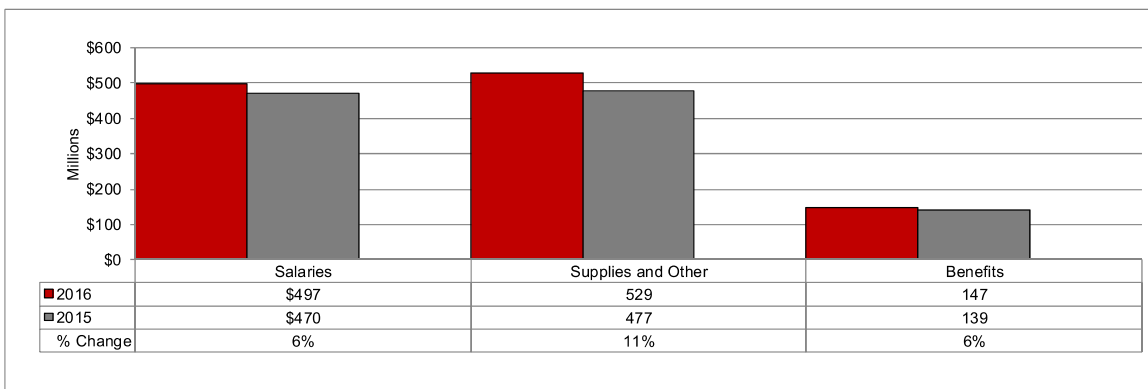


Salaries increased \$1 million in the first five months of fiscal year 2017 over the comparable period in fiscal year 2016. Supplies and other expenses increased \$11 million, primarily due to increases related to housing/dining and event costs.

Healthcare

Healthcare expenses for the first five months of fiscal year 2017 of \$1,173 million were up \$86 million, or 8.0% compared to the first five months of fiscal year 2016. Major categories of healthcare expenses were as follows:

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



Salaries increased \$27 million in the first five 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 \$52 million, or 10.9%, primarily due to increases in operating costs from new volumes with the James Cancer Hospital and Critical Care Center and the cost of drugs for the outpatient retail pharmacy. Benefits increased \$8 million or 5.8% due to staffing increases and salary guideline increase.

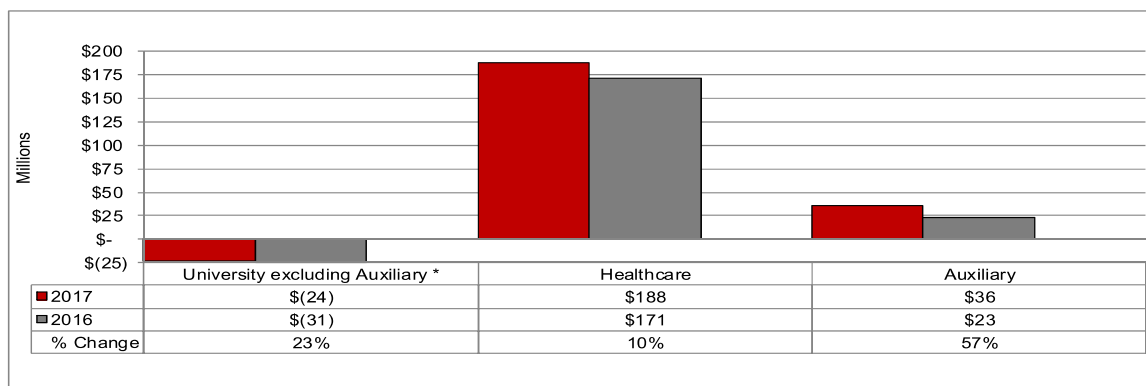
D. Revenues Less Expenses (Margins)

Consolidated revenues, excluding investment income and interest expense, less expenses for The Ohio State University increased \$37 million, from \$163 million to \$200 million, for the first five months of fiscal year 2017 compared to the first five months of fiscal year 2016. University (excluding auxiliary) margins increased \$7 million, Healthcare margins increased \$17 million, and auxiliary margins increased \$13 million for the first five months of fiscal year 2017 compared to last year.

The Ohio State University
Board of Trustees

January 27, 2017

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



* These figures exclude endowment distributions. Adjusted margins, including year-to-date distributions, were \$44 million in 2017 and \$29 million in 2016.

E. Investments

For the first five months ended November 30, 2016, the market value of the university's Long-Term Investment Pool (LTIP) increased \$273.2 million to \$3.89 billion. Changes in total valuation are summarized below:

	2017	2016
Market Value at June 30	\$ 3,616,562	\$ 3,659,387
Net principal additions	225,213	147,416
Change in market value	115,321	(116,856)
Income earned	31,814	29,734
Distributions	(67,750)	(59,625)
Expenses	(31,410)	(32,139)
Market Value at November 30	<u>\$ 3,889,750</u>	<u>\$ 3,627,917</u>

Net principal additions include new endowment gifts (\$17.5 million), reinvestment of unused endowment distributions (\$0.5 million), and other net transfers of University monies (\$207.2 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 November 30, 2016. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$24.2 million), University Development related expenses (\$6.8 million) and other administrative related expenses (\$0.4 million).

LTIP Investment Returns

For the first five months ended November 30, 2016 (FYTD), the LTIP earned a net of investment fee return of 4.48% versus a Policy Benchmark of 2.15%, resulting in outperformance of 2.33%. During that period, our Global Equities returned 6.0%, followed by Real Assets at 4.9%, and Global Fixed Income at 1.3%. Actual performance figures differ from the financial statements due to a 3-month lag in reporting market values for certain alternative investments.

The Ohio State University
Board of Trustees

January 27, 2017

The comparable five-month period ended November 30, 2015 saw a net of investment fee return of (2.35%) versus a (1.15%) Policy Benchmark for underperformance of 1.20%. During that period, our Real Assets returned 3.6%, followed by Global Fixed Income at (0.3%) and Global Equities at (4.2%).

Temporary Investments

For the five months ended November 30, 2016 (FYTD) the Intermediate Investments earned a return of -0.17% (-\$1.7 million) outperforming the BofA ML 1-3 Yr US Gov't/Credit benchmark (-0.42%) by 0.25%. Short-Term Investments earned 0.69% (+\$3.5 million) outperforming the 90 Day T-Bill benchmark (+0.15%) by 0.54%.

The comparable five-month period ended November 30, 2015, saw Intermediate Investments earn a return of +0.21% (+\$1.4 million). Short-Term Investments returned +0.23% (+\$0.9 million) for this same time period.

F. Cash Flows

Cash flows used by operating activities were \$49 million through the first five months of fiscal year 2017, compared with net cash used by operating activities of \$106 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 \$328 million through the first five months of fiscal year 2017, compared with \$307 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 five months ended November 30, 2016 approximated \$158 million. Health system project and equipment expenditures approximated \$50 million, including the new \$38 million Jameson Crane Sports Medicine Institute. Student Life projects comprised \$36 million; the final phase of the North Residential District Transformation student housing opened Fall semester. Other significant investment includes \$18 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 \$22 million. An additional \$11 million was invested in regional campuses. Total capital assets, net of accumulated depreciation increased \$36 million, to \$5 billion.

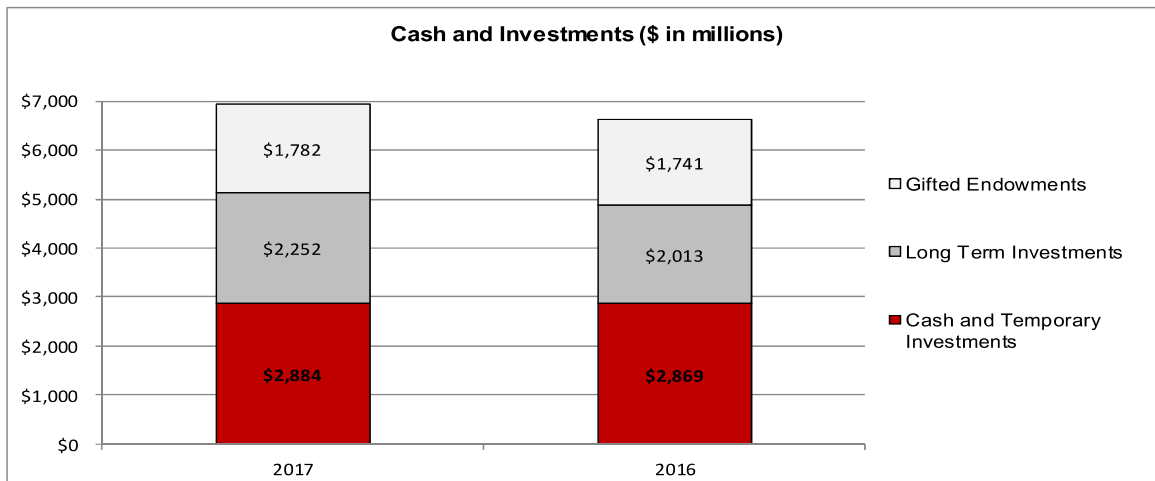
Net cash used by investing activities was \$197 million for the first five months of fiscal year 2017, compared to net cash used by investing activities of \$31 million for the comparable period in fiscal year 2016. The net cash outflow relates primarily to purchases of long-term investments.

G. Cash and Investments

From June 30, 2016 to November 30, 2016, total university cash and investments increased by \$295 million, to \$6.92 billion. Cash and short term investments increased \$15 million. Gifted endowment and other long-term investments increased \$280 million primarily due to market value increases of \$115 million and principal additions of \$225 million, offset by distributions of \$68 million.

The Ohio State University
Board of Trustees

January 27, 2017



III. Financial Highlights - For the Five Months Ended November 30, 2016

A. State Support Outlook

The state economy appears to be slowing down. Through November, the Ohio Office of Budget and Management reports that total tax receipts were below projections by 2.8%, with income taxes lagging expectations by 4.6% while sales taxes were 2.4% below projections. Overall revenues to the state are below expectations by 4.8%. Governor Kasich recently warned that if conditions do not improve the state may slide into a recession. The university will continue to monitor the state economy and take appropriate actions if necessary.

The Ohio Department of Jobs and Family Services states that the November 2016 unemployment rate was unchanged at 4.9% from October 2016, and slightly higher than the 4.6% national average for November.

The Department of Higher Education (DHE) released the first draft of the final fiscal year 2017 state share of instruction (SSI) calculations for universities to review based on actual fiscal year 2014, 2015, and 2016 data. In December, DHE will finalize the calculations and adjust each institution's allocation for the last six months of the fiscal year beginning in January.

B. OSU Wexner Medical Center

For the first five months of fiscal year ending June 30, 2017, the Wexner Health System's Excess of Revenue over Expense was 2.4% above budget and 14.1% below the prior year.

- Inpatient admissions were 3.2% above prior year and the total number of patients treated in inpatient beds was above prior year by 2.7%.
- Total outpatient visits were 3.2% below budget and 2.4% above prior year.
- Adjusted admissions were 2.8% above budget and 7.4% above prior year.
- Operating revenue per adjusted admission was 2.2% below budget and 2.7% below the prior year.
- Operating expense per adjusted admission was 2.2% below budget and 1.3% below prior year.
- Total operating revenue of \$1,116.5 million was 0.6% above budget and 6.9% above prior year.
- Total operating expense of \$987.0 million was 0.6% above budget and 8.7% above prior year.
- Operating EBIDA margin was 0.7% above budget, days cash on hand totaled 100.8 days and debt service coverage was 1.6% above budget.

The Ohio State University
Board of Trustees

January 27, 2017

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 summer and autumn semesters.

SUMMER & AUTUMN	Fiscal Year 2017 Actual Vs. Budget Headcounts				Fiscal Years 2016 & 2017 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2017	FY 2016	Change	% Chg
Undergraduate	55,309	54,818	491	0.9%	55,309	54,698	611	1.1%
Graduate	15,778	15,502	276	1.8%	15,778	15,388	390	2.5%
Professional	4,382	4,353	29	0.7%	4,382	4,326	56	1.3%
Grand Total	75,469	74,673	796	1.1%	75,469	74,412	1,057	1.4%

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 5% above fiscal year 2016 and is up 2% 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.

SUMMER & AUTUMN	Fiscal Year 2017 Actual Vs. Budget Headcounts				Fiscal Years 2016 & 2017 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2017	FY 2016	Change	% Chg
Residency Status								
Resident	54,941	54,599	342	0.6%	54,941	54,900	41	0.1%
Non-Resident	20,528	20,074	454	2.3%	20,528	19,512	1,016	5.2%
Grand Total	75,469	74,673	796	1.1%	75,469	74,412	1,057	1.4%

Regional Campuses

The following are the combined summer and autumn semester headcount enrollment figures. Overall, regional campus enrollment increased slightly from fiscal year 2016 and is 2% above budget. Enrollments increased for Lima and Newark campuses and decreased for Mansfield, Marion and ATI between fiscal year 2016 and fiscal year 2017. While Lima increased 6%, Mansfield decreased nearly 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 2% to 11%, while Mansfield and ATI were below budget (2% and 5%, respectively).

SUMMER & AUTUMN	Fiscal Year 2017 Actual Vs. Budget Headcounts				Fiscal Years 2016 & 2017 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2017	FY 2016	Change	% Chg
Campus								
Lima	1,324	1,253	71	5.7%	1,324	1,250	74	5.9%
Mansfield	1,507	1,539	(32)	-2.1%	1,507	1,561	(54)	-3.5%
Marion	1,321	1,192	129	10.8%	1,321	1,330	(9)	-0.7%
Newark	2,885	2,832	53	1.9%	2,885	2,832	53	1.9%
ATI	855	904	(49)	-5.4%	855	882	(27)	-3.1%
Grand Total	7,892	7,720	172	2.2%	7,892	7,855	37	0.5%

The Ohio State University
Board of Trustees

January 27, 2017

D. Research

Research expenditures continue to be slightly lower for the first five months of fiscal year 2017 than at the same time in fiscal year 2016. Direct cost project expenditures are down 2.0% while Facilities and Administrative (F&A) recovery, on the other hand, is up 4.4% compared to prior year. This increase in F&A recovery is due to fewer F&A exempt expenditures in fiscal year 2017 to date (e.g. capital equipment, sub awards, construction/ renovation expenses).

Awarded dollars, which can be considered a leading indicator of the state of the research enterprise, are up nearly 1% overall, including an 8% increase in federal dollars. On a positive note, awards from our biggest funders, the National Institutes of Health (NIH) and National Science Foundation (NSF), are up substantially, as are awards from Department of Defense (DOD) agencies and the Department of Labor (DOL). Federal award dollars continue to be boosted by awards to the Government Resource Center (GRC), counted in the "Other Federal" category, which at just under \$26 million so far this year are 46% higher than last year. Awards to the College of Arts and Sciences, College of Public Health, College of Vet Medicine, and Health Sciences (fueled by increased awards to the Comprehensive Cancer Center and the GRC) are all up.

Non-federal awarded dollars are 21.4% lower compared to this time last year. Most of this difference can be explained by the award in November 2015 of \$21 million in Third Frontier funding for the Neurotechnology Innovations Translator (NIT). There are small gains so far this year in funding from industry and private agencies.

As noted before, many federal agencies that fund research received increases in fiscal year 2016. Federal agencies are operating under a Continuing Resolution (CR) for fiscal year 2017 which level funds most agencies through April 28, 2017. The CR, was signed into law in December, does include an extra \$352 million for programs of the 21st Century Cures Act, a comprehensive biomedical innovation measure. When the CR expires, Congress will have to work with the incoming Trump Administration to either finalize fiscal year 2017 appropriations or enact another stopgap measure. A similar scenario occurred in 2008, when the Democrat-controlled Congress deferred appropriations to be finished under then-incoming President Obama. The incoming Trump administration has not given indication regarding the outlook for research funding, but it is certainly tied to the fate of overall discretionary budget. The Congressional Budget Office (CBO) predicts discretionary spending will continue to decline in the long run, relative to the federal budget and the economy overall as mandatory spending continues its growth.

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 November, 2016					
(In Thousands)					
	FY17	FY16	\$ Change	%	
Revenues	\$ 94,403	\$ 89,681	\$ 4,722	5.3%	
Expenses	\$ 78,073	\$ 76,829	\$ 1,244	1.6%	
Net Income	\$ 16,330	\$ 12,852	\$ 3,478	27.1%	

Revenues are \$4.7 million ahead of the prior year due primarily to increases in operating revenues of \$3.6 million and non-operating revenues of \$1.1 million. Increases in operating revenues were from several athletic operations including TV media rights of \$506,000 and concessions related to alcohol sales at football games this year of \$502,000. Expenses are \$1.2 million above prior year primarily due to increases in personnel expenses.

The Ohio State University
Board of Trustees

January 27, 2017

Schottenstein Center

For the period ending November, 2016
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 15,526	\$ 9,156	\$ 6,369	69.6%
Expenses	\$ 13,441	\$ 10,293	\$ 3,148	30.6%
Net Income	\$ 2,085	\$ (1,137)	\$ 3,222	-283.4%

Revenues are \$6.4 million better than prior year primarily due to \$5.5 million in increased ticket sales and box office fees from both internal and external events. The International Champions Cup soccer match accounts for \$4.5 million of this increase. Expenses are \$3.1 million above prior year primarily due to increased cost of sales related to the events.

Blackwell Inn

For the period ending November, 2016
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 5,860	\$ 5,781	\$ 79	1.4%
Expenses	\$ 5,295	\$ 5,509	\$ (214)	-3.9%
Net Income	\$ 565	\$ 272	\$ 293	107.6%

Revenues are \$79,000 better than prior year mainly due to revenue growth in rooms of \$188,000 and Rohr Café of \$40,000, offset by decreases in food & beverage of \$110,000. The room revenue increase is due to stronger average rate and revenue per available room. The average rate of \$169.06 is currently \$13.90 better than last year and the revenue per available room of \$128.96 is better than last year by \$6.97. The room rate revenue is slightly offset by lower occupancy rate, which is down by 2.3 points. The decrease in food & beverage revenues is mainly attributable to fewer banquets and weddings this year. Expenses are \$214,000 under prior year primarily due to variable expense decreases as a result of fewer banquets and events and savings measures that have been put in place.

Housing & Dining

For the period ending November, 2016
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 79,907	\$ 62,075	\$ 17,832	28.7%
Expenses	\$ 66,948	\$ 59,890	\$ 7,058	11.8%
Net Income	\$ 12,959	\$ 2,185	\$ 10,774	493.1%

Housing and dining revenues are up \$17.8 million. Housing increased by \$12.7 million primarily due to the opening of new residence halls and the second-year residency requirement (\$12.1 million), rental income (\$383,000) and early arrivals (\$224,000). Dining revenue is above prior year by \$5.1 million driven by the additional meal plans sold with the second year residency program. Housing and dining expenses are up \$7 million from the prior year. Housing expenses are \$4 million above the prior year due to increased expenses related to new residence halls and residency requirements. Dining expenses are \$3 million above prior year due primarily to increased cost of sales of \$2.9 million.

The Ohio State University
Board of Trustees

January 27, 2017

Recreation Sports

For the period ending November, 2016
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 9,337	\$ 9,208	\$ 129	1.4%
Expenses	\$ 7,495	\$ 7,527	\$ (32)	-0.4%
Net Income	\$ 1,842	\$ 1,681	\$ 161	9.6%

Revenues are tracking \$129,000 above prior year primarily due to increases in fees and memberships of \$39,000 and programming fees of \$72,000. Expenses are \$32,000 lower than the prior year, with reduction in debt service expense offsetting increases in operating expenses.

Ohio Union

For the period ending November, 2016
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 6,405	\$ 6,281	\$ 124	2.0%
Expenses	\$ 5,924	\$ 5,893	\$ 31	0.5%
Net Income	\$ 481	\$ 388	\$ 93	24.0%

Revenues are \$124,000 higher than prior year primarily due to higher event related income and office space rent. Expenses are \$31,000 above prior year primarily due to higher facility repair and maintenance costs of \$110,000, offset by lower personnel costs of \$73,000.

Fawcett Center

For the period ending November, 2016
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 2,012	\$ 1,861	\$ 151	8.1%
Expenses	\$ 1,594	\$ 1,618	\$ (24)	-1.5%
Net Income	\$ 418	\$ 242	\$ 176	72.4%

Total Fawcett Center revenues are up \$151,000 compared to prior year. Food and beverage revenues are up a total of \$127,000 due to growth in conferences and events. Office Space rental revenue is up \$25,000 due to all of the space is fully rented and the annual 3% rent increase. Expenses are \$24,000 lower than the prior year primarily due to lower utilities and maintenance costs.

Drake Union

For the period ending November, 2016
(In Thousands)

	FY17	FY16	\$ Change	%
Revenues	\$ 492	\$ 480	\$ 12	2.5%
Expenses	\$ 313	\$ 312	\$ 1	0.3%
Net Income	\$ 179	\$ 168	\$ 11	6.4%

Revenues are up \$12,000 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.



January 2017 Board Meeting
FY 2017 | Through November 2016

Consolidated Financial Scorecard		2017 YTD Actual	2017 YTD Budget	Actual vs. Budget
A. Financial Snapshot (in thousands)				
1. Total Revenue excluding endowment performance		2,690,427	2,647,771	↑
2. Total Expenses		2,580,136	2,614,814	↓
3. Current Net Margin		306,167	213,759	↑
4. Change in Net Assets		150,637	69,344	↑
5. Change in Net Assets excluding endowment performance		300,853	125,000	↑
B. Institutional Financial Metrics				
1. Liquidity - Primary Reserve Ratio		0.7	0.4	↑
2. Liquidity - Days Cash on Hand		179	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		1.34%	0.85%	↑
5. Intermediate Investment Pool Return		1.66%	1.08%	↑
6. 1 Year Long Term Investment Pool Return		3.32%	4.03%	↓
7. 3 Year Long Term Investment Pool Average Return		3.90%	3.72%	↑
8. Credit Rating		AA	AA	↔



University Financial Scorecard

January 2017 Board Meeting

Fiscal Year 2017 Year to Date through November

<i>Metric (\$ in thousands)</i>	2017 YTD Actual	2017 YTD Budget	Actual vs. Budget
A. Revenue Drivers (in thousands)			
1. Tuition and Fees	484,266	478,491	↑
2. Grants and Contracts (exchange)	280,444	268,300	↑
3. Advancement Cash Receipts	60,298	58,055	↑
4. SSI	160,308	156,464	↑
5. State Line Item Appropriations	39,952	37,858	↑
6. Net Contribution from Auxiliary Enterprises	38,049	28,400	↑
B. Financial Snapshot (in thousands)			
1. Total Revenue excluding endowment performance	1,458,798	1,335,530	↑
2. Total Expenses	1,331,083	1,366,660	↓
3. Current Net Margin	195,466	34,526	↑
4. Change in Net Assets	305,626	132,702	↑
5. Change in Net Assets excluding endowment performance	228,376	63,457	↑
C. Performance Metrics (Columbus Campus only)			
1. Enrollment - summer, fall and spring	75,469	74,673	↑
2. Credit Hours - summer, fall and spring	929,482	915,529	↑



January 2017 Board Meeting
FY 17 | Through November 2016

MEDICAL CENTER FINANCIAL PERFORMANCE			
A. Revenue Drivers	2016-17 Actual	2016-17 Budget	Current Status
1. Patient Admissions	25,541	25,097	↓
2. Patients in Beds including Obs area	30,752	30,415	↑
3. Patient Discharges	25,519	24,935	↓
4. Total Surgeries	17,961	17,677	↑
5. Outpatient Visits	727,289	751,147	↓
6. ED Visits	55,864	56,265	↓
B. Activity Metrics			
1. Adjusted Admissions	48,454	47,117	↓
2. Operating Revenue / Adjusted Admit	\$ 23,042	\$ 23,555	↑
3. Expense / Adjusted Admit	\$ 20,370	\$ 20,822	↓
C. Financial Snapshot (in thousands)			
1. Operating Revenues	\$ 1,116.5	\$ 1,109.8	↑
2. Total Expenses	\$ 987.0	\$ 981.1	↓
3. Gain from Operations	\$ 129.5	\$ 128.8	↑
4. Excess Revenue Over Expenses	\$ 69.4	\$ 67.8	↑
D. Performance Metrics			
1. Operating EBIDA Margin	18.3%	18.2%	↑
2. Days Cash on Hand	100.8		
3. Debt Service Coverage	5.7	5.6	↑























Major Project Updates

Projects Over \$20M

January 2017



PROJECT STATUS REPORT – PROJECTS OVER \$20M

PROJECT	APPROVALS			ON TIME	ON BUDGET
	Des	Con	BUDGET		
Vet Hospital Enhancement and Expansion	✓	✓	\$32.8M		
Schottenstein Expansion	✓	✓	\$31.5M		
Pomerene and Oxley Halls Renovation	✓	✓	\$59.0M		
Schumaker Student-Athlete Development Center	✓	✓	\$43.0M		
Wexner Medical Center – 72-Bed Build Out	✓		\$60.0M		
Covelli Multi-Sport/Jennings Wrestling	✓	✓	\$49.7M		
Postle Partial Replacement	✓		\$95.0M		
Advanced Materials Corridor – Phase 1	✓		\$59.1M		
Cannon Drive Relocation – Phase 1	✓	✓	\$51.7M		
Ohio Stadium Upgrades	✓	✓	\$41.6M		

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 Acock Associates
construction manager at risk Gilbane

PROJECT UPDATE

Baker Commons construction is complete and the spaces occupied
the final GMP has been submitted for review and approval



On Time



On Budget



CANNON DRIVE RELOCATION – PHASE 1

In partnership with the City of Columbus, relocate Cannon Drive between King Avenue and Herrick Drive. The relocation will raise Cannon Drive above the 500-year flood level

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
total project

\$44.1M
\$51.7M

PROJECT SCHEDULE

BoT approval
construction

11/16
7/17-12/19

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





Improving People's Lives Through Innovations in Personalized Health Care

The Ohio State University Board of Trustees Finance Committee **Public Session**

January 26, 2017



THE OHIO STATE UNIVERSITY

WEXNER MEDICAL CENTER

OSU Wexner Medical Center

Combined Statement of Operations

FOR THE YTD ENDED: NOVEMBER 30, 2016
(in thousands)

	Actual	Budget	Act-Bud Variance	Budget % Var	Prior Year	PY % Var
OPERATING STATEMENT						
Total Operating Revenue	\$ 1,367,238	\$ 1,353,083	\$ 14,155	1.0%	\$ 1,295,178	5.6%
Operating Expenses						
Salaries and Benefits	724,992	729,073	4,081	0.6%	686,157	-5.7%
Supplies	131,858	125,760	(6,098)	-4.8%	120,934	-9.0%
Drugs and Pharmaceuticals	115,907	120,038	4,131	3.4%	105,049	-10.3%
Services	151,243	153,998	2,755	1.8%	142,643	-6.0%
Depreciation	63,024	60,601	(2,423)	-4.0%	63,782	1.2%
Interest/Debt	21,459	21,338	(121)	-0.6%	22,250	3.6%
Other Operating Expense	72,738	73,735	997	1.4%	54,278	-34.0%
Medical Center Investments	7,651	3,646	(4,005)	-110%	6,839	-11.9%
Total Expense	1,288,872	1,288,189	(683)	-0.1%	1,201,932	-7.2%
Excess of Revenue over Expense	\$ 78,369	\$ 64,893	\$ 13,476	20.8%	\$ 93,249	-16.0%
Financial Metrics						
Adjusted Admissions	48,452	47,117	1,335	2.8%	45,124	7.4%
OSUP Physician Encounters	1,074,248	1,093,771	(19,523)	-1.8%	973,919	10.3%
Operating Revenue per AA	\$ 23,043	\$ 23,555	\$ (512)	-2.2%	\$ 23,677	-2.7%
Total Expense per AA	\$ 20,371	\$ 20,822	\$ 451	2.2%	\$ 20,646	1.3%
This statement does not conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.						

OSU Wexner Medical Center

Combined Statement of Operations

FOR THE YTD ENDED: NOVEMBER 30, 2016
(in thousands)

	ACTUAL	BUDGET	ACT-BUD VARIANCE	BUDGET % VAR	PRIOR YEAR	PY % Var
Health System						
Revenues	\$ 1,116,481	\$ 1,109,834	\$ 6,647	0.6%	\$ 1,044,669	6.9%
Expenses	1,047,055	1,042,025	(5,030)	-0.5%	963,823	-8.6%
Net	69,428	67,808	1,620	2.4%	80,848	-14.1%
OSUP						
Revenues	\$ 166,121	\$ 166,524	\$ (403)	-0.2%	\$ 162,121	2.5%
Expenses	158,058	161,319	3,261	2.0%	156,529	-1.0%
Net	8,064	5,205	2,859	54.9%	5,594	44.2%
COM/OHS						
Revenues	\$ 84,636	\$ 76,725	\$ 7,911	10.3%	\$ 88,388	-4.2%
Expenses	83,759	84,845	1,086	1.3%	81,580	-2.7%
Net	877	(8,120)	8,997	110.8%	6,807	87.1%
Total Medical Center						
Revenues	\$ 1,367,238	\$ 1,353,083	\$ 14,155	1.0%	\$ 1,295,178	5.6%
Expenses	1,288,872	1,288,189	(683)	-0.1%	1,201,932	-7.2%
Net	78,369	64,893	13,476	20.8%	93,249	-16.0%
This statement does not conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.						

OSU Wexner Medical Center

Combined Balance Sheet

AS OF: NOVEMBER 30, 2016
(in thousands)

	November 2016	June 2016	Change
Cash	\$ 639,038	\$ 683,692	\$ (44,654)
Net Patient Receivables	381,178	362,813	18,365
Other Current Assets	344,623	321,795	22,828
Assets Limited as to Use	335,676	255,498	80,178
Property, Plant & Equipment - Net	1,516,955	1,490,521	26,434
Other Assets	415,670	432,303	(16,633)
Total Assets	\$ 3,633,140	\$ 3,546,622	\$ 86,518
Current Liabilities	\$ 313,917	\$ 314,143	\$ (226)
Other Liabilities	109,653	99,335	10,318
Long-Term Debt	884,416	904,418	(20,002)
Net Assets - Unrestricted	1,797,105	1,711,408	85,697
Net Assets - Restricted	528,049	517,318	10,731
Liabilities and Net Assets	\$ 3,633,140	\$ 3,546,622	\$ 86,518

This Balance sheet is not intended to conform to Generally Accepted Accounting Principles. Different accounting methods are used in each of these entities and no eliminating entries are included.

The Ohio State University
Board of Trustees

January 27, 2017

**APPROVAL TO ENTER INTO/INCREASE PROFESSIONAL SERVICES
AND ENTER INTO/INCREASE CONSTRUCTION CONTRACTS**

Approval To Enter Into Professional Services Contracts

700 Ackerman - Wexner Medical Center Operations Center
Wooster - New Laboratory Building

Approval To Enter Into/Increase Professional Services And Construction Contracts

Athletics District Road and Storm Water
Transportation Plan Implementation
Lima Campus - New Student Life Building

Approval to Enter Into Construction Contracts

Brain and Spine Hospital - 7th Floor
Airport Enhancements
Wexner Medical Center - 72-Bed Build Out

Synopsis: Authorization to enter into/increase professional services and construction contracts, as detailed in the attached materials, is proposed.

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

	Prof. Serv. Approval Requested	Total Project Cost	
700 Ackerman - Wexner Medical Center Operations Center	\$2.5M	\$21.8M	auxiliary funds
Wooster - New Laboratory Building (design only)	\$3.5M	TBD	state funds

WHEREAS in accordance with the attached materials, the university desires to enter into/increase professional services and enter into/increase construction contracts for the following projects; and

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Project Cost	
Athletics District Road and Storm Water	\$0.6M	\$6.9M	\$7.5M	auxiliary funds university funds
Transportation Plan Implementation	\$3.3M	\$13.2M	\$16.5M	auxiliary funds
Lima Campus - New Student Life Building (increase)	\$1.0M	\$4.2M	\$5.2M	development funds university funds state funds

WHEREAS in accordance with the attached materials, the university desires to enter into construction contracts for the following projects; and

The Ohio State University
Board of Trustees

January 27, 2017

**APPROVAL TO ENTER INTO/INCREASE PROFESSIONAL SERVICES
AND ENTER INTO/INCREASE CONSTRUCTION CONTRACTS (cont'd)**

	Construction Approval Requested	Total Project Cost	
Brain and Spine Hospital - 7th Floor	\$4.6M	\$5.1M	auxiliary funds
Airport Enhancements - Phase 2	\$13.4M	\$20M	development funds university funds
Wexner Medical Center - 72-Bed Build Out	\$55.0M	\$60.M	auxiliary funds

WHEREAS the Capital Investment Plan (CIP) outlines capital projects recommended for funding and was approved by the Board of Trustees on June 3, 2016; and

WHEREAS the scope and cost for the Athletics District Road and storm water were not known at the time the CIP was approved; and

WHEREAS the Master Planning and Facilities Committee has reviewed the projects listed above for alignment with all applicable campus plans and guidelines; and

WHEREAS the Finance Committee has reviewed the projects listed above for alignment with the Capital Investment Plan and other applicable financial plans:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves that the Capital Investment Plan be amended to include design and construction for the Athletics District Road and storm water; and

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 enter into professional services contracts and enter into construction 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.

Project Data Sheet for Board of Trustees Approval

700 Ackerman - Consolidated Call Center

OSU-170354 (CNI#16000036)

Project Location: Ackerman Place, 660 Ackerman Road, 600 Ackerman Road

- **approval requested and amount**

professional services \$2.5M

- **project budget**

professional services \$2.5M

construction w/contingency \$19.3M

total project budget \$21.8M

- **project funding**

☐ university debt

☐ development funds

☐ university funds

☒ auxiliary funds

☐ state funds



- **project schedule**

BoT prof services approval 01/17

design 03/17-09/17

construction 08/17-01/19

- **project delivery method**

☐ general contracting

☐ design/build

☒ construction manager at risk

- **planning framework**

○ this project is included in the FY 2017 Capital Improvement Plan

- **project scope**

- full building renovation of 700 Ackerman to house OSU Physicians, Central Scheduling and Customer Service, Health Plan, Corporate Operations, and Hospital Compliance
- project also includes interior renovations in 660 Ackerman and 600 Ackerman
- construction work will be phased

- **approval requested**

○ approval is requested to enter into professional services

- **project team**

University project manager: Nikolina Sevis

A/E: TBD

CM at Risk: TBD

Project Data Sheet for Board of Trustees Approval

Wooster - New Laboratory Building (Design only)

OSU-170192 (CNI# 14000012, 14000013, 150000015, 15000200, 16000133)

Project Location: Ohio State ATI, Wooster, Ohio

- **approval requested and amount**

professional services \$3.5M

- **project funding**

- ☐ university debt
- ☐ development funds
- ☒ university funds
- ☐ auxiliary funds
- ☒ state funds

- **project schedule**

BoT professional services approval 01/17
design/bidding 04/17 - 09/18
construction 10/18 - 04/20



- **project delivery method**

- ☐ general contracting
- ☐ design/build
- ☒ construction manager at risk

- **planning framework**

- this project is included in the FY 2015 and the FY 2017 Capital Improvement Plans
- this anticipates up to \$33.5M in design and construction

- **project scope**

- the project will replace facilities that are beyond their useful life providing a new home for Entomology research as well as teaching labs and classroom spaces
- the project also includes renovated dining service and mechanical infrastructure

- **approval requested**

- approval is requested to enter into professional services contracts

- **project team**

University project manager: Ruth Miller
AE/design architect:
CM at Risk or Design Builder:

Project Data Sheet for Board of Trustees Approval

Athletics District - Road and Storm Water

OSU-170323 (CNI# 13000296)

Project Location: n/a

- **approval requested and amount**

professional serv/construction	\$7.5M
--------------------------------	--------
- **project budget**

construction w/contingency	\$6.9M
professional services	\$0.6M
total project budget	\$7.5M



- **project funding**
 - ☐ university debt
 - ☐ development funds
 - ☒ university funds
 - ☒ auxiliary funds
 - ☐ state funds
- **project schedule**

BoT prof serv/construction approval	01/17
design/bidding	02/17 - 04/17
construction	06/17 - 09/18
- **project delivery method**
 - ☒ general contracting
 - ☐ design/build
 - ☐ construction manager at risk
- **planning framework**
 - this project advances the Comprehensive Transportation and Parking Plan, the Athletic District Framework Plan and Framework 2.0 by improving vehicular access and pedestrian flow
- **project scope**
 - the project will complete a new road between Fred Taylor Drive and Olentangy River Road
 - the project implements a storm water detention plan for the entire Athletic District
- **approval requested**
 - approval is requested to amend the Capital Investment Plan accordingly
 - approval is requested to enter into professional services contracts and construction contracts

-
- **project team**

University project manager:	Gary Collier
AE/design architect:	
CM at Risk or Design Builder:	

Project Data Sheet for Board of Trustees Approval

Transportation Plan Implementation

OSU-170391 (CNI# 16000036)

Project Location:

- **approval requested and amount**
prof services/construction \$16.5M

- **project budget**
professional services \$3.3M
construction w/contingency \$13.2M

total project budget \$16.5M

- **project funding**
☐ university debt
☐ development funds
☐ university funds
☒ auxiliary funds
☐ state funds

- **project schedule**
BoT approval 01/17
design/bidding 02/17 - 08/17
construction phased

- **project delivery method**
☒ general contracting
☐ design/build
☐ construction manager at risk

- **planning framework**
○ this project is included in the FY 2017 Capital Investment Plan

- **project scope**
○ construct and improve parking facilities as an enabler for Cannon Drive Relocation - Phase 1
○ improvements include expanding surface parking lots; bus shelters and bus access road improvements; intersection and signal improvements; constructing a transit hub on Herrick Drive.

- **approval requested**
○ approval is requested to enter into professional services and construction contracts



-
- **project team**
University project manager: Tom Ekegren
Criteria A/E:
Design-Builder:

Project Data Sheet for Board of Trustees Approval

Lima Campus - New Student Life Building

OSU-071557 (CNI#: 12000701, 12000703, 13000303, 16000117)

Project Location: 4240 Campus Drive, Lima, Ohio

- approval requested and amount**

	Orig	Incr	Total
construction	\$3.4M	\$0.8M	\$4.2M
professional serv	\$0.8M	\$0.2M	\$1.0M

- project budget**

construction w/contingency	\$4.2M
professional services	\$1.0M
total project budget	\$5.2M



- project funding**

- ☐ university debt
- ☒ development funds
- ☒ university funds
- ☐ auxiliary funds
- ☒ state funds

- project schedule**

BoT prof serv/construction approval	08/15
BoT prof serv/construction approval (increase)	01/17
design/bidding	10/15 - 04/17
construction	04/17 - 02/18

- project delivery method**

- ☐ general contracting
- ☐ design/build
- ☒ construction manager at risk

- planning framework**

- o this project is identified in the 2008 Lima Campus Master Plan
- o this project is included in the FY 2015 and the FY 2017 Capital Investment Plans

- project scope**

- o the project will construct a new 15,000 gsf Student Life building on the Lima campus
- o the project will include program for a fitness component with support spaces; wellness concept that aligns with OSU Lima resources; multi-purpose room; grab-and-go dining concept, dining and lounge zones; study spaces and group study rooms

approval requested

- o approval is requested to increase professional services and construction contracts

- project team**

University project manager:	Rick Van Deusen
AE/design architect:	The Collaborative Inc.
CM at Risk:	Ruscilli Construction

Project Data Sheet for Board of Trustees Approval

Brain and Spine - 7th Floor

OSU-160277 (CNI# 15000068)

Project Location: Brain and Spine Hospital

- **approval requested and amount**

construction	\$4.6M
--------------	--------
- **project budget**

professional services	\$0.5M
construction w/contingency	\$4.6M
total project budget	\$5.1M
- **project funding**
 - ☐ university debt
 - ☐ development funds
 - ☐ university funds
 - ☒ auxiliary funds
 - ☐ state funds
- **project schedule**

BoT professional services approval	11/15
design	12/15 - 12/16
BoT construction approval	01/17
construction	02/17 - 09/17
- **project delivery method**
 - ☐ general contracting
 - ☒ design/build
 - ☐ construction manager at risk
- **planning framework**
 - this is a signature project backfilling spaces vacated as a result of the expansion of the Ohio State University Wexner Medical Center
 - this project is included in the FY 2016 Capital Investment Plan
- **project scope**
 - the project will renovate the seventh floor to create private beds
 - adds 29 in-patient beds, nursing cores and support areas
- **approval requested**
 - approval is requested to enter into construction contracts



-
- **project team**

University project manager:	Paul Lenz
Criteria A/E:	Westlake Reed Leskosky
Design-Build firm:	Elford

Project Data Sheet for Board of Trustees Approval

Airport Enhancements

OSU-160195 (CNI# 1400092, #16000079, #16000080)

Project Location: The Ohio State University Airport

- approval requested and amount**

construction w/contingency \$13.4M

- project budget**

construction w/contingency \$18.0M

professional services \$2.0M

total project budget \$20.0M



- project funding**

- ☐ university debt
- ☒ development funds
- ☒ university funds
- ☐ auxiliary funds
- ☐ state funds

- project schedule**

BoT professional services approval 11/15

BoT construction approval - hangars 06/16

BoT construction approval - terminal 01/17

design 12/15 - 04/17

construction 11/16 - 08/18

- project delivery method**

- ☐ general contracting
- ☐ design/build
- ☒ construction manager at risk

- planning framework**

- o a scoping study was conducted to identify existing needs as well as future opportunities in the redevelopment of the University Airport Terminal and Flight Education Center
- o this project is included in the FY 2016 and the FY 2017 Capital Investment Plans

- project scope**

- o the first phase of the project constructed four new t-hangar buildings, adding 58 bays of new space to the existing 50 bays
- o the next phase of the project includes design and construction of Flight Education-Center for Aviation Studies space, Field Base Operation and airport terminal, airport administration space, hangars, and site & utility improvements

- approval requested**

- o approval is requested to enter into Phase 2 of construction

- project team**

University project manager:	Bill Holtz
AE/design architect:	Moody Nolan Ltd Inc
CM at Risk:	Whiting-Turner Contracting Co

Project Data Sheet for Board of Trustees Approval

Wexner Medical Center - 72-Bed Build Out

OSU-160380 (CNI# 15000068, 16000130)

Project Location: James Cancer Hospital and Solove Research Institute

- approval requested and amount**

construction	\$55.0 M
--------------	----------

- project budget**

professional services	\$5.0 M
construction w/contingency	\$55.0 M
total project budget	\$60.0 M

- project funding**

- ☐ university debt
- ☐ development funds
- ☐ university funds
- ☒ auxiliary funds
- ☐ state funds



- project schedule**

BoT professional services approval	01/16
design/bidding	06/16 - 01/17
BoT construction approval	01/17
construction	03/17 - 07/18

- project delivery method**

- ☒ general contracting
- ☐ design/build
- ☐ construction manager at risk

- planning framework**

- o funding for the planning and design of this project is included in the FY 2016 Capital Improvement Plan; funding for the construction work is included in the FY 2017 Capital Investment Plan

- project scope**

- o build out shelled space on the 10th and 12th floors of the tower to add 72 patient beds

- approval requested**

- o approval is requested to enter into construction contracts

- project team**

University project manager:	Lance Timmons
AE/design architect:	AECOM Services of Ohio

The Ohio State University
Board of Trustees

January 27, 2017

AUTHORIZATION TO APPROVE GOLF COURSE MEMBERSHIP DUES AND FEES

Synopsis: Approval of golf course membership dues and fees for calendar year 2017 (FY2018) at the recommended levels, is proposed.

WHEREAS The Ohio State University Department of Athletics has a long history of self-sustainability in supporting 36 world-class athletics programs and providing needed revenues back to the university for scholarships and academic programs; and

WHEREAS each year the Athletic Council reviews projections for the coming year's budget and recommends golf course membership dues and fees; and

WHEREAS the Athletic Council has approved golf course membership dues and fees as shown on the attached table; and

WHEREAS the Athletic Council's recommendations have been reviewed and are recommended by the appropriate university administration:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the recommended golf course membership dues and fees for calendar year 2017.

The Ohio State University
Board of Trustees

January 27, 2017

BACKGROUND

TOPICS: Golf Course Membership Dues and Daily Green Fees

CONTEXT:

The Ohio State University Department of Athletics continues to be one of only 18 self-sustaining athletic programs across the nation, funding more than 1,100 student-athletes in successful endeavors of academic achievement and athletics competitions. Yearly, the Department of Athletics contributes more than \$30 million back to the university. A golf course membership dues increase is necessary to meet increased costs and remain financially stable for FY2018.

RECOMMENDATION:

- For golf course membership dues for the 2017 calendar year (FY2018), increase the alumni, affiliates, faculty/staff and OSU student membership dues by 6%. Daily green fees would be maintained at the same rate as last year.

Category	Annual Membership Dues	Green Fees		Green Fees	
		Scarlet	Twilight	Gray	Twilight
Student	\$ 700	\$ 33	\$ 25	\$ 20	\$ 15
Faculty/Staff	\$ 2,460	\$ 60	\$ 30	\$ 36	\$ 20
Add Spouse	\$ 3,997				
Add Family	\$ 4,765				
Alumni	\$ 3,073	\$ 75	\$ 35	\$ 44	\$ 25
Add Spouse	\$ 4,610				
Add Family	\$ 5,378				
Buckeye Club	\$ 3,073	\$ 75	\$ 35	\$ 44	\$ 25
Add Spouse	\$ 4,610				
Add Family	\$ 5,378				
Young Professional (21-26yo)	\$ 1,997	\$ 75	\$ 35	\$ 44	\$ 25
Add Spouse	\$ 2,996				
Young Professional (27-32yo)	\$ 2,304	\$ 75	\$ 35	\$ 44	\$ 25
Add Spouse	\$ 3,456				

CONSIDERATIONS:

- The increase would be allocated as 4% for capital reserve/replacement and addressing deferred maintenance, and 2% for club operations to enhance the club experience by providing additional customer service training and renovating the Tavern for more club storage.
- In a market comparison of daily fees and membership dues, the current rates are comparable to local courses for the quality and amenities provided and at the high end of the competitive market for the area.

REQUESTED OF FINANCE COMMITTEE:

Approval