

**THURSDAY, FEBRUARY 1, 2018  
FINANCE COMMITTEE MEETING**

Michael J. Gasser  
Brent R. Porteus  
W. G. Jurgensen  
Jeffrey Wadsworth  
Alexander R. Fischer  
John W. Zeiger  
Lydia A. Lancaster  
Alan VanderMolen  
Alex Shumate (*ex officio*)

Location: Longaberger Alumni House  
Mount Leadership Room

Time: 12:15-2:00pm

*ITEMS FOR DISCUSSION*

- |   |               |
|---|---------------|
| 1. <i>FY2018 Interim Financial Report - Mr. Papadakis, Ms. Devine</i> | 12:15-12:25pm |
| 2. <i>University Financial Scorecard - Mr. Papadakis, Ms. Devine</i>  | 12:25-12:30pm |
| 3. <i>Major Projects Update - Ms. Readey</i>                          | 12:30-12:35pm |

*ITEMS FOR ACTION*

- |  |               |
|--|---------------|
| 4. Authorization to Enter into Professional Services/Construction Contracts<br>- Ms. Readey                                  | 12:35-12:40pm |
| 5. Approval for FY2018 Utility System Capital Improvement Projects - Ms. Readey  | 12:40-12:45pm |
| 6. Approval for Establishment of the Access, Affordability and Excellence Student<br>Scholarship Endowment Fund - Mr. Chatas | 12:45-1:00pm  |
| 7. Approval for Establishment of the Faculty and Staff Development Endowment<br>Fund - Mr. Chatas                            |               |
| 8. Approval for Establishment of the Strategic Initiatives Endowment Fund<br>- Mr. Chatas                                    |               |
| 9. Approval for Establishment of the Energy Stabilization Endowment Fund<br>- Mr. Chatas                                     |               |

Executive Session

1:00-2:00pm

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

**TOPIC:** Fiscal Year 2018 Interim Financial Report - November 30, 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

- I. Summary
- II. Financial Statement Review - For the five months ended November 30, 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 five months ended November 30, 2017
  - A. State Support Outlook
  - B. OSU Wexner Medical Center
  - C. Enrollment
  - D. Research
  - E. Auxiliary Operations

## I. Summary

Consolidated revenues through the first five months of fiscal year 2018, excluding investment income, were \$2,807 million, representing an increase of \$163 million, or 6.2% over the same period of fiscal year 2017. The revenue increase is primarily in Healthcare revenues, which were up \$122 million. Additional details on revenue trends are provided below:

- Healthcare revenues for the OSU Health System and OSU Physicians (OSUP) increased \$122 million, or 9.0%, to \$1,472 million. The Health System accounted for \$110 million of the increase. Total outpatient visits were 3.2% above prior year. Total inpatient visits were 5.0% above prior year and the total number of patients treated in inpatient beds was above prior year by 3.3%.
- University revenues through the first five months of fiscal year 2018 increased by \$32 million to \$1,159 million compared to the same period in fiscal year 2017.
  - Grant and contract revenues increased \$19 million, or 5.8%, to \$340 million, due primarily to increases in private grants of \$9 million, federal grants of \$4 million, state grants of \$3 million, and local grants of \$3 million.
  - Net student tuition and fees increased \$11 million, to \$418 million or 2.7% over the same period of fiscal year 2017, due primarily to rate increases of 5% for non-resident surcharge and 5.5% for incoming freshman. Total autumn enrollment is up by 0.6% from autumn 2016. Non-resident enrollment is up by 1.3% for the same period.
  - State capital appropriations increased by \$15 million due primarily to increased spending on Pomerene Oxley Hall, HVAC and elevator repairs, and OH-TECH projects.
  - Sales and services of educational departments increased \$11 million due primarily to revenue recognized on the Comprehensive Energy Management Project upfront payment.
  - Gifts decreased \$24 million, or 26.3%, to \$68 million over prior year due primarily to decreases in current use gifts of \$20 million, permanent endowment gifts of \$3 million and capital gifts of \$1 million.
- Auxiliary revenues for the first five months of fiscal year 2018 increased \$9 million, to \$176 million, primarily due to increases in Athletics revenues for football ticket sales and television media rights.

Consolidated expenses for the five months ended November 30, 2017 were \$2,615 million, up \$175 million, or 7.2%, over the same period of fiscal year 2017.

- Healthcare expenses of \$1,240 million increased \$78 million, or 6.7%, primarily due to increases in operating costs from increases in patient volumes.
- University expenses increased \$89 million to \$1,237 million for the first five months of fiscal year 2018 compared to the same period of fiscal year 2017, primarily due to expenses associated with the energy concession agreement and the Workday enterprise project.
- Auxiliary expenses increased \$8 million to \$138 million for the first five months of fiscal year 2018, primarily due to expenses associated with Athletics and Student Life.

Overall, total revenues of \$2,807 million outpaced total expenses of \$2,616 million. The year-to-date change in consolidated net position (excluding net investment income and interest expense) decreased by \$12 million, from \$203 million in fiscal year 2017 to \$191 million in fiscal year 2018.

Total cash and restricted cash increased \$489 million for the first five months of fiscal year 2018 due primarily to the receipt of \$1.09 billion of energy concession proceeds, which was partially offset by the transfer of \$804 million of the proceeds to the Long-Term Investment Pool (LTIP). The LTIP increased \$955 million to \$5,208 million due primarily to the energy concession proceeds of \$862 and market value increases of \$217 million, offset by distributions of \$82 million and expenses of \$34 million. For the five months ended November 30, 2017 (FYTD), the LTIP earned a net of investment fee return of 4.76% versus a Policy Benchmark of 6.25%, resulting in underperformance of 1.49%. During that period, our Global Equities returned 7.58%, followed by Global Fixed Income at 0.90%, and Real Assets at 0.32%.

## II. Financial Statement Review - For the Five Months Ended November 30, 2017

### A. Interim Financial Statements (in thousands)

THE OHIO STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED  
November 30, 2017 and November 30, 2016

	As of November 2017	As of November 2016	Increase/Decrease	
			Dollars	%
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,217,432	\$ 527,728	\$ 689,704	130.7%
Temporary investments	1,635,573	1,589,388	46,185	2.9%
Accounts receivable, net	1,152,604	1,073,920	78,684	7.3%
Notes receivable - current portion, net	25,315	25,578	(263)	-1.0%
Pledges receivable - current portion, net	33,718	35,322	(1,604)	-4.5%
Accrued interest receivable	18,814	18,366	448	2.4%
Inventories and prepaid expenses	161,916	141,899	20,017	14.1%
Investments held under securities lending program	3,519	7,409	(3,890)	-52.5%
Total Current Assets	4,248,891	3,419,610	829,281	24.3%
Noncurrent Assets:				
Restricted cash	648,104	766,981	(118,877)	-15.5%
Notes receivable, net	44,902	41,777	3,125	7.5%
Pledges receivable, net	72,350	65,546	6,804	10.4%
Long-term investment pool	5,208,275	3,889,750	1,318,525	33.9%
Other long-term investments	152,935	144,512	8,423	5.8%
Capital assets, net	5,035,942	5,010,802	25,140	0.5%
Total Noncurrent Assets	11,162,508	9,919,368	1,243,140	12.5%
<b>Total Assets</b>	<b>15,411,399</b>	<b>13,338,978</b>	<b>2,072,421</b>	<b>15.5%</b>
Deferred Outflows:				
Pension	991,714	675,833	315,881	0.0%
Other deferred outflows	21,178	21,979	(801)	-3.6%
<b>Total Assets and Deferred Outflows</b>	<b>\$ 16,424,291</b>	<b>\$ 14,036,790</b>	<b>\$ 2,387,501</b>	<b>17.0%</b>
<b>LIABILITIES AND NET POSITION:</b>				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 554,994	\$ 510,187	\$ 44,807	8.8%
Deposits and advance payments for goods and services	786,626	782,784	3,842	0.5%
Current portion of bonds, notes and leases payable	64,570	62,794	1,776	2.8%
Long-term bonds payable, subject to remarketing	588,360	596,435	(8,075)	-1.4%
Liability under securities lending program	3,519	7,409	(3,890)	-52.5%
Other current liabilities	110,526	73,761	36,765	49.8%
Total Current Liabilities	2,108,595	2,033,370	75,225	3.7%
Noncurrent Liabilities:				
Bonds, notes and leases payable	2,653,695	2,724,096	(70,401)	-2.6%
Net pension liability	3,565,744	2,794,992	770,752	27.6%
Compensated absences	165,913	161,019	4,894	3.0%
Self-insurance accruals	79,889	92,635	(12,746)	-13.8%
Amounts due to third-party payors - Health System	37,128	52,809	(15,681)	-29.7%
Obligations under annuity and life income agreements	29,369	29,614	(245)	-0.8%
Refundable advances for Federal Perkins loans	31,714	32,110	(396)	-1.2%
Unearned revenue - energy agreement	1,059,090	-	1,059,090	100.0%
Other noncurrent liabilities	124,573	134,090	(9,517)	-7.1%
Total Noncurrent Liabilities	7,747,115	6,021,365	1,725,750	28.7%
<b>Total Liabilities</b>	<b>9,855,710</b>	<b>8,054,735</b>	<b>1,800,975</b>	<b>22.4%</b>
Deferred Inflows:				
Parking service concession arrangement	431,795	441,426	(9,631)	-2.2%
Pension	16,352	122,376	(106,024)	0.0%
Other deferred inflows	19,089	19,292	(203)	-1.1%
<b>Total Deferred Inflows</b>	<b>467,236</b>	<b>583,094</b>	<b>(115,858)</b>	<b>-19.9%</b>
Net Position:				
Net investment in capital assets	2,468,410	2,386,179	82,231	3.4%
Restricted:				
Nonexpendable	2,450,937	1,457,945	992,992	68.1%
Expendable	1,017,084	984,522	32,562	3.3%
Unrestricted	164,914	570,315	(405,401)	-71.1%
<b>Total Net Position</b>	<b>6,101,345</b>	<b>5,398,961</b>	<b>702,384</b>	<b>13.0%</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 16,424,291</b>	<b>\$ 14,036,790</b>	<b>\$ 2,387,501</b>	<b>17.0%</b>

**THE OHIO STATE UNIVERSITY  
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,  
AND OTHER CHANGES IN NET POSITION - UNAUDITED**

**Comparative Year-To-Date**

**November 30, 2017 and November 30, 2016**

	November 2017	November 2016	Increase/Decrease	
			Dollars	%
Operating Revenues:				
Student tuition and fees, net	\$ 417,732	\$ 406,699	\$ 11,033	2.7%
Federal grants and contracts	144,345	140,422	3,923	2.8%
State grants and contracts	34,813	31,994	2,819	8.8%
Local grants and contracts	11,051	8,489	2,562	30.2%
Private grants and contracts	114,946	106,379	8,567	8.1%
Sales and services of educational departments	79,517	68,967	10,550	15.3%
Sales and services of auxiliary enterprises	175,793	166,843	8,950	5.4%
Sales and services of the OSU Health System, net	1,261,304	1,151,193	110,111	9.6%
Sales and services of OSU Physicians, Inc., net	210,417	198,563	11,854	6.0%
Other operating revenues	15,623	12,875	2,748	21.3%
Total Operating Revenues	2,465,541	2,292,424	173,117	7.6%
Operating Expenses:				
Educational and General:				
Instruction and departmental research	392,315	384,330	7,985	2.1%
Separately budgeted research	216,214	205,189	11,025	5.4%
Public service	71,938	69,998	1,940	2.8%
Academic support	88,133	81,606	6,527	8.0%
Student services	39,511	40,108	(597)	-1.5%
Institutional support	147,532	117,099	30,433	26.0%
Operation and maintenance of plant	65,910	46,433	19,477	41.9%
Scholarships and fellowships	56,528	53,125	3,403	6.4%
Auxiliary enterprises	137,593	130,434	7,159	5.5%
OSU Health System	1,041,072	980,602	60,470	6.2%
OSU Physicians, Inc.	199,074	181,433	17,641	9.7%
Depreciation	159,162	147,130	12,032	8.2%
Total Operating Expenses	2,614,982	2,437,487	177,495	7.3%
Operating Loss	(149,441)	(145,063)	(4,378)	3.0%
Non-operating Revenues (Expenses):				
State share of instruction and line-item appropriations	198,609	200,260	(1,651)	-0.8%
Federal subsidies for Build America Bonds interest	5,284	5,286	(2)	0.0%
Federal non-exchange grants	29,004	28,980	24	0.1%
State non-exchange grants	6,132	5,277	855	16.2%
Gifts	50,830	70,849	(20,019)	-28.3%
Net investment income (loss)	279,853	155,530	124,323	79.9%
Interest expense on plant debt	(48,635)	(49,607)	972	-2.0%
Other non-operating revenues(expenses)	(941)	(3,289)	2,348	-71.4%
Net Non-operating Revenue (Expense)	520,136	413,286	106,850	25.9%
Income (Loss) before Other Revenues, Expenses, Gains or Losses	370,695	268,223	102,472	38.2%
Other Changes in Net Position				
State capital appropriations	34,212	18,898	15,314	81.0%
Private capital gifts	2,461	3,293	(832)	-25.3%
Additions to permanent endowments	14,700	18,155	(3,455)	-19.0%
Total Other Changes in Net Position	51,373	40,346	11,027	27.3%
Increase (Decrease) in Net Position	422,068	308,569	\$ 113,499	36.8%
Net Position - Beginning of Year	5,679,277	5,090,392		
Net Position - End of Period	\$ 6,101,345	\$ 5,398,961		

**THE OHIO STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS - UNAUDITED**  
**Years Ended November 30, 2017 and November 30, 2016**  
(in thousands)

	<b>November 2017</b>	<b>November 2016</b>	<b>Incr/(Decr) to Cash Dollars</b>	<b>%</b>
<b>Cash Flows from Operating Activities:</b>				
Tuition and fee receipts	\$ 381,268	\$ 364,447	\$ 16,821	4.6%
Grant and contract receipts	297,210	284,472	12,738	4.5%
Receipts for sales and services	1,703,706	1,588,623	115,083	7.2%
Receipt from energy agreement	1,089,914	-	1,089,914	100.0%
Payments to or on behalf of employees	(1,137,238)	(1,068,919)	(68,319)	6.4%
University employee benefit payments	(314,481)	(301,846)	(12,635)	4.2%
Payments to vendors for supplies and services	(957,698)	(873,348)	(84,350)	9.7%
Payments to students and fellows	(53,345)	(48,512)	(4,833)	10.0%
Student loans issued	(4,536)	(4,597)	61	-1.3%
Student loans collected	2,954	3,971	(1,017)	-25.6%
Student loan interest and fees collected	714	1,035	(321)	-31.0%
Other receipts (payments)	21,161	5,655	15,506	274.2%
Net cash provided (used) by operating activities	<u>1,029,629</u>	<u>(49,019)</u>	<u>1,078,648</u>	<u>-2200.5%</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
State share of instruction and line-item appropriations	170,616	200,260	(29,644)	-14.8%
Non-exchange grant receipts	35,136	36,289	(1,153)	-3.2%
Gift receipts for current use	50,830	70,849	(20,019)	-28.3%
Additions to permanent endowments	14,700	18,155	(3,455)	-19.0%
Drawdowns of federal direct loan proceeds	155,700	160,500	(4,800)	-3.0%
Disbursements of federal direct loans to students	(157,734)	(158,780)	1,046	-0.7%
Disbursement of loan proceeds to related organization	(5,192)	-	(5,192)	100.0%
Repayment of loans from related organization	240	375	(135)	-36.0%
Amounts received for annuity and life income funds	504	1,018	(514)	-50.5%
Amounts paid to annuitants and life beneficiaries	(1,608)	(680)	(928)	136.5%
Agency funds receipts	5,955	4,958	997	20.1%
Agency funds disbursements	(4,895)	(4,632)	(263)	5.7%
Net cash provided (used) by noncapital financing activities	<u>264,252</u>	<u>328,312</u>	<u>(64,060)</u>	<u>-19.5%</u>
<b>Cash Flows from Capital Financing Activities:</b>				
Proceeds from capital debt and leases	-	4,230	(4,230)	-100.0%
State capital appropriations	33,205	18,852	14,353	76.1%
Gift receipts for capital projects	2,461	3,293	(832)	-25.3%
Payments for purchase or construction of capital assets	(181,428)	(157,685)	(23,743)	15.1%
Principal payments on capital debt and leases	(447)	(7,725)	7,278	-94.2%
Interest payments on capital debt and leases	(1,933)	(1,376)	(557)	40.5%
Federal subsidies for Build America Bonds interest	5,255	32	5,223	16321.9%
Net cash provided (used) by capital financing activities	<u>(142,887)</u>	<u>(140,379)</u>	<u>(2,508)</u>	<u>1.8%</u>
<b>Cash Flows from Investing Activities:</b>				
Net (purchases) sales of temporary investments	19,324	(73,484)	92,808	-126.3%
Proceeds from sales and maturities of long-term investments	855,592	1,014,520	(158,928)	-15.7%
Investment income	63,866	41,138	22,728	55.2%
Purchases of long-term investments	(1,600,925)	(1,179,162)	(421,763)	35.8%
Net cash provided (used) by investing activities	<u>(662,143)</u>	<u>(196,988)</u>	<u>(465,155)</u>	<u>236.1%</u>
<b>Net Increase (Decrease) in Cash</b>	<u>488,851</u>	<u>(58,074)</u>	<u>\$ 546,925</u>	<u>-941.8%</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,376,685</u>	<u>1,352,783</u>		
Cash and Cash Equivalents - End of Period	<u>\$ 1,865,536</u>	<u>\$ 1,294,709</u>		

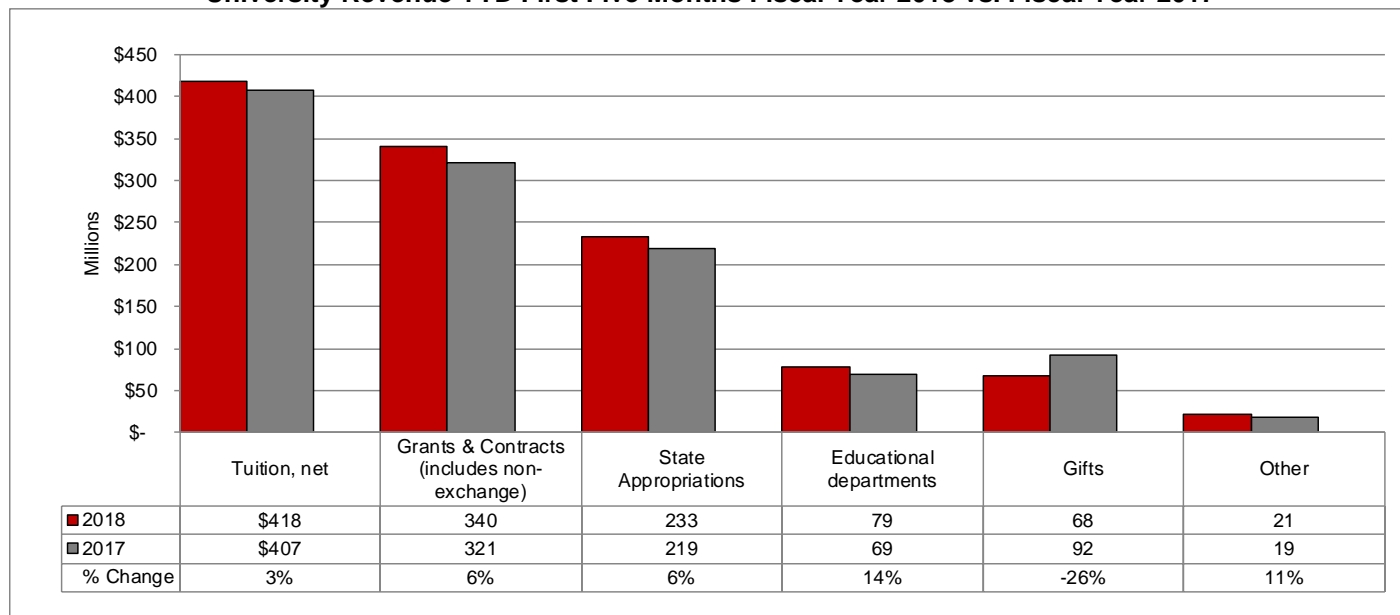
## B. Revenue

Consolidated revenues through the first five months of fiscal year 2018, excluding investment income, were \$2,807 million, representing an increase of \$163 million, or 6.2% over the same period of fiscal year 2017. 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 2018 were \$1,159 million, up \$32 million compared to the first five months of fiscal year 2017. Major components of university revenues were as follows:

**University Revenue YTD First Five Months Fiscal Year 2018 vs. Fiscal Year 2017**



Net student tuition and fees increased \$11 million, to \$418 million or 2.7% over the same period of fiscal year 2017 due primarily to rate increases of 5% for non-resident surcharge and 5.5% for incoming freshman. Total autumn enrollment is up by 0.6% from autumn 2016. Non-resident enrollment is up by 1.3% for the same period.

Grant and contract revenues increased \$19 million, or 5.8%, to \$340 million, due primarily to increases in private grants of \$9 million, federal grants of \$4 million, state grants of \$3 million, and local grants of \$3 million.

State capital appropriations increased \$15 million due primarily to increased spending on Pomerene Oxley Hall, HVAC and elevator repairs, and OH-TECH projects.

Sales and services of educational departments increased \$11 million due primarily to revenue recognized on the energy concession upfront payment.

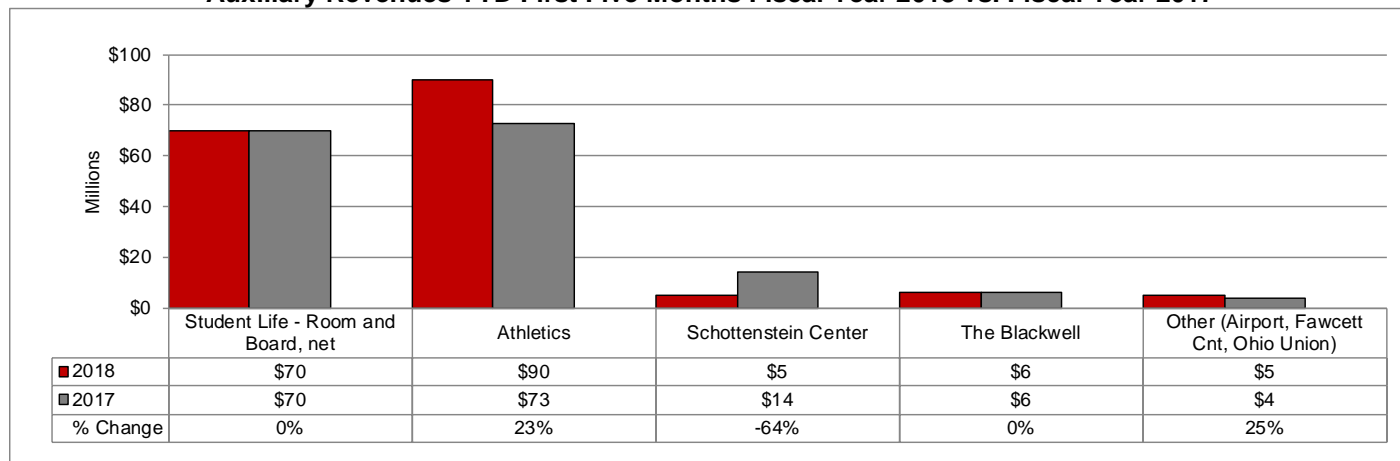
Gifts decreased \$24 million, to \$68 million, a 26.3% decrease over the prior five months ended November 30, 2016, due primarily to decreases in current use gifts of \$20 million, permanent endowment gifts of \$3.5 million and capital gifts of \$1 million as the But For Ohio State fundraising campaign concluded in fiscal year 2017.

### Auxiliary

Auxiliary revenues for the first five months of fiscal year 2018 increased \$9 million, to \$176 million, compared to the first five months of fiscal year 2017. Major components of auxiliary revenues were as follows:



### Auxiliary Revenues YTD First Five Months Fiscal Year 2018 vs. Fiscal Year 2017



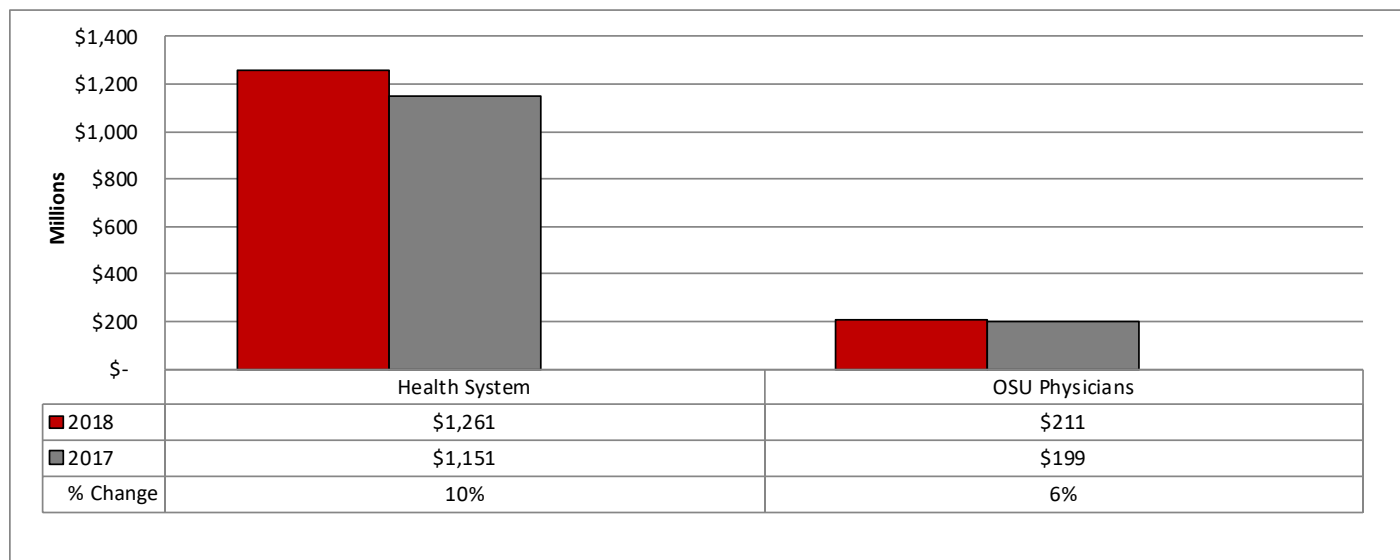
Athletics revenues increased \$17 million primarily due to increases in football ticket sales and television media rights.

Schottenstein Center revenues decreased \$9 million due primarily to the International Champions Cup (ICC) soccer game held at Ohio Stadium in July 2016 of fiscal year 2017.

### Healthcare

Total healthcare revenue for the first five months of fiscal year 2018 increased \$122 million, or 9.0%, to \$1,472 million, compared to the first five months of fiscal year 2017.

### Healthcare Revenues YTD First Five Months Fiscal Year 2018 vs. Fiscal Year 2017



Consolidated OSU Health System revenues of \$1,261 million increased \$110 million, or 9.6%, in the first five months of fiscal year 2018 over the same period in 2017. Total outpatient visits were 3.2% above prior year and 0.3% below budget. The total number of patients treated in inpatient beds was above prior year by 3.3%. OSU Physicians revenue increased \$12 million, or 6.0%, for the first five months of fiscal year 2018.

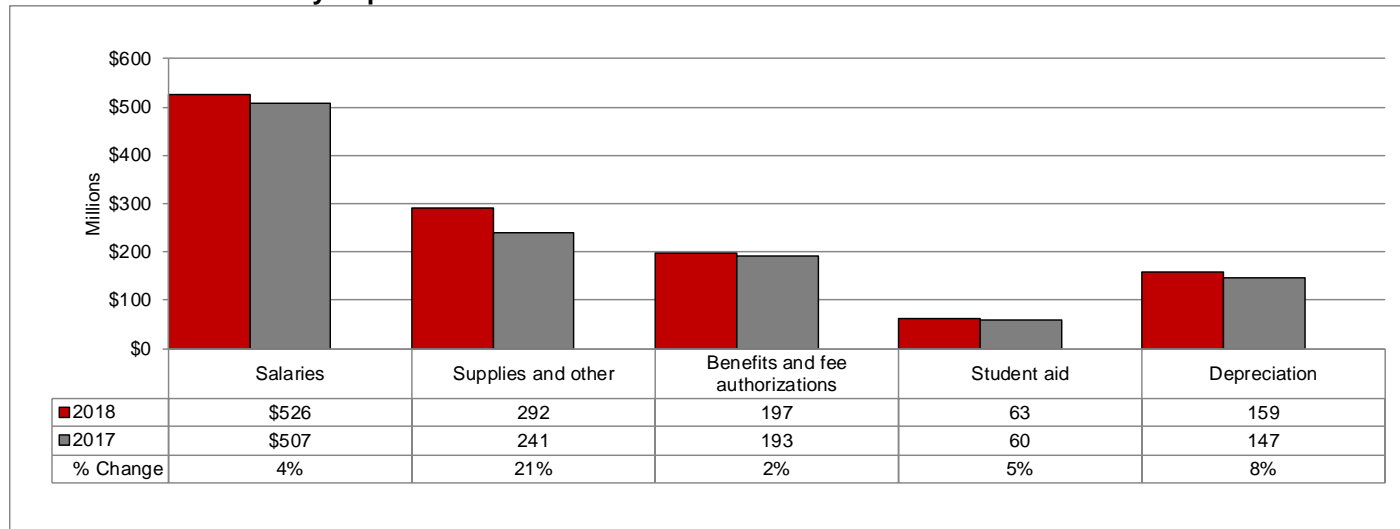
## C. Expenses

Consolidated expenses of \$2,615 million for the first five months of fiscal year 2018 increased \$175 million, or 7.2%, compared to the first five months of fiscal year 2017 of \$2,441 million. The mix of expenses remained constant between years, with salaries and benefits comprising 55% and supplies and other expenses making up 35% of total operating expenses. The breakdown of comparative year-to-date expenses for University, Auxiliary, and Healthcare follows.

### University

University expenses for the first five months of fiscal year 2018 of \$1,237 million were up \$89 million, or 7.8% compared to the first five months of fiscal year 2017. Major categories of university expenses were as follows:

**University Expenses YTD First Five Months Fiscal Year 2018 vs. Fiscal Year 2017**

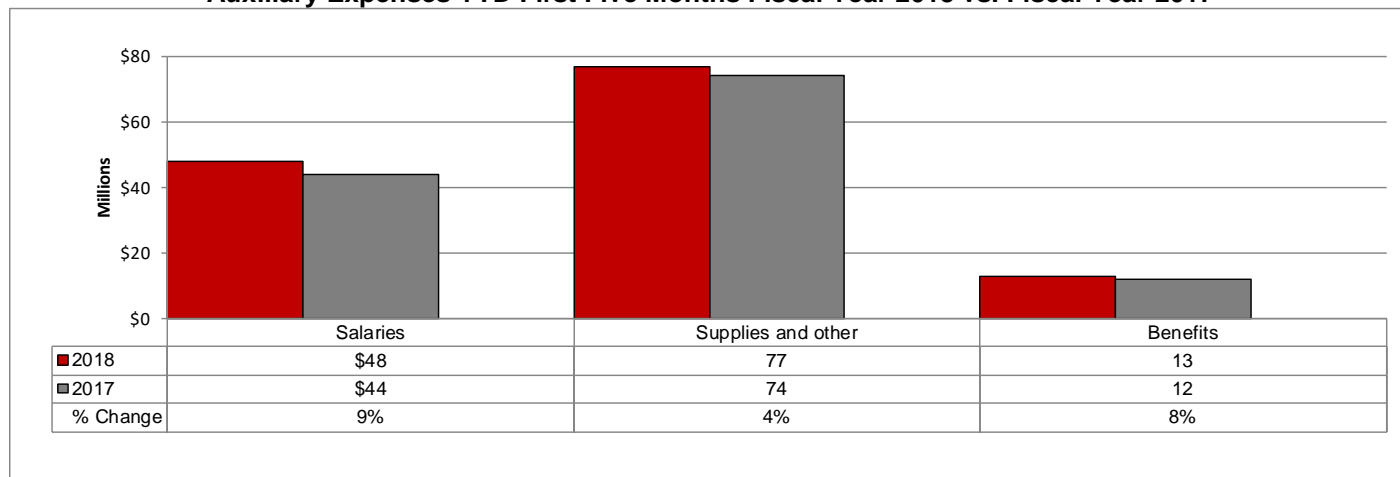


Salaries increased \$19 million, or 3.9%, in the first five months of fiscal year 2018 over the comparable period in fiscal year 2017 due primarily to increases in average university merit pool of 2% and Workday enterprise project related hires. Benefits increased \$4 million primarily driven by the salary guideline increase and new additional hires, which is offset partially by a decrease in the average composite rate for all benefits. Supplies and other expenses increased \$51 million primarily due to the comprehensive energy management fees and the Workday enterprise project. Student aid increased due to planned increases in financial aid and the allocation of student aid based on academic days. Depreciation increased due to North Residential District's full year of depreciation in fiscal year 2018 compared to lower depreciation in fiscal year 2017 under the half-year convention method in the first year of service.

### Auxiliary

Auxiliary expenses for the first five months of fiscal year 2018 of \$138 million were up \$8 million, or 5.5%, compared to the first five months of fiscal year 2017 due primarily to Athletics salaries and cost of sales and Student Life dining hall local and sustainable food initiatives. Major categories of auxiliary expenses were as follows:

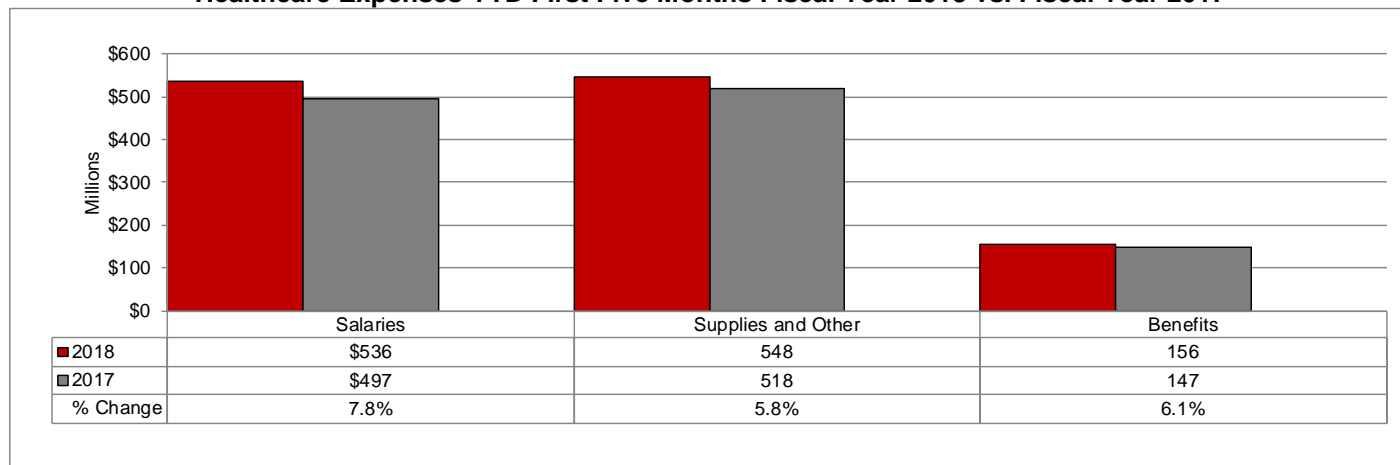
### Auxiliary Expenses YTD First Five Months Fiscal Year 2018 vs. Fiscal Year 2017



### Healthcare

Healthcare expenses for the first five months of fiscal year 2018 of \$1,240 million were up \$78 million, or 6.7% compared to the first five months of fiscal year 2017. Major categories of healthcare expenses were as follows:

### Healthcare Expenses YTD First Five Months Fiscal Year 2018 vs. Fiscal Year 2017

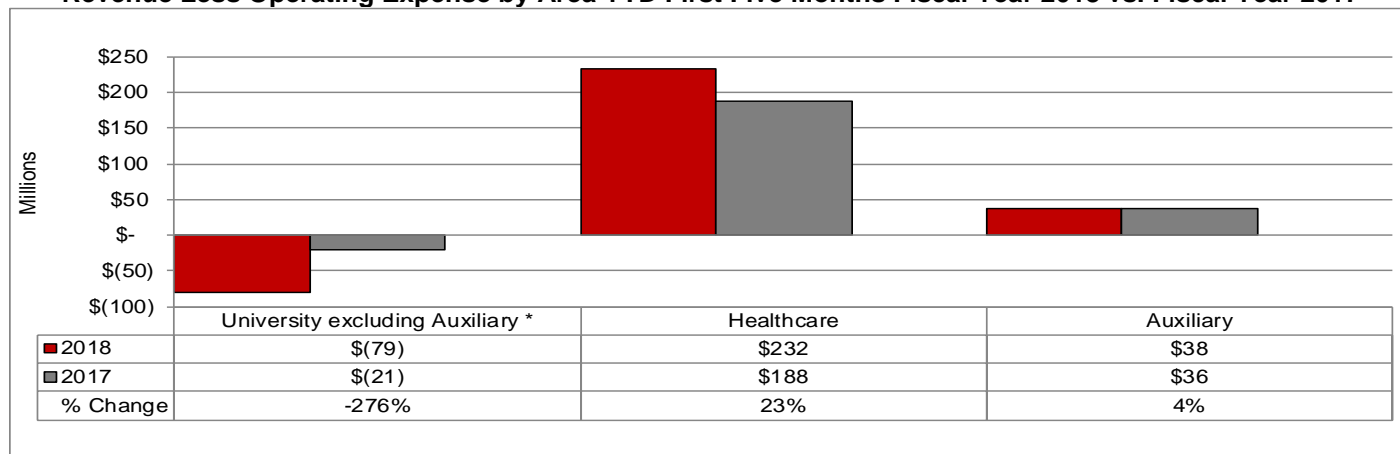


Salaries increased \$39 million in the first five months of fiscal year 2018, or 7.8% over the comparable period in fiscal year 2017 due primarily to increases in staffing levels to support increased patient volumes. Supplies and other expenses increased \$30 million, or 5.8%, primarily due to increases in operating costs from increases in patient volumes. Benefits increased \$9 million or 6.1% due to salary increases.

### D. Revenues Less Expenses (Margins)

Consolidated revenues, excluding investment income and interest expense, less expenses for The Ohio State University decreased \$12 million, from \$203 million to \$191 million, for the first five months of fiscal year 2018 compared to the first five months of fiscal year 2017. University (excluding auxiliary) margins decreased \$58 million due primarily to increases in supplies and services for budgeted strategic initiatives, Healthcare margins increased \$44 million, and auxiliary margins increased \$2 million for the first five months of fiscal year 2018 compared to last year.

**Revenue Less Operating Expense by Area YTD First Five Months Fiscal Year 2018 vs. Fiscal Year 2017**



\* These figures exclude endowment distributions. Adjusted margins, including year-to-date distributions, were \$3 million in 2018 and \$47 million in 2017.

**E. Investments**

For five months ended November 30, 2017, the fair value of the university's Long-Term Investment Pool (LTIP) increased \$954.8 million to \$5.21 billion. Changes in total valuation are summarized below:

	2018	2017
Fair Value at June 30	\$ 4,253,459	\$ 3,616,562
Net principal additions	819,129	225,213
Change in fair value	217,231	115,321
Income earned	34,662	31,814
Distributions	(81,890)	(67,750)
Expenses	(34,316)	(31,411)
Fair Value at November 30	<u>\$ 5,208,275</u>	<u>\$ 3,889,749</u>

Net principal additions include new endowment gifts (\$14.7 million), reinvestment of unused endowment distributions (\$0.6 million), and other net transfers of University monies (\$803.8 million). Change in fair 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, 2017. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$26.6 million), University Development related expenses (\$7.3 million) and other administrative related expenses (\$0.4 million).

**LTIP Investment Returns**

For five months ended November 30, 2017 (FYTD), the LTIP earned a net of investment fee return of 4.76% versus a Policy Benchmark of 6.25%, resulting in underperformance of 1.49%. During that period, our Global Equities returned 7.58%, followed by Global Fixed Income at 0.90%, and Real Assets at 0.32%.

The comparable five month period ended November 30, 2016 saw a net of investment fee return of 4.48% versus a 2.15% Policy Benchmark for over performance of 2.33%. During that period, our Global Equities returned 6.03%, followed by Real Assets at 4.88%, and Global Fixed Income at 1.33%.

**Temporary Investments**

For the five months ended November 30, 2017 (FYTD) the Intermediate Investments earned a return of 0.44% (+4.0 million) outperforming the BofA ML 1-3 Yr US Gov't/Credit benchmark (+0.12%) by 0.32%. Short-Term Investments earned 0.75% (+\$4.3 million) outperforming the 90 Day T-Bill benchmark (+0.44%) by 0.31%.

The comparable five-month period ended November 30, 2016, saw Intermediate Investments earn a return of -0.17% (-\$1.7 million). Short-Term Investments returned 0.69% (+\$3.5 million) for this same period.

## F. Cash Flows

Cash provided by operating activities was \$1.03 billion through the first five months of fiscal year 2018, compared with net cash used by operating activities of \$49 million for the same period in fiscal year 2017. The increase in cash is due primarily to the upfront proceeds from the energy concession agreement.

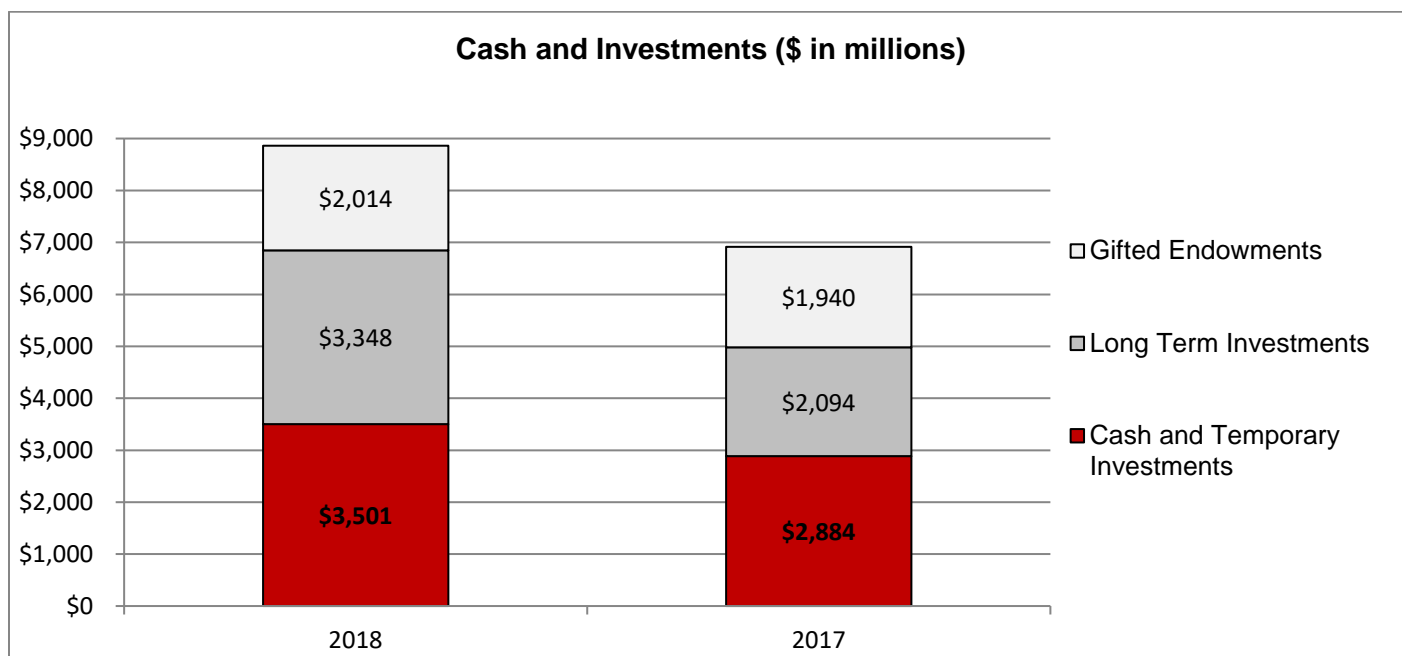
Cash provided by noncapital financing activities was \$264 million through the first five months of fiscal year 2018, compared with \$328 million for the same period in fiscal year 2017. The decrease is primarily due to decreases in current use gifts and timing of state subsidy receipts.

Net cash flows used by capital financing activities were \$143 million for the five months ended November 30, 2017, primarily for payments on the construction of capital assets of \$181 million. Capital expenditures consist of \$101 million for University academic, infrastructure, and auxiliary projects, \$55 million for Health System projects and equipment expenditures, and University equipment purchases of \$25 million.

Net cash used by investing activities was \$662 million for the first five months of fiscal year 2018, compared to net cash used by investing activities of \$197 million for the comparable period in fiscal year 2017. The net cash outflow relates primarily to purchases of long-term investments with proceeds from the energy agreement.

## G. Cash and Investments

Total university cash and investments at November 30, 2017 increased by \$1,945 million, to \$8.9 billion compared to November 30, 2016. Cash and short-term investments increased \$617 million primarily from cash receipt from the energy concession agreement. Gifted endowment and other long-term investments increased \$1,328 million primarily due to the transfer of the proceeds from the energy concession agreement and increases in fair value, offset by distributions.



### III. Financial Highlights - For the Five Months Ending November 30, 2017

#### A. State Support Outlook

The Office of Budget and Management (OBM) reports November General Revenue Fund (GRF) revenue receipts were \$78.1 million or 3.1% below estimate. On a year-to-date basis, total GRF revenue variance was \$76.3 million or .6% below estimates. Current month and year-to-date shortfalls are due primarily to a decrease in federal grants related to Medicaid funding due to a shift from GRF to a dedicated purpose fund.

The Ohio unemployment rate decreased by 0.2 percentage points to 5.1% in October. The rate is up 0.4 points from the cyclical low of 4.7% reached in October 2015, and has fluctuated in the 4.7% to 5.4% range for the past three years.

November disbursements for the Higher Education category were \$210.4 million and were \$6.8 million (3.3%) above estimate. This variance was primarily attributable to spending in the Ohio College Opportunity Grant Scholarship Program, which was above estimate by \$9.7 million due to higher than expected requests for reimbursement from higher education institutions. Additionally, disbursements for several other programs were above estimate by a total of \$9.5 million due to the timing of Memorandum of Understanding (MOUs), which were completed in November instead of previous months as expected, allowing disbursements planned for earlier months to occur in November. Year-to-date disbursements were \$930.5 million, which was \$41.0 million (4.2%) below estimate primarily due to the delay of MOUs as described above and in previous reports. On a year-over-year basis, disbursements in this category were \$13.4 million or 6.8% higher than for the same month in the previous fiscal year while year-to-date expenditures were \$29.9 million or 3.1% lower than at the same period in fiscal year 2017.

Total fiscal year 2018 state share of instruction (SSI) amounts from the state was recently finalized and remained the same at \$1.523 million for fiscal year 2018. OSU took a slight dip from prior year dropping \$693,000 in total or 0.18% based on finalized enrollment trends submitted by the 14 universities receiving SSI.

#### B. OSU Wexner Medical Center

For the first five months of the fiscal year ending June 30, 2018, the Wexner Health System's Excess of Revenue over Expense was 8.6% above budget and 44.1% above the prior year.

- Inpatient admissions were 5.0% above prior year and the total number of patients treated in inpatient beds was above prior year by 3.3%.
- Total outpatient visits were 0.3% below budget and 3.2% above prior year.
- Adjusted admissions were 1.0% above budget and 3.9% above prior year.
- Operating revenue per adjusted admission was 0.8% above budget and 5.6% above prior year.
- Operating expense per adjusted admission was 0.4% above budget and 4.0% above prior year.
- Total operating revenue of \$1,224.5 million was 1.9% above budget and 9.7% above prior year.
- Total operating expense of \$1,066.6 million was 1.4% above budget and 8.1% above prior year.
- Operating EBIDA margin was 1.4% above budget, days cash on hand totaled 134.5 days and debt service coverage was 3.8% above budget.

#### C. Enrollment

##### Columbus Campus

Enrollment is 1% above budget at the Columbus campus and is up 5% compared to fiscal year 2017. The following tables are based on the combined student headcounts for summer and autumn semesters.

SUMMER & AUTUMN	Fiscal Year 2018 Actual Vs. Budget Headcounts				Fiscal Years 2017 & 2018 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Undergraduate	57,523	57,182	341	0.6%	57,523	55,309	2,214	4.0%
Graduate	17,218	16,955	263	1.6%	17,218	15,778	1,440	9.1%
Professional	4,425	4,641	(216)	-4.7%	4,425	4,382	43	1.0%
Grand Total	79,166	78,778	388	0.5%	79,166	75,469	3,697	4.9%

*\*Headcounts include only those that generate fee revenue.*

As shown below, resident enrollments increased 3% between fiscal year 2017 and fiscal year 2018 and are up 1% above budget. Non-resident enrollment is 9% above fiscal year 2017 and is down 1% to budget. For the academic year-to-date, total enrollment has increased 5% between fiscal year 2017 and fiscal year 2018 and is 1% above budget.

SUMMER & AUTUMN	Fiscal Year 2018 Actual Vs. Budget Headcounts				Fiscal Years 2017 & 2018 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Resident	56,836	56,264	572	1.0%	56,836	54,941	1,895	3.4%
Non-Resident	22,330	22,514	(184)	-0.8%	22,330	20,528	1,802	8.8%
Grand Total	79,166	78,778	388	0.5%	79,166	75,469	3,697	4.9%

*\*Headcounts include only those that generate fee revenue.*

The increase in actual enrollment between fiscal year 2018 compared to fiscal year 2017 is due primarily to significant increases in summer enrollment, as shown below:

SUMMER	Fiscal Year 2018 Actual Vs. Budget Headcounts				Fiscal Years 2017 & 2018 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Resident	13,345	13,376	(31)	-0.2%	13,345	11,603	1,742	15.0%
Non-Resident	5,984	5,958	26	0.4%	5,984	4,384	1,600	36.5%
Grand Total	19,329	19,334	(5)	0.0%	19,329	15,987	3,342	20.9%

*\*Headcounts include only those that generate fee revenue.*

AUTUMN	Fiscal Year 2018 Actual Vs. Budget Headcounts				Fiscal Years 2017 & 2018 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Resident	43,491	42,888	603	1.4%	43,491	43,338	153	0.4%
Non-Resident	16,346	16,556	(210)	-1.3%	16,346	16,144	202	1.3%
Grand Total	59,837	59,444	393	0.7%	59,837	59,482	355	0.6%

*\*Headcounts include only those that generate fee revenue.*

## Regional Campuses

The following are the combined summer and autumn semester headcount enrollment figures. Overall, regional campus enrollment increased nearly 1% from fiscal year 2017 and was closely on target with budget. Enrollments increased for Marion and Newark campuses and decreased for Lima, Mansfield, and ATI between fiscal year 2017 and fiscal year 2018. While Newark increased nearly 6%, Mansfield decreased 8% over the same period.

Marion and Newark campuses were up from their projection for fiscal year 2018, ranging from nearly 2% to 5%, while Mansfield and ATI were 5% or more below budget. Lima was slightly below budget (-1%).

SUMMER & AUTUMN	Fiscal Year 2018 Actual Vs. Budget Headcounts				Fiscal Years 2017 & 2018 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Lima	1,293	1,310	(17)	-1.3%	1,293	1,324	(31)	-2.3%
Mansfield	1,387	1,471	(84)	-5.7%	1,387	1,507	(120)	-8.0%
Marion	1,381	1,360	21	1.5%	1,381	1,321	60	4.5%
Newark	3,046	2,907	139	4.8%	3,046	2,885	161	5.6%
ATI	840	881	(41)	-4.7%	840	855	(15)	-1.8%
Grand Total	7,947	7,929	18	0.2%	7,947	7,892	55	0.7%

*\*Headcounts include only those that generate fee revenue.*

## D. Research

For the first five months of the fiscal year ending June 30, 2018, direct cost project expenditures are up 8.9% and Facilities and Administration (F&A) recovery is up 6.2%, compared to this time last year. We should continue to see expenditures increase, but particularly for federal dollars, reflecting a 6.1% increase in federal awards in 2017. In addition, the university's F&A rate has increased to 55% in fiscal year 2018 and will increase again to 56% in fiscal year 2019 and beyond. However, if federal award dollars do eventually drop as per President Trump's budget proposals, the lower base to which the rate is applied may offset the financial benefit of the rate increase.

Awarded dollars, which can be considered a leading indicator of the state of the research enterprise, are down compared to last year, but the gap is narrowing as we get further into this fiscal year. While earlier this year awarded dollars were down by -7.5% overall, the gap in the first five months only -0.9%. Overall, federal awards are down -2.1%, but funding from our top sponsor, the National Institute of Health is up 7.9%, as is funding from the Department of Energy, United States Department of Agriculture, and National Aeronautics and Space Administration. Non-federal funding is up 4%, including increases from industry and the state of Ohio.

## 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.

<b>Athletics Department</b>					
For the period ending November 2017					
(In Thousands)					
	<b>FY18</b>	<b>FY17</b>	<b>\$ Change</b>	<b>%</b>	
Revenues	\$ 117,761	\$ 94,404	\$ 23,357	24.7%	
Expenses	\$ 94,217	\$ 78,075	\$ 16,142	20.7%	
Net Income	\$ 23,544	\$ 16,329	\$ 7,215	44.2%	

Revenues are \$23.4 million higher than prior year primarily due to increases in football ticket sales of \$8 million and television media rights of \$10 million. Expenses are \$16 million higher than prior year primarily due to increases in capital expenditures, personnel costs, cost of sales, and team travel.

<b>Housing &amp; Dining</b>					
For the period ending November 2017					
(In Thousands)					
	<b>FY18</b>	<b>FY17</b>	<b>\$ Change</b>	<b>%</b>	
Revenues	\$ 82,095	\$ 79,907	\$ 2,188	2.7%	
Expenses	\$ 72,053	\$ 66,948	\$ 5,105	7.6%	
Net Income	\$ 10,042	\$ 12,959	\$ (2,917)	-22.5%	

Housing and dining revenues are \$2.2 million higher compared to prior fiscal year. Dining revenue is above prior year by \$1.9 million driven primarily by a 3% increase in student meal plan rates of \$1.8 million while Housing was relatively flat. Housing and dining expenses are up \$5.1 million from the prior year. Dining expenses are \$4.1 million above prior year due primarily to increased personnel expense, cost of sales, debt service payments, purchased services, and supplies. Housing expenses are \$1 million above the prior year due to various operating expenses, such as personnel costs, purchased services, supplies, and utilities.



**Schottenstein Center**

For the period ending November 2017

(In Thousands)

	<b>FY18</b>	<b>FY17</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 10,041	\$ 15,526	\$ (5,484)	-35.3%
Expenses	\$ 8,814	\$ 13,441	\$ (4,627)	-34.4%
Net Income	\$ 1,227	\$ 2,085	\$ (858)	-41.1%

Revenues are \$5.5 million lower than prior year primarily due to the International Champions Cup (ICC) soccer game held at Ohio Stadium in July of 2016. Expenses are also down over the prior year following the trend of event related revenues. The majority of the \$4.6 million decrease in expenses is due to cost of sales related to the events and in particular the ICC soccer match in July of last year.

**Recreational Sports**

For the period ending November 2017

(In Thousands)

	<b>FY18</b>	<b>FY17</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 9,255	\$ 9,337	\$ (82)	-0.9%
Expenses	\$ 7,643	\$ 7,495	\$ 148	2.0%
Net Income	\$ 1,612	\$ 1,842	\$ (230)	-12.5%

Revenues are slightly lower than prior year primarily due to decreases in participation and sponsorship fees. Expenses are \$148,000 higher than the prior year primarily due to increases in personnel costs, utilities, repair and maintenance, purchased services, and equipment.

**Ohio Union**

For the period ending November 2017

(In Thousands)

	<b>FY18</b>	<b>FY17</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 6,325	\$ 6,405	\$ (80)	-1.2%
Expenses	\$ 5,892	\$ 5,924	\$ (32)	-0.5%
Net Income	\$ 433	\$ 481	\$ (48)	-10.0%

Revenues are slightly lower than prior year primarily due to lower event related income. Expenses are \$32,000 lower than prior year primarily due to lower repair and maintenance costs of \$102,000, partially offset by higher costs for supplies of \$33,000, utilities of \$25,000 and purchased services of \$13,000.

**Blackwell Inn**

For the period ending November 2017

(In Thousands)

	<b>FY18</b>	<b>FY17</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 5,726	\$ 5,860	\$ (134)	-2.3%
Expenses	\$ 5,300	\$ 5,295	\$ 5	0.1%
Net Income	\$ 426	\$ 565	\$ (139)	-24.6%

Revenues are \$134,000 lower than prior year mainly due to lost occupancy to the new Marriott on Olentangy River Road. Occupancy is down by 896 rooms or 4.0 points compared to prior year. The average rate of \$171.70 is better than last year by \$2.65; however the revenue per available room of \$124.32 is down by \$4.64 due to the shortfall in occupancy. The shortfall in rooms also contributes to the lower revenues in other areas. Expenses are relatively flat compared to prior year.

**Fawcett Center**

For the period ending November 2017

(In Thousands)

	<b>FY18</b>		<b>FY17</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 2,126	\$	2,012	\$ 113	5.6%
Expenses	\$ 1,618	\$	1,594	\$ 24	1.5%
Net Income	\$ 508	\$	418	\$ 90	21.4%

Fawcett Center revenues are up \$113,000 compared to prior year. Office space rentals are up \$36,000 due to all space being fully rented this year and the 3% annual increase. Conference revenues are \$77,000 better than last year. Conferences have been strong despite the entire east wing being under renovation during the first 3 months of the fiscal year. Expenses are \$24,000 higher compared to prior year due to increased payroll and benefits expenses, cost of sales, and overhead.

**Drake Union**




For the period ending November 2017

(In Thousands)

	<b>FY18</b>		<b>FY17</b>	<b>\$ Change</b>	<b>%</b>
Revenues	\$ 514	\$	492	\$ 22	4.5%
Expenses	\$ 298	\$	313	\$ (15)	-4.7%
Net Income	\$ 216	\$	179	\$ 37	20.7%




Revenues are up \$22,000 from the previous fiscal year. The increase is due to full occupancy of office space and the annual 3% rent increase. Expenses are \$15,000 below prior year due primarily to lower personnel cost.

University Financial Scorecard (\$ in thousands)	2018 YTD Actual	2018 YTD Budget	Actual vs. Budget
<b>A. Revenue Drivers (in thousands)</b>			
1. Tuition and Fees	496,252	495,968	↔
2. Grants and Contracts (exchange)	307,662	307,674	↔
3. Advancement Cash Receipts	36,988	36,966	↔
4. SSI	159,859	159,795	↔
5. State Line Item Appropriations	38,750	38,786	↔
6. Net Contribution from Auxiliary Enterprises	49,572	49,002	↑
<b>B. Financial Snapshot (in thousands)</b>			
1. Total Revenue excluding endowment performance	1,449,618	1,428,971	↑
2. Total Expenses	1,425,753	1,412,847	↔
3. Current Net Margin	105,755	98,835	↑
4. Change in Net Assets	328,412	315,933	↑
5. Change in Net Assets excluding endowment performance	149,303	141,975	↑
<b>C. Performance Metrics (Columbus Campus only)</b>			
1. Enrollment - summer and autumn	79,166	78,778	↔
2. Credit Hours - summer and autumn	937,852	926,877	↑

	Meets or exceeds goal	↑	Performance up
	Below goal	↔	No change in performance
	Far below goal	↓	Performance down

February 2018 Board Meeting  
FY 2018 | Through November 2018

Consolidated Financial Scorecard (\$ in thousands)	2018 YTD Actual	2018 YTD Budget	Actual vs. Budget
<b>A. Financial Snapshot (in thousands)</b>			
1. Total Revenue excluding endowment performance	2,850,427	2,826,415	↔
2. Total Expenses	2,747,672	2,728,984	↔
3. Change in Net Assets	433,981	426,618	↑
4. Change in Net Assets excluding endowment performance	154,128	148,382	↑
5. Change in Net Financial Assets	341,380	125,000	↑
<b>B. Institutional Financial Metrics</b>			
1. Liquidity - Primary Reserve Ratio	0.9	0.4	↑
2. Liquidity - Days Cash on Hand	197	120	↑
3. Actual Debt Service to Operations	2.90%	2.93%	↔
	<b>2017-18 Actual</b>	<b>2017-18 Benchmark</b>	<b>Actual vs. Benchmark</b>
4. Short Term Investment Pool Return	1.21%	0.79%	↔
5. Intermediate Investment Pool Return	1.72%	0.89%	↔
6. 1 Year Long Term Investment Pool Return	14.78%	16.43%	↓
7. 3 Year Long Term Investment Pool Average Return	5.54%	6.53%	↓
8. Credit Rating	AA	AA	↔

	Meets or exceeds goal	↑	Performance up
	Below goal	↔	No change in performance
	Far below goal	↓	Performance down

MEDICAL CENTER FINANCIAL PERFORMANCE	2017-18 Actual	2017-18 Budget	Current Status
<b>A. Revenue Drivers</b>			
1. Patient Admissions	26,825	26,645	↑
2. Patients in Inpatient Beds	31,774	32,040	↑
3. Patient Discharges	26,755	26,689	↑
4. Total Surgeries	18,553	18,462	↑
5. Outpatient Visits	750,311	752,288	↑
6. ED Visits	54,940	56,780	↑
<b>B. Activity Metrics</b>			
1. Adjusted Admissions	50,320	49,815	↑
2. Operating Revenue / Adjusted Admit	\$ 24,334	\$ 24,131	↑
3. Expense / Adjusted Admit	\$ 21,196	\$ 21,116	↓
<b>C. Financial Snapshot (in thousands)</b>			
1. Operating Revenues	\$ 1,224.5	\$ 1,202.1	↑
2. Total Expenses	\$ 1,066.6	\$ 1,051.9	↓
3. Gain from Operations	\$ 157.9	\$ 150.2	↑
4. Excess Revenue Over Expenses	\$ 100.0	\$ 92.1	↑
<b>D. Performance Metrics</b>			
1. Operating EBIDA Margin	19.5%	19.8%	↔
2. Days Cash on Hand	134.5	131.6	↑
3. Debt Service Coverage	6.90	6.70	↑

**LEGEND**

Meets or exceeds goal	↑ Performance up
Below goal	↔ No change in performance
Far below goal	↓ Performance down



THE OHIO STATE UNIVERSITY

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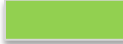






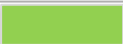












# Major Project Updates

Projects Over \$20M




February 2018



## PROJECT STATUS REPORT – PROJECTS OVER \$20M

PROJECT	APPROVALS		BUDGET	ON TIME	ON BUDGET
	Des	Con			
Pomerene and Oxley Halls Renovation	✓	✓	\$59.9M		
Schottenstein Expansion	✓	✓	\$31.5M		
Wexner Medical Center – 72-Bed Build Out	✓	✓	\$60.0M		
Schumaker Student-Athlete Development Center	✓	✓	\$43.0M		
Covelli Multi-Sport/Jennings Wrestling	✓	✓	\$49.7M		
700 Ackerman – Consolidated Call Center	✓	✓	\$21.8M		
OSU East – West Wing Expansion/Renovation	✓		\$26.0M		
Advanced Materials Corridor – Phase 1	✓		\$59.1M		
Cannon Drive Relocation – Phase 1	✓	✓	\$51.6M		
Controlled Environment Food Production Complex	✓		\$24.0M		
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	\$59.9M

### 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

Demolition and abatement work are complete and exterior/interior restoration is underway. Oxley Hall is substantially complete and occupants have moved in; Pomerene is expected to complete in March 2018

 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, from Herrick Drive to Woody Hayes Drive, will protect the campus 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; city of Columbus

### CURRENT PROJECT BUDGET

construction w/cont	\$44.1M
total project	\$51.6M

### PROJECT SCHEDULE

BoT approval	11/16
construction	8/17-12/19

### CONSULTANTS

architect of record  
general contractor

EMHT, Inc.  
Kokosing

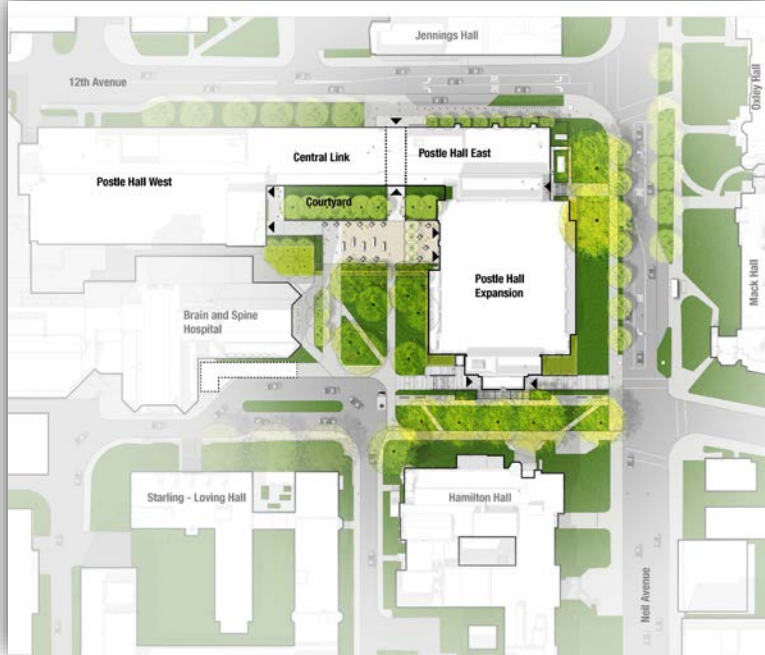
### PROJECT UPDATE

enabling projects are complete

Cannon Drive between 12<sup>th</sup> Avenue and Medical Center Drive has closed for construction

 On Time

 On Budget



## POSTLE PARTIAL REPLACEMENT

Replace the southern portion of the east wing and renovate/upgrade portions of the west wing

### PROJECT FUNDING

development; state appropriations; department funds; university debt

### CURRENT PROJECT BUDGET

construction w/cont	\$85.4M
total project	\$95.0M

### PROJECT SCHEDULE

BoT approval	9/16
construction	4/18-7/20

### CONSULTANTS

architect of record  
design architect  
construction manager at risk

Design Group  
Robert A. M. Stern Architects  
Gilbane

### PROJECT UPDATE

project design will complete in February

swing space construction is complete and enabling work is ongoing

 On Time

 On Budget

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

**APPROVAL TO ENTER INTO PROFESSIONAL SERVICES CONTRACTS**

Newton Hall – Renovation and Addition  
Wexner Medical Center Inpatient Hospital

**APPROVAL TO ENTER INTO CONSTRUCTION CONTRACTS**

Advanced Materials Corridor – Phase 1

Synopsis: Authorization to enter into 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. Requested	Approval	Total Project Cost	
Newton – Renovation and Addition	\$1.3M		TBD	University Funds
Wexner Medical Center Inpatient Hospital	\$70.8M		TBD	Auxiliary Funds

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

	Construction Requested	Approval	Total Project Cost	
Advanced Materials Corridor – Phase 1	\$5.7M		\$59.1M	University Debt Development Funds University Funds State Funds

WHEREAS the Board of Trustees approved advertising, interviewing, selecting and negotiating contract terms for professional services for the Wexner Medical Center Hospital in November 2017; and

WHEREAS Board of Trustee approval is required prior to finalizing contracts for professional services; and

WHEREAS the Capital Investment Plan (CIP) outlines capital projects recommended for funding and was approved by the Board of Trustees on August 25, 2017; and

WHEREAS the cost of professional services for the Wexner Medical Center Inpatient Hospital was 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 professional services for the Wexner Medical Center Inpatient Hospital; and

BE IT FURTHER 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

## Advanced Materials Corridor – Phase 1

OSU-160973 (CNI# 13000325, 17000092)

Project Location: old Koffolt Lab, Fontana Lab

- **approval requested and amount**

construction w/contingency \$5.7M

- **project budget**

construction w/contingency \$53.2M

professional services \$5.9M

total project budget \$59.1M

- **project funding**

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

- **project schedule**

BoT professional services approval 09/16

BoT construction approval 02/18

design/bidding 01/17 - 05/18

construction 05/18 - 12/19

- **project delivery method**

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

- **planning framework**

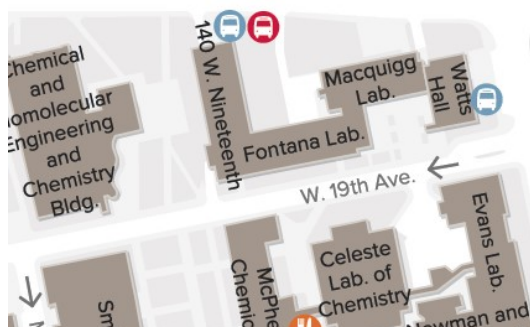
- this project is included in the FY 2018 Capital Improvement Plan for phase 1 construction
- scope and budget is based on feasibility studies completed in 2013 and 2014

- **project scope**

- the project will include renovation of both old Koffolt and Fontana Labs
- the program will include research labs, offices and classrooms
- the project will also include site utilities

- **approval requested**

- approval is requested to enter into construction contracts for phase 1 (enabling work, demolition and site utility work)



- **project team**

University project manager: Nate Thomas  
AE/design architect: Moody Nolan Ltd  
CM at Risk: Ruscilli Construction

# Project Data Sheet for Board of Trustees Approval

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## Newton Hall – Renovation and Addition

OSU-180429 (CNI#: 16000002)

*Project Location: Newton Hall*

- **approval requested and amount**  
professional services \$1.3M
- **project budget**  
professional services \$1.3M
- **project funding**
  - ☐ university debt
  - ☐ development funds
  - ☒ university funds
  - ☐ auxiliary funds
  - ☐ state funds
- **project schedule**  
BoT approval 02/18  
design 05/18 – 11/18
- **project delivery method**
  - ☐ general contracting
  - ☐ design/build
  - ☒ construction manager at risk
- **planning framework**
  - this project is included in the FY 18 capital improvement plan for design
  - programming was completed in the fall of 2017; the total project cost will be validated through design
- **project scope**
  - construct an addition of approximately 22,500 SF to the south that will include flexible classrooms, informal learning spaces and offices
  - renovate existing space including the incorporation of the Institute for Optimal Health and Wellness, creating higher density open office areas and expanded research space
  - upgrade MEP systems
  - enable the relocation of College of Nursing groups back to Newton from off-campus lease space
- **approval requested**
  - approval is requested to enter into professional services contracts



- 
- **project team**  
University project manager: Mitch Dollery  
AE:

# Project Data Sheet for Board of Trustees Approval

## Wexner Medical Center Inpatient Hospital

OSU-180391 (CNI# 17000099)

Project Location: 12<sup>th</sup> Avenue & Cannon Drive

- **approval requested and amount**  
professional services \$70.8M
- **project funding**
  - ☐ university debt
  - ☐ development funds
  - ☐ university funds
  - ☒ auxiliary funds (health system)
  - ☐ state funds
- **project schedule**  
BoT professional services approval 2/18  
Design (thru design development) 3/18 – 10/19
- **project delivery method**
  - ☐ general contracting
  - ☐ design/build
  - ☒ construction manager at risk
- **planning framework**
  - project programming completed January 2018
  - the FY 2018 Capital Investment Plan will be amended to include professional services
- **project scope**
  - advance the next phase of design of a new inpatient hospital tower including complete design of two parking garages
  - up to 840 private-room beds, replacing and expanding on the 440 beds in Rhodes Hall and Doan Hall
  - state-of-the-art diagnostic, treatment and inpatient service areas (emergency department, imaging, operating rooms, critical care and medical/surgical beds)
  - leading-edge digital technologies to advance care and teaching
  - design to include elements to achieve LEED Silver rating and enhance patient care services
- **approval requested**
  - approval is requested to enter into professional services contracts



- **project team**  
University project manager: TBD  
AE/design architect: TBD  
CM at Risk: TBD

**APPROVAL FOR FISCAL YEAR 2018  
UTILITY SYSTEM CAPITAL IMPROVEMENT PROJECTS**

Dreese Laboratory Energy Conservation Measures  
Campus Lighting Upgrade – Interior  
McCracken Boiler Controls Upgrade  
Natural Gas System Upgrade  
Morehouse Chiller Electrical  
College Avenue Infrastructure – (Design only)

Synopsis: Authorization for Ohio State Energy Partners LLC to make capital improvements to the utility system pursuant to terms of the Long-Term Lease and Concession Agreement for The Ohio State University Utility System dated April 10, 2017, as amended, ("Agreement").

WHEREAS the concessionaire, Ohio State Energy Partners LLC, has requested approval of these utility system capital improvement projects for the fiscal year ending June 30, 2018; and

WHEREAS the concessionaire has provided the detailed descriptions of the proposed capital improvements, supporting technical data, and analysis, pursuant to Section 4.3(c) of the Agreement; and

WHEREAS the project will be delivered pursuant to the terms of the Agreement; and

WHEREAS the capital expenditures for the approved Utility System projects will be added to the variable fee component of the utility fee pursuant to the Agreement; and

WHEREAS the university has reviewed and considered the financial, technical, and operational aspects of these projects and the projects alignment with university plans, and sustainability goals; and

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

WHEREAS the Finance Committee has reviewed the projects for alignment with applicable financial plans.

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby authorizes Ohio State Energy Partners LLC to proceed with the capital improvements to the Utility System as outlined in the attached materials.



**APPROVAL FOR FISCAL YEAR 2018  
UTILITY SYSTEM CAPITAL IMPROVEMENT PROJECTS**

**BACKGROUND**

Pursuant to the terms of the long-term lease and concession agreement for the Ohio State University utility system dated April 10, 2017, as amended; Ohio State Energy Partners LLC (OSEP) will fund and implement capital improvements to the utility system. Capital investments made by OSEP will be tied to the variable fee component of the annual Utility Fee structure.

Proposed capital projects are evaluated by the university and OSEP for alignment with applicable strategic, financial and physical plans and to ensure continued reliability, safety and compliance of the utility system.

Approval of these projects will be pursuant to the details outlined below, any applicable university directives, as well as the applicable project requests and supporting documentation submitted pursuant to the Concession agreement.

Dreese Laboratory Energy Conservation Measures

Scope: The Dreese Laboratory project uses strategic facility improvements to reduce the energy consumption of the building by 37%. The project will reduce building HVAC loads while also meet more efficiently the heating and cooling demands without impacting occupant comfort. The project includes supplementing existing chillers and cooling towers with a new heat recovery chiller, pumps and hydronic system modifications, HVAC control upgrades, and insulation of steam valves and fittings to reducing standby radiant losses.

Estimated Cost: \$2.3M

Estimated Project Cash Flow	
FY 2018	\$ 0.53 M
FY 2019	\$1.26 M
FY 2020	\$ 0.52 M

Campus Lighting – Interior – Phase 1

Scope: This project will upgrade the existing lighting located within the interior spaces of approximately 50 campus buildings. Lighting audits were performed on each building to determine the appropriate upgrades for each. The project will upgrade the existing interior lighting equipment to LED technology. The LED equipment will significantly reduce the energy consumption of the lighting within each building while providing light levels that are the same or greater than the existing conditions. As Phase 1 is implemented and additional buildings are evaluated, OSEP anticipates proposing additional phases to this project in its Five-Year Plan.

Estimated Cost: \$3.4 M

Estimated Project Cash Flow	
FY 2018	\$ 2.3 M
FY 2019	\$ 1.1 M



### McCracken Boiler Controls Upgrade

Scope: The design phase of this project was approved in August 2017. That design work is complete and approval of the construction phase is now being requested. This project will upgrade electronic combustion controls, safety shutdown systems, and/or instrumentation components for McCracken Boilers 1, 3, 5, 6, and 7 which have reached or surpassed life expectancy. The existing boiler control system, Honeywell C200, is obsolete and will not be supported by the OEM beginning in 2020. OSEP received approval for the \$545,000 for the design phase of this project, however, actual design costs were only \$296,000. If approved, OSEP will apply the \$249,000 balance to the construction budget.

Estimated Cost: \$6.2 M [includes \$545,000 Approved for design August 2017]

Estimated Project Cash Flow	
FY 2018	\$ 3.09 M
FY 2019	\$ 2.88 M
FY 2020	\$ 0.26 M

### Natural Gas System Upgrade

Scope: Natural gas piping modifications to ensure regulatory compliance and to provide further reductions of risks associated with operating a natural gas distribution system. Recent internal reviews, as well as a recent audit by the Public Utilities Commission of Ohio, and third-party assessments made per the Federal Pipeline Safety Regulations identified needs to: upgrade specific building regulators; upgrade cathodic protections on some service lines; pressure test specific lines, and address an issue regarding underground pipe building entrance.

Estimated Cost: \$0.544 M

Estimated Project Cash Flow	
FY 2018	\$ 0.054 M
FY 2019	\$ 0.490 M

### Morehouse Chiller Electrical Work

Scope: A new chiller and associated equipment were previously approved in the Martha Morehouse Chiller and Electrical Distribution Project (OSU-160589). The approved project did not include the electrical distribution system upgrades necessary to accommodate the new equipment. Subsequent to that project approval, OSEP was asked to develop a proposal for the design and construction of the necessary electrical system. New duct bank and 15 KV cable will be installed for the new 13.2 KV transformer outside of Martha Morehouse. The project scope also includes new metering equipment, excavation, concrete work, and associated electrical equipment.

Estimated Cost: \$0.133 M

Estimated Project Cash Flow	
FY 2018	\$ 0.133 M

College Avenue Infrastructure – Design only

Scope: Design and engineering of the Utility Systems infrastructure along and in proximity to College Avenue in conjunction with university's Arts District design and development project including the new facilities of the School of Music, Department of Theatre, and the Arts Library The project will also address lifecycle renewal of steam and failed condensate return pipelines within the corridor.

Estimated Cost: \$ 1.8 M (Design only)

Estimated Project Cash Flow	
FY 2018	\$ 0.25 M
FY 2019	\$ 1.55 M

**ESTABLISHMENT OF THE ACCESS, AFFORDABILITY AND EXCELLENCE  
STUDENT SCHOLARSHIP ENDOWMENT FUND**

OFFICE OF BUSINESS AND FINANCE

Synopsis: Approval of the establishment of a quasi-endowment fund to provide funding for student scholarships, is proposed.

WHEREAS on April 7, 2017, the Board of Trustees approved the Long-Term Lease and Concession Agreement for The Ohio State University Utility System (the "Comprehensive Energy Management Transaction") which resulted in an upfront payment to the university of approximately \$1.015 billion to be used to further five strategic priorities of the university: (i) expand student access and affordability; (ii) enhance compensation for faculty and staff; (iii) improve classrooms, research labs, and performance and arts spaces; (iv) enhance energy sustainability efforts; and (v) further other strategic initiatives of the university;

WHEREAS in order to expand the university's access and affordability efforts, the president of the university as well as the office of business and finance have requested that the Board of Trustees establish the Access, Affordability and Excellence Student Scholarship Endowment Fund to be funded with \$280 million from the Comprehensive Energy Management Transaction;

WHEREAS the purpose of the Access, Affordability and Excellence Student Scholarship Endowment Fund will be to provide certain funding for student scholarships across the university, including undergraduate, graduate and professional students in order to provide inclusive access and excellent affordable education with a focus on (i) increasing enrollment of talented low and moderate income students, (ii) improving first-year retention and graduation rates, and (iii) improving affordability and reducing indebtedness; and

WHEREAS the annual distributions will be used at the discretion and approval of the president, provost, and senior vice president for business and finance and chief financial officer;

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees finds it in the best interests of the university and in furtherance of the university's strategic priority of expanding student access and affordability to establish the Access, Affordability and Excellence Student Scholarship Endowment Fund, a quasi-endowment fund intended to benefit the university in perpetuity;

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the establishment of the Access, Affordability and Excellence Student Scholarship Endowment Fund upon the terms of the endowment description prepared by the office of business and finance; and

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the transfer of \$280 million of funds received through the Comprehensive Energy Management Transaction to the Access, Affordability and Excellence Student Endowment Fund.

## **DRAFT**

### **Access, Affordability and Excellence Student Scholarship Endowment Fund**

It is proposed that the Access, Affordability and Excellence Student Scholarship Endowment Fund be established \_\_/\_\_/\_\_, by the Board of Trustees of The Ohio State University, with unrestricted funds from the Ohio State Energy Partners transaction.

The endowment's purpose is to provide funding for student scholarships across the institution, to include undergraduate, graduate and professional students to provide inclusive access and an excellent affordable education. Scholarships will be awarded from this fund that are aligned with the goals of the university strategic plan: to increase enrollment of talented low and moderate income students; improve first year retention and four-year graduation rates; and improve affordability and reduce indebtedness.

The annual distribution from this fund shall be used to provide support for student scholarships at the discretion of and approved by the president, provost and senior vice president for business and finance and chief financial officer.

In any given year that the endowment distribution is not fully used for its intended purpose, the unused portion shall either be held in the distribution account to be used in subsequent years for the purposes of the endowment, or reinvested in the endowment principal at the discretion of the provost and senior vice president for business and finance and chief financial officer in consultation with the Chair of the Finance Committee of the Board of Trustees.

The investment and management of and expenditures from all endowment funds shall be in accordance with University policies and procedures, as approved by the Board of Trustees and amended from time to time.

It is the desire of the University that the quasi-endowment established herein should benefit the University in perpetuity. The University reserves the right to modify the purposes of this fund, however, if such purposes become unlawful, impracticable, impossible to achieve, or wasteful, provided that such fund shall only be used for the University's charitable purposes. In seeking such modification, the University shall consult the provost and senior vice president for business and finance and chief financial officer. Modifications to endowed funds shall be approved by the University's Board of Trustees, in accordance with the policies of the University.

Amount Establishing Endowment: \$280,000,000

**ESTABLISHMENT OF THE FACULTY AND STAFF DEVELOPMENT  
ENDOWMENT FUND**

OFFICE OF BUSINESS AND FINANCE

Synopsis: Approval of the establishment of a quasi-endowment fund to provide funding for faculty and staff professional development, including compensation enhancements, is proposed.

WHEREAS on April 7, 2017, the Board of Trustees approved the Long-Term Lease and Concession Agreement for The Ohio State University Utility System (the "Comprehensive Energy Management Transaction") which resulted in an upfront payment to the university of approximately \$1.015 billion to be used to further five strategic priorities of the university: (i) expand student access and affordability; (ii) enhance compensation for faculty and staff; (iii) improve classrooms, research labs, and performance and arts spaces; (iv) enhance energy sustainability efforts; and (v) further other strategic initiatives of the university;

WHEREAS in order to provide funding for faculty and staff professional development, the president of the university as well as the office of business and finance have requested that the Board of Trustees establish the Faculty and Staff Development Endowment Fund to be funded with \$210 million from the Comprehensive Energy Management Transaction;

WHEREAS the purpose of the Faculty and Staff Development Endowment Fund is to provide support for faculty and staff programs and initiatives that further the development of university faculty and staff, including compensation enhancements;

WHEREAS the Faculty and Staff Development Endowment Fund is intended to support the university for a term of years; and

WHEREAS distributions from the Faculty and Staff Development Endowment Fund, which may include annual distributions as well as distributions of principal, may be made at the discretion and approval of the president, provost, and senior vice president for business and finance and chief financial officer, in consultation with the Chair of the Finance Committee of the Board of Trustees;

**NOW THEREFORE**

BE IT RESOLVED, That the Board of Trustees finds it in the best interests of the university and in furtherance of the university's efforts to enhance faculty and staff compensation to establish the Faculty and Staff Development Endowment Fund, a quasi-endowment fund intended to benefit the university for a term of years;

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the establishment of the Faculty and Staff Development Endowment Fund, upon the terms of the endowment description prepared by the office of business and finance; and

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the transfer of \$210 million of funds received through the Comprehensive Energy Management Transaction to the Faculty and Staff Development Endowment Fund.

## **DRAFT**

### **Faculty and Staff Development Endowment Fund**

It is proposed that the Faculty and Staff Development Endowment Fund be established \_\_/\_\_/\_\_, by the Board of Trustees of The Ohio State University, with unrestricted funds from the Ohio State Energy Partners transaction.

The endowment's purpose is to provide support for faculty and staff programs and initiatives that further the development of university faculty and staff, including compensation enhancements.

The annual distribution from this fund shall be used to provide support for faculty and staff programs and initiatives that further the development of University faculty and staff at the discretion of the president, provost and senior vice president for business and finance and chief financial officer.

The investment and management of and expenditures from all endowment funds shall be in accordance with University policies and procedures, as approved by the Board of Trustees and amended from time to time. The President, Provost and CFO have the ability to transfer principal to other funds at their discretion in consultation with the Chair of the Finance Committee of the Board of Trustees.

It is the desire of the University that the quasi-endowment established herein should benefit the University for a term of approximately thirty years, with the entirety of the fund being spent during that time. The University reserves the right to modify the purposes of this fund, however, if such purposes become unlawful, impracticable, impossible to achieve, or wasteful, provided that such fund shall only be used for the University's charitable purposes. In seeking such modification, the University shall consult the provost and senior vice president for business and finance and chief financial officer. Modifications to endowed funds shall be approved by the University's Board of Trustees, in accordance with the policies of the University.

Amount Establishing Endowment: \$210,000,000

**ESTABLISHMENT OF THE STRATEGIC INITIATIVES ENDOWMENT FUND**

OFFICE OF BUSINESS AND FINANCE

Synopsis: Approval of the establishment of a quasi-endowment fund to provide funding for key strategic initiatives of the university, is proposed.

WHEREAS on April 7, 2017, the Board of Trustees approved the Long-Term Lease and Concession Agreement for The Ohio State University Utility System (the "Comprehensive Energy Management Transaction") which resulted in an upfront payment to the university of approximately \$1.015 billion to be used to further five strategic priorities of the university: (i) expand student access and affordability; (ii) enhance compensation for faculty and staff; (iii) improve classrooms, research labs, and performance and arts spaces; (iv) enhance energy sustainability efforts; and (v) further other strategic initiatives of the university;

WHEREAS in order to further the university's strategic initiatives, the president of the university as well as the office of business and finance have requested that the Board of Trustees establish the Strategic Initiatives Endowment Fund to be funded with \$210 million from the Comprehensive Energy Management Transaction;

WHEREAS the purpose of the Strategic Initiatives Endowment Fund will be to provide certain funding for key strategic initiatives identified as part of the university's strategic plan and to enhance existing strategic initiatives and seed new strategic priorities for the university; and

WHEREAS distributions from the Strategic Initiatives Endowment Fund, which may include annual distributions as well as distributions of principal, may be made at the discretion and approval of the president, provost, and senior vice president for business and finance and chief financial officer;

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees finds it in the best interests of the university and in furtherance of the university's strategic initiatives to establish the Strategic Initiatives Endowment Fund, a quasi-endowment fund intended to benefit the university in perpetuity;

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the establishment of the Strategic Initiatives Endowment Fund upon the terms of the endowment description prepared by the office of business and finance; and

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the transfer of \$210 million of funds received through the Comprehensive Energy Management Transaction to the Strategic Initiatives Endowment Fund.

## **DRAFT**

### **Strategic Initiatives Endowment Fund**

It is proposed that the Strategic Initiatives Endowment Fund be established \_\_/\_\_/\_\_, by the Board of Trustees of The Ohio State University, with unrestricted funds from the Ohio State Energy Partners transaction.

The endowment's purpose is to provide funding for key strategic initiatives identified as part of the university's strategic plan. This fund will be utilized to enhance existing strategic initiatives and also seed new strategic priorities of the university.

The annual distribution from this fund shall be used to provide support for key university strategic priorities at the discretion of and approved by the president, the provost and senior vice president for business and finance and chief financial officer.

In any given year that the endowment distribution is not fully used for its intended purpose, the unused portion shall either be held in the distribution account to be used in subsequent years for the purposes of the endowment, or reinvested in the endowment principal at the discretion of the president, provost and senior vice president for business and finance and chief financial officer in consultation with the Chair of the Finance Committee of the Board of Trustees.

The investment and management of and expenditures from all endowment funds shall be in accordance with University policies and procedures, as approved by the Board of Trustees and amended from time to time. The President, Provost and CFO have the ability to transfer principal to other funds at their discretion.

It is the desire of the University that the quasi-endowment established herein should benefit the University in perpetuity. The University reserves the right to modify the purposes of this fund, however, if such purposes become unlawful, impracticable, impossible to achieve, or wasteful, provided that such fund shall only be used for the University's charitable purposes. In seeking such modification, the University shall consult the provost and senior vice president for business and finance and chief financial officer. Modifications to endowed funds shall be approved by the University's Board of Trustees, in accordance with the policies of the University.

Amount Establishing Endowment: \$210,000,000



**ESTABLISHMENT OF THE ENERGY STABILIZATION  
ENDOWMENT FUND**

OFFICE OF BUSINESS AND FINANCE

Synopsis: Approval of the establishment of a quasi-endowment fund to provide funding for a variety of expenses related to energy procurement, utilization and optimization for the university, is proposed.

WHEREAS on April 7, 2017, the Board of Trustees approved the Long-Term Lease and Concession Agreement for The Ohio State University Utility System (the "Comprehensive Energy Management Transaction") which resulted in an upfront payment to the university of approximately \$1.015 billion to be used to further five strategic priorities of the university: (i) expand student access and affordability; (ii) enhance compensation for faculty and staff; (iii) improve classrooms, research labs, and performance and arts spaces; (iv) enhance energy sustainability efforts; and (v) further other strategic initiatives of the university;

WHEREAS in order to enhance the university's energy sustainability efforts, the president of the university as well as the office of business and finance have requested that the Board of Trustees establish the Energy Stabilization Endowment Fund to be funded with \$43 million from the Comprehensive Energy Management Transaction as well as \$32 million of utility cash reserves; and

WHEREAS the purpose of the Energy Stabilization Endowment Fund will be to provide certain funding for a variety of issues related to energy procurement, utilization and optimization for the university, with the annual distributions to be used at the discretion and approval of the president, provost, and senior vice president for business and finance and chief financial officer, in consultation with the Chair of the Finance Committee of the Board of Trustees;

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees finds it in the best interests of the university and in furtherance of the university's energy sustainability efforts to establish the Energy Stabilization Endowment Fund, a quasi-endowment fund intended to benefit the university in perpetuity;

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the establishment of the Energy Stabilization Endowment Fund upon the terms of the endowment description prepared by the office of business and finance; and

BE IT FURTHER RESOLVED, That the Board of Trustees hereby approves the transfer of \$43 million of funds received through the Comprehensive Energy Management Transaction and \$32 million of utility cash reserve funds to the Energy Stabilization Endowment Fund.

## **DRAFT**

### **Energy Stabilization Endowment Fund**

It is proposed that the Energy Stabilization Endowment Fund be established \_\_/\_\_/\_\_, by the Board of Trustees of The Ohio State University, with unrestricted funds from the Ohio State Energy Partners transaction of \$43 million and university utility cash reserves of \$32 million.

The endowment's purpose is to provide funding for a variety of issues related to energy procurement, utilization and optimization for the university. Those uses may include, but not be limited to: offset upfront costs of certain energy conservation projects and large system capital projects; to compensate the concessionaire for certain contractual obligations during the 50-year term of the contract; to offset large fluctuations to energy commodity costs that may occur during the life of the contract due to market conditions; and any unforeseen end-of-contract issues that may arise over the 50-year term.

The annual distribution from this fund shall be used to provide support for energy-related procurement, utilization and optimization at the discretion of and approved by the president, provost and senior vice president for business and finance and chief financial officer in consultation with the Chair of the Finance Committee of the Board of Trustees.

In any given year that the endowment distribution is not fully used for its intended purpose, the unused portion shall either be held in the distribution account to be used in subsequent years for the purposes of the endowment, or reinvested in the endowment principal at the discretion of the provost and senior vice president for business and finance and chief financial officer.

The investment and management of and expenditures from all endowment funds shall be in accordance with University policies and procedures, as approved by the Board of Trustees and amended from time to time.

It is the desire of the University that the quasi-endowment established herein should benefit the University in perpetuity. The University reserves the right to modify the purposes of this fund, however, if such purposes become unlawful, impracticable, impossible to achieve, or wasteful, provided that such fund shall only be used for the University's charitable purposes. In seeking such modification, the University shall consult the provost and senior vice president for business and finance and chief financial officer. Modifications to endowed funds shall be approved by the University's Board of Trustees, in accordance with the policies of the University.

Amount Establishing Endowment: \$75,000,000