

**THURSDAY, APRIL 5, 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>FY18 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 Project Updates - Ms. Readey</i> | 12:30-12:35pm |
| 4. <i>CY17 Annual Waiver Report - Mr. Papadakis</i> | 12:35-12:45pm |
| 5. <i>Revisions to the Patents and Copyrights Policy - Mr. Papadakis, Mr. McNair</i> | 12:45-12:50pm |

ITEMS FOR ACTION

- | | |
|---|---------------|
| 6. Authorization to Enter into Professional Services/Construction Contracts
- Ms. Readey | 12:50-12:55pm |
| 7. Approval for FY19 Basketball Ticket Pricing - Mr. Papadakis, Mr. Smith | 12:55-1:00pm |
| 8. Approval of a Lease with Apple Inc. - Mr. Papadakis | 1:00-1:10pm |
| 9. Approval for FY18 Utility System Capital Improvement Projects - Ms. Readey | 1:10-1:15pm |
| 10. Authorization to Purchase Real Property - Mr. Myers | 1:15-1:20pm |
| <u>Executive Session</u> | 1:20-2:00pm |

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

TOPIC: Fiscal Year 2018 Interim Financial Report - January 31, 2018

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 seven months ended January 31, 2018
 - A. Interim Financial Statements
 - B. Revenues
 - C. Expenses
 - D. Revenues Less Expenses
 - E. Investments
 - F. Cash Flows
 - G. Cash and Investments
- III. Financial Highlights – For the seven months ended January 31, 2018
 - A. State Support Outlook
 - B. OSU Wexner Medical Center
 - C. Enrollment
 - D. Research
 - E. Auxiliary Operations

I. Summary

Consolidated revenues through the first seven months of fiscal year 2018, excluding investment income, were \$3,920 million, representing an increase of \$237 million, or 6.5% over the same period of fiscal year 2017. The revenue increase is primarily in Healthcare revenues, which were up \$182 million. Additional details on revenue trends are provided below:

- Healthcare revenues for the OSU Health System and OSU Physicians (OSUP) increased \$182 million, or 9.6%, to \$2,077 million. The Health System accounted for \$166 million of the increase. Total outpatient visits were 3.4% above prior year. Total inpatient visits were 4.6% above prior year and the total number of patients treated in inpatient beds was above prior year by 3.1%.
- University revenues through the first seven months of fiscal year 2018 increased by \$38 million to \$1,616 million compared to the same period in fiscal year 2017.
 - Net student tuition and fees increased \$11 million, to \$542 million or 2.1% 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 enrollment for the academic year 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 \$17 million, or 3.7%, to \$474 million, due primarily to increases in federal grants of \$7 million, state grants of \$4 million, private grants of \$3 million, and local grants of \$2 million.
 - State capital appropriations increased by \$23 million due primarily to increased spending on Pomerene Oxley Hall of \$10 million, repairs (HVAC, elevator, roof and fire system) of \$7 million, OH-TECH projects of \$3 million, and Postle of \$3 million.
 - Sales and services of educational departments increased \$14 million due primarily to revenue recognized on the Comprehensive Energy Management Project upfront payment.
 - Gifts decreased \$24 million, or 14.4%, to \$143 million over prior year due primarily to decreases in current use gifts of \$12 million, permanent endowment gifts of \$11 million, and capital gifts of \$1 million.
- Auxiliary revenues for the first seven months of fiscal year 2018 increased \$17 million, to \$227 million, primarily due to increases in Athletics revenues for Big Ten television media rights and football ticket sales.

Consolidated expenses for the seven months ended January 31, 2018 were \$3,718 million, up \$293 million, or 8.6%, over the same period of fiscal year 2017.

- Healthcare expenses of \$1,770 million increased \$156 million, or 9.7%, primarily due to increases in operating costs from increases in patient volumes.
- University expenses increased \$121 million to \$1,752 million for the first seven months of fiscal year 2018 compared to the same period of fiscal year 2017, primarily due to increases in salaries and benefits and expenses associated with the energy concession agreement.
- Auxiliary expenses increased \$16 million to \$196 million for the first seven months of fiscal year 2018, primarily due to expenses associated with Athletics and Student Life.

Overall, total revenues of \$3,920 million outpaced total expenses of \$3,718 million. The year-to-date change in consolidated net position (excluding net investment income and interest expense) decreased by \$56 million, from \$258 million in fiscal year 2017 to \$202 million in fiscal year 2018.

Total cash and restricted cash increased \$635 million for the first seven months of fiscal year 2018 due primarily to the cash retained from the \$1.09 billion energy concession proceeds and student tuition and fees for spring term. The LTIP increased \$1,059 million to \$5,313 million due primarily to the investment of \$867 million of the energy concession proceeds and market value increases of \$392 million, offset by distributions of \$116 million and expenses of \$49 million. For seven months ended January 31, 2018 (FYTD), the LTIP earned a net of investment fee return of 8.44% versus a Policy Benchmark of 10.81%, resulting in underperformance of 2.37%. During that period, our Global Equities returned 13.44%, followed by Real Assets at 1.57%, and Global Fixed Income at 1.01%.

II. Financial Statement Review - For the Seven Months Ended January 31, 2018

A. Interim Financial Statements (in thousands)

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED
January 31, 2018 and January 31, 2017

	As of January 2018	As of January 2017	Increase/Decrease	
			Dollars	%
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 1,514,861	\$ 763,129	\$ 751,732	98.5%
Temporary investments	1,619,740	1,588,685	31,055	2.0%
Accounts receivable, net	722,766	645,520	77,246	12.0%
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	18,269	17,926	343	1.9%
Inventories and prepaid expenses	277,987	245,235	32,752	13.4%
Investments held under securities lending program	10,636	5,121	5,515	107.7%
Total Current Assets	4,223,292	3,326,516	896,776	27.0%
Noncurrent Assets:				
Restricted cash	641,671	758,857	(117,186)	-15.4%
Notes receivable, net	50,666	45,429	5,237	11.5%
Pledges receivable, net	72,350	65,546	6,804	10.4%
Long-term investment pool	5,312,663	4,031,172	1,281,491	31.8%
Other long-term investments	157,396	147,895	9,501	6.4%
Capital assets, net	5,052,764	4,998,286	54,478	1.1%
Total Noncurrent Assets	11,287,510	10,047,185	1,240,325	12.3%
Total Assets	15,510,802	13,373,701	2,137,101	16.0%
Deferred Outflows:				
Pension	991,714	675,833	315,881	0.0%
Other deferred outflows	25,479	21,779	3,700	17.0%
Total Assets and Deferred Outflows	\$ 16,527,995	\$ 14,071,313	\$ 2,456,682	17.5%
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 586,983	\$ 536,694	\$ 50,289	9.4%
Deposits and advance payments for goods and services	704,125	679,482	24,643	3.6%
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	10,636	5,121	5,515	107.7%
Other current liabilities	91,389	81,720	9,669	11.8%
Total Current Liabilities	2,046,063	1,962,246	83,817	4.3%
Noncurrent Liabilities:				
Bonds, notes and leases payable	2,607,738	2,665,292	(57,554)	-2.2%
Net pension liability	3,565,744	2,794,992	770,752	27.6%
Compensated absences	167,219	162,378	4,841	3.0%
Self-insurance accruals	79,743	92,239	(12,496)	-13.5%
Amounts due to third-party payors - Health System	59,909	59,993	(84)	-0.1%
Obligations under annuity and life income agreements	31,322	29,957	1,365	4.6%
Refundable advances for Federal Perkins loans	31,714	32,110	(396)	-1.2%
Unearned revenue - energy agreement	1,055,464	-	1,055,464	100.0%
Other noncurrent liabilities	124,293	133,815	(9,522)	-7.1%
Total Noncurrent Liabilities	7,723,146	5,970,776	1,752,370	29.3%
Total Liabilities	9,769,209	7,933,022	1,836,187	23.1%
Deferred Inflows:				
Parking service concession arrangement	430,189	439,820	(9,631)	-2.2%
Pension	16,352	122,376	(106,024)	0.0%
Other deferred inflows	19,038	19,241	(203)	-1.1%
Total Deferred Inflows	465,579	581,437	(115,858)	-19.9%
Net Position:				
Net investment in capital assets	2,529,606	2,430,525	99,081	4.1%
Restricted:				
Nonexpendable	2,554,376	1,550,466	1,003,910	64.7%
Expendable	1,066,826	1,014,175	52,651	5.2%
Unrestricted	142,399	561,688	(419,289)	-74.6%
Total Net Position	6,293,207	5,556,854	736,353	13.3%
Total Liabilities, Deferred Inflows, and Net Position	\$ 16,527,995	\$ 14,071,313	\$ 2,456,682	17.5%

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

Comparative Year-To-Date

January 31, 2018 and January 31, 2017

	January	January	Increase/Decrease	
	2018	2017	Dollars	%
Operating Revenues:				
Student tuition and fees, net	\$ 541,558	\$ 530,170	\$ 11,388	2.1%
Federal grants and contracts	194,613	187,956	6,657	3.5%
State grants and contracts	47,729	43,606	4,123	9.5%
Local grants and contracts	12,181	10,571	1,610	15.2%
Private grants and contracts	161,419	158,328	3,091	2.0%
Sales and services of educational departments	107,989	94,314	13,675	14.5%
Sales and services of auxiliary enterprises	227,314	209,861	17,453	8.3%
Sales and services of the OSU Health System, net	1,780,250	1,614,603	165,647	10.3%
Sales and services of OSU Physicians, Inc., net	297,055	280,285	16,770	6.0%
Other operating revenues	18,549	18,923	(374)	-2.0%
Total Operating Revenues	3,388,657	3,148,617	240,040	7.6%
Operating Expenses:				
Educational and General:				
Instruction and departmental research	573,668	557,527	16,141	2.9%
Separately budgeted research	301,130	284,287	16,843	5.9%
Public service	102,537	100,475	2,062	2.1%
Academic support	126,030	116,579	9,451	8.1%
Student services	54,885	55,122	(237)	-0.4%
Institutional support	197,582	168,602	28,980	17.2%
Operation and maintenance of plant	95,879	68,642	27,237	39.7%
Scholarships and fellowships	77,439	72,555	4,884	6.7%
Auxiliary enterprises	196,314	179,818	16,496	9.2%
OSU Health System	1,490,530	1,358,124	132,406	9.7%
OSU Physicians, Inc.	279,569	255,617	23,952	9.4%
Depreciation	222,827	206,163	16,664	8.1%
Total Operating Expenses	3,718,390	3,423,511	294,879	8.6%
Operating Loss	(329,733)	(274,894)	(54,839)	19.9%
Non-operating Revenues (Expenses):				
State share of instruction and line-item appropriations	276,549	278,610	(2,061)	-0.7%
Federal subsidies for Build America Bonds interest	6,230	6,214	16	0.3%
Federal non-exchange grants	52,031	52,103	(72)	-0.1%
State non-exchange grants	6,158	4,771	1,387	29.1%
Gifts	111,323	123,720	(12,397)	-10.0%
Net investment income (loss)	480,236	279,136	201,100	72.0%
Interest expense on plant debt	(68,477)	(70,737)	2,260	-3.2%
Other non-operating revenues(expenses)	(319)	(1,144)	825	-72.1%
Net Non-operating Revenue (Expense)	863,731	672,673	191,058	28.4%
Income (Loss) before Other Revenues, Expenses, Gains or Losses	533,998	397,779	136,219	34.2%
Other Changes in Net Position				
State capital appropriations	47,929	24,964	22,965	92.0%
Private capital gifts	4,996	6,205	(1,209)	-19.5%
Additions to permanent endowments	27,007	37,514	(10,507)	-28.0%
Total Other Changes in Net Position	79,932	68,683	11,249	16.4%
Increase (Decrease) in Net Position	613,930	466,462	\$ 147,468	31.6%
Net Position - Beginning of Year	5,679,277	5,090,392		
Net Position - End of Period	\$ 6,293,207	\$ 5,556,854		

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS - UNAUDITED
Years Ended January 31, 2018 and January 31, 2017

	<u>January 2018</u>	<u>January 2017</u>	<u>Incr/(Decr) to Cash Dollars</u>	<u>%</u>
Cash Flows from Operating Activities:				
Tuition and fee receipts	\$ 676,375	\$ 662,436	\$ 13,939	2.1%
Grant and contract receipts	405,406	405,936	(530)	-0.1%
Receipts for sales and services	2,401,850	2,238,691	163,159	7.3%
Receipt from energy agreement	1,089,914	-	1,089,914	100.0%
Payments to or on behalf of employees	(1,598,634)	(1,493,519)	(105,115)	7.0%
University employee benefit payments	(441,537)	(413,890)	(27,647)	6.7%
Payments to vendors for supplies and services	(1,303,812)	(1,144,758)	(159,054)	13.9%
Payments to students and fellows	(72,834)	(68,122)	(4,712)	6.9%
Student loans issued	(8,271)	(8,071)	(200)	2.5%
Student loans collected	3,398	4,641	(1,243)	-26.8%
Student loan interest and fees collected	999	1,449	(450)	-31.1%
Other receipts (payments)	14,036	12,380	1,656	13.4%
Net cash provided (used) by operating activities	<u>1,166,890</u>	<u>197,173</u>	<u>969,717</u>	<u>491.8%</u>
Cash Flows from Noncapital Financing Activities:				
State share of instruction and line-item appropriations	276,549	278,610	(2,061)	-0.7%
Non-exchange grant receipts	58,189	56,874	1,315	2.3%
Gift receipts for current use	111,323	123,720	(12,397)	-10.0%
Additions to permanent endowments	27,007	37,514	(10,507)	-28.0%
Drawdowns of federal direct loan proceeds	310,700	313,500	(2,800)	-0.9%
Disbursements of federal direct loans to students	(310,884)	(314,351)	3,467	-1.1%
Disbursement of loan proceeds to related organization	(7,772)	-	(7,772)	100.0%
Repayment of loans from related organization	346	381	(35)	-9.2%
Amounts received for annuity and life income funds	2,741	1,633	1,108	67.9%
Amounts paid to annuitants and life beneficiaries	(1,892)	(952)	(940)	98.7%
Agency funds receipts	5,683	4,686	997	21.3%
Agency funds disbursements	(4,894)	(4,646)	(248)	5.3%
Net cash provided (used) by noncapital financing activities	<u>467,096</u>	<u>496,969</u>	<u>(29,873)</u>	<u>-6.0%</u>
Cash Flows from Capital Financing Activities:				
Proceeds from capital debt and leases	90,888	4,230	86,658	2048.7%
State capital appropriations	46,672	22,698	23,974	105.6%
Gift receipts for capital projects	4,996	6,205	(1,209)	-19.5%
Payments for purchase or construction of capital assets	(253,556)	(218,268)	(35,288)	16.2%
Principal payments on capital debt and leases	(132,378)	(64,847)	(67,531)	104.1%
Interest payments on capital debt and leases	(61,819)	(63,172)	1,353	-2.1%
Federal subsidies for Build America Bonds interest	5,287	5,259	28	0.5%
Net cash provided (used) by capital financing activities	<u>(299,910)</u>	<u>(307,895)</u>	<u>7,985</u>	<u>-2.6%</u>
Cash Flows from Investing Activities:				
Net (purchases) sales of temporary investments	35,157	(72,781)	107,938	-148.3%
Proceeds from sales and maturities of long-term investments	1,568,024	1,141,737	426,287	37.3%
Investment income	90,321	67,728	22,593	33.4%
Purchases of long-term investments	(2,247,731)	(1,353,728)	(894,003)	66.0%
Net cash provided (used) by investing activities	<u>(554,229)</u>	<u>(217,044)</u>	<u>(337,185)</u>	<u>155.4%</u>
Net Increase (Decrease) in Cash	<u>779,847</u>	<u>169,203</u>	<u>\$ 610,644</u>	<u>360.9%</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>\$ 2,156,532</u>	<u>\$ 1,521,986</u>		

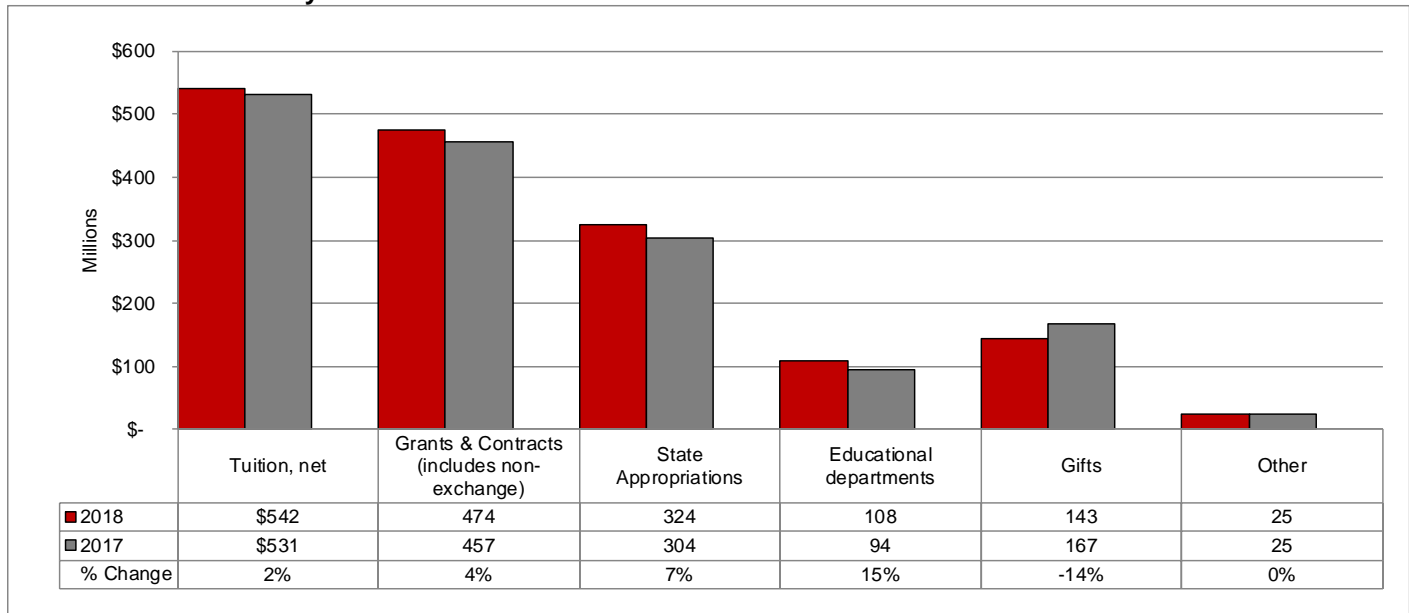
B. Revenue

Consolidated revenues through the first seven months of fiscal year 2018, excluding investment income, were \$3,921 million, representing an increase of \$238 million, or 6.5% 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 seven months of fiscal year 2018 were \$1,616 million, up \$38 million compared to the first seven months of fiscal year 2017. Major components of university revenues were as follows:

University Revenue YTD First Seven Months Fiscal Year 2018 vs. Fiscal Year 2017



Net student tuition and fees increased \$11 million, to \$542 million or 2.1% 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. Increases in gross tuition were partially offset by a \$5 million increase in scholarship allowances. Total enrollment for the current academic year is up by 2.9% from the prior academic year. Non-resident enrollment is up by 6.1% for the same period.

Grant and contract revenues increased \$17 million, or 3.7%, to \$474 million, due primarily to increases in federal grants of \$7 million, state grants of \$4 million, private grants of \$3 million, and local grants of \$2 million.

State appropriations increased \$20 million due primarily to increased spending on Pomerene Oxley Hall of \$10 million, repairs (HVAC, elevator, roof and fire system) of \$7 million, OH-TECH projects of \$3 million, and Postle of \$3 million.

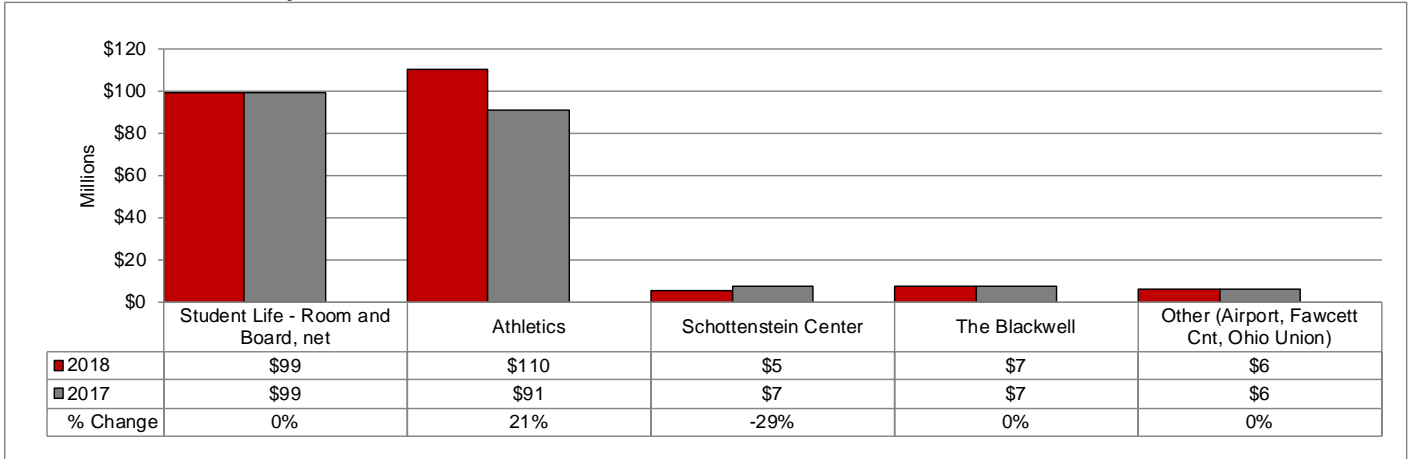
Sales and services of educational departments increased \$14 million due primarily to revenue recognized on the energy concession upfront payment.

Gifts decreased \$24 million, to \$143 million, a 14.4% over the prior seven months ended January 31, 2017, due primarily to decreases in current use gifts of \$12 million, permanent endowment gifts of \$11 million, and capital gifts of \$1 million due to the end of the But For Ohio State fundraising campaign in fiscal year 2017.

Auxiliary

Auxiliary revenues for the first seven months of fiscal year 2018 increased \$17 million, to \$227 million, compared to the first seven months of fiscal year 2017. Major components of auxiliary revenues were as follows:

Auxiliary Revenues YTD First Seven Months Fiscal Year 2018 vs. Fiscal Year 2017

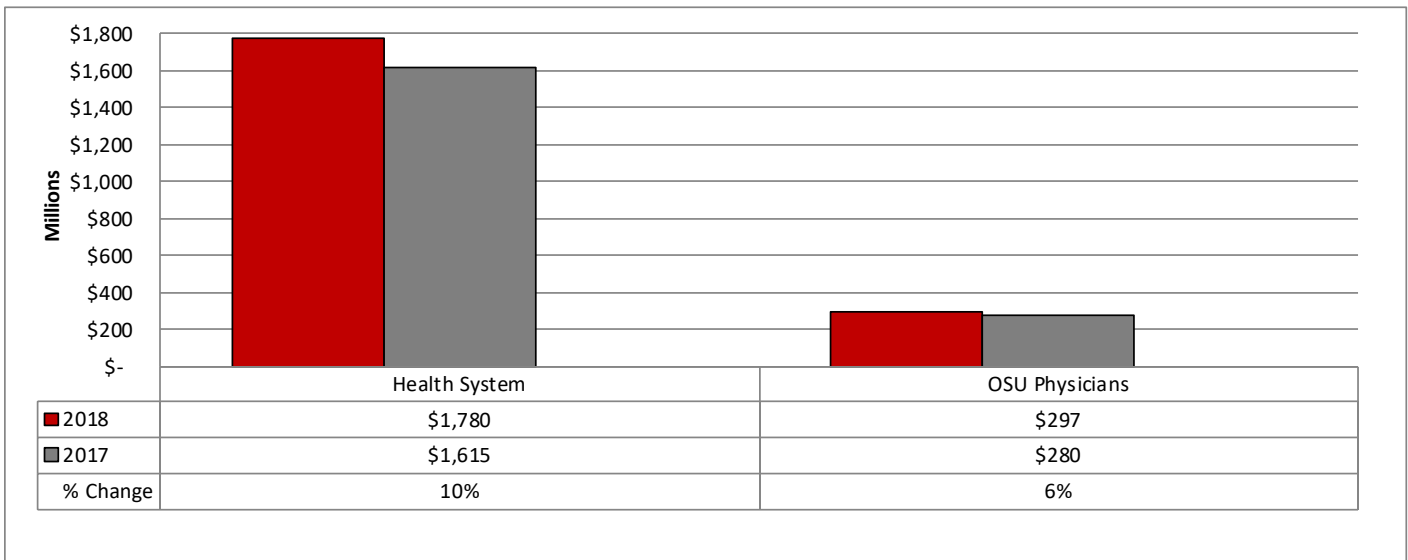


Athletics revenues increased \$19 million primarily due to increases in Big Ten television media rights and football ticket sales.

Healthcare

Total healthcare revenue for the first seven months of fiscal year 2018 increased \$182 million, or 9.6%, to \$2,077 million, compared to the first seven months of fiscal year 2017.

Healthcare Revenues YTD First Seven Months Fiscal Year 2018 vs. Fiscal Year 2017



Consolidated OSU Health System revenues of \$1,780 million increased \$165 million, or 10.3%, in the first seven months of fiscal year 2018 over the same period in 2017. Total outpatient visits were 3.4% above prior year and 1.5% above budget. The total number of patients treated in inpatient beds was above prior year by 3.1%. OSU Physicians revenue increased \$17 million, or 6.0%, for the first seven months of fiscal year 2018.

C. Expenses

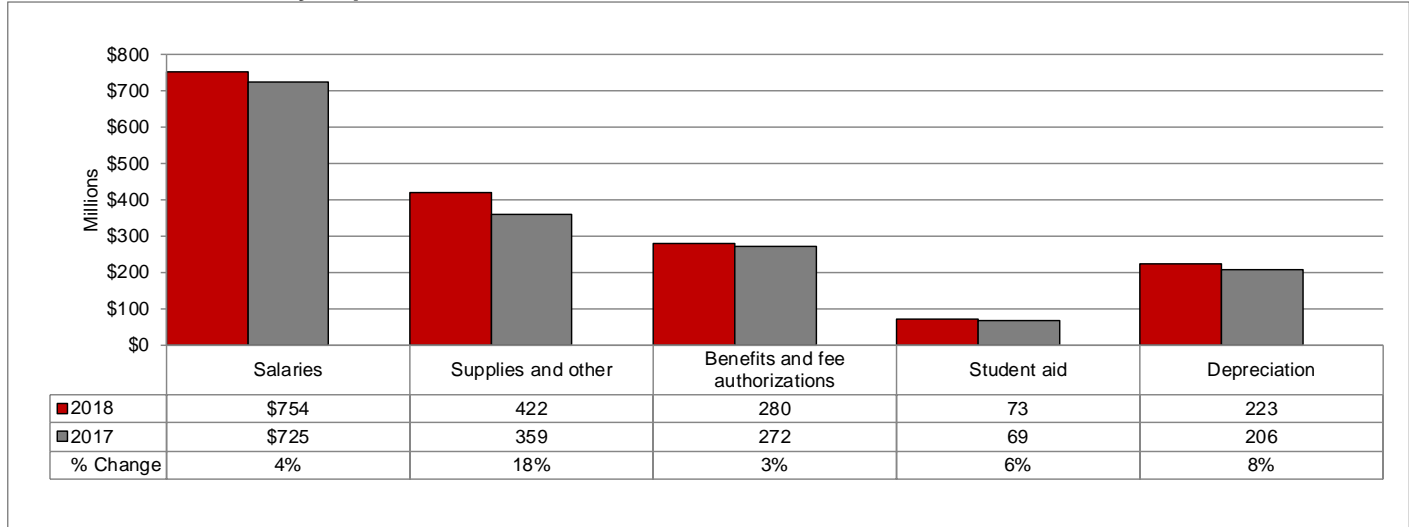
Consolidated expenses of \$3,719 million for the first seven months of fiscal year 2018 increased \$294 million, or 8.6%, compared to the first seven months of fiscal year 2017 of \$3,425 million. The mix of expenses remained constant between years, with salaries and benefits comprising 55% and supplies 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 seven months of fiscal year 2018 of \$1,752 million were up \$121 million, or 7.4% compared to the first seven months of fiscal year 2017. Major categories of university expenses were as follows:

University Expenses YTD First Seven Months Fiscal Year 2018 vs. Fiscal Year 2017

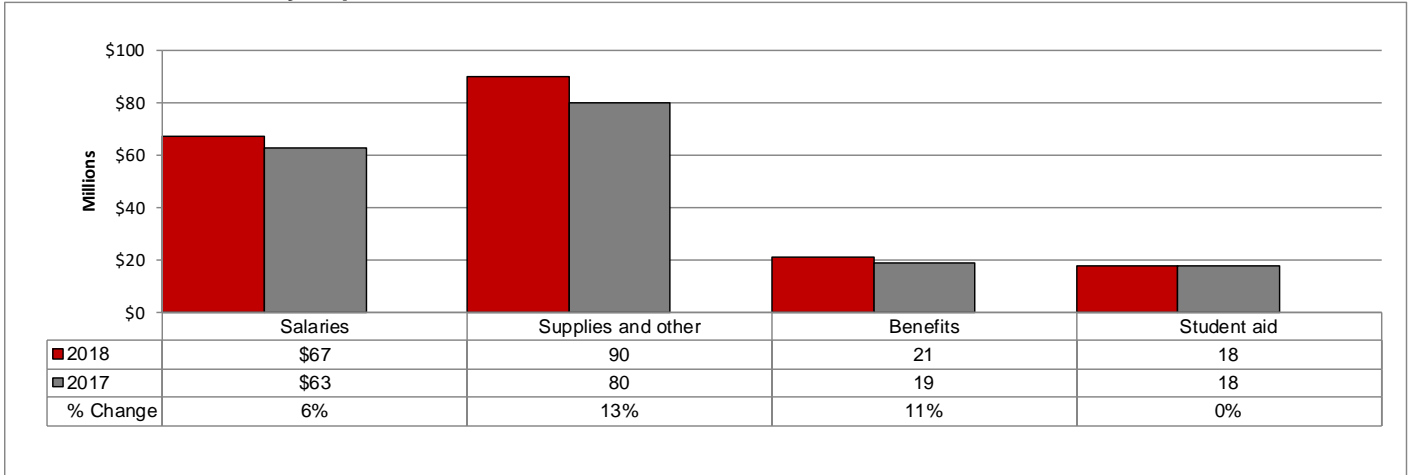


Salaries increased \$29 million, or 4.0%, in the first seven months of fiscal year 2018 over the comparable period in fiscal year 2017 due primarily to increases in average university merit pool of 2% and Workday enterprise project related hires. Benefits increased \$7 million primarily driven by the 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 \$63 million primarily due to energy concessionaire fees of \$43 million, Office of Sponsored Programs project expenditures of \$12 million, and non-capital equipment purchases of \$4 million. The university expects over the course of the year to offset energy concessionaire fees with a shift in personnel and supplies costs to the concessionaire of \$9 million, lower energy costs of \$2 million, and net investment income earned on the \$1.09 billion of upfront energy payment. 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 in the first year in service.

Auxiliary

Auxiliary expenses for the first seven months of fiscal year 2018 of \$196 million were up \$16 million, or 9.2%, compared to the first seven months of fiscal year 2017 due primarily to cost of sales and salaries for Athletics and Student Life. Major categories of auxiliary expenses were as follows:

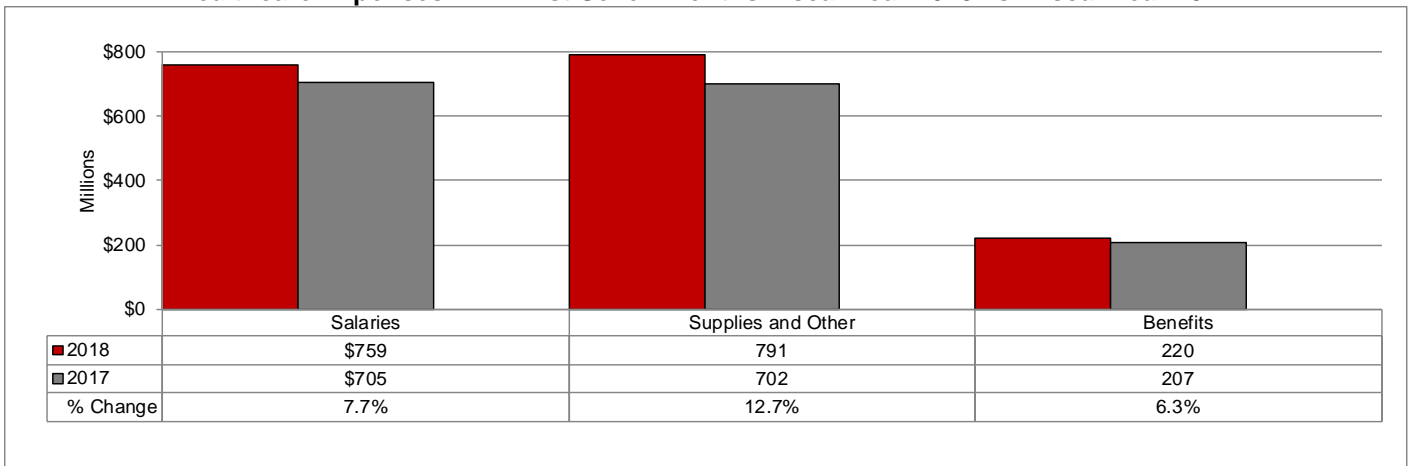
Auxiliary Expenses YTD First Seven Months Fiscal Year 2018 vs. Fiscal Year 2017



Healthcare

Healthcare expenses for the first seven months of fiscal year 2018 of \$1,770 million were up \$156 million, or 9.7% compared to the first seven months of fiscal year 2017. Major categories of healthcare expenses were as follows:

Healthcare Expenses YTD First Seven Months Fiscal Year 2018 vs. Fiscal Year 2017

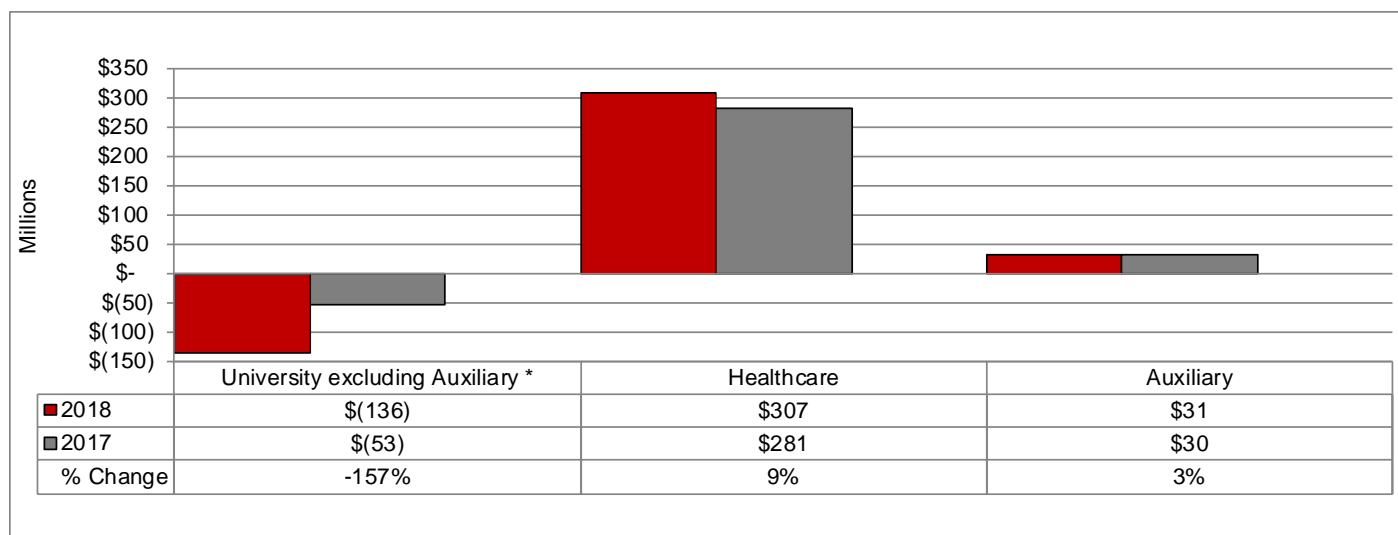


Salaries increased \$54 million in the first seven months of fiscal year 2018, or 7.7% over the comparable period in fiscal year 2017 due primarily to increases in staffing levels to support increased patient volumes. Supplies and other expenses increased \$89 million, or 12.7%, primarily due to increases in operating costs from increases in patient volumes. Benefits increased \$13 million or 6.3% 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 \$56 million, from \$258 million to \$202 million, for the first seven months of fiscal year 2018 compared to the first seven months of fiscal year 2017. University (excluding auxiliary) margins decreased \$83 million due primarily to increases in supplies and services for budgeted strategic initiatives. Healthcare margins increased \$26 million, and auxiliary margins increased \$1 million for the first seven months of fiscal year 2018 compared to last year.

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



* These figures exclude endowment distributions. Adjusted margins, including year-to-date distributions, were (\$20) million in 2018 and \$43 million in 2017.

E. Investments

For seven months ended January 31, 2018, the fair value of the university's Long-Term Investment Pool (LTIP) increased \$1.059 billion to \$5.31 billion. Changes in total valuation are summarized below:

	2018	2017
Market Value at June 30	\$ 4,253,459	\$ 3,616,562
Net principal additions	780,046	295,055
Change in market value	391,704	212,777
Income earned	52,435	47,422
Distributions	(116,045)	(95,930)
Expenses	(48,937)	(44,714)
Market Value at January 31	<u>\$ 5,312,662</u>	<u>\$ 4,031,172</u>

Net principal additions include new endowment gifts (\$27.0 million), reinvestment of unused endowment distributions (\$1.6 million), and other net transfers of University monies (\$751.4 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 January 31, 2018. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$38.2 million), University Development related expenses (\$10.2 million) and other administrative related expenses (\$0.5 million).

LTIP Investment Returns

For seven months ended January 31, 2018 (FYTD), the LTIP earned a net of investment fee return of 8.44% versus a Policy Benchmark of 10.81%, resulting in underperformance of 2.37%. During that period, our Global Equities returned 13.44%, followed by Real Assets at 1.57%, and Global Fixed Income at 1.01%.

The comparable seven month period ended January 31, 2017 saw a net of investment fee return of 7.21% versus a 5.39% Policy Benchmark for over performance of 1.82%. During that period, our Global Equities returned 10.07%, followed by Real Assets at 5.23%, and Global Fixed Income at 2.51%.

Temporary Investments

For the seven months ended January 31, 2018 (FYTD) the Intermediate Investments earned a return of 0.33% (+3.0 million) outperforming the BofA ML 1-3 Yr US Gov't/Credit benchmark (-0.09%) by 0.42%. Short-Term Investments earned 0.90% (+\$5.1 million) outperforming the 90 Day T-Bill benchmark (+0.67%) by 0.23%.

The comparable seven months period ended January 31, 2017, saw Intermediate Investments earn a return of 0.14% (+\$1.1 million). Short-Term Investments returned 0.99% (+\$5.0 million) for this same period.

F. Cash Flows

Cash provided by operating activities was \$1.17 billion through the first seven months of fiscal year 2018, compared with net cash provided by operating activities of \$197 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.

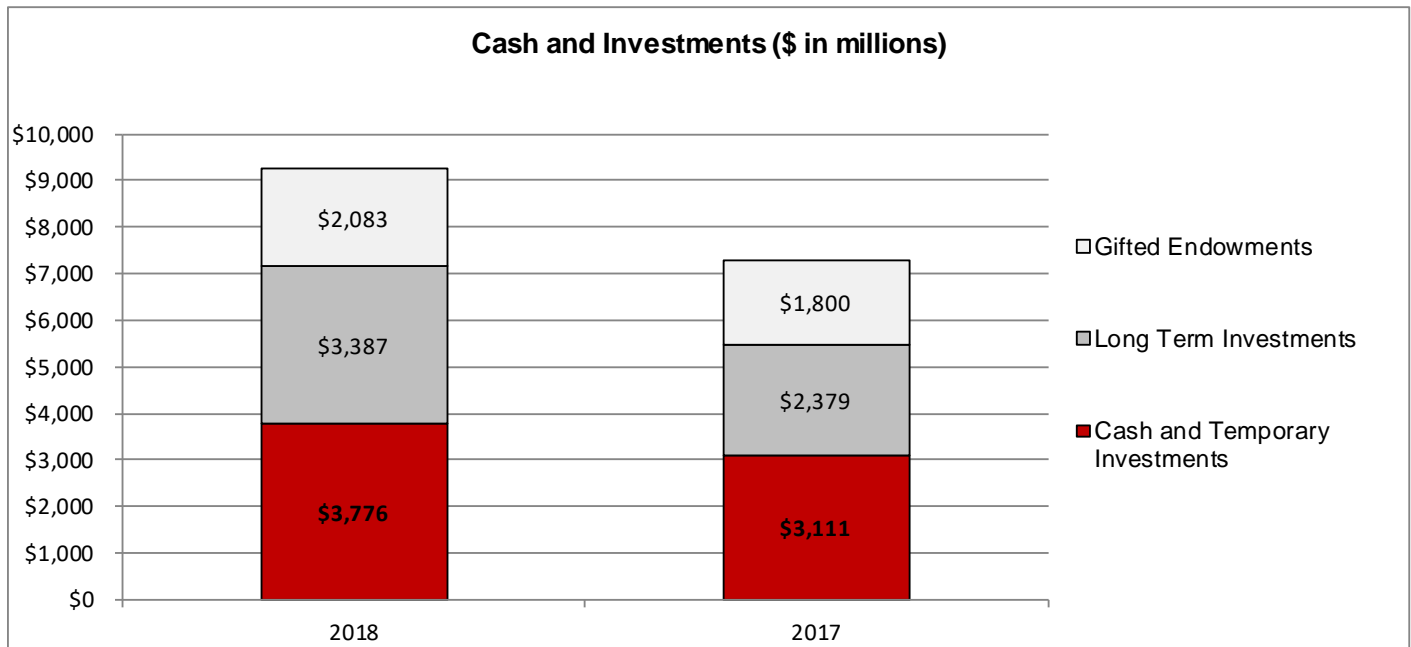
Cash provided by noncapital financing activities was \$467 million through the first seven months of fiscal year 2018, compared with \$497 million for the same period in fiscal year 2017. The decrease is primarily due to decreases in current use gifts and permanent endowments.

Net cash flows used by capital financing activities were \$300 million for the seven months ended January 31, 2018, primarily for payments on the construction of capital assets of \$254 million. Capital expenditures consist of \$143 million for University academic, infrastructure, and auxiliary projects, \$79 million for Health System projects and equipment expenditures, and University equipment purchases of \$32 million.

Net cash used by investing activities was \$554 million for the first seven months of fiscal year 2018, compared to net cash used by investing activities of \$217 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 January 31, 2018 increased by \$1,956 million, to \$9.2 billion compared to January 31, 2017. Cash and short-term investments increased \$665 million, primarily due to cash retained from the energy agreement. Gifted endowment and other long-term investments increased \$1,291 million primarily due to the invested proceeds from the energy concession agreement and increases in fair value, offset by distributions.



III. Financial Highlights - For the Seven Months Ending January 31, 2018

A. State Support Outlook

The Office of Budget and Management (OBM) reports January General Revenue Fund (GRF) revenue receipts were \$365.0 million or 12.8% above estimate. On a year-to-date basis, GRF revenues are \$109.8 million or 0.6% favorable to estimates. This is driven primarily by January's tax receipts of \$221.6 million offset by a \$116 million shortfall in federal grants, earnings on investments and license and fee revenues.

The Ohio unemployment rate decreased by 0.1 percentage points to 4.7% in December. The rate has been trending down for the last few months and is now at its lowest level in the last three years since December 2015. Ohio's unemployment rate has fluctuated in the 4.7% to 5.4% range during this period.

January disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, were \$184.6 million and were \$2.9 million or 1.6% above estimate. The majority of this monthly variance was due to spending in the National Guard Scholarship and Ohio College Opportunity Grant Scholarship programs, which were above estimate by a total of \$2.3 million as a result of higher than expected requests for reimbursement from higher education institutions. Year-to-date disbursements were \$1,333.8 million, which was \$5.4 million or 0.4% below estimate. On a year-over-year basis, disbursements in this category were \$2.7 million or 1.5% higher than for the same month in the previous fiscal year while year-to-date expenditures were \$6.4 million higher than at the same point in fiscal year 2017.

Finalized total fiscal year 2018 state share of instruction (SSI) amounts from the state remained the same at \$1.523 million for fiscal year 2018. The Ohio State University 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 seven months of the fiscal year ending June 30, 2018, the Wexner Health System's Excess of Revenue over Expense was 11.6% above budget and 41.2% above the prior year.

- Inpatient admissions were 4.6% above prior year and the total number of patients treated in inpatient beds was above prior year by 3.1%.
- Total outpatient visits were on budget and 3.4% above prior year.
- Adjusted admissions were 1.5% above budget and 4.4% above prior year.
- Operating revenue per adjusted admission was 1.1% above budget and 5.5% above prior year.
- Operating expense per adjusted admission was 0.6% above budget and 4.2% above prior year.
- Total operating revenue of \$1,725.3 million was 2.7% above budget and 10.2% above prior year.
- Total operating expense of \$1,508.9 million was 2.1% above budget and 8.8% above prior year.
- Operating EBIDA margin was 1.6% above budget, day's cash on hand totaled 143.4 days and debt service coverage was 4.7% above budget.

C. Enrollment

Columbus Campus

Enrollment is closely on target with budget at the Columbus campus and is up 3% compared to fiscal year 2017. The following tables are based on the combined student headcounts for all three semesters.

ALL TERMS	Fiscal Year 2018				Fiscal Years 2017 & 2018			
	Actual Vs. Budget Headcounts				Headcount Comparison			
Student Level	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Undergraduate	101,213	100,667	546	0.5%	101,213	99,048	2,165	2.2%
Graduate	27,663	27,345	318	1.2%	27,663	26,072	1,591	6.1%
Professional	7,598	7,851	(253)	-3.2%	7,598	7,507	91	1.2%
Grand Total	136,474	135,863	611	0.4%	136,474	132,627	3,847	2.9%

*Headcounts include only those that generate fee revenue.

As shown below, resident enrollments increased 2% between fiscal year 2017 and fiscal year 2018 and are up 1% above budget. Non-resident enrollment is 5% above fiscal year 2017 and is down 1% to budget. For the academic

year-to-date, total enrollment has increased 3% between fiscal year 2017 and fiscal year 2018 and is 0.4% above budget.

ALL TERMS	Fiscal Year 2018 Actual Vs. Budget Headcounts				Fiscal Years 2017 & 2018 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Resident	98,654	97,644	1,010	1.0%	98,654	96,692	1,962	2.0%
Non-Resident	37,820	38,219	(399)	-1.0%	37,820	35,935	1,885	5.2%
Grand Total	136,474	135,863	611	0.4%	136,474	132,627	3,847	2.9%

*Headcounts include only those that generate fee revenue.

Regional Campuses

The following are for all three semesters in fiscal year 2018. 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 5%, Mansfield decreased 7% between this fiscal year and last fiscal year. The decrease in Mansfield is due to a shrinking high school base, decreased retention, and increased area competition.

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

ALL TERMS	Fiscal Year 2018 Actual Vs. Budget Headcounts				Fiscal Years 2017 & 2018 Headcount Comparison			
	Actual	Budget	Change	% Chg	FY 2018	FY 2017	Change	% Chg
Lima	2,236	2,290	(54)	-2.4%	2,236	2,309	(73)	-3.2%
Mansfield	2,397	2,529	(132)	-5.2%	2,397	2,587	(190)	-7.3%
Marion	2,496	2,444	52	2.1%	2,496	2,410	86	3.6%
Newark	5,428	5,182	246	4.7%	5,428	5,149	279	5.4%
ATI	1,477	1,546	(69)	-4.5%	1,477	1,511	(34)	-2.3%
Grand Total	14,034	13,991	43	0.3%	14,034	13,966	68	0.5%

*Headcounts include only those that generate fee revenue.

D. Research

Through the first seven months of fiscal year 2018, direct cost expenditures from Office of Sponsored Programs projects totaled \$240.4 million with \$66 million in associated Facilities and Administrative (F&A) cost recoveries. Expenditures remain higher than at the same time last year, with direct cost expenditures up by 8.5% and F&A recovery up by 4.5%. We can reasonably expect expenditures to remain up, reflecting the fact that expenditures lag awards and fiscal year 2017 ended with a 4% increase in awarded dollars, including a 6% increase in federal awards. Also, the university's F&A rate increased to 55% in fiscal year 2018 and will increase again to 56% in fiscal year 2019 and beyond.

Awarded dollars, which can be considered a leading indicator of the state of the research enterprise, are down 5.3% compared to last year. The decrease is driven mainly by an 8.6% drop in federal award dollars that provides 80% of all research funding. The federal budget situation – continuing resolutions with the possibility of government shutdown and sequester cuts – creates uncertainty in federal agencies and can slow the flow of dollars. Two of our top federal sponsors, National Institute for Health and National Science Foundation are down 5.5% and 10.2%, respectively. Continuing to grow the research enterprise will require an increase in the number of competitive proposals to federal agencies, as well as continued diversification of funding sources.

With respect to diversification, awards from non-federal sources are up 6.3%, driven by increases in industry and the State of Ohio (including pass-thru from other entities). Awarded dollars from the State of Ohio are up largely as a result of large awards for the Federal Research Network from the Ohio Department of Higher Education and some additional state dollars going to the College of Medicine's Government Resource Center.

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, Student Life housing and dining operations, Schottenstein Center, Student Life recreational sports, Ohio Union, Blackwell Inn, Fawcett Center, and Drake Union. Each of these operations is discussed below.

Athletics Department

For the period ending January 2018

(In Thousands)

	FY18	FY17	\$ Change	%
Revenues	\$ 148,924	\$ 128,069	\$ 20,855	16.3%
Expenses	\$ 134,724	\$ 119,341	\$ 15,383	12.9%
Net Income	\$ 14,200	\$ 8,728	\$ 5,472	62.7%

Revenues are \$21 million higher than prior year primarily due to increases in new television media rights of \$13 million and ticket sales of \$7.5 million due to upswing in football sales for the Oklahoma game. Expenses are \$15 million higher than prior year primarily due to increases in cost of sales, personnel costs, and capital expenditures.

Housing & Dining

For the period ending January 2018

(In Thousands)

	FY18	FY17	\$ Change	%
Revenues	\$ 114,583	\$ 113,125	\$ 1,458	1.3%
Expenses	\$ 99,242	\$ 93,616	\$ 5,626	6.0%
Net Income	\$ 15,341	\$ 19,509	\$ (4,168)	-21.4%

Housing and dining revenues are \$1.5 million higher compared to prior fiscal year. Dining revenue is above prior year by \$1.1 million driven primarily by a 3% increase in student meal plan rates. Housing revenue is \$314,000 above prior year led primarily by higher student room revenue. Housing and dining expenses are up \$5.6 million from the prior year. Dining expenses are \$4.9 million above prior year due primarily to increased cost of sales of \$1.5 million, personnel expense of \$1.4 million, debt service payments of \$1 million, supplies of \$379,000, and purchased services of \$267,000. Housing expenses are \$733,000 above the prior year due to various operating expenses, such as personnel costs, purchased services, and supplies.

Schottenstein Center

For the period ending January 2018

(In Thousands)

	FY18	FY17	\$ Change	%
Revenues	\$ 12,592	\$ 17,177	\$ (4,585)	-26.7%
Expenses	\$ 11,826	\$ 16,116	\$ (4,290)	-26.6%
Net Income	\$ 766	\$ 1,061	\$ (295)	-27.8%

Revenues are \$4.6 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 \$4.3 million down over the prior year following the trend of event related revenues of \$4 million and the remainder of the decrease in expenses is due to lower costs in utilities, equipment repairs and capital equipment.

Recreational Sports

For the period ending January 2018

(In Thousands)

	FY18	FY17	\$ Change	%
Revenues	\$ 12,621	\$ 12,792	\$ (171)	-1.3%
Expenses	\$ 10,412	\$ 10,159	\$ 253	2.5%
Net Income	\$ 2,209	\$ 2,633	\$ (424)	-16.1%

Revenues are \$171,000 lower than prior year primarily due to decreases in program revenue and sponsorship fees. Expenses are \$253,000 higher than the prior year primarily due to increases in utilities, personnel costs, and costs of sales.

Ohio Union

For the period ending January 2018

(In Thousands)

	FY18	FY17	\$ Change	%
Revenues	\$ 8,712	\$ 8,759	\$ (47)	-0.5%
Expenses	\$ 8,158	\$ 8,164	\$ (6)	-0.1%
Net Income	\$ 554	\$ 595	\$ (41)	-6.9%

Revenues are \$47,000 lower than prior year primarily due to lower event related income. Expenses are \$6,000 lower than prior year primarily due to lower repair and maintenance costs, partially offset by higher costs for utilities and supplies.

Blackwell Inn

For the period ending January 2018

(In Thousands)

	FY18	FY17	\$ Change	%
Revenues	\$ 7,134	\$ 7,458	\$ (323)	-4.3%
Expenses	\$ 7,039	\$ 7,068	\$ (29)	-0.4%
Net Income	\$ 96	\$ 390	\$ (294)	-75.4%

Revenues are \$323,000 lower than prior year mainly due to lost occupancy to the new Marriott on Olentangy River Road. Occupancy is down by 1,603 rooms or 5% compared to prior year. The average room rate of \$163.63 is better than last year by \$0.43; however, the revenue per available room of \$108.99 is down by \$7.77 due to the shortfall in occupancy. Expenses are \$29,000 lower compared to prior year, primarily due to savings in advertising, maintenance payroll and overhead.

Fawcett Center

For the period ending January 2018

(In Thousands)

	FY18	FY17	\$ Change	%
Revenues	\$ 2,842	\$ 2,639	\$ 203	7.7%
Expenses	\$ 2,219	\$ 2,192	\$ 27	1.2%
Net Income	\$ 623	\$ 447	\$ 176	39.4%

Fawcett Center revenues are up \$203,000 compared to prior year. Office space rentals are up \$49,000 due to all space being fully rented this year and the 3% annual increase. Conference revenues are \$154,000 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 \$27,000 higher compared to prior year due to increased payroll and benefits expenses, cost of sales, and overhead.

Drake Union

For the period ending January 2018

(In Thousands)

	FY18	FY17	\$ Change	%
Revenues	\$ 709	\$ 680	\$ 29	4.2%
Expenses	\$ 425	\$ 416	\$ 8	2.0%
Net Income	\$ 284	\$ 264	\$ 20	7.7%




Revenues are up \$29,000 from the previous fiscal year. Office space rentals are \$19,000 better than last year due to full occupancy of office space and the annual 3% rent increase. Conference revenues are \$10,000 better than

last year. Expenses are \$8,000 above prior year due primarily to higher costs in utilities, maintenance, and repairs, partially offset by lower personnel cost.

Consolidated Financial Scorecard (\$ in thousands)	2018 YTD Actual	2018 YTD Budget	Actual vs. Budget
A. Financial Snapshot (in thousands)			
1. Total Revenue excluding endowment performance	3,974,911	3,920,826	↑
2. Total Expenses	3,915,785	3,875,507	↑
3. Change in Net Assets	619,294	571,248	↑
4. Change in Net Assets excluding endowment performance	139,059	115,123	↑
5. Change in Net Financial Assets	1,870,089	125,000	↑
B. Institutional Financial Metrics			
1. Liquidity - Primary Reserve Ratio	0.6	0.4	↑
2. Liquidity - Days Cash on Hand	216	120	↑
3. Actual Debt Service to Operations	2.85%	2.89%	↔
	2017-18 Actual	2017-18 Benchmark	Actual vs. Benchmark
4. Short Term Investment Pool Return	1.31%	0.93%	↔
5. Intermediate Investment Pool Return	1.29%	0.68%	↔
6. 1 Year Long Term Investment Pool Return	15.77%	17.69%	↔
7. 3 Year Long Term Investment Pool Average Return	7.42%	8.55%	↓
8. Credit Rating	AA	AA	↔




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

University Financial Scorecard (\$ in thousands)	2018 YTD Actual	2018 YTD Budget	Actual vs. Budget
A. Revenue Drivers (in thousands)			
1. Tuition and Fees	655,925	654,042	↔
2. Grants and Contracts (exchange)	420,977	421,362	↔
3. Advancement Cash Receipts	89,868	89,760	↔
4. SSI	223,834	223,725	↔
5. State Line Item Appropriations	52,715	52,717	↔
6. Net Contribution from Auxiliary Enterprises	49,118	48,369	↑
B. Financial Snapshot (in thousands)			
1. Total Revenue excluding endowment performance	1,994,635	1,957,835	↑
2. Total Expenses	2,031,090	2,012,496	↔
3. Current Net Margin	79,590	62,135	↑
4. Change in Net Assets	488,263	435,395	↑
5. Change in Net Assets excluding endowment performance	147,585	120,021	↑
C. Performance Metrics (Columbus Campus only)			
1. Enrollment - summer/autumn/spring	136,444	135,863	↔
2. Credit Hours - summer/autumn/spring	1,712,086	1,696,303	↔

	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
A. Revenue Drivers			
1. Patient Admissions	37,633	37,412	↑
2. Patients in Inpatient Beds	44,557	44,908	↑
3. Patient Discharges	37,540	37,424	↓
4. Total Surgeries	25,968	25,786	↑
5. Outpatient Visits	1,044,500	1,044,500	↑
6. ED Visits	76,283	78,835	↑
B. Activity Metrics			
1. Adjusted Admissions	70,733	69,683	↑
2. Operating Revenue / Adjusted Admit	\$ 24,392	\$ 24,120	↑
3. Expense / Adjusted Admit	\$ 21,332	\$ 21,215	↔
C. Financial Snapshot (in thousands)			
1. Operating Revenues	\$ 1,725.3	\$ 1,680.7	↑
2. Total Expenses	\$ 1,508.9	\$ 1,478.3	↓
3. Gain from Operations	\$ 216.4	\$ 202.4	↑
4. Excess Revenue Over Expenses	\$ 135.1	\$ 121.1	↑
D. Performance Metrics			
1. Operating EBIDA Margin	19.1%	18.8%	↑
2. Days Cash on Hand	143.4	131.6	↑
3. Debt Service Coverage	6.78	6.48	↑

LEGEND

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



THE OHIO STATE UNIVERSITY

Major Project Updates

Projects Over \$20M

April 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 Complex	✓	✓	\$43.0M		
Covelli Multi-Sport/Jennings Wrestling	✓	✓	\$49.7M		
700 Ackerman – Consolidated Call Center	✓	✓	\$21.8M		
Ohio Stadium Upgrades	✓	✓	\$39.1M		
OSU East – West Wing Expansion/Renovation	✓		\$26.0M		
Advanced Materials Corridor – Phase 1	✓		\$59.1M		
Cannon Drive Relocation – Phase 1	✓	✓	\$51.6M		
Controlled Env Food Production Res Complex	✓		\$24.0M		
Postle Partial Replacement	✓		\$95.0M		

Key:

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



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

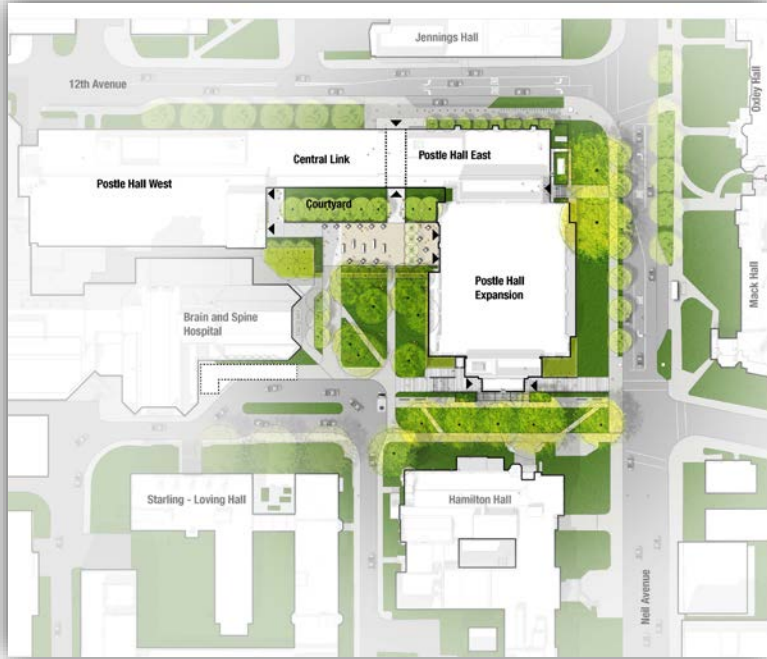
PROJECT UPDATE

enabling projects are complete

Cannon Drive between 12th 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	6/18-7/20

CONSULTANTS

architect of record	Design Group
design architect	Robert A. M. Stern Architects
construction manager at risk	Gilbane

PROJECT UPDATE

project design is complete and final GMPs are being prepared; approval is being requested for construction of the building addition and renovation

swing space construction is complete and enabling work is ongoing

 On Time

 On Budget

THE OHIO STATE UNIVERSITY BOARD OF TRUSTEES
FINANCE COMMITTEE

April 5, 2018

TOPIC: Annual Waiver Report for the 2017 Calendar Year

SUMMARY:

2017 Calendar Year (1/1/2017 - 12/31/2017)

A total of 981 waivers of competitive bidding were approved as sole source, emergency or for economic reasons, and by Board of Trustees resolution totaling approximately \$342.2 million.

- Thirty-four percent (34%) or \$117 million of spend was sole source waivers
- One percent (1%) or \$3 million of spend was emergency purchase waivers
- Forty-one percent (41%) or \$141 million of spend was for sufficient economic reason
- Twenty-four percent (24%) or \$81 million of spend was Board of Trustees resolution waivers

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

A total of 992 waivers of competitive bidding were approved as sole source, emergency or for economic reasons, and by Board of Trustees resolution totaling approximately \$338.3 million.

- Forty-seven percent (47%) or \$92 million of spend was sole source waivers
- One percent (1%) or \$2 million of spend was emergency purchase waivers
- Twenty-five percent (25%) or \$85 million of spend was for sufficient economic reason
- Twenty-seven percent (27%) or \$92 million of spend was Board of Trustees resolution waivers

Year-Over-Year Comparison

Year-over-year the decrease in number of waivers was (11) and the waiver spend increased by \$3.9 million.

The Ohio State University
 Competitive Bid Waiver Report for calendar year 2017

<u>Category</u>	<u>Sufficient Economic Reason</u>	<u>Count</u>	<u>Emergency</u>	<u>Count</u>	<u>Sole Source</u>	<u>Count</u>	<u>Total</u>	<u>Count</u>
Academic Support	\$ 89,546,969	11	\$ -	0	\$ 2,545,326	8	\$ 92,092,295	19
Administrative Support Equipment and Services	\$ 23,906,574	38	\$ 2,586,061	4	\$ 7,963,367	55	\$ 34,456,002	97
Instructional and Academic Research Equipment and Services	\$ 11,238,376	86	\$ 272,518	4	\$ 45,983,630	158	\$ 57,494,524	248
Health Systems - Merchandise for Resale							\$ -	0
Health Systems - Professional Health Care Services	\$ 5,600,678	18	\$ -	0	\$ 2,526,427	15	\$ 8,127,105	33
Health Systems - Administrative Equipment and Services	\$ 10,157,707	46	\$ 328,770	1	\$ 58,230,754	147	\$ 68,717,231	194
TOTAL WAIVERS	\$ 140,450,304	199	\$ 3,187,349	9	\$ 117,249,504	383	\$ 260,887,157	591
Waivers Authorized by BOT Resolutions							\$ 34,881,972	267
Health Systems - Waivers Authorized by BOT Resolutions							\$ 46,372,777	123
TOTAL BOT Resolutions							\$ 81,254,749	390
GRAND TOTAL							\$ 342,141,906	981

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

<u>Category</u>	<u>Sufficient Economic Reason</u>	<u>Count</u>	<u>Emergency</u>	<u>Count</u>	<u>Sole Source</u>	<u>Count</u>	<u>Total</u>	<u>Count</u>
Academic Support	\$ 1,571,403	18	\$ -	0	\$ 4,005,076	18	\$ 5,576,479	36
Administrative Support Equipment and Services	\$ 54,389,026	63	\$ 492,172	6	\$ 8,396,153	54	\$ 63,277,351	123
Instructional and Academic Research Equipment and Services	\$ 11,190,139	112	\$ 659,777	7	\$ 24,680,394	144	\$ 36,530,310	263
Health Systems - Merchandise for Resale							\$ -	0
Health Systems - Professional Health Care Services	\$ 1,907,566	16	\$ 100,000	1	\$ 2,081,950	15	\$ 4,089,516	32
Health Systems - Administrative Equipment and Services	\$ 15,667,730	56	\$ 1,071,549	6	\$ 120,194,366	162	\$ 136,933,645	224
TOTAL WAIVERS	\$ 84,725,864	265	\$ 2,323,498	20	\$ 159,357,939	393	\$ 246,407,301	678
Waivers Authorized by BOT Resolutions							\$ 27,465,886	214
Health Systems - Waivers Authorized by BOT Resolutions							\$ 64,389,371	100
TOTAL BOT Resolutions							\$ 91,855,257	314
GRAND TOTAL							\$ 338,262,558	992

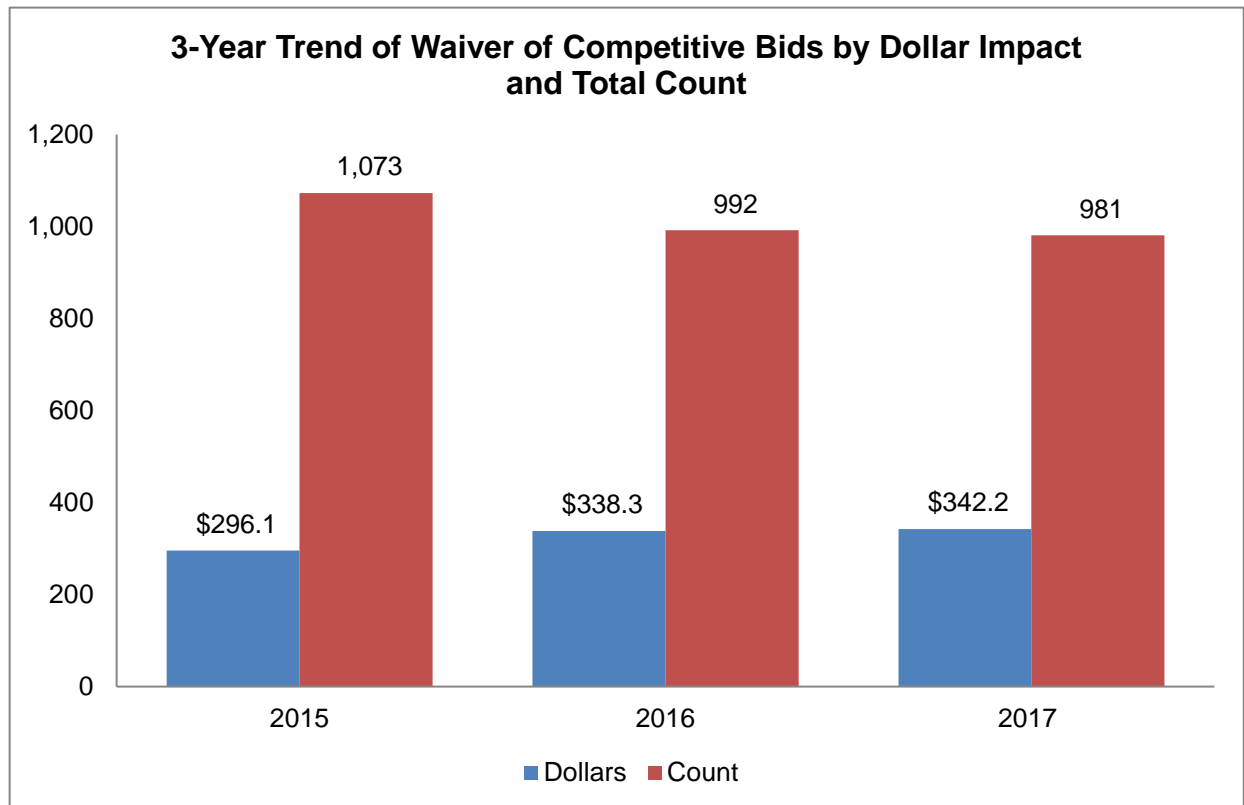
The Ohio State University
Competitive Bid Waiver Report Comparison for 2017 and 2016

<u>Category</u>	<u>Sufficient Economic Reason</u>	<u>Count</u>	<u>Emergency</u>	<u>Count</u>	<u>Sole Source</u>	<u>Count</u>	<u>Total</u>	<u>Count</u>
Academic Support	\$ 87,975,566	(7)	\$ -	0	\$ (1,459,750)	(10)	\$ 86,515,816	(17)
Administrative Support Equipment and Services	\$ (30,482,452)	(25)	\$ 2,093,889	(2)	\$ (432,786)	1	\$ (28,821,349)	(26)
Instructional and Academic Research Equipment and Services	\$ 48,237	(26)	\$ (387,259)	(3)	\$ 21,303,236	14	\$ 20,964,214	(15)
Health Systems - Merchandise for Resale	\$ -	0	\$ -	0	\$ -	0	\$ -	0
Health Systems - Professional Health Care Services	\$ 3,693,112	2	\$ (100,000)	(1)	\$ 444,477	0	\$ 4,037,589	1
Health Systems - Administrative Equipment and Services	\$ (5,510,023)	(10)	\$ (742,779)	(5)	\$ (61,963,612)	(15)	\$ (68,216,414)	(30)
TOTAL WAIVERS	\$ 55,724,440	(66)	\$ 863,851	(11)	\$ (42,108,435)	(10)	\$ 14,479,856	(87)
Waivers Authorized by BOT Resolutions							\$ 7,416,086	53
Health Systems - Waivers Authorized by BOT Resolutions							\$ (18,016,594)	23
TOTAL BOT Resolutions							\$ (10,600,508)	76
GRAND TOTAL							\$ 3,879,348	(11)

Annual Waiver Report for Calendar Year 2017

Waiver of Competitive Bids Summary 2015 - 2017

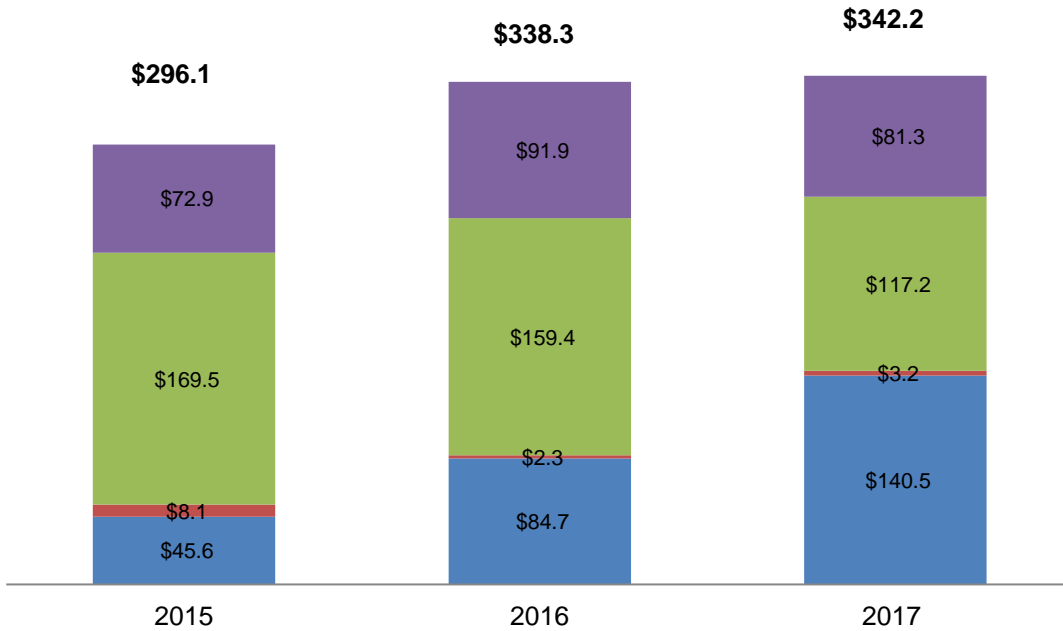
Waiver Type <i>(\$ in Millions)</i>	2015		2016		2017	
	Dollars	Count	Dollars	Count	Dollars	Count
Sufficient Economic Reason	\$ 45.6	227	\$ 84.7	265	\$ 140.5	199
Emergency	\$ 8.1	37	\$ 2.3	20	\$ 3.2	9
Sole Source	\$ 169.5	440	\$ 159.4	393	\$ 117.2	383
BOT Resolution	\$ 72.9	369	\$ 91.9	314	\$ 81.3	390
TOTAL	\$ 296.1	1,073	\$ 338.3	992	\$ 342.2	981



Waiver of Competitive Bids Summary Calendar Years 2013 - 2016

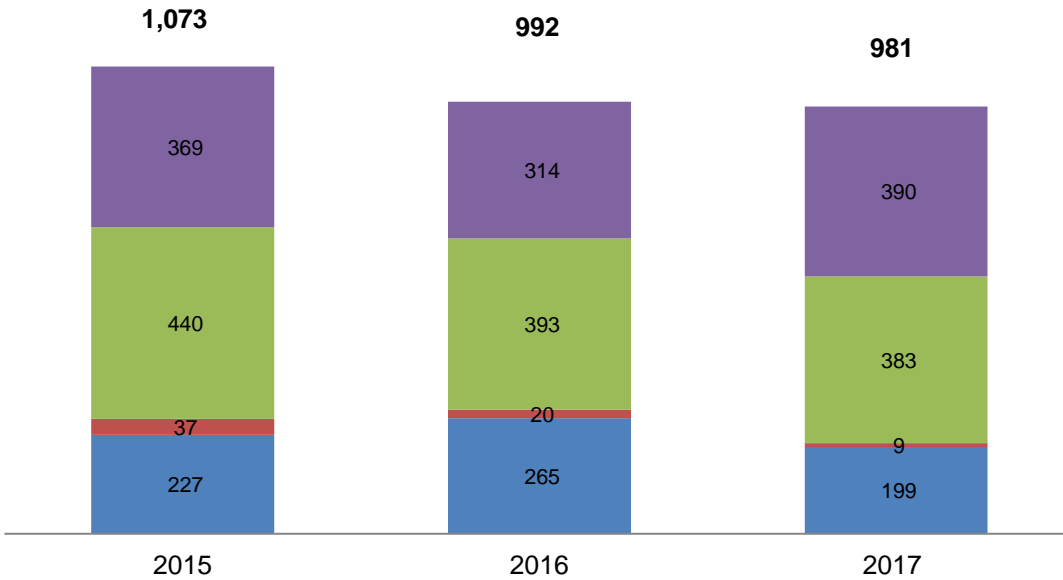
3-Year Mix Analysis by Dollar (in Millions)

■ Sufficient Economic Reason
 ■ Emergency
 ■ Sole Source
 ■ BOT Resolution



3-Year Mix Analysis by Count

■ Sufficient Economic Reason
 ■ Emergency
 ■ Sole Source
 ■ BOT Resolution



**BACKGROUND ONLY:
REVISION OF THE PATENTS AND COPYRIGHTS POLICY**

Synopsis: Revision of the university's Patents and Copyrights policy (renamed Intellectual Property policy), is proposed.

WHEREAS The Ohio State University encourages the creation and dissemination of knowledge, including works of authorship, discoveries, inventions, patents and tangible property that can serve the public through open academic exchange and commercial development; and

WHEREAS The Ohio State University Board of Trustees previously adopted the Patents and Copyrights policy in May 1985 to create a process to oversee such efforts; and

WHEREAS the Patents and Copyrights policy was most recently revised, with approval by the Board of Trustees, in May 1989; and

WHEREAS there is now a desire to revise the Patents and Copyrights policy to clarify the rights of faculty members with respect to their scholarship, instructional works and artistic works; address the rights of software creators; update the process for the commercialization of inventions, discoveries and patents; address the rights of staff members with respect to their intellectual creation; adjust the royalties-sharing mechanism; establish a dispute resolution mechanism; align the policy with the university's standard policy template; and rename it the Intellectual Property policy; and

WHEREAS rule 3335-13-06 states that the university senate's intellectual properties, patents and copyrights committee (IPPC) shall review and have the power to propose changes to the policy on intellectual property, patents, and copyrights; and

WHEREAS rule 3335-13-06 also states that revisions to the policy must be approved by the faculty council and university senate, in addition to the other approvals required by the university policy process; and

WHEREAS after a multi-year drafting process, the IPPC approved the proposed revised Patent and Copyrights policy (renamed Intellectual Property policy); and

WHEREAS the senior vice president for business and finance and chief financial officer reviewed the proposed revised policy and recommended such revisions to the Senior Management Council and the President's cabinet; and

WHEREAS the Senior Management Council endorsed, and the President's cabinet approved, the proposed revised policy; and

WHEREAS the faculty council and the university senate approved the proposed revised policy; and

WHEREAS the university senate and the President's cabinet recommend the adoption of the revised Patents and Copyrights policy (renamed Intellectual Property policy):

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the revised Patents and Copyrights policy (renamed Intellectual Property policy) as set forth in the attachment, proposed to be effective April 15, 2018.

BACKGROUND

TOPICS: Revision of the university's Patents and Copyrights policy, to be renamed the Intellectual Property policy.

CONTEXT: The university's Patents and Copyrights policy was issued in 1985 and most recently revised in 1989. Both the issuance and the revision were approved by the Board of Trustees. The Board also previously adopted rule 3335-13-06 which empowers the university senate's intellectual properties, patents and copyrights committee (IPPC) to propose changes to the existing policy. That committee—which includes members from multiple Colleges, the Council of Graduate Students, the Technology Commercialization Office, and the Office of Research—has been working for several years to revise the policy. The proposed revised policy has now been approved by, among others, the IPPC, university's faculty council, senior management council, President's cabinet, and university senate. The Board of Trustee's approval is the final step in the policy approval process.

SUMMARY: For several years, the IPPC has been reviewing the existing Patents and Copyrights policy along with related policies of benchmark institutions. The IPPC and other university stakeholders have come to the conclusion that the policy should be revised to better reflect the current intellectual property landscape, encourage the creation and dissemination of knowledge, and promote the commercialization of intellectual property. Specifically, the proposed revised policy clarifies the rights of faculty members with respect to their scholarship, instructional works, and artistic works; addresses the rights of software creators; updates the process for the commercialization of inventions, discoveries, and patents; addresses the rights of staff members with respect to their intellectual creation; adjusts the royalties-sharing mechanism; establishes a dispute resolution mechanism; aligns the policy with the university's standard policy template; and renames it the Intellectual Property policy to better capture the breadth of the policy.

REQUESTED OF THE ACADEMIC AFFAIRS AND STUDENT LIFE COMMITTEE: Approval of the resolution.



Applies to: Faculty, staff, and students

Responsible Office

Office of Business and Finance

POLICY

Issued: 05/03/1985
Revised: 04/15/2018 (target date)

The university encourages **faculty**, staff, and students to engage in the creation and dissemination of knowledge, including works of authorship, discoveries, inventions, patents, and tangible property that can serve the public through open academic exchange and commercial development. The university is committed to creating a culture and infrastructure that nurtures these activities and highlights the capacity of its **faculty**, staff, and students to advance the well-being of the people of Ohio and the global community through the creation and dissemination of knowledge. The university recognizes the importance of intellectual freedom and autonomy of **faculty**, staff, and students.

Purpose of the Policy

To establish rules regarding the ownership, distribution, and commercialization of **intellectual property** created by university **faculty**, staff, and students.

Definitions

Term	Definition
Artistic works	Works created primarily for their cultural or aesthetic value. Such works may include, but are not limited to, plays, poems, novels, paintings, illustrations, sculptures, and musical compositions.
Copyrighted materials	Works protected by copyright that are authored by the university or its faculty , staff, and students, provided that copyrighted materials will not include inventions for the purpose of this policy.
Creator	A creator is a faculty member, staff member, or student who meets one or more of the following criteria: (a) With respect to copyrighted materials , creator means the author, as that term is defined under U.S. copyright law, provided that if the author is the university due to its position as the employer of the individual creator , then, for the purpose of this policy, the creator will be the individual who would have been considered the author if that individual was not performing the work within the scope of employment. (b) With respect to inventions that are eligible for patent protection, as well as know-how and any other inventions related to such inventions that are eligible for patent protection, creator means any inventor, as the term is construed under U.S. patent law. (c) With respect to tangible research property , creator means any individual who has taken part: (a) in the conception of the idea of the specific tangible research property that is to be made; and/or (b) substantially in making the tangible research property but only when making the tangible research property was not a routine or known practice. An individual will not be considered a creator of a new tangible research property solely because that individual provided materials to be used to produce the new tangible research property . (d) With respect to any other intellectual property that does not fall within the above criteria, creator means any individual who provided substantive and substantial intellectual contribution to the creation of the intellectual property .
Direct expenses	Costs, expenses, taxes, and losses paid or incurred by the university or on its behalf that are directly: (i) attributable to intellectual property being transferred, commercialized, or exploited; (ii) related to the commercialization, preservation, marketing, licensing, and legal protection of specific intellectual property ; or (iii) associated with acquiring, managing, transferring, or liquidating equity to be used for the transference, commercialization, or exploitation of specific intellectual property .
Faculty	Has the meaning set forth in Faculty Rules 3335-5-19 . Without limiting the foregoing, it includes those appointed by the board of trustees with tenure track, non-tenure-track (including clinical faculty, research faculty, and associated faculty), and emeritus faculty titles.
Gross proceeds	All cash received from the transfer, commercialization, or other exploitation of intellectual property including, but not limited to, royalties, option fees, license fees, reimbursement of expenses, and/or cash from dividends or distributions on, or the sale or liquidation of, equity. In the case of sponsored research , the cash or other consideration received by the university from the sponsor of such research to do the

Applies to: Faculty, staff, and students

	research, except for royalties for intellectual property , are not part of the gross proceeds . TAF proceeds are not part of the gross proceeds . Unless an agreement pursuant to section VI under Policy Details provides otherwise, the proceeds received from the commercialization of the intellectual property created in sponsored research , except for any TAF proceeds , are part of the gross proceeds .
Instructional works	Works created primarily for the instruction of students or for continuing education and certification programs. Such works may include, but are not limited to, slides and presentation content to be used in classes, class notes, exercises and assignments, syllabi, and examinations.
Intellectual property	All inventions and copyrighted materials .
Inventions	All rights to and interests in discoveries, inventions, and patents covered by Ohio Revised Code §3345.14(B) , as well as tangible research property .
Net proceeds	Gross proceeds less direct expenses .
OSIF	Ohio State Innovation Foundation. A 501(c)(3) organization, formed in 2013 by the university to manage intellectual property developed at or created by the university and to facilitate the commercialization of such intellectual property . The university may assign to OSIF university IP to be commercialized by OSIF. In return, OSIF will transfer, according to this policy, the net proceeds generated from the university IP so assigned to the Technology Commercialization Office (TCO), to distribute according to this policy. OSIF includes any successive entity to Ohio State Innovation Foundation.
Ohio State proceeds	The amount of net proceeds received by the university directly or as a distribution from OSIF .
Scholarly works	Works created primarily to express and preserve scholarship as evidence of academic advancement or academic accomplishment. Such works may include, but are not limited to, scholarly publications, journal articles, research bulletins, monographs, and books (including textbooks and electronic books).
Software	The source code and/or object code of computer applications and subroutine libraries. Software, for the purposes of this policy, does not include other works in the form of computer software including computer-generated works of art or music or the content of other forms of works, such as traditional scholarship, that is recorded in a software medium.
Sponsored research	Research projects that are supported by funding or other consideration (received by the university) provided in response to a request or proposal to a government or industrial sponsor or supported by specific deliverables in a grant from a funding entity, including research or other activity undertaken by the university or one of its units that is subject to specific written obligations to another party.
TAF proceeds	Any non-refundable, fixed upfront or fixed delayed fees (including related option fees), such as technology access fees, paid by a sponsor of sponsored research in addition to the research project funding that entitles the sponsor to rights in intellectual property arising under the university's performance of such sponsored research project.
TAF Researcher	Any university faculty , staff, or student involved in the performance of a research project for which TAF proceeds are received.
Tangible research property	Research results that are in a tangible form as distinct from intangible property. Examples of tangible property include, but are not limited to: cell lines; data; human, animal, and plant tissue; transgenic animals; antibodies; biological organisms; and integrated circuits. Tangible mediums of expression in which copyrighted materials are fixed, including, but not limited to, books, copies of articles, and music sheets are not tangible research property .
University IP	All intellectual property owned by the university as set forth in this policy.

Policy Details

- I. This policy is subject to all applicable laws including federal and Ohio law, and in particular Ohio Revised Code §3345.14. **Faculty**, staff, and students are bound by this policy by accepting or continuing university employment or by using university resources or facilities and promise to irrevocably assign, and hereby irrevocably assign, all rights, title, and interests in **university IP** to the university.
- II. With the exception of specific written agreements to the contrary (see section VI), and without limiting the general disclosure obligations (see section VII.C), nothing in this policy will be interpreted to prevent any **faculty**, staff, or students from sharing the results of their research and other academic activities with others, including by publishing those results. **Faculty**, staff, and students should however be aware that under certain circumstances disclosure can jeopardize the ability to secure a patent for an **invention** and they are therefore advised to consult with the Technology Commercialization Office (TCO) prior to such public disclosure.
- III. Ownership of **inventions**. Subject to the terms of section VI:
 - A. All rights, title, and interests in **inventions** are the sole property of the university. The university hereby assigns to the **creator(s)** every **invention**:



Applies to: Faculty, staff, and students

1. developed by **faculty** or staff acting outside of the scope of their employment provided that such **intellectual property** was developed with no more than insignificant use of university resources, or
 2. developed by a student, provided that the invention was not developed:
 - a. within the scope of employment of a student who is an employee;
 - b. as part of a **sponsored research** project; or
 - c. as part of a course or a university degree program for which the relevant syllabus, made reasonably available to the students before the **invention** was developed, provided that the student will not own such an **invention**.
- B. Every student hereby grants the university the following licenses:
1. a nonexclusive, perpetual, worldwide, royalty-free license to use any **inventions** created as part of a course or a university degree program for administrative purposes, such as assessment of a work, accreditation, and to prevent and/or remediate research or academic misconduct; and
 2. a nonexclusive, perpetual, worldwide, royalty-free license to any use of any **inventions** that the student owns that were developed by the student with more than insignificant use of university resources not as part of a course or a university degree program. The TCO, in consultation with the relevant principal investigator, may waive or limit that license if it concludes that the invention is not likely to harm future research at the university.
- C. As used in this section III, insignificant use of university resources includes, but is not limited to, de minimis use of: university networks and email systems; office spaces; libraries and their resources; desktops, laptops, cell phones, tablets, and **software** that is commonly installed thereon; servers; and cloud storage services. Insignificant use of university resources does not include the use of:
1. other university employees or students in developing, testing, or distributing the **inventions**; or
 2. university laboratories or equipment besides the equipment referenced above in this subsection III.C or similar commonly used items.
- IV. Ownership of **copyrighted materials**. Subject to the terms of section VI:
- A. All copyrights in **instructional works**, **scholarly works**, and **artistic works** whose **creators** are **faculty** members, except for **software**, remain with their **creators**. The university hereby assigns any of its copyrights in such works, insofar as they exist, to their **creators**. Such works will not be deemed **university IP** under this policy. The copyright in all other **copyrighted materials** whose **creators** are **faculty** members that are created within the scope of the **creators'** employment belong to the university.
 - B. The university hereby grants to every **faculty** member who is a **creator** of **software** that is not eligible for patent protection a perpetual, exclusive, worldwide, sublicensable, royalty-free license to use the **software** for any scholarly, instructional, and artistic purpose, as well as grants a perpetual, nonexclusive, worldwide, royalty-free license to allow others, for no consideration, to use the **software**, subject to terms and conditions determined by the **creator**. Without limiting the foregoing, the university may require **faculty** members to agree to limits on their rights under those licenses as a condition for commercialization of the **software**.
 - C. Each **creator** who is a **faculty** member grants the university the following licenses with respect to the **instructional works** created during employment at the university:
 1. If the **instructional works** were created with the intention to be used for teaching by others at the university, then the **creators** hereby grant the university a perpetual, nonexclusive, worldwide, royalty-free license to use the **instructional works** for any of the university's teaching and educational purposes as well as for administrative purposes such as accreditation.
 2. If the **instructional works** were not created with the intention to be used for teaching by others at the university, then the **creators** hereby grant the university a nonexclusive, worldwide, royalty-free license to use every such **instructional work** that was used for the instruction of the university's students. Such a license is limited to use for teaching in the same course or in a similar course to that for which they were developed as well as for administrative purposes such as accreditation. The license with respect to each such **instructional work** expires at the earliest of (i) that work reasonably and in good faith becoming available on the market or (ii) one year after the **creator** ceases to teach the course for which those **instructional works** were developed for the university.
 - D. Copyright of works whose **creators** are staff will be owned as followed:

Applies to: Faculty, staff, and students

1. Subject to the exceptions set forth below, **copyrighted materials** created by staff within the scope of their employment is owned by the university.
 2. The university acknowledges that a limited number of staff members have certain prerogatives to set their own research, scholarly, instructional, artistic, or creative tasks and in certain circumstances personal ownership of copyright arising from these professional endeavors would be appropriate. The TCO will establish reasonable procedures, which will be reviewed and approved by the Intellectual Property, Patents, and Copyrights Committee (IPPC), to allow unit heads and deans to submit an application to the TCO to request that the university assign copyright of specific works or classes of works to their staff-**creator**. TCO, in consultation with the relevant unit head or dean, may grant, deny, or modify such requests. TCO will report to IPPC from time to time, but at least once a year, about the type of requests that have been approved and have been denied under these procedures.
 3. Notwithstanding the foregoing, post-doctoral research employees will have the same rights and obligations in **copyrighted materials** they create in their capacity as post-doctoral research employees that **faculty** have.
 4. Notwithstanding the foregoing, students who are the instructors of record for a course and author **instructional works** developed for that course own those **instructional works** whether student-employees or not. Those students grant the university the same license that the university would have received under section IV.C above if the works were developed by a **faculty** member.
- E. Students retain copyrights in **copyrighted materials** that they author except that the university owns those materials when they are authored by student-employees within the scope of their employment. The university hereby assigns any of its copyrights in such works (excluding works created by a student-employee within the scope of employment), insofar as it exists, to their **creators**. Such works will not be deemed **university IP** under this policy. Every student hereby grants the university a perpetual, worldwide, nonexclusive, royalty-free license to use such **copyrighted materials** in any way for administrative purposes, such as assessment of the work, accreditation purpose, and to prevent and/or remediate research or academic misconduct. In addition, the university may require students to provide a single copy of their thesis or dissertation to the university for non-commercial library use.
- F. Rights in co-authored **copyrighted materials** will be determined in the following way. First, the co-authors will be identified, pursuant to applicable law. Then, the ownership rights of each co-author will be determined separately pursuant to Sections IV.A-IV.E, as if that co-author created the entire work. The owners identified in this process will be the joint owners of the work.
- V. Proceeds Distribution
- A. For **university IP** transferred to **OSIF** for which **OSIF** receives **gross proceeds**, **net proceeds** will be distributed as follows:
 1. For **net proceeds** up to \$100,000, **OSIF** will distribute 50% of the **net proceeds** to TCO as **Ohio State proceeds** for distribution to **creators** pursuant to subsection V.B.1. **OSIF** will distribute a share of the remaining 50% of the **net proceeds** to units that have borne, in all or in part, the **direct expenses** in connection to the commercialization of **university IP** for which **OSIF** received the **gross proceeds** (if any), in proportion to the expenses borne by those units, and will retain the rest to cover its unreimbursed expenses.
 2. When **net proceeds** exceed \$100,000, the first \$100,000 will be distributed in accordance with subsection V.A.1, and any portion of the **net proceeds** beyond the first \$100,000 will be distributed as follows: 15% of these **net proceeds** will be retained by **OSIF** and 85% of these **net proceeds** will be distributed to TCO on behalf of the university as **Ohio State proceeds** pursuant to subsection V.B.2.
 - B. **Ohio State proceeds** received as a distribution from **OSIF** will be distributed as follows:
 1. For **Ohio State proceeds** up to \$50,000, the **creator(s)** will receive 100% of these **Ohio State proceeds**.
 2. When **Ohio State proceeds** received as a distribution from **OSIF** exceed \$50,000, the first \$50,000 will be distributed in accordance with subsection V.B.1. and any portion of the **Ohio State proceeds** beyond the initial \$50,000 will be distributed as follows:
 - a. 40% to the **creator(s)**;
 - b. 20% to TCO on behalf of the university; and

Applies to: Faculty, staff, and students

- c. 40% to the **creator(s)**' colleges, departments, and centers, according to instructions and guidelines established by the provost.
- C. **Ohio State proceeds** received by the university directly will be distributed as follows:
 1. For **Ohio State proceeds** up to \$100,000, the **creator(s)** will receive 50% of these **Ohio State proceeds**. TCO will distribute a share of the remaining 50% of the **Ohio State proceeds** to units that have borne, in all or in part, the **direct expenses** in connection to the commercialization of **university IP** for which the **Ohio State proceeds** were received (if any), in proportion to the expenses borne by those units, and will retain the rest on behalf of the university.
 2. Any portion of these **Ohio State proceeds** beyond the initial \$100,000 will be distributed as follows:
 - a. 34% to the **creator(s)**;
 - b. 33% to TCO on behalf of the university; and
 - c. 33% to the **creators'** colleges, departments, and centers, according to instructions and guidelines established by the provost.
- D. **TAF proceeds** will be distributed as follows:
 1. For **TAF proceeds** up to \$100,000, the **TAF researchers** will receive, in accordance with subsections V.D.3 and V.D.4, 50% of the **TAF proceeds**, and TCO on behalf of the university will receive 50% of the **TAF proceeds**.
 2. Any portion of the **TAF proceeds** beyond the initial \$100,000 will be distributed as follows:
 - a. 34% to the **TAF researchers**, in accordance with subsections V.D.3 and V.D.4;
 - b. 33% to TCO on behalf of the university; and
 - c. 33% to the **TAF researchers'** colleges, departments, and centers, according to instructions and guidelines established by the provost.
 3. The principal investigator(s) of the research project for which **TAF proceeds** are to be received or that were received will propose to the Office of Research a distribution plan for the **TAF researchers'** share of these proceeds. Such a distribution plan should be created at the commencement of the research project and communicated to the **TAF researchers** who are identified by it. The distribution plan may include details such as what portion of the **TAF researchers'** share each **TAF researcher** will be granted, if any; when distributions to the **TAF researchers** will be made; and whether the portions may or may not be adjusted according to actual contribution of the **TAF researchers**. The distribution plan must be approved by the Office of Research, which may develop, in consultation with the IPPC and TCO, guidelines for the review and approval of such distribution plans.
 4. The **TAF researchers'** share will be distributed only after a distribution plan, pursuant to subsection V.D.3, is approved by the Office of Research and according to the approved plan. If no such distribution plan is approved before the completion of the research project, the **TAF researchers'** share will be distributed according to the Office of Research guidelines among **TAF researchers** who provided substantive and substantial intellectual contribution to the research project as determined by the Office of Research, in consultation with TCO, unless all those **TAF researchers** agree in writing to a different distribution.
- E. When **university IP** has more than one **creator**, the **creators** will equally share the **creators'** share under subsections V.B and V.C, as applicable, unless all the **creators** agree in writing to a different distribution of the **creators'** share. Further, a subset of the **creators** can agree in writing among themselves to have a different distribution of their own share.
- F. When multiple **intellectual property** assets are licensed or otherwise commercialized under a single agreement, TCO, after consulting with the **creator(s)**, will reasonably determine and designate the share of **Ohio State proceeds** to each **intellectual property** asset.
- G. When there are no identifiable **creators** of **tangible research property**, the portion of the **Ohio State proceeds** distributable under subsections V.B and V.C to **creators** will be distributed instead to the colleges, departments, and centers that obtained the **tangible research property**, according to guidelines established, in consultation with the IPPC and TCO, by the Office of Research. When multiple colleges, departments, and/or centers are involved in obtaining the **tangible research property**, the **Ohio State proceeds** will be

Applies to: Faculty, staff, and students

divided equally among these units, unless otherwise specified by the guidelines established by the Office of Research.

- H. Notwithstanding the other provisions in this policy, for licensed plant varieties, proceeds will be distributed pursuant to [Special Circular 178-01](#) entitled “OSU-OARDC Plant Germplasm Release Guidelines and Practices.”
- I. **Creators** and **TAF researchers** will be entitled to receive a share of the **Ohio State proceeds** and **TAF proceeds** as provided by this policy even if their status with the university changes, including, for example, after their employment or program of study was terminated or completed. Following a change in the university Intellectual Property policy, **creators** will be entitled to receive, with respect to any distribution made after such a change, the greater of (i) the share of the **net proceeds** as provided by the university policy in effect at the time the **intellectual property** was disclosed or (ii) the share of the **net proceeds** as provided by the university policy in effect at the time the distribution is made. Following a change in the university Intellectual Property policy, **TAF researchers** will be entitled to receive, with respect to any distribution made after such a change, the greater of (i) the share of the **TAF proceeds** as provided by the university policy in effect at the time the research project for which the **TAF Proceeds** were received commenced or (ii) the share of the **TAF proceeds** as provided by the university policy in effect at the time the distribution is made. For the avoidance of doubt, **creators** and **TAF researchers** will not be entitled to receive any additional distribution or any other compensation with respect to distributions that were made prior to such a change in the policy.
- J. Nothing in this policy is intended to limit the transferability of rights of **creators** or **TAF researchers** to their heirs and assigns. Without limiting the foregoing, the distribution of proceeds to **creators** and **TAF researchers** under this section V will be made to **creators** and **TAF researchers**, their heirs and assigns, as applicable.
- K. This policy will not change the ownership or any other right with respect to **intellectual property** that was created before its effective date. However, any **Ohio State proceeds** or **TAF Proceeds** received after the effective date of this policy will be distributed according to this policy, whether the **intellectual property** was developed before or after the effective date.

VI. Conflicting agreements

- A. Notwithstanding any other provision in this policy to the contrary, nothing in the policy will be construed to limit the university from entering into specific written agreements with any **faculty**, staff, or student or with any third party (including in connection with **sponsored research**) that will specify different terms regarding the ownership, distribution, and commercialization of **intellectual property**. Such an agreement will supersede the terms of this policy if:
 - 1. The **creator** is a party to such an agreement; or
 - 2. The **creator** explicitly or implicitly consented to the terms of such an agreement prior to the creation of the **intellectual property**. Without limiting the generality of the foregoing, a decision of a **creator** to develop **intellectual property** under circumstances in which the **creator** knows, or should know, that such **intellectual property** is subject to an agreement will be considered consent to that agreement. However, continued employment or affiliation with the university is not, by itself, sufficient to establish consent as required by this section.
- B. Nothing in the policy will be construed to limit the university from entering into agreements with respect to the commercialization of **university IP**. Subject to subsection VI.A, those agreements would not undermine the university’s obligations under this policy, and in particular, the arrangements set forth in section V.



Applies to: Faculty, staff, and students

PROCEDURE

Issued: 05/03/1985

Revised: 04/15/2018 (target date)

VII. Intellectual property Evaluation, Protection, and Dissemination

- A. The senior vice president for business and finance and the provost will implement this policy on behalf of the university. All or a portion of the administration of activities with respect to this policy, except with respect to the responsibilities to administer disputes as set forth in section VIII, may be delegated to other university officials. In consultation with the provost, the senior vice president for business and finance, the senior vice president for research, and IPPC, the vice president responsible for TCO operations will establish operational guidelines and procedures, subject to the terms of this policy, for the administration of **university IP**. This will include, but is not limited to, determination of ownership, assignment, protection, licensing, marketing, maintenance of records, and oversight of revenue collection.
- B. In all its decisions pursuant to this policy, TCO will strive to reasonably: (i) advance the well-being of the people of Ohio and the global community by supporting the creation and dissemination of knowledge, and (ii) maximize the commercial value of **university IP**. Without limiting the foregoing, TCO will:
 1. facilitate evaluation of **university IP**, including consideration of the market for such **university IP** and the competitive market landscape;
 2. identify potential commercial partners for **university IP**, which may include using multiple networks of contacts, including those made available from the **creator(s)**, alumni, and other sources;
 3. negotiate agreements, licensing or otherwise, in connection to the commercialization of **university IP**;
 4. take any other actions reasonably necessary to facilitate the commercialization of **university IP**; and
 5. consult, as reasonably needed, with other constituencies, including university units.
- C. The university trusts **faculty**, staff, and students to participate throughout the **intellectual property** creation and preservation process. **Creators** must promptly disclose in writing all **university IP** they created with commercial value and other **university IP** required to be disclosed pursuant to an obligation to a third party (such as obligations in connection with **sponsored research** arrangements), using a disclosure form.
 1. The disclosure must:
 - a. provide a full and complete description of the **university IP**;
 - b. describe the funding sources used in development of such **university IP**; and
 - c. identify all persons participating in the creation and development of the **university IP**.
 2. Upon request from TCO, the **creator(s)** will furnish any additional reasonable information, including the know-how related to the invention or discovery, and will execute documents in connection with the **university IP**, such as assignments and declarations.
 3. **Faculty**, staff, and students may ask the TCO to verify that pursuant to this policy a specific **intellectual property** is not **university IP** or that it is available for a certain specific use.
- D. Upon receipt by TCO of a disclosure form as described in subsection VII.C, the case will be assigned to a TCO representative. The assigned representative will facilitate evaluation of the **intellectual property** with respect to patentability, commercial potential, and obligations to sponsors or other third parties. This process will include:
 1. a discussion with the **creator(s)** led by the TCO representative;
 2. a search of prior art, if necessary. The TCO representative may reasonably request that the **creator(s)** participate in such search; and
 3. determination of whether **intellectual property** protection, and in particular patent protection, should be pursued, taking into consideration, among other things, commercial potential. Although patent protection is sometimes sought for various noncommercial reasons, such as professional status, TCO will not seek protection for **university IP**, including patent protection, that is not deemed to have commercial potential (even if the **university IP** is intellectually meritorious), unless such protection (i) is requested by the sponsor of **sponsored research** and such sponsor pays for such protection or (ii) is authorized by the senior vice president for business and finance or the provost, at their sole discretion. The evaluation of the



Applies to: Faculty, staff, and students

commercial potential will be based upon, among other things, patentability, scope of potential patent coverage, size of market, competition, and potential market share. The provost and/or the senior vice president for business and finance may establish guidelines regarding the role of the university's units in the process of commercializing and/or protecting the **university IP**.

- E. TCO will regularly update the **creator(s)** on the status of the **university IP** disclosed by such **creator(s)**.
 - 1. TCO will provide the first status update within three months of receiving the disclosure form and a second status update within six months of the date of receipt of a disclosure form. Such status updates will include, but not be limited to, any filing decisions regarding **intellectual property** protection or transfer of the **university IP**.
 - 2. TCO will provide a detailed summary of substantive decisions regarding protection, commercialization, and/or transfer of **intellectual property** promptly after those decisions are made.
- F. In some cases **university IP** will be assigned to its **creator(s)**.
 - 1. Under the following circumstances, **creator(s)** will be allowed to require (subject to any required third party approvals, e.g., approval of a federal funding agency) assignment, free of charge, of **university IP** to them, and TCO will promptly effect such assignment:
 - a. The **creator(s)** provide TCO with evidence of a concrete potential commercialization partner for the **university IP**, such as a potential licensee thereof, and TCO does not complete, in good faith, its review and determination of the university's interest in such opportunity within six months.
 - b. The **university IP** may reasonably be protected by a patent, and TCO does not complete, in good faith, its review and determination of the university's interest in such **university IP** within six months of TCO becoming aware of a public disclosure of such **university IP**. Public disclosure under this section includes any disclosure that will make the **university IP** ineligible for patent protection in the United States, unless patent application is filed within one year of such disclosure.
 - c. TCO does not complete, in good faith, its review and determination of the university's interest in such **university IP** within twelve months of receipt of a disclosure form.
 - 2. The assignment of **university IP** under subsection VII.F.1 will be subject to the following:
 - a. The TCO may reasonably delay, and in extreme cases deny, a request pursuant to subsection VII.F.1 if the **creator's** disclosure pursuant to subsection VII.C lacks material details in bad faith or if the **creator** failed to cooperate in good faith with TCO's reasonable requests;
 - b. All **creators** who are assigned the **university IP** pursuant to subsection VII.F.1 will grant the university a perpetual, worldwide, nonexclusive, royalty-free license limited to non-commercial use of such **intellectual property**; and
 - c. The assignment of **university IP** to the **creator** pursuant to subsection VII.F.1 will not affect any other obligations of the **creator**, including the obligation of disclosure and cooperation, set forth in subsection VII.C, with respect to any other **university IP**.
 - 3. TCO is encouraged to cause assignment to **creators** any **university IP** which, in TCO's discretion, is not currently commercialized by the university or on its behalf and is not expected to be commercialized by the university or on its behalf in the foreseeable future, unless such assignment would have an adverse impact on the ability to commercialize other **university IP** or such assignment cannot be legally made for any reason (e.g., a required third party approval was not secured). The university and **OSIF** may place terms on such assignment including requiring, at TCO's discretion, payment in consideration for such assignment.
 - 4. In the case of multiple **creators**, the university or **OSIF** will assign the **intellectual property** to all **creators** according to this subsection VII.F as joint owners, unless all **creators** agree in writing to a different arrangement. Except for assignment to the **creator(s)** according to this subsection VII.F (or an assignment from the university to **OSIF**), the university and **OSIF** will not assign **university IP** for no consideration.
 - 5. TCO will update the **creator's** unit of any assignment of **university IP** to the **creator** pursuant to this section VII.F.
- G. University employees engaged in external consulting work or business, and those charged with approving such activities, are responsible for ensuring that agreements with external entities do not violate or conflict

Applies to: Faculty, staff, and students

with this policy or any other university policy, including the Faculty Paid External Consulting policy and the Conflict of Interest and Work Outside the University policy.

VIII. Policy Interpretation and Dispute Resolution

- A. University constituents (such as **creators**, **creators'** units, employees, and TCO) should make every attempt to resolve disputes informally among themselves and, if needed, with the assistance of the Office of Academic Affairs, the university Ombudsman, and/or the Office of Legal Affairs.
- B. If informal processes and consultation do not provide resolution of a dispute regarding this policy, the following actions may be taken:
 1. Any person or entity directly affected by decisions or actions of any other person or entity in connection with this policy, may appeal such decisions or actions to the IPPC if such person or entity (the claimant) believes such decisions or actions are inconsistent with this policy.
 2. The claimant will submit the complaint in writing to the chair of the IPPC, who will determine whether the claimant has made a reasonable effort to resolve the dispute informally and whether the substance of the dispute appears to be within the scope of the IPPC's review authority under this policy.
 3. Proceedings will be informal, but all parties will have adequate notice and an opportunity to be heard. The IPPC may establish additional procedures for resolving such disputes and may designate a sub-committee of its members for such procedures.
 4. After considering all relevant information and within 30 days of receipt of the complaint, the IPPC will prepare and send to the senior vice president for business and finance and the provost a report of its findings on the issues raised by the complaint and any corrective actions it recommends, within the scope of this policy.
 5. Within 30 days of receipt of the IPPC report, the senior vice president for business and finance and/or the provost will review the IPPC report and make a final decision on behalf of the university and provide this decision to all the parties involved and IPPC.
 6. IPPC will publish its reports (after removing certain information, as needed, to address reasonable privacy or secrecy concerns) and the decisions of the senior vice president for business and finance and/or the provost. The publication will be reasonably accessible to the university community. Those reports and decisions will guide future actions and decisions by the TCO and IPPC.

IX. Policy Review and Revisions

- A. IPPC shall maintain this policy and shall review it and its effect, from time to time, as needed. IPPC shall review all proposed changes to this policy, and shall have the power to initiate its own proposed changes to this policy. The chair of IPPC shall be a member of the policy writing group for any revisions to this policy. Revisions to this policy shall be promulgated through the university policy process and then recommended to faculty council and the university senate. All revisions to this policy must be approved by the faculty council and the university senate, in addition to the other approvals required by the university policy process.

Responsibilities

Position or Office	Responsibilities
Creator(s)	<ol style="list-style-type: none"> 1. Disclose in writing to TCO all university IP with commercial value and other university IP required to be disclosed pursuant to an obligation to a third party (such as sponsored research arrangements) as set forth in the policy 2. Assist TCO in the commercialization process as set forth in the policy 3. Assign university IP to the university 4. Grant the university licenses as set forth in the policy
Employees engaged in external consulting and those charged with approving such activities	Ensure that agreements with external entities do not conflict with this policy, or other university policies, including the Faculty Paid External Consulting policy and Conflict of Interest and Work Outside the University policy
IPPC	<ol style="list-style-type: none"> 1. Administer the dispute resolution process as set forth in the policy 2. Approve and/or consult the vice president responsible for TCO operations, TCO, and the Office of Research in connection with certain guidelines and procedures as set forth in the policy

Applies to: Faculty, staff, and students

Position or Office	Responsibilities
	3. Review the policy and its effects from time to time and proposed and review changes thereto as set forth in the policy
IPPC Chair	1. Administer the dispute resolution process as set forth in the policy 2. Participate in the policy writing group activities for any revisions to the policy
Office of Research	1. Review TAF proceeds distribution plans submitted by principal investigators as set forth in this policy 2. Establish guidelines, in consultation with IPPC and TCO, for the distribution of Ohio State proceeds when there are no identifiable creators of tangible research property
OSIF	Distribute proceeds received for university IP as set forth in the policy
Principal Investigators	Propose to Office of Research a distribution plan for TAF proceeds as set forth in the policy
Provost	1. Establish instructions and guidelines with respect to the distribution of certain Ohio State proceeds 2. Together with SVP for B&F, implement the policy as set forth therein 3. Together with SVP for B&F, review IPPC reports regarding disputes pertaining to the policy and make a final decision on behalf of the university as set forth in the policy
Senior vice president for business and finance (SVP for B&F)	1. Together with the provost, implement the policy as set forth herein 2. Together with the provost, review IPPC reports regarding disputes pertaining to the policy and make a final decision on behalf of the university as set forth in the policy
TCO	1. Consider requests from unit heads or deans to assign copyrights to staff- creators and report to IPPC the type of such requests approved and denied 2. Distribute proceeds received for university IP as set forth in the policy 3. Facilitate the commercialization of university IP as set forth in the policy 4. Facilitate the evaluation of the patentability, commercial potential, and obligations to sponsors or third parties of all intellectual property disclosed to TCO as set forth in the policy 5. Update creators on the status of disclosed university IP as set forth in the policy 6. Cause university IP to be assigned to its creators under certain limited circumstances as set forth in the policy and update the creators' units of any such assignments 7. At the request of faculty , staff, or students, verify that a specific intellectual property is not university IP or that it is available for a certain specific use pursuant to the policy
Unit heads and deans	May submit applications to TCO requesting that the university assign certain copyrights to staff- creator(s)
Vice president responsible for TCO	In consultation with the provost, SVP for B&F, SVP for research, and IPPC, establish operational guidelines and procedures for the administration of university IP subject to the terms of the policy
University	1. Assigns certain intellectual property to their creators as set forth in the policy 2. Grants licenses to use software not eligible for patent protection to its creator(s) and others for certain purposes as set forth in the policy 3. Distribute proceeds received for university IP as set forth in the policy

Resources

Forms

Disclosure forms, tco.osu.edu

University Policies and Rules

Conflict of Interest and Work Outside the University policy, hr.osu.edu/public/documents/policy/policy130.pdf

Faculty Paid External Consulting policy, oaa.osu.edu/assets/files/documents/paidexternalconsulting.pdf

Research Misconduct policy, orc.osu.edu/files/Misconduct_Policy.pdf

Faculty Rule 3335-5-19, trustees.osu.edu/index.php?q=rules/university-rules/chapter-3335-5-faculty-governance-and-committees.html

Additional Guidance

Ohio Revised Code §3345.14, codes.ohio.gov/orc/3345.14

Frequently Asked Questions (FAQs) **[to be developed]**

Academic misconduct information for students, oaa.osu.edu/academic-integrity-and-misconduct/student-misconduct

Academic misconduct information for faculty, oaa.osu.edu/academic-integrity-and-misconduct/faculty-obligations



Applies to: Faculty, staff, and students

OSU-OARDC Plant Germplasm Release Guidelines and Practices Special Circular 178-01, Royalty Distribution
Associated with Licensed Plant Varieties,
kb.osu.edu/dspace/bitstream/handle/1811/71922/OARDC_special_circular_n178.pdf?sequence=1

Contacts

Subject	Office	Telephone	E-mail/URL
Dispute resolution; policy changes	The committee on Intellectual Property, Patents, and Copyrights (IPPC)	614-292-2423	lppc@osu.edu senate.osu.edu
Policy administration; general inquiries	Technology Commercialization Office	614-292-1315	innovation@osu.edu tco.osu.edu

History

Issued: 05/13/1985	Approved by BOT, 05/03/1985, Resolution #85-117; Issued as Patents and Copyrights
Revised: 05/04/1989	Approved by BOT, 05/04/1989, Resolution #89-97
Revised: 04/15/2018	Approved by University Senate, 03/08/2018; Approved by BOT, xx/xx/xxxx, Resolution #xx-xx ; Renamed Intellectual Property

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

APPROVAL TO ENTER INTO PROFESSIONAL SERVICES CONTRACTS

Airport Hangar
Wexner Medical Center Regional Ambulatory Facilities

APPROVAL TO ENTER INTO PROFESSIONAL SERVICES AND CONSTRUCTION CONTRACTS

Campus Wi-Fi System

APPROVAL TO ENTER INTO CONSTRUCTION CONTRACTS

Postle Partial Replacement

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. Approval Requested	Total Project Cost	
Airport Hangar	\$0.2M	\$10.6M	University Debt University Funds
WMC Regional Ambulatory Facilities	\$4.0M	TBD	Auxiliary Funds

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

	Prof. Serv. Approval Requested	Construction Approval Requested	Total Project Cost	
Campus Wi-Fi System	\$1.2M	\$17.4M	\$18.6M	Auxiliary Funds University Funds

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

	Construction Approval Requested	Total Project Cost	
Postle Partial Replacement	\$79.7M	\$95.0M	Development Funds University Funds State Funds

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 and/or construction for the Wexner Medical Center Regional Ambulatory Facilities, Campus Wi-Fi System and Postle Partial Replacement was not known at the time the CIP was approved; and

**APPROVAL TO ENTER INTO PROFESSIONAL SERVICES
AND CONSTRUCTION CONTRACTS (CONT'D)**

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 Regional Ambulatory Facilities; a portion of professional services and construction for the Campus Wi-Fi System; and construction for the Postle Partial Replacement; 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/or 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

Airport Hangar

OSU-180409 (CNI# 18000144)

Project Location: The Ohio State University Airport

- **approval requested and amount**

professional services	\$0.2M
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- **project budget**

construction w/contingency	\$9.6M
professional services	\$1.0M
<hr/>	<hr/>
total project budget	\$10.6M



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

BoT professional services approval	04/18
design/bidding	05/18 – 10/18
construction	10/18 – 06/19
- **project delivery method**
 - general contracting
 - design/build
 - construction manager at risk
- **planning framework**
 - a planning study was completed in Fall 2017 to evaluate the next phase of development at Don Scott Field
 - a Federal Aviation Administration Airport Master Plan will be completed in late 2018 and will include all recent and projected capital improvements
 - the criteria design amount is included in the FY 2018 Capital Investment Plan
- **project scope**
 - the project will construct an additional corporate exclusive use hangar that will enhance the academic and research missions of the university
 - the project will include site utilities, taxiways, aircraft ramp, approximately 30,000 square feet of hangar space, an attached office/workshop and associated parking
- **approval requested**
 - approval is requested to enter into professional services contracts

-
- **project team**

University project manager:	Bill Holtz
AE/design architect:	
CM at Risk or Design Builder:	

Project Data Sheet for Board of Trustees Approval

WMC Regional Ambulatory Facilities

OSU-180636

Project Location: TBD

- **approval requested and amount**

professional services	\$4.0M
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- **project budget**

professional services	\$4.0M
construction w/contingency	TBD
<hr/>	
total project budget	TBD

- **project funding**
 - university debt
 - development funds
 - university funds
 - auxiliary funds (health system)
 - state funds

- **project schedule**

BoT professional services approval	4/18
design	4/18
construction	TBD

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

- **planning framework**
 - consistent with the strategic plans of the university and Wexner Medical Center to provide medical services within community-based ambulatory facilities
 - conceptual site plan completed March 2018
 - the FY 2018 Capital Investment Plan will be amended to include the professional services amount

- **project scope**
 - design approximately 200,000 square foot ambulatory building that will include ambulatory surgery, endoscopy, primary care, specialty medical and surgical clinics, and related support
 - site planning for a potential phase II is included in the scope
 - the design is intended to provide a branded identity which could be deployed to additional future sites

- **approval requested**
 - approval is requested to amend the FY2018 Capital Investment Plan
 - approval is requested to enter into professional services contracts

-
- **project team**

University project manager:	Paul Lenz
AE/design architect:	TBD

Project Data Sheet for Board of Trustees Approval

Campus Wi-Fi System

OSU-180625 (CNI# 17000082)

Project Location: Columbus Campus

- **approval requested and amount**

professional serv/construction \$18.6M

- **project budget**

construction w/ contingency \$9.5M

professional services \$1.2M

technology \$8.9M

total project budget \$18.6M

- **project funding**

university debt

development funds

university funds

auxiliary funds

state funds

- **project schedule**

BoT prof serv/construction approval 04/18

design/bidding 05/18 – 10/18

campus Wi-Fi 6/18 – 12/20

construction Stadium 12/18 – 07/19

construction Schott 4/19 – 10/19

- **project delivery method**

general contracting

design/build

construction manager at risk

- **planning framework**

- \$9.5M is included in the FY2018 Capital Investment Plan which will be amended to reflect the total project cost of \$18.6M

- **project scope**

- the project consists of installing indoor/outdoor wireless access points across the Columbus Campus to create a more seamless, efficient and modern end user experience
- install wireless access points in the Ohio Stadium and the Schottenstein Center to improve the fan experience
- the system will provide a framework for future technological expansion and help take some burden off of the DAS (cellular repeater) system potentially improving communications for emergency responders, event staff, and customers
- State term contract may be utilized for portions of the project that are solely equipment installation

- **approval requested**

- approval is requested to amend the FY2018 Capital Investment Plan
- approval is requested to enter into professional services and construction contracts

- **project team**

University project manager: Todd Henderly

AE/design architect: TBD

CM at Risk: TBD

Project Data Sheet for Board of Trustees Approval

Postle Partial Replacement

OSU-160807 (CNI# 15000123)

Project Location: Postle Hall

- **approval requested and amount**
construction (bldg addition/renovation) \$79.7M

- **project budget**
construction w/cont \$85.4M
professional services \$9.6M

total project budget \$95.0M

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

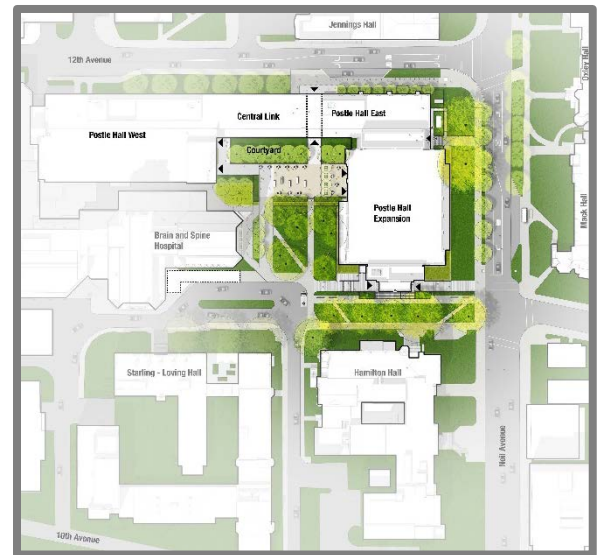
- **project schedule**
BoT prof svc approval (SD only) 09/16
BoT prof svc approval (design) 06/17
design/bidding 11/16 – 03/18
BoT const approval (swing space/enablers) 06/17
BoT const approval 04/18
construction 10/17 – 05/20

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

- **planning framework**
 - this project is included in the FY2017 Capital Investment Plan for professional services only in the amount of \$9.5M
 - the cost of construction for the enabling work is included in the FY 2018 Capital Investment Plan
 - the FY2018 Capital Investment Plan will be amended to include the remaining construction amount

- **project scope**
 - this project will renovate existing classrooms and replace a portion of Postle Hall to support the teaching and outreach missions of the College of Dentistry
 - project work includes swing space, enabling construction work to existing mechanical, electrical and plumbing systems, 130,000 GSF building addition, and partial existing building renovation to upgrade outdated tiered, lecture style classrooms and student spaces
 - the building addition will include four levels of upgraded and expanded clinical spaces for faculty and students, one level of simulation style teaching classrooms and informal student study spaces, improved patient services, access and circulation

- **approval requested**
 - approval is requested to amend the FY 2018 Capital Investment Plan
 - approval is requested to enter construction contracts for the building addition and partial building renovation



- **project team**
University project manager: Nikolina Sevis
AE/design architect: Design Group
CM at Risk Gilbane Building Co.

AUTHORIZATION TO APPROVE ATHLETIC PRICES AND FEES

Synopsis: Approval of athletic ticket prices for fiscal year 2019 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 Ohio State desires to continue its variable ticket pricing methodology to create a range of pricing options for fans attending games; and

WHEREAS each year the Athletic Council reviews projections for the coming year's budget and recommends ticket prices; and

WHEREAS the Athletic Council has approved pricing for men's basketball tickets 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 prices for men's basketball tickets for fiscal year 2019 as set forth in the attachment.

BACKGROUND

TOPIC: Men's Basketball Ticket Prices

CONTEXT:

The Ohio State University Department of Athletics continues to be one of only 18 self-sustaining athletic programs across the nation. Currently, the Department of Athletics funds more than 1,100 student-athletes in successful endeavors of academic achievement and athletics competitions, with a graduation success rate of 89 percent. Yearly, the Department of Athletics contributes more than \$30 million back to the institution's academic mission. Funds generated from ticket sales are used to sustain the scholarships for more than 625 student-athletes.

The Department of Athletics first began using variable ticket pricing for men's basketball games in 2013, by designating 'premier' games to better align pricing to market value for high-profile/high-demand games. Beginning with the 2017-18 basketball season, the department adopted an expanded variable pricing model for all individual game tickets, comprised of three opponent categories and four price zones. It also established a 12 percent discount for public season ticket purchasers, and maintained the 20 percent discount for faculty and staff season ticket purchasers. This pricing model provides a fluid pricing structure to align to market demands, offers significantly more choice for ticket purchasers, and contributed to successfully increasing both sales and attendance for the 2017-18 season. The Athletic Council and university administrators recommend continuation of these pricing guidelines.

RECOMMENDATION:

For Men's Basketball Tickets:

- Price the individual games according to non-conference, conference, or premier opponent categorization, with a maximum of five games categorized as premier.
- Maintain the configuration of scaling the seating into four price zones.
- Assign the individual game and season ticket pricing for the 2018-19 men's basketball season as indicated in the attached table.

CONSIDERATIONS:

For Men's Basketball Tickets:

- Variable ticket pricing is widely in use by other Big Ten institutions and various athletic programs across the country, provides better access and affordability for fans, and has been successful at Ohio State since first introduced for the 2013-14 season.
- The current season ticket discounts – approximately 12 percent off the aggregate total price of the individual game tickets for the public and 20 percent off the aggregate total price for faculty and staff – will remain.
- All prices remain unchanged from the 2017-18 season, with the exception of the student ticket price, which will be slightly reduced and normalized across all opponent categories, offering a very affordable option below a \$10 threshold, and not subject to premier game pricing.

The Ohio State University
Board of Trustees

- Premier games for previous seasons have been designated as follows:
 - 2014-15 season: Marquette, Michigan and Wisconsin
 - 2015-16 season: Virginia, Maryland and Michigan State
 - 2016-17 season: Connecticut, Michigan State, Wisconsin and Indiana
 - 2017-18 season: Michigan, Michigan State, Maryland and Indiana
- The schedule for the 2018-19 season has not yet been determined.

Opponent Category	PSL & Club Level	Public Zone 1	Public Zone 2	Public Zone 3	Public Zone 4	Fac/Staff Zone 1	Fac/Staff Zone 2	Fac/Staff Zone 3	Student
Exhibition	\$ 10	\$ 10	\$ 10	\$ 10	\$ 5				\$ 9
Non-Conference	\$ 29	\$ 24	\$ 13	\$ 11	\$ 7				\$ 9
Conference	\$ 46	\$ 41	\$ 28	\$ 19	\$ 10				\$ 9
Premier	\$ 57	\$ 52	\$ 32	\$ 23	\$ 14				\$ 9
Season Ticket	\$ 684	\$ 604	\$ 374	\$ 276		\$ 546	\$ 341	\$ 253	

REQUESTED OF FINANCE COMMITTEE:

Approval

AUTHORIZATION OF A MASTER EQUIPMENT LEASE WITH APPLE INC.

Synopsis: Authorization of that certain Master Equipment Lease with Apple Inc., including performance of all obligations thereunder and execution and delivery of documents in connection therewith, is proposed.

WHEREAS the university has committed to a student-success initiative that will help provide universal access to a common set of learning technologies; and

WHEREAS new first-year students who commence studies in autumn 2018 at the Columbus or regional campuses each will receive an Apple iPad Pro with tools, including Apple Pencil and Smart Keyboard (collectively, the "Apple Products") as well as certain software, AppleCare + warranty protection and apps to support learning and life at the university; and

WHEREAS the university proposes to finance the cost of the Apple Products of approximately \$11.1 million for incoming first-year students who commence studies in autumn 2018 by entering into a Master Lease Agreement with Apple Inc. (the "Equipment Lease") pursuant to which the university will finance such cost of the Apple Products with four (4) annual lease payments commencing in spring 2018; and

WHEREAS the cost of the Apple Products financed by the Equipment Lease will constitute subordinated indebtedness for purposes of the resolution adopted by the board on June 5, 2015, titled "Authorization for the Issuance of Additional General Receipts Bonds, Commercial Paper Notes, and Subordinated Indebtedness" wherein the board, among other things, authorized the issuance of senior obligations and subordinated indebtedness of the university for the period ending June 30, 2018, in an aggregate principal amount not to exceed \$1 billion (\$1,000,000,000), as amended by the resolution adopted by the board on June 9, 2017; and

WHEREAS the Finance Committee has determined that it is in the best interests of the university to enter into the Equipment Lease to finance the costs of the Apple Products:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees has determined it is in the best interests of the university to enter into the Equipment Lease to finance the costs of the Apple Products and to perform the obligations arising thereunder, including the university's obligation to make the lease payments; and

BE IT FURTHER RESOLVED, That the Board of Trustees hereby authorizes the university to enter into the Equipment Lease to finance the cost of the Apple Products in an amount not to exceed \$11.1 million and to enter into any other documents that the president and/or senior vice president for Business and Finance (each an "Authorized Officer"), or either of them, deems necessary, advisable or appropriate in connection with the Equipment Lease, such Authorized Officer's execution thereof to be conclusive evidence of such approval and determination of the necessity, advisability or appropriateness thereof (the "Related Agreements"); and

AUTHORIZATION OF A MASTER EQUIPMENT LEASE WITH APPLE INC. (CONT'D)

BE IT FURTHER RESOLVED, That the Board of Trustees hereby authorizes and directs the Authorized Officers, or either of them, to negotiate, execute, acknowledge and deliver the Equipment Lease and any Related Agreement on such terms as any Authorized Officer deems necessary, advisable or appropriate, with such Authorized Officer's execution thereof to be conclusive evidence of such approval and determination of the necessity, advisability or appropriateness thereof and to take such actions as any Authorized Officer deems necessary, advisable or appropriate to perform the Equipment Lease and Related Agreements, with such Authorized Officer's taking of such action to be conclusive evidence of such approval and determination of the necessity, advisability or appropriateness thereof; and

BE IT FURTHER RESOLVED, That all actions previously taken by any Authorized Officer or employee of the university, by or on behalf of the university in connection with the Equipment Lease, be, and each of the same hereby is, adopted, ratified, confirmed and approved in all respects; and

BE IT FURTHER RESOLVED, That it is found and determined that all formal actions of this board concerning and relating to the adoption of this resolution were adopted in an open meeting of this board, and that all deliberations of this board and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code; and

BE IT FURTHER RESOLVED, That this resolution shall take effect and be in force immediately upon its adoption.

BACKGROUND

Authorization of a Master Equipment Lease with Apple, Inc.

In October 2017, Ohio State announced the Digital Flagship University, a comprehensive, university-wide digital learning initiative in collaboration with Apple. In line with the strategic plan, Digital Flagship will support educational innovation for students and economic development opportunities for the community. There are three main components:

- A **student-success initiative** to integrate learning technology throughout the university experience, including the distribution of an iPad Pro learning technology suite to new first-year students at the Columbus and regional campuses, starting in fall 2018.
- An **iOS design laboratory** on the Columbus campus serving faculty, staff, students and members of the broader community
- University-wide **opportunities to learn coding skills** to enhance students' career readiness in the app economy

The learning technology suite to be provided to new first-year students entering in 2018-19 will include the following bundle as well as apps that support learning and campus life:

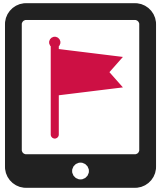
- 10.5-inch iPad Pro Wi-Fi 256GB
- Apple Pencil for iPad Pro
- Smart Keyboard
- STM Dux Shell Case
- 3-Year AppleCare+ for iPad

Ohio State will obtain the learning technology bundle listed above through a Master Lease Agreement with Apple, Inc. This lease will cost approximately \$2.8 million a year for a four-year total of \$11.1 million. The university will own and service the devices during students' undergraduate careers at Ohio State.

The Digital Flagship initiative will be distributing devices to all Columbus campus students during orientation, with opportunities to leverage this technology throughout the two-day experience. The university is working with regional campuses to determine the optimal deployment structure based on their needs.

The university has made significant progress on other elements of the Digital Flagship initiative, including:

- **Educators Cohort:** 182 faculty members applied for about 85 spots in the first cohort of Digital Flagship Educators, which will provide training on how to enrich courses with technology. Additional training will be offered for faculty members who are not part of the cohort.
- **Enterprise App Development:** An Ohio State team, including students, recently visited Cupertino to develop the outline of an app aimed at easing the transition to college and promoting student engagement. The app will be built by Ohio State developers and will be available by orientation.
- **Pilot Courses:** This spring, five additional instructors deployed iPads in their course sections. Students and instructors involved in this program are providing meaningful feedback as the university prepares for the larger iPad deployment.
- **iOS design lab:** A temporary location for fall 2018 is being finalized, with plans to locate the long-term lab in the 15th and High development.
- **Coding training:** Throughout spring semester, 14 workshops on iPad integration and swift coding in the classroom are being hosted at Columbus and all regional campuses.



DIGITAL FLAGSHIP

A University Initiative

Digital Flagship has never been a device initiative. From the start, Digital Flagship has been committed to the core ideas of providing access to innovative teaching and learning resources and preparing students for the modern, mobile, technology-driven workforce.

In pilot courses this Spring, the outcomes have been incredibly exciting and inspiring. Students had increased enthusiasm, creativity and ability to share their thoughts with instructors. Instructors felt new potential and creativity in the classroom and reinvested in their work.

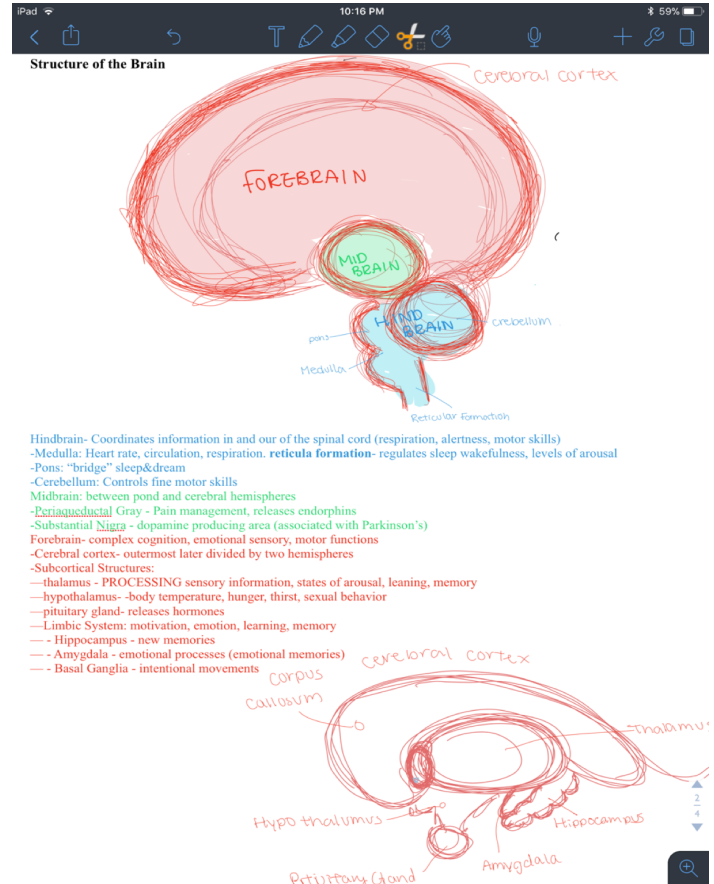
For example, on the midterm in a pilot course, the most missed questions were about parts of the brain, but the student who took these notes got them all right. The student credits the ability to study and learn with different colors because they help her to be organized and find specific elements when studying.

The toolset of iPad Pro, keyboard, and pencil were thoughtfully selected to help students and instructors fully realize what is possible with technology-enhanced learning opportunities.

Teaching often comes with a distinct need to demonstrate how the student will utilize knowledge after college. One of the major benefits to active learning with digital tools is skill development and preparedness for workforce entry after college. We want to ensure that their four years of education at Ohio State fully equip them for future endeavors in applying to positions or graduate school, complete with easily distributed examples of their work and abilities. The 6th Generation iPad will not allow us to achieve this whereas the iPad Pro will.

RECOMMENDATION

After a comprehensive comparison of the iPad Pro (*which was the pilot device*) and the 6th Generation iPad, we know that changing to the 6th Generation will dramatically reduce what is possible with this initiative. Core functionalities like being able to read a text and take notes simultaneously will not be available and there will be increased complexity in both deployment and maintenance of the devices. More importantly, the capacity for students and instructors to advance new ideas and innovations is dramatically impaired with the 6th Generation iPad vs the iPad Pro.



SPECS	6TH GEN IPAD	IPAD PRO
 Display	9.7" <ul style="list-style-type: none"> • Reduced screen size and visibility in sunlight 	10.5" <ul style="list-style-type: none"> • Improved student experience in all environments, both in and outside the classroom
 Processor & RAM	2GB RAM, A10 <ul style="list-style-type: none"> • Lacks ability to edit large files, reduced capabilities in the long term • Reduced multitasking functionality 	4GB RAM, A10X <ul style="list-style-type: none"> • Enables students to complete high-quality video projects and learn twenty-first century skills • Ensures iPad continues to be a highly functioning resource over the 4-year college experience
 Camera	<ul style="list-style-type: none"> • No Flash • No Image Stabilization 	<ul style="list-style-type: none"> • Enables students to record high-quality video • Optical Image Stabilization
 Pencil	<ul style="list-style-type: none"> • Supports pencil but is less responsive than Pro 	<ul style="list-style-type: none"> • ProMotion support greatly improves pencil responsiveness for a superior student experience
 Keyboard	Bluetooth Only <ul style="list-style-type: none"> • Third-party Bluetooth keyboard poses risks for deployment and support at scale 	Apple Smart Keyboard <ul style="list-style-type: none"> • Smart Keyboard provides optimal student experience for notetaking
 Storage Capacity	128 GB <ul style="list-style-type: none"> • Pilot students have shown that the 32 GB version of the 6th gen iPad will not be sufficient • 128 GB storage may also be insufficient over four years 	256 GB <ul style="list-style-type: none"> • Enables download of digital textbooks and other resources over the lifetime of a student.

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

South Neil Steam Capacity Upgrade – Design Only
Postle Hall Expansion Utilities

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”), is proposed.

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 the Capital Investment Plan and other 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, and 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.

The university and OSEP evaluate proposed capital projects for alignment with applicable strategic, financial and physical plans, and to ensure continued reliability, safety and compliance of the utility system.

These projects require approval of the Board of Trustees. 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.

South Neil Steam Capacity Upgrade – Design Only

Scope: This project will upgrade 360 feet of steam piping in the South Neil tunnel to support the Postle Hall Expansion, renovate tunnel walls to accommodate new pipe anchors and abatement, and remove 800 feet of abandoned heating hot water pipe. The upgrade will enable steam supply to new buildings and renovations contemplated in the Health Sciences District. Without this project, the new heating demands will exceed capacities in the existing steam pipelines that would negatively impact Postle, Hamilton, Starling-Loving and the South Residence Halls.

Estimated Cost: \$0.087M – Design Only

Project Cost Breakdown	Cost
FY 2018	\$ 0.087 M

Postle Hall Expansion Utilities

Scope: Combines the scope of the previously approved OSEP chilled water extension project (August 2017) with electricity, natural gas and steam utilities work to support the Postle Hall project. OSEP will deliver this project in conjunction with OSEP's direct contract with the Postle Hall project construction manager.

Estimated Cost: \$3.287 M

Project Cost Breakdown	Cost
FY 2018	\$ 0.050 M
FY 2019	\$ 1.625 M
FY 2020	\$ 1.612 M

APPROVAL FOR ACQUISITION OF UNIMPROVED REAL PROPERTY

LOCATED AT STATE ROUTE 161 AND HAMILTON ROAD
IN FRANKLIN COUNTY, OHIO

Synopsis: Authorization to purchase approximately 31.59 acres of unimproved real property located at the southeast corner of State Route 161 and Hamilton Road in Columbus, Franklin County, Ohio, is proposed.

WHEREAS the property is located at the southeast corner of State Route 161 and Hamilton Road in Columbus, Ohio; and

WHEREAS the property will be utilized for the construction of an ambulatory care facility, which is a key component of the Wexner Medical Center's strategic plan; and

WHEREAS the acquisition will be contingent upon the university obtaining entitlements allowing construction of medical facilities; and

WHEREAS it has been recommended by the Office of Planning and Real Estate, in coordination with the Wexner Medical Center, that the university purchase the land; and

WHEREAS funds for the acquisition will be provided by the Wexner Medical Center:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the purchase of said property and that the president and/or senior vice president for Business and Finance be authorized to take any action required to effect the sale of the property and to negotiate a purchase contract containing terms and conditions deemed to be in the best interest of the university.

**APPROVAL FOR PURCHASE OF UNIMPROVED REAL PROPERTY
STATE ROUTE 161 AND HAMILTON ROAD
COLUMBUS, FRANKLIN COUNTY, OHIO**

Background

The Ohio State University's Wexner Medical Center (WMC) seeks to acquire vacant land for development of additional ambulatory care facilities in Franklin County, Ohio. Acquisition of this land is important in meeting the objectives of the WMC's ambulatory care strategy, which is in turn a key component of the WMC strategic plan and its mission to improve health in Ohio and across the world through innovation in research, education and patient care.

Location and Description

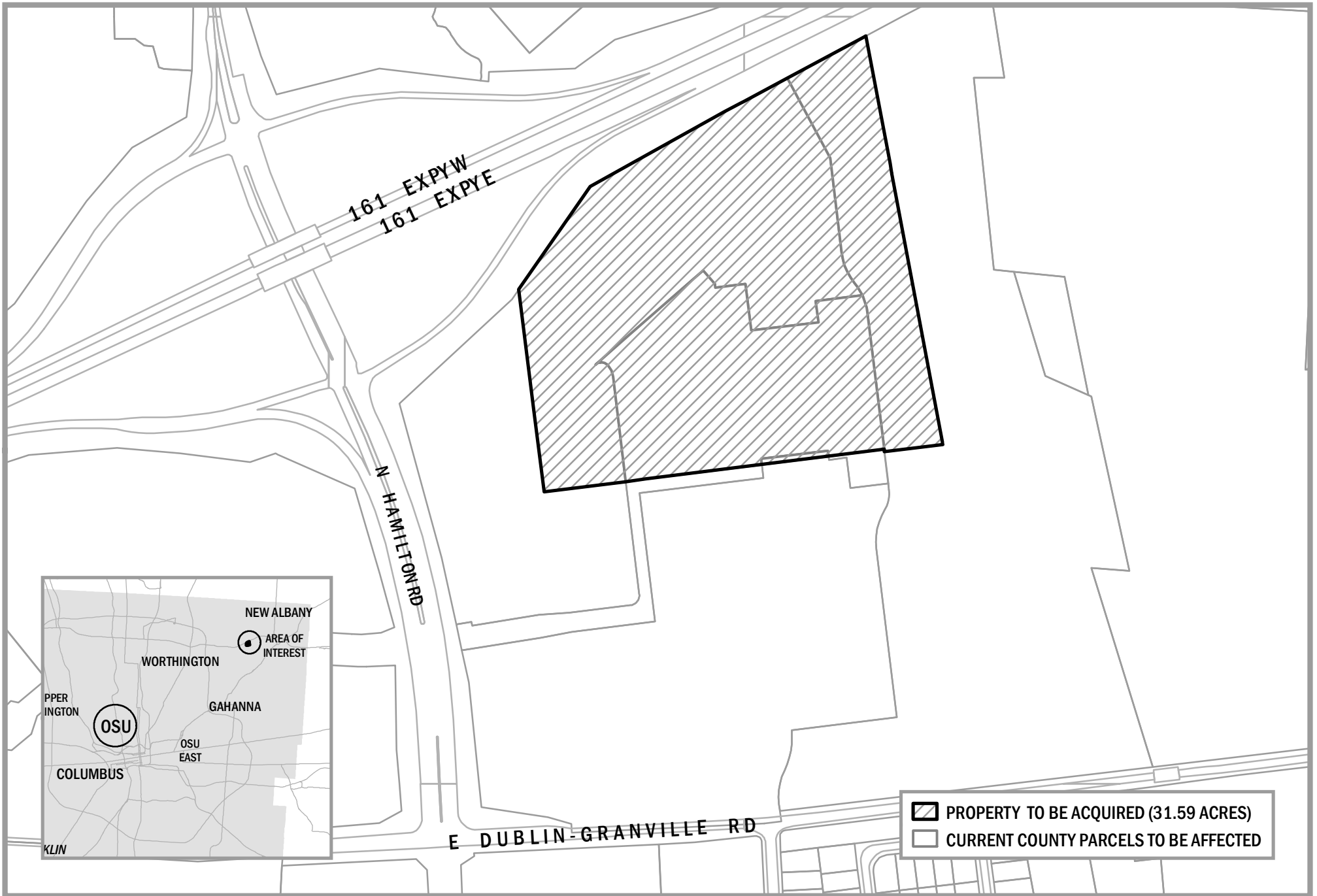
The property is located at the southeast corner of State Route 161 and Hamilton Road. The total land area being acquired is approximately 31.59 acres. The site is zoned CPD (Commercial Planned Development) and a rezoning application has been filed by The Ohio State University to obtain entitlements allowing construction of medical facilities. The purchase contract shall contain a contingency permitting the university to terminate the contract if it does not obtain the desired entitlements and shall also obligate the seller to perform certain site balancing work to elevate portions of the site out of the floodplain and additional infrastructure work.

Property History

The +/- 31.59 acres is currently comprised of portions of four legal parcels, and title to the properties is vested in HC Office Sub 6 LLC, Stephen L. Harper, Trustee, and Target Corporation. Prior to WMC's acquisition of the property, title will be consolidated to HC Office Sub 6 LLC, which will be the seller.

Purchase of Property

WMC recommends that the +/- 31.59 acres of unimproved real property described above be acquired on terms and conditions that are in the best interest of the university. The source of funding for the acquisition and subsequent development of the property will be the Wexner Medical Center. The acquisition price is \$11,000,000, subject to appropriate adjustments and pro-rations at closing.



**PURCHASE OF 31.59 ACRES OF REAL PROPERTY
SR-161 & HAMILTON RD
COLUMBUS, FRANKLIN COUNTY, OHIO 43054**